

STATE OF NEW MEXICO

\$50,000.00 BLANKET PLUGGING BOND

BOND NO. AR 71396 61
(For Use of Surety Company)

File with Oil Conservation Division, P.O.Box 2088, Santa Fe 87501

KNOW ALL MEN BY THESE PRESENTS:

That Stevens Operating Corporation, (An individual) (a partnership) (a corporation organized in the State of New Mexico, with its principal office in the city of Roswell, State of New Mexico, and authorized to do business in the State of New Mexico), as PRINCIPAL, and American Employers' Insurance Company, a corporation organized and existing under the laws of the State of Massachusetts, and authorized to do business in the State of New Mexico, as SURETY, are held firmly bound unto the State of New Mexico, for the use and benefit of the Oil Conservation Division of New Mexico pursuant to Section 65-3-11, New Mexico Statutes Annotated, 1953 Compilation, as amended, in the sum of Fifty Thousand Dollars (\$50,000.00) lawful money of the United States, for the payment of which, well and truly to be made, said PRINCIPAL and SURETY hereby bind themselves, their successors and assigns, jointly and severally, firmly by these presents.

The conditions of this obligation are such that:

WHEREAS, The above principal has heretofore or may hereafter enter into oil and gas leases, or carbon dioxide (CO₂) gas leases, or helium gas leases with the State of New Mexico; and

WHEREAS, The above principal has heretofore or may hereafter enter into oil and gas leases, or carbon dioxide (CO₂) gas leases, or helium gas leases on lands patented by the United States of America to private individuals, and on lands otherwise owned by private individuals; and

WHEREAS, The above principal, individually, or in association with one or more other parties, has commenced or may commence the drilling of wells to prospect for and produce oil or gas, or carbon dioxide (CO₂) gas or helium gas, or does own or may acquire, own or operate such well, or such wells started by others on land embraced in said State oil and gas leases, or carbon dioxide (CO₂) gas leases, or helium gas leases, and on land patented by the United States of America to private individuals, and on land otherwise owned by private individuals, the identification and location of said well being expressly waived by both principal and surety hereto.

NOW, THEREFORE, If the above bounden principal and surety or either of them or their successors or assigns, or any of them, shall plug all of said wells when dry or when abandoned in accordance with the rules, regulations, and orders of the Oil Conservation Division of New Mexico in such way as to confine the oil, gas, and water in the strata in which they are found, and to prevent them from escaping into other strata;

THEN, THEREFORE, This obligation shall be null and void; otherwise and in default of complete compliance with any and all of said obligations, the same shall remain in full force and effect.

PROVIDED, HOWEVER, That thirty (30) days after receipt by the Oil Conservation Division of New Mexico of written notice of cancellation from the surety, the obligation of the surety hereunder shall terminate as to property or wells acquired, drilled, or started after said thirty (30) day period but shall continue in effect, notwithstanding said notice, as to property or wells theretofore acquired, drilled or started.

OCD Exhibit 13
Case No. 13675
Nov 8, 2006

Stevens Operating Corporation
PRINCIPAL

P. O. Box 2203, Roswell, NM 88201

By [Signature]
Address
Signature
Title

(Note: Principal, if corporation, affix corporate seal here.)

American Employers' Insurance Company
SURETY

c/o Robert V. Ely Insurance
P.O. Box 1912 Roswell, NM 88201

By [Signature]
Address
Attorney-in-Fact

(Note: Corporate surety affix corporate seal here.)

ACKNOWLEDGEMENT FORM FOR NATURAL PERSONS

STATE OF _____)
COUNTY OF _____) ss.

On this _____ day of _____, 19____, before me personally appeared _____, to me known to be the person (persons) described in and who executed the foregoing instrument and acknowledged that he (they) executed the same as his (their) free act and deed.

IN WITNESS WHEREOF, I have hereunto set my hand and seal on the day and year in this certificate first above written.

Notary Public

My Commission expires _____

ACKNOWLEDGEMENT FORM FOR CORPORATION

STATE OF New Mexico)
COUNTY OF Chaves) ss.

On this 6th day of November, 1986, before me personally appeared Donald J. Steung, to me personally known who, being by me duly sworn, did say that he is President of Stevens Operating Corporation and that the foregoing instrument was signed and sealed on behalf of said corporation by authority of its board of directors, and acknowledged said instrument to be the free act and deed of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and seal on the day and year in this certificate first above written.

[Signature]
Notary Public

My Commission expires Oct. 17, 1988

ACKNOWLEDGEMENT FORM FOR CORPORATE SURETY

STATE OF New Mexico)
COUNTY OF Chaves) ss.

On this 6th day of November, 1986, before me appeared John F. Russell II, to me personally known, who, being by me duly sworn, did say Attorney in Fact of American Employers' Insurance Company and that the foregoing instrument was signed and sealed on behalf of said corporation by authority of its board of directors, and acknowledged said instrument to be the free act and deed of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and seal on the day and year in this certificate first above written.

[Signature]
Notary Public

My Commission expires 6-16-88

(Note: Corporate surety attach power of attorney.)

APPROVED BY:

OIL CONSERVATION DIVISION OF NEW MEXICO

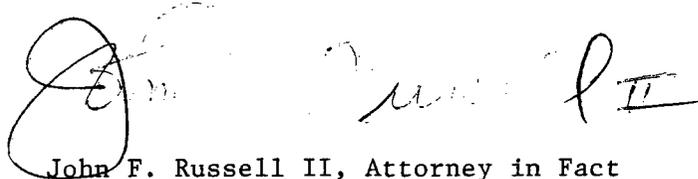
By [Signature]

Date _____

Rider A

American Employers' Insurance Company, surety on the \$50,000 Blanket Plugging Bond to the State of New Mexico, Bond #AR 71396 61, executed November 6th, 1986 with Stevens Operating Corporation as principal does hereby acknowledge that American Employers' Insurance Company bond #AR 71396 61 assumes all liability that existed under bond #4079429 executed by Safeco Insurance Company of American on July 1, 1981 in the amount of \$50,000 while the Safeco Insurance Company of America bond was in effect.

Signed, sealed and dated this 6th day of November, 1986

A handwritten signature in cursive script, appearing to read "John F. Russell II". The signature is written in dark ink and is positioned above the printed name.

John F. Russell II, Attorney in Fact
American Employers' Insurance Company

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that the AMERICAN EMPLOYERS' INSURANCE COMPANY, a corporation duly organized and existing under the laws of the Commonwealth of Massachusetts, and having its principal office in the City of Boston, Massachusetts, hath made, constituted and appointed, and does by these presents make and constitute and appoint **ROBERT V. ELY, JOHN F. RUSSELL, II, CHARLES R. FOWLER, JR., PAMELA L. OSWALD and CAROLYN A. HARDWICK** all of Roswell, New Mexico

and each of them its true and lawful Attorney-in-Fact, to make, execute, seal and deliver for and on its behalf as surety any and all bonds or undertakings

and the execution of such bonds or undertakings in pursuance of these presents, shall be binding upon said Company as fully and amply, to all intents and purposes, as if such bonds were signed by the President, sealed with the corporate seal of the Company, and duly attested by its Secretary, hereby ratifying and confirming all the acts of said Attorney-in-Fact pursuant to the power herein given. This Power of Attorney is made and executed pursuant to and by authority of the following resolutions adopted by the Board of Directors of the AMERICAN EMPLOYERS' INSURANCE COMPANY at a meeting duly called and held on the twenty-seventh day of July, 1972:

Resolved: That the President, or any Vice-President, or any Assistant Vice-President, may execute for and in behalf of the company any and all bonds, recognizances, contracts of indemnity, and all other writings obligatory in the nature thereof, the same to be attested when necessary and the seal of the company affixed thereto by the Secretary, or any Assistant Secretary; and that the President, or any Vice-President, or Assistant Vice-President, may appoint and authorize an Attorney-in-Fact to execute on behalf of the company any and all such instruments and to affix the seal of the company thereto; and that the President, or any Vice-President, or any Assistant Vice-President, may at any time remove, any such Attorney-in-Fact and revoke all power and authority given to any such Attorney-in-Fact.

Resolved: That Attorneys-in-Fact may be given full power and authority to execute for and in the name and on behalf of the company any and all bonds, recognizances, contracts of indemnity, and all other writings obligatory in the nature thereof, and any such instrument executed by any such Attorney-in-Fact shall be as binding upon the company as if signed by the President and sealed and attested by the Secretary, and, further, Attorneys-in-Fact are hereby authorized to verify any affidavit required to be attached to bonds, recognizances, contracts of indemnity, and all other writings obligatory in the nature thereof, and are also authorized and empowered to certify to a copy of any of the by-laws of the company as well as any resolution of the Directors having to do with the execution of bonds, recognizances, contracts of indemnity, and all other writings obligatory in the nature thereof, and to certify copies of the Power of Attorney or with regard to the powers of any of the officers of the company or of Attorneys-in-Fact.

This power of attorney is signed and sealed by facsimile under the authority of the following Resolution adopted by the Directors of the AMERICAN EMPLOYERS' INSURANCE COMPANY at a meeting duly called and held on the twenty-seventh day of July, 1972:

"Resolved: That the signature of the President, or any Vice-President, or any Assistant Vice-President, and the signature of the Secretary or any Assistant Secretary and the Company Seal may be affixed by facsimile to any power of attorney or to any certificate relating thereto appointing Attorneys-in-Fact for purposes only of executing and attesting any bond, undertaking, recognizance or other written obligation in the nature thereof, and any such signature and seal where so used, being hereby adopted by the company as the original signature of such officer and the original seal of the company, to be valid and binding upon the company with the same force and effect as though manually affixed."

IN WITNESS WHEREOF, the AMERICAN EMPLOYERS' INSURANCE COMPANY, has caused these presents to be signed by its Assistant Vice-President and its corporate seal to be hereto affixed, duly attested by its Secretary on this 30th day of September 19 86



AMERICAN EMPLOYERS' INSURANCE COMPANY

Attest: Raymond M. Defosse
Raymond M. Defosse, Secretary

By: John M. Garrett
John M. Garrett — Assistant Vice-President

COMMONWEALTH OF MASSACHUSETTS
COUNTY OF SUFFOLK SS.

On this 30th day of September 19 86, before me personally came John M. Garrett, Assistant Vice-President, and Raymond M. Defosse, Secretary of the AMERICAN EMPLOYERS' INSURANCE COMPANY, to me personally known to be the individuals and officers described in and who executed the preceding instrument, and they acknowledge the execution of the same, and being by me duly sworn, severally and each for himself depose and sayeth, that they are the said officers of the Company aforesaid, and that the seal affixed to the preceding instrument is the corporate seal of said Company and that the said corporate seal and their signatures as such officers were duly affixed and subscribed to the said instrument by the authority and direction of the said Company.



Edward W. Shay
Edward W. Shay — Notary Public
(My Commission expires August 10, 1990)

CERTIFICATE

I, the undersigned, Assistant Secretary of the AMERICAN EMPLOYERS' INSURANCE COMPANY, a Massachusetts Corporation, do hereby certify that the foregoing power of attorney is in full force and has not been revoked; and furthermore, that the Resolutions of the Board of Directors set forth in the power of attorney are now in force.

Signed and sealed at the City of Boston. Dated this 7th day of November 19 86



Daniel J. Boyle