UNITED STATES BANKRUPTCY COURT

District of New Mexico

Notice of Chapter 11 Bankruptcy Case, Meeting of Creditors, & Deadlines A chapter 11 bankruptcy case concerning the debtor Corporation listed below was filed on 2/13/08.

You may be a creditor of the debtor. **This notice lists important deadlines.** You may want to consult an attorney to protect your rights. All documents filed in the case may be inspected at the bankruptey clerk's office at the address listed below.

NOTE: The staff of the bankruptey clerk's office cannot give legal advice.

See Reverse Side For Important Explanations

Debtor(s) (name(s) used by the debtor(s) in the last 8 years, including married, maiden, trade, and address):

Orbit Petroleum, Inc.

fdba Tipton Oil and Gas Acquistions

fdha Tipton Enterprises, Inc.

fdba Gilbert Lesse Services

fdba Black Rock Transportation

Check case docket for additional aliases

1131 East Britton Rd

Oklahoma City, OK 73131

Case Number: 08-10408-11

0/0-10400-11

Attorney for Debtor(a) (name and address):

Duniel J Behles

226-A Cynthia Loop NW

Albuquerque, NM 87114-1100

Telephone number: 505-217-2764

Meeting of Creditors

Date: March 13, 2008

Time: 11:00 AM

Taxpayer ID/Employer ID/Other Nos.: 20-1538403

Location: Creditors' Meeting Room, Federal Building and U.S. Courthouse, 500 Gold Ave SW, Room 12411, Albuquerque, NM

87102

Deadlines to File a Proof of Claim

Proof of claim must be received by the bankruptcy clerk's office by the following deadline:

Notice of deadline will be sent at a later time.

Creditor with a Foreign Address:

A creditor to whom this notice is sent at a foreign address should read the information under "Claims" on the reverse side.

Deadline to File a Complaint to Determine Dischargeability of Certain Debts: 5/12/08

Creditors May Not Take Certain Actions:

In most instances, the filing of the bankruptcy case automatically stays certain collection and other actions against the debtor and the debtor's property. Under certain circumstances, the stay may be limited to 30 days or not exist at all, although the debtor can request the court to extend or impose a stay. If you attempt to collect a debt or take other action in violation of the Bankruptcy Code, you may be penalized. Consult a lawyer to determine your rights in this case.

Address of the Bankruptcy Clerk's Office:
Dennis Chavez Federal Building and United States Courthouse
500 Gold Avenue SW, 10th Floor

140 Box 546

Albuquerque, NM 87103-0546

Telephone number: \$05-348-2500/866-291-6805

www.nmcourt.fed.us

Hours Open: Monday - Friday 8:30 AM - 4:30 PM

For the Court:

Clerk of the Bankruptcy Court:

Norman H. Meyer

Date: 2/15/08

STATE OF NEW MEXICO ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT OIL CONSERVATION DIVISION

APPLICATION OF THE NEW MEXICO OIL CONSERVATION DIVISION, THROUGH THE ENFORCEMENT AND COMPLIANCE MANAGER, FOR A COMPLIANCE ORDER AGAINST ERS RESOURCES, LLC, FINDING OPERATOR IN VIOLATION OF DIVISION RULE 19.15.4.201 NMAC AS TO THIRTY-TWO WELLS; REQUIRING OPERATOR TO RETURN SAID WELLS TO COMPLIANCE BY A DATE CERTAIN; REQUIRING OPERATOR TO PLUG SAID WELLS AND RESTORE AND REMEDIATE THE WELL SITES IF OPERATOR FAILS TO BRING SAID WELLS TO COMPLIANCE BY A DATE CERTAIN; AND AUTHORIZING THE DIVISION TO FORFEIT THE FINANCIAL ASSURANCE AND PLUG SAID WELLS IN THE EVENT OF OPERATOR'S NON-COMPLIANCE; EDDY COUNTY, NEW MEXICO.

CASE NO. 14078

AFFIDAVIT OF NOTICE AND PUBLICATION

In accordance with Division Rule 1227.D [19.15.14.1227.D NMAC] and Rule 1210 [19.15.14.1210 NMAC] I hereby certify:

1. Notice of the original February 7, 2008 hearing setting in the above-captioned case was mailed on January 15, 2008 to the following by certified mail, return receipt requested, at least 20 days prior to the hearing date, with a copy of the application:

ERS Resources, LLC 1001 FM 1929 Voss, Texas 76888

Certified Mail No. 7099 3220 0009 7873 0264

ERS Resources, LLC c/o Orbit Petroleum, Inc. 720 West Wilshire, Suite 115

Oklahoma City, OK 73116 Certified Mail No. 7099 3220 0009 7873 0271

ERS Resources, LLC c/o Tipton Oil P.O. Box 1234 Lovington, NM 88260

Certified Mail No. 7099 3220 0009 7873 0288

U.S. Specialty Insurance Company 13403 NW Freeway

Houston, TX 77040

Certified Mail No. 7099 3220 0009 7873 0295

Case 14078
Affidavit of Notice and Publication
Page 1 of 2

ERS Resources, LLC
Case 14078
OCD Exhibit No. 1

- The Oil Conservation Division (OCD) received return receipt cards for the letters sent to ERS Resources, LLC at three of the four addresses. The OCD received the letter sent to ERS Resources, LLC c/o Orbit Petroleum, Inc. Indicating 'attempted not known.' Exhibit A to this affidavit is a copy of the notice, with copies of certified mail return receipts and a copy of the returned envelope containing the notice sent to ERS Resources, LLC c/o Orbit Petroleum.
- Notice of the original February 7, 2008 hearing date was published on January 15, 2008 in the Artesia Daily Press, a nespaper of general circulation in Eddy County, New Mexico. A copy of the Affidavidat of Publication is attached to this affadavit as Exhibit B.
- The OCD was contacted by Jim Frazier of Orbit Petroleum, Inc: (Orbit) who stated that Orbit had acquired ERS Resources, LLC and that Orbit intended to parricipate in the hearing. The OCD rescheduled the hearing to give Orbit time to prepare, and sent notice to the following by certified mail, return receipt requested, at least 20 days prior to the new hearing date, with a copy of the application:

ERS Resources, LLC Attn: Mike Hughes c/o Orbit Petroleum Inc. 1131 East Britton Rd.

Oklahoma City, OK 73131 Certified Mail No. 7099 3220 0009 7873 0837

ERS Resources, LLC Attn: Jim Frazier c/o Orbit Petroleum, Inc. 1131 East Britton Rd. Oklahoma City, OK 73131

Certified Mail No. 7099 3220 0009 7873 0844

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

Certified Mail No. 7099 3220 0009 7873 0776

- The Oil Conservation Division (OCD) received return receipt cards for the letters sent to ERS Resources, LLC at the three addresses. Exhibit C to this affidavit is a copy of the notice, with copies of certified mail return receipts.
- Notice of the June 26, 2008 rescheduled hearing setting in the above-captioned case was also emailed to ERS Resouces, LLC Attn: Jim Frazier at jfrazier@orbitpetro.com on May 9, 2008. Exhibit D to this affidavit is a copy of the e-mail

Gail MacOuesten

SUBSCRIBED AND SWORN to before me this 24% day of June 2008.

My Commission Expires: 1 - 09 - 2012

Case 14078 Affidavit of Notice and Publication Page 2 of 2



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON Governor

Joanna Prukop
Cabinet Secretary

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

January 15, 2008

ERS Resources, LLC 1001 FM 1929 Voss, Texas 76888

Certified Mail No.:

7099 3220 0009 7873 0264

ERS Resources, LLC c/o Orbit Petroleum, Inc. 720 West Wilshire, Suite 115 Oklahoma City, OK 73116

Certified Mail No.: 7099 3220 0009 7873 0271

ERS Resources, LLC c/o Tipton Oil
P.O. Box 1234
Lovington, NM 88260

Certified Mail No.: 7099 3220 0009 7873 0288

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

Certified Mail No.: 7099 3220 0009 7873 0295

ERS Resources, LLC Case 14078 OCD Exhibit No. 1-A Re: Case No. 14078 Application for a Compliance Order Against ERS Resources, LLC OGRID No. 225298 Artesia Metex Unit No. 005; 30-015-00945; L-24-18S-27E Artesia Metex Unit No. 006; 30-015-00941; K-24-18S-27E Artesia Metex Unit No. 008; 30-015-00944; I-24-18S-28E Artesia Metex Unit No. 011: 30-015-01940; 3-19-18S-28E Artesia Metex Unit No. 012; 30-015-01964: K-19-18S-28E Artesia Metex Unit No. 013; 30-015-01951; J-19-18S-28E Artesia Metex Unit No. 014; 30-015-01947; J-19-18S-28E Artesia Metex Unit No. 016; 30-015-00942; M-24-18S-27E Artesia Metex Unit No. 020; 30-015-01196; P-24-18S-27E Artesia Metex Unit No. 021: 30-015-01942; 4-19-18S-28E Artesia Metex Unit No. 022: 30-015-01965; N-19-18S-28E Artesia Metex Unit No. 023; 30-015-01941; N-19-18S-28E Artesia Metex Unit No. 024; 30-015-01949; O-19-18S-28E Artesia Metex Unit No. 026; 30-015-00962; A-26-18S-27E Artesia Metex Unit No. 027; 30-015-00951; D-25-18S-27E Artesia Metex Unit No. 029; 30-015-01194; B-25-18S-27E Artesia Metex Unit No. 031: 30-015-02139; 1-30-18S-28E 30-015-02140; Artesia Metex Unit No. 032: C-30-18S-28E Artesia Metex Unit No. 035; 30-015-00963; H-26-18S-27E Artésia Metex Unit No. 036; 30-015-00952; E-25-18S-27E Artesia Metex Unit No. 039; 30-015-00948; G-25-18S-27E Artesia Metex Unit No. 040; 30-015-00954; H-25-18S-27E Artesia Metex Unit No. 041; 30-015-02136; 2-30-18S-28E Artesia Metex Unit No. 042; 30-015-02138; F-30-18S-28E 30-015-01190: Artesia Metex Unit No. 044: I-26-18S-27E Artesia Metex Unit No. 045; 30-015-00959; L-25-18S-27E Artesia Metex Unit No. 049; 30-015-02141; K-30-18S-28E Artesia Metex Unit No. 051: P-26-18S-27E 30-015-00966; Artesia Metex Unit No. 052; 30-015-00960; M-25-18S-27E Artesia Metex Unit No. 054; 30-015-00956; O-25-18S-27E Artesia Metex Unit No. 056; 30-015-00987; A-35-18S-27E 30-015-00991; C-36-18S-27E Artesia Metex Unit No. 058;

Dear Operator:

A hearing has been scheduled on the above application for <u>Thursday February 7, 2008</u>, at <u>8:15</u> a.m., in the <u>Oil Conservation Division Hearing Room (Porter Hall)</u> at <u>1220 South St. Francis</u> Drive, Santa Fe, New Mexico.

Application for Compliance Order Against ERS Resources, LLC Case No. 14078
January 15, 2008
Page 3 of 3

In the application OCD is seeking an Order requiring ERS Resources, LLC, to return the above identified wells to compliance with Rule 19.15.4.201 NMAC by a date certain, and in the event of Operator's non-compliance, authorization to plug the wells and forfeit the financial assurance.

At the hearing you will have an opportunity to show cause why an order should not be entered as requested in the application. If you intend to present evidence at the hearing Oil Conservation Division Rule 19.15.14.1211.B NMAC requires you to file a pre-hearing statement at least four business days in advance of the hearing. I have enclosed a copy of OCD Rule 19.15.14.1211 for your convenience. OCD Rule 19.15.14.1211 describes what information is required to be contained in a party's pre-hearing statement. Please consult OCD Rule 19.15.14.1211 as to what information you need to provide in your pre-hearing statement. I have also enclosed a copy of OCD Rule 19.15.14.1212, which addresses representation at administrative hearings before the Oil Conservation Division.

If you have any questions, please contact me at (505) 476-3463 or by email at sonny.swazo@state.nm.us.

Sincerely yours,

Sonny Swazo

Daniel Sanchez, OCD Enforcement and Compliance Manager

Tim Gum, OCD District II Supervisor

Enclosures: Application

OCD Rule 19.15.14.1211 NMAC OCD Rule 19.15.14.1212 NMAC

OCD Notice of Hearing

STATE OF NEW MEXICE UE IVED ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT OIL CONSERVATION PRIVISION 10 56

APPLICATION OF THE NEW MEXICO OIL CONSERVATION DIVISION, THROUGH THE ENFORCEMENT AND COMPLIANCE MANAGER, FOR A COMPLIANCE ORDER AGAINST ERS RESOURCES, LLC, FINDING OPERATOR IN VIOLATION OF DIVISION RULE 19.15.4.201 NMAC AS TO THIRTY-TWO WELLS; REQUIRING OPERATOR TO RETURN SAID WELLS TO COMPLIANCE BY A DATE CERTAIN; REQUIRING OPERATOR TO PLUG SAID WELLS AND RESTORE AND REMEDIATE THE WELL SITES IF OPERATOR FAILS TO BRING SAID WELLS TO COMPLIANCE BY A DATE CERTAIN; AND AUTHORIZING THE DIVISION TO FORFEIT THE FINANCIAL ASSURANCE AND PLUG SAID WELLS IN THE EVENT OF OPERATOR'S NON-COMPLIANCE; EDDY COUNTY, NEW MEXICO.

CASE NO. 14018

APPLICATION FOR COMPLIANCE ORDER AGAINST ERS RESOURCES, LLC

- 1. ERS Resources, LLC, (hereinafter "Operator") is a domestic limited liability company operating wells in New Mexico under OGRID 225298.
 - 2. Operator is operator of record of the following subject wells:

				•		•
•	Artesia Metex	Unit No. 00	05;	30-015-00945	,	L-24-18S-27E
•	Artesia Metex	Unit No. 00	06;	30-015-00941	,	K-24-18S-27E
•	Artesia Metex	Unit No. 00	08;	30-015-00944	,	I-24-18S-28E
•	Artesia Metex	Unit No. 01	11;	30-015-01940		3-19-18S-28E
0 .	Artesia Metex	Unit No. 01	12;	30-015-01964	•	K-19-18S-28E
•	Artesia Metex	Unit No. 01	13;	30-015-01951	;	J-19-18S-28E
•	Artesia Metex	Unit No. 01	14,	30-015-01947	;	J-19-18S-28E
0	Artesia Metex	Unit No. 01	16;	30-015-00942	;	M-24-18S-27E
6	Artesia Metex	Unit No. 03	20;	30-015-01196	,	P-24-18S-27E
•.	Artesia Metex	Unit No. 02	21;	30-015-01942	,	4-19-18S-28E
0	Artesia Metex	Unit No. 02	22;	30-015-01965		N-19-18S-28E
•	Artesia Metex	Unit No. 02	23;	30-015-01941		Ň-19-18S-28E
	Artesia Metex	Unit No. 02	24;	30-015-01949		O-19-18S-28E
•	Artésia Metex	Unit No. 01	26; -	30-015-00962	•	A-26-18\$-27E
•	Artesia Metex	Unit No. 03	27;.	30-015-00951	:	D-25-18S-27E
• '	Artesia Metex	Unit No. 02	29:.	30-015-01194		.B-25-18S-27E

Application for Compliance Order IRS Resources, IA.C

•	Artesia Metex Unit No. 031;	30-015-02139;	1-30-18S-28E
•	Artesia Metex Unit No. 032;	30-015-02140;	C-30-18S-28E
•	Artesia Metex Unit No. 035;	30-015-00963;	H-26-18S-27E
6	Artesia Metex Unit No. 036;	30-015-00952;	E-25-18S-27E
•	Artesia Metex Unit No. 039;	30-015-00948;	G-25-18S-27E
•	Artesia Metex Unit No. 040;	30-015-00954;	H-25-18S-27E
•	. Artesia Metex Unit No. 041;	30-015-02136;	2-30-18S-28E
•	Artesia Metex Unit No. 042;	30-015-02138;	F-30-18S-28E
•	Artesia Metex Unit No. 044;	30-015-01190,	I-26-18S-27E
•	Artesia Metex Unit No. 045;	30-015-00959;	L-25-18S-27E
0	Artesia Metex Unit No. 049;	30-015-02141;	K-30-18S-28E
•	Artesia Metex Unit No. 051;	30-015-00966;	P-26-18S-27E
•	Artesia Metex Unit No. 052;	30-015-00960;	M-25-18S-27E
•	Artesia Metex Unit No. 054;	30-015-00956;	O-25-18S-27E
•	Artesia Metex Unit No. 056;	30-015-00987;	A-35-18S-27E
• ,	Artesia Metex Unit No. 058;	30-015-00991;	C-36-18S-27E
			the state of the s

- 3. Pursuant to NMSA 1978, Section 70-2-14, Operator has posted a fifty thousand dollars (\$50,000.00) blanket bond through U.S. Specialty Insurance Company, in Houston, Texas, to secure Operator's obligation to plug and abandon the subject wells in compliance with rules of the Oil Conservation Division ("OCD").
- 4 Of the subject wells, Operator has also posted individual bonds through U.S. Specialty Insurance Company on the:

•	Artesia Metex Unit No. 005;	30-015-00945;	L-24-18S-27E
. •	Artesia Metex Unit No. 008;	30-015-00944;	I-24-18S-28E
•	Artesia Metex Unit No. 012;	30-015-01964;	K-19-18S-28E
•	Artesia Metex Unit No. 013;	30-015-01951;	J-19-18S-28E
•	Artesia Metex Unit No. 014;	30-015-01947;	J-19-18S-28E
•	Artesia Metex Unit No. 022;	30-015-01965;	N-19-18S-28E
•	Artesia Metex Unit No. 023;	30-015-01941;	N-19-18S-28E
•	Artesia Metex Unit No. 024;	30-015-01949;	O-19-18S-28É
• .	Artesia Metex Unit No. 026;	30-015-00962;	A-26-18S-27E
•	Artesia Metex Unit No. 027;	30-015-00951;	D-25-18S-27E
•	Artesia Metex Unit No. 035;	30-015-00963;	H-26-18S-27E
•	Artesia Metex Unit No. 036;	30-015-00952;	E-25-18S-27E
•	Artesia Metex Unit No. 042;	30-015-02138;	F-30-18S-28E
•	Artesia Metex Unit No. 051;	30-015-00966;	P-26-18S-27E
	· ·	and the second s	

5. OCD Rule 19.15.4.201 NMAC requires the operator of a well which has been continuously inactive for a period of one year and 90 days to plug and abandon the well or place the well on OCD-approved temporary abandonment status.

The subject wells have had no reported production or injection for a continuous period exceeding one year plus 90 days, and are neither plugged and abandoned in accord with OCD Rule 19.15.4.202 NMAC nor on approved temporary abandonment status in accord with OCD Rule 19.15.4.203 NMAC.

7. NMSA 1978, Section 70-2-12(B) (18) and NMSA 1978, Section 70-2-38 authorizes the Division to plug and abandon wells, and restore and remediate the location of abandoned wells.

8. Division rule 19.15.3.101(H) NMAC authorizes the Director to order the operator to plug and abandon any well not in compliance with 19.15.4.201 NMAC and restore and remediate the location by a date certain, and to direct the Division to forfeit the financial assurance upon failure or refusal of the operator, surety or other responsible party to properly plug and abandon the well and restore and remediate the location.

WHEREFORE, the Enforcement and Compliance Manager of the Division hereby applies to the Director to enter an Order:

- A. Finding Operator in violation of OCD Rule 19.15.4.201;
- B. Requiring Operator to bring its inactive wells to compliance with OCD Rule 19.15.4.201 by a date certain;
- C. Ordering Operator to plug and abandon the wells if Operator fails to bring its inactive wells into compliance by a date certain;

- Authorizing OCD to forfeit the applicable financial assurance and plug and D. abandon the wells in the event of Operator's non-compliance with the Order:
- For such other and further relief as the Director deems just and proper under Ε. the circumstances.

RESPECTFULLY SUBMITTED,

This Fourth day of January 2008 by

Sonny Swazo

Assistant General Counsel

Energy, Minerals and Natural Resources Department of the State of

New Mexico

1220.S. St. Francis Drive

Santa Fe, NM 87505

(505) 476-3463

Fax (505) 476-3462

Email: sonny.swazo@state.nm.us

. Attorney for the New Mexico Oil Conservation Division

Case No. 14018 Application of the New Mexico Oil Conservation Division for a Compliance Order against ERS Resources; LLC. The Applicant seeks an Order finding that Operator is in violation of 19.15.4.201 NMAC as to thirty-two wells, requiring Operator to bring the wells to compliance with 19.15.4.201 NMAC by a date certain, and authorizing the Division to forfeit the financial assurance and plug the wells in the event of Operator's non-compliance with the Order. The affected wells are:

		· ·	
•	Artesia Metex Unit No. 005;	30-015-00945; L-24	I-18S-27E
•	Artesia Metex Unit No. 006;	30-015-00941; K-24	4-18S-27E
•	Artesia Metex Unit No. 008;	30-015-00944; I-24-	-18S-28E
•	Artesia Metex Unit No. 011;	30-015-01940; 3-19	-18S-28E
•	Artesia Metex Unit No. 012;	30-015-01964; K-19	9-18S-28E
•	Artesia Metex Unit No. 013;	30-015-01951; J-19	-18S-28E
•	Artesia Metex Unit No. 014;	30-015-01947; J-19	-18S-28E
, •	Artesia Metex Unit No. 016;	30-015-00942; M-2	4-18S-27E
•	Artesia Metex Unit No. 020;	30-015-01196; P-24	-18S-27E
•	Artesia Metex Unit No. 021;	30-015-01942; 4-19	-18S-28E
۰	Artesia Metex Unit No. 022;	30-015-01965; N-19	9-18S-28E
	Artesia Metex Unit No. 023;	30-015-01941; N-19	9-18S-28E
•	Artesia Metex Unit No. 024;	30-015-01949; O-19)-18S-28E
0	Artesia Metex Unit No. 026;	30-015-00962; A-20	5-18S-27E
•	. Artesia Metex Unit No. 027;	30-015-00951; D-25	5-18S-27E
•	Artesia Metex Unit No. 029;	30-015-01194; B-25	5-18S-27E
•	Artesia Metex Unit No. 031;	30-015-02139; 1-30	-18S-28E
•	Artesia Metex Unit No. 032;	30-015-02140; C-30)-18S-28E
•	Artesia Metex Unit No. 035;	30-015-00963; H-20	5-18S-27E
•	Artesia Metex Unit No. 036;	30-015-00952; E-25	5-18S-27E
•	Artesia Metex Unit No. 039;	30-015-00948; G-25	5-18S-27E
•	Artesia Metex Unit No. 040;	30-015-00954; H-25	5-18S-27E
9	Artesia Metex Unit No. 041;	30-015-02136; 2-30	-18S-28E
•	Artesia Metex Unit No. 042;	30-015-02138; F-30	-18S-28E
•	Artesia Metex Unit No. 044;	30-015-01190; I-26	-18S-27E
•	Artesia Metex Unit No. 045;	30-015-00959; L-25	5-18S-27E
•	Artesia Metex Unit No. 049;	30-015-02141; K-30)-18S-28E
•	Artesia Metex Unit No. 051;	30-015-00966; P-26	5-18S-27E
•	Artesia Metex Unit No. 052;	30-015-00960; M-2	5-18S-27Ë
•	Artesia Metex Unit No. 054;	30-015-00956; O-25	5-18S-27E
•	Artesia Metex Unit No. 056;	30-015-00987; A-35	5-18S-27E
•	Artesia Metex Unit No. 058;	30-015-00991; C-30	5-18S-27E
		*	

The Artesia Metex Unit No. 027, Artesia Metex Unit No. 036, and Artesia Metex Unit No. 058, are located approximately 8 miles southeast of Artesia, in Eddy County, New Mexico.

The Artesia Metex Unit No. 005 and Artesia Metex Unit No. 006 are located approximately 9 miles southeast of Artesia, in Eddy County, New Mexico.

The Artesia Metex Unit No. 016. Artesia Metex Unit No. 026, Artesia Metex Unit No. 029, Artesia Metex Unit No. 035. Artesia Metex Unit No. 045, Artesia Metex Unit No. 052, and Artesia Metex Unit No. 056, are located approximately 10 miles southeast of Artesia, in Eddy County, New Mexico.

The Artesia Metex Unit No. 040 is located approximately 11 miles southeast of Artesia, in Eddy County, New Mexico.

The Artesia Metex Unit No. 020, Artesia Metex Unit No. 032, Artesia Metex Unit No. 039, Artesia Metex Unit No. 042, Artesia Metex Unit No. 044, Artesia Metex Unit No. 051, and Artesia Metex Unit No. 054, are located approximately 12 miles southeast of Artesia, in Eddy County, New Mexico.

The Artesia Metex Unit No. 011, Artesia Metex Unit No. 012, Artesia Metex Unit No. 013, Artesia Metex Unit No. 014, Artesia Metex Unit No. 021, Artesia Metex Unit No. 031, and Artesia Metex Unit No. 041, are located approximately 13 miles southeast of Artesia, in Eddy County, New Mexico.

The Artesia Metex Unit No. 022, Artesia Metex Unit No. 023, and Artesia Metex Unit No. 049, are located approximately 14 miles southeast of Artesia, in Eddy County, New Mexico.

The Artesia Metex Unit No. 008 and Artesia Metex Unit No. 024 are located approximately 16 miles southeast of Artesia, in Eddy County, New Mexico.

19.15.14.1211 PLEADINGS, COPIES, PRE-HEARING STATEMENTS, EXHIBITS AND MOTIONS FOR CONTINUANCE:

Pleadings. Applicants shall file two sets of pleadings and correspondence in cases pending before a division examiner with the division clerk and six sets of pleadings and correspondence in cases pending before the commission with the commission clerk. For cases pending before the commission, the commission clerk shall disseminate copies of pleadings and correspondence to the commission members. The party filing the pleading or correspondence shall at the same time serve a copy of the pleading or correspondence upon each party who has entered an appearance in the case on or prior to the business day immediately preceding the date when the party files the pleading or correspondence with the division or the commission clerk, as applicable. Parties shall accomplish service by hand delivery or transmission by facsimile or electronic mail to any party who has entered an appearance or, if the party is represented, the party's attorney of record. Service upon a party who has not filed a pleading containing a facsimile number or e-mail address may be made by ordinary first class mail. Parties shall be deemed to have made an appearance when they have either sent a letter regarding the case to the division or commission clerk or made an in person appearance at any hearing before the commission or before a division examiner. A written appearance, however, shall not be complete until the appearing party has provided notice to other parties of record. Any initial pleading or written entry of appearance a party other than the applicant files shall include the party's address or the address of the party's attorney and an e-mail and facsimile number if available.

B. Pre-hearing statements.

- (1) Any party to an adjudicatory proceeding who intends to present evidence at the hearing shall file a pre-hearing statement, and serve copies on other parties or, for parties that are represented, their attorneys in the manner Subsection A of 19.15.14.1211 NMAC provides, at least four business days in advance of a scheduled hearing before the division or the commission, but in no event later than 5:00 pm mountain time, on the Thursday preceding the scheduled hearing date. The statement shall include:
 - a) the names of the party and the party's attorney;
 - (b) a concise statement of the case;
- (c) the names of witnesses the party will call to testify at the hearing, and in the case of expert witnesses, their fields of expertise;
 - (d) the approximate time the party will need to present its case; and
 - (e) identification of any procedural matters that are to be resolved prior to the hearing.
- (2) Any party other than the applicant shall include in its pre-hearing statement a statement of the extent to which the party supports or opposes the issuance of the order the applicant seeks and the reasons for such support or opposition. In cases to be heard by the commission, each party shall include copies of all exhibits that it proposes to offer in evidence at the hearing with the pre-hearing statement. The commission may exclude witnesses the party did not identify in the pre-hearing statement, or exhibits the party did not file and serve with the pre-hearing statement, unless the party offers such evidence solely for rebuttal or makes a satisfactory showing of good cause for failure to disclose the witness or exhibit.
- (3) A pre-hearing statement filed by a corporation or other entity not represented by an attorney shall identify the person who will conduct the party's presentation at the hearing and include a sworn and notarized statement attesting that the corporation's or entity's governing body or chief executive officer authorizes the person to present the corporation or entity in the matter.
- (4) For cases pending before the commission, the commission clerk shall disseminate copies of pre-hearing statements and exhibits to the commission members.
- C. Motions for continuance. Parties shall file and serve motions for continuance no later than 48 hours prior to time the hearing is set to begin, unless the reasons for requesting a continuance arise after the deadline, in which case the party shall file the motion as expeditiously as possible after becoming aware of the need for a continuance.

[19.15.14.1211 NMAC - Rp. 19.15.14.1208 NMAC, 09/30/05]

19.15.14.1212 CONDUCT OF ADJUDICATORY HEARINGS:

- A. Testimony. Hearings before the commission or a division examiner shall be conducted without rigid formality. The division or commission shall take or have someone take a transcript of testimony and preserve the transcript as a part of the division's permanent records. Any person testifying shall do so under oath. The division examiner or commission shall designate whether or not an interested party's un-sworn comments and observations are relevant and, if relevant, include the comments and observations in the record.
- B. Pre-filed testimony. The division director may order the parties to file prepared written testimony in advance of the hearing for cases pending before the commission. The witness shall be present at the hearing and shall adopt, under oath, the prepared written testimony, subject to cross-examination and motions to strike unless the witness' presence at hearing is waived upon notice to other parties and without their objection. The parties shall number pages of the prepared written testimony, which shall contain line numbers on the left-hand side.
- Appearances pro se or through an attorney. Parties may appear and participate in hearings either pro se (on their own behalf) or through an attorney. Corporations, partnerships, governmental entities, political subdivisions, unincorporated associations and other collective entities may appear only through an attorney or through a duly authorized officer or member. Participation in adjudicatory hearings shall be limited to parties, as defined in 19.15.14.1208 NMAC, except that a representative of a federal, state or tribal governmental agency or political subdivision may make a statement on the agency's or political subdivision's behalf. The commission or division examiner shall have the discretion to allow any other person present at the hearing to make a relevant statement, but not to present evidence or cross-examine witnesses. Any person making a statement at an adjudicatory hearing shall be subject to cross-examination by the parties or their attorneys.

 [19.15.14.1212 NMAC Rp, 19.15.14.1210 NMAC, 09/30/05]

NOTICE OF HEARING

STATE OF NEW MEXICO ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT OIL CONSERVATION DIVISION SANTA FE, NEW MEXICO

The State of New Mexico through its Oil Conservation Division hereby gives notice pursuant to law and the Rules and Regulations of the Division of the following public hearing to be held at 8:15 A.M. on February 7, 2008, in the Oil Conservation Division Hearing Room at 1220 South St. Francis Drive, Santa Fe, New Mexico, before an examiner duly appointed for the hearing. If you are an individual with a disability who is in need of a reader, amplifier, qualified sign language interpreter, or any other form of auxiliary aid or service to attend or participate in the hearing, please contact Florene Davidson at 505-476-3458 or through the New Mexico Relay Network, 1-800-659-1779 by January 28, 2008. Public documents, including the agenda and minutes, can be provided in various accessible forms. Please contact Florene Davidson if a summary or other type of accessible form is needed.

STATE OF NEW MEXICO TO:

All named parties and persons having any right, title, interest or claim in the following cases and notice to the public.

(NOTE: All land descriptions herein refer to the New Mexico Principal Meridian whether or not so stated.)

CASE 14074: Application of the New Mexico Oil Conservation Division for a Compliance Order against Jackie Brewer d/b/a Sandlott Energy. Applicant seeks an order finding operator in violation of 19.15.3.116 NMAC; requiring operator to bring the wells into compliance with 19.15.3.116 by a date certain; ordering operator to plug the wells and authorizing the division to plug the wells and forfeit the applicable financial assurance in event of non-compliance with order; and assessing penalties. The affected wells are:

		· · · · · · · · · · · · · · · · · · ·	and the second second
•	Daugherty State No. 001;	API No. 30-015-02589;	4-4-18S-28E
0	Levers A State No. 002;	API No. 30-015-26895;	B-8-18S-28E
•	Levers State 7;	API No. 30-015-02575;	N-4-18S-28E
•	Resler Yates State No. 317;	API No. 30-015-10254;	F-21-18S-28E
•	Resler Yates State No. 322;	API No. 30-015-10285;	I-20-18S-28E
•	Resler Yates State No. 367;	API No. 30-015-20088;	F-32-18S-28E
•	Resler Yates State No. 370;	API No. 30-015-20094;	Ĥ-32-18S-28E
•	Resler Yates State No. 381;	API No. 30-015-26134;	G-32-18S-28E
•	Thomas State No. 001;	API No. 30-015-02672;	A-9-18S-28E
•	Welch Duke State No. 018;	API No. 30-015-06125;	C-28-18S-28E

The wells are located approximately 8 miles southwest of Loco Hills, in Eddy County, New Mexico.

C-ISE 14075: Application of the New Mexico Oil Conservation Division for a Compliance Order against Buddy Delong d/b/a Ready Oil and Gas. The Applicant seeks an Order finding that Operator is in violation of 19:15.4.201 NMAC as to two wells, requiring Operator to bring the two wells into compliance with 19.15.4.201 NMAC by a date certain, and authorizing the

Division to plug said wells in the event of Operator's non-compliance with the Order. The affected wells are:

•	Keohane B Federal No. 002;	C-28-18S-31E;	30-015-05624
•	Keohane B Federal No. 003;	F-28-18S-31E;	30-015-05625

The wells are located approximately 7 miles southeast of Loco Hills, in Eddy County, New Mexico.

CASE 14076: Application of the New Mexico Oil Conservation Division for a Compliance Order against Tom R. Cone. Applicant seeks an Order finding that Operator is in violation of 19.15.4.201 NMAC as to four wells, requiring Operator to bring the four wells into compliance with 19.15.4.201 NMAC by a date certain, and authorizing the Division to plug said wells in the event of Operator's non-compliance with the Order. The affected wells are:

- Donnelly Pan American No. 001Y; 30-015-05739; G-5-19S-31E
- Federal 18 No. 002; 30-015-10228; K-18-19S-31E
- Federal 18 No. 004; 30-015-20226; G-18-19S-31E
- North Shugart Queen Unit No. 011; 30-015-05600; N-21-18S-31E

The Donnelly Pan American No. 001Y, the Federal 18 No. 002, and the Federal 18 No. 004, are located approximately 13 miles southeast of Loco Hills, in Eddy County, New Mexico.

The North Shugart Queen Unit No. 011 is located approximately 9 miles southeast of Loco Hills, in Eddy County. New Mexico.

<u>CASE 14077</u>: Application of the New Mexico Oil Conservation Division for a Compliance Order against Southwest Royalties, Inc. Applicant seeks an Order finding that operator is in violation of 19.15.4.201 NMAC as to eleven wells, requiring operator to bring the wells into compliance by a date certain, and authorizing the Division to forfeit the applicable financial assurance and plug the wells in the event of operator's non-compliance. The affected wells are:

•	Barr H State No. 001;	30-025-29825;	I-7-16S-33E
•	Bell Ramsay NCT D No. 001;	30-025-06214;	G-35-20S-37E
•	Eagle No. 001;	30-025-27568;	J-36-25S-36E
•	Humphreys No. 001;	30-025-09815;	N-25-25S-36E
•	Maralo Sholes B No. 002;	30-025-09806;	P-25-25S-36E
•	Memillan No. 001;	30-025-05511;	N-29-18S-37E
•	Parke Federal No. 001;	30-015-20597;	O-10-17S-30E
•	Parke Federal No. 003;	30-015-20612;	I-10-17S-30E
•	Sholes A No. 003;	30-025-09796;	I-24-25S-36E
•	Sholes B 25 No. 002;	30-025-09808;	B-25-25S-36E
•	Wright Federal Com No. 001;	30-015-21878;	N-29-18S-29E

The Barr H State No. 001 is located approximately 8 miles northeast of Maljamar, in Lea County, New Mexico.

The Bell Ramsay NCT D No. 001 is located approximately 9 miles southwest of Hobbs, in Lea County, New Mexico.

The Eagle No. 001 is located approximately 3 miles west of Jal, in Lea County, New Mexico.

Fig. The Humphreys No. 001 is located approximately 4 miles southwest of Jal. in Lea County, New Mexico.

The Maralo Sholes B No. 002 is located approximately 2 miles southwest of Jal, in Lea County, New Mexico.

The Memillan No. 001 is located approximately 8 miles west of Hobbs, in Lea County, New Mexico.

The Parke Federal No. 001 and Parke Federal No. 003 are located approximately 4 miles southeast of Loco Hills, in Eddy County, New Mexico.

The Sholes A No. 003 is located approximately 1 mile west of Jal, in Lea County, New Mexico.

The Sholes B 25-No. 002 is located approximately 3 miles Northwest of Jal, in Lea County, New Mexico.

The Wright Federal Com No. 001 is located approximately 8 miles southwest of Loco Hills, in Eddy County. New Mexico.

<u>CASE 14078</u>: Application of the New Mexico Oil Conservation Division for a Compliance Order against ERS Resources, LLC. Applicant seeks an Order finding that Operator is in violation of 19.15.4.201 NMAC as to thirty-two wells, requiring Operator to bring the wells to compliance with 19.15.4.201 NMAC by a date certain, and authorizing the Division to forfeit the financial assurance and plug the wells in the event of Operator's non-compliance with the Order. The affected wells are:

•	Artesia Metex Unit No. 005;	30-015-00945;		L-24-18S-27E
•	Artesia Metex Unit No. 006;	30-015-00941;	·	K-24-18S-27E
0	Artesia Metex Unit No. 008;	30-015-00944;		I-24-18S-28E
•	Artesia Metex Unit No. 011;	30-015-01940;		3-19-18S-28É
۰	Artesia Metex Unit No. 012;	30-015-01964;		K-19-18S-28E
•	Artesia Metex Unit No. 013;	30-015-01951;		J-19-18S-28E
۰	Artesia Metex Unit No. 014;	30-015-01947;		J-19-18S-28E
•	Artesia Metex Unit No. 016;	30-015-00942;	, ,	M-24-18S-27E
•	Artesia Metex Unit No. 020;	30-015-01196;		P-24-18S-27E
٥	`Artesia Metex Unit No. 021,	30-015-01942;		4-19-18S-28E
•	Artesia Metex Unit No. 022;	30-015-01965;		N-19-18S-28E
P	Artesia Metex Unit No. 023;	30-015-01941;.		N-19-18S-28E
•	Artesia Metex Unit No. 024;	30-015-01949;		O-19-18S-28E
•	Artesia Metex Unit No. 026;	30-015-00962;		A-26-18S-27E
•	Artesia Metex Unit No. 027;	30-015-00951;		D-25-18S-27E
•	Artesia Metex Unit No. 029;	30-015-01194;		B-25-18S-27E
٠	Artesia Metex Unit No. 031;	30-015-02139;		1-30-18S-28E
•	Artesia Metex Unit No. 032;	-30-015-02140;		C-30-18S-28E
•	Artesia Metex Unit No.:035;	30-015-00963;	•	H-26-18S-27E
	Artesia Metex Unit No. 036:	30-015-00952;	•	E-25-18S-27E
•	Artesia Metex Unit No. 039;	30-015-00948;		G-25-18S-27E
•	Artesia Metex Unit No. 040;	30-015-00954;	•	H-25-18S-27E
•	Artesia Metex Unit No. 041;	30-015-02136:		2-30-18S-28E
•	Artesia Metex, Unit No. 042;	-30-015-02138;		F-30-18S-28E

Artesia M	etex Unit No. 044;	30-015-01190;	I-26-18S-27E
• Artesia M	etex Unit No. 045;	30-015-00959;	L-25-18S-27E
• Artesia M	etex Unit No. 049;	30-015-02141;	K-30-18S-28E
Artesia M	etex Unit No. 051;	30-015-00966	P-26-18S-27E
• Artesia M	etex Unit No. 052;	30-015-00960;	M-25-18S-27E
Artesia M	etex Unit No. 054;	30-015-00956;	O-25-18S-27E
Arteşia M	etex Unit No. 056;	30-015-00987;	A-35-18S-27E
Artesia M	etex Unit No. 058;	30-015-00991;	C-36-18S-27E

The Artesia Metex Unit No. 027, Artesia Metex Unit No. 036, and Artesia Metex Unit No. 058, are located approximately 8 miles southeast of Artesia, in Eddy County, New Mexico.

The Artesia Metex Unit No. 005 and Artesia Metex Unit No. 006 are located approximately 9 miles southeast of Artesia, in Eddy County, New Mexico.

The Ariesia Metex Unit No. 016, Artesia Metex Unit No. 026, Artesia Metex Unit No. 029, Artesia Metex Unit No. 035, Artesia Metex Unit No. 045, Artesia Metex Unit No. 052, and Artesia Metex Unit No. 056, are located approximately 10 miles southeast of Artesia, in Eddy County, New Mexico.

The Artesia Metex Unit No. 040 is located approximately 11 miles southeast of Artesia, in Eddy County, New Mexico.

The Artesia Metex Unit No. 020, Artesia Metex Unit No. 032, Artesia Metex Unit No. 039, Artesia Metex Unit No. 042, Artesia Metex Unit No. 044, Artesia Metex Unit No. 051, and Artesia Metex Unit No. 054, are located approximately 12 miles southeast of Artesia, in Eddy County, New Mexico.

The Artesia Metex Unit No. 011, Artesia Metex Unit No. 012, Artesia Metex Unit No. 013, Artesia Metex Unit No. 014, Artesia Metex Unit No. 021, Artesia Metex Unit No. 031, and Artesia Metex Unit No. 041, are located approximately 13 miles southeast of Artesia, in Eddy County, New Mexico.

The Artesia Metex Unit No. 022, Artesia Metex Unit No. 023, and Artesia Metex Unit No. 049, are located approximately 14 miles southeast of Artesia, in Eddy County, New Mexico.

The Artesia Metex Unit No. 008 and Artesia Metex Unit No. 024 are located approximately 16 miles southeast of Artesia, in Eddy County, New Mexico.

<u>CASE 14079</u>: Application of the New Mexico Oil Conservation Division for a Compliance Order against Americo Energy Resources, LLC. Applicant seeks an order finding operator in violation of 19.15.3.116 NMAC as to two wells; requiring operator to bring the wells into compliance with 19.15.3.116 by a date certain; and assessing penalties: The affected wells are:

East Shugart Unit No. 015; API No. 30-015-05687; F-34-18S-31E
 East Shugart Unit No. 042; API No. 30-015-27670; A-34-18S-31E

The Hast Shugart Unit No. 015 well is located approximately 9 miles southwest of Maljamar, in Hiddy County, New Mexico.

	■ Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.	A. Received by (Please Print Clearly) B. Date of Delivery 1-22-08
	 Print your name and address on the reverse so that we can return the card to you. Attach this card to the back of the mailpiece, 	C. Signature
_	or on the front if space permits.	D. Is delivery addressed ifferent from item 1? Yes
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•	ERS Resources, LLC 1001 FM 1929	
	Voss, TX 76888	
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·* ;		Certified Mail
		4. Restricted Delivery? (Extra Fee) ☐ Yes
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<i>2</i>	Attach this card to the back of the mailpiece, or on the front if space permits.	Addressee
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SANTA FE, NEW MEXICO 87505

NATURAL RESOURCES DEPARTMENT 1220 SOUTH SAINT FRANCIS DRIVE STATE OF NEW MEXICO ENERGY MINERALS AND



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Affidavit of Publication

	NO.	20027	
STATE OF NEW MEXIC	00		
County of Eddy:			
GARY D. SCOTT	· .		being duly
sworn,says: That he is t	he <u>ı</u>	PUBLISHER	of The
Artesia Daily Press, a da	aily newspaper of gene	ral,	
circulation, published in	English at Artesia, said	county .	
and county and state, ar	nd that the here to attac	ched	
	Legal Notice		
was published in a regul	ar and entire issue of t	he said	
Artesia Daily Press,a da	ily newspaper duly qua	lified	
for that purpose within th	ne meaning of Chapter	167 of	
the 1937 Session Laws	of the state of New Me	xico for	
1 Consecutive	week/days on the sar	ne	
day as follows:	·		
First Publication	January 15, 2008		V. W
Second Publication	·		•
Third Publication			
Fourth Publication	2/1		
Fifth Publication	Siett		
Subscribed and sworn to	before me this		·
30th Day	January		2008
Umanda	K Samb		
Notary Public My Commission expires	, Eddy County, New M	exico April 5, 2011	

Copy of Publication:

ERS Resources, LLC Case 14078 OCD Exhibit No. 1-B

NOTICE OF HEARING STATE OF NEW MEXICO ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION SANTA FE, NEW MEXICO

The State of New Mexico through its Oil Conservation Division hereby gives notice pursuant to law and the Rules and Regulations of the Division of the following public hearing to be held at 8:15 A.M. on February 7, 2008. in the Oil Conservation Division Hearing Room at 1220 South St. Francis Drive, Santa Fe, New Mexico, before an examiner duly appointed for the hearing. If you are an individual with a disability who is in need of a reader, amplifier, qualified sign language interpreter, or any other form of auxiliary aid or service to attend or participate in the hearing, please contact Florene Davidson at 505-476-3458 or through the New Mexico Relay Network, 1-800-659-1779 by January 28, 2008. Public documents, including the agenda and minutes, can be provided in various accessible forms. Please contact Florene Davidson if a summary or other type of accessible form is need-

STATE OF NEW MEXICO TO: All named parties and persons having any right, title, interest or claim in the following cases and notice to the public.

(NOTE: All land descriptions herein refer to the New Mexico Principal Meridian whether or not

so stated.) CASE 14074: Application of the New Mexico Oil Conservation Division for a Compliance Order against Jackie Brewer d/b/a Sandlott Energy. Applicant seeks an order finding operator in violation of 19.15.3.116 NMAC; requiring operator to bring the wells into compliance with 19,15.3,116 by a date certain; ordering operator to plug the wells and authorizing the division to plug the wells and forfeit the applicable financial assurance in event of non-compliance with order; and assessing penalties. The affected wells are: •Daugherty State No. 001; API No. 30-015-02589; 4-4-18S-28E

Levers A State No. 002; API No. 30-015-26895; B-8-18S-28E ·Levers State 7: API No. 30-015-02575; N-4-18S-28E

•Resler Yates State No. 317; API No. 30-015-10254; F-21-18S-

•Resier Yates State No. 322; API No. 30-015-10285; I-20-18S-

•Resier Yates State No. 367; API No. 30-015-20088; F-32-18S

•Resier Yates State No. 370; API No. 30-015-20094; H-32-18S-

•Resier Yates State No. 381; API No. 30-015-26134; G-32-18S-28E Thomas State No. 001; API No.

30-015-02672; A-9-18S-28E •Welch Duke State No. 018; API No.30-015-06125; C-28-18S-28E The wells are located approximately 8 miles southwest of Loco Hills, in Eddy County, New

CASE 14075: Application of the New Mexico Oil Conservation Division for a Compliance Order against Buddy Delong d/b/a Ready Oil and Gas. The Applicant seeks an Order finding that Operator is in violation of 19.15.4.201 NMAC as to two wells, requiring Operator to bring the two wells into compliance with 19.15.4.201 NMAC by a date certain, and authorizing the Division to plug said wells in the event of Operator's non-compliance with the Order. The affected wells are: ?Keohane B Federal No. 002; C-28-18S-31E; 30-015-05624

?Keohane B Federal No. 003; F-28-18S-31E; 30-015-05625 The wells are located approximately 7 miles southeast of Loco in Eddy County, New Mexico. CASE 14076: Application of the

New Mexico Oil Conservation Division for a Compliance Order against Tom R. Cone. Applicant seeks an Order finding that Operator is in violation of 19.15.4.201 NMAC as to four wells, requiring Operator to bring the four wells into compliance with 19.15.4.201 NMAC by a date certain, and authorizing the Division to plug said wells in the event of Operator's non-compliance with the Order. The affected wells are:

2Donnelly Pan American No. 001Y; 30-015-05739; G-5-19S-31E

?Federal 18 No. 002; 30-015-10228; K-18-19S-31E ?Federal 18 No. 004; 30-015-20226; G-18-19S-31E

?North Shugart Queen Unit No. 011; 30-015-05600; N-21-18S-

The Donnelly Pan American No. 001Y, the Federal 18 No. 002, and the Federal 18 No. 004, are located approximately 13 miles southeast of Loco Hills, in Eddy County, New Mexico.

The North Shugart Queen Unit No. 011 is located approximately 9 miles southeast of Loco Hills, in

Eddy County, New Mexico.
CASE 14077: Application of the
New Mexico Oil Conservation Division for a Compliance Order against Southwest Royalties, Inc. Applicant seeks an Order finding that operator is in violation of 19.15.4.201 NMAC as to eleven wells, requiring operator to bring the wells into compliance by a date certain, and authorizing the Division to forfeit the applicable financial assurance and plug the wells in the event of operator's non-compliance. The affected wells are:

•Barr H State No. 001; 30-025-29825; I-7-16S-33E •Bell Ramsay NCT D No. 001; 30-025-06214; G-35-20S-3

G-35-20S-37E •Eagle No. 001; 30-025-27568; J-36-25S-36E

•Humphreys No. 001;30-025-09815; N-25-25S-36E •Maralo Sholes B No. 002;30-025-09806; P-25-25S-36E •Mcmillan No. 001;30-025-05511:N-29-18S-37E

Parke Federal No. 001; 30-015 20597, O-10-17S-30E •Parke Federal No. 003;30-015-20612: I-10-17S-30E

·Sholes A No. 003; 30-025-09796: 1-24-25S-36E •Sholes B 25 No. 002 B-25-25S-36E 025-09808: •Wright Federal Com No. 001; 30 015-21878 N-29-18S-29E The Barr H State No. 001 is located approximately 8 miles north-

east of Maljamar, in Lea County, New Mexico. The Bell Ramsay NCT D No. 001 is located approximately 9 miles

The Eagle No. 001 is located approximately 3 miles west of Jal, in Lea County, New Mexico. The Humphreys No. 001 is locat-

ed approximately 4 miles southwest of Jat, in Lea County, New Mexico.

The Maralo Sholes B No. 002 is located approximately 2 miles southwest of Jal, in Lea County, New Mexico.

The Mcmillan No. 001 is located approximately 8 miles west of Hobbs, in Lea County, New Mexico.

The Parke Federal No. 001 and Parke Federal No. 003 are located approximately 4 miles southeast of Loco Hills, in Eddy County, New Mexico.

The Sholes A No. 003 is located approximately 1 mile west of Jal, in Lea County, New Mexico.
The Sholes B 25 No. 002 is locat-

approximately 3 Northwest of Jal, in Lea County, New Mexico.

The Wright Federal Com No. 001 is located approximately 8 miles southwest of Loco Hills, in Eddy

County, New Mexico.

CASE 14078: Application of the New Mexico Oil Conservation Division for a Compliance Order against ERS Resources, LLC. Applicant seeks an Order finding that Operator is in violation of 19.15,4.201 NMAC as to thirtytwo wells, requiring Operator to bring the wells to compliance with 19.15.4.201 NMAC by a date certain, and authorizing the Division to forfeit the financial assurance and plug the wells in the event of Operator's non-compliance with the Order. The affected wells are:
•Artesia Metex Unit No. 005; 30-015-00945; L-24-18S-27E Artesia Metex Unit No. 006; 30-015-00941: K-24-18S-27E Artesia Metex Unit No. 008; 30-015-00944; 1-24-18S-28E

 Artesia Metex Unit No. 011: 30-015-01940; 3-19-18S-28E Artesia Metex Unit No. 012; 30-015-01964; K-19-18S-28E Artesia Metex Unit No. 013: 30-015-01951, J-19-18S-28E Artesia Metex Unit No. 014; 30-015-01947; J-19-18S-2 •Artesia Metex Unit No. 016; J-19-18S-28F 30-015-00942; M-24-18S-27E Artesia Metex Unit No. 020;

30-015-01196; P-24-18S-27E Artesia Metex Unit No. 021; 30-015-01942 4-19-18S-28F Artesia Metex Unit No. 022: 30-015-01965; N-19-18S-28E Artesia Metex Unit No. 023; 30-015-01941: N-19-18S-28E Artesia Metex Unit No. 024; 30-015-01949: O-19-18S-28E

 Artesia Metex Unit No. 026: 30-015-00962: A-26-18S-27E Artesia Metex Unit No. 027; D-25-18S-27F 30-015-00951: Artesia Metex Unit No. 029; 30-015-01194: B-25-18S-27E

 Artesia Metex Unit No. 031: 30-015-02139: 1-30-18S-28E Artesia Metex Unit No. 032: C-30-18S-28F 30-015-02140: Artesia Metex Unit No. 035; 30-015-00963: H-26-18S-27E

Artesia Metex Unit No. 036: 30-015-00952; E-25-18S-27E Artesia Metex Unit No. 039; 30-015-00948 G-25-18S-27F Artesia Metex Unit No. 040:

30-015-00954: H-25-18S-27F •Artesia Metex Unit No. 041; 30-015-02136: 2-30-18S-28F Artesia Metex Unit No. 042:

30-015-02138; F-30-18S-28F •Artesia Metex Unit No. 044; 30-015-01190; 1-26-18S-27E Artesia Metex Unit No. 045: 30-015-00959; L-25-18S-27E

 Artesia Metex Unit No. 049: 30-015-02141: K-30-18S-28E Artesia Metex Unit No. 051;

•Artesia Metex Unit No. 054: 30-015-00956; O-25-18S-27E Artesia Metex Unit No. 056; A-35-18S-27E 30-015-00987: Artesia Metex Unit No. 058;

30-015-00991; C-36-18S-27E The Artesia Metex Unit No. 027 Artesia Metex Unit No. 036, and Artesia Metex Unit No. 058, are located approximately 8 miles southeast of Artesia, in Eddy County, New Mexico. The Artesia Metex Unit No. 005

and Artesia Metex Unit No. 006 are located approximately 9 miles southeast of Artesia, in Eddy County, New Mexico.

The Artesia Metex Unit No. 016, Artesia Metex Unit No. 026, Artesia Metex Unit No. 029, Artesia Metex Unit No. 035 Artesia Metex Unit No. 045 Artesia Metex Unit No. 052, and Artesia Metex Unit No. 056, are located approximately 10 miles southeast of Artesia, in Eddy County, New Mexico. The Artesia Metex Unit No. 040 is

located approximately 11 miles southeast of Artesia, in Eddy County, New Mexico.

The Artesia Metex Unit No. 020, Artesia Metex Unit No. 032 Artesia Metex Unit No. 039 Metex Unit No. 042 Artesia Artesia Metex Unit No. 044 Artesia Metex Unit No. 051, and Artesia Metex Unit No. 054, are located approximately 12 miles southeast of Artesia, in Eddy County, New Mexico.

The Artesia Metex Unit No. 011, Artesia Metex Unit No. 012, Artesia Metex Unit No. 013. Metex Unit No. 014, Artesia Artesia Metex Unit No. 021, Artesia Metex Unit No. 031, and Artesia Metex Unit No. 041, are located approximately 13 miles southeast of Artesia, in Eddy County, New Mexico.

The Artesia Metex Unit No. 022, Artesia Metex Unit No. 023, and Artesia Metex Unit No. 049, are located approximately 14 miles southeast of Artesia, in Eddy County, New Mexico.

The Artesia Metex Unit No. 008 and Artesia Metex Unit No. 024 are located approximately 16 miles southeast of Artesia, in Eddy County, New Mexico.

CASE 14079: Application of the New Mexico Oil Conservation Division for a Compliance Order Americo. Energy against Resources, LLC. Applicant seeks an order finding operator in violation of 19.15.3.116 NMAC as to two wells; requiring operator to bring the wells into compliance with 19.15.3.116 by a date certain; and assessing penalties. The affected wells are:

?East Shugart Unit No. 015; API No. 30-015-05687; F-34-18S-31Ė

?East Shugart Unit No. 042; API No. 30-015-27670; A-34-18S-31E

The East Shugart Unit No. 015 well is located approximately 9 miles southwest of Maljamar, in Eddy County, New Mexico.

The East Shugart Unit No. 042 well is located approximately miles southwest of Maljamar, in Eddy County, New Mexico.

Given under the Seal of the State of New Mexico Oil Conservation Commission at Santa Fe, New Mexico on this 11th day of

January, 2008. STATE OF NEW MEXICO OIL CONSERVATION DIVISION Mark E. Fesmire, P. E. Division Director

SEAL Published in the Artesia Daily Press, Artesia, N.M. January 15, 2008

New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson

Governor

Joanna Prukop Cabinet Secretary Reese Fullerton Deputy Cabinet Secretary Mark Fesmire
Division Director
Oil Conservation Division



May 9, 2008

ERS Resources, LLC Attn: Mike Hughes C/O Orbit Petroleum Inc. 1131 East Britton Rd. Oklahoma City, OK 73131

CERTIFIED MAIL NO.: 7099 3220 0009 7873 0837

ERS Resources, LLC
Attn: Jim Frazier
C/O Orbit Petroleum Inc.
1131 East Britton Rd.
Oklahoma City, OK 73131
Email: jfrazier@orbitpetro.com

CERTIFIED MAIL NO.: 7099 3220 0009 7873 0844

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

CERTIFIED MAIL NO.: 7099 3220 0009 7873 0776

Re: Case No. 14078

Operator: ERS Resources, LLC; OGRID No. 225298

Facilities: Artesia Metex Unit No. 005; 30-015-00945; L-24-18S-27E

Artesia Metex Unit No. 006; 30-015-00941; K-24-18S-27E Artesia Metex Unit No. 008; 30-015-00944; I-24-18S-28E Artesia Metex Unit No. 011; 30-015-01940; 3-19-18S-28E Artesia Metex Unit No. 012; 30-015-01964; K-19-18S-28E Artesia Metex Unit No. 013; 30-015-01951; J-19-18S-28E Artesia Metex Unit No. 014; 30-015-01947; J-19-18S-28E Artesia Metex Unit No. 016; 30-015-00942; M-24-18S-27E

Artesia Metex Unit No. 020; 30-015-01196; P-24-18S-27E

Artesia Metex Unit No. 021; 30-015-01942; 4-19-18S-28E Artesia Metex Unit No. 022; 30-015-01965; N-19-18S-28E

Artesia Metex Unit No. 023; 30-015-01941; N-19-18S-28E

Artesia Metex Unit No. 023; 30-013-01941; N-19-183-28E Artesia Metex Unit No. 024; 30-015-01949; O-19-18S-28E

Artesia Metex Unit No. 026; 30-015-00962; A-26-18S-27E

ERS Resources, LLS
Case 14078

Artesia Metex Unit No. 027; 30-015-00951; D-25-18S-27E Artesia Metex Unit No. 029; 30-015-01194; B-25-18S-27E Artesia Metex Unit No. 031; 30-015-02139; 1-30-18S-28E Artesia Metex Unit No. 032; 30-015-02140; C-30-18S-28E Artesia Metex Unit No. 035; 30-015-00963; H-26-18S-27E Artesia Metex Unit No. 036; 30-015-00952; E-25-18S-27E Artesia Metex Unit No. 039; 30-015-00948; G-25-18S-27E Artesia Metex Unit No. 040; 30-015-00954; H-25-18S-27E Artesia Metex Unit No. 041; 30-015-02136; 2-30-18S-28E Artesia Metex Unit No. 042; 30-015-02138; F-30-18S-28E Artesia Metex Unit No. 044; 30-015-01190; I-26-18S-27E Artesia Metex Unit No. 045; 30-015-00959; L-25-18S-27E Artesia Metex Unit No. 049; 30-015-02141; K-30-18S-28E Artesia Metex Unit No. 051; 30-015-00966; P-26-18S-27E Artesia Metex Unit No. 052; 30-015-00960; M-25-18S-27E Artesia Metex Unit No. 054; 30-015-00956; O-25-18S-27E Artesia Metex Unit No. 056; 30-015-00987; A-35-18S-27E Artesia Metex Unit No. 058; 30-015-00991; C-36-18S-27E

Dear Operator:

A hearing has been scheduled on the above application for <u>Thursday June 26, 2008</u>, at <u>8:15 a.m.</u>, in the <u>Oil Conservation Division Hearing Room (Porter Hall)</u> at <u>1220 South St. Francis Drive</u>, <u>Santa Fe</u>, New Mexico.

In the application OCD is seeking an Order requiring ERS Resources, LLC, to return the above identified wells to compliance with Rule 19.15.4.201 NMAC by a date certain, and in the event of Operator's non-compliance, authorization to plug the wells and forfeit the financial assurance.

At the hearing you will have an opportunity to show cause why an order should not be entered as requested in the application. If you intend to present evidence at the hearing Oil Conservation Division Rule 19.15.14.1211.B NMAC requires you to file a pre-hearing statement at least four business days in advance of the hearing. I have enclosed a copy of OCD Rule 19.15.14.1211 for your convenience. OCD Rule 19.15.14.1211 describes what information is required to be contained in a party's pre-hearing statement. Please consult OCD Rule 19.15.14.1211 as to what information you need to provide in your pre-hearing statement. I have also enclosed a copy of OCD Rule 19.15.14.1212, which addresses representation at administrative hearings before the Oil Conservation Division. Also enclosed is OCD's pre-hearing statement.

If you have questions please contact me at (505) 476-3463 or sonny swazo@state.nm.us.

Sincerely yours,

Sonny Swazó

CC:

Daniel Sanchez, OCD Enforcement and Compliance Manager

Tim Gum, OCD District II Supervisor

Enclosures: Application

OCD Rule 19.15.14.1211 NMAC OCD Rule 19.15.14.1212 NMAC

STATE OF NEW MEXICO CELVED ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT OIL CONSERVATION PROPERTY AND 10 56

APPLICATION OF THE NEW MEXICO OIL CONSERVATION DIVISION, THROUGH THE ENFORCEMENT AND COMPLIANCE MANAGER, FOR A COMPLIANCE ORDER AGAINST ERS RESOURCES, LLC, FINDING OPERATOR IN VIOLATION OF DIVISION RULE 19.15.4.201 NMAC AS TO THIRTY-TWO WELLS; REQUIRING OPERATOR TO RETURN SAID WELLS TO COMPLIANCE BY A DATE CERTAIN; REQUIRING OPERATOR TO PLUG SAID WELLS AND RESTORE AND REMEDIATE THE WELL SITES IF OPERATOR FAILS TO BRING SAID WELLS TO COMPLIANCE BY A DATE CERTAIN; AND AUTHORIZING THE DIVISION TO FORFEIT THE FINANCIAL ASSURANCE AND PLUG SAID WELLS IN THE EVENT OF OPERATOR'S NON-COMPLIANCE; EDDY COUNTY, NEW MEXICO.



APPLICATION FOR COMPLIANCE ORDER AGAINST ERS RESOURCES, LLC

- 1. ERS Resources, LLC, (hereinafter "Operator") is a domestic limited liability company operating wells in New Mexico under OGRID 225298.
 - 2. Operator is operator of record of the following subject wells:

30-015-00945;	L-24-18S-27E
30-015-00941;	K-24-18S-27E
30-015-00944;	I-24-18S-28E
30-015-01940;	3-19-18S-28E
30-015-01964;	K-19-18S-28E
30-015-01951;	J-19-18S-28E
30-015-01947;	J-19-18S-28E
30-015-00942;	M-24-18S-27E
30-015-01196;	P-24-18S-27E
30-015-01942;	4-19-18S-28E
30-015-01965;	N-19-18S-28E
30-015-01941;	N-19-18S-28E
30-015-01949;	O-19-18S-28E
30-015-00962;	A-26-18S-27E
30-015-00951;	D-25-18S-27E
30-015-01194;	B-25-18S-27E
	30-015-00941; 30-015-00944; 30-015-01940; 30-015-01964; 30-015-01951; 30-015-01947; 30-015-00942; 30-015-01965; 30-015-01965; 30-015-01941; 30-015-01949; 30-015-00962; 30-015-00951;

•	Artesia Metex Unit No. 031;	30-015-02139;	1-30-18S-28E
•	Artesia Metex Unit No. 032;	30-015-02140;	C-30-18S-28E
•	Artesia Metex Unit No. 035;	30-015-00963;	H-26-18S-27E
•	Artesia Metex Unit No. 036;	30-015-00952;	E-25-18S-27E
•	Artesia Metex Unit No. 039;	30-015-00948;	G-25-18S-27E
•	Artesia Metex Unit No. 040;	30-015-00954;	H-25-18S-27E
•	Artesia Metex Unit No. 041;	30-015-02136;	2-30-18S-28E
•	Artesia Metex Unit No. 042;	30-015-02138;	F-30-18S-28E
•	Artesia Metex Unit No. 044;	30-015-01190;	I-26-18S-27E
•	Artesia Metex Unit No. 045;	30-015-00959;	L-25-18S-27E
•	Artesia Metex Unit No. 049;	30-015-02141;	K-30-18S-28E
•	Artesia Metex Unit No. 051;	30-015-00966;	P-26-18S-27E
•	Artesia Metex Unit No. 052;	30-015-00960;	M-25-18S-27E
•	Artesia Metex Unit No. 054;	30-015-00956;	O-25-18S-27E
•	Artesia Metex Unit No. 056;	30-015-00987;	A-35-18S-27E
•	Artesia Metex Unit No. 058;	30-015-00991;	C-36-18S-27E

- 3. Pursuant to NMSA 1978, Section 70-2-14, Operator has posted a fifty thousand dollars (\$50,000.00) blanket bond through U.S. Specialty Insurance Company, in Houston, Texas, to secure Operator's obligation to plug and abandon the subject wells in compliance with rules of the Oil Conservation Division ("OCD").
- 4. Of the subject wells, Operator has also posted individual bonds through U.S. Specialty Insurance Company on the:

Artesia Metex Unit No. 005;	30-015-00945,	L-24-18S-27E
Artesia Metex Unit No. 008;	30-015-00944;	I-24-18S-28E
Artesia Metex Unit No. 012;	30-015-01964;	K-19-18S-28E
Artesia Metex Unit No. 013;	30-015-01951;	J-19-18S-28E
Artesia Metex Unit No. 014;	30-015-01947;	J-19-18S-28E
Artesia Metex Unit No. 022;	30-015-01965;	N-19-18S-28E
Artesia Metex Unit No. 023;	30-015-01941;	N-19-18S-28E
Artesia Metex Unit No. 024;	30-015-01949;	O-19-18S-28E
Artesia Metex Unit No. 026;	30-015-00962;	A-26-18S-27E
Artesia Metex Unit No. 027;	30-015-00951;	D-25-18S-27E
Artesia Metex Unit No. 035;	30-015-00963;	H-26-18S-27E
Artesia Metex Unit No. 036;	30-015-00952;	E-25-18S-27E
Artesia Metex Unit No. 042;	30-015-02138;	F-30-18S-28E
Artesia Metex Unit No. 051;	30-015-00966,	P-26-18S-27E
	Artesia Metex Unit No. 008; Artesia Metex Unit No. 012; Artesia Metex Unit No. 013; Artesia Metex Unit No. 014; Artesia Metex Unit No. 022; Artesia Metex Unit No. 023; Artesia Metex Unit No. 024; Artesia Metex Unit No. 026; Artesia Metex Unit No. 027; Artesia Metex Unit No. 035; Artesia Metex Unit No. 035; Artesia Metex Unit No. 036; Artesia Metex Unit No. 036; Artesia Metex Unit No. 042;	Artesia Metex Unit No. 008; 30-015-00944; Artesia Metex Unit No. 012; 30-015-01964; Artesia Metex Unit No. 013; 30-015-01951; Artesia Metex Unit No. 014; 30-015-01947; Artesia Metex Unit No. 022; 30-015-01965; Artesia Metex Unit No. 023; 30-015-01941; Artesia Metex Unit No. 024; 30-015-01949; Artesia Metex Unit No. 026; 30-015-00962; Artesia Metex Unit No. 027; 30-015-00961; Artesia Metex Unit No. 035; 30-015-00963; Artesia Metex Unit No. 036; 30-015-00952; Artesia Metex Unit No. 042; 30-015-00952; Artesia Metex Unit No. 042; 30-015-02138;

- 5. OCD Rule 19.15.4.201 NMAC requires the operator of a well which has been continuously inactive for a period of one year and 90 days to plug and abandon the well or place the well on OCD-approved temporary abandonment status.
- 6. The subject wells have had no reported production or injection for a continuous period exceeding one year plus 90 days, and are neither plugged and abandoned in accord with OCD Rule 19.15.4.202 NMAC nor on approved temporary abandonment status in accord with OCD Rule 19.15.4.203 NMAC.
- 7. NMSA 1978, Section 70-2-12(B) (18) and NMSA 1978, Section 70-2-38 authorizes the Division to plug and abandon wells, and restore and remediate the location of abandoned wells.
- Division rule 19.15.3.101(H) NMAC authorizes the Director to order the operator to plug and abandon any well not in compliance with 19.15.4.201 NMAC and restore and remediate the location by a date certain, and to direct the Division to forfeit the financial assurance upon failure or refusal of the operator, surety or other responsible party to properly plug and abandon the well and restore and remediate the location.

WHEREFORE, the Enforcement and Compliance Manager of the Division hereby applies to the Director to enter an Order:

- A. Finding Operator in violation of OCD Rule 19.15.4.201;
- B. Requiring Operator to bring its inactive wells to compliance with OCD Rule 19.15.4.201 by a date certain;
- C. Ordering Operator to plug and abandon the wells if Operator fails to bring its inactive wells into compliance by a date certain;

- D. Authorizing OCD to forfeit the applicable financial assurance and plug and abandon the wells in the event of Operator's non-compliance with the Order;
- E. For such other and further relief as the Director deems just and proper under the circumstances.

RESPECTFULLY SUBMITTED,

This Fourth day of January 2008 by

Sonny Swazo

Assistant General Counsel

Energy, Minerals and Natural Resources Department of the State of

New Mexico

1220 S. St. Francis Drive

Santa Fe, NM 87505

(505) 476-3463

Fax (505) 476-3462

Email: sonny.swazo@state.nm.us

Attorney for the New Mexico Oil Conservation Division

Case No. 14078. Application of the New Mexico Oil Conservation Division for a Compliance Order against ERS Resources, LLC. The Applicant seeks an Order finding that Operator is in violation of 19.15.4.201 NMAC as to thirty-two wells, requiring Operator to bring the wells to compliance with 19.15.4.201 NMAC by a date certain, and authorizing the Division to forfeit the financial assurance and plug the wells in the event of Operator's non-compliance with the Order. The affected wells are:

•	Artesia Metex Unit No. 005;	30-015-00945;	L-24-18S-27E
	Artesia Metex Unit No. 006;	30-015-00941;	K-24-18S-27E
•	Artesia Metex Unit No. 008;	30-015-00944;	I-24-18S-28E
	Artesia Metex Unit No. 011;	30-015-01940;	3-19-18S-28E
•	Artesia Metex Unit No. 012;	30-015-01964;	K-19-18S-28E
•	Artesia Metex Unit No. 012;	30-015-01951;	J-19-18S-28E
	Artesia Metex Unit No. 014;	30-015-01947;	J-19-18S-28E
•	Artesia Metex Unit No. 016;	30-015-00942;	M-24-18S-27E
	Artesia Metex Unit No. 020;	30-015-01196;	P-24-18S-27E
	Artesia Metex Unit No. 021;	30-015-01942;	4-19-18S-28E
	Artesia Metex Unit No. 022;	30-015-01965;	N-19-18S-28E
•	Artesia Metex Unit No. 023;	30-015-01941;	N-19-18S-28E
	Artesia Metex Unit No. 024;	30-015-01949;	O-19-18S-28E
•	Artesia Metex Unit No. 026;	30-015-00962;	A-26-18S-27E
•	Artesia Metex Unit No. 027;	30-015-00951;	D-25-18S-27E
	Artesia Metex Unit No. 029;	30-015-01194;	B-25-18S-27E
	Artesia Metex Unit No. 031;	30-015-02139;	1-30-18S-28E
•	Artesia Metex Unit No. 032;	30-015-02140;	C-30-18S-28E
•	Artesia Metex Unit No. 035;	30-015-00963;	H-26-18S-27E
•	Artesia Metex Unit No. 036;	30-015-00952;	E-25-18S-27E
•	Artesia Metex Unit No. 039;	30-015-00948;	G-25-18S-27E
•	Artesia Metex Unit No. 040;	30-015-00954;	H-25-18S-27E
•	Artesia Metex Unit No. 041;	30-015-02136;	2-30-18S-28E
•	Artesia Metex Unit No. 042;	30-015-02138;	F-30-18S-28E
r* •	Artesia Metex Unit No. 044;	30-015-01190;	I-26-18S-27E
•	Artesia Metex Unit No. 045;	30-015-00959;	L-25-18S-27E
•	Artesia Metex Unit No. 049;	30-015-02141;	K-30-18S-28E
•	Artesia Metex Unit No. 051;	30-015-00966;	P-26-18S-27E
•	Artesia Metex Unit No. 052;	30-015-00960;	M-25-18S-27E
•	Artesia Metex Unit No. 054;	30-015-00956;	O-25-18S-27E
	Artesia Metex Unit No. 056;	30-015-00987;	A-35-18S-27E
•	Artesia Metex Unit No. 058;	30-015-00991;	C-36-18S-27E
			•

The Artesia Metex Unit No. 027, Artesia Metex Unit No. 036, and Artesia Metex Unit No. 058, are located approximately 8 miles/southeast of Artesia, in Eddy County, New Mexico.

The Artesia Metex Unit No. 005 and Artesia Metex Unit No. 006 are located approximately 9 miles southeast of Artesia, in Eddy County, New Mexico.

The Artesia Metex Unit No. 016, Artesia Metex Unit No. 026, Artesia Metex Unit No. 029, Artesia Metex Unit No. 035, Artesia Metex Unit No. 045, Artesia Metex Unit No. 052, and Artesia Metex Unit No. 056, are located approximately 10 miles southeast of Artesia, in Eddy County, New Mexico.

The Artesia Metex Unit No. 040 is located approximately 11 miles southeast of Artesia, in Eddy County, New Mexico.

The Artesia Metex Unit No. 020, Artesia Metex Unit No. 032, Artesia Metex Unit No. 039, Artesia Metex Unit No. 042, Artesia Metex Unit No. 044, Artesia Metex Unit No. 051, and Artesia Metex Unit No. 054, are located approximately 12 miles southeast of Artesia, in Eddy County, New Mexico.

The Artesia Metex Unit No. 011, Artesia Metex Unit No. 012, Artesia Metex Unit No. 013, Artesia Metex Unit No. 014, Artesia Metex Unit No. 021, Artesia Metex Unit No. 031, and Artesia Metex Unit No. 041, are located approximately 13 miles southeast of Artesia, in Eddy County, New Mexico.

The Artesia Metex Unit No. 022, Artesia Metex Unit No. 023, and Artesia Metex Unit No. 049, are located approximately 14 miles southeast of Artesia, in Eddy County, New Mexico.

The Artesia Metex Unit No. 008 and Artesia Metex Unit No. 024 are located approximately 16 miles southeast of Artesia, in Eddy County, New Mexico.

STATE OF NEW MEXICOL OF IVED ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT OIL CONSERVATION DIMISION 31 PM 1 30

APPLICATION OF THE NEW MEXICO OIL CONSERVATION DIVISION, THROUGH THE ENFORCEMENT AND COMPLIANCE MANAGER, FOR A COMPLIANCE ORDER AGAINST ERS RESOURCES, LLC, FINDING OPERATOR IN VIOLATION OF DIVISION RULE 19.15.4.201 NMAC AS TO THIRTY-TWO WELLS; REQUIRING OPERATOR TO RETURN SAID WELLS TO COMPLIANCE BY A DATE CERTAIN; REQUIRING OPERATOR TO PLUG SAID WELLS AND RESTORE AND REMEDIATE THE WELL SITES IF OPERATOR FAILS TO BRING SAID WELLS TO COMPLIANCE BY A DATE CERTAIN; AND AUTHORIZING THE DIVISION TO FORFEIT THE FINANCIAL ASSURANCE AND PLUG SAID WELLS IN THE EVENT OF OPERATOR'S NON-COMPLIANCE; EDDY COUNTY, NEW MEXICO.

CASE NO. 14078

ENTRY OF APPEARANCE AND PRE-HEARING STATEMENT

The Oil Conservation Division submits this entry of appearance and pre-hearing statement pursuant to OCD Rule 1211 [19.15.14.1211 NMAC].

APPEARANCES

APPLICANT
Oil Conservation Division

APPLICANT'S ATTORNEY

Sonny Swazo
Oil Conservation Division
Energy, Minerals and Natural
Resources Department
1220 S. St. Francis Drive
Santa Fe, NM 87505
(505) 476-3463

FAX: 476-3462

Email: Sonny.Swazo@state.nm.us

RESPONDENT ERS Resources, LLC

No entry of appearance filed.

STATEMENT OF THE CASE

The Oil Conservation Division ("OCD") is seeking an order finding Respondent ERS Resources, LLC, in violation of OCD Rule 19.15.4.201 NMAC (Rule 201") as to 32 wells; requiring Respondent to return the wells to compliance with OCD Rule 201 by a

Case 14078 Pre-hearing Statement

Pre-hearing ! Page Lof 3 date certain; requiring Respondent to plug and abandon the wells if Respondent does not bring the wells into compliance with OCD Rule 201 by a date certain; and authorizing the OCD to plug and abandon the wells and forfeit the applicable financial assurance in the event of Operator's non-compliance.

Respondent has posted a \$50,000.00 blanket bond on the wells. In addition, several wells have individual bonds. However, as a result of the new financial assurance requirements, Respondent needs to post additional financial assurance on several of the wells.

APPLICANT'S PROPOSED EVIDENCE

WITNESS:

ESTIMATED TIME:

Daniel Sanchez

45 Minutes

Enforcement and Compliance Manager

Dorothy Phillips

by affidavit

Financial Assurance Administrator

PROCEDURAL MATTERS

None.

Respectfully submitted this 31 day of January 2008 by

Sonry Swazo

Oil Conservation Division Energy, Minerals and Natural Resources Department 1220 S. St. Francis Drive Santa Fe, NM 87505. (505) 476-3463

Attorney for the Oil Conservation Division

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing pleading was served upon the following by first class mail this 31 day of January 2008:

ERS Resources, LLC 1001 FM 1929 Voss, Texas 76888

ERS Resources, LLC c/o Orbit Petroleum, Inc. 720 West Wilshire, Suite 115 Oklahoma City, OK 73116

ERS Resources, LLC c/o Tipton Oil P.O. Box 1234 Lovington, NM 88260

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

Sonny Swazo

19.15.14.1211 PLEADINGS, COPIES, PRE-HEARING STATEMENTS, EXHIBITS AND MOTIONS FOR CONTINUANCE:

Pleadings. Applicants shall file two sets of pleadings and correspondence in cases pending before a division examiner with the division clerk and six sets of pleadings and correspondence in cases pending before the commission with the commission clerk. For cases pending before the commission, the commission clerk shall disseminate copies of pleadings and correspondence to the commission members. The party filing the pleading or correspondence shall at the same time serve a copy of the pleading or correspondence upon each party who has entered an appearance in the case on or prior to the business day immediately preceding the date when the party files the pleading or correspondence with . the division or the commission clerk, as applicable. Parties shall accomplish service by hand delivery or transmission by facsimile or electronic mail to any party who has entered an appearance or, if the party is represented, the party's attorney of record. Service upon a party who has not filed a pleading containing a facsimile number or e-mail address may be made by ordinary first class mail. Parties shall be deemed to have made an appearance when they have either sent a letter regarding the case to the division or commission clerk or made an in person appearance at any hearing before the commission or before a division examiner. A written appearance, however, shall not be complete until the appearing party has provided notice to other parties of record. Any initial pleading or written entry of appearance a party other than the applicant files shall include the party's address or the address of the party's attorney and an e-mail and facsimile number if available.

B. Pre-hearing statements.

- (1) Any party to an adjudicatory proceeding who intends to present evidence at the hearing shall file a pre-hearing statement, and serve copies on other parties or, for parties that are represented, their attorneys in the manner Subsection A of 19.15.14.1211 NMAC provides, at least four business days in advance of a scheduled hearing before the division or the commission, but in no event later than 5:00 pm mountain time, on the Thursday preceding the scheduled hearing date. The statement shall include:
 - (a) the names of the party and the party's attorney;
 - (b) a concise statement of the case;
- (c) the names of witnesses the party will call to testify at the hearing, and in the case of expert witnesses, their fields of expertise;
 - (d) the approximate time the party will need to present its case; and
 - (e) identification of any procedural matters that are to be resolved prior to the hearing.
- (2) Any party other than the applicant shall include in its pre-hearing statement a statement of the extent to which the party supports or opposes the issuance of the order the applicant seeks and the reasons for such support or opposition. In cases to be heard by the commission, each party shall include copies of all exhibits that it proposes to offer in evidence at the hearing with the pre-hearing statement. The commission may exclude witnesses the party did not identify in the pre-hearing statement, or exhibits the party did not file and serve with the pre-hearing statement, unless the party offers such evidence solely for rebuttal or makes a satisfactory showing of good cause for failure to disclose the witness or exhibit.
- (3) A pre-hearing statement filed by a corporation or other entity not represented by an attorney shall identify the person who will conduct the party's presentation at the hearing and include a sworn and notarized statement attesting that the corporation's or entity's governing body or chief executive officer authorizes the person to present the corporation or entity in the matter.
- (4) For cases pending before the commission, the commission clerk shall disseminate copies of pre-hearing statements and exhibits to the commission members.
- C. Motions for continuance. Parties shall file and serve motions for continuance no later than 48 hours prior to time the hearing is set to begin, unless the reasons for requesting a continuance arise after the deadline, in which case the party shall file the motion as expeditiously as possible after becoming aware of the need for a continuance.

[19.15.14.1211 NMAC - Rp, 19.15.14.1208 NMAC, 09/30/05]

CONDUCT OF ADJUDICATORY HEARINGS: 19.15.14.1212

- Testimony. Hearings before the commission or a division examiner shall be conducted without rigid formality. The division or commission shall take or have someone take a transcript of testimony and preserve the transcript as a part of the division's permanent records. Any person testifying shall do so under oath. The division examiner or commission shall designate whether or not an interested party's un-sworn comments and observations are relevant and, if relevant, include the comments and observations in the record.
- B. Pre-filed testimony. The division director may order the parties to file prepared written testimony in advance of the hearing for cases pending before the commission. The witness shall be present at the hearing and shall adopt, under oath, the prepared written testimony, subject to cross-examination and motions to strike unless the witness' presence at hearing is waived upon notice to other parties and without their objection. The parties shall number pages of the prepared written testimony, which shall contain line numbers on the left-hand side.
- С. Appearances pro se or through an attorney. Parties may appear and participate in hearings either pro se (on their own behalf) or through an attorney. Corporations, partnerships, governmental entities, political subdivisions, unincorporated associations and other collective entities may appear only through an attorney or through a duly authorized officer or member. Participation in adjudicatory hearings shall be limited to parties, as defined in 19.15.14.1208 NMAC, except that a representative of a federal, state or tribal governmental agency or political subdivision may make a statement on the agency's or political subdivision's behalf. The commission or division examiner shall have the discretion to allow any other person present at the hearing to make a relevant statement, but not to present evidence or cross-examine witnesses. Any person making a statement at an adjudicatory hearing shall be subject to cross-examination by the parties or their attorneys.

[19.15.14.1212 NMAC - Rp, 19.15.14.1210 NMAC, 09/30/05]

ER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY
mplete items 1, 2, and 3. Also complete n 4 if Restricted Delivery is desired.	A Received by (Please Print Clearly) B. Date of Delivery
t your name and address on the reverse hat we can return the card to you. ch this card to the back of the mailpiece,	C. Signature
.n the front if space permits.	D. Is delivery address different from item 1? Yes
cle Addressed to:	If YES, enter delivery address below: ☐ No
RS Resources, LLC	
Attn: Mike Hughes	•
C/O Orbit Petroleum Inc.	
1131 East Britton Rd.	3. Service Type ☑ Certified Mail ☐ Express Mail
Oklahoma City, OK 73131	☐ Registered ☐ Return Receipt for Merchandise
	☐ Insured Mail ☐ C.O.D.
<u> </u>	4. Restricted Delivery? (Extra Fee) ☐ Yes
. Article Number (Copy from service label)	
	20 0009 7873 0837
PS Form 3811, July 1999 Domestic Ref	eturn Receipt 102595-99-M-1789
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SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY
■ Complete tems 1, 2, and 3. Also complete	A. Received by (Please Print Clearly) B. Date of Deliver
item 4 if Restricted Delivery is desired.	Kim Benne 5-14-08
Print your name and address on the reverse so that we can return the card to you.	C. Signature
Attach this card to the back of the mailpiece,	Agent Addresse
or on the front if space permits.	D. Is delivery address different from item 1? Yes
Article Addressed to:	If YES, enter delivery address below:
ERS Resources, LLC	
Attn: Jim Frazier	
C/O Orbit Petroleum Inc.	
1131 East Britton Rd.	3. Service Type
Oklahoma City, OK 73131	Certified Mail Express Mail
	☐ Registered ☐ Return Receipt for Merchandis
Article Number (Copy from service label)	☐ Registered ☐ Receipt for Merchandis ☐ C.O.D.
Article Number (Copy from service label) 7099 32	☐ Registered ☐ Receipt for Merchandis ☐ C.O.D.
7099 32	☐ Registered ☐ Return Receipt for Merchandis☐ Insured Mail ☐ C.O.D. 4. Restricted Delivery? (Extra Fee) ☐ Yes 220 0009 7873 0844
7099 32	☐ Registered ☐ Return Receipt for Merchandis☐ Insured Mail ☐ C.O.D. 4. Restricted Delivery? (Extra Fee) ☐ Yes 220 0009 7873 0844
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PS Form 3811, July 1999 Domestic R SENDER: COMPLETE THIS SECTION Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired. Print your name and address on the reverse so that we can return the card to you. Attach this card to the back of the mailpiece, or on, the front if space permits. Article Addressed to: U.S. Specialty Insurance Complete items 1, 2, and 3. Also complete items 2, and 3. Also complete items 1, 2, and 3. Also complete items 1, 2, and 3. Also complete items 2, and 3. Also complete it	Registered Return Receipt for Merchandis Insured Mail C.O.D.
PS Form 3811, July 1999 Domestic R SENDER: COMPLETE THIS SECTION Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired. Print your name and address on the reverse so that we can return the card to you. Attach this card to the back of the mailpiece, or on the front if space permits. Article Addressed to: U.S. Specialty Insurance Complete item 3.200 NW Freeway	Return Receipt for Merchandis Restricted Mail C.O.D.

7099 3220 0009 7873 0776

Domestic Return Receipt

Duran-Saenz, Theresa, EMNRD

From: Sent: Duran-Saenz, Theresa, EMNRD Friday, May 09, 2008 4:18 PM

To:

'ifrazier@orbitpetro.com'

Cc: Subject: Sanchez, Daniel J., EMNRD; (tim.gum@state.nm.us); Swazo, Sonny, EMNRD

ERS Resources, LLC Notice of June 26, 2008 Hearing Case No. 14078

Attachments:

2008 5-9 letter regarding hearing.doc



2008 5-9 letter regarding hear...

The message is ready to be sent with the following file or link attachments:

2008 5-9 letter regarding hearing

Note: To protect against computer viruses, e-mail programs may prevent sending or receiving certain types of file attachments. Check your e-mail security settings to letermine how attachments are handled.

STATE OF NEW MEXICO ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT OIL CONSERVATION DIVISION

APPLICATION OF THE NEW MEXICO OIL CONSERVATION DIVISION, THROUGH THE ENFORCEMENT AND COMPLIANCE MANAGER, FOR A COMPLIANCE ORDER AGAINST ERS RESOURCES, LLC, FINDING OPERATOR IN VIOLATION OF DIVISION RULE 19.15.4.201 NMAC AS TO THIRTY-TWO WELLS; REQUIRING OPERATOR TO RETURN SAID WELLS TO COMPLIANCE BY A DATE CERTAIN; REQUIRING OPERATOR TO PLUG SAID WELLS AND RESTORE AND REMEDIATE THE WELL SITES IF OPERATOR FAILS TO BRING SAID WELLS TO COMPLIANCE BY A DATE CERTAIN; AND AUTHORIZING THE DIVISION TO FORFEIT THE FINANCIAL ASSURANCE AND PLUG SAID WELLS IN THE EVENT OF OPERATOR'S NON-COMPLIANCE; EDDY COUNTY, NEW MEXICO.

CASE NO. 14078

Affidavit of Dorothy Phillips

STATE OF NEW MEXICO)
) SS
COUNTY OF SANTA FE)

Dorothy Phillips, being first duly sworn on oath, states as follows:

- 1. I have been employed as the financial assurance administrator at the Santa Fe, New Mexico office of the Oil Conservation Division ("OCD") since 1994.
- 2. My duties include maintaining records of financial assurance documents filed by operators pursuant to NMSA 1978, Section 70-2-14.
- 3. I have reviewed OCD's financial assurance records to determine if financial assurance documents were filed for the wells at issue in the above-captioned case (hereinafter, "subject wells"):

•	Artesia Metex Unit No. 005;	30-015-00945;	L-24-18S-27E
•	Artesia Metex Unit No. 006;	30-015-00941;	K-24-18S-27E
•	Artesia Metex Unit No. 008;	30-015-00944;	I-24-18S-28E
•	Artesia Metex Unit No. 011;	30-015-01940;	3-19-18S-28E
•	Artesia Metex Unit No. 012;	30-015-01964;	K-19-18S-28E
•	Artesia Metex Unit No. 013;	30-015-01951;	J-19-18S-28E
•	Artesia Metex Unit No. 014;	30-015-01947;	J-19-18S-28E
•	Artesia Metex Unit No. 016;	30-015-00942;	M-24-18S-27E
	,	,	

ERS Resources, LLC Case 14078 OCD Exhibit No. 2

```
Artesia Metex Unit No. 020;
                                                   P-24-18S-27E
                               30-015-01196;
Artesia Metex Unit No. 021;
                               30-015-01942;
                                                   4-19-18S-28E
Artesia Metex Unit No. 022;
                               30-015-01965;
                                                   N-19-18S-28E
Artesia Metex Unit No. 023;
                               30-015-01941;
                                                   N-19-18S-28E
Artesia Metex Unit No. 024;
                               30-015-01949;
                                                   O-19-18S-28E
Artesia Metex Unit No. 026;
                               30-015-00962;
                                                   A-26-18S-27E
Artesia Metex Unit No. 027;
                               30-015-00951;
                                                   D-25-18S-27E
Artesia Metex Unit No. 029;
                               30-015-01194:
                                                   B-25-18S-27E
Artesia Metex Unit No. 031;
                               30-015-02139;
                                                   1-30-18S-28E
Artesia Metex Unit No. 032;
                               30-015-02140;
                                                   C-30-18S-28E
Artesia Metex Unit No. 035;
                               30-015-00963;
                                                   H-26-18S-27E
Artesia Metex Unit No. 036;
                               30-015-00952;
                                                   E-25-18S-27E
Artesia Metex Unit No. 039;
                               30-015-00948;
                                                   G-25-18S-27E
Artesia Metex Unit No. 040;
                               30-015-00954;
                                                   H-25-18S-27E
Artesia Metex Unit No. 041;
                                                   2-30-18S-28E
                               30-015-02136;
Artesia Metex Unit No. 042;
                               30-015-02138;
                                                   F-30-18S-28E
Artesia Metex Unit No. 044;
                               30-015-01190;
                                                   I-26-18S-27E
Artesia Metex Unit No. 045;
                               30-015-00959;
                                                   L-25-18S-27E
Artesia Metex Unit No. 049;
                               30-015-02141:
                                                   K-30-18S-28E
Artesia Metex Unit No. 051;
                               30-015-00966;
                                                   P-26-18S-27E
Artesia Metex Unit No. 052;
                               30-015-00960;
                                                   M-25-18S-27E
Artesia Metex Unit No. 054;
                               30-015-00956;
                                                   O-25-18S-27E
Artesia Metex Unit No. 056;
                               30-015-00987;
                                                   A-35-18S-27E
Artesia Metex Unit No. 058;
                               30-015-00991;
                                                   C-36-18S-27E
```

- 4. OCD's electronic permitting database, "E-Permitting," identifies the wells associated with a particular operator that have not been plugged and abandoned. Attachment "A" to this affidavit is a printout of the E-Permitting screen showing ERS Resources, LLC as the operator of the subject wells.
- 5. ONGARD (oil and natural gas administration and revenue data base) maintains data on the financial assurances posted by operators. Attachment "B" to this affidavit consists of a printout of the ONGARD screen showing that ERS Resources, LLC posted \$50,000 blanket plugging bond number B000692 through U.S. Specialty Insurance Company; 13403 NW Freeway, Houston, Texas 77040. Attachment C to this affidavit is a copy of blanket plugging bond number B000692.
- 6. ERS Resources, LLC has also posted \$5,000 single well bonds through U.S. Specialty Insurance Company for the following wells:

•	Artesia Metex Unit No. 005;	30-015-00945;	L-24-18S-27E	#B000683	\$5,000
• ,	Artesia Metex Unit No. 008;	30-015-00944;	I-24-18S-28E	#B000690	\$5,000
•	Artesia Metex Unit No. 012;	30-015-01964;	K-19-18S-28E	#B001136 .	\$5,000
•	Artesia Metex Unit No. 013;	30-015-01951;	J-19-18S-28E	#B000684	\$5,000
•	Artesia Metex Unit No. 014;	30-015-01947;	J-19-18S-28E	#B000685	\$5,000
•	Artesia Metex Unit No. 022;	30-015-01965;	N-19-18S-28E	#B000682	\$5,000

•	Artesia Metex Unit No. 023;	. 30-015-01941;	.N-19-18S-28E	#B000681	\$5,000
•	Artesia Metex Unit No. 024;	30-015-01949;	O-19-18S-28E	#B001136	\$5,000
•	Artesia Metex Unit No. 026;	30-015-00962;	A-26-18S-27E	#B000679	\$5,000
•	Artesia Metex Unit No. 027;	30-015-00951;	D-25-18S-27E	#B001134	\$5,000
•	Artesia Metex Unit No. 035;	30-015-00963;	H-26-18S-27E	#B0001196	\$5,000
•	Artesia Metex Unit No. 036;	30-015-00952;	E-25-18S-27E	#B000688	\$5,000
•	Artesia Metex Unit No. 042;	30-015-02138;	F-30-18S-28E	#B000680	\$5,000
•	Artesia Metex Unit No. 051;	30-015-00966;	P-26-18S-27E	#B000689	\$5,000

Attachment D to this affidavit consists of copies of the single well bonds.

7. According to OCD records blanket plugging bond B000692 and the single well bonds listed above remain in effect.

THIS CONCLUDES MY AFFIDAVIT.

Dorothy Phillips

SUBSCRIBED AND SWORN before me this 24 day of June 2008.

Sally Marting Notary Public

My Commission Expires:

3-24-2010

Well List

225298 ERS RESOURCES, LLC TOTAL WELL COUNT:65

PRINTED ON: MONDAY, JUNE 23, 2008

				PR	INTED ON:M	UNDA	1, 30	NE 23, 2006				
Property	Well Name	Lease Type	ULSTR	OCD UL	API	Well Type	Pool	·	Last Prod/Inj	Oil POD	Gas POD	In Add. Bond
300906	ARTESIA METEX UNIT #001	S	B-24-18S-27E	В	30-015-00940	Ò	3230	ARTESIA; QUEEN- GRAYBURG-SAN ANDRES	3/2007	2232310	2232330	4/1/2009
	ARTESIA METEX UNIT #002.	S	G-24-18S-27E	G	30-015-00939	0	3230	ARTESIA;QUEEN- GRAYBURG-SAN ANDRES	11/2006	2232310	2232330	12/1/2008
·	ARTESIA METEX UNIT #003	S	H-24-18S-27E	Н	30-015-00938	Ο.	3230	ARTESIA; QUEEN- GRAYBURG-SAN ANDRES	3/2007	2232310	2232330	4/1/2009
	ARTESIA METEX UNIT #004	S	2-19-18S-28E	E٠	30-015-01944		3230	ARTESIA; QUEEN- GRAYBURG-SAN ANDRES	3/2007	2232310	2232330	4/1/2009
	ARTESIA METEX UNIT #005	S	L-24-18S-27E	L	30-015-00945	Ö	3230	ARTESIA;QUEEN- GRAYBURG-SAN ANDRES	12/2005	2232310	2232330	1/1/2008
	ARTESIA METEX UNIT #006	S	K-24-18S-27E	К	30-015-00941	I .	3230	ARTESIA;QUEEN- GRAYBURG-SAN ANDRES	8/2006			9/1/2008
	ARTESIA METEX UNIT #007		J-24-18S-27E	J	30-015-01197	0	3230	ARTESIA; QUEEN- GRAYBURG-SAN ANDRES	3/2007	2232310	2232330	4/1/2009
	ARTESIA METEX UNIT #008	S	I-24-18S-27E	I	30-015-00944	I	3230	ARTESIA; QUEEN- GRAYBURG-SAN ANDRES	11/1998			12/1/2000
	ARTESIA METEX UNIT #010	. S	3-19-18S-28E	L	30-015-01943	0	3230	ARTESIA;QUEEN- GRAYBURG-SAN ANDRES	3/2007	2232310	2232330	4/1/2009
	ARTESIA METEX UNIT #011	S	3-19-18S-28E	L	30-015-01940.	0	3230	ARTESIA;QUEEN- GRAYBURG-SAN ANDRES	9/2004	2232310	2232330	10/1/2006
·	ARTESIA METEX UNIT #012	S	K-19-18S-28E	K	30-015-01964	I	3230	ARTESIA;QUEEN- GRAYBURG-SAN ANDRES	8/2006			9/1/2008
	ARTESIA METEX UNIT #013	S	J-19-18S-28E	J [*]	30-015-01951	0	3230	ARTESIA;QUEEN- GRAYBURG-SAN ANDRES	12/2005	2232310	2232330	1/1/2008
	ARTESIA METEX UNIT #014	S	J-19-18S-28E	J	30-015-01947	0		ARTESIA; QUEEN- GRAYBURG-SAN ANDRES	12/2005	2232310	2232330	1/1/2008
	ARTESIA METEX UNIT #015	S	I-19-18S-28E	I	30-015-01954	0		ARTESIA; QUEEN- GRAYBURG-SAN ANDRES	3/2007	2232310	2232330	4/1/2009
	ARTESIA METEX UNIT #016	S	M-24-18S-27E	, M	30-015-00942	I		ARTESIA; QUEEN- GRAYBURG-SAN ANDRES	12/2005			1/1/2008
	ÄRTESIA METEX	S	N-24-18S-27E	N	30-015-00947	0		ARTESIA;QUEEN- GRAYBURG-SAN	3/2007	2232310	2232330	4/1/2009

UNIT #017							ANDRES			
ARTESIA METEX UNIT #018	S	N-24-18S-27E	N	30-015-00946	0	3230	ARTESIA;QUEEN- GRAYBURG-SAN ANDRES	11/2006	2232310 2232330	12/1/2008
ARTESIA METEX UNIT #019	S	O-24-18S-27E	0	30-015-01195		3230	ARTESIA; QUEEN- GRAYBURG-SAN ANDRES	3/2007	2232310 2232330	4/1/2009
ARTESIA METEX UNIT #020	S	P-24-18S-27E	Р	30-015-01196	I	3230	ARTESIA;QUEEN- GRAYBURG-SAN ANDRES	8/2005		9/1/2007
ARTESIA METEX UNIT #021	S	4-19-18S-28E	М	30-015-01942	0	3230	ARTESIA;QUEEN- GRAYBURG-SAN ANDRES	12/2005	2232310 2232330	1/1/2008
ARTESIA METEX UNIT #022	S	N-19-18S-28E	N	30-015-01965	0	3230	ARTESIA;QUEEN- GRAYBURG-SAN ANDRES	12/2005	2232310 2232330	1/1/2008
ARTESIA METEX UNIT #023	S	N-19-18S-28E	N	30-015-01941	0	3230	ARTESIA;QUEEN- GRAYBURG-SAN ANDRES	12/2005		1/1/2008
ARTESIA • METEX UNIT #024	S	O-19-18S-28E	0	30-015-01949	0	3230	ARTESIA;QUEEN- GRAYBURG-SAN ANDRES	12/2005	2232310 2232330	1/1/2008
ARTESIA METEX UNIT #025	S	O-19-18S-28E	0	30-015-01946	0	3230	ARTESIA;QUEEŃ- GRAYBURG-SAN ANDRES	3/2007	2232310 2232330	4/1/2009
ARTESIA METEX UNIT #026	S	A-26-18S-27E	Α	30-015-00962	0	3230	ARTESIA;QUEEN- GRAYBURG-SAN ANDRES	8/2006_	2232310 2232330	9/1/2008
ARTESIA METEX UNIT #027	S	D-25-18S-27E	D	30-015-00951	0	3230	ARTESIA;QUEEN- GRAYBURG-SAN ANDRES	12/2005	2232310 2232330	1/1/2008
ARTESIA METEX UNIT . #029	S	B-25-18S-27E	В	30-015-01194	0	3230	ARTESIA;QUEEN- GRAYBURG-SAN ANDRES	8/2006	2232310 2232330	9/1/2008
ARTESIA METEX UNIT #030	S	A-25-18S-27E	Α	30-015-01193	0	3230	ARTESIA;QUEEN- GRAYBURG-SAN ANDRES	3/2007	2232310 2232330	4/1/2009
ARTESIA METEX UNIT #031	S	1-30-185-28E	D	30-015-02139	0	3230	ARTESIA; QUEEN- GRAYBURG-SAN ANDRES	12/2005	2232310 2232330	1/1/2008
ARTESIA METEX UNIT #032	S	C-30-18S-28E	С	30-015-02140	I	3230	ARTESIA;QUEEN- GRAYBURG-SAN. ANDRES	8/2005		9/1/2007
ARTESIA METEX UNIT #033	S	B-30-18S-28E	В	30-015-02132	Ο.	3230	ARTESIA;QUEEN- GRAYBURG-SAN ANDRES	3/2007	2232310 2232330	4/1/2009
ARTESIA METEX UNIT #034	S	B-30-18S-28E	В	30-015-06127		3230	ARTESIA;QUEEN- GRAYBURG-SAN ANDRES	11/2006	2232310 2232330	12/1/2008.
ARTESIA METEX UNIT #035	S	H-26-18S-27E	Н	30-015-00963	I	3230	ARTESIA; QUEEN- GRAYBURG-SAN ANDRES	12/2005		1/1/2008
ARTESIA METEX	S	E-25-18S-27E	E	30-015-00952	. 0-	3230	ARTESIA;QUEEN- GRAYBURG-SAN	8/2006	2232310 2232330	9/1/2008

						1.				
UNIT #036		•					ANDRES			
ARTESIA METEX UNIT #038		F-25-18S-27E	F	30-015-00950	. 0	3230	ARTESIA; QUEEN- GRAYBURG-SAN ANDRES	3/2007	2232310 2232330	4/1/2009
ARTESIA METEX UNIT #039	S	G-25-18S-27E	G	30-015-00948	Ö	3230	ARTESIA; QUEEN- GRAYBURG-SAN ANDRES	12/2005	2232310 2232330	1/1/2008
ARTESIA METEX UNIT #040	S	H-25-18S-27E	H	30-015-00954	• I	3230	ARTESIA;QUEEN- GRAYBURG-SAN ANDRES	8/2006	·	9/1/2008
ARTESIA METEX UNIT #041	S	2-30-18S-28E	Е	30-015-02136	I	3230	ARTESIA;QUEEN- GRAYBURG-SAN ANDRES	8/2006		9/1/2008
ARTESIA METEX UNIT #042	S	F-30-18S-28E	·F	30-015-02138	0	3230	ARTESIA;QUEEN- GRAYBURG-SAN ANDRES	12/2005	2232310 2232330	1/1/2008
ARTESIA METEX UNIT #043		G-30-18S-28E	G ·	30-015-02142	0	3230	ARTESIA; QUEEN- GRAYBURG-SAN ANDRES	3/2007	2232310 2232330	4/1/2009
ARTESIA METEX UNIT #044	S	I-26-18S-27E	I	30-015-01190	0	3230	ARTESIA; QUEEN- GRAYBURG-SAN ANDRES	2/2005	2232310 2232330	3/1/2007
ARTESIA METEX UNIT #045	S	L-25-18S-27E	. L	30-015-00959	I.	3230	ARTESIA; QUEEN- GRAYBURG-SAN ANDRES	8/2006	·	9/1/2008
ARTESIA METEX UNIT #046	· S	K-25-18S-27E	К	30-015-00953 _v	.0,	3230	ARTESIA; QUEEN- GRAYBURG-SAN ANDRES	3/2007	2232310 2232330	4/1/2009
ARTESIA METEX UNIT #047	. S	J-25-18S-27E	J	30-015-00955	O ·	3230	ARTESIA;QUEEN- GRAYBURG-SAN ANDRES	11/2006	2232310 2232330	12/1/2008
ARTESIA METEX UNIT #048	· S	I-25-18S-27E	Ι.	30-015-00958	0	3230	ARTESIA;QUEEN- GRAYBURG-SAN ANDRES	3/2007	2232310 2232330	4/1/2009
ARTESIA METEX UNIT #049	S	K-30-18S-28E	K	30-015-02141	I	3230	ARTESIA;QUEEN- GRAYBURG-SAN ANDRES	8/2006		9/1/2008
ARTESIA METEX UNIT #050	S.	O-26-18S-27E	0	30-015-01191	,0 ,	3230	ARTESIA; QUEEN- GRAYBURG-SAN ANDRES	3/2007	2232310 2232330	4/1/2009
ARTESIA METEX UNIT #051	S .	P-26-18S-27E ·	Р	30-015-00966	0	3230	ARTESIA; QUEEN- GRAYBURG-SAN ANDRES	1/2006	2232310 2232330	2/1/2008
ARTESIA METEX UNIT #052	S	M-25-18S-27E	M	30-015-00960	I	3230	ARTESIA; QUEEN- GRAYBURG-SAN ANDRES	8/2006		9/1/2008
ARTESIA METEX UNIT #053	S	N-25-18S-27E	N	30-015-00957	0		ARTESIA; QUEEN- GRAYBURG-SAN ANDRES	3/2007	2232310 2232330	4/1/2009
ARTESIA METEX UNIT #054	S	O-25-18S-27E	0	30-015-00956	I	3230	ARTESIA; QUEEN- GRAYBURG-SAN ANDRES	8/2005		9/1/2007
ARTESIA METEX	S	B-35-18S-27E	В	30-015-00986	0	3230	ARTESIA; QUEEN- GRAYBURG-SAN	11/2006	2232310 2232330	12/1/2008

UNIT						٠	ANDRES			
#055 ARTESIA METEX UNIT #056	S	A-35-18S-27E	Α	30-015-00987	ī	3230	ARTESIA;QUEEN- GRAYBURG-SAN ANDRES	8/2006 ·		9/1/2008
ARTESIA METEX UNIT #057	S·	D-36-18S-27E	D	30-015-00990	0	3230	ARTESIA;QUEEN- GRAYBURG-SAN ANDRES	3/2007	2232310 2232330	4/1/2009
ARTESIA METEX UNIT #058	S	C-36-18S-27E	C .	30-015-00991	I	3230	ARTESIA; QUEEN- GRAYBURG-SAN ANDRES	8/2006		9/1/2008
ARTESIA / METEX UNIT #059	S	K-25-18S-27E	К	30-015-00949	0	3230	ARTESIA; QUEEN- GRAYBURG-SAN ANDRES	3/2007	2232310 2232330	4/1/2009
ARTESIA METEX UNIT #060	S	C-30-18S-28E	С	30-015-21866	0	3230	ARTESIA;QUEEN- GRAYBURG-SAN ANDRES	3/2007	2232310 2232330	4/1/2009 ·
ARTESIA METEX UNIT #061	S	A-25-18S-27E	А	30-015-21874	0	3230	ARTESIA; QUEEN- GRAYBURG-SAN ANDRES	3/2007	2232310 2232330	4/1/2009
ARTESIA METEX UNIT #062		2-30-18S-28E	Ε,	30-015-27157	Ο.	3230	ARTESIA; QUEEN- GRAYBURG-SAN ANDRES	11/2006	2232310 2232330	12/1/2008
ARTESIA METEX UNIT #063	S	G-25-18S-27E	G	30-015-27158	0 `	3230	ARTESIA; QUEEN- GRAYBURG-SAN ANDRES	3/2007	2232310 2232330	4/1/2009
ARTESIA METEX UNIT #064	S	H-25-18S-27E	Н	30-015-27192	0	3230	ARTESIA; QUEEN- GRAYBURG-SAN ANDRES	11/2006	2232310 2232330	12/1/2008
ARTESIA METEX UNIT #065	S	F-25-18S-27E	F	30-015-27193	0	3230	ARTESIA;QUEEN- GRAYBURG-SAN ANDRES	3/2007	2232310 2232330	4/1/2009
ARTESIA METEX UNIT #066	S	K-25-18S-27E	К	30-015-27194	0	3230	ARTESIA;QUEEN- GRAYBURG-SAN ANDRES	3/2007	2232310 2232330	4/1/2009
ARTESIA METEX UNIT #067	S	H-25-18S-27E	Н	30-015-27195	0	3230	ARTESIA;QUEEN- GRAYBURG-SAN ANDRES	11/2006	2232310 2232330	12/1/2008
ARTESIA METEX . UNIT #068	S	1-30-18S-28E	D	30-015-27196	0 .	3230	ARTESIA;QUEEN- GRAYBURG-SAN ANDRES	3/2007	2232310 2232330	4/1/2009

CMD : OG6CBBD

ONGARD CAPTURE BLANKET BONDS

06/24/08 08:35:25 OGODLP -TPV6

OGRID Identifier : 225298 Bond Idn : 249337 Bond Status : A

Operator Name, Address : ERS RESOURCES, LLC

C/O ORBIT PETROLEUM, INC. 1131 EAST BRITTON ROAD OKLAHOMA CITY, OK 73131

Bond Details- Type (Cash/Surety - C/S): S Bond Co Idn: 12 Amount: 50000.00

Company OGRID Identifier: 224244

Company Name, Address : U.S. SPECIALTY INSURANCE COMPA

13403 NORTHWEST FREEWAY

HOUSTON, TX 77040

Limited as to future Liability (Y/N): N If Limited, End Date:

Cancellation Date : 12-31-9999

PF06 CONFIRM

Effective Date: 01-01-1900

Issuer Bond No : B000692

E0005: Enter data to modify or PF keys to scroll

PF01 HELP PF02 PF03 EXIT PF04 GOTO PF05

PF08 PF07 PF09 PRINT PF10 NXTBOND PF11

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

STATE OF NEW MEXICO

\$50,000 BLANKET PLUGGING BOND

B000692 BOND NO.

File with the OIL CONSERVATION DIVISION, 1220 South St. Francis, Santa Fe, New Mexico 87505

KNOW ALL MEN BY THESE PRESENTS:

That ERS Resources, LLC	a) Kankannak k nemanak kar kinakanak kaik (
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 Co	ompanyoration organized and existing under the laws of the
State of Texas and author	rized to do business in the State of New Mexico, as SURETY,
are firmly bound unto the State of New Mexico f	for the use and benefit of the Oil Conservation Division of the
Energy, Minerals and Natural Resources Departm	nent (or successor agency) (the DIVISION) pursuant to NMSA
1978, Section 70-2-14, as amended, in the sum of	f Fifty Thousand Dollars (\$50,000) for the payment of which
the PRINCIPAL and SURETY hereby bind then	mselves and their successors, 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 a well or wells to prospect for and/or produce oil or gas, carbon dioxide gas, helium gas or brine minerals on privately owned or state owned lands within the State of New Mexico, or does own or operate, or may acquire, own or operate such a well or such wells, the identification and location of said wells being expressly waived by both PRINCIPAL and SURETY.

NOW, THEREFORE, if the PRINCIPAL and SURETY or either of them or their successors or assigns, or any of them, shall cause all of said wells 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 of 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.

PROVIDED HOWEVER, that 30 days after receipt by the DIVISION of written notice of cancellation from the SURETY, the obligation of the SURETY shall terminate as to wells acquired, drilled or started, or of which PRINCIPAL assumes operation, after said 30-day period, but shall continue in effect, notwithstanding said notice, as to wells theretofore acquired, drilled, started or operated.

ERS Resources, LLC

U. S. Specialty Insurance Company

13403 NW Freeway

Carlsbad

Houston

Signature Managing Member

Attorney - In-Fact

Title

Corporate surety affix corporate seal heal.

If PRINCIPAL is a corporation, 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 scaled and effected by the Company 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 S

SHERRI GIBSON
MY COMMISSION EXPIRES
October 17, 2005

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.

n Witness Whereof, I have hereunto set my hand and affixed the seal of said Company at Houston, Texas this $\frac{02}{100}$ day of

December 20 03

Corporate Seal

Christopher L. Martin, Secretary

Bond No. <u>B000692R04-06-04</u>

SURETY RIDER

		executed by
5, 2004		
· ·		e principal and
m:		
x 1502 Mexico 882 s, LLC x 958	*	
		ision or
THIS:	April 6, 20	004
Name of Signatur W. Russe Name an	Surety e ell Brøwn, Jr., A	ttorney-in-Fact
	m: , 2004 ement herei lowing charm: , LLC a 1502 Mexico 882 s, LLC a 958 Mexico 883 y, alter, or express THIS:	ement herein contained, the lowing changes: m: , LLC , 1502 Mexico 88221-1502 s, LLC , 958 Mexico 88221-0958 y, alter, or extend any proverein expressly stated. THIS: April 6, 20 L.S. Specialty Insura Name of Surety Signature W. Russell Brown, Jr., A Name and title of person

SURETY RIDER

501113	
ERS Resources, LLC	Bond No. <u>B000683</u> on behalf of as principal and executed by
U.S. Specialty Insurance Con	mpany, as surety.
Effective date of change: April 6, 2	2004
In consideration of the mutual agrees the surety hereby consent to the follo	ment herein contained, the principal and owing changes:
The address has changed from	:
TO: ERS Resources, Post Office Box	1502 Jexico 88221-1502 LLC
Nothing herein contained shall vary, condition of this bond except as here SIGNED, SEALED AND DATED T	in expressly stated.
ERS Resources, LLC Name of Principal Pour Howyon Signature	U.S. Specialty Insurance Company Name of Surety Signature
Name and title of person executing for Principal	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

NAT.

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	ומ	THESE PRESENTS	:

That ERS Resources, LLC	, (MX XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX
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.	
	xas and authorized to do business in the State
of New Mexico, as SURETY, are firmly bound unto the	e 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 themselve	es, their successors and assigns, jointly and severally, firmly by
these presents.	•
The conditions of this obligation are such that:	
feet, to prospect for and/or produc	nay commence the drilling of one well to a depth not to exceed to 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 XXXII/South)
(Name of well) line and 990 feet from the West 25%.	
line and 990 feet from the West	West) line of Section 24 Township 18 (XXXX)
(South), Range 27 (East) (West), NMPM, Eddy	County, New Mexico.
NOW THEREPORE '64, PRINCIPAL AGEN	TOTAL COLUMN TO THE COLUMN TO
NOW, THEREFORE, If the PRINCIPAL and SUR	ETY 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.

Post Office Box 1502
Carlsbad, New Mexico 88221-1502

Address

By Signature Signature

Managing Member

Title

If PRINCIPAL is a corporation, affix corporate seal here.

U. S. Specialty Insurance Company

13403 NW Freeway

Houston, Texas 77040

Attorney-In-Fact

Corporate surety affix corporate seal here.

ACKNOWLEDGMENT FORM FOR INDIVIDUAL

STATE OF)	
COUNTY OF)	
This instrument was acknowledged before me on	,20 by(Name of individual)
	<i>:</i>
SEAL	Notary Public
SEAL	
My Commission Expires	
ACKNOWLEDGMENT FORM FOR PARTNERSHIP, CO	PROPORATION OR LIMITED LIBAILITY COMPANY
STATE OF New Mexico	
COUNTY OF Eddy) 55.	
This instrument was acknowledged before me on $\frac{12}{}$	
as Managing Member of	(Name of Person Signing Instrument) ERS Resources, LLC
し 《記録》、 EDWINA S. MARTIN 。	Name of partnership, corporation or limited liability company)
NOTARY PUBLIC STATE OF NEW MEXICO	Thurs, I barlen
SEAL SEAL Commission Expires 10-05	Notary Public
07-10-05	•
My Commission Expires	
	<u> </u>
A CKNOWI EDOMENT FO	RM FOR CORPORATE SURETY
	RM FOR CORPORATE SORETT
STATE OF <u>Texas</u>)	
COUNTY OF Harris	
This instrument was acknowledged before me on13	(Name of Attorney in fact)
as Attorney-in-Fact for U.S. Specialty Insur	ance Company
(Name of Corporate Surety)	Mint Man Min Or
	Notary Public
SEAL	JILLENGELVING U
<u> </u>	NOTARY PUBLIC S Very State of Texas 3
My Commission Expires	MaT /
. At Sommon Express	FM Comm. Exp. 03-05-2005
Corporate Surety attach Power of Attorney	F. M. Comm. Exp. US-US-2005 f
Corporate Surety attach Power of Attorney	and the state of t
Corporate Surety attach Power of Attorney	APPROVED BY:

By May Mar C, acres

Date 1-15-04

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 Assistant 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

Bv

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 13 3 3006

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. 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 Page: 1 Document Name: untitled

CMD: ONGARD 01/15/04 11:14:55

OG6CWBD CAPTURE SINGLE WELL BOND OGODLP - TQGC

OGRID Identifier : 225298 API Well No : 30 15 945

Operator Name, Address : ERS RESOURCES, LLC

PO BOX 1502

CARLSBAD, NM 88221-1502

11.

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 : B000683

M0015: Table update is successful.

PF01 HELP PF02 PF03 EXIT PF04 GoTo PF05 PF06 CONFIRM

 $/r/\sim 0.00$

PF07 PF08 PF09 COMMENT PF10 NXTBOND PF11 PF12

Date: 1/15/2004 Time: 11:16:03 AM

SURETY RIDER

	Bond No. <u>B000690</u> on behalf of as principal and executed by
U.S. Specialty Insurance Con	•
Effective date of change: <u>April 6, 2</u>	2004
In consideration of the mutual agreer the surety hereby consent to the follo	ment herein contained, the principal and wing changes:
The address has changed from	;
<u>TO</u> : ERS Resources, Post Office Box 9	502 exico 88221-1502
Nothing herein contained shall vary, condition of this bond except as here	
SIGNED, SEALED AND DATED T	THIS: April 6, 2004
ERS Resources, LLC Name of Principal Cou Council Signature	U.S. Specialty Insurance Company Name of Surety Signature
Name and title of person executing for Principal	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	
	1

Corporate surety affix

corporate seal here.

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

Κſ	ЧO	W	ALL	MEN	LBY	THESE	PRESE	NTS:
----	----	---	-----	-----	-----	-------	-------	------

Title If PRINCIPAL is a corporation, affix

corporate seal here.

as much as 500 feet deeper than the normal maximum depth, e.g., a well being drilled under permitted to go to 5,500 feet and a well being drilled under a \$7,500.00 bond may be permitted 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 , KNXKNXXXX XXXXXXXXXXXXXXXXXXXXXXXXXXX	uthorized to do business in mpany, a corporation to do business in the State se and benefit of the Oil agency) (the DIVISION), , for the payment of
The conditions of this obligation are such that:	
5,000 WHEREAS, the PRINCIPAL has commenced or may commence the drilling of one we feet, to prospect for and/or produce oil or gas, carbon dioxide gas, helior does own or operate, or may acquire, own or operate such well, the identification and location of	ium gas or brine minerals,
Artesia Metex Unit #8-I ,located 2310 feet from the Sci	
Name of well) ine and 990 feet from the East (East/W.S.) line of Section 24 To South), Range 27 (East) (ANXII), NMPM, Eddy County, New Mexico.	*
NOW, THEREFORE, if the PRINCIPAL and SURETY or either of them, or their succeinem, shall cause said well to be properly plugged and abandoned when dry or when no longe other beneficial purpose, in accordance with the rules and orders of the DIVISION, including 101 [19.15.3.101 NMAC] and 202 [19.15.4.202 NMAC], as such rules now exist or may	er productive or useful for but not limited to Rules
THEN AND IN THAT EVENT, this obligation shall be null and void; otherwise as compliance with any and all of said obligations, the same shall remain in full force and effect.	nd in default of complete
Post Office Box 1502 Carlsbad, New Mexico 88221-1502 Address By Boxt D Townson Address	alty Insurance Company SURETY eeway xas 77040 vddress ttorney-In-Fact
Managing Member	

ACKNOWLEDGMENT FORM FOR INDIVIDUAL

STATE OF)	
COUNTY OF)	
This instrument was acknowledged before	re me on
SEAL	Notary Public .
My Commission Expires	
STATE OF New Mexico ss.	tership, corporation or limited liballity company ore me on 12-2 ,203 by Bert D. Hannigan (Name of Person Signing Instrument)
그 그 그 그 그 그 그 그 그 그 그 그 그 그 그 그 그 그 그	of ERS Resources, LLC (Name of partnership, corporation or limited liability company)
	OGMENT FORM FOR CORPORATE SURETY
STATE OF Texas ss.	
COUNTY OF <u>Harris</u>)	
This instrument was acknowledged beforms as Attorney-in-Fact for U.S. Special (Name of corporate surery)	(Name of Attorney in fact) Ity Insurance Company
SEAL My Commission Expires Corporate Surety attach Power of Attorney	Notary Public JILL THOELKING PROTARY PUBLIC STATE OF TEXAS CODMIL ENG. 03-05-2005
	APPROVED BY:
	OIL CONSERVATION DIVISION OF NEW MEXICO
	By Fall Mart and

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 scaled 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

<u>√∞</u>, Notary Public

My commission expires

1. 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 <u>02</u> day of December , 2003

Corporate Seal

Christopher L. Martin, Secretary



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

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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. 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

Affer Orasta

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 -TQGG

OGRID Identifier : 225298 API Well No : 30 15

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

___ ___

.

27E FTG 2310 F S FTG 990 F E

Surface Locn : I 24 18S

API County : 15

Bond Details : Type (Cash/Surety - C/S) : S Bond Co Idn : 12 Amt : 5000

Company OGRÎD 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.

PF06 CONFIRM

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

PF12

Date: 1/15/2004 Time: 11:26:38 AM

STATE OF NEW MEXICO

ONE-WELL PLUGGING BOND

For CHAVES, EDDY, LEA, MCKINLEY, RIO ARRIBA, ROOSEVELT, SANDOVAL, AND SAN JUAN COUNTIES \underline{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:	
limited liability company or limited partnership organized in the State of New Mexico), as PRINCIPAL, and U.S. Spe	and authorized to do business in the State State of New Mexico, for the use and benefit of the Oil esources Department (or successor agency) (the DIVISION), e sum of Five thousand————————————————————————————————————
The conditions of this obligation are such that:	
5,000 Feet, to prospect for and/or produce or does own or operate, or may acquire, own or operate such w	y commence the drilling of one well to a depth not to exceed oil or gas, carbon dioxide gas, helium gas or brine minerals, rell, the identification and location of said well being:
Artesia Metex Unit #24-0	, located 660 feet from the South XXXX South
(Name of well) fine and 2310 feet from the East (East) (South), Range 28 (East) (XYeX), NMPM, Eddy	Line of Section 19 Township 18 (XXXXX) County, New Mexico.
NOW, THEREFORE, if the PRINCIPAL and SURE them, shall cause said well to be properly plugged and aband other beneficial purpose, in accordance with the rules and ord 101 [19.15.3.101 NMAC] and 202 [19.15.4.202 NMAC]	ders of the DIVISION, including but not limited to Rules
THEN AND IN THAT EVENT, this obligation she compliance with any and all of said obligations, the same shall	all be null and void; otherwise and in default of complete remain in full force and effect.
ERS Resources, Inc. PRINCIPAL Post Office Box 958 Carlshad, New Mexico 88221-0 Address By Signature Managing Member	U.S. Specialty Insurance Company SURETY 13403 NW Freeway 1958 Holston, Texas 77040 Attorney-In-Fact W. Russell Brown Jr.
Title If PRINCIPAL is a corporation, affix	Corporate surety affix
corporate seal here.	corporate seal here.

ACKNOWLEDGMENT FORM FOR INDIVIDUAL

STATE OF	_)			
COUNTY OF				
201				
This instrument was ack	nowledged before me	on	(Name of Individual	1)
SEAL			Notary Public	
My Commission Expires				
ACKNOWLEDGMENT FORM	M FOR PARTNERSH	HIP, CORPOR	RATION OR LIMITED I	LIBAILITY COMPAN
STATE OF New Mexico) \			•
COUNTY OF Eddy	ss.			
COUNTY OF Eddy	,			
This instrument was ack	nowledged before me	on 8-20	,20 <u>04</u> y Bert D.	Hanigan
as Managing Member		e ERS F	(Name of Person Si Resources, LLC	gning Instrument) .
IAL (Stracity, e.g., partner, president, man	ager, member)	(Name of	f partnership, corporation or limit	ed liability company)
S. Lorden		Si	War S. FO	Re-
y publicatable of him mi	2000		Notary Public	7
SEAL acabadon explase <u> \$-(<i>CCT</i></u> 8-6-2007	وتيستنسد			<i>C</i> *
	_			
My Commission Expires				
	ACKNOWLEDGME	NT FORM FO	OR CORPORATE SURE	TY ·
STATE OF Texas				
COUNTY OF Harris	SS.			
COOKIT OF TRAFFIE				
This instrument was ack	nowledged before me	on 09/01	2004 W. Russe	11 Brown, Jr.
as Attorney In Fact by H. S.		•	(Name of Attorney	in fact)
MOLLYPANE	BATTENE (FILLY)			,
Notary Public My Comm	c, State of Texas	0	Crel Barter	
SE Decemb	per 19, 2007	Notar	y Public/	
December 19, 200	07		V	
My Commission Expires				
Corporate Surety attach Power of	Attorney .			
· · · · · · · · · · · · · · · · · · ·		APPRO	OVED BY:	
				ON OR NEW TOWN
	•	OIL CO	ONSERVATION DIVISI	ON OF NEW MEXICO
		Ву	and 1. Bu	etho
			4 limitaria	

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



, Notary Public

My commission expires 1047-05

1, 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.

n 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

______, 20______

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

David K. Lath

DKB/dp

cc:

Oil Conservation Division - Artesia, NM

U.S. Specialty Insurance Company

13403 NW Freeway Houston, Texas 77040 Page: 1 Document Name: untitled

CMD : OG6CWBD ONGARD

09/14/04 15:30:59

CAPTURE SINGLE WELL BOND

OGODLP -TPNE

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 : 0 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

Date: 9/14/2004 Time: 03:31:44 PM

SURETY RIDER

	ond No. <u>B000684</u> on behalf of as principal and executed by
U.S. Specialty Insurance Com	
Effective date of change: April 6, 20	004
In consideration of the mutual agreem the surety hereby consent to the follow	ent herein contained, the principal and ving changes:
The address has changed from:	
ERS Resources, LI Post Office Box 15 Carlsbad, New Me TO: ERS Resources, L Post Office Box 95 Carlsbad, New Me	02 xico 88221-1502 LC 58
Nothing herein contained shall vary, a condition of this bond except as herein	
SIGNED, SEALED AND DATED TH	IIS: <u>April 6, 2004</u>
Pay Howigh	Name of Surety 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

	B000684
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 PRESEN	T	5	s
------------------------------	---	---	---

ERS Resources, LLC

If PRINCIPAL is a corporation, affix

corporate seal here.

That ERS Resources, LLC	, (AN XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX
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 II. S. SI	pecialty Insurance Company, a corporation
organized and existing under the laws of the State ofT	exas and authorized to do business in the State
of New Mexico, as SURETY, are firmly bound unto the	e State of New Mexico, for the use and benefit of the Oil
	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 themselve	es, their successors and assigns, jointly and severally, firmly by
these presents.	
The conditions of this obligation are such that:	
WHITDEAC ALL DRINGIDAL Las sources I so	
whereas, the Principal has commenced or n	nay commence the drilling of one well to a depth not to exceed be oil or gas, carbon dioxide gas, helium gas or brine minerals,
or does own or operate, or may acquire, own or operate such	
or does own or operate, or may acquire, own or operate such	wen, the identification and location of said wen being.
Artesia Metex Unit #13-J	located 2310 feet from the South hXXXXX/Sauth)
(Name of well)	, rocated 25 25 rect from the 50 at 51 at 100 at 11
line and 2310 feet from the East (East	MANANA line of Section 19 Township 18 XXXXXX
(South), Range 28 (East) (WAST), NMPM, Eddy	Microsity line of Section 19 Township 18 XXXXIII County, New Mexico.
NOW, THEREFORE, if the PRINCIPAL and SUR	ETY or either of them, or their successors or assigns or any of
	andoned when dry or when no longer productive or useful for
	orders of the DIVISION, including but not limited to Rules
	I 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	U. S. Specialty Insurance Company
PRINCIPAL Post Office Box 1502	13403 NW Freeway
Carlsbad, New Mexico 88221-1502	Houston, Texas 77040
By Both Signature	Attorney-In-Fact
Managing Member	, · · · .
Title	

Corporate surety affix

corporate seal here.

ACKNOWLEDGMENT FORM FOR INDIVIDUAL

STATE		
COUNT	ss.	
	This instrument was acknowledged before	e me on 20 by (Name of Individual)
SEAL		Notary Public
My Com	nission Expires	
	•	
ACKNO	WLEDGMENT FORM FOR PARTNE	ERSHIP, CORPORATION OR LIMITED LIBAILITY COMPANY
	or New Mexico) or Eddy ss.	
		e me on 12-2 ,23 by Bert D. Hannigan
as <u>M</u> a (Capacit	naging Members A. e.g., partner, president, managen warntar) S. M. NOTARY PUR STATE OF NEW My Commission Expi	(Name of Person Signing Instrument) Of ERS Resources, LLC ARTIN (Name of partnership, corporation or limited liability company) BLIC MEXICO Notary Public
,	10-05 nission Expires	
STATE (DF <u>Texas</u>)	GMENT FORM FOR CORPORATE SURETY
	This instrument was acknowledged before	eme on 12-02,2003by Edwin H. Frank III
	ey-in-Fact for U.S. Specialty (Name of corporate surety)	y Insurance Company (Aut Zululus)
-	mission Expires 2 Surety attach Power of Attorney	Notary Public JILL ENGELKING NOTARY PUBLIC State of Texas Coe Comm. Exp. 03-05-2005
		APPROVED BY:
•		OIL CONSERVATION DIVISION OF NEW MEXICO
		By Must have Commented

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 Assistant 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

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 <u>02</u> day of <u>December</u>, 20 <u>03</u>.

Corporate Seal

Christopher L. Martin, Secretary

My commission expires



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

1 Mer Chorde

Houston, TX 77040

J.S. Ward & Son, Inc. 101 South Fourth Street Artesia, NM 88210-2177 Attn: Susan S. Lopez Page: 1 Document Name: untitled

ONGARĎ CMD :

01/15/04 11:15:59 OGODLP -TOGO

OG6CWBD CAPTURE SINGLE WELL BOND

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.

PF02 PF01 HELP

PF03 EXIT PF04 GoTo PF05

PF06 CONFIRM

PF07

PF08

PF09 COMMENT PF10 NXTBOND PF11

1.7

PF12

Date: 1/15/2004 Time: 11:17:06 AM

SURETY RIDER

-	f Bond No. <u>B000685</u> on behalf of
U.S. Specialty Insurance Co	as principal and executed by
Effective date of change: April 6,	
In consideration of the mutual agree the surety hereby consent to the following	ement herein contained, the principal and owing changes:
The address has changed from	n: ·
<u>TO</u> : ERS Resources, Post Office Box	1502 Mexico 88221-1502 , LLC
Nothing herein contained shall vary, condition of this bond except as here	
SIGNED, SEALED AND DATED T	ГНІS: <u>April 6, 2004</u>
ERS Resources, LLC Name of Principal Signature	U.S. Specialty Insurance Company Name of Surety Signature
Name and title of person executing for Principal	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	B000685
AMOUNT OF BON	D \$5,000.00
COUNT	Y Eddy
\$5,000.00*	

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 , WNXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX
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 #14-J , located 1650 feet from the South (ANXXXX South)
(Name of well) line and 1980 feet from the East (East/NEXX) line of Section 19 Township 18 (XXXXX) (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 other, 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;
THE AND IN THAT PURE A CARLO AND A STANDARD AND A S

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.

corporate seal here.

ce with any and all of said obligations, the same shall remain	n in full force and effect.
ERS Resources, LLC	U. S. Specialty Insurance Compan
PRINCIPAL Post Office Box 1502	SURETY 13403 NW Freeway
Carlsbad, New Mexico 88221-1502	Houston, Texas 77040
Address Address	W Address &
Signature	Attorney-In-Fact
Managing Member	
Title	 .
CPRINCIPAL is a corneration affix	Cornerate curety offix

corporate seal here.

ACKNOWLEDGMENT FORM FOR INDIVIDUAL

STATE OF	_)			
COUNTY OF	ss. _)			
This instrument was ack	nowledged before me on	,20 by(Name	of Individual)	-
SEAL		Noia	ry Public	
My Commission Expires				
·				•
		ORPORATION OR L	IMITED LIBAILITY COMPAN	₹Y
STATE OF New Mexic	ss)			
This instrument was ack	nowledged before me on $_1$	2-2 ,2003 _{by} Ber	t D. Hannigan	
as Managing Memb (Capacity, e.g., partner, president, than	er er	ERS Resour	e of Person Signing Instrument) CCES, LLC ration or limited liability company)	
07-10-05 My Commission Expires				
	ACKNOWLEDGMENT F	ORM FOR CORPORA	ATE SURETY	
STATE OF Texas) COUNTY OF Harris)	SS.			
as Attorney-in-Fact for U.S.	Specialty Insura	. (Nam	Edwin H. Frank III e of Attorney in fact) Wellucy	
My Commission Expires Corporate Surety attach Power of	Attorney	Notafy Public JILLEN NOTAR State Comm. Exp	GELKING Y PUBLIC of Texas . 03-05-2005	
 ······································		APPROVED BY:		
		OIL CONSERVATION	ON DIVISION OF NEW MEXIC	CO -

By Ja Mac Counter

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

State of Texas

County of Harris

SS:

Michael I Scholl Procident

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

Jan Mulimple William Notary Public

My commission expires 12000

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 <u>02</u> 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

Ma Darda

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 :

ONGAŘĎ

01/15/04 11:18:13

OG6CWBD

CAPTURE SINGLE WELL BOND

OGODLP -TOGG

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

188

U/L Sec Township Range North/South East/West

Surface Locn : J 19

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

PF-08

PF09 COMMENT PF10 NXTBOND PF11

PF12

Date: 1/15/2004 Time: 11:19:22 AM

STATE OF NEW MEXICO

ONE-WELL PLUGGING BOND

For CHAVES, EDDY, LEA, MCKINLEY, RIO ARRIBA, ROOSEVELT, SANDOVAL, AND SAN JUAN COUNTIES \underline{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	:
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 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 XXXX South)	•
(Name of well) line and 2310 feet from the East (East/West) line of Section 19 Township 18 (Navity) (South), Range 28 (East) (East), 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. Post Office Box 958 Carlshad, New Mexico 88221-0958 By Signature Managing Member Title U.S. Specialty Insurance SURETY 13403 NW Freeway Houston, Taxas 17040 Attorney-In-Fact W. Russell Brown Jr.	Company
If PRINCIPAL is a corporation, affix corporate seal here. Corporate seal here.	_

ACKNOWLEDGMENT FORM FOR INDIVIDUAL

	STATE OF)
	COUNTY OF)
	This instrument was acknowledged before me on
	Notary Public SEAL
	My Commission Expires
	·
	ACKNOWLEDGMENT FORM FOR PARTNERSHIP, CORPORATION OR LIMITED LIBAILITY COMPANY STATE OF New Mexico SS. COUNTY OF Eddy O
	This instrument was acknowledged before me on 8-20,2004by Bert D. Hanigan
	Managing Member of ERS Resources, LLC (Name of Person Signing Instrument)
Caperore	Notary Public STAIR OF PIZW MEDICO (Name of partnership, corporation or limited liability company)
	SEAT OF SET
My con	8-6-2007
	My Commission Expires
	ACKNOWLEDGMENT FORM FOR CORPORATE SURETY
	STATE OF Texas ss.
	COUNTY OF Harris
	This instrument was acknowledged before me on 09/01,2004by W. Russell Brown, Jr. (Name of Attorney in fact)
	MOLLY Me SATTENFIELD Notary Public, State of Texas My Commission Expires December 19, 2007
	December 19, 2007
	My Commission Expires
	Corporate Surety attach Power of Attorney
***************************************	APPROVED BY:
	OIL CONSERVATION DIVISION OF NEW MEXICO
	Date 9/19/04

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

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

State of Texas

County of Harris

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



My commission expires

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.

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

September

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

David K. horte

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 :

CAPTURE SINGLE WELL BOND

ONGARD

09/14/04 15:30:59 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: 0 19 18S 28E FTG 660 F S FTG 2310 F E

API County : 15

OG6CWBD

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 Lany Simse

SGS:ssl

Enclosure

over 70 years

SURETY RIDER

To be attached to and form a part of E ERS Resources, LLC	Bond No. <u>B000682</u> on behalf of as principal and executed by
U.S. Specialty Insurance Con	
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 U.S. Specialty Insurance Company Name of Surety	
The address has changed from:	
Post Office Box 1: Carlsbad, New Me TO: ERS Resources, I Post Office Box 9	502 exico 88221-1502 LLC 58
SIGNED, SEALED AND DATED T	HIS: April 6, 2004
Name and title Operson executing for Principal	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

0682
00.00

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)

That FRS Resources, LLC The State of New Mexico, and authorized to do business in the State of New Mexico, for the use and benefit of the Oil onservation Division of the Energy, Minerals and Natural Resources Department (or successor agency) (the DIVISION), unsuant to NMSA 1978, Section 70-2-14, as amended, in the sum of \$5,000.00————————————————————————————————
KNOW ALL MEN BY THESE PRESENTS:
That ERS Resources, LLC , (XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX
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 XXXXIII/South)
Name of well) ine and2024feet from the West(XXX/West) line of Section19Township18XXX/HX South), Range _28(East) (XXXXX), NMPM,EddyCounty, New Mexico.
NOW, THEREFORE, if the PRINCIPAL and SURETY or either of them, or their successors or assigns or any of hem, 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 [01 [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 Company
Signature
Managing Member
Title

If PRINCIPAL is a corporation, affix

corporate seal here.

U. S. Specialty Insurance Company **SURETY** 13403 NW Freeway Texas Attorney-In-Fact

Corporate surety affix corporate seal here.

ACKNOWLEDGMENT FORM FOR INDIVIDUAL

STATE OF)		
COUNTY OF)		
This instrument was asknowledged be	afara ma an	
This instrument was acknowledged be	(Name of Individual)	·
	Notary Public	
SEAL		
My Commission Expires		
му сонинамов Ехриса		
CANALANT EN CAMPAIT FORMS POR DARRO		
•	TNERSHIP, CORPORATION OR LIMITED LIBAILITY COMP	'ANY -
STATE OF New Mexico) ss.		
COUNTY OF Eddy ss.		
This instrument was acknowledged be	Defore me on 12-2 ,203 by Bert D. Hannigan	
as Managing Member	(Name of Person Signing Instrument) of ERS Resources, LLC	
(Capacity, e.g., partner, president, manager, member)	(Name of partnership, corporation or limited liability company)	
EDWINA S. MATTE	Calvina). Illante	-1
SEAL STATE OF NEW	Notary Public Notary Public	
07-10-05" Commission 7-15	<u>Ó</u> S	
My Commission Expires		
ACKNOWL	LEDGMENT FORM FOR CORPORATE SURETY	
STATE OF Texas ss.		
COUNTY OF <u>Harris</u>)		
-	Defore me on <u>12-02</u> ,20 <u>03</u> by <u>Edwin H. Frank III</u> (Name of Attorney in fact) alty Insurance Company.	
	rety)	
Notary Public, State of Texas My Commission Expires	Ohally Battf	
December 19, 2007	Notary Public	
My Commission Expires		
Corporate Surety attach Power of Attorney		
	APPROVED BY:	
	OIL CONSERVATION DIVISION OF NEW MEX	XICO
	By 16. 1 Cold Colds	
	#1_2 (6) " " / / / / / / / / / / / / / / / / /	



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

In Margarete

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 Scal

U. S. SPECIALTY INSURANCE COMPANY By

State of Texas

County of Harris

SS:

Michael I 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

William Jan 10 - 1 (1) Car Public

My commission expires 13/33/8000

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 <u>02</u> day of December , 20 03.

Corporate Seal

Christopher L. Martin, Secretary

CMD :

ONGARD

01/15/04 11:09:10

OG6CWBD

CAPTURE SINGLE WELL BOND

OGODLP - TOGO

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

East/West

U/L Sec Township Range North/South

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

Date: 1/15/2004 Time: 11:10:17 AM

SURETY RIDER

To be attached to and form a part of I	Bond No	B000681	on behalf of
ERS Resources, LLC			executed by
U.S. Specialty Insurance Con	npany , a	s surety.	· ·
Effective date of change: April 6, 2	2004		
In consideration of the mutual agreen the surety hereby consent to the follow			e principal and
The address has changed from:			
ERS Resources, L Post Office Box 1 Carlsbad, New Mo TO: ERS Resources, L Post Office Box 9 Carlsbad, New Mo	502 exico 8822 LLC 258	•	
Nothing herein contained shall vary, a condition of this bond except as herei			sion or
SIGNED, SEALED AND DATED T	HIS:	April 6, 20	004
ERS Resources, LLC Name of Principal Signature	U.S. Spo Name of Signature	Surety Ball	nce Company
Name and title of person executing for Principal	Name an	ell Brown, Jr., A d title of perso g 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. B000681
	AMOUNT OF BOND \$5,000.00
•	COUNTY Eddy
NOTE: For wells less than 5,000 feet deep, the minimum bond is 5 For wells 5,000 to 10,000 feet deep, the minimum bond is For wells more than 10,000 feet deep, the minimum bond is	\$7,500.00*
*Under certain conditions, a well being drilled under a \$5,000.00 or as much as 500 feet deeper than the normal maximum depth, e.g., a well permitted to go to 5,500 feet and a well being drilled under a \$7,500.00 bor Rule 101)	being drilled under a \$5,000.00 bond may be.
File with Oil Conservation Division, 1220 South Saint Francis, S	Santa Fe, NM 87505
KNOW ALL MEN BY THESE PRESENTS:	
That FRS Resources, LLC , XXXXXXX limited liability company or limited partnership organized in the State of New Mexico), as PRINCIPAL, and U. S. Specialty organized and existing under the laws of the State of Texas of New Mexico, as SURETY, are firmly bound unto the State of New Conservation Division of the Energy, Minerals and Natural Resources Department to NMSA 1978, Section 70-2-14, as amended, in the sum of \$5 which the PRINCIPAL and SURETY hereby bind themselves, their success these presents.	Insurance Company, a corporation and authorized to do business in the State Mexico, for the use and benefit of the Oil artiment (or successor agency) (the DIVISION), 000.00
The conditions of this obligation are such that:	
WHEREAS, the PRINCIPAL has commenced or may commence to 5,000 feet, to prospect for and/or produce oil or gas, car or does own or operate, or may acquire, own or operate such well, the identity	rbon dioxide gas, helium gas or brine minerals.
	330 feet from the South (South)
(Name of well) line and 2410 feet from the West (XXX/West) line of (South), Range 28 (East) (WXX), NMPM, Eddy Coun	Section 19 Township 18 (NXXXXXX) ty, New Mexico.
NOW, THEREFORE, if the PRINCIPAL and SURETY or either of them, shall cause said well to be properly plugged and abandoned when dother beneficial purpose, in accordance with the rules and orders of the DI 101 [19.15.3.101 NMAC] and 202 [19.15.4.202 NMAC], as such rules	lry or when no longer productive or useful for VISION, including but not limited to Rules
THEN AND IN THAT EVENT, this obligation shall be null an compliance with any and all of said obligations, the same shall remain in full	
ERS Resources, LLC PRINCIPAL Post Office Box 1502	U. S. Specialty Insurance Compan SURETY 13403 NW Freeway
Carlsbad, New Mexico 88221-1502	Houseon, Texas 77040
Address	Address

That ERS Resources, LLC , (XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX
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 #23 , located 330 feet from the South (South)
(Name of well) line and 2410 feet from the West (XXX/West) line of Section 19 Township 18 (XXX/W), (South), Range 28 (East) (WXX), 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

ERS Resources, LLC PRINCIPAL Post Office Box 1502 Carlsbad, New Mexico Address Signature Managing Member Title If PRINCIPAL is a corporation, affix corporate seal here.

Attorney-In-Fact

Corporate surety affix corporate seal here.

ACKNOWLEDGMENT FORM FOR INDIVIDUAL

STATE OF)			
COUNTY OF	ss.)			
This instrument w	as acknowledged before me or	n20 by_	(Name of Individual)	
SEAL			Notary Public	
My Commission Expires	-			
ACKNOWLEDGMENT STATE OF New Me COUNTY OF Eddy	FORM FOR PARTNERSHI	IP, CORPORATION	OR LIMITED LIBAILI	TY COMPANY
This instrument w		eof ERS Res	(Name of Person Signing Instr SOUTCES, LLC	ument)
CEAL	EBARFIJA S. MARTIN NOTARY PUBLIC STATE OF NEW MEXICO TO Commission Expires - 0-0	Edu	p, corporation or limited liability LIAL	artin
My Commission Expires STATE OF Texas	ACKNOWLEDGMEN	NT FORM FOR COR	PORATE SURETY	
COUNTY OF Harris	SS			
as Attorney-in-Fact for	vas acknowledged before me o U.S. Specialty 1 (Name of corporate surety)	nsurance Com	(Name of Attorney in fact)	nk_III
My Commission Expires Corporate Surety attach Po	wer of Attorney	Notes Public	JILL ENGELKING MOTARY PUBLIC State of Texas mm. Exp. 03-05-2005	
		APPROVED B	Y:	-
		OIL CONSERV	VATION DIVISION OF	NEW MEXICO
		By By	duci en la	

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

Вy

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

Mat Har Chert

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 OGODLP -TQGG OG6CWBD CAPTURE SINGLE WELL BOND

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

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.

PF03 EXIT PF04 GoTo PF01 HELP PF02 PF05 PF06 CONFIRM

.PF08 PF09 COMMENT PF10 NXTBOND PF11 PF07 PF12

Date: 1/15/2004 Time: 11:04:26 AM

STATE OF NEW MEXICO

ONE-WELL PLUGGING BOND

For Chaves, eddy, lea, mckinley, rio arriba, roosevelt, sandoval, and san Juan counties $\underline{\text{ONLY}}$

BOND NO.	B001136
AMOUNT OF BOND COUNTY	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

corporate seal here.

*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, NA	1 87505
KNOW ALL MEN BY THESE PRESENTS:	
limited liability company or limited partnership organized in the State of New Mexico the State of New Mexico), as PRINCIPAL, and U.S. Specialty Insural	thorized to do business in the State or the use and benefit of the Oil uccessor agency) (the DIVISION), sand————————————————————————————————————
The conditions of this obligation are such that:	
5,000 feet, to prospect for and/or produce oil or gas, carbon dioxide or does own or operate, or may acquire, own or operate such well, the identification and leaves on the control of th	ocation of said well being:
Artesia Metex Unit #24-0 ,located 660 feet fro	om the South XXX (South)
(Name of well) line and 2310 feet from the East (East/WWW line of Section 1 (South), Range 28 (East) (Wew), NMPM, Eddy County, New Mex	9 Township 18 (XXXX)
NOW, THEREFORE, if the PRINCIPAL and SURETY or either of them, or them, shall cause said well to be properly plugged and abandoned when dry or when to other beneficial purpose, in accordance with the rules and orders of the DIVISION, inc 101 [19.15.3.101 NMAC] and 202 [19.15.4.202 NMAC], as such rules now exist	no longer productive or useful for luding but not limited to Rules
THEN AND IN THAT EVENT, this obligation shall be null and void; othe compliance with any and all of said obligations, the same shall remain in full force and ef	
Post Office Box 958 Carlsbad, New Mexico 88221-0958 Address By Signature	Specialty Insurance Company SURETY NW Freeway on, Texas 770/0 Attorney-In-Fact ussell Brown Jr.
Title If PRINCIPAL is a corporation, affix Corpor	ate surety affix

corporate seal here.

ACKNOWLEDGMENT FORM FOR INDIVIDUAL

	STATE OF)	•
	COUNTY OF)	
	This instrument was acknowledged before me of	on,20 by(Name of individual)
		·
		· Notary Public
	SEAL	
	My Commission Expires	
	ACKNOWLEDGMENT FORM FOR PARTNERSH	IP, CORPORATION OR LIMITED LIBAILITY COMPANY
	STATE OF New Mexico	•
	COUNTY OF Eddy	
	m1.1.1.1.1.1.1.1.1.1.1.1.1.1.1.1.1.1.1.	8-20 cold Port D. Harisan
		on 8-20,2004by Bert D. Hanigan (Name of Person Signing Instrument)
,	as Managing Member Al (Sexty, e.g., partner, president, manager, member)	of ERS Resources, LLC (Name-of/partnership, corporation or limited liability company)
	S. Lopes	SIII 12 A. FOOG
MOTAR	Y PUBLIC-STAKE OF SIKW MENICO	Notary Public
7	SEAL SACOT	Trotally Fuelle
My cos	acabadon 8-6-2007	•
	My Commission Expires	
-	ACKNOWLEDGMEN	NT FORM FOR CORPORATE SURETY
	STATE OF Texas	
	SS.	
	COUNTY OF <u>Harris</u>)	
	This instrument was acknowledged before me	_{on} <u>09/01_{,20}04_y W. Russell Brown, Jr.</u>
		(Name of Attorney in fact)
	MOLLY WE SAFTER FIFTY)	nsurance Company
	Notary Public State of Toyan	Rich Bate 1
	My Commission Expires December 19, 2007	Notary Public
	SENSE	$\mathcal U$
	December 19, 2007	
	My Commission Expires	
	Corporate Surety attach Power of Attorney	
		APPROVED BY:
		OIL CONSERVATION DIVISION OF NEW MEXICO
		CA CINC B. ALL.
		By Jand M. Falling
		Para 9/15/104

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 Assistant 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

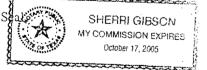
State of Texas

County of Harris

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



, Notary Public

My commission expires 10 - 10 - 5

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

David K. hork

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

00.

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 -TPNE

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

Surface Locn: 0 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

PF12

PF07

PF08

PF09 COMMENT PF10 NXTBOND PF11

Date: 9/14/2004 Time: 03:31:44 PM

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 Con	mpany, as	surety.	
Effective date of change: April 6,	2004		+ 4
In consideration of the mutual agrees the surety hereby consent to the follo			principal and
The address has changed from	:		
ERS Resources, I Post Office Box 1 Carlsbad, New M TO: ERS Resources, Post Office Box 9	502 exico 8822 LLC	1-1502	
Nothing herein contained shall vary, condition of this bond except as here	alter, or ext	end any provis	sion or
SIGNED, SEALED AND DATED T	HIS:	April 6, 20	04
ERS Resources, LLC Name of Principal Signature	U.S. Spec Name of S Signature	cialty Insuran	ce Company
Name and title of person executing for Principal	W. Russell Name and	Brown, Jr., Att title of person for Surety	

B000679

BOND NO.

Corporate surety affix

corporate seal here.

STATE OF NEW MEXICO

ONE-WELL PLUGGING BOND

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

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 , (MXXIMMXIX) (MXENNIXIXIXIXIXXXXXXXXXXXXXXXXXXXXXXXXXX
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 #26 , located 330 feet from the North (North XXXXX) (Name of well) line and 330 feet from the East (East/XXXX) line of Section 26 Township 18 (XXXXX) (South), Range 27 (East) (XXXX), 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.
PRINCIPAL Post Office Box 1502 Carlsbad, New Mexico 88221-1502 Address By Signature U. S. Specialty Insurance Comparation of Surety 13403 NW Freeway Houston, Texas 77040 Attorney-In-Fact
Managing Member Title

If PRINCIPAL is a corporation, affix

corporate seal here.

ACKNOWLEDGMENT FORM FOR INDIVIDUAL

STATE OF)	
COUNTY OF		
This instrumen	t was acknowledged before me on	· 20 hv
Tiji, matamen	was actiowedged before me on	(Name of Individual)
CITAL		Notary Public
SEAL -		
My Commission Expire	<u> </u>	
		CORPORATION OR LIMITED LIBAILITY COMPANY
STATE OF New Me	exico ss.	
COUNTY OF Edd) ss.	
This instrumen	y was asknowledged before me on 1	2-2 ,2003by Bert D. Hannigan
Managina		(Name of Person Signing Instrument)
	sident, mariager, member)	(Name of partnership, corporation or limited liability company)
SEAL	NOTARY PUBLIC NOTARY PUBLIC NOTARY PUBLIC NOTATE OF NEW MEXICO NO Commission Expires 10 9	Colutina S. Martin Notary Public
07-10-05		
My Commission Expire	25	
	ACKNOWLEDGMENT	FORM FOR CORPORATE SURETY
STATE OF <u>Texa</u>	<u>s</u>)	
COUNTY OF Har	ris_)	
This instrumer	nt was acknowledged before me on	12-02 _{,20} 03 _y Edwin H. Frank III
	U.S. Specialty Insu	(Name of Attorney in fact)
	(control conjector strong)	Notary Public Notary Public
SEAL 3/S/OS	{	JILL ENGELKING
My Commission Expir	es VE OF	State of Texas Comm. Exp. 03-05-2005
Corporate Surety attach	Power of Attorney	
		APPROVED BY:
		OIL CONSEDUATION DIVISION OF NEW MEYICO

OIL CONSERVATION DIVISION OF NEW MEXIC

By May Marchanta

Date /- 15 10 </

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 scaled 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

ルルの, Notary Public

My commission expires 12/23/2506

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<u>03</u>.

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

Art Cherroles

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 -TQGG

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

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

18S

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

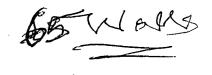
PF12

Date: 1/15/2004 Time: 11:00:46 AM

Well List

225298 ERS RESOURCES, LLC **TOTAL WELL COUNT:65**

PRINTED ON:FRIDAY, JUNE 20, 2008



Property	Well Name	Lease Type	ULSTR	OCD	API	Well Type	Pool		Last Prod/Inj	Oil POD	Gas POD	In Add. Bond
300906	ARTESIA METEX UNIT #001	S	B-24-18S-27E	В	30-015-00940	0	3230	ARTESIA; QUEEN- GRAYBURG-SAN ANDRES	3/2007	2232310	2232330	4/1/2009
	ARTESIA METEX UNIT #002	S	G-24-18S-27E	G	30-015-00939	0	3230	ARTESIA;QUEEN- GRAYBURG-SAN ANDRES	11/2006/	2232310	2232330	12/1/2008
	ARTESIA METEX UNIT #003	S	H-24-18S-27E	Н	30-015-00938	. 0	3230	ARTESIA; QUEEN- GRAYBURG-SAN ANDRES	3/2007.	2232310	2232330	4/1/2009
	ARTESIA METEX UNIT #004	S	2-19-18S-28E	, E	30-015-01944	0	3230	ARTESIA;QUEEN- GRAYBURG-SAN ANDRES	3/2007	2232310	2232330	4/1/2009
	ARTESIA METEX UNIT #005	S	L-24-18S-27E	L	30-015-00945	0	3230	ARTESIA; QUEEN- GRAYBURG-SAN ANDRES	12/2005	2232310	2232330	1/1/2008
	ARTESIA METEX UNIT #006	S	K-24-18S-27E	K	30-015-00941	Ī	3230	ARTESIA;QUEEN- GRAYBURG-SAN ANDRES	8/2006		•	9/1/2008
	ARTESIA METEX UNIT #007	S	J-24-18S-27E	J	30-015-01197	0	3230	ARTESIA;QUEEN- GRAYBURG-SAN ANDRES	3/2007	2232310	2232330	4/1/2009 .
	ARTESIA METEX UNIT #008	. S	I-24-18S-27E	I	30-015-00944	I	3230	ARTESIA;QUEEN- GRAYBURG-SAN ANDRES	11/1998			12/1/2000
	ARTESIA METEX UNIT #010	S	3-19-18S-28E	L	30-015-01943	0	3230	ARTESIA;QUEEN- GRAYBURG-SAN ANDRES	3/2007	2232310	2232330	4/1/2009
	ARTESIA METEX UNIT #011	S	3-19-18S-28E	L	30-015-01940	0	3230	ARTESIA;QUEEN- GRAYBURG-SAN ANDRES	9/2004	2232310	2232330	10/1/2006
	ARTESIA METEX UNIT #012	S	K-19-18S-28E	К	30-015-01964	I	3230	ARTESIA;QUEEN- GRAYBURG-SAN ANDRES	8/2006			9/1/2008
	ARTESIA METEX UNIT #013	S	J-19-18S-28E	3	30-015-01951	0	3230	ARTESIA;QUEEN- GRAYBURG-SAN ANDRES	12/2005	2232310	2232330	1/1/2008
	ARTESIA METEX UNIT #014	S	J-19-18S-28E	J	30-015-01947	0	3230	ARTESIA;QUEEN- GRAYBURG-SAN ANDRES	12/2005	2232310	2232330	1/1/2008
	ARTESIA METEX UNIT #015	S	I-19-18S-28E	1	30-015-01954	0 .	3230	ARTESIA;QUEEN- GRAYBURG-SAN ANDRES	3/2007	2232310	2232330	4/1/2009
 	ARTESIA METEX UNIT #016	S	M-24-18S-27E	M .	30-015-00942	I		ARTESIA;QUEEN- GRAYBURG-SAN ANDRES	12/2005	•		1/1/2008
	ARTESIA METEX	S	N-24-18S-27E	N	30-015-009,47	0	3230	ARTESIA;QUEEN- GRAYBURG-SAN	3/2007	ERS		4/1/2009 rces, LL

UNIT							ANDRES			
#017					•				•	
ARTESIA METEX UNIT #018	S	N-24-18S-27E	Ν	.30-015-00946	Ó	3230	ARTESIA; QUEEN- GRAYBURG-SAN ANDRES	11/2006、	2232310 2232330	12/1/2008
ARTESIA METEX UNIT #019	S	O-24-18S-27E	0	30-015-01195	0	3230	ARTESIA; QUEEN- GRAYBURG-SAN ANDRES	3/2007	2232310 2232330	4/1/2009
ARTESIA METEX UNIT #020	S	P-24-18S-27E	Р	30-015-01196	I ·	3230	ARTESIA;QUEEN- GRAYBURG-SAN ANDRES	8/2005		9/1/2007
ARTESIA METEX UNIT #021	S	4-19 -1 8S-28E	M	30-015-01942		3230	ARTESIA; QUEEN- GRAYBURG-SAN ANDRES	12/2005	2232310 2232330	1/1/2008
ARTESIA METEX UNIT #022	S	N-19-18S-28E	N	30-015-01965	0	3230	ARTESIA;QUEEN- GRAYBURG-SAN ANDRES	12/2005	2232310 2232330	1/1/2008
ARTESIA METEX UNIT #023	S	N-19-18S-28E	N	30-015-01941	0	3230	ARTESIA;QUEEN- GRAYBURG-SAN ANDRES	12/2005		1/1/2008
ARTESIA METEX UNIT #024	S	O-19-18S-28E	0	30-015-01949	0	3230	ARTESIA;QUEEN- GRAYBURG-SAN ANDRES	12/2005	2232310 2232330	1/1/2008
ARTESIA METEX UNIT #025	S	O-19-18S-28E	0	30-015-01946	0	3230	ARTESIA; QUEEN- GRAYBURG-SAN ANDRES	3/2007	2232310 2232330	4/1/2009
ARTESIA METEX UNIT #026	S	A-26-18S-27E	А	30-015-00962	0	3230	ARTESIA;QUEEŅ- GRAYBURG-SAN ANDRES	8/2006	2232310 2232330	9/1/2008
ARTESIA METEX UNIT #027	S	D-25-18S-27E	D	30-015-00951	0	3230	ARTESIA;QUEEN- GRAYBURG-SAN ANDRES	12/2005	2232310 2232330	1/1/2008
ARTESIA METEX UNIT #029	S	B-25-18S-27E	В	30-015-01194	0	3230	ARTESIA;QUEEN- GRAYBURG-SAN ANDRES	8/2006	-2232310 2232330	9/1/2008
ARTESIA METEX UNIT #030	S	A-25-18S-27E	А	30-015-01193	0	3230	ARTESIA;QUEEN- GRAYBURG-SAN ANDRES	3/2007	2232310 2232330	4/1/2009
ARTESIA METEX UNIT #031	S	1-30-18S-28E	D	30-015-02139	0	3230	ARTESIA;QUEEN- GRAYBURG-SAN ANDRES	12/2005	2232310 2232330	1/1/2008
ARTESIA METEX UNIT #032	S	C-30-18S-28E	C	30-015-02140	I	3230	ARTESIA; QUEEN- GRAYBURG-SAN ANDRES	8/2005		9/1/2007
ARTESIA METEX UNIT #033	S	B-30-18S-28E	В	30-015-02132		3230	ARTESIA; QUEEN- GRAYBURG-SAN ANDRES	3/2007	2232310 2232330	4/1/2009
ARTESIA METEX UNIT #034	S	B-30-185-28E	В	30-015-06127	0	3230	ARTESIA; QUEEN- GRAYBURG-SAN ANDRES	11/2006	2232310 2232330	12/1/2008
ARTESIA METEX UNIT #035	S	H-26-185-27E	Н	30-015-00963		3230	ARTESIA; QUEEN- GRAYBURG-SAN ANDRES	12/2005	· .	1/1/2008
ARTESIA METEX	S	E-25-18S-27E	Е	30-015-00952	0	3230	ARTESIA;QUEEN- GRAYBURG-SAN	8/2006	2232310 2232330	9/1/2008

TINU		•					ANDRES			
#036							, and a second			
ARTESIA METEX UNIT #038	S	F-25-18S-27E	F	30-015-00950	0	3230	ARTESIA;QUEEN- GRAYBURG-SAN ANDRES	3/2007	2232310 2232330	4/1/2009
ARTESIA METEX UNIT #039	S	G-25-18S-27E	G	30-015-00948	0	3230	ARTESIA;QUEEN- GRAYBURG-SAN ANDRES	12/2005	2232310 2232330	1/1/2008
ARTESIA METEX UNIT #040	S	H-25-18S-27E	Н	30-015-00954	I	3230	ARTESIA; QUEEN- GRAYBURG-SAN ANDRES	8/2006		9/1/2008
ARTESIA METEX UNIT #041	S	2-30-18S-28E	E	30-015-02136	I	3230	ARTESIA;QUEEN- GRAYBURG-SAN ANDRES	8/2006		9/1/2008
ARTESIA METEX UNIT #042	S	F-30-18S-28E	F	30-015-02138	0	3230	ARTESIA;QUEEN- GRAYBURG-SAN ANDRES	12/2005	2232310 2232330	1/1/2008
ARTESIA METEX UNIT #043	S	G-30-18S-28E	G	30-015-02142	0	3230	ARTESIA;QUEEN- GRAYBURG-SAN ANDRES	3/2007	2232310 2232330	4/1/2009
ARTESIA METEX UNIT #044	S	I-26-18S-27E	I	30-015-01190	0	3230	ARTESIA;QUEEN- GRAYBURG-SAN ANDRES	2/2005	2232310 2232330	3/1/2007
ARTESIA METEX UNIT #045	S	L-25-18S-27E	L	30-015-00959	I	3230	ARTESIA;QUEEN- GRAYBURG-SAN ANDRES	8/2006		9/1/2008
ARTESIA METEX UNIT #046	S	K-25-18S-27E	K	30-015-00953	0	3230	ARTESIA; QUEEN- GRAYBURG-SAN ANDRES	3/2007	2232310 2232330	4/1/2009
ARTESIA METEX UNIT #047	S	J-25-18S-27E	J	30-015-00955	0	3230	ARTESIA;QUEEN- GRAYBURG-SAN ANDRES	11/2006	2232310 2232330	12/1/2008
ARTESIA METEX UNIT #048	S	I-25-18S-27 <u>E</u>	1 .	30-015-00958	0	3230	ARTESIA;QUEEN- GRAYBURG-SAN ANDRES	3/2007	2232310 2232330	4/1/2009
ARTESIA METEX UNIT #049	S	K-30-18S-28E	K	30-015-02141	I	3230	ARTESIA;QUEEN- GRAYBURG-SAN ANDRES	8/2006		9/1/2008
ARTESIA METEX UNIT #050	S	O-26-18S-27E	0	30-015-01191	0	3230	ARTESIA;QUEEN- GRAYBURG-SAN ANDRES	3/2007	2232310 2232330	4/1/2009
ARTESIA METEX UNIT #051	S	P-26-18S-27E	Р	30-015-00966	0	3230	ARTESIÀ; QUEEN- GRAYBURG-SAN ANDRES	1/2006	2232310 2232330	2/1/2008
ARTESIA METEX UNIT #052	S	M-25-18S-27E	М	30-015-00960	I	3230	ARTESIA;QUEEN- GRAYBURG-SAN ANDRES	8/2006	•	9/1/2008
ARTESIA METEX UNIT #053	S	N-25-18S-27E	N	30-015-00957	0	3230	ARTESIA;QUEEN- GRAYBURG-SAN ANDRES	3/2007	2232310 2232330	4/1/2009
ARTESIA METEX UNIT #054	S	O-25-18S-27E	0	30-015-00956	I	3230	ARTESIA;QUEEN- GRAYBURG-SAN ANDRES	8/2005		9/1/2007
ARTESIA METEX	S	B-35-18S-27E	В	30-015-00986	Ö	3230	ARTESIA;QUEEN- GRAYBURG-SAN	11/2006	2232310 2232330	12/1/2008

UNIT #055							ANDRES		•	
ARTESIA METEX UNIT #056	S	A-35-18S-27E	А	30-015-00987	I	3230	ARTESIA;QUEEN- GRAYBURG-SAN ANDRES	8/2006		9/1/2008
ARTESIA METEX UNIT #057	S	D-36-18S-27E	D	30-015-00990	Ο	3230	ARTESIA;QUEEN- GRAYBURG-SAN ANDRES	3/2007	2232310 2232330	4/1/2009
ARTESIA METEX UNIT #058	S	C-36-18S-27E	С	30-015-00991	I	3230	ARTESIA;QUEEN- GRAYBURG-SAN ANDRES	8/2006		9/1/2008
ARTESIA METEX UNIT #059	S	K-25-18S-27E	K	30-015-00949	0	3230	ARTESIA;QUEEN- GRAYBURG-SAN ANDRES	3/2007	2232310 2232330	4/1/2009
ARTESIA METEX UNIT #060	S	C-30-18S-28E	С	30-015-21866	0	3230	ARTESIA;QUEEN- GRAYBURG-SAN ANDRES	3/2007	2232310 2232330	4/1/2009
ARTESIA METEX UNIT #061	S	A-25-18S-27E	А	30-015-21874	0	3230	ARTESIA;QUEEN- GRAYBURG-SAN ANDRES	3/2007	2232310 2232330	4/1/2009
ARTESIA METEX UNIT #062	S	2-30-18S-28E	E	30-015-27157	0	3230	ARTESIA; QUEEN- GRAYBURG-SAN ANDRES	11/2006	2232310 2232330	12/1/2008
ARTESIA METEX UNIT #063	S	G-25-18S-27E	G	30-015-27158	0	3230	ARTESIA;QUEEN- GRAYBURG-SAN ANDRES	3/2007	2232310 2232330	4/1/2009
ARTESIA METEX UNIT #064	S	H-25-18S-27E	Н	30-015-27192	0	3230	ARTESIA;QUEEN- GRAYBURG-SAN ANDRES	11/2006	2232310 2232330	12/1/2008
ARTESIA METEX UNIT #065	S	F-25-18S-27E	F	30-015-27193	0	3230	ARTESIA;QUEEN- GRAYBURG-SAN ANDRES	3/2007	2232310 2232330	4/1/2009
ARTESIA METEX UNIT #066	S	K-25-18S-27E	K	30-015-27194	0	3230	ARTESIA;QUEEN- GRAYBURG-SAN ANDRES	3/2007	2232310 2232330	4/1/2009
ARTESIA METEX UNIT #067	S	H-25-18S-27E	Н	30-015-27195	0	3230	ARTESIA;QUEEN- GRAYBURG-SAN ANDRES	11/2006	2232310 2232330	12/1/2008
ARTESIA METEX UNIT #068	S	1-30-18S-28E	D	30-015-27196	0	3230	ARTESIA; QUEEN- GRAYBURG-SAN ANDRES	3/2007	2232310 2232330	4/1/2009

Swazo, Sonny, EMNRD

From:

Macquesten, Gail, EMNRD

Sent:

Tuesday, February 05, 2008 10:52 AM

To:

Swazo, Sonny, EMNRD

Subject: FW: Case 14078

From: Jim Frazier [mailto:Jfrazier@orbitpetro.com]

Sent: Tuesday, February 05, 2008 9:42 AM

To: Macquesten, Gail, EMNRD

Subject: Case 14078

Dear Ms. Macquesten: I am contacting you to inform you that Orbit Petroleum, Inc. acquired ERS Resources, LLC in Sept. 2007. As such we have acquired all liabilities related to the Artesia Metex Unit. We have paid for Bonding related to this field and understand from the previous owners that there is a compliance order to be issued on February 7. Orbit is prepared to accept responsibility for compliance, bonding, fines, etc. We do have a plan to reactivate the field and are working on that plan with the OCD. For your information, we have also completed two other transactions, we sold our Chevaroo Field to Ridgeway Petroleum, aka, EOR of Houston, TX in September of 2007 and purchased Tipton Oil and Gas Acquisition in October 2007. We have not yet filed the proper C-115 production reports for TOGA due to the post closing reconciliation and verification of production. This should be completed soon and the C-115 reports will be updated and brought current.

Please contact me to discuss these matters and to let me know if we need to have representation on Thursday for the ERS hearing. You may reach me at the office today or on my cell at 405-919-5902.

Jim Frazier *President*

1131 East Britton Road: OKC, OK 73131 (405) 607-6020 Ph (405) 607-4256 Fx

Email: frazier@orbitpetro.com

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This inbound email has been scanned by the Message Labs Email Security System.

ERS Resources, LLC Case 14078 OCD Exhibit No. 5

Swazo, Sonny, EMNRD

From:

Jim Frazier [Jfrazier@orbitpetro.com]

Sent:

Wednesday, February 06, 2008 9:31 AM

To:

Swazo, Sonny, EMNRD

Subject: RE: Case No. 14078

Thank you for your note. I will be happy to work with you to facilitate the resolution of these matters.

Jim Frazier President

1131 East Britton Road: OKC, OK 73131 (405) 607-6020 Ph (405) 607-4256 Fx Email: ifraziena orbitystro.com

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From: Swazo, Sonny, EMNRD [mailto:Sonny.Swazo@state.nm.us]

Sent: Wednesday, February 06, 2008 10:24 AM

To: jfrazier@orbitpetro.com Cc: Sanchez, Daniel J., EMNRD Subject: Case No. 14078

Dear Mr. Frazier:

Tomorrow's hearing will be reset to March 6, 2008, to allow Orbit Petroleum to fully participate in proceedings, since it is my understanding that Orbit now owns the wells in question. The hearing will be 8:15 a.m., in the Oil Conservation Division Hearing Room (Porter Hall) at 1220 South St. Francis Dr Santa Fe, New Mexico. You will be receiving documents from me in the near future.

Sonny Swazo Assistant General Counsel, OCD

Confidentiality Notice: This e-mail, including all attachments is for the sole use of the intended recipient (s) and may contain confidential and privileged information. Any unauthorized review, use, disclosure or distribution is prohibited unless specifically provided under the New Mexico Inspection of Public Records Act. If you are not the intended recipient, please contact the sender and destroy all copies of this message. -- This email has been scanned by the Sybari - Antigen Email System.

This inbound email has been scanned by the MessageLabs Email Security System.

ERS Resources, LLC Case 14078 OCD Exhibit No. 6

UNITED STATES BANKRUPTCY COURT

District of New Mexico

Notice of Chapter 11 Bankruptcy Case, Meeting of Creditors, & Deadlines A chapter 11 bankruptcy case concerning the debtor Corporation listed below was filed on 2/13/08.

You may be a creditor of the debtor. This notice lists important deadlines. You may want to consult an attorney to protect your rights.

All documents filed in the case may be inspected at the bankruptcy clerk's office at the address listed below. NOTE: The staff of the bankruptcy clerk's office cannot give legal advice

See Reverse Side For Important Explanations

Debtor(s) (nume(s) used by the debtor(s) in the last 8 years, including married, maiden, trade, and address):

Orbit Petroleum, Inc.

fdba Tipton Oil and Gas Acquistions

fdba Tipton Enterprises, Inc.

fdba Gilbert Lease Services

fdba Black Rock Transportation

Check case docket for additional aliases

1131 East Britton Rd.

Oklahoma City, OK 73131

Case Number:

08-10408-11 Attorney for Debtor(s) (name and address):

Daniel J Behles

226-A Cynthia Loop NW Albuquerque, NM 87114-1100

Telephone number: 505-217-2764

Meeting of Creditors

Date: March 13, 2008

Time: 11:00 AM

Taxpayer ID/Employer ID/Other Nos.:

Location: Creditors' Meeting Room, Federal Building and U.S. Courthouse, 500 Gold Ave SW, Room 12411, Albuquerque, NM

Deadlines to File a Proof of Claim

Proof of claim must be received by the bankruptcy clerk's office by the following deadline:

Notice of deadline will be sent at a later time.

Creditor with a Foreign Address:

A creditor to whom this notice is sent at a foreign address should read the information under "Claims" on the reverse side.

Deadline to File a Complaint to Determine Dischargeability of Certain Debts: 5/12/08

Creditors May Not Take Certain Actions:

In most instances, the filing of the bankruptcy case automatically stays certain collection and other actions against the debtor and the debtor's property. Under certain circumstances, the stay may be limited to 30 days or not exist at all, although the debtor can request the court to extend or impose a stay. If you attempt to collect a debt or take other action in violation of the Bankruptcy Code, you may be penalized. Consult a lawyer to determine your rights in this case.

Address of the Bankruptcy Clerk's Office: Dennis Chavez Federal Building and United States Courthouse 500 Gold Avenue SW, 10th Floor

PO Box 546

Albuquerque, NM 87103-0546

Telephone number: 505-348-2500/866-291-6805

www.pmcourt.fed.us

Hours Open: Monday - Friday 8:30 AM - 4:30 PM

For the Court:

Clerk of the Bankruptcy Court:

Norman H. Meyer

Date: 2/15/08

Inactive Well List

Total Well Count: 65 Inactive Well Count: 40 Since: 3/28/2007 Printed On: Friday, June 20 2008

			i	Print	ed On:	Friday, June	20 200	08			
District	API ,	Well	ULSTR	OCD Unit	OGRID	Operator	Lease Type	Well Type	Last Production	Formation/Notes S	TA Exp tatus Date
2	30-015-00939	ARTESIA METEX UNIT #002	G-24-18S-27E	G		ERS RESOURCES, LLC	S	0	11/2006		
2		ARTESIA METEX _UNIT_#005	L-24-18S-27E	L	_	ERS RESOURCES,	S	0	12/2005		
72		ARTESIA METEX UNIT-#006	K-24-18S-27E	К		ERS RESOURCES,	S	1	08/2006	ñ	
/2	30-015-00944	ARTESIA METEX _UNIT_#008	I-24-185-27E	I	225298	ERS RESOURCES,	Š	I	11/1998		
2 [30-015-01940	· ARTESIA METEX _UNIT_#011	3-19-185-28E	Ľ	225298	ERS RESOURCES,	S	0	09/2004		
2	30-015-01964	ARTESIA METEX	K-19-185-28E,	K		ERS RESOURCES,	S	I	08/2006 1/-		
2		ARTESIA METEX UNIT #013	J-19-18S-28E			ERS RESOURCES,	s	·0	12/2005	•	
2	30-015-01947	ARTESIA METEX			225298	ERS RESOURCES,	, s	. 0	12/2005		
[2	30-015-00942	UNIT #014 ARTESIA METEX -UNIT-#016	∞ M-24-185-27E			ERS RESOURCES,	S	I	12/2005	l	DW.
2	30-015-00946	ARTESIA METEX UNIT #018	N-24-18S-27E	N	225298	ERS RESOURCES,	S	0	11/2006	9	
2		ARTESIA METEX UNIT #020		—	225298		s		08/2005		•
2	30-015-01942	ARTESIA METEX	4-19-18S-28E		225298	ERS RESOURCES,	Š	0		GRAYBURĞ }	
2		-UNIT #UZI				ecc ,	*	о	12/2005		
2 ,	30-015-01941	ARTESIA METEX _UNIT-#022 _ARTESIA METEX	N-19-185-28E	N.	_t ² 225298	ERS RESOURCES,	S	0	12/2005	·	
2	30-015-01949	ARTESIA METEX	O-19-18S-28E	, 0	225298	ERS RESOURCES,		ō	12/2005	-	
2	30-015-00962	UNIT #024 ARTESIA METEX	A-26-18S-27E			ERS RESOURCES,	S	0	08/2006		•
2	30-015-00951	ARTESIA METEX	D-25-18S-27E	, D	225298	ERS RESOURCES,	s	.0	12/2005,		
12-	30-015-01194	ARTESIA METEX	B-25-185-27E	- B 2	225298	ERS RESOURCES,	š	0	08/20067		
2	30-015-02139	UNIT #029 ARTESIA METEX	1-30-185-28Ë	. D .	225298	ERS RESOURCES,	s		12/2005//		
,2		ARTESIA METEX				ERS RESOURCES,	S	I	08/20054/		
2	30-015-06127	UNIT #032ARTESIA METEX		— ; В		ERS RESOURCES,	S	0	11/2006		
,	30-015-00963	UNIT #034 ARTESIA METEX	H-26-18S-27E		225298	LLC ERS RESOURCES,	S .	_I	12/2005	10	
2		-UNIT-#035 - ARTEŜIA METEX	A	was -	A	rřc ********			08/2006 7		
		-UNIT #036				-Lt.C			<i>I</i>		
2	: m2/m2	ARTESIA METEX UNIT,#039	**********		ن سنده	ERS RESOURCES, LLC		±	12/2005		
2	30-015-00954	ARTESIA METEX	H-25-18S-27E	Н.	225298	ERS RESOURCES,	S	I	08/2006 (f)		
[2	30=015=02136	ARTESIA METEX UNIT #041		. "	225298		S	. I.	08/2006		
2-	-30-015-02138	ARTESIA METEX UNIT #042	F-30-18S-28E		225298	ERS RESOURCES,	-s	T0-17-1	12/20057		•
/2	30-015-01190	ARTESIA METEX UNIT #044	I-26-18S-27E	T	225298	ERS RESOURCES,			- 02/2005?		
.2	30-015-00959	ARTESIA METEX	L-25-18S-27E		225298		- ^s		08/2006		
2	30-015-00955	ARTESIA METEX	J-25-18S-27E		225298	ERS RESOURCES,	S	0	11/2006	1	
,2	30-015-02141	UNIT #047 ARTESIA METEX		K	225298	ERS RESOURCES,	· s	, I	08/2006		
-2	30-015-00966	UNIT_#049ARTESIA METEX	P-26-18S-27E	P	225298	ERS RESOURCES,	· · · · · ·	0	01/2006/	EDC Da	sources, L
(_:	30-015-00960	UNIT #051ARTESIA METEX	M-25-18S-27E	M	225298	ERS RESOURCES,	S	ı I	08/2006	EKS Ke Case l	•
	مسطنسس أسا	_UNIT_#052	المتحد ومحروطي وينوار أأمري أواريعم		~~~~~~	LLC		· '-	/		hihit Na 3

LLC OCD Exhibit No. 3

2	30-015-00956	ARTESIA METEX UNIT #054	0-25-185-27E	0	225298	·ERS RESOURCES, LLC	S	i	08/2005
2	30-015-00986	ARTESIA METEX UNIT #055	B-35-18S-27E	В	225298	ERS RESOURCES, LLC	S	0	11/2006
2	30-015-00987	ARTESIA METEX UNIT_#056	A-35-18S-27E	Α	225298	ERS RESOURCES, LLC	s	I	
2	30-015-00991	ARTESIA METEX UNIT #058	C-36-18S-27E	C	225298	ERS RESOURCES,	s		08/2006
2	30-015-27157	ARTESIA METEX UNIT #062	2-30-18S-28E	E	225298	ERS RESOURCES, LLC	s	0	11/2006
2	30-015-27192	ARTESIA METEX UNIT #064	H-25-18S-27E	Н	225298	ERS RESOURCES, LLC	S	0	11/2006
2	30-015-27195	ARTESIA METEX UNIT #067	H-25-18S-27E	н	225298	ERS RESOURCES, LLC	S	0	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

CMD: 01/15/04 11:24:13

OG6CWBD CAPTURE SINGLE WELL BOND OGODLP -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

of Bee Tembring Range Notes, beats, and Base, were Bee Tail

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

Date: 1/15/2004 Time: 11:25:21 AM



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

an Charles

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 scaled 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	mo found & fell
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

Any Motary Public

My commission expires 13 3 3004

!. 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 <u>02</u> day of <u>December</u>, 20 03.

Corporate Seal

Christopher L. Martin, Secretary

STATE OF NEW MEXICO

ONE-WELL PLUGGING BOND

For CHAVES, EDDY, LEA, MCKINLEY, RIO ARRIBA, ROOSEVELT, SANDOVAL, AND SAN JUAN COUNTIES <u>ONLY</u>

		AMOUNT OF BOND	\$5,000.00
		COUNTY	
NOTE:	For wells less than 5,000 feet deep, the minimum For wells 5,000 to 10,000 feet deep, the minimum For wells more than 10,000 feet deep, the minimum	bond is \$7,500.00*	
as much as 500	certain conditions, a well being drilled under a \$5,6 feet deeper than the normal maximum depth, e.g to 5,500 feet and a well being drilled under a \$7,500 feet and a well being drilled under a well	a, a well being drilled under a	\$5,000.00 bond may be
File wit	th Oil Conservation Division, 1220 South Saint F	Francis, Santa Fe, NM 87505	
KNOW ALL ME	EN BY THESE PRESENTS:		
limited liability of the State of New organized and ex of New Mexico Conservation Di- pursuant to NMS	company or limited partnership organized in the Stave Mexico), as PRINCIPAL, and <u>U.S. Spect</u>	ialty Insurance Com and authorized to of New Mexico, for the use res Department (or successor a n of \$5,000.00	horized to do business in pany, a corporation od business in the State and benefit of the Oil gency) (the DIVISION), , for the payment of
The con	nditions of this obligation are such that:		•
5,000	EAS, the PRINCIPAL has commenced or may confeet, to prospect for and/or produce oil operate, or may acquire, own or operate such well, the	r gas, carbon dioxide gas, heliui	m gas or brine minerals,
	Metex Unit #51-P ,lo	ocated 330 feet from the Sou	ith(XXXXXXSouth)
(Name of well) line and33 (South), Range_	feet from the East (East) (East) NMPM, Eddy	line of Section 26 Tov County, New Mexico.	wnship 18 (NXXX)
them, shall cause other beneficial p	THEREFORE, if the PRINCIPAL and SURETY of se said well to be properly plugged and abandoned purpose, in accordance with the rules and orders of NMAC] and 202 [19.15.4.202 NMAC], as second	d when dry or when no longer of the DIVISION, including bu	productive or useful for at not limited to Rules
THEN compliance with	AND IN THAT EVENT, this obligation shall be any and all of said obligations, the same shall remain	e null and void; otherwise and ain in full force and effect.	in default of complete
Post	Resources, LLC PRINCIPAL Office Box 1502 sbad, New Mexico 88221-1502 Address Signature	13403 NW Fre	
Mana	ging Member	and the second s	V

Corporate surety affix

corporate séal here.

Title

corporate seal here.

If PRINCIPAL is a corporation, affix

ACKNOWLEDGMENT FORM FOR INDIVIDUAL

STATE OF	1		•
COUNTY OF) ss.		
This instrument v	was acknowledged before me on	20 by(Name	of Individual)
SEAL		. Nota	ry Public
My Commission Expires			
ACKNOWLEDGMENT	FORM FOR PARTNERSHIP, C	CORPORATION OR L	IMITED LIBAILITY COMPAN
STATE OF New Me			
COUNTY OF Eddy			
COONTROL			
This instrument v	was acknowledged before me on $\frac{1}{2}$	2-2 ,203 by Ber	t D. Hannigan
as Managing M	Member of	(Name ERS Resour	e of Person Signing Instrument) CES, LLC
•	The Mark Property of the Control of	2 1 ° 10	· ((A Y)
SEAL 07-10-05	Member of dent, manager, member) EDWINA S. WARTE NOTARY PUBLIC NOTARY PU	005 Notary Pt	
SEAL	NOTARY DUBLES NEATE OF NEW 15 A 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1		
SEAL 07-10-05	By Connilosion Explicit	005 Notary Pt	rblic
SEAL 07-10-05 My Commission Expires	NOTARY DUBLE NOTAR	005 Notary Pi	rblic
SEAL 07-10-05	By Connilosion Explicit	005 Notary Pi	rblic
SEAL 07-10-05 My Commission Expires STATE OF Texas	ACKNOWLEDGMENT F	005 Notary Pi	rblic
SEAL 07-10-05 My Commission Expires STATE OF Texas COUNTY OF Harri	ACKNOWLEDGMENT F	OOS Notary Pt	TE SURETY
SEAL 07-10-05 My Commission Expires STATE OF Texas COUNTY OF Harri This instrument v	ACKNOWLEDGMENT F ss. s. was acknowledged before me on	Notary Pt SORM FOR CORPORA 12-02,2003by Et	dwin H. Frank III
SEAL 07-10-05 My Commission Expires STATE OF Texas COUNTY OF Harri	ACKNOWLEDGMENT F ss. s. was acknowledged before me on	Notary Pt SORM FOR CORPORA 12-02,2003by Et	dwin H. Frank III
SEAL 07-10-05 My Commission Expires STATE OF Texas COUNTY OF Harri This instrument v	ACKNOWLEDGMENT F	OOS Notary Pt FORM FOR CORPORA 12-02,2003by Et (Name (Name) Urance Company	dwin H. Frank III
SEAL 07-10-05 My Commission Expires STATE OF Texas COUNTY OF Harri This instrument v	ACKNOWLEDGMENT F	Notary Pt SORM FOR CORPORA 12-02,2003by Et	dwin H. Frank III
SEAL 07-10-05 My Commission Expires STATE OF	ACKNOWLEDGMENT F	Notary Pt FORM FOR CORPORA 12-02,2003by E. (Name (N	dwin H. Frank III of Attorney in fact) And Attorney in fact)
SEAL 07-10-05 My Commission Expires STATE OF	ACKNOWLEDGMENT F	Notary Pt FORM FOR CORPORA 12-02,2003by Et (Name urance Company Notar Public	dwin H. Frank III of Attorney in fact) NGELKING RY PUBLIC
SEAL 07-10-05 My Commission Expires STATE OF	ACKNOWLEDGMENT F	Notary Pt FORM FOR CORPORA 12-02,2003by En (Name (Name Notar Public NOTA States	dwin H. Frank III of Attorney in fact) And Attorney in fact)

SURETY RIDER

	as principal and executed by
U.S. Specialty Insurance Co	mpany, as surety.
Effective date of change: April 6 ,	2004
In consideration of the mutual agree the surety hereby consent to the follows:	ement herein contained, the principal and owing changes:
The address has changed from	n:
TO: ERS Resources, Post Office Box Carlsbad, New I	1502 Mexico 88221-1502 , LLC 958 Mexico 88221-0958 , alter, or extend any provision or
condition of this bond except as here SIGNED, SEALED AND DATED	
ERS Resources, LLC Name of Principal Signature Name and title of person executing for Principal	Name of Surety Signature W. Russell Brown, Jr., Attorney-in-Fact Name and title of person executing for Surety

CMD :

ONGARD

01/15/04 11:01:10

OG6CWBD

CAPTURE SINGLE WELL BOND

OGODLP -TOGO

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

Surface Locn : F 30

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

18S

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

Date: 1/15/2004 Time: 11:02:17 AM



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

Mar Chinh

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:

Autorney-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 scaled 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

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 <u>02</u> day of <u>December</u>, 2003.

Corporate Seal

Christopher L. Martin, Secretary

My commission expires 12/33/2006

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 For wells 5,000 to 10,000 feet deep, the minimum bond is For wells more than 10,000 feet deep, the minimum bond	s \$7,500.00*
*Under certain conditions, a well being drilled under a \$5,000.00 of as much as 500 feet deeper than the normal maximum depth, e.g., a well permitted to go to 5,500 feet and a well being drilled under a \$7,500.00 bor Rule 101)	It being drilled under a \$5,000.00 bond may be
File with Oil Conservation Division, 1220 South Saint Francis,	Santa Fe, NM 87505
KNOW ALL MEN BY THESE PRESENTS:	
That ERS Resources, LLC (ANNIA) Ilimited liability company or limited partnership organized in the State of Nether State of New Mexico), as PRINCIPAL, and II.S. Specialty I organized and existing under the laws of the State of Texas of New Mexico, as SURETY, are firmly bound unto the State of Nether Conservation Division of the Energy, Minerals and Natural Resources Depursuant to NMSA 1978, Section 70-2-14, as amended, in the sum of \$100 which the PRINCIPAL and SURETY hereby bind themselves, their success these presents.	Insurance Company, a corporation and authorized to do business in the State w Mexico, for the use and benefit of the Oil partment (or successor agency) (the DIVISION), 5,000.00
The conditions of this obligation are such that:	
WHEREAS, the PRINCIPAL has commenced or may commence 5,000 feet, to prospect for and/or produce oil or gas, coor does own or operate, or may acquire, own or operate such well, the ident	arbon dioxide gas, helium gas or brine minerals,
(Name of well)	1650 feet from the North (North XXXXX) f Section 30 Township 18 XXXXXXIII nty, New Mexico.
NOW, THEREFORE, if the PRINCIPAL and SURETY or either them, shall cause said well to be properly plugged and abandoned when other beneficial purpose, in accordance with the rules and orders of the D 101 [19.15.3.101 NMAC] and 202 [19.15.4.202 NMAC], as such rules are considered to the constant of the property of the constant of the property of the	dry or when no longer productive or useful for IVISION, including but not limited to Rules
THEN AND IN THAT EVENT, this obligation shall be null a compliance with any and all of said obligations, the same shall remain in fu	and void; otherwise and in default of complete all force and effect.
ERS Resources, LLC PRINCIPAL Post Office Box 1502 Carlsbad, New Mexico 88221-1502 Address By Carlsbad, C	U. S. Specialty Insurance Comp 13403 NW FreeWay Houston, Texas 77040
Signature	Attorney-In-Fact

Signature Managing Member Title If PRINCIPAL is a corporation, affix corporate seal here.

Corporate surety affix corporate seal here.

ACKNOWLEDGMENT FORM FOR INDIVIDUAL

STATE OF	
COUNTY OF)	•
This instrument was acknowledged	d before me on
SEAL	Notary Public
My Commission Expires	
ACKNOWLEDGMENT FORM FOR PA	ARTNERSHIP, CORPORATION OR LIMITED LIBAILITY COMPANY
STATE OF New Mexico ss.	
This instrument was acknowledged	od before me on 12-2 ,2003y Bert D. Hannigan (Name of Person Signing Instrument) of ERS Resources, LLC
Capacity, e.g., partner, president, manager, membe EDW'NA S. MA NOTARY PUB STATE OF NEW M Wy Commission Expire O'TELEGO 5	ARTIN Calvina S. Martin Notary Public Notary Public
My Commission Expires	
T	WLEDGMENT FORM FOR CORPORATE SURETY
COUNTY OF Harris ss.	
This instrument was acknowledged as Attorney-in-Fact for(Name of corporate	e surety)
SEAU 105	Notary Public JILL ENGELKING NOTARY PUBLIC
My Commission Expires Corporate Surety attach Power of Attorney	Siate of Texas Comm. Exp. 03-05-2005
	APPROVED BY:
•	

By Jost Jold Many C.

Date 1-15-04

SURETY RIDER

	f Bond No. <u>B000680</u> on behalf of
	as principal and executed by
U.S. Specialty Insurance C	ompany, as surety.
Effective date of change: <u>April 6</u>	, 2004
In consideration of the mutual agre the surety hereby consent to the fol	ement herein contained, the principal and lowing changes:
The address has changed from	m:
ERS Resources,	, LLC
Post Office Box	1502
Carlsbad, New 1	Mexico 88221-1502
<u>TO</u> :	
ERS Resources	
Post Office Box	•
Carlsbad, New	Mexico 88221-0958
Nothing herein contained shall vary condition of this bond except as her	· ·
SIGNED, SEALED AND DATED	THIS: April 6, 2004
ERS Resources, LLC	U.S. Specialty Insurance Company
Name of Principal	Name of Surety
	[11 DATD 1
toy tanoan	W. Jul Browl
Signatu (e)	Signature
/	
Roy Hanigan	W. Russell Brown, Jr., Attorney-in-Fact
Name and title of person	Name and title of person
executing for Principal	executing for Surety .

CMD :

ONGARD

01/15/04 11:20:31

OG6CWBD

CAPTURE SINGLE WELL BOND

OGODLP -TOGO

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

--- --- ----- -----18S

East/West Lot Idr.

Surface Locn : E 25

27E FTG 2310 F N FTG 990 F W

API County : 15

5000

Bond Details: Type (Cash/Surety - C/S): S Bond Co Idn: 12 Amt:

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

Date: 1/15/2004 Time: 11:21:39 AM



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

DMAN Townshi

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 scaled 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 COMPA	NY
		By	
State of Texas		malow! All	
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 Seul

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.

		-																	
ln	Witness	Whereof,	I have	hereunto	set my	hand	and	affixed	the	seal	of	said	Company	y at Houston,	Texas	this	02	day	of
		nber												A				•	

Corporate Seal

Christopher L. Martin, Secretary

STATE OF NEW MEXICO

ONE-WELL PLUGGING BOND

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

Managing Member Title If PRINCIPAL is a corporation, affix

corporate seal here.

BOND NO. B000688
AMOUNT OF BOND \$5,000.00
COUNTY <u>Eddy</u>
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 FRS Resources, LLC , MAXMINANN EXEMENTALED (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 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 Orth (North North)
(Name of well) line and 990 feet from the West XXXV/West) line of Section 25 Township 18 (XXXX) (South), Range 27 (East) (XXXI), 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.
Post Office Box 1502 Carlsbad, New Mexico 88221-1502 Address By Box To
Signature Attorney-In-Fact

Corporate surety affix

corporate scal here.

Form O & G B-1 ACKNOWLEDGMENT FORM FOR INDIVIDUAL STATE OF_ COUNTY OF _____,20__ by_ This instrument was acknowledged before me on ____ (Name of Individual) Notary Public SEAL My Commission Expires ACKNOWLEDGMENT FORM FOR PARTNERSHIP, CORPORATION OR LIMITED LIBAILITY COMPANY STATE OF New Mexico COUNTY OF__Eddy This instrument was acknowledged before me on $\frac{12-2}{20}$ by Bert D. Hannigan (Name of Person Signing Instrument) Managing Member ERS Resources, (Capacity, e.g., partner, president, manager, member) COWINA S. MARTIN NOTARY PUBLIC Notary Public PEATE OF NEW AS SEAL My Commission Expires ACKNOWLEDGMENT FORM FOR CORPORATE SURETY STATE OF __Texas__ COUNTY OF Harris This instrument was acknowledged before me on 12-02,2003 by Edwin H. Frank III U.S. Specialty Insurance Company (Name of Attorney in fact) as Attorney-in-Fact for (Name of corporate surety) NOTARY PUBLIC State of Texas Commission Expires Corporate Surety attach Power of Attorney

APPROVED BY:

OIL CONSERVATION DIVISION OF NEW MEXICO

By May All Vice do

Date 1-18-04

SURETY RIDER

To be attached to and form a part of	Bond No. <u>B000688</u> on behalf of
ERS Resources, LLC	as principal and executed by
U.S. Specialty Insurance Cor	npany, as surety.
Effective date of change: April 6, 2	2004
In consideration of the mutual agreer the surety hereby consent to the follo	ment herein contained, the principal and wing changes:
The address has changed from	:
ERS Resources, I Post Office Box 1 Carlsbad, New M	
TO: ERS Resources, Post Office Box 9 Carlsbad, New N	
Nothing herein contained shall vary, condition of this bond except as here	* •
SIGNED, SEALED AND DATED T	HIS: <u>April 6, 2004</u>
ERS Resources, LLC Name of Principal Signature	U.S. Specialty Insurance Company Name of Surety Signature
Name and title of person executing for Principal	W. Russell Brown, Jr., Attorney-in-Fact Name and title of person executing for Surety

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.

SGS:ssl

Enclosure

cc: ERS Resources, Inc.

Post Office Box 958

Carlsbad, New Mexico 88221-0958

Attention: Mr. Roy Hanigan

OVER 79 YEARS

Phillips, Dorothy

From:

Reno, Carmen

Sent:

Monday, October 25, 2004 9:26 AM Phillips, Dorothy

To: 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

CMD :

ONGARD

10/26/04 09:45:42

OG6CWBD

CAPTURE SINGLE WELL BOND

OGODLP -TP8F

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

___ ___ ___ 18S

Surface Locn: H 26

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

Date: 10/26/2004 Time: 09:46:35 AM



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop
Cabinet Secretary

October 26, 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 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

David K. Broths

DKB/dp

cc: Oil Conservation Division - Artesia, NM

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

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.

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 I Scholl 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.



My commission expires 10-12-05

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 <u>5th</u> day of October 2004.

Corporate Seal

Christopher L. Martin, Secretary

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

That ERS Resources, LLC , (an individual) (a general partnership) (a corporation, limited liability company or limited partnership organized in the State on New Mexico, as PRINCIPAL, and U.S. Specialty Insurance Company or proporation 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 CHOUSTILL——, 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 Worth Worth Value ,
(Name of well)
line and 330 feet from the East (East/WAX) line of Section 26 Township 18 (NAXX) (South), Range 27 (East) (MAXX), NMPM, Eddy (County, New Mexico.
NOW, THEREFORE, if the PRINCIPAL and SURETY or either of them, or their successors or assigns or any o them, shall cause said well to be properly plugged and abandoned when dry or when no longer productive or useful fo 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 or said obligations, the same shall remain in full force and effect.

ERS resources, LLC

Post Office Box 958

Carlsbad, New Mexico 88221-0958

Address

Managing Member

Signature

KNOW ALL MEN BY THESE PRESENTS:

If PRINCIPAL is a corporation, affix corporate seal here.

U.S. Specialty Insurance Company

13403 NW Freeway

110 40

Attomey In-Fact
W. Russell Brown

Corporate surety affig corporate seal here.

ACKNOWLEDGMENT FORM FOR INDIVIDUAL

	STATE OF
	COUNTY OF
	This instrument was acknowledged before me on,20 by
	SEAL Notary Public
	My Commission Expires
	ACKNOWLEDGMENT FORM FOR PARTNERSHIP, CORPORATION OR LIMITED LIBAILITY COMPANY
	STATE OF New Mexico COUNTY OF Eddy SS.
	This instrument was acknowledged before me on 10/5 ,204by Bert D. Hanigan (Name of Person Signing Instrument)
A MATERIA	as Managing Member of ERS Resources, LLC (Name of partnership, corporation on limited liability company)
A Concesso	S. Frances
MOTA	Notary Public Notary Public
′ ଜୟସିବ୍ୟ ବ	SEAL S-(0-2007 8-6-2007
, , ,	
	My Commission Expires
	•
	ACKNOWLEDGMENT FORM FOR CORPORATE SURETY
	ACKNOWLEDGMENT FORM FOR CORPORATE SURETY STATE OFTexas)
<i>;</i>	STATE OF <u>Texas</u>)
, ,	STATE OF Texas
<i>;</i>	STATE OF <u>Texas</u>) SS. COUNTY OF <u>Harris</u>
<i>;</i>	STATE OF Texas ss. COUNTY OF Harris This instrument was acknowledged before me on 10/5, 2004by W. Russell Brown, Jr. (Name of Attorney in fact)
7	STATE OF Texas SS. COUNTY OF Harris This instrument was acknowledged before me on 10/5, 2004y W. Russell Brown, Jr. (Name of Attorney in fact) As Attorney-in-Fact for U.S. Specialty Insurance Company (Name of Company)
<i>(</i>	STATE OF Texas SS. COUNTY OF Harris This instrument was acknowledged before me on 10/5 2004y W. Russell Brown, Jr. (Name of Attorney in Fact) (Name of Company (Name of Company) (Name of Company) (Name of Company)
<i>x</i>	STATE OF Texas SS. COUNTY OF Harris This instrument was acknowledged before me on 10/5, 2004by W. Russell Brown, Jr. (Name of Attorney in fact) Asi Attorney in Fact, for, U. S. Specialty Insurance Company Name of componer surery) My Commission Equies December 19, 2007 Notary Public
	STATE OF Texas COUNTY OF Harris This instrument was acknowledged before me on 10/5, 2004by W. Russell Brown, Jr. (Name of Attorney in fact) AssiAttomery-in-Fact for U. S. Specially Insurance Company Name of componer surery) My Commission Equipes December 19, 2007 SEAL- Notary Public
	STATE OF Texas SS. COUNTY OF Harris This instrument was acknowledged before me on 10/5, 2004by W. Russell Brown, Jr. (Name of Attorney in fact) Asi Attorney in Fact, for, U. S. Specialty Insurance Company Name of componer surery) My Commission Equies December 19, 2007 Notary Public
<i>X</i>	STATE OF Texas COUNTY OF Harris This instrument was acknowledged before me on 10/5, 2004by W. Russell Brown, Jr. (Name of Attorney in fact) as: Attorney-in-Fact for U.S. Specialty Insurance Company (Name of Componer surery) December 19, 2007 SEAL December 19, 2007
	STATE OF Texas COUNTY OF Harris This instrument was acknowledged before me on 10/5 2004y W. Russell Brown, Jr. (Name of Attorney in Fact) as Attorney in Fact for U. S. Specialry Insurance Company (Name of Attorney in fact) My Commission Expires December 19, 2007 My Commission Expires
	This instrument was acknowledged before me on 10/5 2004by W. Russell Brown, Jr. (Name of Attorney in fact) As Attorney in Fact for U. S. Specialty Insurance Company (Name of Company Commission Expires) December 19, 2007 My Commission Expires Corporate Surety attach Power of Attorney
	This instrument was acknowledged before me on 10/5 2004by W. Russell Brown, Jr. asiAttomey-in-Fact for, U. S. Specialry Insurance Company (Name of Attomey in fact) My Commission Expires December 19, 2007 My Commission Expires Corporate Surety attach Power of Attorney APPROVED BY:

Phillips, Dorothy

From:

Reno, Carmen

Sent: To: Tuesday, September 14, 2004 2:39 PM

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 WEII 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

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.

SGS:ssl

Enclosure

cc: ERS Resources, LLC

Post Office Box 958

Carlsbad, New Mexico 88221-0958

" YEAR

Page: 1 Document Name: untitled

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

Date: 9/14/2004 Time: 04:06:54 PM



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

David K. Brooks

DKB/dp

cc:

Oil Conservation Division – Artesia, NM

U.S. Specialty Insurance Company

13403 NW Freeway Houston, Texas 77040

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.

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 Scal

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 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 <u>1st</u> day of September , 2004.

Corporate Seal

Christopher L. Martin, Secretary

STATE OF NEW MEXICO

ONE-WELL PLUGGING BOND

For CHAVES, EDDY, LEA, MCKINLEY, RIO ARRIBA, ROOSEVELT, SANDOVAL, AND SAN JUAN COUNTIES \underline{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 II.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 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 (Name of Section 25 Township 18 (Name of South), Range 27 (East) (NAME (NAME), 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 U. S. Specialty Insurance Com	pany
Post Office Box 958 13403 NW Freeway Carlsbad, New Mexico 88221-0958 Houston 7232 47040	
By Bottless Signature Attorney-in-Fact	
Managing Member W. Russell Brown, Jr.	
Title If PRINCIPAL is a corporation, affix Corporate surety affix	

corporate seal here.

corporate seal here.

ACKNOWLEDGMENT FORM FOR INDIVIDUAL

	STATE OF	
	COUNTY OF)	
	This instrument was acknowledged before me on	
	Notary Public SEAL	
	My Commission Expires	
	ACKNOWLEDGMENT FORM FOR PARTNERSHIP, CORPORATION OR LIMITED LIBAILITY COMPA	AN'
	STATE OF New Mexico)	
	SS.	
	COUNTY OF Eddy	
	Post D. Harian	
	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	
	OPTIMINATE, partner, president, manager, member) (Name of partnership, corporation or limited liability company) Stream S. Lopez	
	MOTARY PHRACESTATE OF NEW MINIOR	
t	My SEALooko explorer Ed. C.C.	
1	8-6-2007	٠
	My Commission Expires	
	My Commission Expires	
	 	
	ACKNOWLEDGMENT FORM FOR CORPORATE SURETY	
	STATE OF Texas	
	, ss	
	COUNTY OF Harris	
	This instrument was acknowledged before me on 09/01,2004 by W. Russell Brown, Jr.	
	as Attorney-in-Fact for U.S. Specialty Insurance Company (Name of Attorney in fact)	
	MOLLY M. BATTENFIELD	
	Notary Public State of Texas	
	My Commission Expires Notary Public	
	ODAT WAS December 19, 2007 1	
	SEAL December 19, 2007	
	December 19, 2007	
	JUICE COMMITTEE CONTRACTOR CONTRA	
	December 19, 2007	
	December 19, 2007 My Commission Expires	

OIL CONSERVATION DIVISION OF NEW MEXICO

Date 9/15/04