



STATE OF NEW MEXICO

\$50,000.00 BLANKET PLUGGING BOND

BOND NO. 414372
(For Use of Surety Company)

DUPLICATE OF ORIGINAL

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

KNOW ALL MEN BY THESE PRESENTS:

That Wood, McShane & Thams, (An individual) (a partnership) (a corporation organized in the State of Texas, with its principal office in the city of Monahans, State of Texas, and authorized to do business in the State of New Mexico), as PRINCIPAL, and Trinity Universal Insurance Company, a corporation organized and existing under the laws of the State of Texas, 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 No. 1
Case No. 13129
~~August 7, 2003~~
Sept. 4, 2003

Wood, McShane & Thams

PRINCIPAL

Box 968, Monahans, Texas 79756

Address
by J. B. McShane, Jr.
Signature

Partner
Title

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

Trinity Universal Insurance Company

SURETY

2000 Ross Avenue, Dallas, Texas 75201

Address
by Gloria A. Stevens
Attorney-in-Fact

Gloria A. Stevens

(Note: Corporate surety affix corporate seal here.)

ACKNOWLEDGEMENT FORM FOR NATURAL PERSONS

STATE OF Texas
COUNTY OF Ward) ss.

On this 17th day of November, 1987, before me personally appeared J. B. McShane, Jr., W. H. Thams, & B. Oliver Wood, 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.
Joy Webb Blazek
Notary Public Joy Webb Blazek
4-10-90
My Commission expires

ACKNOWLEDGEMENT FORM FOR CORPORATION

STATE OF _____)
COUNTY OF _____) ss.

On this _____ day of _____, 19____, before me personally appeared _____, to me personally known who, being by me duly sworn, did say that he is _____ of _____ 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.

Notary Public
My Commission expires

ACKNOWLEDGEMENT FORM FOR CORPORATE SURETY

STATE OF Texas
COUNTY OF Dallas) ss.

On this 5th day of October, 1987, before me appeared Gloria A. Stevens, to me personally known, who, being by me duly sworn, did say that he is Attorney-in-fact of Trinity Universal 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.
Terri Leigh All
Notary Public
October 17, 1989
My Commission expires
(Note: Corporate surety attach power of attorney.)

APPROVED BY:

The Trinity Companies

Dallas, Texas 75201

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS:

That TRINITY UNIVERSAL INSURANCE COMPANY and SECURITY NATIONAL INSURANCE COMPANY each a Texas Corporation and TRINITY UNIVERSAL INSURANCE COMPANY OF KANSAS, INC., a Kansas Corporation do hereby appoint **GLORIA A. STEVENS**

its true and lawful Attorney(s)-in-Fact, with full authority to execute on its behalf fidelity and surety bonds or undertakings and other documents of a similar character issued in the course of its business, and to bind the respective company thereby.

IN WITNESS WHEREOF, TRINITY UNIVERSAL INSURANCE COMPANY, SECURITY NATIONAL INSURANCE COMPANY and TRINITY UNIVERSAL INSURANCE COMPANY OF KANSAS, INC., have each executed and attested these presents

this 9th day of JANUARY 19 85


JUDITH E. FAGAN, CORP. SECRETARY-VICE PRES.


JAMES G. DRAWERT, PRESIDENT

AUTHORITY FOR POWER OF ATTORNEY

That TRINITY UNIVERSAL INSURANCE COMPANY and SECURITY NATIONAL INSURANCE COMPANY, each a Texas Corporation and TRINITY UNIVERSAL INSURANCE COMPANY OF KANSAS, INC., a Kansas Corporation, in pursuance of authority granted by that certain resolution adopted by their respective Board of Directors on the 1st day of March, 1976 and of which the following is a true, full, and complete copy:

"RESOLVED, That the President, any Vice-President, or any Secretary of each of these Companies be and they are hereby authorized and empowered to make, execute, and deliver in behalf of these Companies unto such person or persons residing within the United States of America, as they may select, its Power of Attorney constituting and appointing each such person its Attorney-in-Fact, with full power and authority to make, execute and deliver, for it, in its name and in its behalf, as surety, any particular bond or undertaking that may be required in the specified territory, under such limitations and restrictions, both as to nature of such bonds or undertaking and as to limits of liability to be undertaken by these Companies, as said Officers may deem proper, the nature of such bonds or undertakings and the limits of liability to which such Powers of Attorney may be restricted, to be in each instance specified in such Power of Attorney.

RESOLVED, That any and all Attorneys-in-Fact and Officers of the Companies, including Assistant Secretaries, whether or not the Secretary is absent, be and are hereby authorized and empowered to certify or verify copies of the By-Laws of these Companies 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, or with regard to the powers of any of the officers of these Companies or of Attorneys-in-Fact.

RESOLVED, That the signature of any of the persons described in the foregoing resolution may be facsimile signatures as fixed or reproduced by any form of typing, printing, stamping or other reproduction of the names of the persons hereinabove authorized."

CERTIFICATION OF POWER ATTORNEY

I, Judith E. Fagan, Corp. Secretary of TRINITY UNIVERSAL INSURANCE COMPANY, SECURITY NATIONAL INSURANCE COMPANY and TRINITY UNIVERSAL INSURANCE COMPANY OF KANSAS, INC. do hereby certify that the foregoing Resolution of the Boards of Directors of these Corporations, and the Power Attorney issued pursuant thereto, are true and correct and are still in full force and effect.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the facsimile seal of each Corporation

this 5th day of October, 19 87




JUDITH E. FAGAN, CORP. SECRETARY