

Bond No. B000683R04-06-04

SURETY RIDER

To be attached to and form a part of Bond No. B000683 on behalf of
ERS Resources, LLC as principal and executed by
U.S. Specialty Insurance Company, as surety.

Effective date of change: April 6, 2004

In consideration of the mutual agreement herein contained, the principal and the surety hereby consent to the following changes:

The address has changed from:

ERS Resources, LLC
Post Office Box 1502
Carlsbad, New Mexico 88221-1502

TO:

ERS Resources, LLC
Post Office Box 958
Carlsbad, New Mexico 88221-0958

Nothing herein contained shall vary, alter, or extend any provision or condition of this bond except as herein expressly stated.

SIGNED, SEALED AND DATED THIS: April 6, 2004

ERS Resources, LLC

Name of Principal

Roy Hanigan
Signature

manager Roy Hanigan
Name and title of person
executing for Principal

U.S. Specialty Insurance Company

Name of Surety

W. Russell Brown, Jr.
Signature

W. Russell Brown, Jr., Attorney-in-Fact
Name and title of person
executing for Surety

ERS Resources, LLC
Case 14078
OCD Exhibit No. 2-D

STATE OF NEW MEXICO

ONE-WELL PLUGGING BOND

For CHAVES, EDDY, LEA, MCKINLEY, RIO ARRIBA, ROOSEVELT,
SANDOVAL, AND SAN JUAN COUNTIES ONLY

BOND NO. B000683
AMOUNT OF BOND \$5,000.00
COUNTY Eddy

NOTE: For wells less than 5,000 feet deep, the minimum bond is \$5,000.00*
For wells 5,000 to 10,000 feet deep, the minimum bond is \$7,500.00*
For wells more than 10,000 feet deep, the minimum bond is \$10,000.00

*Under certain conditions, a well being drilled under a \$5,000.00 or \$7,500.00 bond may be permitted to be drilled as much as 500 feet deeper than the normal maximum depth, e.g., a well being drilled under a \$5,000.00 bond may be permitted to go to 5,500 feet and a well being drilled under a \$7,500.00 bond may be permitted to go to 10,500 feet. (See Rule 101)

File with Oil Conservation Division, 1220 South Saint Francis, Santa Fe, NM 87505

KNOW ALL MEN BY THESE PRESENTS:

That ERS Resources, LLC, ~~(a corporation)~~ ~~(a general partnership)~~ (a corporation, limited liability company or limited partnership organized in the State of New Mexico, and authorized to do business in the State of New Mexico), as PRINCIPAL, and U. S. Specialty 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 firmly bound unto the State of New Mexico, for the use and benefit of the Oil Conservation Division of the Energy, Minerals and Natural Resources Department (or successor agency) (the DIVISION), pursuant to NMSA 1978, Section 70-2-14, as amended, in the sum of \$5,000.00 For the payment of which the 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 PRINCIPAL has commenced or may commence the drilling of one well to a depth not to exceed 5,000 feet, to prospect for and/or produce oil or gas, carbon dioxide gas, helium gas or brine minerals, or does own or operate, or may acquire, own or operate such well, the identification and location of said well being:

Artesia Metex Unit #5-L, located 1650 feet from the South ~~(North/South)~~
(Name of well)
line and 990 feet from the West ~~(East/West)~~ line of Section 24 Township 18 ~~(XXXX)~~
(South), Range 27 (East) ~~(West)~~ NMPM, Eddy County, New Mexico.

NOW, THEREFORE, if the PRINCIPAL and SURETY or either of them, or their successors or assigns or any of them, shall cause said well to be properly plugged and abandoned when dry or when no longer productive or useful for other beneficial purpose, in accordance with the rules and orders of the DIVISION, including but not limited to Rules 101 [19.15.3.101 NMAC] and 202 [19.15.4.202 NMAC], as such rules now exist or may hereafter be amended;

THEN AND IN THAT EVENT, 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.

ERS Resources, LLC
Post Office PRINCIPAL Box 1502
Carlsbad, New Mexico 88221-1502
Address

U. S. Specialty Insurance Company
13403 NW Freeway
Houston, Texas 77040
Address

By Best D. Davigan
Signature

[Signature]
Attorney-In-Fact

Managing Member
Title

If PRINCIPAL is a corporation, affix corporate seal here.

Corporate surety affix corporate seal here.

POWER OF ATTORNEY

(To be used with bonds issued on behalf of U. S. SPECIALTY INSURANCE COMPANY)

Know All Men by These Presents That, U. S. SPECIALTY INSURANCE COMPANY (the "Company"), a corporation duly organized and existing under the laws of the State of Texas, and having its principal office in Houston, Harris County, Texas, does by these presents make, constitute and appoint

Edwin H. Frank III, W. Russell Brown, Jr.

its true and lawful Attorney-in-fact, with full power and authority hereby conferred in its name, place and stead, to execute, acknowledge and deliver **any and all bonds, recognizances, undertakings or other instruments or contracts of suretyship to include riders, amendments, and consents of surety, providing the bond penalty does not exceed Three Million Dollars (\$3,000,000)** and to bind the Company thereby as fully and to the same extent 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 that the said Attorney-in-Fact may do in the premises. Said appointment is made under and by authority of the following resolutions of the Board of Directors of the U. S. Specialty Insurance Company:

Be it Resolved, that the President, any Vice-President, any Assistant Vice-President, any Secretary or any Assistant Secretary shall be and is hereby vested with full power and authority to appoint any one or more suitable persons as Attorney(s)-in-Fact to represent and act for and on behalf of the Company subject to the following provisions:

Attorney-in-Fact may be given full power and authority for and in the name of and of behalf of the Company, to execute, acknowledge and deliver, any and all bonds, recognizances, contracts, agreements or indemnity and other conditional or obligatory undertakings and any and all notices and documents canceling or terminating the Company's liability thereunder, and any such instruments so executed by any such Attorney-in-Fact shall be binding upon the Company as if signed by the President and sealed and effected by the Corporate Secretary.

Be it Resolved, that the signature of any authorized officer and seal of the Company heretofore or hereafter affixed to any power of attorney or any certificate relating thereto by facsimile, and any power of attorney or certificate bearing facsimile signature or facsimile seal shall be valid and binding upon the Company with respect to any bond or undertaking to which it is attached. (Adopted by unanimous written consent in lieu of meeting on July 7, 2003.)

In Witness Whereof, U. S. SPECIALTY INSURANCE COMPANY has caused these presents to be signed by its President, and its corporate seal to be hereto affixed this 7th day of November, 2003.

Corporate Seal

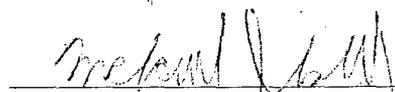
U. S. SPECIALTY INSURANCE COMPANY

By

State of Texas

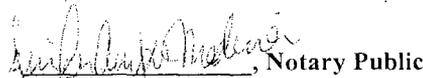
County of Harris

ss:


Michael J. Schell, President

On this 7th day of November, 2003 before me personally came Michael J. Schell, to me known, who, being by me duly sworn, did depose and say, that he resides in Houston, Texas, that he is President of U. S. SPECIALTY INSURANCE COMPANY, the company described in and which executed the above instrument; that he knows the seal of said Company; that the seal affixed to said instrument is such corporate seal; that it was so affixed by order of the Board of Directors of said Company; and that he signed his name thereto by like order.

Notary Seal



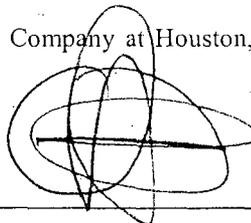
Notary Public

My commission expires 12/23/2006

I, Christopher L. Martin, Secretary of U. S. SPECIALTY INSURANCE COMPANY, do hereby certify that the above and foregoing is a true and correct copy of a Power of Attorney, executed by said Company, which is still in full force and effect; furthermore, the resolutions of the Board of Directors, set out in the Power of Attorney are in full force and effect.

In Witness Whereof, I have hereunto set my hand and affixed the seal of said Company at Houston, Texas this 02 day of December, 2003

Corporate Seal


Christopher L. Martin, Secretary



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor
Joanna Prukop
Cabinet Secretary

January 15, 2004

Lori Wrotenbery
Director
Oil Conservation Division

Mr. Bert D. Hannigan
ERS Resources, LLC
P.O. Box 1502
Carlsbad, NM 88221-1502

Re: \$5,000 One-Well Plugging Bond
ERS Resources, LLC, Principal
U.S. Specialty Insurance Company, Surety
Artesia Metex Unit No. 5 – 1650' FSL and 990' FWL
Section 24, Township 18 South, Range 27 East,
Eddy County, NM
Bond No. B000683

Dear Mr. Hannigan:

The New Mexico Oil Conservation Division hereby approves the above-captioned one-well plugging bond.

Sincerely,

GAIL MACQUESTEN
Assistant General Counsel

GM/dp

cc: Oil Conservation Division – Artesia, NM

U.S. Specialty Insurance Company
13403 NW Freeway
Houston, TX 77040

J.S. Ward & Son, Inc.
101 South Fourth Street
Artesia, NM 88210-2177
Attn: Susan S. Lopez

CMD : ONGARD 01/15/04 11:14:55
OG6CWBD CAPTURE SINGLE WELL BOND OGDLP -TQGC

OGRID Identifier : 225298 API Well No : 30 15 945
Operator Name, Address : ERS RESOURCES, LLC
PO BOX 1502
CARLSBAD, NM 88221-1502

Bond Idn : 249376 Bond Status : A Prop Idn : 22171
Prop Name : ARTESIA METEX UNIT Well No : 005
U/L Sec Township Range North/South East/West Lot Idr

Surface Locn : L 24 18S 27E FTG 1650 F S FTG 990 F W

API County : 15

Bond Details : Type (Cash/Surety - C/S) : S Bond Co Idn : 12 Amt : 5000
Company OGRID Identifier : 224244
Company Name, Address : U.S. SPECIALTY INSURANCE COMPA
13403 NORTHWEST FREEWAY
HOUSTON, TX 77056

Effective Date : 01-01-1900 Cancellation Date : 12-31-9999

Issuer Bond No : BO00683

M0015: Table update is successful.

PF01 HELP PF02 PF03 EXIT PF04 GoTo PF05 PF06 CONFIRM
PF07 PF08 PF09 COMMENT PF10 NXTBOND PF11 PF12

Bond No. B000690R04-06-04

SURETY RIDER

To be attached to and form a part of Bond No. B000690 on behalf of
ERS Resources, LLC as principal and executed by
U.S. Specialty Insurance Company, as surety.

Effective date of change: April 6, 2004

In consideration of the mutual agreement herein contained, the principal and the surety hereby consent to the following changes:

The address has changed from:

ERS Resources, LLC
Post Office Box 1502
Carlsbad, New Mexico 88221-1502

TO:

ERS Resources, LLC
Post Office Box 958
Carlsbad, New Mexico 88221-0958

Nothing herein contained shall vary, alter, or extend any provision or condition of this bond except as herein expressly stated.

SIGNED, SEALED AND DATED, THIS: April 6, 2004

ERS Resources, LLC

Name of Principal

Roy Hanigan
Signature

Roy Hanigan Roy Hanigan
Name and title of person
executing for Principal

U.S. Specialty Insurance Company

Name of Surety

W. Russell Brown, Jr.
Signature

W. Russell Brown, Jr., Attorney-in-Fact
Name and title of person
executing for Surety

STATE OF NEW MEXICO

ONE-WELL PLUGGING BOND

For CHAVES, EDDY, LEA, MCKINLEY, RIO ARRIBA, ROOSEVELT,
SANDOVAL, AND SAN JUAN COUNTIES ONLY

BOND NO. B000690
AMOUNT OF BOND \$5,000.00
COUNTY Eddy

NOTE: For wells less than 5,000 feet deep, the minimum bond is \$5,000.00*
For wells 5,000 to 10,000 feet deep, the minimum bond is \$7,500.00*
For wells more than 10,000 feet deep, the minimum bond is \$10,000.00

*Under certain conditions, a well being drilled under a \$5,000.00 or \$7,500.00 bond may be permitted to be drilled as much as 500 feet deeper than the normal maximum depth, e.g., a well being drilled under a \$5,000.00 bond may be permitted to go to 5,500 feet and a well being drilled under a \$7,500.00 bond may be permitted to go to 10,500 feet. (See Rule 101)

File with Oil Conservation Division, 1220 South Saint Francis, Santa Fe, NM 87505

KNOW ALL MEN BY THESE PRESENTS:

That ERS Resources, LLC, ~~(an individual)~~ ~~(a general partnership)~~ (a corporation, limited liability company or limited partnership organized in the State of New Mexico, and authorized to do business in the State of New Mexico), as PRINCIPAL, and U. S. Specialty 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 firmly bound unto the State of New Mexico, for the use and benefit of the Oil Conservation Division of the Energy, Minerals and Natural Resources Department (or successor agency) (the DIVISION), pursuant to NMSA 1978, Section 70-2-14, as amended, in the sum of \$5,000.00 for the payment of which the 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:

5,000 WHEREAS, the PRINCIPAL has commenced or may commence the drilling of one well to a depth not to exceed 5,000 feet, to prospect for and/or produce oil or gas, carbon dioxide gas, helium gas or brine minerals, or does own or operate, or may acquire, own or operate such well, the identification and location of said well being:

Artesia Metex Unit #8-I, located 2310 feet from the ~~North~~ South ~~(North/South)~~ line and 990 feet from the East ~~(East/West)~~ line of Section 24 Township 18 ~~(North)~~ (South), Range 27 (East) ~~(West)~~, NMPM, Eddy County, New Mexico.

NOW, THEREFORE, if the PRINCIPAL and SURETY or either of them, or their successors or assigns or any of them, shall cause said well to be properly plugged and abandoned when dry or when no longer productive or useful for other beneficial purpose, in accordance with the rules and orders of the DIVISION, including but not limited to Rules 101 [19.15.3.101 NMAC] and 202 [19.15.4.202 NMAC], as such rules now exist or may hereafter be amended;

THEN AND IN THAT EVENT, 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.

ERS Resources, LLC
PRINCIPAL
Post Office Box 1502
Carlsbad, New Mexico 88221-1502
Address

By Bert D. Danigan
Signature

Managing Member
Title

If PRINCIPAL is a corporation, affix corporate seal here.

U. S. Specialty Insurance Company
SURETY
13403 NW Freeway
Houston, Texas 77040
Address

E. J. [Signature]
Attorney-in-Fact

Corporate surety affix corporate seal here.

POWER OF ATTORNEY

(To be used with bonds issued on behalf of U. S. SPECIALTY INSURANCE COMPANY)

Know All Men by These Presents That, U. S. SPECIALTY INSURANCE COMPANY (the "Company"), a corporation duly organized and existing under the laws of the State of Texas, and having its principal office in Houston, Harris County, Texas, does by these presents make, constitute and appoint

Edwin H. Frank III, W. Russell Brown, Jr.

its true and lawful Attorney-in-fact, with full power and authority hereby conferred in its name, place and stead, to execute, acknowledge and deliver **any and all bonds, recognizances, undertakings or other instruments or contracts of suretyship to include riders, amendments, and consents of surety, providing the bond penalty does not exceed Three Million Dollars (\$3,000,000)** and to bind the Company thereby as fully and to the same extent 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 that the said Attorney-in-Fact may do in the premises. Said appointment is made under and by authority of the following resolutions of the Board of Directors of the U. S. Specialty Insurance Company:

Be it Resolved, that the President, any Vice-President, any Assistant Vice-President, any Secretary or any Assistant Secretary shall be and is hereby vested with full power and authority to appoint any one or more suitable persons as Attorney(s)-in-Fact to represent and act for and on behalf of the Company subject to the following provisions:

Attorney-in-Fact may be given full power and authority for and in the name of and of behalf of the Company, to execute, acknowledge and deliver, any and all bonds, recognizances, contracts, agreements or indemnity and other conditional or obligatory undertakings and any and all notices and documents canceling or terminating the Company's liability thereunder, and any such instruments so executed by any such Attorney-in-Fact shall be binding upon the Company as if signed by the President and sealed and effected by the Corporate Secretary.

Be it Resolved, that the signature of any authorized officer and seal of the Company heretofore or hereafter affixed to any power of attorney or any certificate relating thereto by facsimile, and any power of attorney or certificate bearing facsimile signature or facsimile seal shall be valid and binding upon the Company with respect to any bond or undertaking to which it is attached. (Adopted by unanimous written consent in lieu of meeting on July 7, 2003.)

In Witness Whereof, U. S. SPECIALTY INSURANCE COMPANY has caused these presents to be signed by its President, and its corporate seal to be hereto affixed this 7th day of November, 2003.

Corporate Seal

U. S. SPECIALTY INSURANCE COMPANY

By

State of Texas



County of Harris

ss:

Michael J. Schell, President

On this 7th day of November, 2003 before me personally came Michael J. Schell, to me known, who, being by me duly sworn, did depose and say, that he resides in Houston, Texas, that he is President of U. S. SPECIALTY INSURANCE COMPANY, the company described in and which executed the above instrument; that he knows the seal of said Company; that the seal affixed to said instrument is such corporate seal; that it was so affixed by order of the Board of Directors of said Company; and that he signed his name thereto by like order.

Notary Seal

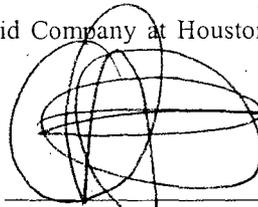
 **Notary Public**

My commission expires 12/23/2006

I, Christopher L. Martin, Secretary of U. S. SPECIALTY INSURANCE COMPANY, do hereby certify that the above and foregoing is a true and correct copy of a Power of Attorney, executed by said Company, which is still in full force and effect; furthermore, the resolutions of the Board of Directors, set out in the Power of Attorney are in full force and effect.

In Witness Whereof, I have hereunto set my hand and affixed the seal of said Company at Houston, Texas this 02 day of December, 2003.

Corporate Seal



Christopher L. Martin, Secretary



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop
Cabinet Secretary

January 15, 2004

Lori Wrotenberg

Director

Oil Conservation Division

Mr. Bert D. Hannigan
ERS Resources, LLC
P.O. Box 1502
Carlsbad, NM 88221-1502

Re: \$5,000 One-Well Plugging Bond
ERS Resources, LLC, Principal
U.S. Specialty Insurance Company, Surety
Artesia Metex Unit No. 8 - 2310' FSL and 990' FEL
Section 24, Township 18 South, Range 27 East,
Eddy County, NM
Bond No. B000690

Dear Mr. Hannigan:

The New Mexico Oil Conservation Division hereby approves the above-captioned one-well plugging bond.

Sincerely,

GAIL MACQUESTEN
Assistant General Counsel

GM/dp

cc: Oil Conservation Division - Artesia, NM

U.S. Specialty Insurance Company
13403 NW Freeway
Houston, TX 77040

J.S. Ward & Son, Inc.
101 South Fourth Street
Artesia, NM 88210-2177
Attn: Susan S. Lopez

CMD : ONGARD 01/15/04 11:25:31
OG6CWBD CAPTURE SINGLE WELL BOND OGODLP -TQGC

OGRID Identifier : 225298 API Well No : 30 15 944
Operator Name, Address : ERS RESOURCES, LLC
PO BOX 1502
CARLSBAD, NM 88221-1502

Bond Idn : 249382 Bond Status : A Prop Idn : 22171
Prop Name : ARTESIA METEX UNIT Well No : 008
U/L Sec Township Range North/South East/West Lot Idr

Surface Locn : I 24 18S 27E FTG 2310 F S FTG 990 F E

API County : 15

Bond Details : Type (Cash/Surety - C/S) : S Bond Co Idn : 12 Amt : 5000
Company OGRID Identifier : 224244
Company Name, Address : U.S. SPECIALTY INSURANCE COMPA
13403 NORTHWEST FREEWAY
HOUSTON, TX 77056

Effective Date : 01-01-1900 Cancellation Date : 12-31-9999

Issuer Bond No : B000690

M0015: Table update is successful.

PF01 HELP PF02 PF03 EXIT PF04 GoTo PF05 PF06 CONFIRM
PF07 PF08 PF09 COMMENT PF10 NXTBOND PF11 PF12

STATE OF NEW MEXICO
ONE-WELL PLUGGING BOND

For CHAVES, EDDY, LEA, MCKINLEY, RIO ARRIBA, ROOSEVELT,
SANDOVAL, AND SAN JUAN COUNTIES ONLY

BOND NO. B001136
AMOUNT OF BOND \$5,000.00
COUNTY Eddy

NOTE: For wells less than 5,000 feet deep, the minimum bond is \$5,000.00*
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*Under certain conditions, a well being drilled under a \$5,000.00 or \$7,500.00 bond may be permitted to be drilled as much as 500 feet deeper than the normal maximum depth, e.g., a well being drilled under a \$5,000.00 bond may be permitted to go to 5,500 feet and a well being drilled under a \$7,500.00 bond may be permitted to go to 10,500 feet. (See Rule 101)

File with Oil Conservation Division, 1220 South Saint Francis, Santa Fe, NM 87505

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The conditions of this obligation are such that:

WHEREAS, the PRINCIPAL has commenced or may commence the drilling of one well to a depth not to exceed 5,000 feet, to prospect for and/or produce oil or gas, carbon dioxide gas, helium gas or brine minerals, or does own or operate, or may acquire, own or operate such well, the identification and location of said well being:

Artesia Metex Unit #24-0, located 660 feet from the South ~~(North/South)~~
(Name of well)
line and 2310 feet from the East ~~(East/West)~~ XXX line of Section 19 Township 18 ~~(North)~~
(South), Range 28 ~~(East)~~ XXX, NMPM, Eddy County, New Mexico.

NOW, THEREFORE, if the PRINCIPAL and SURETY or either of them, or their successors or assigns or any of them, shall cause said well to be properly plugged and abandoned when dry or when no longer productive or useful for other beneficial purpose, in accordance with the rules and orders of the DIVISION, including but not limited to Rules 101 [19.15.3.101 NMAC] and 202 [19.15.4.202 NMAC], as such rules now exist or may hereafter be amended;

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ERS Resources, Inc.
PRINCIPAL
Post Office Box 958
Carlsbad, New Mexico 88221-0958
Address

By Best D. Damagon
Signature

Managing Member
Title

If PRINCIPAL is a corporation, affix corporate seal here.

U.S. Specialty Insurance Company
SURETY
13403 NW Freeway
Houston, Texas 77040
Address

W. Russell Brown, Jr.
Attorney-In-Fact

W. Russell Brown, Jr.

Corporate surety affix corporate seal here.

POWER OF ATTORNEY

(To be used with bonds issued on behalf of U. S. SPECIALTY INSURANCE COMPANY)

Know All Men by These Presents That, U. S. SPECIALTY INSURANCE COMPANY (the "Company"), a corporation duly organized and existing under the laws of the State of Texas, and having its principal office in Houston, Harris County, Texas, does by these presents make, constitute and appoint

Edwin H. Frank III, W. Russell Brown, Jr.

its true and lawful Attorney-in-fact, with full power and authority hereby conferred in its name, place and stead, to execute, acknowledge and deliver any and all bonds, recognizances, undertakings or other instruments or contracts of suretyship to include riders, amendments, and consents of surety, providing the bond penalty does not exceed Three Million Dollars (\$3,000,000) and to bind the Company thereby as fully and to the same extent 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 that the said Attorney-in-Fact may do in the premises. Said appointment is made under and by authority of the following resolutions of the Board of Directors of the U. S. Specialty Insurance Company:

Be it Resolved, that the President, any Vice-President, any Assistant Vice-President, any Secretary or any Assistant Secretary shall be and is hereby vested with full power and authority to appoint any one or more suitable persons as Attorney(s)-in-Fact to represent and act for and on behalf of the Company subject to the following provisions:

Attorney-in-Fact may be given full power and authority for and in the name of and of behalf of the Company, to execute, acknowledge and deliver, any and all bonds, recognizances, contracts, agreements or indemnity and other conditional or obligatory undertakings and any and all notices and documents canceling or terminating the Company's liability thereunder, and any such instruments so executed by any such Attorney-in-Fact shall be binding upon the Company as if signed by the President and sealed and effected by the Corporate Secretary.

Be it Resolved, that the signature of any authorized officer and seal of the Company heretofore or hereafter affixed to any power of attorney or any certificate relating thereto by facsimile, and any power of attorney or certificate bearing facsimile signature or facsimile seal shall be valid and binding upon the Company with respect to any bond or undertaking to which it is attached. (Adopted by unanimous written consent in lieu of meeting on July 7, 2003.)

In Witness Whereof, U. S. SPECIALTY INSURANCE COMPANY has caused these presents to be signed by its President, and its corporate seal to be hereto affixed this 24th of August, 2004.

Corporate Seal

U. S. SPECIALTY INSURANCE COMPANY

By

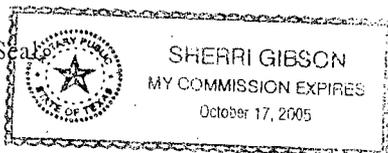
State of Texas

County of Harris ss:

Michael J. Schell, President

On this 24th of August before me personally came Michael J. Schell, to me known, who, being by me duly sworn, did depose and say, that he resides in Houston, Texas, that he is President of U. S. SPECIALTY INSURANCE COMPANY, the company described in and which executed the above instrument; that he knows the seal of said Company; that the seal affixed to said instrument is such corporate seal; that it was so affixed by order of the Board of Directors of said Company; and that he signed his name thereto by like order.

Notary Seal



Notary Public

My commission expires 10-17-05

I, Christopher L. Martin, Secretary of U. S. SPECIALTY INSURANCE COMPANY, do hereby certify that the above and foregoing is a true and correct copy of a Power of Attorney, executed by said Company, which is still in full force and effect; furthermore, the resolutions of the Board of Directors, set out in the Power of Attorney are in full force and effect.

In Witness Whereof, I have hereunto set my hand and affixed the seal of said Company at Houston, Texas this 1st day of September, 20 04

Corporate Seal

Christopher L. Martin, Secretary

**Important Notice Regarding
Terrorism Risk Insurance Act of 2002**

In accordance with the Terrorism Risk Insurance Act of 2002 (the "Act"), this disclosure notice is provided for surety bonds on which U.S. Specialty Insurance Company is the issuing surety.

The premium attributable to any bond coverage for "acts of terrorism" as defined in Section 102(1) of the Act is Zero Dollars (\$0.00).

The United States will reimburse the Issuing Sureties for ninety percent (90%) of any covered losses from terrorist acts certified under the Act exceeding the applicable surety deductible.

The actual coverage provided by your bond for acts of terrorism, as is true for all coverages, is limited by the terms, conditions, exclusions, penalties, limits, other provisions of your bond and the underlying contract, any endorsements to the bond and generally applicable rules of law. This Important Notice Regarding Terrorism Insurance Risk Act of 2002 is for informational purposes only and does not create coverage nor become a part or condition of the attached document.

The rest of this page is intentionally left blank.



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON
Governor
Joanna Prukop
Cabinet Secretary

September 14, 2004

Mark E. Fesmire, P.E.
Director
Oil Conservation Division

Mr. Bert D. Hanigan
ERS Resources, LLC
P.O. Box 958
Carlsbad, NM 88221-0958

Re: \$5,000 One-Well Plugging Bond
ERS Resources, LLC, Principal
U.S. Specialty Insurance Company, Surety
Artesia Metex Unit No. 24 – 660' FSL and 2310' FEL
Section 19, Township 18 South, Range 28 East,
Eddy County, New Mexico
Bond No. B001136

Dear Mr. Hanigan:

The New Mexico Oil Conservation Division hereby approves the above-captioned one-well plugging bond.

Sincerely,

DAVID K. BROOKS
Assistant General Counsel

DKB/dp

cc: Oil Conservation Division – Artesia, NM

U.S. Specialty Insurance Company
13403 NW Freeway
Houston, Texas 77040

CMD : ONGARD 09/14/04 15:30:59
OG6CWBD CAPTURE SINGLE WELL BOND OGODLP -TPNH

OGRID Identifier : 225298 API Well No : 30 15 1949
Operator Name, Address : ERS RESOURCES, LLC
PO BOX 1502
CARLSBAD, NM 88221-1502

Bond Idn : 249575 Bond Status : A Prop Idn : 22171
Prop Name : ARTESIA METEX UNIT Well No : 024
U/L Sec Township Range North/South East/West Lot Idr

Surface Locn : O 19 18S 28E FTG 660 F S FTG 2310 F E
API County : 15

Bond Details : Type (Cash/Surety - C/S) : S Bond Co Idn : 12 Amt : 5000
Company OGRID Identifier : 224244
Company Name, Address : U.S. SPECIALTY INSURANCE COMPA
13403 NORTHWEST FREEWAY
HOUSTON, TX 77056

Effective Date : 01-01-1900 Cancellation Date : 12-31-9999

Issuer Bond No : B001136

M0015: Table update is successful.

PF01 HELP PF02 PF03 EXIT PF04 GoTo PF05 PF06 CONFIRM
PF07 PF08 PF09 COMMENT PF10 NXTBOND PF11 PF12

Bond No. B000684R04-06-04

SURETY RIDER

To be attached to and form a part of Bond No. B000684 on behalf of
ERS Resources, LLC as principal and executed by
U.S. Specialty Insurance Company, as surety.

Effective date of change: April 6, 2004

In consideration of the mutual agreement herein contained, the principal and the surety hereby consent to the following changes:

The address has changed from:

ERS Resources, LLC
Post Office Box 1502
Carlsbad, New Mexico 88221-1502

TO:

ERS Resources, LLC
Post Office Box 958
Carlsbad, New Mexico 88221-0958

Nothing herein contained shall vary, alter, or extend any provision or condition of this bond except as herein expressly stated.

SIGNED, SEALED AND DATED THIS: April 6, 2004

ERS Resources, LLC

Name of Principal

✓ Roy Hanigan
Signature

✓ manager Roy Hanigan
Name and title of person
executing for Principal

U.S. Specialty Insurance Company

Name of Surety

W. Russell Brown, Jr.
Signature

W. Russell Brown, Jr., Attorney-in-Fact
Name and title of person
executing for Surety

POWER OF ATTORNEY

(To be used with bonds issued on behalf of U. S. SPECIALTY INSURANCE COMPANY)

Know All Men by These Presents That, U. S. SPECIALTY INSURANCE COMPANY (the "Company"), a corporation duly organized and existing under the laws of the State of Texas, and having its principal office in Houston, Harris County, Texas, does by these presents make, constitute and appoint

Edwin H. Frank III, W. Russell Brown, Jr.

its true and lawful Attorney-in-fact, with full power and authority hereby conferred in its name, place and stead, to execute, acknowledge and deliver any and all bonds, recognizances, undertakings or other instruments or contracts of suretyship to include riders, amendments, and consents of surety, providing the bond penalty does not exceed Three Million Dollars (\$3,000,000) and to bind the Company thereby as fully and to the same extent 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 that the said Attorney-in-Fact may do in the premises. Said appointment is made under and by authority of the following resolutions of the Board of Directors of the U. S. Specialty Insurance Company:

Be it Resolved, that the President, any Vice-President, any Assistant Vice-President, any Secretary or any Assistant Secretary shall be and is hereby vested with full power and authority to appoint any one or more suitable persons as Attorney(s)-in-Fact to represent and act for and on behalf of the Company subject to the following provisions:

Attorney-in-Fact may be given full power and authority for and in the name of and of behalf of the Company, to execute, acknowledge and deliver, any and all bonds, recognizances, contracts, agreements or indemnity and other conditional or obligatory undertakings and any and all notices and documents canceling or terminating the Company's liability thereunder, and any such instruments so executed by any such Attorney-in-Fact shall be binding upon the Company as if signed by the President and sealed and effected by the Corporate Secretary.

Be it Resolved, that the signature of any authorized officer and seal of the Company heretofore or hereafter affixed to any power of attorney or any certificate relating thereto by facsimile, and any power of attorney or certificate bearing facsimile signature or facsimile seal shall be valid and binding upon the Company with respect to any bond or undertaking to which it is attached. (Adopted by unanimous written consent in lieu of meeting on July 7, 2003.)

In Witness Whereof, U. S. SPECIALTY INSURANCE COMPANY has caused these presents to be signed by its President, and its corporate seal to be hereto affixed this 7th day of November, 2003.

Corporate Seal

U. S. SPECIALTY INSURANCE COMPANY
By

State of Texas

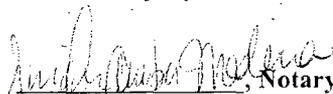
County of Harris ss:



Michael J. Schell, President

On this 7th day of November, 2003 before me personally came Michael J. Schell, to me known, who, being by me duly sworn, did depose and say, that he resides in Houston, Texas, that he is President of U. S. SPECIALTY INSURANCE COMPANY, the company described in and which executed the above instrument; that he knows the seal of said Company; that the seal affixed to said instrument is such corporate seal; that it was so affixed by order of the Board of Directors of said Company; and that he signed his name thereto by like order.

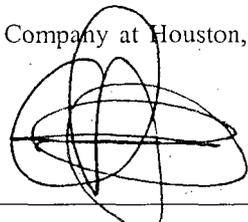
Notary Seal


_____, Notary Public
My commission expires 12/23/2006

I, Christopher L. Martin, Secretary of U. S. SPECIALTY INSURANCE COMPANY, do hereby certify that the above and foregoing is a true and correct copy of a Power of Attorney, executed by said Company, which is still in full force and effect; furthermore, the resolutions of the Board of Directors, set out in the Power of Attorney are in full force and effect.

In Witness Whereof, I have hereunto set my hand and affixed the seal of said Company at Houston, Texas this 02 day of December, 20 03.

Corporate Seal



Christopher L. Martin, Secretary



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON
Governor
Joanna Prukop
Cabinet Secretary

January 15, 2004

Lori Wrotenbery
Director
Oil Conservation Division

Mr. Bert D. Hannigan
ERS Resources, LLC
P.O. Box 1502
Carlsbad, NM 88221-1502

Re: \$5,000 One-Well Plugging Bond
ERS Resources, LLC, Principal
U.S. Specialty Insurance Company, Surety
Artesia Metex Unit No. 13 – 2310' FSL and 2310' FEL
Section 19, Township 18 South, Range 28 East,
Eddy County, NM
Bond No. B000684

Dear Mr. Hannigan:

The New Mexico Oil Conservation Division hereby approves the above-captioned one-well plugging bond.

Sincerely,

GAIL MACQUESTEN
Assistant General Counsel

GM/dp

cc: Oil Conservation Division – Artesia, NM

U.S. Specialty Insurance Company
13403 NW Freeway
Houston, TX 77040

J.S. Ward & Son, Inc.
101 South Fourth Street
Artesia, NM 88210-2177
Attn: Susan S. Lopez

CMD : ONGARD 01/15/04 11:15:59
OG6CWBD CAPTURE SINGLE WELL BOND OGODLP -TQGC

OGRID Identifier : 225298 API Well No : 30 15 1951
Operator Name, Address : ERS RESOURCES, LLC
PO BOX 1502
CARLSBAD, NM 88221-1502

Bond Idn : 249377 Bond Status : A Prop Idn : 22171
Prop Name : ARTESIA METEX UNIT Well No : 013
U/L Sec Township Range North/South East/West Lot Idr

Surface Locn : J 19 18S 28E FTG 2310 F S FTG 2310 F E
API County : 15

Bond Details : Type (Cash/Surety - C/S) : S Bond Co Idn : 12 Amt : 5000
Company OGRID Identifier : 224244
Company Name, Address : U.S. SPECIALTY INSURANCE COMPA
13403 NORTHWEST FREEWAY
HOUSTON, TX 77056

Effective Date : 01-01-1900 Cancellation Date : 12-31-9999
Issuer Bond No : B000684

M0015: Table update is successful.

PF01 HELP PF02 PF03 EXIT PF04 GoTo PF05 PF06 CONFIRM
PF07 PF08 PF09 COMMENT PF10 NXTBOND PF11 PF12

Bond No. B000685R04-06-04

SURETY RIDER

To be attached to and form a part of Bond No. B000685 on behalf of
ERS Resources, LLC as principal and executed by
U.S. Specialty Insurance Company, as surety.

Effective date of change: April 6, 2004

In consideration of the mutual agreement herein contained, the principal and the surety hereby consent to the following changes:

The address has changed from:

ERS Resources, LLC
Post Office Box 1502
Carlsbad, New Mexico 88221-1502

TO:

ERS Resources, LLC
Post Office Box 958
Carlsbad, New Mexico 88221-0958

Nothing herein contained shall vary, alter, or extend any provision or condition of this bond except as herein expressly stated.

SIGNED, SEALED AND DATED THIS: April 6, 2004

ERS Resources, LLC

Name of Principal

✓ Roy Hanigan
Signature

✓ manager Roy Hanigan
Name and title of person
executing for Principal

U.S. Specialty Insurance Company

Name of Surety

W. Russell Brown, Jr.
Signature

W. Russell Brown, Jr., Attorney-in-Fact
Name and title of person
executing for Surety

POWER OF ATTORNEY

(To be used with bonds issued on behalf of U. S. SPECIALTY INSURANCE COMPANY)

Know All Men by These Presents That, **U. S. SPECIALTY INSURANCE COMPANY** (the "Company"), a corporation duly organized and existing under the laws of the State of Texas, and having its principal office in Houston, Harris County, Texas, does by these presents make, constitute and appoint

Edwin H. Frank III, W. Russell Brown, Jr.

its true and lawful Attorney-in-fact, with full power and authority hereby conferred in its name, place and stead, to execute, acknowledge and deliver **any and all bonds, recognizances, undertakings or other instruments or contracts of suretyship to include riders, amendments, and consents of surety, providing the bond penalty does not exceed Three Million Dollars (\$3,000,000)** and to bind the Company thereby as fully and to the same extent 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 that the said Attorney-in-Fact may do in the premises. Said appointment is made under and by authority of the following resolutions of the Board of Directors of the U. S. Specialty Insurance Company:

Be it Resolved, that the President, any Vice-President, any Assistant Vice-President, any Secretary or any Assistant Secretary shall be and is hereby vested with full power and authority to appoint any one or more suitable persons as Attorney(s)-in-Fact to represent and act for and on behalf of the Company subject to the following provisions:

Attorney-in-Fact may be given full power and authority for and in the name of and of behalf of the Company, to execute, acknowledge and deliver, any and all bonds, recognizances, contracts, agreements or indemnity and other conditional or obligatory undertakings and any and all notices and documents canceling or terminating the Company's liability thereunder, and any such instruments so executed by any such Attorney-in-Fact shall be binding upon the Company as if signed by the President and sealed and effected by the Corporate Secretary.

Be it Resolved, that the signature of any authorized officer and seal of the Company heretofore or hereafter affixed to any power of attorney or any certificate relating thereto by facsimile, and any power of attorney or certificate bearing facsimile signature or facsimile seal shall be valid and binding upon the Company with respect to any bond or undertaking to which it is attached. (Adopted by unanimous written consent in lieu of meeting on July 7, 2003.)

In Witness Whereof, **U. S. SPECIALTY INSURANCE COMPANY** has caused these presents to be signed by its **President**, and its corporate seal to be hereto affixed this 7th day of November, 2003.

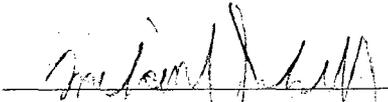
Corporate Seal

U. S. SPECIALTY INSURANCE COMPANY

By

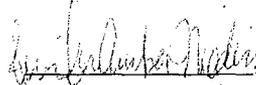
State of Texas

County of Harris ss:


Michael J. Schell, President

On this 7th day of November, 2003 before me personally came Michael J. Schell, to me known, who, being by me duly sworn, did depose and say, that he resides in Houston, Texas, that he is President of U. S. SPECIALTY INSURANCE COMPANY, the company described in and which executed the above instrument; that he knows the seal of said Company; that the seal affixed to said instrument is such corporate seal; that it was so affixed by order of the Board of Directors of said Company; and that he signed his name thereto by like order.

Notary Seal

 **Notary Public**
My commission expires 12/23/2006

I, Christopher L. Martin, Secretary of U. S. SPECIALTY INSURANCE COMPANY, do hereby certify that the above and foregoing is a true and correct copy of a Power of Attorney, executed by said Company, which is still in full force and effect; furthermore, the resolutions of the Board of Directors, set out in the Power of Attorney are in full force and effect.

In Witness Whereof, I have hereunto set my hand and affixed the seal of said Company at Houston, Texas this 02 day of December, 2003.

Corporate Seal


Christopher L. Martin, Secretary



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop
Cabinet Secretary

January 15, 2004

Lori Wrotenbery

Director
Oil Conservation Division

Mr. Bert D. Hannigan
ERS Resources, LLC
P.O. Box 1502
Carlsbad, NM 88221-1502

Re: \$5,000 One-Well Plugging Bond
ERS Resources, LLC, Principal
U.S. Specialty Insurance Company, Surety
Artesia Metex Unit No. 14 – 1650' FSL and 1980' FEL
Section 19, Township 18 South, Range 28 East,
Eddy County, NM
Bond No. B000685

Dear Mr. Hannigan:

The New Mexico Oil Conservation Division hereby approves the above-captioned one-well plugging bond.

Sincerely,

GAIL MACQUESTEN
Assistant General Counsel

GM/dp

cc: Oil Conservation Division – Artesia, NM

U.S. Specialty Insurance Company
13403 NW Freeway
Houston, TX 77040

J.S. Ward & Son, Inc.
101 South Fourth Street
Artesia, NM 88210-2177
Attn: Susan S. Lopez

CMD : ONGARD 01/15/04 11:18:13
OG6CWBD CAPTURE SINGLE WELL BOND OGODLP -TQGC

OGRID Identifier : 225298 API Well No : 30 15 1947
Operator Name, Address : ERS RESOURCES, LLC
PO BOX 1502
CARLSBAD, NM 88221-1502

Bond Idn : 249378 Bond Status : A Prop Idn : 22171
Prop Name : ARTESIA METEX UNIT Well No : 014
U/L Sec Township Range North/South East/West Lot Idr

Surface Locn : J 19 18S 28E FTG 1650 F S FTG 1980 F E
API County : 15

Bond Details : Type (Cash/Surety - C/S) : S Bond Co Idn : 12 Amt : 5000
Company OGRID Identifier : 224244
Company Name, Address : U.S. SPECIALTY INSURANCE COMPA
13403 NORTHWEST FREEWAY
HOUSTON, TX 77056

Effective Date : 01-01-1900 Cancellation Date : 12-31-9999
Issuer Bond No : B000685

M0015: Table update is successful.

PF01 HELP PF02 PF03 EXIT PF04 GoTo PF05 PF06 CONFIRM
PF07 PF08 PF09 COMMENT PF10 NXTBOND PF11 PF12

STATE OF NEW MEXICO
ONE-WELL PLUGGING BOND

For CHAVES, EDDY, LEA, MCKINLEY, RIO ARRIBA, ROOSEVELT,
SANDOVAL, AND SAN JUAN COUNTIES ONLY

BOND NO. B001136
AMOUNT OF BOND \$5,000.00
COUNTY Eddy

NOTE: For wells less than 5,000 feet deep, the minimum bond is \$5,000.00*
For wells 5,000 to 10,000 feet deep, the minimum bond is \$7,500.00*
For wells more than 10,000 feet deep, the minimum bond is \$10,000.00

*Under certain conditions, a well being drilled under a \$5,000.00 or \$7,500.00 bond may be permitted to be drilled as much as 500 feet deeper than the normal maximum depth, e.g., a well being drilled under a \$5,000.00 bond may be permitted to go to 5,500 feet and a well being drilled under a \$7,500.00 bond may be permitted to go to 10,500 feet. (See Rule 101)

File with Oil Conservation Division, 1220 South Saint Francis, Santa Fe, NM 87505

KNOW ALL MEN BY THESE PRESENTS:

That ERS Resources, LLC, (an individual) (a general partnership) (a corporation, limited liability company or limited partnership organized in the State of New Mexico and authorized to do business in the State of New Mexico), as PRINCIPAL, and U.S. Specialty Insurance Company 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 firmly bound unto the State of New Mexico, for the use and benefit of the Oil Conservation Division of the Energy, Minerals and Natural Resources Department (or successor agency) (the DIVISION), pursuant to NMSA 1978, Section 70-2-14, as amended, in the sum of Five thousand--- for the payment of which the 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 PRINCIPAL has commenced or may commence the drilling of one well to a depth not to exceed 5,000 feet, to prospect for and/or produce oil or gas, carbon dioxide gas, helium gas or brine minerals, or does own or operate, or may acquire, own or operate such well, the identification and location of said well being:

Artesia Metex Unit #24-0, located 660 feet from the South ~~North~~ ~~South~~ XXX
(Name of well)
line and 2310 feet from the East ~~East~~ ~~West~~ XXX line of Section 19 Township 18 ~~North~~ XXXX
(South), Range 28 (East) ~~West~~ XXX, NMPM, Eddy County, New Mexico.

NOW, THEREFORE, if the PRINCIPAL and SURETY or either of them, or their successors or assigns or any of them, shall cause said well to be properly plugged and abandoned when dry or when no longer productive or useful for other beneficial purpose, in accordance with the rules and orders of the DIVISION, including but not limited to Rules 101 [19.15.3.101 NMAC] and 202 [19.15.4.202 NMAC], as such rules now exist or may hereafter be amended;

THEN AND IN THAT EVENT, 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.

ERS Resources, Inc.
PRINCIPAL
Post Office Box 958
Carlsbad, New Mexico 88221-0958
Address

By Best D. Damagan
Signature

Managing Member
Title

If PRINCIPAL is a corporation, affix corporate seal here.

U.S. Specialty Insurance Company
SURETY
13403 NW Freeway
Houston, Texas 77040
Address

W. Russell Brown, Jr.
Attorney-In-Fact

W. Russell Brown, Jr.

Corporate surety affix corporate seal here.

POWER OF ATTORNEY

(To be used with bonds issued on behalf of U. S. SPECIALTY INSURANCE COMPANY)

Know All Men by These Presents That, U. S. SPECIALTY INSURANCE COMPANY (the "Company"), a corporation duly organized and existing under the laws of the State of Texas, and having its principal office in Houston, Harris County, Texas, does by these presents make, constitute and appoint

Edwin H. Frank III, W. Russell Brown, Jr.

its true and lawful Attorney-in-fact, with full power and authority hereby conferred in its name, place and stead, to execute, acknowledge and deliver any and all bonds, recognizances, undertakings or other instruments or contracts of suretyship to include riders, amendments, and consents of surety, providing the bond penalty does not exceed Three Million Dollars (\$3,000,000) and to bind the Company thereby as fully and to the same extent 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 that the said Attorney-in-Fact may do in the premises. Said appointment is made under and by authority of the following resolutions of the Board of Directors of the U. S. Specialty Insurance Company:

Be it Resolved, that the President, any Vice-President, any Assistant Vice-President, any Secretary or any Assistant Secretary shall be and is hereby vested with full power and authority to appoint any one or more suitable persons as Attorney(s)-in-Fact to represent and act for and on behalf of the Company subject to the following provisions:

Attorney-in-Fact may be given full power and authority for and in the name of and of behalf of the Company, to execute, acknowledge and deliver, any and all bonds, recognizances, contracts, agreements or indemnity and other conditional or obligatory undertakings and any and all notices and documents canceling or terminating the Company's liability thereunder, and any such instruments so executed by any such Attorney-in-Fact shall be binding upon the Company as if signed by the President and sealed and effected by the Corporate Secretary.

Be it Resolved, that the signature of any authorized officer and seal of the Company heretofore or hereafter affixed to any power of attorney or any certificate relating thereto by facsimile, and any power of attorney or certificate bearing facsimile signature or facsimile seal shall be valid and binding upon the Company with respect to any bond or undertaking to which it is attached. (Adopted by unanimous written consent in lieu of meeting on July 7, 2003.)

In Witness Whereof, U. S. SPECIALTY INSURANCE COMPANY has caused these presents to be signed by its President, and its corporate seal to be hereto affixed this 24th of August, 2004.

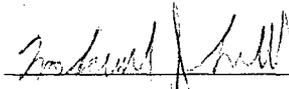
Corporate Seal

U. S. SPECIALTY INSURANCE COMPANY

By

State of Texas

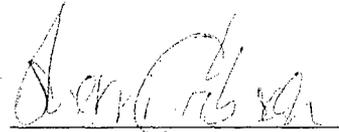
County of Harris, ss:


Michael J. Schell, President

On this 24th of August before me personally came Michael J. Schell, to me known, who, being by me duly sworn, did depose and say, that he resides in Houston, Texas, that he is President of U. S. SPECIALTY INSURANCE COMPANY, the company described in and which executed the above instrument; that he knows the seal of said Company; that the seal affixed to said instrument is such corporate seal; that it was so affixed by order of the Board of Directors of said Company; and that he signed his name thereto by like order.

Notary Seal

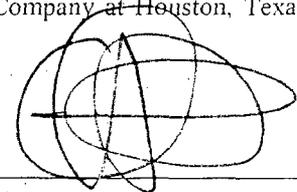



Notary Public
My commission expires 10-17-05

I, Christopher L. Martin, Secretary of U. S. SPECIALTY INSURANCE COMPANY, do hereby certify that the above and foregoing is a true and correct copy of a Power of Attorney, executed by said Company, which is still in full force and effect; furthermore, the resolutions of the Board of Directors, set out in the Power of Attorney are in full force and effect.

In Witness Whereof, I have hereunto set my hand and affixed the seal of said Company at Houston, Texas this 1st day of September, 20 04.

Corporate Seal


Christopher L. Martin, Secretary

**Important Notice Regarding
Terrorism Risk Insurance Act of 2002**

In accordance with the Terrorism Risk Insurance Act of 2002 (the "Act"), this disclosure notice is provided for surety bonds on which U.S. Specialty Insurance Company is the issuing surety.

The premium attributable to any bond coverage for "acts of terrorism" as defined in Section 102(1) of the Act is Zero Dollars (\$0.00).

The United States will reimburse the Issuing Sureties for ninety percent (90%) of any covered losses from terrorist acts certified under the Act exceeding the applicable surety deductible.

The actual coverage provided by your bond for acts of terrorism, as is true for all coverages, is limited by the terms, conditions, exclusions, penalties, limits, other provisions of your bond and the underlying contract, any endorsements to the bond and generally applicable rules of law. This Important Notice Regarding Terrorism Insurance Risk Act of 2002 is for informational purposes only and does not create coverage nor become a part or condition of the attached document.

The rest of this page is intentionally left blank.



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON
Governor
Joanna Prukop
Cabinet Secretary

September 14, 2004

Mark E. Fesmire, P.E.
Director
Oil Conservation Division

Mr. Bert D. Hanigan
ERS Resources, LLC
P.O. Box 958
Carlsbad, NM 88221-0958

Re: \$5,000 One-Well Plugging Bond
ERS Resources, LLC, Principal
U.S. Specialty Insurance Company, Surety
Artesia Metex Unit No. 24 – 660' FSL and 2310' FEL
Section 19, Township 18 South, Range 28 East,
Eddy County, New Mexico
Bond No. B001136

Dear Mr. Hanigan:

The New Mexico Oil Conservation Division hereby approves the above-captioned one-well plugging bond.

Sincerely,

DAVID K. BROOKS
Assistant General Counsel

DKB/dp

cc: Oil Conservation Division – Artesia, NM

U.S. Specialty Insurance Company
13403 NW Freeway
Houston, Texas 77040

CMD : ONGARD 09/14/04 15:30:59
OG6CWBD CAPTURE SINGLE WELL BOND OGDLP -TPNH

OGRID Identifier : 225298 API Well No : 30 15 1949
Operator Name, Address : ERS RESOURCES, LLC
PO BOX 1502
CARLSBAD, NM 88221-1502

Bond Idn : 249575 Bond Status : A Prop Idn : 22171
Prop Name : ARTESIA METEX UNIT Well No : 024
U/L Sec Township Range North/South East/West Lot Idr

Surface Locn : O 19 18S 28E FTG 660 F S FTG 2310 F E

API County : 15
Bond Details : Type (Cash/Surety - C/S) : S Bond Co Idn : 12 Amt : 5000
Company OGRID Identifier : 224244
Company Name, Address : U.S. SPECIALTY INSURANCE COMPA
13403 NORTHWEST FREEWAY
HOUSTON, TX 77056

Effective Date : 01-01-1900 Cancellation Date : 12-31-9999
Issuer Bond No : B001136

M0015: Table update is successful.

PF01 HELP PF02 PF03 EXIT PF04 GoTo PF05 PF06 CONFIRM
PF07 PF08 PF09 COMMENT PF10 NXTBOND PF11 PF12



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop
Cabinet Secretary

January 15, 2004

Lori Wrotenbery

Director

Oil Conservation Division

Susan S. Lopez
J S. Ward & Son, Inc.
101 South Fourth Street
Artesia, NM 88210-2177

Re: Bond No. B000682 – ERS Resources, LLC

Dear Ms. Lopez:

Returned is the above-captioned bond as the Acknowledgment for Corporate Surety is not notarized.

If you have any questions, please do not hesitate to call me at (505) 476-3461.

Sincerely,

Dorothy Phillips
Bond Administrator

Enclosure



J. S. Ward & Son, Inc.

101 South Fourth Street
(505) 746-2796
Artesia, New Mexico
88210-2177

Insurance
Bonds

January 23, 2004

State of New Mexico
Energy, Minerals & Natural Resources Department
Oil Conservation Division
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505-4000

Attention: Mrs. Dorothy Phillips

Re: ERS Resources, LLC
Bond No. B000682
\$5,000 One-Well Plugging Bond
to the State of New Mexico
Artesia Metex Unit #22

Dear Mrs. Phillips:

Enclosed please find the above captioned bond, which has the Acknowledgment for Corporate Surety notarized, through IndemCo Insurance Company which we trust you find in order and acceptable for filing.

Very truly yours,

J. S. WARD & SON, INC.

By *J. Gary Sims*
me

SGS:ssl

Enclosure

OVER 73 YEARS

Bond No: B000682R04-06-04

SURETY RIDER

To be attached to and form a part of Bond No. B000682 on behalf of
ERS Resources, LLC as principal and executed by
U.S. Specialty Insurance Company, as surety.

Effective date of change: April 6, 2004

In consideration of the mutual agreement herein contained, the principal and the surety hereby consent to the following changes:

The address has changed from:

ERS Resources, LLC
Post Office Box 1502
Carlsbad, New Mexico 88221-1502

TO:

ERS Resources, LLC
Post Office Box 958
Carlsbad, New Mexico 88221-0958

Nothing herein contained shall vary, alter, or extend any provision or condition of this bond except as herein expressly stated.

SIGNED, SEALED AND DATED THIS: April 6, 2004

ERS Resources, LLC

Name of Principal

✓ Roy Hanigan
Signature

✓ manager Roy Hanigan
Name and title of person
executing for Principal

U.S. Specialty Insurance Company

Name of Surety

✓ W. Russell Brown, Jr.
Signature

W. Russell Brown, Jr., Attorney-in-Fact
Name and title of person
executing for Surety

STATE OF NEW MEXICO

ONE-WELL PLUGGING BOND

For CHAVES, EDDY, LEA, MCKINLEY, RIO ARRIBA, ROOSEVELT,
SANDOVAL, AND SAN JUAN COUNTIES ONLY

BOND NO. B000682
AMOUNT OF BOND \$5,000.00
COUNTY Eddy

NOTE: For wells less than 5,000 feet deep, the minimum bond is \$5,000.00*
For wells 5,000 to 10,000 feet deep, the minimum bond is \$7,500.00*
For wells more than 10,000 feet deep, the minimum bond is \$10,000.00

*Under certain conditions, a well being drilled under a \$5,000.00 or \$7,500.00 bond may be permitted to be drilled as much as 500 feet deeper than the normal maximum depth, e.g., a well being drilled under a \$5,000.00 bond may be permitted to go to 5,500 feet and a well being drilled under a \$7,500.00 bond may be permitted to go to 10,500 feet. (See Rule 101)

File with Oil Conservation Division, 1220 South Saint Francis, Santa Fe, NM 87505

KNOW ALL MEN BY THESE PRESENTS:

That ERS Resources, LLC, ~~(a general partnership)~~ (a corporation, limited liability company or limited partnership organized in the State of New Mexico, and authorized to do business in the State of New Mexico), as PRINCIPAL, and U. S. Specialty 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 firmly bound unto the State of New Mexico, for the use and benefit of the Oil Conservation Division of the Energy, Minerals and Natural Resources Department (or successor agency) (the DIVISION), pursuant to NMSA 1978, Section 70-2-14, as amended, in the sum of \$5,000.00 for the payment of which the 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 PRINCIPAL has commenced or may commence the drilling of one well to a depth not to exceed 5,000 feet, to prospect for and/or produce oil or gas, carbon dioxide gas, helium gas or brine minerals, or does own or operate, or may acquire, own or operate such well, the identification and location of said well being:

Artesia Metex Unit #22, located 990 feet from the South ~~(North/South)~~
(Name of well)
line and 2024 feet from the West ~~(East/West)~~ line of Section 19 Township 18 ~~(North)~~
(South), Range 28 (East) ~~(West)~~, NMPM, Eddy County, New Mexico.

NOW, THEREFORE, if the PRINCIPAL and SURETY or either of them, or their successors or assigns or any of them, shall cause said well to be properly plugged and abandoned when dry or when no longer productive or useful for other beneficial purpose, in accordance with the rules and orders of the DIVISION, including but not limited to Rules 101 [19.15.3.101 NMAC] and 202 [19.15.4.202 NMAC], as such rules now exist or may hereafter be amended;

THEN AND IN THAT EVENT, 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.

ERS Resources, LLC
PRINCIPAL
Post Office Box 1502
Carlsbad, New Mexico 88221-1502
Address

By Best D. Harigton
Signature

Managing Member
Title

If PRINCIPAL is a corporation, affix corporate seal here.

U. S. Specialty Insurance Company
SURETY
13403 NW Freeway
Houston, Texas 77040
Address

[Signature]
Attorney-In-Fact

Corporate surety affix corporate seal here.



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop
Cabinet Secretary

January 26, 2004

Lori Wrotenbery

Director

Oil Conservation Division

Mr. Bert D. Hannigan
ERS Resources, LLC
P.O. Box 1502
Carlsbad, NM 88221-1502

Re: \$5,000 One-Well Plugging Bond
ERS Resources, LLC, Principal
U.S. Specialty Insurance Company, Surety
Artesia Metex Unit No. 22 – 990' FSL and 2024' FWL
Section 19, Township 18 South, Range 28 East,
Eddy County, NM
Bond No. B000682

Dear Mr. Hannigan:

The New Mexico Oil Conservation Division hereby approves the above-captioned one-well plugging bond.

Sincerely,

GAIL MACQUESTEN
Assistant General Counsel

GM/dp

cc: Oil Conservation Division – Artesia, NM

U.S. Specialty Insurance Company
13403 NW Freeway
Houston, TX 77040

J.S. Ward & Son, Inc.
101 South Fourth Street
Artesia, NM 88210-2177
Attn: Susan S. Lopez

POWER OF ATTORNEY

(To be used with bonds issued on behalf of U. S. SPECIALTY INSURANCE COMPANY)

Know All Men by These Presents That, **U. S. SPECIALTY INSURANCE COMPANY** (the "Company"), a corporation duly organized and existing under the laws of the State of Texas, and having its principal office in Houston, Harris County, Texas, does by these presents make, constitute and appoint

Edwin H. Frank III, W. Russell Brown, Jr.

its true and lawful Attorney-in-fact, with full power and authority hereby conferred in its name, place and stead, to execute, acknowledge and deliver **any and all bonds, recognizances, undertakings or other instruments or contracts of suretyship to include riders, amendments, and consents of surety, providing the bond penalty does not exceed Three Million Dollars (\$3,000,000)** and to bind the Company thereby as fully and to the same extent 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 that the said Attorney-in-Fact may do in the premises. Said appointment is made under and by authority of the following resolutions of the Board of Directors of the U. S. Specialty Insurance Company:

Be it Resolved, that the President, any Vice-President, any Assistant Vice-President, any Secretary or any Assistant Secretary shall be and is hereby vested with full power and authority to appoint any one or more suitable persons as Attorney(s)-in-Fact to represent and act for and on behalf of the Company subject to the following provisions:

Attorney-in-Fact may be given full power and authority for and in the name of and of behalf of the Company, to execute, acknowledge and deliver, any and all bonds, recognizances, contracts, agreements or indemnity and other conditional or obligatory undertakings and any and all notices and documents canceling or terminating the Company's liability thereunder, and any such instruments so executed by any such Attorney-in-Fact shall be binding upon the Company as if signed by the President and sealed and effected by the Corporate Secretary.

Be it Resolved, that the signature of any authorized officer and seal of the Company heretofore or hereafter affixed to any power of attorney or any certificate relating thereto by facsimile, and any power of attorney or certificate bearing facsimile signature or facsimile seal shall be valid and binding upon the Company with respect to any bond or undertaking to which it is attached. (Adopted by unanimous written consent in lieu of meeting on July 7, 2003.)

In Witness Whereof, **U. S. SPECIALTY INSURANCE COMPANY** has caused these presents to be signed by its **President**, and its corporate seal to be hereto affixed this 7th day of November, 2003.

Corporate Seal

U. S. SPECIALTY INSURANCE COMPANY

By

State of Texas

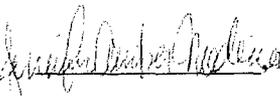
County of Harris

ss:


Michael J. Schell, President

On this 7th day of November, 2003 before me personally came Michael J. Schell, to me known, who, being by me duly sworn, did depose and say, that he resides in Houston, Texas, that he is President of U. S. SPECIALTY INSURANCE COMPANY, the company described in and which executed the above instrument; that he knows the seal of said Company; that the seal affixed to said instrument is such corporate seal; that it was so affixed by order of the Board of Directors of said Company; and that he signed his name thereto by like order.

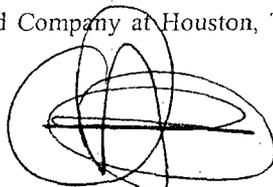
Notary Seal


Notary Public
My commission expires 12/31/2006

I, Christopher L. Martin, Secretary of U. S. SPECIALTY INSURANCE COMPANY, do hereby certify that the above and foregoing is a true and correct copy of a Power of Attorney, executed by said Company, which is still in full force and effect; furthermore, the resolutions of the Board of Directors, set out in the Power of Attorney are in full force and effect.

In Witness Whereof, I have hereunto set my hand and affixed the seal of said Company at Houston, Texas this 02 day of December, 2003.

Corporate Seal


Christopher L. Martin, Secretary

CMD : ONGARD 01/15/04 11:09:10
OG6CWBD CAPTURE SINGLE WELL BOND OGODLP -TQGC

OGRID Identifier : 225298 API Well No : 30 15 1965
Operator Name, Address : ERS RESOURCES, LLC
PO BOX 1502
CARLSBAD, NM 88221-1502

Bond Idn : 249375 Bond Status : A Prop Idn : 22171
Prop Name : ARTESIA METEX UNIT Well No : 022
U/L Sec Township Range North/South East/West Lot Idr

Surface Locn : N 19 18S 28E FTG 990 F S FTG 2024 F W

API County : 15
Bond Details : Type (Cash/Surety - C/S) : S Bond Co Idn : 12 Amt : 5000
Company OGRID Identifier : 224244
Company Name, Address : U.S. SPECIALTY INSURANCE COMPA
13403 NORTHWEST FREEWAY
HOUSTON, TX 77056

Effective Date : 01-01-1900 Cancellation Date : 12-31-9999
Issuer Bond No : B000682

M0015: Table update is successful.

PF01 HELP PF02 PF03 EXIT PF04 GoTo PF05 PF06 CONFIRM
PF07 PF08 PF09 COMMENT PF10 NXTBOND PF11 PF12



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop
Cabinet Secretary

January 15, 2004

Lori Wrotenbery

Director

Oil Conservation Division

Susan S. Lopez
J S. Ward & Son, Inc.
101 South Fourth Street
Artesia, NM 88210-2177

Re: Bond No. B000682 – ERS Resources, LLC

Dear Ms. Lopez:

Returned is the above-captioned bond as the Acknowledgment for Corporate Surety is not notarized.

If you have any questions, please do not hesitate to call me at (505) 476-3461.

Sincerely,

Dorothy Phillips
Bond Administrator

Enclosure



J. S. Ward & Son, Inc.

101 South Fourth Street
(505) 746-2796
Artesia, New Mexico
88210-2177

Insurance
Bonds

January 23, 2004

State of New Mexico
Energy, Minerals & Natural Resources Department
Oil Conservation Division
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505-4000

Attention: Mrs. Dorothy Phillips

Re: ERS Resources, LLC
Bond No. B000682
\$5,000 One-Well Plugging Bond
to the State of New Mexico
Artesia Metex Unit #22

Dear Mrs. Phillips:

Enclosed please find the above captioned bond, which has the Acknowledgment for Corporate Surety notarized, through IndemCo Insurance Company which we trust you find in order and acceptable for filing.

Very truly yours,

J. S. WARD & SON, INC.

By *J. Gary Sims*
ssl

SGS:ssl

Enclosure

OVER 73 YEARS

Bond No. B000681R04-06-04

SURETY RIDER

To be attached to and form a part of Bond No. B000681 on behalf of
ERS Resources, LLC as principal and executed by
U.S. Specialty Insurance Company, as surety.

Effective date of change: April 6, 2004

In consideration of the mutual agreement herein contained, the principal and the surety hereby consent to the following changes:

The address has changed from:

ERS Resources, LLC
Post Office Box 1502
Carlsbad, New Mexico 88221-1502

TO:

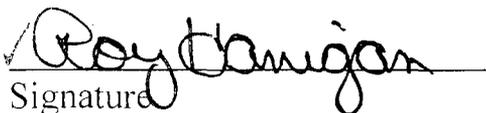
ERS Resources, LLC
Post Office Box 958
Carlsbad, New Mexico 88221-0958

Nothing herein contained shall vary, alter, or extend any provision or condition of this bond except as herein expressly stated.

SIGNED, SEALED AND DATED THIS: April 6, 2004

ERS Resources, LLC

Name of Principal


Signature

Roy Hanigan Roy Hanigan
Name and title of person
executing for Principal

U.S. Specialty Insurance Company

Name of Surety


Signature

W. Russell Brown, Jr., Attorney-in-Fact
Name and title of person
executing for Surety

POWER OF ATTORNEY

(To be used with bonds issued on behalf of U. S. SPECIALTY INSURANCE COMPANY)

Know All Men by These Presents That, **U. S. SPECIALTY INSURANCE COMPANY** (the "Company"), a corporation duly organized and existing under the laws of the State of Texas, and having its principal office in Houston, Harris County, Texas, does by these presents make, constitute and appoint

Edwin H. Frank III, W. Russell Brown, Jr.

its true and lawful Attorney-in-fact, with full power and authority hereby conferred in its name, place and stead, to execute, acknowledge and deliver **any and all bonds, recognizances, undertakings or other instruments or contracts of suretyship to include riders, amendments, and consents of surety, providing the bond penalty does not exceed Three Million Dollars (\$3,000,000)** and to bind the Company thereby as fully and to the same extent 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 that the said Attorney-in-Fact may do in the premises. Said appointment is made under and by authority of the following resolutions of the Board of Directors of the U. S. Specialty Insurance Company:

Be it Resolved, that the President, any Vice-President, any Assistant Vice-President, any Secretary or any Assistant Secretary shall be and is hereby vested with full power and authority to appoint any one or more suitable persons as Attorney(s)-in-Fact to represent and act for and on behalf of the Company subject to the following provisions:

Attorney-in-Fact may be given full power and authority for and in the name of and of behalf of the Company, to execute, acknowledge and deliver, any and all bonds, recognizances, contracts, agreements or indemnity and other conditional or obligatory undertakings and any and all notices and documents canceling or terminating the Company's liability thereunder, and any such instruments so executed by any such Attorney-in-Fact shall be binding upon the Company as if signed by the President and sealed and effected by the Corporate Secretary.

Be it Resolved, that the signature of any authorized officer and seal of the Company heretofore or hereafter affixed to any power of attorney or any certificate relating thereto by facsimile, and any power of attorney or certificate bearing facsimile signature or facsimile seal shall be valid and binding upon the Company with respect to any bond or undertaking to which it is attached. (Adopted by unanimous written consent in lieu of meeting on July 7, 2003.)

In Witness Whereof, **U. S. SPECIALTY INSURANCE COMPANY** has caused these presents to be signed by its **President**, and its corporate seal to be hereto affixed this 7th day of November, 2003.

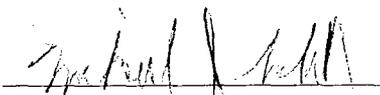
Corporate Seal

U. S. SPECIALTY INSURANCE COMPANY

By

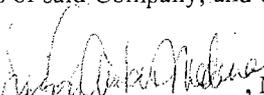
State of Texas

County of Harris ss:


Michael J. Schell, President

On this 7th day of November, 2003 before me personally came Michael J. Schell, to me known, who, being by me duly sworn, did depose and say, that he resides in Houston, Texas, that he is President of U. S. SPECIALTY INSURANCE COMPANY, the company described in and which executed the above instrument; that he knows the seal of said Company; that the seal affixed to said instrument is such corporate seal; that it was so affixed by order of the Board of Directors of said Company; and that he signed his name thereto by like order.

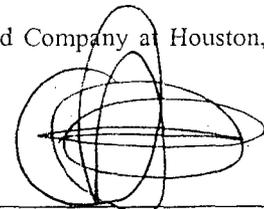
Notary Seal

, Notary Public
My commission expires 12/23/2006

I, Christopher L. Martin, Secretary of U. S. SPECIALTY INSURANCE COMPANY, do hereby certify that the above and foregoing is a true and correct copy of a Power of Attorney, executed by said Company, which is still in full force and effect; furthermore, the resolutions of the Board of Directors, set out in the Power of Attorney are in full force and effect.

In Witness Whereof, I have hereunto set my hand and affixed the seal of said Company at Houston, Texas this 02 day of December, 20 03

Corporate Seal


Christopher L. Martin, Secretary



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON
Governor
Joanna Prukop
Cabinet Secretary

January 15, 2004

Lori Wrotenbery
Director
Oil Conservation Division

Mr. Bert D. Hannigan
ERS Resources, LLC
P.O. Box 1502
Carlsbad, NM 88221-1502

Re: \$5,000 One-Well Plugging Bond
ERS Resources, LLC, Principal
U.S. Specialty Insurance Company, Surety
Artesia Metex Unit No. 23 – 330' FSL and 2410' FWL
Section 19, Township 18 South, Range 28 East,
Eddy County, NM
Bond No. B000681

Dear Mr. Hannigan:

The New Mexico Oil Conservation Division hereby approves the above-captioned one-well plugging bond.

Sincerely,

GAIL MACQUESTEN
Assistant General Counsel

GM/dp

cc: Oil Conservation Division – Artesia, NM

U.S. Specialty Insurance Company
13403 NW Freeway
Houston, TX 77040

J.S. Ward & Son, Inc.
101 South Fourth Street
Artesia, NM 88210-2177
Attn: Susan S. Lopez

CMD : ONGARD 01/15/04 11:03:16
OG6CWBD CAPTURE SINGLE WELL BOND OGODLP -TQGC

OGRID Identifier : 225298 API Well No : 30 15 1941
Operator Name, Address : ERS RESOURCES, LLC
PO BOX 1502
CARLSBAD, NM 88221-1502

Bond Idn : 249374 Bond Status : A Prop Idn : 22171
Prop Name : ARTESIA METEX UNIT Well No : 023
U/L Sec Township Range North/South East/West Lot Idr

Surface Locn : N 19 18S 28E FTG 330 F S FTG 2410 F W
API County : 15

Bond Details : Type (Cash/Surety - C/S) : S Bond Co Idn : 12 Amt : 5000
Company OGRID Identifier : 224244
Company Name, Address : U.S. SPECIALTY INSURANCE COMPA
13403 NORTHWEST FREEWAY
HOUSTON, TX 77056

Effective Date : 01-01-1900 Cancellation Date : 12-31-9999
Issuer Bond No : B000681

M0015: Table update is successful.

PF01 HELP PF02 PF03 EXIT PF04 GoTo PF05 PF06 CONFIRM
PF07 PF08 PF09 COMMENT PF10 NXTBOND PF11 PF12

STATE OF NEW MEXICO
ONE-WELL PLUGGING BOND

For CHAVES, EDDY, LEA, MCKINLEY, RIO ARRIBA, ROOSEVELT,
SANDOVAL, AND SAN JUAN COUNTIES ONLY

BOND NO. B001136
AMOUNT OF BOND \$5,000.00
COUNTY Eddy

NOTE: For wells less than 5,000 feet deep, the minimum bond is \$5,000.00*
For wells 5,000 to 10,000 feet deep, the minimum bond is \$7,500.00*
For wells more than 10,000 feet deep, the minimum bond is \$10,000.00

*Under certain conditions, a well being drilled under a \$5,000.00 or \$7,500.00 bond may be permitted to be drilled as much as 500 feet deeper than the normal maximum depth, e.g., a well being drilled under a \$5,000.00 bond may be permitted to go to 5,500 feet and a well being drilled under a \$7,500.00 bond may be permitted to go to 10,500 feet. (See Rule 101)

File with Oil Conservation Division, 1220 South Saint Francis, Santa Fe, NM 87505

KNOW ALL MEN BY THESE PRESENTS:

That ERS Resources, LLC, (an individual) (a general partnership) (a corporation, limited liability company or limited partnership organized in the State of New Mexico and authorized to do business in the State of New Mexico), as PRINCIPAL, and U.S. Specialty 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 firmly bound unto the State of New Mexico, for the use and benefit of the Oil Conservation Division of the Energy, Minerals and Natural Resources Department (or successor agency) (the DIVISION), pursuant to NMSA 1978, Section 70-2-14, as amended, in the sum of Five thousand for the payment of which the 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 PRINCIPAL has commenced or may commence the drilling of one well to a depth not to exceed 5,000 feet, to prospect for and/or produce oil or gas, carbon dioxide gas, helium gas or brine minerals, or does own or operate, or may acquire, own or operate such well, the identification and location of said well being:

Artesia Metex Unit #24-0, located 660 feet from the South ~~North~~ XXX ~~South~~ (Name of well)
line and 2310 feet from the East ~~East~~ XXX ~~West~~ line of Section 19 Township 18 ~~North~~ XXX ~~South~~, Range 28 (East) ~~West~~, NMPM, Eddy County, New Mexico.

NOW, THEREFORE, if the PRINCIPAL and SURETY or either of them, or their successors or assigns or any of them, shall cause said well to be properly plugged and abandoned when dry or when no longer productive or useful for other beneficial purpose, in accordance with the rules and orders of the DIVISION, including but not limited to Rules 101 [19.15.3.101 NMAC] and 202 [19.15.4.202 NMAC], as such rules now exist or may hereafter be amended;

THEN AND IN THAT EVENT, 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.

ERS Resources, Inc.
PRINCIPAL
Post Office Box 958
Carlsbad, New Mexico 88221-0958
Address

By Boyd D. Damagan
Signature

Managing Member
Title

If PRINCIPAL is a corporation, affix corporate seal here.

U.S. Specialty Insurance Company
SURETY
13403 NW Freeway
Houston, Texas 77040
Address

W. Russell Brown, Jr.
Attorney-In-Fact

W. Russell Brown, Jr.

Corporate surety affix corporate seal here.

POWER OF ATTORNEY

(To be used with bonds issued on behalf of U. S. SPECIALTY INSURANCE COMPANY)

Know All Men by These Presents That, **U. S. SPECIALTY INSURANCE COMPANY** (the "Company"), a corporation duly organized and existing under the laws of the State of Texas, and having its principal office in Houston, Harris County, Texas, does by these presents make, constitute and appoint

Edwin H. Frank III, W. Russell Brown, Jr.

its true and lawful Attorney-in-fact, with full power and authority hereby conferred in its name, place and stead, to execute, acknowledge and deliver **any and all bonds, recognizances, undertakings or other instruments or contracts of suretyship to include riders, amendments, and consents of surety, providing the bond penalty does not exceed Three Million Dollars (\$3,000,000)** and to bind the Company thereby as fully and to the same extent 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 that the said Attorney-in-Fact may do in the premises. Said appointment is made under and by authority of the following resolutions of the Board of Directors of the U. S. Specialty Insurance Company:

Be it Resolved, that the President, any Vice-President, any Assistant Vice-President, any Secretary or any Assistant Secretary shall be and is hereby vested with full power and authority to appoint any one or more suitable persons as Attorney(s)-in-Fact to represent and act for and on behalf of the Company subject to the following provisions:

Attorney-in-Fact may be given full power and authority for and in the name of and of behalf of the Company, to execute, acknowledge and deliver, any and all bonds, recognizances, contracts, agreements or indemnity and other conditional or obligatory undertakings and any and all notices and documents canceling or terminating the Company's liability thereunder, and any such instruments so executed by any such Attorney-in-Fact shall be binding upon the Company as if signed by the President and sealed and effected by the Corporate Secretary.

Be it Resolved, that the signature of any authorized officer and seal of the Company heretofore or hereafter affixed to any power of attorney or any certificate relating thereto by facsimile, and any power of attorney or certificate bearing facsimile signature or facsimile seal shall be valid and binding upon the Company with respect to any bond or undertaking to which it is attached. (Adopted by unanimous written consent in lieu of meeting on July 7, 2003.)

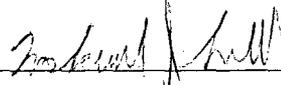
In Witness Whereof, **U. S. SPECIALTY INSURANCE COMPANY** has caused these presents to be signed by its **President**, and its corporate seal to be hereto affixed this 24th of August, 2004.

Corporate Seal

U. S. SPECIALTY INSURANCE COMPANY
By

State of Texas

County of Harris ss:


Michael J. Schell, President

On this 24th of August before me personally came Michael J. Schell, to me known, who, being by me duly sworn, did depose and say, that he resides in Houston, Texas, that he is President of U. S. SPECIALTY INSURANCE COMPANY, the company described in and which executed the above instrument; that he knows the seal of said Company; that the seal affixed to said instrument is such corporate seal; that it was so affixed by order of the Board of Directors of said Company; and that he signed his name thereto by like order.

Notary Seal

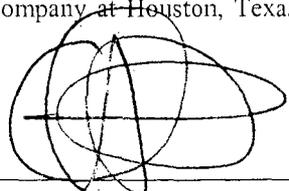



_____, Notary Public
My commission expires 10-17-05

I, Christopher L. Martin, Secretary of U. S. SPECIALTY INSURANCE COMPANY, do hereby certify that the above and foregoing is a true and correct copy of a Power of Attorney, executed by said Company, which is still in full force and effect; furthermore, the resolutions of the Board of Directors, set out in the Power of Attorney are in full force and effect.

In Witness Whereof, I have hereunto set my hand and affixed the seal of said Company at Houston, Texas this 1st day of September, 2004.

Corporate Seal



Christopher L. Martin, Secretary

**Important Notice Regarding
Terrorism Risk Insurance Act of 2002**

In accordance with the Terrorism Risk Insurance Act of 2002 (the "Act"), this disclosure notice is provided for surety bonds on which U.S. Specialty Insurance Company is the issuing surety.

The premium attributable to any bond coverage for "acts of terrorism" as defined in Section 102(1) of the Act is Zero Dollars (\$0.00).

The United States will reimburse the Issuing Sureties for ninety percent (90%) of any covered losses from terrorist acts certified under the Act exceeding the applicable surety deductible.

The actual coverage provided by your bond for acts of terrorism, as is true for all coverages, is limited by the terms, conditions, exclusions, penalties, limits, other provisions of your bond and the underlying contract, any endorsements to the bond and generally applicable rules of law. This Important Notice Regarding Terrorism Insurance Risk Act of 2002 is for informational purposes only and does not create coverage nor become a part or condition of the attached document.

The rest of this page is intentionally left blank.



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

September 14, 2004

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

Mr. Bert D. Hanigan
ERS Resources, LLC
P.O. Box 958
Carlsbad, NM 88221-0958

Re: \$5,000 One-Well Plugging Bond
ERS Resources, LLC, Principal
U.S. Specialty Insurance Company, Surety
Artesia Metex Unit No. 24 – 660' FSL and 2310' FEL
Section 19, Township 18 South, Range 28 East,
Eddy County, New Mexico
Bond No. B001136

Dear Mr. Hanigan:

The New Mexico Oil Conservation Division hereby approves the above-captioned one-well plugging bond.

Sincerely,

DAVID K. BROOKS
Assistant General Counsel

DKB/dp

cc: Oil Conservation Division – Artesia, NM

U.S. Specialty Insurance Company
13403 NW Freeway
Houston, Texas 77040

CMD : ONGARD 09/14/04 15:30:59
OG6CWBD CAPTURE SINGLE WELL BOND OGODLP -TPNH

OGRID Identifier : 225298 API Well No : 30 15 1949
Operator Name, Address : ERS RESOURCES, LLC
PO BOX 1502
CARLSBAD, NM 88221-1502

Bond Idn : 249575 Bond Status : A Prop Idn : 22171
Prop Name : ARTESIA METEX UNIT Well No : 024
U/L Sec Township Range North/South East/West Lot Idr

Surface Locn : O 19 18S 28E FTG 660 F S FTG 2310 F E
API County : 15

Bond Details : Type (Cash/Surety - C/S) : S Bond Co Idn : 12 Amt : 5000
Company OGRID Identifier : 224244
Company Name, Address : U.S. SPECIALTY INSURANCE COMPA
13403 NORTHWEST FREEWAY
HOUSTON, TX 77056

Effective Date : 01-01-1900 Cancellation Date : 12-31-9999
Issuer Bond No : B001136

M0015: Table update is successful.

PF01 HELP PF02 PF03 EXIT PF04 GoTo PF05 PF06 CONFIRM
PF07 PF08 PF09 COMMENT PF10 NXTBOND PF11 PF12

Bond No. B000679R04-06-04

SURETY RIDER

To be attached to and form a part of Bond No. B000679 on behalf of
ERS Resources, LLC as principal and executed by
U.S. Specialty Insurance Company, as surety.

Effective date of change: April 6, 2004

In consideration of the mutual agreement herein contained, the principal and the surety hereby consent to the following changes:

The address has changed from:

ERS Resources, LLC
Post Office Box 1502
Carlsbad, New Mexico 88221-1502

TO:

ERS Resources, LLC
Post Office Box 958
Carlsbad, New Mexico 88221-0958

Nothing herein contained shall vary, alter, or extend any provision or condition of this bond except as herein expressly stated.

SIGNED, SEALED AND DATED THIS: April 6, 2004

ERS Resources, LLC

Name of Principal

Roy Hanigan
Signature

manager Roy Hanigan
Name and title of person
executing for Principal

U.S. Specialty Insurance Company

Name of Surety

W. Russell Brown, Jr.
Signature

W. Russell Brown, Jr., Attorney-in-Fact
Name and title of person
executing for Surety

POWER OF ATTORNEY

(To be used with bonds issued on behalf of U. S. SPECIALTY INSURANCE COMPANY)

Know All Men by These Presents That, **U. S. SPECIALTY INSURANCE COMPANY** (the "Company"), a corporation duly organized and existing under the laws of the State of Texas, and having its principal office in Houston, Harris County, Texas, does by these presents make, constitute and appoint

Edwin H. Frank III, W. Russell Brown, Jr.

its true and lawful Attorney-in-fact, with full power and authority hereby conferred in its name, place and stead, to execute, acknowledge and deliver **any and all bonds, recognizances, undertakings or other instruments or contracts of suretyship to include riders, amendments, and consents of surety, providing the bond penalty does not exceed Three Million Dollars (\$3,000,000)** and to bind the Company thereby as fully and to the same extent 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 that the said Attorney-in-Fact may do in the premises. Said appointment is made under and by authority of the following resolutions of the Board of Directors of the U. S. Specialty Insurance Company:

Be it Resolved, that the President, any Vice-President, any Assistant Vice-President, any Secretary or any Assistant Secretary shall be and is hereby vested with full power and authority to appoint any one or more suitable persons as Attorney(s)-in-Fact to represent and act for and on behalf of the Company subject to the following provisions:

Attorney-in-Fact may be given full power and authority for and in the name of and of behalf of the Company, to execute, acknowledge and deliver, any and all bonds, recognizances, contracts, agreements or indemnity and other conditional or obligatory undertakings and any and all notices and documents canceling or terminating the Company's liability thereunder, and any such instruments so executed by any such Attorney-in-Fact shall be binding upon the Company as if signed by the President and sealed and effected by the Corporate Secretary.

Be it Resolved, that the signature of any authorized officer and seal of the Company heretofore or hereafter affixed to any power of attorney or any certificate relating thereto by facsimile, and any power of attorney or certificate bearing facsimile signature or facsimile seal shall be valid and binding upon the Company with respect to any bond or undertaking to which it is attached. (Adopted by unanimous written consent in lieu of meeting on July 7, 2003.)

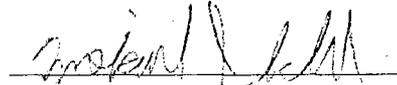
In Witness Whereof, **U. S. SPECIALTY INSURANCE COMPANY** has caused these presents to be signed by its **President**, and its corporate seal to be hereto affixed this 7th day of November, 2003.

Corporate Seal

U. S. SPECIALTY INSURANCE COMPANY

By

State of Texas



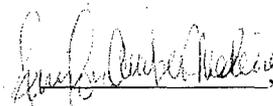
County of Harris

ss:

Michael J. Schell, President

On this 7th day of November, 2003 before me personally came Michael J. Schell, to me known, who, being by me duly sworn, did depose and say, that he resides in Houston, Texas, that he is President of U. S. SPECIALTY INSURANCE COMPANY, the company described in and which executed the above instrument; that he knows the seal of said Company; that the seal affixed to said instrument is such corporate seal; that it was so affixed by order of the Board of Directors of said Company; and that he signed his name thereto by like order.

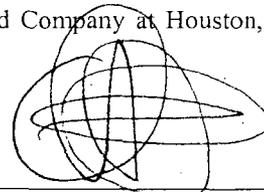
Notary Seal

 **Notary Public**
My commission expires 12/23/2006

I, Christopher L. Martin, Secretary of U. S. SPECIALTY INSURANCE COMPANY, do hereby certify that the above and foregoing is a true and correct copy of a Power of Attorney, executed by said Company, which is still in full force and effect; furthermore, the resolutions of the Board of Directors, set out in the Power of Attorney are in full force and effect.

In Witness Whereof, I have hereunto set my hand and affixed the seal of said Company at Houston, Texas this 02 day of December, 2003.

Corporate Seal



Christopher L. Martin, Secretary



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON
Governor
Joanna Prukop
Cabinet Secretary

January 15, 2004

Lori Wrotenbery
Director
Oil Conservation Division

Mr. Bert D. Hannigan
ERS Resources, LLC
P.O. Box 1502
Carlsbad, NM 88221-1502

Re: \$5,000 One-Well Plugging Bond
ERS Resources, LLC, Principal
U.S. Specialty Insurance Company, Surety
Artesia Metex Unit No. 26 – 330' FNL and 330 FEL
Section 26, Township 18 South, Range 27 East,
Eddy County, NM
Bond No. B000679

Dear Mr. Hannigan:

The New Mexico Oil Conservation Division hereby approves the above-captioned one-well plugging bond.

Sincerely,

GAIL MACQUESTEN
Assistant General Counsel

GM/dp

cc: Oil Conservation Division – Artesia, NM

U.S. Specialty Insurance Company
13403 NW Freeway
Houston, TX 77040

J.S. Ward & Son, Inc.
101 South Fourth Street
Artesia, NM 88210-2177
Attn: Susan S. Lopez

CMD : ONGARD 01/15/04 10:59:40
OG6CWBD CAPTURE SINGLE WELL BOND OGODLP -TQGC

OGRID Identifier : 225298 API Well No : 30 15 962
Operator Name, Address : ERS RESOURCES, LLC
PO BOX 1502
CARLSBAD, NM 88221-1502

Bond Idn : 249372 Bond Status : A Prop Idn : 22171
Prop Name : ARTESIA METEX UNIT Well No : 026
U/L Sec Township Range North/South East/West Lot Idr

Surface Locn : A 26 18S 27E FTG 330 F N FTG 330 F E
API County : 15

Bond Details : Type (Cash/Surety - C/S) : S Bond Co Idn : 12 Amt : 5000
Company OGRID Identifier : 224244
Company Name, Address : U.S. SPECIALTY INSURANCE COMPA
13403 NORTHWEST FREEWAY
HOUSTON, TX 77056

Effective Date : 01-01-1900 Cancellation Date : 12-31-9999
Issuer Bond No : B000679

M0015: Table update is successful.

PF01 HELP PF02 PF03 EXIT PF04 GoTo PF05 PF06 CONFIRM
PF07 PF08 PF09 COMMENT PF10 NXTBOND PF11 PF12

STATE OF NEW MEXICO

ONE-WELL PLUGGING BOND

For CHAVES, EDDY, LEA, MCKINLEY, RIO ARRIBA, ROOSEVELT,
SANDOVAL, AND SAN JUAN COUNTIES ONLY

BOND NO. B001134
AMOUNT OF BOND \$5,000.00
COUNTY Eddy

NOTE: For wells less than 5,000 feet deep, the minimum bond is \$5,000.00*
For wells 5,000 to 10,000 feet deep, the minimum bond is \$7,500.00*
For wells more than 10,000 feet deep, the minimum bond is \$10,000.00

*Under certain conditions, a well being drilled under a \$5,000.00 or \$7,500.00 bond may be permitted to be drilled as much as 500 feet deeper than the normal maximum depth, e.g., a well being drilled under a \$5,000.00 bond may be permitted to go to 5,500 feet and a well being drilled under a \$7,500.00 bond may be permitted to go to 10,500 feet. (See Rule 101)

File with Oil Conservation Division, 1220 South Saint Francis, Santa Fe, NM 87505

KNOW ALL MEN BY THESE PRESENTS:

That ERS Resources, LLC, (an individual) (a general partnership) (a corporation, limited liability company or limited partnership organized in the State of New Mexico, and authorized to do business in the State of New Mexico), as PRINCIPAL, and U.S. Specialty 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 firmly bound unto the State of New Mexico, for the use and benefit of the Oil Conservation Division of the Energy, Minerals and Natural Resources Department (or successor agency) (the DIVISION), pursuant to NMSA 1978, Section 70-2-14, as amended, in the sum of Five thousand-----, for the payment of which the 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 PRINCIPAL has commenced or may commence the drilling of one well to a depth not to exceed 5,000 feet, to prospect for and/or produce oil or gas, carbon dioxide gas, helium gas or brine minerals, or does own or operate, or may acquire, own or operate such well, the identification and location of said well being:

Artesia Metex Unit #27-D, located 990 feet from the North (~~North/South~~)
(Name of well)
line and 990 feet from the West (~~East/West~~) line of Section 25 Township 18 (~~North~~)
(South), Range 27 (East) (~~West~~) NMPM, Eddy County, New Mexico.

NOW, THEREFORE, if the PRINCIPAL and SURETY or either of them, or their successors or assigns or any of them, shall cause said well to be properly plugged and abandoned when dry or when no longer productive or useful for other beneficial purpose, in accordance with the rules and orders of the DIVISION, including but not limited to Rules 101 [19.15.3.101 NMAC] and 202 [19.15.4.202 NMAC], as such rules now exist or may hereafter be amended;

THEN AND IN THAT EVENT, 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.

ERS Resources, LLC
PRINCIPAL
Post Office Box 958
Carlsbad, New Mexico 88221-0958
Address

By Borth Damagan
Signature

Managing Member
Title

If PRINCIPAL is a corporation, affix corporate seal here.

U. S. Specialty Insurance Company
SURETY
13403 NW Freeway
Houston, Texas 77040
Address

W. Russell Brown, Jr.
Attorney-in-Fact

W. Russell Brown, Jr.

Corporate surety affix corporate seal here.

ACKNOWLEDGMENT FORM FOR INDIVIDUAL

STATE OF _____)
COUNTY OF _____)

ss.

This instrument was acknowledged before me on _____, 20____ by _____
(Name of Individual)

Notary Public

SEAL

My Commission Expires _____

ACKNOWLEDGMENT FORM FOR PARTNERSHIP, CORPORATION OR LIMITED LIABILITY COMPANY

STATE OF New Mexico)
COUNTY OF Eddy)

ss.

This instrument was acknowledged before me on 8-20, 2004 by Bert D. Hanigan

(Name of Person Signing Instrument)

as Managing Member of ERS Resources, LLC

(Name of partnership, corporation or limited liability company)

partner, president, manager, member)

Susan S. Lopez

NOTARY PUBLIC STATE OF NEW MEXICO

Susan S. Lopez
Notary Public

My Commission Expires: 8-6-07

8-6-2007

My Commission Expires



ACKNOWLEDGMENT FORM FOR CORPORATE SURETY

STATE OF Texas)
COUNTY OF Harris)

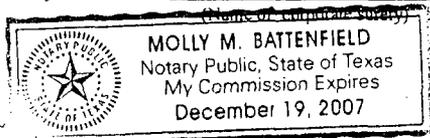
ss.

This instrument was acknowledged before me on 09/01, 2004 by W. Russell Brown, Jr.

(Name of Attorney in fact)

as Attorney-in-Fact for U.S. Specialty Insurance Company

SEAL



Molly M. Battenfield
Notary Public

December 19, 2007

My Commission Expires

Corporate Surety attach Power of Attorney

APPROVED BY:

OIL CONSERVATION DIVISION OF NEW MEXICO

By David K. Burt

Date 9/15/04

POWER OF ATTORNEY

(To be used with bonds issued on behalf of U. S. SPECIALTY INSURANCE COMPANY)

Know All Men by These Presents That, U. S. SPECIALTY INSURANCE COMPANY (the "Company"), a corporation duly organized and existing under the laws of the State of Texas, and having its principal office in Houston, Harris County, Texas, does by these presents make, constitute and appoint

Edwin H. Frank III, W. Russell Brown, Jr.

its true and lawful Attorney-in-fact, with full power and authority hereby conferred in its name, place and stead, to execute, acknowledge and deliver any and all bonds, recognizances, undertakings or other instruments or contracts of suretyship to include riders, amendments, and consents of surety, providing the bond penalty does not exceed Three Million Dollars (\$3,000,000) and to bind the Company thereby as fully and to the same extent 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 that the said Attorney-in-Fact may do in the premises. Said appointment is made under and by authority of the following resolutions of the Board of Directors of the U. S. Specialty Insurance Company:

Be it Resolved, that the President, any Vice-President, any Assistant Vice-President, any Secretary or any Assistant Secretary shall be and is hereby vested with full power and authority to appoint any one or more suitable persons as Attorney(s)-in-Fact to represent and act for and on behalf of the Company subject to the following provisions:

Attorney-in-Fact may be given full power and authority for and in the name of and of behalf of the Company, to execute, acknowledge and deliver any and all bonds, recognizances, contracts, agreements or indemnity and other conditional or obligatory undertakings and any and all notices and documents canceling or terminating the Company's liability thereunder, and any such instruments so executed by any such Attorney-in-Fact shall be binding upon the Company as if signed by the President and sealed and effected by the Corporate Secretary.

Be it Resolved, that the signature of any authorized officer and seal of the Company heretofore or hereafter affixed to any power of attorney or any certificate relating thereto by facsimile, and any power of attorney or certificate bearing facsimile signature or facsimile seal shall be valid and binding upon the Company with respect to any bond or undertaking to which it is attached. (Adopted by unanimous written consent in lieu of meeting on July 7, 2003.)

In Witness Whereof, U. S. SPECIALTY INSURANCE COMPANY has caused these presents to be signed by its President, and its corporate seal to be hereto affixed this 24th of August, 2004.

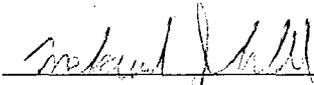
Corporate Seal

U. S. SPECIALTY INSURANCE COMPANY

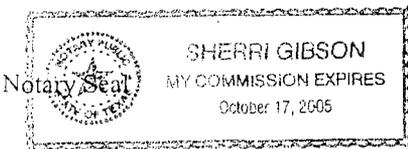
By

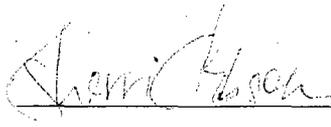
State of Texas

County of Harris ss:


Michael J. Schell, President

On this 24th of August before me personally came Michael J. Schell, to me known, who, being by me duly sworn, did depose and say, that he resides in Houston, Texas, that he is President of U. S. SPECIALTY INSURANCE COMPANY, the company described in and which executed the above instrument; that he knows the seal of said Company; that the seal affixed to said instrument is such corporate seal; that it was so affixed by order of the Board of Directors of said Company; and that he signed his name thereto by like order.

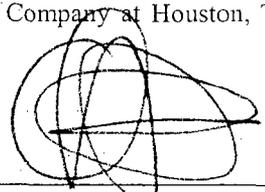



Sherrri Gibson, Notary Public
My commission expires 10-17-05

I, Christopher L. Martin, Secretary of U. S. SPECIALTY INSURANCE COMPANY, do hereby certify that the above and foregoing is a true and correct copy of a Power of Attorney, executed by said Company, which is still in full force and effect; furthermore, the resolutions of the Board of Directors, set out in the Power of Attorney are in full force and effect.

In Witness Whereof, I have hereunto set my hand and affixed the seal of said Company at Houston, Texas this 1st day of September, 2004.

Corporate Seal


Christopher L. Martin, Secretary

**Important Notice Regarding
Terrorism Risk Insurance Act of 2002**

In accordance with the Terrorism Risk Insurance Act of 2002 (the "Act"), this disclosure notice is provided for surety bonds on which U.S. Specialty Insurance Company is the issuing surety.

The premium attributable to any bond coverage for "acts of terrorism" as defined in Section 102(1) of the Act is Zero Dollars (\$0.00).

The United States will reimburse the Issuing Sureties for ninety percent (90%) of any covered losses from terrorist acts certified under the Act exceeding the applicable surety deductible.

The actual coverage provided by your bond for acts of terrorism, as is true for all coverages, is limited by the terms, conditions, exclusions, penalties, limits, other provisions of your bond and the underlying contract, any endorsements to the bond and generally applicable rules of law. This Important Notice Regarding Terrorism Insurance Risk Act of 2002 is for informational purposes only and does not create coverage nor become a part or condition of the attached document.

The rest of this page is intentionally left blank.



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

September 14, 2004

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

Mr. Bert D. Hanigan
ERS Resources, LLC
P.O. Box 958
Carlsbad, NM 88221-0958

Re: \$5,000 One-Well Plugging Bond
ERS Resources, LLC, Principal
U.S. Specialty Insurance Company, Surety
Artesia Metex Unit No. 27 – 990' FNL and 990' FWL
Section 25, Township 18 South, Range 27 East,
Eddy County, New Mexico
Bond No. B001134

Dear Mr. Hanigan:

The New Mexico Oil Conservation Division hereby approves the above-captioned one-well plugging bond.

Sincerely,

DAVID K. BROOKS
Assistant General Counsel

DKB/dp

cc: Oil Conservation Division – Artesia, NM

U.S. Specialty Insurance Company
13403 NW Freeway
Houston, Texas 77040

CMD : ONGARD 09/14/04 16:06:05
OG6CWBD CAPTURE SINGLE WELL BOND OGODLP -TPJC

OGRID Identifier : 225298 API Well No : 30 15 951
Operator Name, Address : ERS RESOURCES, LLC
PO BOX 1502
CARLSBAD, NM 88221-1502

Bond Idn : 249574 Bond Status : A Prop Idn : 22171
Prop Name : ARTESIA METEX UNIT Well No : 027
U/L Sec Township Range North/South East/West Lot Idr

Surface Locn : D 25 18S 27E FTG 990 F N FTG 990 F W

API County : 15

Bond Details : Type (Cash/Surety - C/S) : S Bond Co Idn : 12 Amt : 5000
Company OGRID Identifier : 224244
Company Name, Address : U.S. SPECIALTY INSURANCE COMPA
13403 NORTHWEST FREEWAY
HOUSTON, TX 77056

Effective Date : 01-01-1900 Cancellation Date : 12-31-9999

Issuer Bond No : B001134

E0005: Enter data to modify or PF keys to scroll

PF01 HELP PF02 PF03 EXIT PF04 GoTo PF05 PF06 CONFIRM
PF07 PF08 PF09 COMMENT PF10 NXTBOND PF11 PF12



J. S. Ward & Son, Inc.

101 South Fourth Street
(505) 746-2796
Artesia, New Mexico
88210-2177

Insurance
Bonds

September 9, 2004

State of New Mexico
Energy, Minerals & Natural Resources Department
Oil Conservation Division
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505-4000

Attention: Mrs. Dorothy Phillips

Re: ERS Resources, LLC
\$5,000 One-Well Plugging Bonds
to the State of New Mexico

Bond No. B001135
Artesia Metex Unit #12-K

Bond No. B001134
Artesia Metex Unit #27-D

Bond No. B001136
Artesia Metex Unit #24-O

Dear Mrs. Phillips:

Enclosed please find the captioned bonds through IndemCo, LP
which we trust you find in order and acceptable for filing.

Very truly yours,

J. S. WARD & SON, INC.

By

SGS:ssl

Enclosure

cc: ERS Resources, LLC
Post Office Box 958
Carlsbad, New Mexico 88221-0958

OVER 79 YEARS

Phillips, Dorothy

From: Reno, Carmen
Sent: Tuesday, September 14, 2004 2:39 PM
To: Phillips, Dorothy
Subject: RE: One WEll Bonds - ERS Resources 225298

-----Original Message-----

From: Phillips, Dorothy
Sent: Tuesday, September 14, 2004 2:29 PM
To: Reno, Carmen
Subject: One WEll Bonds - ERS Resources 225298

Carmen,

I have three one wells for approval and need APIs
ERS RESOURCES 225298

Artesia Metex Unit 12-K - 1650' FSL and 2310' FWL
Section 19, Township 18 South, Range 28 East,
Eddy

30-015-01964

Artesia Metex Unit 27-3 - 990' FNL and 990' FWL
Section 25, Township 18 South, Range 27 East,
Eddy

30-015-00951

Artesia Metex Unit 24-0 - 660' FSL and 2310' FEL
Section 19, Township 18 South, Range 28 East,
Eddy

30-015-01949

Thanky

STATE OF NEW MEXICO

ONE-WELL PLUGGING BOND

For CHAVES, EDDY, LEA, MCKINLEY, RIO ARRIBA, ROOSEVELT,
SANDOVAL, AND SAN JUAN COUNTIES ONLY

BOND NO. B001196
AMOUNT OF BOND \$5,000.00
COUNTY Eddy

NOTE: For wells less than 5,000 feet deep, the minimum bond is \$5,000.00*
For wells 5,000 to 10,000 feet deep, the minimum bond is \$7,500.00*
For wells more than 10,000 feet deep, the minimum bond is \$10,000.00

*Under certain conditions, a well being drilled under a \$5,000.00 or \$7,500.00 bond may be permitted to be drilled as much as 500 feet deeper than the normal maximum depth, e.g., a well being drilled under a \$5,000.00 bond may be permitted to go to 5,500 feet and a well being drilled under a \$7,500.00 bond may be permitted to go to 10,500 feet. (See Rule 101)

File with Oil Conservation Division, 1220 South Saint Francis, Santa Fe, NM 87505

KNOW ALL MEN BY THESE PRESENTS:

That ERS Resources, LLC (an individual) (a general partnership) (a corporation, limited liability company or limited partnership organized in the State of New Mexico and authorized to do business in the State of New Mexico), as PRINCIPAL, and U.S. Specialty 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 firmly bound unto the State of New Mexico, for the use and benefit of the Oil Conservation Division of the Energy, Minerals and Natural Resources Department (or successor agency) (the DIVISION), pursuant to NMSA 1978, Section 70-2-14, as amended, in the sum of Five thousand --, for the payment of which the 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 PRINCIPAL has commenced or may commence the drilling of one well to a depth not to exceed 5,000 feet, to prospect for and/or produce oil or gas, carbon dioxide gas, helium gas or brine minerals, or does own or operate, or may acquire, own or operate such well, the identification and location of said well being:

Artesia Metex Unit #35-H, located 1650 feet from the North ~~North~~ ~~South~~
(Name of well)
line and 330 feet from the East (~~East~~ ~~West~~) line of Section 26 Township 18 ~~(North)~~
(South), Range 27 (East) (~~West~~), NMPM, Eddy County, New Mexico.

NOW, THEREFORE, if the PRINCIPAL and SURETY or either of them, or their successors or assigns or any of them, shall cause said well to be properly plugged and abandoned when dry or when no longer productive or useful for other beneficial purpose, in accordance with the rules and orders of the DIVISION, including but not limited to Rules 101 [19.15.3.101 NMAC] and 202 [19.15.4.202 NMAC], as such rules now exist or may hereafter be amended;

THEN AND IN THAT EVENT, 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.

ERS resources, LLC
PRINCIPAL
Post Office Box 958
Carlsbad, New Mexico 88221-0958
Address

By Beard Hanigan Jr.
Signature

Managing Member
Title

If PRINCIPAL is a corporation, affix corporate seal here.

U.S. Specialty Insurance Company
SURETY
13403 NW Freeway
Houston, Texas 77040
Address

W. Russell Brown Jr.
Attorney-in-Fact
W. Russell Brown Jr.

Corporate surety affix corporate seal here.

ACKNOWLEDGMENT FORM FOR INDIVIDUAL

STATE OF _____)
COUNTY OF _____) ss.

This instrument was acknowledged before me on _____, 20____ by _____
(Name of Individual)

Notary Public

SEAL

My Commission Expires _____

✓ ACKNOWLEDGMENT FORM FOR PARTNERSHIP, CORPORATION OR LIMITED LIABILITY COMPANY

STATE OF New Mexico)
COUNTY OF Eddy) ss.

This instrument was acknowledged before me on 10/5, 2004 by Bert D. Hanigan
(Name of Person Signing Instrument)

as Managing Member of ERS Resources, LLC
(Name of partnership, corporation or limited liability company)

OFFICIAL SEAL
Susan S. Lopez

NOTARY PUBLIC STATE OF NEW MEXICO

SEAL
My commission expires: 8-6-2007
8-6-2007

My Commission Expires _____

Susan S. Lopez
Notary Public

ACKNOWLEDGMENT FORM FOR CORPORATE SURETY

STATE OF Texas)
COUNTY OF Harris) ss.

This instrument was acknowledged before me on 10/5, 2004 by W. Russell Brown, Jr.
(Name of Attorney in fact)

as Attorney-in-Fact for U. S. Specialty Insurance Company
(Name of corporate surety)

My Commission Expires
December 19, 2007

SEAL

December 19, 2007
My Commission Expires

Corporate Surety attach Power of Attorney

[Signature]
Notary Public

APPROVED BY:

OIL CONSERVATION DIVISION OF NEW MEXICO

By David K. Boothe

Date 10/14/04

POWER OF ATTORNEY

(To be used with bonds issued on behalf of U. S. SPECIALTY INSURANCE COMPANY)

Know All Men by These Presents That, U. S. SPECIALTY INSURANCE COMPANY (the "Company"), a corporation duly organized and existing under the laws of the State of Texas, and having its principal office in Houston, Harris County, Texas, does by these presents make, constitute and appoint

Edwin H. Frank III, W. Russell Brown, Jr.

its true and lawful Attorney-in-fact, with full power and authority hereby conferred in its name, place and stead, to execute, acknowledge and deliver any and all bonds, recognizances, undertakings or other instruments or contracts of suretyship to include riders, amendments, and consents of surety, providing the bond penalty does not exceed Three Million Dollars (\$3,000,000) and to bind the Company thereby as fully and to the same extent 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 that the said Attorney-in-Fact may do in the premises. Said appointment is made under and by authority of the following resolutions of the Board of Directors of the U. S. Specialty Insurance Company:

Be it Resolved, that the President, any Vice-President, any Assistant Vice-President, any Secretary or any Assistant Secretary shall be and is hereby vested with full power and authority to appoint any one or more suitable persons as Attorney(s)-in-Fact to represent and act for and on behalf of the Company subject to the following provisions:

Attorney-in-Fact may be given full power and authority for and in the name of and of behalf of the Company, to execute, acknowledge and deliver, any and all bonds, recognizances, contracts, agreements or indemnity and other conditional or obligatory undertakings and any and all notices and documents canceling or terminating the Company's liability thereunder, and any such instruments so executed by any such Attorney-in-Fact shall be binding upon the Company as if signed by the President and sealed and effected by the Corporate Secretary.

Be it Resolved, that the signature of any authorized officer and seal of the Company heretofore or hereafter affixed to any power of attorney or any certificate relating thereto by facsimile, and any power of attorney or certificate bearing facsimile signature or facsimile seal shall be valid and binding upon the Company with respect to any bond or undertaking to which it is attached. (Adopted by unanimous written consent in lieu of meeting on July 7, 2003.)

In Witness Whereof, U. S. SPECIALTY INSURANCE COMPANY has caused these presents to be signed by its President, and its corporate seal to be hereto affixed this 24th of August, 2004.

Corporate Seal

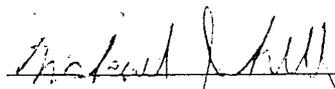
U. S. SPECIALTY INSURANCE COMPANY

By

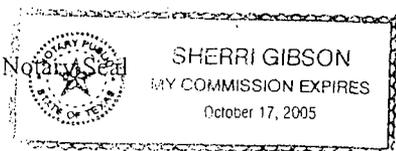
State of Texas

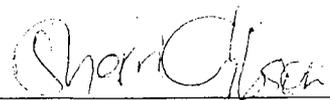
County of Harris

ss:


Michael J. Schell, President

On this 24th of August before me personally came Michael J. Schell, to me known, who, being by me duly sworn, did depose and say, that he resides in Houston, Texas, that he is President of U. S. SPECIALTY INSURANCE COMPANY, the company described in and which executed the above instrument; that he knows the seal of said Company; that the seal affixed to said instrument is such corporate seal; that it was so affixed by order of the Board of Directors of said Company; and that he signed his name thereto by like order.

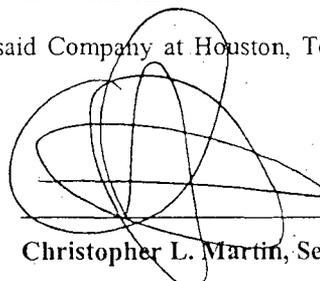



Sherrri Gibson, Notary Public
My commission expires 10-17-05

I, Christopher L. Martin, Secretary of U. S. SPECIALTY INSURANCE COMPANY, do hereby certify that the above and foregoing is a true and correct copy of a Power of Attorney, executed by said Company, which is still in full force and effect; furthermore, the resolutions of the Board of Directors, set out in the Power of Attorney are in full force and effect.

In Witness Whereof, I have hereunto set my hand and affixed the seal of said Company at Houston, Texas this 5th day of October, 2004.

Corporate Seal


Christopher L. Martin, Secretary

**Important Notice Regarding
Terrorism Risk Insurance Act of 2002**

In accordance with the Terrorism Risk Insurance Act of 2002 (the "Act"), this disclosure notice is provided for surety bonds on which U.S. Specialty Insurance Company is the issuing surety.

The premium attributable to any bond coverage for "acts of terrorism" as defined in Section 102(1) of the Act is Zero Dollars (\$0.00).

The United States will reimburse the Issuing Sureties for ninety percent (90%) of any covered losses from terrorist acts certified under the Act exceeding the applicable surety deductible.

The actual coverage provided by your bond for acts of terrorism, as is true for all coverages, is limited by the terms, conditions, exclusions, penalties, limits, other provisions of your bond and the underlying contract, any endorsements to the bond and generally applicable rules of law. This Important Notice Regarding Terrorism Insurance Risk Act of 2002 is for informational purposes only and does not create coverage nor become a part or condition of the attached document.

The rest of this page is intentionally left blank.



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

October 26, 2004

Mr. Bert D. Hanigan
ERS Resources, LLC
P.O. Box 958
Carlsbad, NM 88221-0958

Re: \$5,000 One-Well Plugging Bond
ERS Resources, LLC, Principal
U.S. Specialty Insurance Company, Surety
Artesia Metex Unit No 35
1650' FNL and 330' FEL of Section 26,
Township 18 South, Range 27 East,
Eddy County, New Mexico
Bond No. B001196

Dear Mr. Hanigan:

The New Mexico Oil Conservation Division hereby approves the above-captioned one-well plugging bond.

Sincerely,

DAVID K. BROOKS
Assistant General Counsel

DKB/dp

cc: Oil Conservation Division - Artesia, NM

U.S. Specialty Insurance Company
13403 Northwest Freeway
Houston, Texas 77056

CMD : ONGARD 10/26/04 09:45:42
OG6CWBD CAPTURE SINGLE WELL BOND OGODLP -TP8E

OGRID Identifier : 225298 API Well No : 30 15 963
Operator Name, Address : ERS RESOURCES, LLC
PO BOX 1502
CARLSBAD, NM 88221-1502

Bond Idn : 249601 Bond Status : A Prop Idn : 22171
Prop Name : ARTESIA METEX UNIT Well No : 035
U/L Sec Township Range North/South East/West Lot Idr

Surface Locn : H 26 18S 27E FTG 1650 F N FTG 330 F E
API County : 15

Bond Details : Type (Cash/Surety - C/S) : S Bond Co Idn : 12 Amt : 5000
Company OGRID Identifier : 224244
Company Name, Address : U.S. SPECIALTY INSURANCE COMPA
13403 NORTHWEST FREEWAY
HOUSTON, TX 77056

Effective Date : 01-01-1900 Cancellation Date : 12-31-9999
Issuer Bond No : B001196

M0015: Table update is successful.

PF01 HELP PF02 PF03 EXIT PF04 GoTo PF05 PF06 CONFIRM
PF07 PF08 PF09 COMMENT PF10 NXTBOND PF11 PF12

Phillips, Dorothy

From: Reno, Carmen
Sent: Monday, October 25, 2004 9:26 AM
To: Phillips, Dorothy
Subject: RE: API No.

30-015-00963

-----Original Message-----

From: Phillips, Dorothy
Sent: Tuesday, October 19, 2004 10:19 AM
To: Reno, Carmen
Subject: API No.

Have a one well for approval and need and API
Artesia Metex Unit 35-H
1650' FNL and 330' FEL
Section 26, Township 18 South, Range 27 East
Eddy County, New Mexico



J. S. Ward & Son, Inc.

101 South Fourth Street
(505) 746-2796
Artesia, New Mexico
88210-2177

2004 OCT 18 AM 11 28

insurance
Bonds

October 15, 2004

VIA FEDERAL EXPRESS

State of New Mexico
Energy, Minerals & Natural Resources Department
Oil Conservation Division
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505-4000

Attention: Mrs. Dorothy Phillips

Re: ERS Resources, LLC
Bond No. B001196
\$5,000 One-Well Plugging Bond
to the State of New Mexico
Artesia Metex Unit #35-H

Dear Mrs. Phillips:

Enclosed please find the captioned bond through IndemCo, LP
which we trust you find in order and acceptable for filing.

Very truly yours,

J. S. WARD & SON, INC.

By

SGS:ssl

Enclosure

cc: ERS Resources, Inc.
Post Office Box 958
Carlsbad, New Mexico 88221-0958
Attention: Mr. Roy Hanigan

OVER 79 YEARS

Bond No. B000688R04-06-04

SURETY RIDER

To be attached to and form a part of Bond No. B000688 on behalf of
ERS Resources, LLC as principal and executed by
U.S. Specialty Insurance Company, as surety.

Effective date of change: April 6, 2004

In consideration of the mutual agreement herein contained, the principal and the surety hereby consent to the following changes:

The address has changed from:

ERS Resources, LLC
Post Office Box 1502
Carlsbad, New Mexico 88221-1502

TO:

ERS Resources, LLC
Post Office Box 958
Carlsbad, New Mexico 88221-0958

Nothing herein contained shall vary, alter, or extend any provision or condition of this bond except as herein expressly stated.

SIGNED, SEALED AND DATED THIS: April 6, 2004

ERS Resources, LLC
Name of Principal

Roy Hanigan
Signature

Manager Roy Hanigan
Name and title of person
executing for Principal

U.S. Specialty Insurance Company
Name of Surety

W. Russell Brown, Jr.
Signature

W. Russell Brown, Jr., Attorney-in-Fact
Name and title of person
executing for Surety

STATE OF NEW MEXICO

ONE-WELL PLUGGING BOND

For CHAVES, EDDY, LEA, MCKINLEY, RIO ARRIBA, ROOSEVELT,
SANDOVAL, AND SAN JUAN COUNTIES ONLY

BOND NO. B000688
AMOUNT OF BOND \$5,000.00
COUNTY Eddy

NOTE: For wells less than 5,000 feet deep, the minimum bond is \$5,000.00*
For wells 5,000 to 10,000 feet deep, the minimum bond is \$7,500.00*
For wells more than 10,000 feet deep, the minimum bond is \$10,000.00

*Under certain conditions, a well being drilled under a \$5,000.00 or \$7,500.00 bond may be permitted to be drilled as much as 500 feet deeper than the normal maximum depth, e.g., a well being drilled under a \$5,000.00 bond may be permitted to go to 5,500 feet and a well being drilled under a \$7,500.00 bond may be permitted to go to 10,500 feet. (See Rule 101)

File with Oil Conservation Division, 1220 South Saint Francis, Santa Fe, NM 87505

KNOW ALL MEN BY THESE PRESENTS:

That ERS Resources, LLC, ~~(an individual, partnership, or corporation)~~ (a corporation, limited liability company or limited partnership organized in the State of New Mexico, and authorized to do business in the State of New Mexico), as PRINCIPAL, and U. S. Specialty 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 firmly bound unto the State of New Mexico, for the use and benefit of the Oil Conservation Division of the Energy, Minerals and Natural Resources Department (or successor agency) (the DIVISION), pursuant to NMSA 1978, Section 70-2-14, as amended, in the sum of \$5,000.00, for the payment of which the 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 PRINCIPAL has commenced or may commence the drilling of one well to a depth not to exceed 5,000 feet, to prospect for and/or produce oil or gas, carbon dioxide gas, helium gas or brine minerals, or does own or operate, or may acquire, own or operate such well, the identification and location of said well being:

Artesia Metex Unit #36-E, located 2310 feet from the North (~~North/South~~)
(Name of well)
line and 990 feet from the West (~~East/West~~) line of Section 25 Township 18 (~~XXXX~~)
(South), Range 27 (East) (~~West~~), NMPM, Eddy County, New Mexico.

NOW, THEREFORE, if the PRINCIPAL and SURETY or either of them, or their successors or assigns or any of them, shall cause said well to be properly plugged and abandoned when dry or when no longer productive or useful for other beneficial purpose, in accordance with the rules and orders of the DIVISION, including but not limited to Rules 101 [19.15.3.101 NMAC] and 202 [19.15.4.202 NMAC], as such rules now exist or may hereafter be amended;

THEN AND IN THAT EVENT, 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.

ERS Resources, LLC
Post Office PRINCIPAL Box 1502
Carlsbad, New Mexico 88221-1502
Address

U. S. Specialty Insurance Company
SURETY
13403 NW Freeway
Houston, Texas 77040
Address

By Bob O. Donagan
Signature

[Signature]
Attorney-In-Fact

Managing Member
Title

If PRINCIPAL is a corporation, affix corporate seal here.

Corporate surety affix corporate seal here.

POWER OF ATTORNEY

(To be used with bonds issued on behalf of U. S. SPECIALTY INSURANCE COMPANY)

Know All Men by These Presents That, U. S. SPECIALTY INSURANCE COMPANY (the "Company"), a corporation duly organized and existing under the laws of the State of Texas, and having its principal office in Houston, Harris County, Texas, does by these presents make, constitute and appoint

Edwin H. Frank III, W. Russell Brown, Jr.

its true and lawful Attorney-in-fact, with full power and authority hereby conferred in its name, place and stead, to execute, acknowledge and deliver **any and all bonds, recognizances, undertakings or other instruments or contracts of suretyship to include riders, amendments, and consents of surety, providing the bond penalty does not exceed Three Million Dollars (\$3,000,000)** and to bind the Company thereby as fully and to the same extent 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 that the said Attorney-in-Fact may do in the premises. Said appointment is made under and by authority of the following resolutions of the Board of Directors of the U. S. Specialty Insurance Company:

Be it Resolved, that the President, any Vice-President, any Assistant Vice-President, any Secretary or any Assistant Secretary shall be and is hereby vested with full power and authority to appoint any one or more suitable persons as Attorney(s)-in-Fact to represent and act for and on behalf of the Company subject to the following provisions:

Attorney-in-Fact may be given full power and authority for and in the name of and of behalf of the Company, to execute, acknowledge and deliver, any and all bonds, recognizances, contracts, agreements or indemnity and other conditional or obligatory undertakings and any and all notices and documents canceling or terminating the Company's liability thereunder, and any such instruments so executed by any such Attorney-in-Fact shall be binding upon the Company as if signed by the President and sealed and effected by the Corporate Secretary.

Be it Resolved, that the signature of any authorized officer and seal of the Company heretofore or hereafter affixed to any power of attorney or any certificate relating thereto by facsimile, and any power of attorney or certificate bearing facsimile signature or facsimile seal shall be valid and binding upon the Company with respect to any bond or undertaking to which it is attached. (Adopted by unanimous written consent in lieu of meeting on July 7, 2003.)

In Witness Whereof, U. S. SPECIALTY INSURANCE COMPANY has caused these presents to be signed by its President, and its corporate seal to be hereto affixed this 7th day of November, 2003.

Corporate Seal

U. S. SPECIALTY INSURANCE COMPANY

By

State of Texas

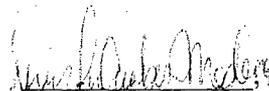
County of Harris

ss:


Michael J. Schell, President

On this 7th day of November, 2003 before me personally came Michael J. Schell, to me known, who, being by me duly sworn, did depose and say, that he resides in Houston, Texas, that he is President of U. S. SPECIALTY INSURANCE COMPANY, the company described in and which executed the above instrument; that he knows the seal of said Company; that the seal affixed to said instrument is such corporate seal; that it was so affixed by order of the Board of Directors of said Company; and that he signed his name thereto by like order.

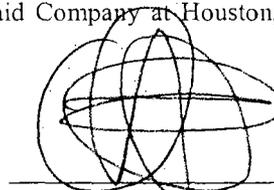
Notary Seal

 Notary Public
My commission expires 12/23/2006

I, Christopher L. Martin, Secretary of U. S. SPECIALTY INSURANCE COMPANY, do hereby certify that the above and foregoing is a true and correct copy of a Power of Attorney, executed by said Company, which is still in full force and effect; furthermore, the resolutions of the Board of Directors, set out in the Power of Attorney are in full force and effect.

In Witness Whereof, I have hereunto set my hand and affixed the seal of said Company at Houston, Texas this 02 day of December, 20 03.

Corporate Seal


Christopher L. Martin, Secretary



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor
Joanna Prukop
Cabinet Secretary

January 15, 2004

Lori Wrotenbery
Director
Oil Conservation Division

Mr. Bert D. Hannigan
ERS Resources, LLC
P.O. Box 1502
Carlsbad, NM 88221-1502

Re: \$5,000 One-Well Plugging Bond
ERS Resources, LLC, Principal
U.S. Specialty Insurance Company, Surety
Artesia Metex Unit No. 36 – 2310' FNL and 990' FWL
Section 25, Township 18 South, Range 27 East,
Eddy County, NM
Bond No. B000688

Dear Mr. Hannigan:

The New Mexico Oil Conservation Division hereby approves the above-captioned one-well plugging bond.

Sincerely,

GAIL MACQUESTEN
Assistant General Counsel

GM/dp

cc: Oil Conservation Division – Artesia, NM

U.S. Specialty Insurance Company
13403 NW Freeway
Houston, TX 77040

J.S. Ward & Son, Inc.
101 South Fourth Street
Artesia, NM 88210-2177
Attn: Susan S. Lopez

CMD : ONGARD 01/15/04 11:20:31
OG6CWBD CAPTURE SINGLE WELL BOND OGODLP -TQGC

OGRID Identifier : 225298 API Well No : 30 15 952
Operator Name, Address : ERS RESOURCES, LLC
PO BOX 1502
CARLSBAD, NM 88221-1502

Bond Idn : 249380 Bond Status : A Prop Idn : 22171
Prop Name : ARTESIA METEX UNIT Well No : 036
U/L Sec Township Range North/South East/West Lot Idr

Surface Locn : E 25 18S 27E FTG 2310 F N FTG 990 F W

API County : 15

Bond Details : Type (Cash/Surety - C/S) : S Bond Co Idn : 12 Amt : 5000
Company OGRID Identifier : 224244
Company Name, Address : U.S. SPECIALTY INSURANCE COMPA
13403 NORTHWEST FREEWAY
HOUSTON, TX 77056

Effective Date : 01-01-1900 Cancellation Date : 12-31-9999

Issuer Bond No : B000688

M0015: Table update is successful.

PF01 HELP PF02 PF03 EXIT PF04 GoTo PF05 PF06 CONFIRM
PF07 PF08 PF09 COMMENT PF10 NXTBOND PF11 PF12

Bond No. B000680R04-06-04

SURETY RIDER

To be attached to and form a part of Bond No. B000680 on behalf of
ERS Resources, LLC as principal and executed by
U.S. Specialty Insurance Company, as surety.

Effective date of change: April 6, 2004

In consideration of the mutual agreement herein contained, the principal and the surety hereby consent to the following changes:

The address has changed from:

ERS Resources, LLC
Post Office Box 1502
Carlsbad, New Mexico 88221-1502

TO:

ERS Resources, LLC
Post Office Box 958
Carlsbad, New Mexico 88221-0958

Nothing herein contained shall vary, alter, or extend any provision or condition of this bond except as herein expressly stated.

SIGNED, SEALED AND DATED THIS: April 6, 2004

ERS Resources, LLC
Name of Principal

Roy Hanigan
Signature

manager Roy Hanigan
Name and title of person
executing for Principal

U.S. Specialty Insurance Company
Name of Surety

W. Russell Brown, Jr.
Signature

W. Russell Brown, Jr., Attorney-in-Fact
Name and title of person
executing for Surety

STATE OF NEW MEXICO
ONE-WELL PLUGGING BOND

For CHAVES, EDDY, LEA, MCKINLEY, RIO ARRIBA, ROOSEVELT,
SANDOVAL, AND SAN JUAN COUNTIES ONLY

BOND NO. B000680
AMOUNT OF BOND \$5,000.00
COUNTY Eddy

NOTE: For wells less than 5,000 feet deep, the minimum bond is \$5,000.00*
For wells 5,000 to 10,000 feet deep, the minimum bond is \$7,500.00*
For wells more than 10,000 feet deep, the minimum bond is \$10,000.00

*Under certain conditions, a well being drilled under a \$5,000.00 or \$7,500.00 bond may be permitted to be drilled as much as 500 feet deeper than the normal maximum depth, e.g., a well being drilled under a \$5,000.00 bond may be permitted to go to 5,500 feet and a well being drilled under a \$7,500.00 bond may be permitted to go to 10,500 feet. (See Rule 101)

File with Oil Conservation Division, 1220 South Saint Francis, Santa Fe, NM 87505

KNOW ALL MEN BY THESE PRESENTS:

That ERS Resources, LLC, (~~an individual~~ ~~or partnership~~ ~~or corporation~~) a corporation, limited liability company or limited partnership organized in the State of New Mexico, and authorized to do business in the State of New Mexico), as PRINCIPAL, and U.S. Specialty 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 firmly bound unto the State of New Mexico, for the use and benefit of the Oil Conservation Division of the Energy, Minerals and Natural Resources Department (or successor agency) (the DIVISION), pursuant to NMSA 1978, Section 70-2-14, as amended, in the sum of \$5,000.00 for the payment of which the 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 PRINCIPAL has commenced or may commence the drilling of one well to a depth not to exceed 5,000 feet, to prospect for and/or produce oil or gas, carbon dioxide gas, helium gas or brine minerals, or does own or operate, or may acquire, own or operate such well, the identification and location of said well being:

Artesia Metex Unit #42, located 1650 feet from the North (~~North~~)
(Name of well)
line and 2310 feet from the West (~~East~~) (~~West~~) line of Section 30 Township 18
(South), Range 28 (East) (~~West~~), NMPM, Eddy County, New Mexico.

NOW, THEREFORE, if the PRINCIPAL and SURETY or either of them, or their successors or assigns or any of them, shall cause said well to be properly plugged and abandoned when dry or when no longer productive or useful for other beneficial purpose, in accordance with the rules and orders of the DIVISION, including but not limited to Rules 101 [19.15.3.101 NMAC] and 202 [19.15.4.202 NMAC], as such rules now exist or may hereafter be amended;

THEN AND IN THAT EVENT, 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.

ERS Resources, LLC
PRINCIPAL
Post Office Box 1502
Carlsbad, New Mexico 88221-1502
Address

By Best D. Dominguez
Signature

Managing Member
Title

If PRINCIPAL is a corporation, affix corporate seal here.

U. S. Specialty Insurance Company
SURETY
13403 NW Freeway
Houston, Texas 77040
Address

[Signature]
Attorney-In-Fact

Corporate surety affix corporate seal here.

POWER OF ATTORNEY

(To be used with bonds issued on behalf of U. S. SPECIALTY INSURANCE COMPANY)

Know All Men by These Presents That, **U. S. SPECIALTY INSURANCE COMPANY** (the "Company"), a corporation duly organized and existing under the laws of the State of Texas, and having its principal office in Houston, Harris County, Texas, does by these presents make, constitute and appoint

Edwin H. Frank III, W. Russell Brown, Jr.

its true and lawful Attorney-in-fact, with full power and authority hereby conferred in its name, place and stead, to execute, acknowledge and deliver **any and all bonds, recognizances, undertakings or other instruments or contracts of suretyship to include riders, amendments, and consents of surety, providing the bond penalty does not exceed Three Million Dollars (\$3,000,000)** and to bind the Company thereby as fully and to the same extent 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 that the said Attorney-in-Fact may do in the premises. Said appointment is made under and by authority of the following resolutions of the Board of Directors of the U. S. Specialty Insurance Company:

Be it Resolved, that the President, any Vice-President, any Assistant Vice-President, any Secretary or any Assistant Secretary shall be and is hereby vested with full power and authority to appoint any one or more suitable persons as Attorney(s)-in-Fact to represent and act for and on behalf of the Company subject to the following provisions:

Attorney-in-Fact may be given full power and authority for and in the name of and of behalf of the Company, to execute, acknowledge and deliver, any and all bonds, recognizances, contracts, agreements or indemnity and other conditional or obligatory undertakings and any and all notices and documents canceling or terminating the Company's liability thereunder, and any such instruments so executed by any such Attorney-in-Fact shall be binding upon the Company as if signed by the President and sealed and effected by the Corporate Secretary.

Be it Resolved, that the signature of any authorized officer and seal of the Company heretofore or hereafter affixed to any power of attorney or any certificate relating thereto by facsimile, and any power of attorney or certificate bearing facsimile signature or facsimile seal shall be valid and binding upon the Company with respect to any bond or undertaking to which it is attached. (Adopted by unanimous written consent in lieu of meeting on July 7, 2003.)

In Witness Whereof, **U. S. SPECIALTY INSURANCE COMPANY** has caused these presents to be signed by its **President**, and its corporate seal to be hereto affixed this 7th day of November, 2003.

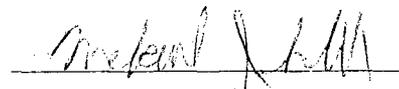
Corporate Seal

U. S. SPECIALTY INSURANCE COMPANY

By

State of Texas

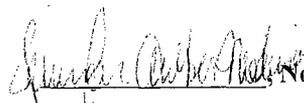
County of Harris ss:



 Michael J. Schell, President

On this 7th day of November, 2003 before me personally came Michael J. Schell, to me known, who, being by me duly sworn, did depose and say, that he resides in Houston, Texas, that he is President of U. S. SPECIALTY INSURANCE COMPANY, the company described in and which executed the above instrument; that he knows the seal of said Company; that the seal affixed to said instrument is such corporate seal; that it was so affixed by order of the Board of Directors of said Company; and that he signed his name thereto by like order.

Notary Seal

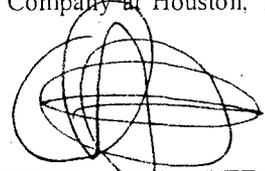


 Notary Public
 My commission expires 12/31/2006

I, Christopher L. Martin, Secretary of U. S. SPECIALTY INSURANCE COMPANY, do hereby certify that the above and foregoing is a true and correct copy of a Power of Attorney, executed by said Company, which is still in full force and effect; furthermore, the resolutions of the Board of Directors, set out in the Power of Attorney are in full force and effect.

In Witness Whereof, I have hereunto set my hand and affixed the seal of said Company at Houston, Texas this 02 day of December, 2003.

Corporate Seal



 Christopher L. Martin, Secretary



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor
Joanna Prukop
Cabinet Secretary

January 15, 2004

Lori Wrotenbery
Director
Oil Conservation Division

Mr. Bert D. Hannigan
ERS Resources, LLC
P.O. Box 1502
Carlsbad, NM 88221-1502

Re: \$5,000 One-Well Plugging Bond
ERS Resources, LLC, Principal
U.S. Specialty Insurance Company, Surety
Artesia Metex Unit No. 42 – 1650' FNL and 2310' FWL
Section 30, Township 18 South, Range 28 East,
Eddy County, NM
Bond No. B000680

Dear Mr. Hannigan:

The New Mexico Oil Conservation Division hereby approves the above-captioned one-well plugging bond.

Sincerely,

GAIL MACQUESTEN
Assistant General Counsel

GM/dp

cc: Oil Conservation Division – Artesia, NM

U.S. Specialty Insurance Company
13403 NW Freeway
Houston, TX 77040

J.S. Ward & Son, Inc.
101 South Fourth Street
Artesia, NM 88210-2177
Attn: Susan S. Lopez

CMD : ONGARD 01/15/04 11:01:10
OG6CWBD CAPTURE SINGLE WELL BOND OGDLP -TQGC

OGRID Identifier : 225298 API Well No : 30 15 2138
Operator Name, Address : ERS RESOURCES, LLC
PO BOX 1502
CARLSBAD, NM 88221-1502

Bond Idn : 249373 Bond Status : A Prop Idn : 22171
Prop Name : ARTESIA METEX UNIT Well No : 042
U/L Sec Township Range North/South East/West Lot Idr

Surface Locn : F 30 18S 28E FTG 1650 F N FTG 2310 F W
API County : 15

Bond Details : Type (Cash/Surety - C/S) : S Bond Co Idn : 12 Amt : 5000
Company OGRID Identifier : 224244
Company Name, Address : U.S. SPECIALTY INSURANCE COMPA
13403 NORTHWEST FREEWAY
HOUSTON, TX 77056

Effective Date : 01-01-1900 Cancellation Date : 12-31-9999
Issuer Bond No : B000680

M0015: Table update is successful.

PF01 HELP PF02 PF03 EXIT PF04 GoTo PF05 PF06 CONFIRM
PF07 PF08 PF09 COMMENT PF10 NXTBOND PF11 PF12

Bond No. B000689R04-06-04

SURETY RIDER

To be attached to and form a part of Bond No. B000689 on behalf of
ERS Resources, LLC as principal and executed by
U.S. Specialty Insurance Company, as surety.

Effective date of change: April 6, 2004

In consideration of the mutual agreement herein contained, the principal and the surety hereby consent to the following changes:

The address has changed from:

ERS Resources, LLC
Post Office Box 1502
Carlsbad, New Mexico 88221-1502

TO:

ERS Resources, LLC
Post Office Box 958
Carlsbad, New Mexico 88221-0958

Nothing herein contained shall vary, alter, or extend any provision or condition of this bond except as herein expressly stated.

SIGNED, SEALED AND DATED THIS: April 6, 2004

ERS Resources, LLC

Name of Principal

Roy Hanigan
Signature

manager Roy Hanigan
Name and title of person
executing for Principal

U.S. Specialty Insurance Company

Name of Surety

W. Russell Brown, Jr.
Signature

W. Russell Brown, Jr., Attorney-in-Fact
Name and title of person
executing for Surety

STATE OF NEW MEXICO
ONE-WELL PLUGGING BOND

For CHAVES, EDDY, LEA, MCKINLEY, RIO ARRIBA, ROOSEVELT,
SANDOVAL, AND SAN JUAN COUNTIES ONLY

BOND NO. B000689
AMOUNT OF BOND \$5,000.00
COUNTY Eddy

NOTE: For wells less than 5,000 feet deep, the minimum bond is \$5,000.00*
For wells 5,000 to 10,000 feet deep, the minimum bond is \$7,500.00*
For wells more than 10,000 feet deep, the minimum bond is \$10,000.00

*Under certain conditions, a well being drilled under a \$5,000.00 or \$7,500.00 bond may be permitted to be drilled as much as 500 feet deeper than the normal maximum depth, e.g., a well being drilled under a \$5,000.00 bond may be permitted to go to 5,500 feet and a well being drilled under a \$7,500.00 bond may be permitted to go to 10,500 feet. (See Rule 101)

File with Oil Conservation Division, 1220 South Saint Francis, Santa Fe, NM 87505

KNOW ALL MEN BY THESE PRESENTS:

That ERS Resources, LLC, ~~(an individual or partnership)~~ (a corporation, limited liability company or limited partnership organized in the State of New Mexico, and authorized to do business in the State of New Mexico), as PRINCIPAL, and U. S. Specialty 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 firmly bound unto the State of New Mexico, for the use and benefit of the Oil Conservation Division of the Energy, Minerals and Natural Resources Department (or successor agency) (the DIVISION), pursuant to NMSA 1978, Section 70-2-14, as amended, in the sum of \$5,000.00, for the payment of which the 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 PRINCIPAL has commenced or may commence the drilling of one well to a depth not to exceed 5,000 feet, to prospect for and/or produce oil or gas, carbon dioxide gas, helium gas or brine minerals, or does own or operate, or may acquire, own or operate such well, the identification and location of said well being:

Artesia Metex Unit #51-P, located 330 feet from the ~~South~~ South line and 330 feet from the East ~~(East)~~ line of Section 26 Township 18 ~~(North)~~ (South), Range 27 ~~(East)~~ Eddy County, New Mexico.

NOW, THEREFORE, if the PRINCIPAL and SURETY or either of them, or their successors or assigns or any of them, shall cause said well to be properly plugged and abandoned when dry or when no longer productive or useful for other beneficial purpose, in accordance with the rules and orders of the DIVISION, including but not limited to Rules 101 [19.15.3.101 NMAC] and 202 [19.15.4.202 NMAC], as such rules now exist or may hereafter be amended;

THEN AND IN THAT EVENT, 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.

ERS Resources, LLC
PRINCIPAL
Post Office Box 1502
Carlsbad, New Mexico 88221-1502
Address

U. S. Specialty Insurance Company
SURETY
13403 NW Freeway
Houston, Texas 77040
Address

By Bob D. Darrigan
Signature

[Signature]
Attorney-In-Fact

Managing Member
Title

If PRINCIPAL is a corporation, affix corporate seal here.

Corporate surety affix corporate seal here.

POWER OF ATTORNEY

(To be used with bonds issued on behalf of U. S. SPECIALTY INSURANCE COMPANY)

Know All Men by These Presents That, **U. S. SPECIALTY INSURANCE COMPANY** (the "Company"), a corporation duly organized and existing under the laws of the State of Texas, and having its principal office in Houston, Harris County, Texas, does by these presents make, constitute and appoint

Edwin H. Frank III, W. Russell Brown, Jr.

its true and lawful Attorney-in-fact, with full power and authority hereby conferred in its name, place and stead, to execute, acknowledge and deliver **any and all bonds, recognizances, undertakings or other instruments or contracts of suretyship to include riders, amendments, and consents of surety, providing the bond penalty does not exceed Three Million Dollars (\$3,000,000)** and to bind the Company thereby as fully and to the same extent 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 that the said Attorney-in-Fact may do in the premises. Said appointment is made under and by authority of the following resolutions of the Board of Directors of the U. S. Specialty Insurance Company:

Be it Resolved, that the President, any Vice-President, any Assistant Vice-President, any Secretary or any Assistant Secretary shall be and is hereby vested with full power and authority to appoint any one or more suitable persons as Attorney(s)-in-Fact to represent and act for and on behalf of the Company subject to the following provisions:

Attorney-in-Fact may be given full power and authority for and in the name of and of behalf of the Company, to execute, acknowledge and deliver, any and all bonds, recognizances, contracts, agreements or indemnity and other conditional or obligatory undertakings and any and all notices and documents canceling or terminating the Company's liability thereunder, and any such instruments so executed by any such Attorney-in-Fact shall be binding upon the Company as if signed by the President and sealed and effected by the Corporate Secretary.

Be it Resolved, that the signature of any authorized officer and seal of the Company heretofore or hereafter affixed to any power of attorney or any certificate relating thereto by facsimile, and any power of attorney or certificate bearing facsimile signature or facsimile seal shall be valid and binding upon the Company with respect to any bond or undertaking to which it is attached. (Adopted by unanimous written consent in lieu of meeting on July 7, 2003.)

In Witness Whereof, **U. S. SPECIALTY INSURANCE COMPANY** has caused these presents to be signed by its **President**, and its corporate seal to be hereto affixed this 7th day of November, 2003.

Corporate Seal

U. S. SPECIALTY INSURANCE COMPANY

By

State of Texas

County of Harris

ss:


Michael J. Schell, President

On this 7th day of November, 2003 before me personally came Michael J. Schell, to me known, who, being by me duly sworn, did depose and say, that he resides in Houston, Texas, that he is President of U. S. SPECIALTY INSURANCE COMPANY, the company described in and which executed the above instrument; that he knows the seal of said Company; that the seal affixed to said instrument is such corporate seal; that it was so affixed by order of the Board of Directors of said Company; and that he signed his name thereto by like order.

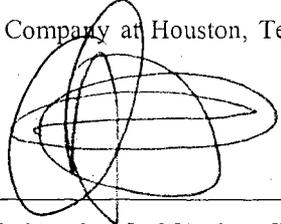
Notary Seal


Notary Public
 My commission expires 12/23/2006

I, Christopher L. Martin, Secretary of U. S. SPECIALTY INSURANCE COMPANY, do hereby certify that the above and foregoing is a true and correct copy of a Power of Attorney, executed by said Company, which is still in full force and effect; furthermore, the resolutions of the Board of Directors, set out in the Power of Attorney are in full force and effect.

In Witness Whereof, I have hereunto set my hand and affixed the seal of said Company at Houston, Texas this 02 day of December, 20 03.

Corporate Seal


Christopher L. Martin, Secretary



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop
Cabinet Secretary

January 15, 2004

Lori Wrotenbery

Director

Oil Conservation Division

Mr. Bert D. Hannigan
ERS Resources, LLC
P.O. Box 1502
Carlsbad, NM 88221-1502

Re: \$5,000 One-Well Plugging Bond
ERS Resources, LLC, Principal
U.S. Specialty Insurance Company, Surety
Artesia Metex Unit No. 51 – 330' FSL and 330' FEL
Section 26, Township 18 South, Range 27 East,
Eddy County, NM
Bond No. B000689

Dear Mr. Hannigan:

The New Mexico Oil Conservation Division hereby approves the above-captioned one-well plugging bond.

Sincerely,

GAIL MACQUESTEN
Assistant General Counsel

GM/dp

cc: Oil Conservation Division – Artesia, NM

U.S. Specialty Insurance Company
13403 NW Freeway
Houston, TX 77040

J.S. Ward & Son, Inc.
101 South Fourth Street
Artesia, NM 88210-2177
Attn: Susan S. Lopez

CMD : ONGARD 01/15/04 11:24:13
OG6CWBD CAPTURE SINGLE WELL BOND OGDLP -TQGC

OGRID Identifier : 225298 API Well No : 30 15 966
Operator Name, Address : ERS RESOURCES, LLC
PO BOX 1502
CARLSBAD, NM 88221-1502

Bond Idn : 249381 Bond Status : A Prop Idn : 22171
Prop Name : ARTESIA METEX UNIT Well No : 051
U/L Sec Township Range North/South East/West Lot Idr

Surface Locn : P 26 18S 27E FTG 330 F S FTG 330 F E
API County : 15

Bond Details : Type (Cash/Surety - C/S) : S Bond Co Idn : 12 Amt : 5000
Company OGRID Identifier : 224244
Company Name, Address : U.S. SPECIALTY INSURANCE COMPA
13403 NORTHWEST FREEWAY
HOUSTON, TX 77056

Effective Date : 01-01-1900 Cancellation Date : 12-31-9999

Issuer Bond No : B000689

M0015: Table update is successful.

PF01 HELP PF02 PF03 EXIT PF04 GoTo PF05 PF06 CONFIRM
PF07 PF08 PF09 COMMENT PF10 NXTBOND PF11 PF12

Inactive Well List

Total Well Count: 65 Inactive Well Count: 40 Since: 3/28/2007

Printed On: Friday, June 20 2008

District	API	Well	ULSTR	OCD Unit	OGRID	Operator	Lease Type	Well Type	Last Production	Formation/Notes	Status	TA Exp Date
2	30-015-00939	ARTESIA METEX UNIT #002	G-24-18S-27E	G	225298	ERS RESOURCES, LLC	S	O	11/2006			
2	30-015-00945	ARTESIA METEX UNIT #005	L-24-18S-27E	L	225298	ERS RESOURCES, LLC	S	O	12/2005			
2	30-015-00941	ARTESIA METEX UNIT #006	K-24-18S-27E	K	225298	ERS RESOURCES, LLC	S	I	08/2006			
2	30-015-00944	ARTESIA METEX UNIT #008	I-24-18S-27E	I	225298	ERS RESOURCES, LLC	S	I	11/1998			
2	30-015-01940	ARTESIA METEX UNIT #011	3-19-18S-28E	L	225298	ERS RESOURCES, LLC	S	O	09/2004			
2	30-015-01964	ARTESIA METEX UNIT #012	K-19-18S-28E	K	225298	ERS RESOURCES, LLC	S	I	08/2006			
2	30-015-01951	ARTESIA METEX UNIT #013	J-19-18S-28E	J	225298	ERS RESOURCES, LLC	S	O	12/2005			
2	30-015-01947	ARTESIA METEX UNIT #014	J-19-18S-28E	J	225298	ERS RESOURCES, LLC	S	O	12/2005			
2	30-015-00942	ARTESIA METEX UNIT #016	M-24-18S-27E	M	225298	ERS RESOURCES, LLC	S	I	12/2005			
2	30-015-00946	ARTESIA METEX UNIT #018	N-24-18S-27E	N	225298	ERS RESOURCES, LLC	S	O	11/2006			
2	30-015-01196	ARTESIA METEX UNIT #020	P-24-18S-27E	P	225298	ERS RESOURCES, LLC	S	I	08/2005			
2	30-015-01942	ARTESIA METEX UNIT #021	4-19-18S-28E	M	225298	ERS RESOURCES, LLC	S	O	12/2005	GRAYBURG		
2	30-015-01965	ARTESIA METEX UNIT #022	N-19-18S-28E	N	225298	ERS RESOURCES, LLC	S	O	12/2005			
2	30-015-01941	ARTESIA METEX UNIT #023	N-19-18S-28E	N	225298	ERS RESOURCES, LLC	S	O	12/2005			
2	30-015-01949	ARTESIA METEX UNIT #024	O-19-18S-28E	O	225298	ERS RESOURCES, LLC	S	O	12/2005			
2	30-015-00962	ARTESIA METEX UNIT #026	A-26-18S-27E	A	225298	ERS RESOURCES, LLC	S	O	08/2006			
2	30-015-00951	ARTESIA METEX UNIT #027	D-25-18S-27E	D	225298	ERS RESOURCES, LLC	S	O	12/2005			
2	30-015-01194	ARTESIA METEX UNIT #029	B-25-18S-27E	B	225298	ERS RESOURCES, LLC	S	O	08/2006			
2	30-015-02139	ARTESIA METEX UNIT #031	1-30-18S-28E	D	225298	ERS RESOURCES, LLC	S	O	12/2005			
2	30-015-02140	ARTESIA METEX UNIT #032	C-30-18S-28E	C	225298	ERS RESOURCES, LLC	S	I	08/2005			
2	30-015-06127	ARTESIA METEX UNIT #034	B-30-18S-28E	B	225298	ERS RESOURCES, LLC	S	O	11/2006			
2	30-015-00963	ARTESIA METEX UNIT #035	H-26-18S-27E	H	225298	ERS RESOURCES, LLC	S	I	12/2005			
2	30-015-00952	ARTESIA METEX UNIT #036	E-25-18S-27E	E	225298	ERS RESOURCES, LLC	S	O	08/2006			
2	30-015-00948	ARTESIA METEX UNIT #039	G-25-18S-27E	G	225298	ERS RESOURCES, LLC	S	O	12/2005			
2	30-015-00954	ARTESIA METEX UNIT #040	H-25-18S-27E	H	225298	ERS RESOURCES, LLC	S	I	08/2006			
2	30-015-02136	ARTESIA METEX UNIT #041	2-30-18S-28E	E	225298	ERS RESOURCES, LLC	S	I	08/2006			
2	30-015-02138	ARTESIA METEX UNIT #042	F-30-18S-28E	F	225298	ERS RESOURCES, LLC	S	O	12/2005			
2	30-015-01190	ARTESIA METEX UNIT #044	I-26-18S-27E	I	225298	ERS RESOURCES, LLC	S	O	02/2005			
2	30-015-00959	ARTESIA METEX UNIT #045	L-25-18S-27E	L	225298	ERS RESOURCES, LLC	S	I	08/2006			
2	30-015-00955	ARTESIA METEX UNIT #047	J-25-18S-27E	J	225298	ERS RESOURCES, LLC	S	O	11/2006			
2	30-015-02141	ARTESIA METEX UNIT #049	K-30-18S-28E	K	225298	ERS RESOURCES, LLC	S	I	08/2006			
2	30-015-00966	ARTESIA METEX UNIT #051	P-26-18S-27E	P	225298	ERS RESOURCES, LLC	S	O	01/2006			
2	30-015-00960	ARTESIA METEX UNIT #052	M-25-18S-27E	M	225298	ERS RESOURCES, LLC	S	I	08/2006			

ERS Resources, LLC
 Case 14078
 OCD Exhibit No. 3

2	30-015-00956	ARTESIA METEX UNIT_#054	O-25-18S-27E	O	225298	ERS RESOURCES, LLC	S	I	08/2005
2	30-015-00986	ARTESIA METEX UNIT #055	B-35-18S-27E	B	225298	ERS RESOURCES, LLC	S	O	11/2006
2	30-015-00987	ARTESIA METEX UNIT_#056	A-35-18S-27E	A	225298	ERS RESOURCES, LLC	S	I	08/2006
2	30-015-00991	ARTESIA METEX UNIT #058	C-36-18S-27E	C	225298	ERS RESOURCES, LLC	S	I	08/2006
2	30-015-27157	ARTESIA METEX UNIT #062	2-30-18S-28E	E	225298	ERS RESOURCES, LLC	S	O	11/2006
2	30-015-27192	ARTESIA METEX UNIT #064	H-25-18S-27E	H	225298	ERS RESOURCES, LLC	S	O	11/2006
2	30-015-27195	ARTESIA METEX UNIT #067	H-25-18S-27E	H	225298	ERS RESOURCES, LLC	S	O	11/2006

WHERE Ogrid:225298, County:All, District:All, Township:All, Range:All, Section:All, Production(months):15, Excludes Wells Under ACOI, Excludes Wells in Approved TA Period