

ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION



January 29, 1987

GARREY CARRUTHERS  
GOVERNOR

POST OFFICE BOX 2088  
STATE LAND OFFICE BUILDING  
SANTA FE, NEW MEXICO 87501  
(505) 827-5800

Knights Bridge Petroleum Corp.  
2201 North Collins  
Suite 295  
Arlington, Texas 76011

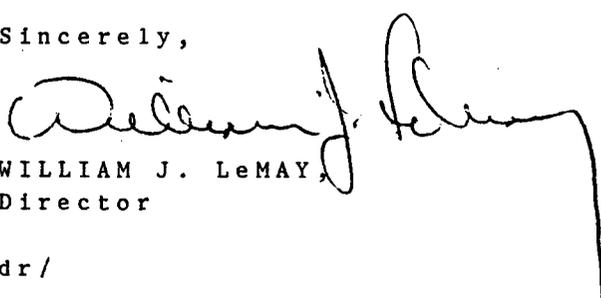
Attention: T. R. Gallagher

Re: \$10,000 One-Well Cash Bond  
Knights Bridge Petroleum Corp., Operator  
660' FSL and 1980' FEL of Sec. 6,  
T-9-N, R-31-E, Quay County  
Bond No. OCD-029

Dear Mr. Gallagher:

The Oil Conservation Division hereby approves the above-referenced one-well cash bond effective this date.

Sincerely,

  
WILLIAM J. LEMAY,  
Director

dr/

cc: Oil Conservation Division  
Roy Johnson - Santa Fe

BEFORE EXAMINER STOGNER

Oil Conservation Division

Exhibit No. 2

Case No. 9610



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 TEXAS )  
COUNTY OF TARRANT ) ss.

On this 16TH day of JANUARY, 19 87, before me personally appeared T. R. GALLAGHER, PRESIDENT, (BY CORPORATE RESOLUTION) of KNIGHTS BRIDGE PETROLEUM 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.



\_\_\_\_\_  
LINDA D. KEY Notary Public

My Commission expires \_\_\_\_\_

APPROVED BY:

OIL CONSERVATION DIVISION OF NEW MEXICO

By \_\_\_\_\_  
Date \_\_\_\_\_

Chaves, Eddy, Lea, McKinley, Rio Arriba, Roosevelt, Sandoval, and San Juan Counties, New Mexico:

<u>Projected Depth of Proposed Well or Actual Depth of Existing Well</u>	<u>Amount of Bond</u>
Less than 5,000 feet	\$ 5,000
5,000 feet to 10,000 feet	\$ 7,500
More than 10,000 feet	\$10,000

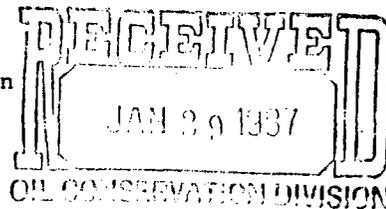
All Other Counties in the State:

<u>Projected Depth of Proposed Well or Actual Depth of Existing Well</u>	<u>Amount of Bond</u>
Less than 5,000 feet	\$ 7,500
5,000 feet to 10,000 feet	\$10,000
More than 10,000 feet	\$12,500

ASSIGNMENT OF CASH COLLATERAL DEPOSIT

(Must be a federally-insured bank or savings institution authorized to do business in New Mexico)

Date JANUARY 16, 1987



Pursuant to Section 70-2-14, NMSA (1978), or successor provisions, Knights Bridge Petroleum Corporation (hereinafter referred to as "operator") of 2201 N. Collins, #295, Arlington, TX 76011 (address) has deposited with the The First National Bank - Tucumcari (name of state or national bank or savings association) of P. O. BOX 1107, Tucumcari, New Mexico 88401 (address) (herein termed financial institution), the sum of \$10,000.00 dollars in Certificate of Deposit or savings account No. 01 50618 8 30. Operator hereby assigns and conveys all right, title and interest in the deposited sum to the financial institution in trust for the Oil Conservation Division of the Energy and Minerals Department or successor agency of the State of New Mexico. Operator and the financial institution agree that as to the deposited sum or fund:

- a. The Oil Conservation Division acquires by this assignment the entire beneficial interest in the fund, with the right to order the trustee in writing to distribute the fund to persons determined by the division to be entitled thereto, including the Division itself, in amounts determined by the Division, or to the operator upon sale or proper plugging of the well covered by this bond.
- b. Operator retains no legal or beneficial interest in the fund and has only the right to interest, if any, thereon, and to return of the fund upon written order of the Division.
- c. The financial institution agrees that the fund may not be assigned, transferred, pledged or distributed except upon written order of the Division or a court of competent jurisdiction made in a proceeding in which the Division is a party. The financial institution waives all statutory or common law liens or rights of set-off against the fund.

Operator agrees that the financial institution may deduct from interest due operator any attorney fees incurred by the financial institution if claim or demand via writ, summons or other process arising from operator's business is made upon the financial institution.

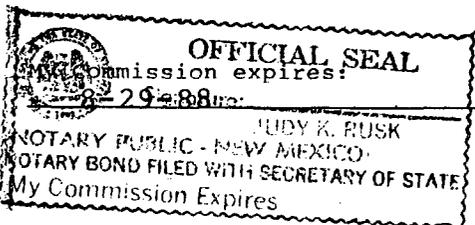
T. R. Gallagher  
Signature of Operator,  
Personally or by Authorized Officer  
T. R. GALLAGHER  
PRESIDENT  
Title

E. Bruce Thomas  
Signature of Authorized Officer of  
Financial Institution  
E. Bruce Thomas  
Sr. Vice President & Cashier  
Title

STATE OF NEW MEXICO ) ss.  
COUNTY OF QUAY

On this 26th day of January, 1987, before me personally appeared E. BRUCE THOMAS, SR. VICE PRESIDENT & CASHIER, to me known to be the person (persons) described in and who executed the foregoing instrument and acknowledged that the (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.



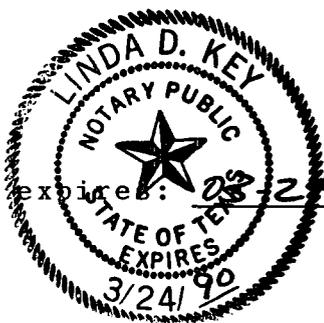
Judy K. Rusk  
NOTARY PUBLIC

ATTACHED HERETO AND MADE A PART HEREOF ASSIGNMENT OF CASH COLLATERAL DEPOSIT FOR THE STATE OF NEW MEXICO.

STATE OF TEXAS        )  
                                  )  
COUNTY OF TARRANT )

On this 16th day of January, 1987, before me personally appeared T. R. Gallagher, to me known to be the person described in and who executed the foregoing instrument and acknowledged that he executed the same as his free act and deed.

In witness whereof, I have hereunto set my hand and seal on the 16th day and year in this certificate first above written.



*Linda D. Key*  
\_\_\_\_\_  
Notary Public  
Print Name: LINDA D KEY

My commission expires: 03-24-90