

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) (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 Acquisitions
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

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

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

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
PO Box 546
Albuquerque, NM 87103-0546
Telephone number: 505-348-2500/866-291-6805
www.nmccourt.fed.us

For the Court:

Clerk of the Bankruptcy Court:
Norman H. Meyer

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

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

2. 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.

3. Notice of the original February 7, 2008 hearing date was published on January 15, 2008 in the Artesia Daily Press, a newspaper of general circulation in Eddy County, New Mexico. A copy of the Affidavit of Publication is attached to this affidavit as Exhibit B.

4. 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 participate 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

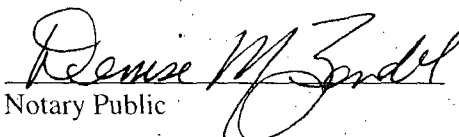
Certified Mail No. 7099 3220 0009 7873 0776

5. 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.

6. Notice of the June 26, 2008 rescheduled hearing setting in the above-captioned case was also emailed to ERS Resources, 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 MacQuesten

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


Notary Public

My Commission Expires: 1-09-2012



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
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:

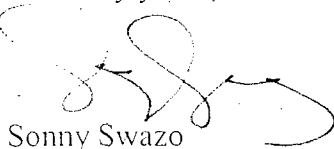
A hearing has been scheduled on the above application for Thursday February 7, 2008, at 8:15 a.m., in the Oil Conservation Division Hearing Room (Porter Hall) at 1220 South St. Francis Drive, Santa Fe, New Mexico.

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.

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

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
OCD Notice of Hearing

RECEIVED
STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION
JAN 4 AM 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. 14078

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. 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
• 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

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.

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.

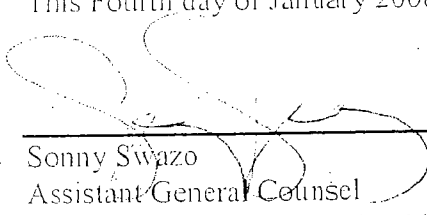
WHEREFORE, the Enforcement and Compliance Manager of the Division hereby applies to the Director to enter an Order:

- 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;

- 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. 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;	I-30-18S-28E
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• 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
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• 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.

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

A. 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.

C. 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:

• 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-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;	H-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.

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 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.

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-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.

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 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 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.

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 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. 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;	I-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

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.

CASE 14079: 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 East Shugart Unit No. 015 well is located approximately 9 miles southwest of Maljamar, in Eddy County, New Mexico.

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.

1. Article Addressed to:

ERS Resources, LLC
1001 FM 1929
Voss, TX 76888

COMPLETE THIS SECTION ON DELIVERY

A. Received by (Please Print Clearly) Cindy Hanigan B. Date of Delivery 1-22-08
C. Signature X Cindy Hanigan ☒ Agent ☐ Addressee
D. Is delivery address different from item 1? ☐ Yes
If YES, enter delivery address below: ☐ No

3. Service Type

☒ Certified Mail ☐ Express Mail
☐ Registered ☐ Return Receipt for Merchandise
☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? (Extra Fee) ☐ Yes

2. Article Number (Copy from service label)

7099 3220 0009 7873 0264

PS Form 3811, July 1999

Domestic Return Receipt

102595-99-M-1789

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.

1. Article Addressed to:

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

COMPLETE THIS SECTION ON DELIVERY

A. Received by (Please Print Clearly) Dionne Massis B. Date of Delivery 1-18-08
C. Signature X Dionne Massis ☐ Agent ☐ Addressee
D. Is delivery address different from item 1? ☐ Yes
If YES, enter delivery address below: ☐ No

3. Service Type

☒ Certified Mail ☐ Express Mail
☐ Registered ☐ Return Receipt for Merchandise
☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? (Extra Fee) ☐ Yes

2. Article Number (Copy from service label)

7099 3220 0009 7873 0288

PS Form 3811, July 1999

Domestic Return Receipt

102595-99-M-1789

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.

1. Article Addressed to:

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

COMPLETE THIS SECTION ON DELIVERY

A. Received by (Please Print Clearly) Lupe Hernandez B. Date of Delivery 1-18-08
C. Signature X Lupe Hernandez ☐ Agent ☐ Addressee
D. Is delivery address different from item 1? ☐ Yes
If YES, enter delivery address below: ☐ No

3. Service Type

☒ Certified Mail ☐ Express Mail
☐ Registered ☐ Return Receipt for Merchandise
☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? (Extra Fee) ☐ Yes

2. Article Number (Copy from service label)

7099 3220 0009 7873 0295

PS Form 3811, July 1999

Domestic Return Receipt

102595-99-M-1789

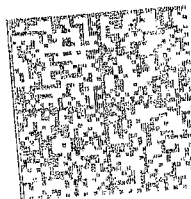
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2008 JAN 23 PM 2 16

STATE OF NEW MEXICO
ENERGY MINERALS AND
NATURAL RESOURCES DEPARTMENT
1220 SOUTH SAINT FRANCIS DRIVE
SANTA FE, NEW MEXICO 87505

FOLD AT DOTTED LINE
CERTIFIED MAIL

7099 3220 0009 2873 0271

NOT RECORDED
ATTEMPTED
HERS RESOURCES, LLC
C/O ORBIT PETROLEUM, INC.
720 WEST WILSHIRE, SUITE 115
OKLAHOMA CITY, OK 73116



Hester

016116602007
\$05.380
01/15/2008
Mailed From 8, 105
US POSTAL SERVICE

Affidavit of Publication

NO. 20027

STATE OF NEW MEXICO

County of Eddy:

GARY D. SCOTT being duly

sworn, says: That he is the PUBLISHER of The

Artesia Daily Press, a daily newspaper of general
circulation, published in English at Artesia, said county
and county and state, and that the here to attached

Legal Notice

was published in a regular and entire issue of the said
Artesia Daily Press, a daily newspaper duly qualified
for that purpose within the meaning of Chapter 167 of
the 1937 Session Laws of the state of New Mexico for
1 Consecutive week/days on the same

day as follows:

First Publication January 15, 2008

Second Publication _____

Third Publication _____

Fourth Publication _____

Fifth Publication _____

Subscribed and sworn to before me this

30th Day January 2008

Amanda K. Lamb

Notary Public, Eddy County, New Mexico

My Commission expires 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 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:

- 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-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; H-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.

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 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.

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-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; 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 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 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 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 south-east 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.

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 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. 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; I-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;

- Artesia Metex Unit No. 054; 30-015-00956; O-25-18S-27E
- Artesia Metex Unit No. 056; 30-015-00977; 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.

CASE 14079: 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 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 7 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**

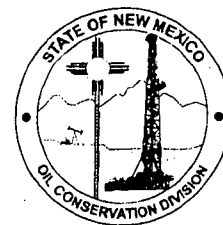
S E A L
Published in the Artesia Daily Press, Artesia, N.M. January 15, 2008.

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. 024; 30-015-01949; O-19-18S-28E
Artesia Metex Unit No. 026; 30-015-00962; A-26-18S-27E

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



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 **Thursday June 26, 2008, at 8:15 a.m., in the Oil Conservation Division Hearing Room (Porter Hall) at 1220 South St. Francis Drive, Santa Fe, 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 Swazo

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
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

RECEIVED

JUN 4 AM 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. **14078**

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. 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
• 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

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.

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.

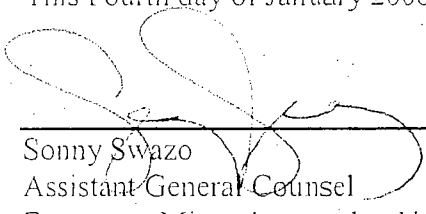
WHEREFORE, the Enforcement and Compliance Manager of the Division hereby applies to the Director to enter an Order:

- 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;

- 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. 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
• 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

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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 MEXICO RECEIVED
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION 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

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
Enforcement and Compliance Manager

45 Minutes

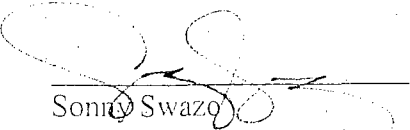
Dorothy Phillips
Financial Assurance Administrator

by affidavit

PROCEDURAL MATTERS

None.

Respectfully submitted
this 31 day of January 2008 by



Sonny 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:

A. 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.

C. 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]

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:

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

COMPLETE THIS SECTION ON DELIVERY

A. Received by (Please Print Clearly) Kim Benne B. Date of Delivery 5-14-08
C. Signature [Signature] ☐ Agent
☒ Addressee
D. Is delivery address different from item 1? ☐ Yes
If YES, enter delivery address below: ☐ No

3. Service Type
☒ Certified Mail ☐ Express Mail
☐ Registered ☒ Return Receipt for Merchandise
☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? (Extra Fee) ☐ Yes

2. Article Number (Copy from service label)

7099 3220 0009 7873 0837

PS Form 3811, July 1999

Domestic Return Receipt

102595-99-M-1789

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.

1. Article Addressed to:

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

COMPLETE THIS SECTION ON DELIVERY

A. Received by (Please Print Clearly) Kim Benne B. Date of Delivery 5-14-08
C. Signature [Signature] ☐ Agent
☒ Addressee
D. Is delivery address different from item 1? ☐ Yes
If YES, enter delivery address below: ☐ No

3. Service Type
☒ Certified Mail ☐ Express Mail
☐ Registered ☒ Return Receipt for Merchandise
☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? (Extra Fee) ☐ Yes

2. Article Number (Copy from service label)

7099 3220 0009 7873 0844

PS Form 3811, July 1999

Domestic Return Receipt

102595-99-M-1789

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.

1. Article Addressed to:

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

COMPLETE THIS SECTION ON DELIVERY

A. Received by (Please Print Clearly) [Signature] B. Date of Delivery 5-15-08
C. Signature [Signature] ☐ Agent
☒ Addressee
D. Is delivery address different from item 1? ☐ Yes
If YES, enter delivery address below: ☐ No

3. Service Type
☒ Certified Mail ☐ Express Mail
☐ Registered ☒ Return Receipt for Merchandise
☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? (Extra Fee) ☐ Yes

2. Article Number (Copy from service label)

7099 3220 0009 7873 0776

PS Form 3811, July 1999

Domestic Return Receipt

102595-99-M-1789

Duran-Saenz, Theresa, EMNRD

From: Duran-Saenz, Theresa, EMNRD
Sent: Friday, May 09, 2008 4:18 PM
To: 'jfrazier@orbitpetro.com'
Cc: Sanchez, Daniel J., EMNRD; (tim.gum@state.nm.us); Swazo, Sonny, EMNRD
Subject: 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 determine how attachments are handled.

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

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.

Affidavit of Dorothy Phillips

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

- 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;	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
• 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.


Notary Public

My Commission Expires:

3-24-2010

Well List

225298 ERS RESOURCES, LLC

TOTAL WELL COUNT:65

PRINTED ON: MONDAY, JUNE 23, 2008

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	B	30-015-00940	O	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	O	3230	ARTESIA;QUEEN-GRAYBURG-SAN ANDRES	11/2006	2232310	2232330	12/1/2008
	ARTESIA METEX UNIT #003	S	H-24-18S-27E	H	30-015-00938	O	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	O	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	O	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	I	3230	ARTESIA;QUEEN-GRAYBURG-SAN ANDRES	8/2006			9/1/2008
	ARTESIA METEX UNIT #007	S	J-24-18S-27E	J	30-015-01197	O	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	O	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	O	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	O	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	O	3230	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	O	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	3230	ARTESIA;QUEEN-GRAYBURG-SAN ANDRES	12/2005			1/1/2008
	ARTESIA METEX	S	N-24-18S-27E	N	30-015-00947	O	3230	ARTESIA;QUEEN-GRAYBURG-SAN	3/2007	2232310	2232330	4/1/2009

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

UNIT #017	ANDRES									
ARTESIA METEX UNIT #018	S	N-24-18S-27E	N	30-015-00946	O	3230	ARTESIA;QUEEN- GRAYBURG-SAN ANDRES	11/2006	2232310 2232330	12/1/2008
ARTESIA METEX UNIT #019	S	O-24-18S-27E	O	30-015-01195	O	3230	ARTESIA;QUEEN- GRAYBURG-SAN ANDRES	3/2007	2232310 2232330	4/1/2009
ARTESIA METEX UNIT #020	S	P-24-18S-27E	P	30-015-01196	I	3230	ARTESIA;QUEEN- GRAYBURG-SAN ANDRES	8/2005		9/1/2007
ARTESIA METEX UNIT #021	S	4-19-18S-28E	M	30-015-01942	O	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	O	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	O	3230	ARTESIA;QUEEN- GRAYBURG-SAN ANDRES	12/2005		1/1/2008
ARTESIA METEX UNIT #024	S	O-19-18S-28E	O	30-015-01949	O	3230	ARTESIA;QUEEN- GRAYBURG-SAN ANDRES	12/2005	2232310 2232330	1/1/2008
ARTESIA METEX UNIT #025	S	O-19-18S-28E	O	30-015-01946	O	3230	ARTESIA;QUEEN- GRAYBURG-SAN ANDRES	3/2007	2232310 2232330	4/1/2009
ARTESIA METEX UNIT #026	S	A-26-18S-27E	A	30-015-00962	O	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	O	3230	ARTESIA;QUEEN- GRAYBURG-SAN ANDRES	12/2005	2232310 2232330	1/1/2008
ARTESIA METEX UNIT #029	S	B-25-18S-27E	B	30-015-01194	O	3230	ARTESIA;QUEEN- GRAYBURG-SAN ANDRES	8/2006	2232310 2232330	9/1/2008
ARTESIA METEX UNIT #030	S	A-25-18S-27E	A	30-015-01193	O	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	O	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	B	30-015-02132	O	3230	ARTESIA;QUEEN- GRAYBURG-SAN ANDRES	3/2007	2232310 2232330	4/1/2009
ARTESIA METEX UNIT #034	S	B-30-18S-28E	B	30-015-06127	O	3230	ARTESIA;QUEEN- GRAYBURG-SAN ANDRES	11/2006	2232310 2232330	12/1/2008
ARTESIA METEX UNIT #035	S	H-26-18S-27E	H	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	O	3230	ARTESIA;QUEEN- GRAYBURG-SAN	8/2006	2232310 2232330	9/1/2008

UNIT							ANDRES					
#036												
ARTESIA METEX UNIT #038	S	F-25-18S-27E	F	30-015-00950	O	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	O	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	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	O	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	O	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	O	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	O	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	I	30-015-00958	O	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	O	30-015-01191	O	3230	ARTESIA;QUEEN- GRAYBURG-SAN ANDRES	3/2007	2232310	2232330	4/1/2009	
ARTESIA METEX UNIT #051	S	P-26-18S-27E	P	30-015-00966	O	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	O	3230	ARTESIA;QUEEN- GRAYBURG-SAN ANDRES	3/2007	2232310	2232330	4/1/2009	
ARTESIA METEX UNIT #054	S	O-25-18S-27E	O	30-015-00956	I	3230	ARTESIA;QUEEN- GRAYBURG-SAN ANDRES	8/2005			9/1/2007	
ARTESIA METEX	S	B-35-18S-27E	B	30-015-00986	O	3230	ARTESIA;QUEEN- GRAYBURG-SAN	11/2006	2232310	2232330	12/1/2008	

UNIT #055	ANDRES										
ARTESIA METEX UNIT #056	S	A-35-18S-27E	A	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	O	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	K	30-015-00949	O	3230	ARTESIA;QUEEN- GRAYBURG-SAN ANDRES	3/2007	2232310	2232330	4/1/2009
ARTESIA METEX UNIT #060	S	C-30-18S-28E	C	30-015-21866	O	3230	ARTESIA;QUEEN- GRAYBURG-SAN ANDRES	3/2007	2232310	2232330	4/1/2009
ARTESIA METEX UNIT #061	S	A-25-18S-27E	A	30-015-21874	O	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	O	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	O	3230	ARTESIA;QUEEN- GRAYBURG-SAN ANDRES	3/2007	2232310	2232330	4/1/2009
ARTESIA METEX UNIT #064	S	H-25-18S-27E	H	30-015-27192	O	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	O	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	O	3230	ARTESIA;QUEEN- GRAYBURG-SAN ANDRES	3/2007	2232310	2232330	4/1/2009
ARTESIA METEX UNIT #067	S	H-25-18S-27E	H	30-015-27195	O	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	O	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 :

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

Issuer Bond No : B000692

E0005: Enter data to modify or PF keys to scroll

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

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

STATE OF NEW MEXICO

\$50,000 BLANKET PLUGGING BOND

BOND NO. B000692

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, ~~XXXXXXXXXXXXXXXXXXXXXXXXXXXX~~ (a corporation, limited liability company or limited partnership organized in the State of New Mexico, and authorized to do business in the State of New Mexico), as PRINCIPAL, and U. S. Specialty Insurance Company, a corporation organized and existing under the laws of the State of Texas and authorized to do business in the State of New Mexico, as SURETY, are firmly bound unto the State of New Mexico for the use and benefit of the Oil Conservation Division of the Energy, Minerals and Natural Resources Department (or successor agency) (the DIVISION) pursuant to NMSA 1978, Section 70-2-14, as amended, in the sum of Fifty Thousand Dollars (\$50,000) for the payment of which the PRINCIPAL and SURETY hereby bind themselves 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.

<u>ERS Resources, LLC</u>	<u>U. S. Specialty Insurance Company</u>
<u>PRINCIPAL</u>	<u>SURETY</u>
Post Office Box 1502	13403 NW Freeway
Carlsbad, New Mexico 88221-1502	Houston, Texas 77040
Address	Address
By <u>Bert D. Hanigan</u>	By <u>[Signature]</u>
Signature	Attorney - In-Fact
<u>Managing Member</u>	
Title	

If PRINCIPAL is a corporation, affix corporate seal here.

Corporate surety affix corporate seal here.

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

POWER OF ATTORNEY

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

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

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

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

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

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

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

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

Corporate Seal

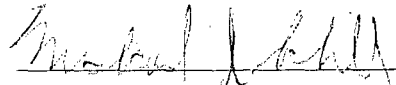
U. S. SPECIALTY INSURANCE COMPANY

By

State of Texas

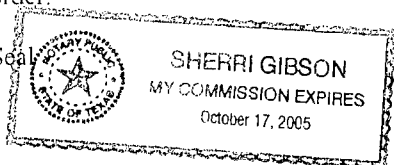
County of Harris


ss:


Michael J. Schell, President

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

Notary Seal

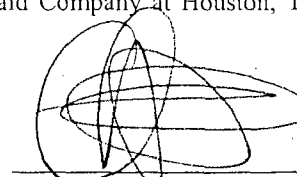


 Notary Public
 My commission expires 10-17-05

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 02 day of December, 20 03

Corporate Seal


Christopher L. Martin, Secretary

Bond No. B000692R04-06-04

SURETY RIDER

To be attached to and form a part of Bond No. B000692 on behalf of
ERS Resources, LLC as principal and executed by
U.S. Specialty Insurance Company, as surety.

Effective date of change: April 6, 2004

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

The address has changed from:

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

TO:

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

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

SIGNED, SEALED AND DATED THIS: April 6, 2004

ERS Resources, LLC

Name of Principal

Roy Hanigan
Signature

manager Roy Hanigan
Name and title of person
executing for Principal

U.S. Specialty Insurance Company

Name of Surety

W. Russell Brown, Jr.
Signature

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

Bond No. B000683R04-06-04

SURETY RIDER

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

Effective date of change: April 6, 2004

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

The address has changed from:

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

TO:

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

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

SIGNED, SEALED AND DATED THIS: April 6, 2004

ERS Resources, LLC

Name of Principal

/ Roy Hanigan
Signature

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

U.S. Specialty Insurance Company

Name of Surety

W. Russell Brown, Jr.
Signature

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

STATE OF NEW MEXICO

ONE-WELL PLUGGING BOND

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

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

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

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

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

KNOW ALL MEN BY THESE PRESENTS:

That ERS Resources, LLC (~~XXXXXXXXXXXXXXXXXXXX~~) (a corporation, limited liability company or limited partnership organized in the State of New Mexico, and authorized to do business in the State of New Mexico), as PRINCIPAL, and U. S. Specialty Insurance Company, a corporation organized and existing under the laws of the State of Texas and authorized to do business in the State of New Mexico, as SURETY, are firmly bound unto the State of New Mexico, for the use and benefit of the Oil Conservation Division of the Energy, Minerals and Natural Resources Department (or successor agency) (the DIVISION), pursuant to NMSA 1978, Section 70-2-14, as amended; in the sum of \$5,000.00, for the payment of which the PRINCIPAL and SURETY hereby bind themselves, their successors and assigns, jointly and severally, firmly by these presents.

The conditions of this obligation are such that:

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

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

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

THEN AND IN THAT EVENT, this obligation shall be null and void; otherwise and in default of complete compliance with any and all of said obligations, the same shall remain in full force and effect.

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

Address
By Best D. Dominguez
Signature

Managing Member
Title

If PRINCIPAL is a corporation, affix
corporate seal here.

U. S. Specialty Insurance Company
SURETY
13403 NW Freeway
Houston, Texas 77040
Address
Esther 2
Attorney-In-Fact

Corporate surety affix
corporate seal here.

ACKNOWLEDGMENT FORM FOR INDIVIDUAL

STATE OF _____)
 COUNTY OF _____) ss.

This instrument was acknowledged before me on _____, 20__ by _____
 (Name of individual)

 Notary Public

SEAL

My Commission Expires _____

ACKNOWLEDGMENT FORM FOR PARTNERSHIP, CORPORATION OR LIMITED LIABILITY COMPANY

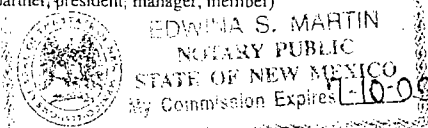
STATE OF New Mexico)
 COUNTY OF Eddy) ss.

This instrument was acknowledged before me on 12-2, 2003 by Bert D. Hannigan
 (Name of Person Signing Instrument)
 as Managing Member of ERS Resources, LLC
 (Capacity, e.g., partner, president, manager, member) (Name of partnership, corporation or limited liability company)

SEAL

07-10-05

My Commission Expires



Edwina S. Martin
 Notary Public

ACKNOWLEDGMENT FORM FOR CORPORATE SURETY

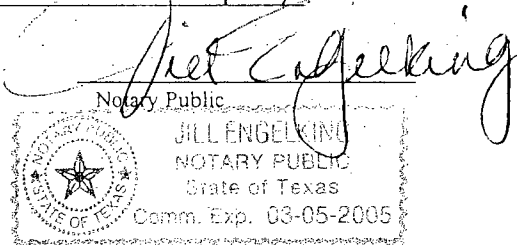
STATE OF Texas)
 COUNTY OF Harris) ss.

This instrument was acknowledged before me on 12-02, 2003 by Edwin H. Frank III
 (Name of Attorney in fact)
 as Attorney-in-Fact for U.S. Specialty Insurance Company
 (Name of corporate surety)

SEAL

3/5/05
 My Commission Expires

Corporate Surety attach Power of Attorney



APPROVED BY:

OIL CONSERVATION DIVISION OF NEW MEXICO

By Paul M. G. Gordon

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

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

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

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

Corporate Seal

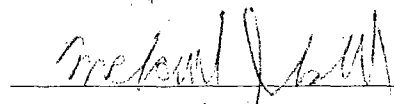
U. S. SPECIALTY INSURANCE COMPANY

By

State of Texas

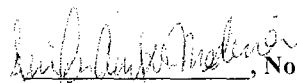
County of Harris

ss:


Michael J. Schell, President

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

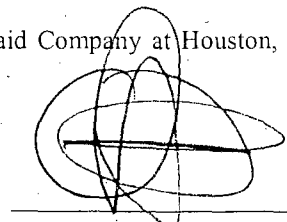
Notary Seal


Notary Public
 My commission expires 12/23/2006

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

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

Corporate Seal


Christopher L. Martin, Secretary



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

January 15, 2004

Lori Wrotenbery

Director

Oil Conservation Division

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

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

Dear Mr. Hannigan:

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

Sincerely,

GAIL MACQUESTEN
Assistant General Counsel

GM/dp

cc: Oil Conservation Division – Artesia, NM

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

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

CMD :
OG6CWBD

ONGARD
CAPTURE SINGLE WELL BOND

01/15/04 11:14:55
OGODLP -TQGC

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

Bond Idn : 249376 Bond Status : A Prop Idn : 22171

Prop Name : ARTESIA METEX UNIT

Well No : 005

U/L Sec	Township	Range	North/South	East/West	Lot Idr
---------	----------	-------	-------------	-----------	---------

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

API County : 15

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

Company OGRID Identifier : 224244

Company Name, Address : U.S. SPECIALTY INSURANCE COMPA
13403 NORTHWEST FREEWAY
HOUSTON, TX 77056

Effective Date : 01-01-1900

Cancellation Date : 12-31-9999

Issuer Bond No : BO00683

M0015: Table update is successful.

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

Bond No. B000690R04-06-04

SURETY RIDER

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

Effective date of change: April 6, 2004

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

The address has changed from:

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

TO:

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

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

SIGNED, SEALED AND DATED THIS: April 6, 2004

ERS Resources, LLC
Name of Principal

Roy Hanigan
Signature

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

U.S. Specialty Insurance Company
Name of Surety

W. Russell Brown, Jr.
Signature

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

STATE OF NEW MEXICO
ONE-WELL PLUGGING BOND

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

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

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

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

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

KNOW ALL MEN BY THESE PRESENTS:

That ERS Resources, LLC, ~~XXXXXXXXXXXXXXXXXXXX~~ (a corporation, limited liability company or limited partnership organized in the State of New Mexico, and authorized to do business in the State of New Mexico), as PRINCIPAL, and U. S. Specialty Insurance Company, a corporation organized and existing under the laws of the State of Texas and authorized to do business in the State of New Mexico, as SURETY, are firmly bound unto the State of New Mexico, for the use and benefit of the Oil Conservation Division of the Energy, Minerals and Natural Resources Department (or successor agency) (the DIVISION), pursuant to NMSA 1978, Section 70-2-14, as amended, in the sum of \$5,000.00 for the payment of which the PRINCIPAL and SURETY hereby bind themselves, their successors and assigns, jointly and severally, firmly by these presents.

The conditions of this obligation are such that:

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

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

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

THEN AND IN THAT EVENT, this obligation shall be null and void; otherwise and in default of complete compliance with any and all of said obligations, the same shall remain in full force and effect.

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

By Boyd D. Harrigan
Signature

Managing Member
Title

If PRINCIPAL is a corporation, affix
corporate seal here.

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

Eut 122
Attorney-In-Fact

Corporate surety affix
corporate seal here.

ACKNOWLEDGMENT FORM FOR INDIVIDUAL

STATE OF _____)
 COUNTY OF _____) ss.

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

 Notary Public

SEAL

 My Commission Expires

ACKNOWLEDGMENT FORM FOR PARTNERSHIP, CORPORATION OR LIMITED LIABILITY COMPANY

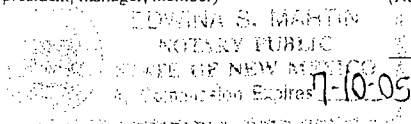
STATE OF New Mexico)
 COUNTY OF Eddy) ss.

This instrument was acknowledged before me on 12-2, 03 by Bert D. Hannigan
 (Name of Person Signing Instrument)
 as Managing Member of ERS Resources, LLC
 (Capacity, e.g., partner, president, manager, member) (Name of partnership, corporation or limited liability company)

SEAL

07-10-05

My Commission Expires



Edwina S. Martin
 Notary Public

ACKNOWLEDGMENT FORM FOR CORPORATE SURETY

STATE OF Texas)
 COUNTY OF Harris) ss.

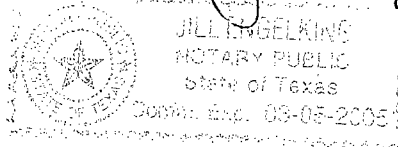
This instrument was acknowledged before me on 12-02, 2003 by Edwin H. Frank III
 (Name of Attorney in fact)
 as Attorney-in-Fact for U.S. Specialty Insurance Company
 (Name of corporate surety)

SEAL

3/5/05
 My Commission Expires

Corporate Surety attach Power of Attorney

Jill Engelking
 Notary Public



APPROVED BY:

OIL CONSERVATION DIVISION OF NEW MEXICO

By Paul MacCord

Date 1-17-04

POWER OF ATTORNEY

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

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

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

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

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

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

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

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

Corporate Seal

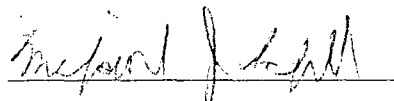
U. S. SPECIALTY INSURANCE COMPANY

By

State of Texas

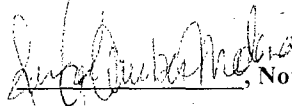
County of Harris

ss:


Michael J. Schell, President

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

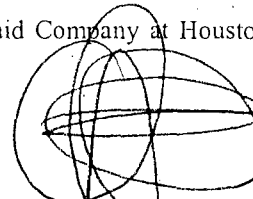
Notary Seal


Notary Public
 My commission expires 12/23/2006

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

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

Corporate Seal


Christopher L. Martin, Secretary



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor
Joanna Prukop
Cabinet Secretary

January 15, 2004

Lori Wrotenberg
Director
Oil Conservation Division

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

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

Dear Mr. Hannigan:

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

Sincerely,

GAIL MACQUESTEN
Assistant General Counsel

GM/dp

cc: Oil Conservation Division - Artesia, NM

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

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

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

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

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

Surface Locn : I 24 18S 27E FTG 2310 F S FTG 990 F E
API County : 15

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

Effective Date : 01-01-1900 Cancellation Date : 12-31-9999
Issuer Bond No : B000690

M0015: Table update is successful.

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

STATE OF NEW MEXICO
ONE-WELL PLUGGING BOND

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

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

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

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

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

KNOW ALL MEN BY THESE PRESENTS:

That ERS Resources, LLC, (an individual) (a general partnership) (a corporation, limited liability company or limited partnership organized in the State of New Mexico and authorized to do business in the State of New Mexico), as PRINCIPAL, and U.S. Specialty Insurance Company, a corporation organized and existing under the laws of the State of Texas and authorized to do business in the State of New Mexico, as SURETY, are firmly bound unto the State of New Mexico, for the use and benefit of the Oil Conservation Division of the Energy, Minerals and Natural Resources Department (or successor agency) (the DIVISION), pursuant to NMSA 1978, Section 70-2-14, as amended, in the sum of Five thousand--- for the payment of which the PRINCIPAL and SURETY hereby bind themselves, their successors and assigns, jointly and severally, firmly by these presents.

The conditions of this obligation are such that:

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

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

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

THEN AND IN THAT EVENT, this obligation shall be null and void; otherwise and in default of complete compliance with any and all of said obligations, the same shall remain in full force and effect.

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

By Bert D. Damagon
Signature

Managing Member
Title

If PRINCIPAL is a corporation, affix
corporate seal here.

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

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

Corporate surety affix
corporate seal here.

ACKNOWLEDGMENT FORM FOR INDIVIDUAL

STATE OF _____)
) ss.
 COUNTY OF _____)

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

 Notary Public

SEAL

 My Commission Expires

ACKNOWLEDGMENT FORM FOR PARTNERSHIP, CORPORATION OR LIMITED LIABILITY COMPANY

STATE OF New Mexico)
) ss.
 COUNTY OF Eddy)

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
 (Capacity, e.g., partner, president, manager, member) (Name of partnership, corporation or limited liability company)



OFFICIAL SEAL
 Susan S. Lopez
 NOTARY PUBLIC STATE OF NEW MEXICO

SEAL
 My commission expires 8-6-2007
 My Commission Expires

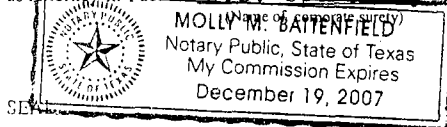
Susan S. Lopez
 Notary Public

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.
 (Name of Attorney in fact)

as Attorney in fact for U.S. Specialty Insurance Company



December 19, 2007
 My Commission Expires

Molly M. Battenfield
 Notary Public

Corporate Surety attach Power of Attorney

APPROVED BY:

OIL CONSERVATION DIVISION OF NEW MEXICO

By David K. Booth

Date 9/15/04

POWER OF ATTORNEY

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

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

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

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

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

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

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

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

Corporate Seal

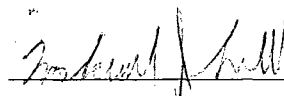
U. S. SPECIALTY INSURANCE COMPANY

By

State of Texas

County of Harris

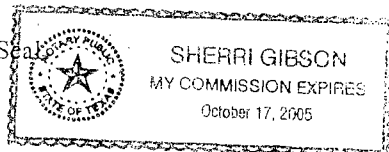
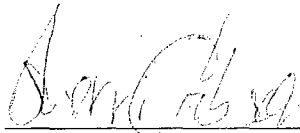
ss:



Michael J. Schell, President

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

Notary Seal

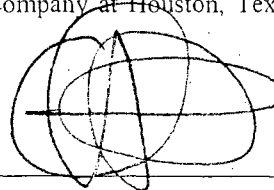
, Notary Public

My commission expires 10-17-05

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

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

Corporate Seal



Christopher L. Martin, Secretary

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

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

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

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

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

The rest of this page is intentionally left blank.



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

September 14, 2004

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

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

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

Dear Mr. Hanigan:

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

Sincerely,

DAVID K. BROOKS
Assistant General Counsel

DKB/dp

cc: Oil Conservation Division – Artesia, NM

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

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

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

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

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

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

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

Issuer Bond No : B001136

M0015: Table update is successful.

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

Bond No. B000684R04-06-04

SURETY RIDER

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

Effective date of change: April 6, 2004

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

The address has changed from:

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

TO:

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

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

SIGNED, SEALED AND DATED THIS: April 6, 2004

ERS Resources, LLC

Name of Principal

✓ Roy Hanigan
Signature

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

U.S. Specialty Insurance Company

Name of Surety

W. Russell Brown, Jr.
Signature

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

STATE OF NEW MEXICO

ONE-WELL PLUGGING BOND

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

BOND NO. 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 PRESENTS:

That ERS Resources, LLC, ~~XXXXXXXXXXXXXXXXXXXX~~ (a corporation, limited liability company or limited partnership organized in the State of New Mexico, and authorized to do business in the State of New Mexico), as PRINCIPAL, and U. S. Specialty Insurance Company, a corporation organized and existing under the laws of the State of Texas and authorized to do business in the State of New Mexico, as SURETY, are firmly bound unto the State of New Mexico, for the use and benefit of the Oil Conservation Division of the Energy, Minerals and Natural Resources Department (or successor agency) (the DIVISION), pursuant to NMSA 1978, Section 70-2-14, as amended, in the sum of \$5,000.00 for the payment of which the PRINCIPAL and SURETY hereby bind themselves, their successors and assigns, jointly and severally, firmly by these presents.

The conditions of this obligation are such that:

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

Artesia Metex Unit #13-J, located 2310 feet from the South ~~XXXX~~ South
(Name of well)
line and 2310 feet from the East ~~(East XXXX)~~ line of Section 19 Township 18 ~~XXXX~~
(South), Range 28 (East) ~~(West)~~, NMPM, Eddy County, New Mexico.

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

THEN AND IN THAT EVENT, this obligation shall be null and void; otherwise and in default of complete compliance with any and all of said obligations, the same shall remain in full force and effect.

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

By [Signature]
Signature

Managing Member
Title

If PRINCIPAL is a corporation, affix
corporate seal here.

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

[Signature]
Attorney-In-Fact

Corporate surety affix
corporate seal here.

ACKNOWLEDGMENT FORM FOR INDIVIDUAL

STATE OF _____)
 COUNTY OF _____) ss.

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

 Notary Public

SEAL

 My Commission Expires

ACKNOWLEDGMENT FORM FOR PARTNERSHIP, CORPORATION OR LIMITED LIABILITY COMPANY

STATE OF New Mexico)
 COUNTY OF Eddy) ss.

This instrument was acknowledged before me on 12-2, 2003 by Bert D. Hannigan
 (Name of Person Signing Instrument)
 as Managing Member of ERS Resources, LLC
 (Capacity, e.g., partner, president, manager, etc.) (Name of partnership, corporation or limited liability company)

EDWINA S. MARTIN
 NOTARY PUBLIC
 STATE OF NEW MEXICO
 My Commission Expires 1-10-05

Edwina S. Martin
 Notary Public

SEAL

07-10-05

 My Commission Expires

ACKNOWLEDGMENT FORM FOR CORPORATE SURETY

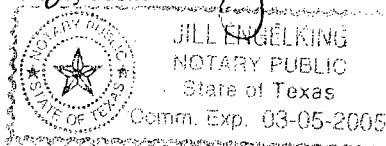
STATE OF Texas)
 COUNTY OF Harris) ss.

This instrument was acknowledged before me on 12-02, 2003 by Edwin H. Frank III
 (Name of Attorney in fact)
 as Attorney-in-Fact for U.S. Specialty Insurance Company
 (Name of corporate surety)

SEAL
3/5/05
 My Commission Expires

Corporate Surety attach Power of Attorney

Jill Engelking
 Notary Public



APPROVED BY:

OIL CONSERVATION DIVISION OF NEW MEXICO

By [Signature]

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

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

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

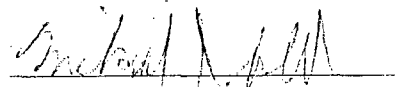
In Witness Whereof, U. S. SPECIALTY INSURANCE COMPANY has caused these presents to be signed by its President, and its corporate seal to be hereto affixed this 7th day of November, 2003.

Corporate Seal

U. S. SPECIALTY INSURANCE COMPANY
By

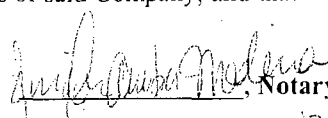
State of Texas

County of Harris ss:


Michael J. Schell, President

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

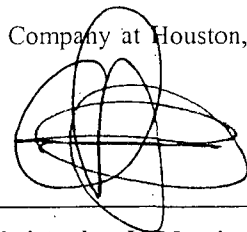
Notary Seal


Notary Public
My commission expires 12/33/2006

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 Wrotenberg

Director

Oil Conservation Division

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

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

Dear Mr. Hannigan:

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

Sincerely,

GAIL MACQUESTEN
Assistant General Counsel

GM/dp

cc: Oil Conservation Division - Artesia, NM

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

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

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

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

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

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

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

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

M0015: Table update is successful.

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

Bond No. B000685R04-06-04

SURETY RIDER

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

Effective date of change: April 6, 2004

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

The address has changed from:

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

TO:

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

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

SIGNED, SEALED AND DATED THIS: April 6, 2004

ERS Resources, LLC
Name of Principal

✓ Roy Hanigan
Signature

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

U.S. Specialty Insurance Company
Name of Surety

W. Russell Brown, Jr.
Signature

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

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 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, ~~XXXXXXXXXXXXXXXXXXXX~~ (a corporation, limited liability company or limited partnership organized in the State of New Mexico, and authorized to do business in the State of New Mexico), as PRINCIPAL, and U. S. Specialty Insurance Company, a corporation organized and existing under the laws of the State of Texas and authorized to do business in the State of New Mexico, as SURETY, are firmly bound unto the State of New Mexico, for the use and benefit of the Oil Conservation Division of the Energy, Minerals and Natural Resources Department (or successor agency) (the DIVISION), pursuant to NMSA 1978, Section 70-2-14, as amended, in the sum of \$5,000.00, for the payment of which the PRINCIPAL and SURETY hereby bind themselves, their successors and assigns, jointly and severally, firmly by these presents.

The conditions of this obligation are such that:

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

Artesia Metex Unit #14-J, located 1650 feet from the South ~~XXXX~~ South
(Name of well)
line and 1980 feet from the East ~~(East/XXXX)~~ line of Section 19 Township 18 ~~(XXXX)~~
(South), Range 28 (East) (West), NMPM, Eddy County, New Mexico.

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

THEN AND IN THAT EVENT, this obligation shall be null and void; otherwise and in default of complete compliance with any and all of said obligations, the same shall remain in full force and effect.

ERS Resources, LLC
PRINCIPAL
Post Office Box 1502
Carlsbad, New Mexico 88221-1502
Address
By [Signature]
Signature

Managing Member
Title

IF PRINCIPAL is a corporation, affix
corporate seal here.

U. S. Specialty Insurance Company
SURETY
13403 NW Freeway
Houston, Texas 77040
Address
[Signature]
Attorney-In-Fact

Corporate surety affix
corporate seal here.

ACKNOWLEDGMENT FORM FOR INDIVIDUAL

STATE OF _____)
 ss.
 COUNTY OF _____)

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

 Notary Public

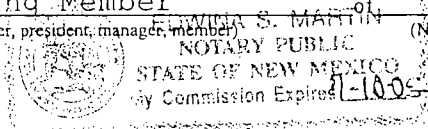
SEAL

My Commission Expires _____

ACKNOWLEDGMENT FORM FOR PARTNERSHIP, CORPORATION OR LIMITED LIABILITY COMPANY

STATE OF New Mexico)
 ss.
 COUNTY OF Eddy)

This instrument was acknowledged before me on 12-2, 2003 by Bert D. Hannigan
 (Name of Person Signing Instrument)
 as Managing Member of ERS Resources, LLC
 (Capacity, e.g., partner, president, manager, member) (Name of partnership, corporation or limited liability company)



Edwin S. Martin
 Notary Public

SEAL

07-10-05

My Commission Expires _____

ACKNOWLEDGMENT FORM FOR CORPORATE SURETY

STATE OF Texas)
 ss.
 COUNTY OF Harris)

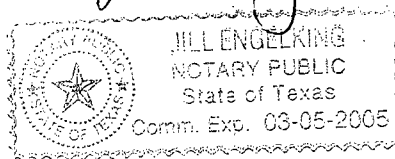
This instrument was acknowledged before me on 12-02, 2003 by Edwin H. Frank III
 (Name of Attorney in fact)
 as Attorney-in-Fact for U.S. Specialty Insurance Company
 (Name of corporate surety)

Jill Engelking
 Notary Public

SEAL

3/5/05
 My Commission Expires

Corporate Surety attach Power of Attorney



APPROVED BY:

OIL CONSERVATION DIVISION OF NEW MEXICO

By [Signature]

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

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

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

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

Corporate Seal

U. S. SPECIALTY INSURANCE COMPANY

By

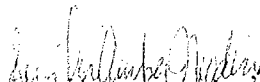
State of Texas

County of Harris ss:


Michael J. Schell, President

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

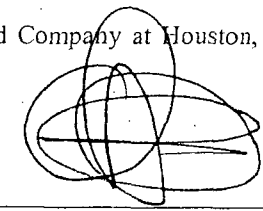
Notary Seal


Notary Public
 My commission expires 12/23/2006

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

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

Corporate Seal


Christopher L. Martin, Secretary



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop
Cabinet Secretary

January 15, 2004

Lori Wrotenbery

Director

Oil Conservation Division

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

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

Dear Mr. Hannigan:

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

Sincerely,

GAIL MACQUESTEN
Assistant General Counsel

GM/dp

cc: Oil Conservation Division – Artesia, NM

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

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

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

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

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

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

API County : 15

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

HOUSTON, TX 77056

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

Issuer Bond No : B000685

M0015: Table update is successful.

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

STATE OF NEW MEXICO
ONE-WELL PLUGGING BOND

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

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

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

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

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

KNOW ALL MEN BY THESE PRESENTS:

That ERS Resources, LLC, (an individual) (a general partnership) (a corporation, limited liability company or limited partnership organized in the State of New Mexico and authorized to do business in the State of New Mexico), as PRINCIPAL, and U.S. Specialty Insurance Company, a corporation organized and existing under the laws of the State of Texas and authorized to do business in the State of New Mexico, as SURETY, are firmly bound unto the State of New Mexico, for the use and benefit of the Oil Conservation Division of the Energy, Minerals and Natural Resources Department (or successor agency) (the DIVISION), pursuant to NMSA 1978, Section 70-2-14, as amended, in the sum of Five thousand--- for the payment of which the PRINCIPAL and SURETY hereby bind themselves, their successors and assigns, jointly and severally, firmly by these presents.

The conditions of this obligation are such that:

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

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

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

THEN AND IN THAT EVENT, this obligation shall be null and void; otherwise and in default of complete compliance with any and all of said obligations, the same shall remain in full force and effect.

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

By Boyd D. Thompson
Signature

Managing Member
Title

IF PRINCIPAL is a corporation, affix
corporate seal here.

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

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

Corporate surety affix
corporate seal here.

ACKNOWLEDGMENT FORM FOR INDIVIDUAL

STATE OF _____)
) ss.
 COUNTY OF _____)

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

 Notary Public

SEAL

 My Commission Expires

ACKNOWLEDGMENT FORM FOR PARTNERSHIP, CORPORATION OR LIMITED LIABILITY COMPANY

STATE OF New Mexico)
) ss.
 COUNTY OF Eddy)

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

as Managing Member of ERS Resources, LLC
 (Capacity, e.g., partner, president, manager, member) (Name of Person Signing Instrument)
 (Name of partnership, corporation or limited liability company)



OFFICIAL SEAL
 Susan S. Lopez
 NOTARY PUBLIC STATE OF NEW MEXICO

SEAL
 My commission expires 8-6-07
8-6-2007

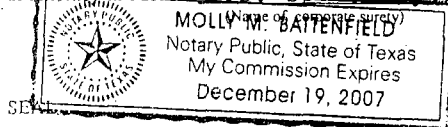
 My Commission Expires

ACKNOWLEDGMENT FORM FOR CORPORATE SURETY

STATE OF Texas)
) ss.
 COUNTY OF Harris)

This instrument was acknowledged before me on 09/01, 2004 by W. Russell Brown, Jr.
 (Name of Attorney in fact)

as Attorney in fact for U.S. Specialty Insurance Company



SEAL
December 19, 2007

 My Commission Expires

Corporate Surety attach Power of Attorney

 Notary Public

APPROVED BY:

OIL CONSERVATION DIVISION OF NEW MEXICO

By David K. Brooks

Date 9/15/04

POWER OF ATTORNEY

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

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

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

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

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

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

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

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

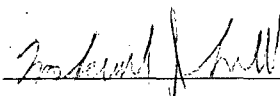
Corporate Seal

U. S. SPECIALTY INSURANCE COMPANY

By

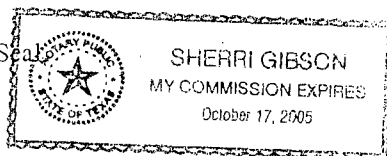
State of Texas

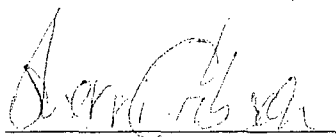
County of Harris ss:


Michael J. Schell, President

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

Notary Seal

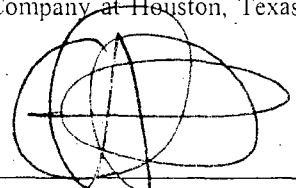



 , Notary Public
 My commission expires 10-17-05

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

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

Corporate Seal


Christopher L. Martin, Secretary

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

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

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

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

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

The rest of this page is intentionally left blank.



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

September 14, 2004

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

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

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

Dear Mr. Hanigan:

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

Sincerely,

DAVID K. BROOKS
Assistant General Counsel

DKB/dp

cc: Oil Conservation Division – Artesia, NM

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

CMD :
OG6CWBD

ONGARD
CAPTURE SINGLE WELL BOND

09/14/04 15:30:55
OGODLP -TPNF

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

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

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

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

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

M0015: Table update is successful.

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



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop
Cabinet Secretary

January 15, 2004

Lori Wrotenbery

Director

Oil Conservation Division

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

Re: Bond No. B000682 – ERS Resources, LLC

Dear Ms. Lopez:

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

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

Sincerely,

Dorothy Phillips
Bond Administrator

Enclosure



J. S. Ward & Son, Inc.

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

Insurance
Bonds

January 23, 2004

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

Attention: Mrs. Dorothy Phillips

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

Dear Mrs. Phillips:

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

Very truly yours,

J. S. WARD & SON, INC.

By *J. Gary Sims*
me

SGS:ssl

Enclosure

OVER 75 YEARS

Bond No. B000682R04-06-04

SURETY RIDER

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

Effective date of change: April 6, 2004

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

The address has changed from:

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

TO:

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

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

SIGNED, SEALED AND DATED THIS: April 6, 2004

ERS Resources, LLC

Name of Principal

✓ Roy Hanigan
Signature

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

U.S. Specialty Insurance Company

Name of Surety

W. Russell Brown, Jr.
Signature

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

STATE OF NEW MEXICO
ONE-WELL PLUGGING BOND

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

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

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

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

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

KNOW ALL MEN BY THESE PRESENTS:

That ERS Resources, LLC, ~~(XXXXXXXXXX) (a general partnership)~~ (a corporation, limited liability company or limited partnership organized in the State of New Mexico, and authorized to do business in the State of New Mexico), as PRINCIPAL, and U. S. Specialty Insurance Company, a corporation organized and existing under the laws of the State of Texas and authorized to do business in the State of New Mexico, as SURETY, are firmly bound unto the State of New Mexico, for the use and benefit of the Oil Conservation Division of the Energy, Minerals and Natural Resources Department (or successor agency) (the DIVISION), pursuant to NMSA 1978, Section 70-2-14, as amended, in the sum of \$5,000.00-----, for the payment of which the PRINCIPAL and SURETY hereby bind themselves, their successors and assigns, jointly and severally, firmly by these presents.

The conditions of this obligation are such, that:

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

Artesia Metex Unit #22, located 990 feet from the South ~~(XXXX)~~ South
(Name of well)
line and 2024 feet from the West ~~(XXX)~~ West line of Section 19 Township 18 ~~(XXXX)~~
(South), Range 28 (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.

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

By Best D. Hanigan
Signature

Managing Member
Title

If PRINCIPAL is a corporation, affix
corporate seal here.

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

Euf
Attorney-In-Fact

Corporate surety affix
corporate seal here.

ACKNOWLEDGMENT FORM FOR INDIVIDUAL

STATE OF _____)
) ss.
 COUNTY OF _____)

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

 Notary Public

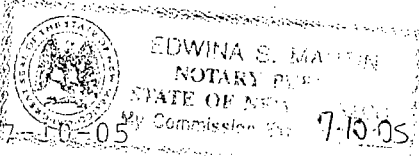
SEAL

 My Commission Expires

ACKNOWLEDGMENT FORM FOR PARTNERSHIP, CORPORATION OR LIMITED LIABILITY COMPANY

STATE OF New Mexico)
) ss.
 COUNTY OF Eddy)

This instrument was acknowledged before me on 12-2, 2003 by Bert D. Hannigan
 (Name of Person Signing Instrument)
 as Managing Member of ERS Resources, LLC
 (Capacity, e.g., partner, president, manager, member) (Name of partnership, corporation or limited liability company)

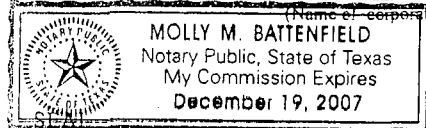
SEAL 
 My Commission Expires

Edwina S. Martin
 Notary Public

ACKNOWLEDGMENT FORM FOR CORPORATE SURETY

STATE OF Texas)
) ss.
 COUNTY OF Harris)

This instrument was acknowledged before me on 12-02-2003 by Edwin H. Frank III
 (Name of Attorney in fact)
 as Attorney-in-Fact for U.S. Specialty Insurance Company
 (Name of corporate surety)

SEAL 
 My Commission Expires

Molly M. Battenfield
 Notary Public

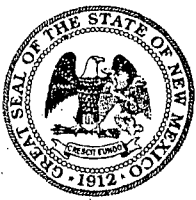
 My Commission Expires

Corporate Surety attach Power of Attorney

APPROVED BY:

OIL CONSERVATION DIVISION OF NEW MEXICO

By [Signature]Date 1-26-04



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

January 26, 2004

Lori Wrotenbery

Director

Oil Conservation Division

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

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

Dear Mr. Hannigan:

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

Sincerely,

GAIL MACQUESTEN
Assistant General Counsel

GM/dp

cc: Oil Conservation Division – Artesia, NM

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

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

POWER OF ATTORNEY

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

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

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

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

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

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

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

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

Corporate Seal


U. S. SPECIALTY INSURANCE COMPANY

By

State of Texas

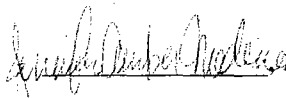
County of Harris

ss:


Michael J. Schell, President

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

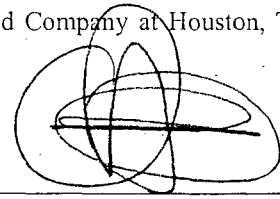
Notary Seal


Notary Public
 My commission expires 12/33/2006

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

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

Corporate Seal


Christopher L. Martin, Secretary

CMD :
OG6CWBD

ONGARD
CAPTURE SINGLE WELL BOND

01/15/04 11:09:10
OGODLP -TQGC

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

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

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 : BO00682

M0015: Table update is successful.

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

Bond No. B000681R04-06-04

SURETY RIDER

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

Effective date of change: April 6, 2004

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

The address has changed from:

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

TO:

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

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

SIGNED, SEALED AND DATED THIS: April 6, 2004

ERS Resources, LLC
Name of Principal

Roy Hanigan
Signature

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

U.S. Specialty Insurance Company
Name of Surety

W. Russell Brown, Jr.
Signature

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

STATE OF NEW MEXICO

ONE-WELL PLUGGING BOND

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

BOND NO. B000681
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)~~ ~~XXXXXXXXXXXXXXXXXXXX~~ (a corporation, limited liability company or limited partnership organized in the State of New Mexico, and authorized to do business in the State of New Mexico), as PRINCIPAL, and U. S. Specialty Insurance Company, a corporation organized and existing under the laws of the State of Texas and authorized to do business in the State of New Mexico, as SURETY, are firmly bound unto the State of New Mexico, for the use and benefit of the Oil Conservation Division of the Energy, Minerals and Natural Resources Department (or successor agency) (the DIVISION), pursuant to NMSA 1978, Section 70-2-14, as amended, in the sum of \$5,000.00-----, for the payment of which the PRINCIPAL and SURETY hereby bind themselves, their successors and assigns, jointly and severally, firmly by these presents.

The conditions of this obligation are such that:

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

Artesia Metex Unit #23, located 330 feet from the South ~~XXXX~~ (South)
(Name of well)
line and 2410 feet from the West ~~(XXX West)~~ line of Section 19 Township 18 ~~XXXX~~
(South), Range 28 (East) ~~(West)~~, NMPM, Eddy County, New Mexico.

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

THEN AND IN THAT EVENT, this obligation shall be null and void; otherwise and in default of complete compliance with any and all of said obligations, the same shall remain in full force and effect.

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

By Bob O'Donoghue
Signature

Managing Member
Title

If PRINCIPAL is a corporation, affix
corporate seal here.

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

2012
Attorney-In-Fact

Corporate surety affix
corporate seal here.

ACKNOWLEDGMENT FORM FOR INDIVIDUAL

STATE OF _____)
) ss.
 COUNTY OF _____)

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

 Notary Public

SEAL

 My Commission Expires

ACKNOWLEDGMENT FORM FOR PARTNERSHIP, CORPORATION OR LIMITED LIABILITY COMPANY

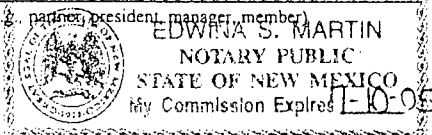
STATE OF New Mexico)
) ss.
 COUNTY OF Eddy)

This instrument was acknowledged before me on 12-2, 2003 by Bert D. Hannigan
 (Name of Person Signing Instrument)

as Managing Member of

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

(Capacity, e.g., partner, president, manager, member)



SEAL

07-10-05

My Commission Expires

Edwina S. Martin
 Notary Public

ACKNOWLEDGMENT FORM FOR CORPORATE SURETY

STATE OF Texas)
) ss.
 COUNTY OF Harris)

This instrument was acknowledged before me on 12-02, 2003 by Edwin H. Frank III
 (Name of Attorney in fact)

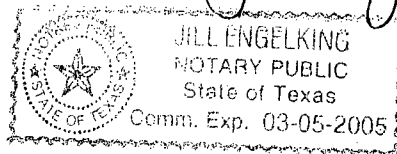
as Attorney-in-Fact for U.S. Specialty Insurance Company
 (Name of corporate surety)

SEAL

3/5/05
 My Commission Expires

Corporate Surety attach Power of Attorney

Jill Engelking
 Notary Public



APPROVED BY:

OIL CONSERVATION DIVISION OF NEW MEXICO

By [Signature]

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

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

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

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

Corporate Seal

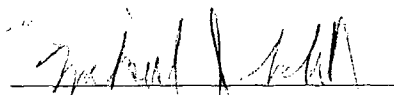
U. S. SPECIALTY INSURANCE COMPANY

By

State of Texas

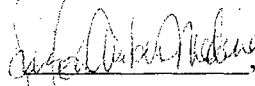
County of Harris

ss:


Michael J. Schell, President

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

Notary Seal

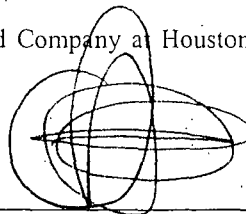


_____, Notary Public
My commission expires 12/23/2006

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

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

Corporate Seal


Christopher L. Martin, Secretary



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor
Joanna Prukop
Cabinet Secretary

January 15, 2004

Lori Wrotenbery
Director
Oil Conservation Division

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

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

Dear Mr. Hannigan:

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

Sincerely,

GAIL MACQUESTEN
Assistant General Counsel

GM/dp

cc: Oil Conservation Division – Artesia, NM

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

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

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

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

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

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

API County : 15

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

13403 NORTHWEST FREEWAY
HOUSTON, TX 77056

Effective Date : 01-01-1900

Cancellation Date : 12-31-9999

Issuer Bond No : B000681

M0015: Table update is successful.

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

STATE OF NEW MEXICO

ONE-WELL PLUGGING BOND

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

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

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

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

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

KNOW ALL MEN BY THESE PRESENTS:

That ERS Resources, LLC, (an individual) (a general partnership) (a corporation, limited liability company or limited partnership organized in the State of New Mexico and authorized to do business in the State of New Mexico), as PRINCIPAL, and U.S. Specialty Insurance Company, a corporation organized and existing under the laws of the State of Texas and authorized to do business in the State of New Mexico, as SURETY, are firmly bound unto the State of New Mexico, for the use and benefit of the Oil Conservation Division of the Energy, Minerals and Natural Resources Department (or successor agency) (the DIVISION), pursuant to NMSA 1978, Section 70-2-14, as amended, in the sum of Five thousand---, for the payment of which the PRINCIPAL and SURETY hereby bind themselves, their successors and assigns, jointly and severally, firmly by these presents.

The conditions of this obligation are such that:

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

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

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

THEN AND IN THAT EVENT, this obligation shall be null and void; otherwise and in default of complete compliance with any and all of said obligations, the same shall remain in full force and effect.

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

By Bert D. Damagon
Signature

Managing Member
Title

If PRINCIPAL is a corporation, affix
corporate seal here.

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

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

Corporate surety affix
corporate seal here.

ACKNOWLEDGMENT FORM FOR INDIVIDUAL

STATE OF _____)
) ss.
 COUNTY OF _____)

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

 Notary Public

SEAL

 My Commission Expires

ACKNOWLEDGMENT FORM FOR PARTNERSHIP, CORPORATION OR LIMITED LIABILITY COMPANY

STATE OF New Mexico)
) ss.
 COUNTY OF Eddy)

This instrument was acknowledged before me on 8-20, 2004 by Bert D. Hanigan
 (Name of Person Signing Instrument)

as Managing Member of ERS Resources, LLC
 (Name of Partnership, Corporation or Limited Liability Company)



OFFICIAL SEAL
Susan S. Lopez
NOTARY PUBLIC STATE OF NEW MEXICO
 SEAL

My commission expires 8-6-2007

 My Commission Expires

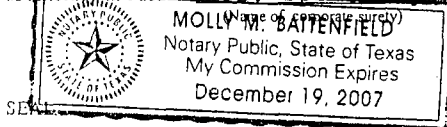
Susan S. Lopez
 Notary Public

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.
 (Name of Attorney in fact)

as Attorney in fact for U.S. Specialty Insurance Company



SEAL
MOLLY M. BATTENFIELD
Notary Public, State of Texas
My Commission Expires
December 19, 2007

 My Commission Expires

Corporate Surety attach Power of Attorney

Molly M. Battenfield
 Notary Public

APPROVED BY:

OIL CONSERVATION DIVISION OF NEW MEXICO

By David K. Brooks

Date 9/15/04

POWER OF ATTORNEY

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

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

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

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

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

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

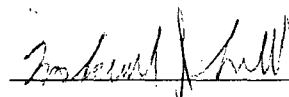
Be it Resolved, that the signature of any authorized officer and seal of the Company heretofore or hereafter affixed to any power of attorney or any certificate relating thereto by facsimile, and any power of attorney or certificate bearing facsimile signature or facsimile seal shall be valid and binding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

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

Corporate Seal

U. S. SPECIALTY INSURANCE COMPANY

By

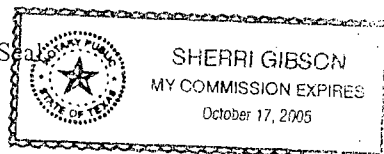
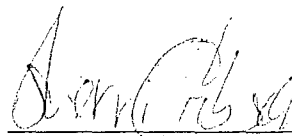

Michael J. Schell, President

State of Texas

County of Harris ss:

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

Notary Seal

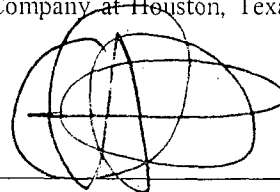
Notary Public

My commission expires 10-17-05

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

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

Corporate Seal


Christopher L. Martin, Secretary

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

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

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

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

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

The rest of this page is intentionally left blank.



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

September 14, 2004

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

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

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

Dear Mr. Hanigan:

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

Sincerely,

DAVID K. BROOKS
Assistant General Counsel

DKB/dp

cc: Oil Conservation Division – Artesia, NM

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

CMD : ONGARD 09/14/04 15:30:59
OG6CWBD CAPTURE SINGLE WELL BOND OGODLP -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 : O 19 18S 28E FTG 660 F S FTG 2310 F E

API County : 15

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

HOUSTON, TX 77056

Effective Date : 01-01-1900

Cancellation Date : 12-31-9999

Issuer Bond No : B001136

M0015: Table update is successful.

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

Bond No. B000679R04-06-04

SURETY RIDER

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

Effective date of change: April 6, 2004

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

The address has changed from:

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

TO:

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

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

SIGNED, SEALED AND DATED THIS: April 6, 2004

ERS Resources, LLC

Name of Principal

Roy Hanigan
Signature

Manager Roy Hanigan
Name and title of person
executing for Principal

U.S. Specialty Insurance Company

Name of Surety

W. Russell Brown, Jr.
Signature

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

STATE OF NEW MEXICO

ONE-WELL PLUGGING BOND

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

BOND NO. B000679
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 (~~XXXXXXXXXXXXXXXXXXXXXXXXXXXX~~) (a corporation, limited liability company or limited partnership organized in the State of New Mexico, and authorized to do business in the State of New Mexico), as PRINCIPAL, and U. S. Specialty Insurance Company, a corporation organized and existing under the laws of the State of Texas and authorized to do business in the State of New Mexico, as SURETY, are firmly bound unto the State of New Mexico, for the use and benefit of the Oil Conservation Division of the Energy, Minerals and Natural Resources Department (or successor agency) (the DIVISION), pursuant to NMSA 1978, Section 70-2-14, as amended, in the sum of \$5,000.00 ~~for~~ the payment of which the PRINCIPAL and SURETY hereby bind themselves, their successors and assigns, jointly and severally, firmly by these presents.

The conditions of this obligation are such that:

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

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

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

THEN AND IN THAT EVENT, this obligation shall be null and void; otherwise and in default of complete compliance with any and all of said obligations, the same shall remain in full force and effect.

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

By Bert D. Thompson
Signature

Managing Member
Title

If PRINCIPAL is a corporation, affix
corporate seal here.

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

Eut 2
Attorney-In-Fact

Corporate surety affix
corporate seal here.

ACKNOWLEDGMENT FORM FOR INDIVIDUAL

STATE OF _____)
 COUNTY OF _____) ss.

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

 Notary Public

SEAL

 My Commission Expires

ACKNOWLEDGMENT FORM FOR PARTNERSHIP, CORPORATION OR LIMITED LIABILITY COMPANY

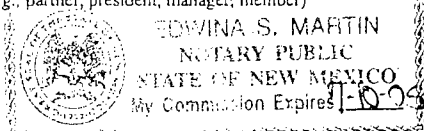
STATE OF New Mexico)
 COUNTY OF Eddy) ss.

This instrument was acknowledged before me on 12-2, 2003 by Bert D. Hannigan
 (Name of Person Signing Instrument)
 as Managing Member of ERS Resources, LLC
 (Capacity, e.g., partner, president, manager, member) (Name of partnership, corporation or limited liability company)

SEAL

07-10-05

My Commission Expires



Edwina S. Martin
 Notary Public

ACKNOWLEDGMENT FORM FOR CORPORATE SURETY

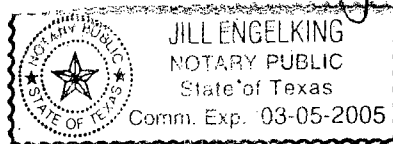
STATE OF Texas)
 COUNTY OF Harris) ss.

This instrument was acknowledged before me on 12-02, 2003 by Edwin H. Frank III
 (Name of Attorney in fact)
 as Attorney-in-Fact for U.S. Specialty Insurance Company
 (Name of corporate surety)

SEAL

3/5/05
 My Commission Expires

Corporate Surety attach Power of Attorney



Jill Engelking
 Notary Public

APPROVED BY:

OIL CONSERVATION DIVISION OF NEW MEXICO

By [Signature]

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

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

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

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

Corporate Seal

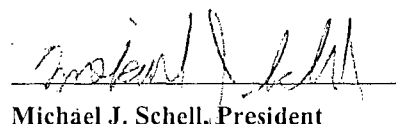
U. S. SPECIALTY INSURANCE COMPANY

By

State of Texas

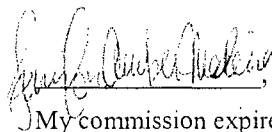
County of Harris

ss:


Michael J. Schell, President

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

Notary Seal



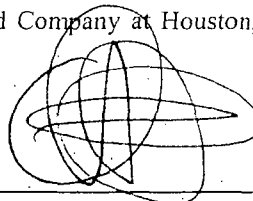
Notary Public

My commission expires 12/23/2006

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

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

Corporate Seal


Christopher L. Martin, Secretary



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor
Joanna Prukop
Cabinet Secretary

January 15, 2004

Lori Wrotenbery
Director
Oil Conservation Division

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

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

Dear Mr. Hannigan:

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

Sincerely,

GAIL MACQUESTEN
Assistant General Counsel

GM/dp

cc: Oil Conservation Division – Artesia, NM

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

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

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

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

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

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

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

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

M0015: Table update is successful.

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

Well List

225298 ERS RESOURCES, LLC

TOTAL WELL COUNT:65

PRINTED ON:FRIDAY, JUNE 20, 2008

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	B	30-015-00940	O	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	O	3230 ARTESIA;QUEEN-GRAYBURG-SAN ANDRES	11/2006	2232310	2232330	12/1/2008
	ARTESIA METEX UNIT #003	S	H-24-18S-27E	H	30-015-00938	O	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	O	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	O	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	I	3230 ARTESIA;QUEEN-GRAYBURG-SAN ANDRES	8/2006			9/1/2008
	ARTESIA METEX UNIT #007	S	J-24-18S-27E	J	30-015-01197	O	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	O	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	O	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	O	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	O	3230 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	O	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	3230 ARTESIA;QUEEN-GRAYBURG-SAN ANDRES	12/2005			1/1/2008
	ARTESIA METEX	S	N-24-18S-27E	N	30-015-00947	O	3230 ARTESIA;QUEEN-GRAYBURG-SAN	3/2007	2232310	2232330	4/1/2009

ERS Resources, LLC

Case 14078

OCD Exhibit No. 4

UNIT #017						ANDRES							
ARTESIA METEX UNIT #018	S	N-24-18S-27E	N	30-015-00946	O	3230 ARTESIA;QUEEN- GRAYBURG-SAN ANDRES	11/2006	2232310	2232330	12/1/2008			
ARTESIA METEX UNIT #019	S	O-24-18S-27E	O	30-015-01195	O	3230 ARTESIA;QUEEN- GRAYBURG-SAN ANDRES	3/2007	2232310	2232330	4/1/2009			
ARTESIA METEX UNIT #020	S	P-24-18S-27E	P	30-015-01196	I	3230 ARTESIA;QUEEN- GRAYBURG-SAN ANDRES	8/2005			9/1/2007			
ARTESIA METEX UNIT #021	S	4-19-18S-28E	M	30-015-01942	O	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	O	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	O	3230 ARTESIA;QUEEN- GRAYBURG-SAN ANDRES	12/2005			1/1/2008			
ARTESIA METEX UNIT #024	S	O-19-18S-28E	O	30-015-01949	O	3230 ARTESIA;QUEEN- GRAYBURG-SAN ANDRES	12/2005	2232310	2232330	1/1/2008			
ARTESIA METEX UNIT #025	S	O-19-18S-28E	O	30-015-01946	O	3230 ARTESIA;QUEEN- GRAYBURG-SAN ANDRES	3/2007	2232310	2232330	4/1/2009			
ARTESIA METEX UNIT #026	S	A-26-18S-27E	A	30-015-00962	O	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	O	3230 ARTESIA;QUEEN- GRAYBURG-SAN ANDRES	12/2005	2232310	2232330	1/1/2008			
ARTESIA METEX UNIT #029	S	B-25-18S-27E	B	30-015-01194	O	3230 ARTESIA;QUEEN- GRAYBURG-SAN ANDRES	8/2006	2232310	2232330	9/1/2008			
ARTESIA METEX UNIT #030	S	A-25-18S-27E	A	30-015-01193	O	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	O	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	B	30-015-02132	O	3230 ARTESIA;QUEEN- GRAYBURG-SAN ANDRES	3/2007	2232310	2232330	4/1/2009			
ARTESIA METEX UNIT #034	S	B-30-18S-28E	B	30-015-06127	O	3230 ARTESIA;QUEEN- GRAYBURG-SAN ANDRES	11/2006	2232310	2232330	12/1/2008			
ARTESIA METEX UNIT #035	S	H-26-18S-27E	H	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	O	3230 ARTESIA;QUEEN- GRAYBURG-SAN	8/2006	2232310	2232330	9/1/2008			

UNIT #036	ANDRES									
ARTESIA METEX UNIT #038	S	F-25-18S-27E	F	30-015-00950	O	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	O	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	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	O	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	O	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	O	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	O	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	I	30-015-00958	O	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	O	30-015-01191	O	3230	ARTESIA;QUEEN- GRAYBURG-SAN ANDRES	3/2007	2232310 2232330	4/1/2009
ARTESIA METEX UNIT #051	S	P-26-18S-27E	P	30-015-00966	O	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	O	3230	ARTESIA;QUEEN- GRAYBURG-SAN ANDRES	3/2007	2232310 2232330	4/1/2009
ARTESIA METEX UNIT #054	S	O-25-18S-27E	O	30-015-00956	I	3230	ARTESIA;QUEEN- GRAYBURG-SAN ANDRES	8/2005		9/1/2007
ARTESIA METEX	S	B-35-18S-27E	B	30-015-00986	O	3230	ARTESIA;QUEEN- GRAYBURG-SAN	11/2006	2232310 2232330	12/1/2008

UNIT #055	ANDRES										
ARTESIA METEX UNIT #056	S	A-35-18S-27E	A	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	O	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	K	30-015-00949	O	3230	ARTESIA;QUEEN- GRAYBURG-SAN ANDRES	3/2007	2232310	2232330	4/1/2009
ARTESIA METEX UNIT #060	S	C-30-18S-28E	C	30-015-21866	O	3230	ARTESIA;QUEEN- GRAYBURG-SAN ANDRES	3/2007	2232310	2232330	4/1/2009
ARTESIA METEX UNIT #061	S	A-25-18S-27E	A	30-015-21874	O	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	O	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	O	3230	ARTESIA;QUEEN- GRAYBURG-SAN ANDRES	3/2007	2232310	2232330	4/1/2009
ARTESIA METEX UNIT #064	S	H-25-18S-27E	H	30-015-27192	O	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	O	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	O	3230	ARTESIA;QUEEN- GRAYBURG-SAN ANDRES	3/2007	2232310	2232330	4/1/2009
ARTESIA METEX UNIT #067	S	H-25-18S-27E	H	30-015-27195	O	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	O	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: jfrazier@orbitpetro.com

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ERS Resources, LLC
Case 14078
OCD Exhibit No. 5

2/6/2008

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: jfrazier@orbitpetro.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

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

ERS Resources, LLC
Case 14078
OCD Exhibit No. 6

2/6/2008

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) (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 Acquisitions
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

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

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**

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
PO Box 546
Albuquerque, NM 87103-0546
Telephone number: 505-348-2500/866-291-6805
www.nmccourt.fed.us

For the Court:

Clerk of the Bankruptcy Court:
Norman H. Meyer

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

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

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

ERS Resources, LLC
Case 14078
OCD Exhibit No. 3

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

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

CMD : ONGARD 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 Idn

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



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

January 15, 2004

Lori Wrotenbery

Director

Oil Conservation Division

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

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

Dear Mr. Hannigan:

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

Sincerely,

GAIL MACQUESTEN
Assistant General Counsel

GM/dp

cc: Oil Conservation Division – Artesia, NM

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

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

POWER OF ATTORNEY

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

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

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

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

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

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

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

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

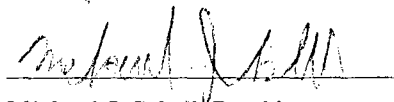
Corporate Seal

U. S. SPECIALTY INSURANCE COMPANY

By

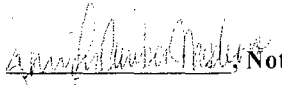
State of Texas

County of Harris ss:


Michael J. Schell, President

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

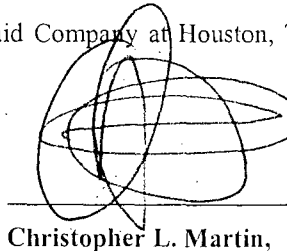
Notary Seal


Notary Public
 My commission expires 12/33/2004

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

STATE OF NEW MEXICO

ONE-WELL PLUGGING BOND

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

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

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

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

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

KNOW ALL MEN BY THESE PRESENTS:

That ERS Resources, LLC, ~~(an individual partnership)~~ (a corporation, limited liability company or limited partnership organized in the State of New Mexico, and authorized to do business in the State of New Mexico), as PRINCIPAL, and U. S. Specialty Insurance Company, a corporation organized and existing under the laws of the State of Texas and authorized to do business in the State of New Mexico, as SURETY, are firmly bound unto the State of New Mexico, for the use and benefit of the Oil Conservation Division of the Energy, Minerals and Natural Resources Department (or successor agency) (the DIVISION), pursuant to NMSA 1978, Section 70-2-14, as amended, in the sum of \$5,000.00, for the payment of which the PRINCIPAL and SURETY hereby bind themselves, their successors and assigns, jointly and severally, firmly by these presents.

The conditions of this obligation are such that:

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

Artesia Metex Unit #51-P, located 330 feet from the South ~~XXXX~~ South
(Name of well)
line and 330 feet from the East ~~(East XXXX)~~ line of Section 26 Township 18 ~~(XXXX)~~
(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.

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

By Bert D. Danegun
Signature

Managing Member
Title

If PRINCIPAL is a corporation, affix
corporate seal here.

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

[Signature]
Attorney-In-Fact

Corporate surety affix
corporate seal here.

ACKNOWLEDGMENT FORM FOR INDIVIDUAL

STATE OF _____)
 COUNTY OF _____) ss.

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

 Notary Public

SEAL

 My Commission Expires

ACKNOWLEDGMENT FORM FOR PARTNERSHIP, CORPORATION OR LIMITED LIABILITY COMPANY

STATE OF New Mexico)
 COUNTY OF Eddy) ss.

This instrument was acknowledged before me on 12-2-03 by Bert D. Hannigan
 (Name of Person Signing Instrument)
 as Managing Member of ERS Resources, LLC
 (Capacity, e.g., partner, president, manager, member) (Name of partnership, corporation or limited liability company)

SEAL

07-10-05

 My Commission Expires

ACKNOWLEDGMENT FORM FOR CORPORATE SURETY

STATE OF Texas)
 COUNTY OF Harris) ss.

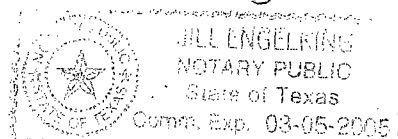
This instrument was acknowledged before me on 12-02-2003 by Edwin H. Frank III
 (Name of Attorney in fact)
 as Attorney-in-Fact for U.S. Specialty Insurance Company
 (Name of corporate surety)

SEAL

3/5/05
 My Commission Expires

Corporate Surety attach Power of Attorney

 Notary Public



APPROVED BY:

OIL CONSERVATION DIVISION OF NEW MEXICO

By [Signature]

Date 1-15-04

Bond No. B000689R04-06-04

SURETY RIDER

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

Effective date of change: April 6, 2004

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

The address has changed from:

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

TO:

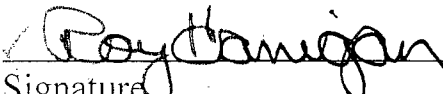
ERS Resources, LLC
Post Office Box 958
Carlsbad, New Mexico 88221-0958

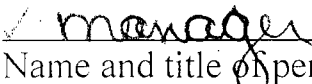
Nothing herein contained shall vary, alter, or extend any provision or condition of this bond except as herein expressly stated.

SIGNED, SEALED AND DATED THIS: April 6, 2004

ERS Resources, LLC

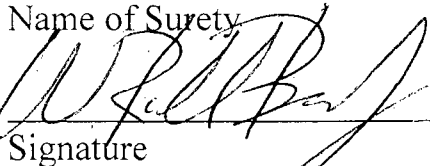
Name of Principal


Signature

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

U.S. Specialty Insurance Company

Name of Surety


Signature

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

CMD :
OG6CWBD

ONGARD
CAPTURE SINGLE WELL BOND

01/15/04 11:01:10
OGODLP -TQGC

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

Bond Idn : 249373 Bond Status : A Prop Idn : 22171
Prop Name : ARTESIA METEX UNIT Well No : 042
U/L Sec Township Range North/South East/West Lot Idn
--- --
Surface Locn : F 30 18S 28E FTG 1650 F N FTG 2310 F W
API County : 15
Bond Details : Type (Cash/Surety - C/S) : S Bond Co Idn : 12 Amt : 5000
Company OGRID Identifier : 224244
Company Name, Address : U.S. SPECIALTY INSURANCE COMPA
13403 NORTHWEST FREEWAY
HOUSTON, TX 77056
Effective Date : 01-01-1900 Cancellation Date : 12-31-9999
Issuer Bond No : B000680

M0015: Table update is successful.

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



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop
Cabinet Secretary

January 15, 2004

Lori Wrotenbery

Director

Oil Conservation Division

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

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

Dear Mr. Hannigan:

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

Sincerely,

GAIL MACQUESTEN
Assistant General Counsel

GM/dp

cc: Oil Conservation Division – Artesia, NM

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

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

POWER OF ATTORNEY

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

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

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

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

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

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

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

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

Corporate Seal

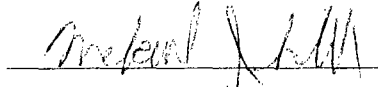
U. S. SPECIALTY INSURANCE COMPANY

By

State of Texas

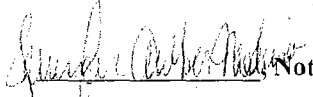
County of Harris

ss:


Michael J. Schell, President

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

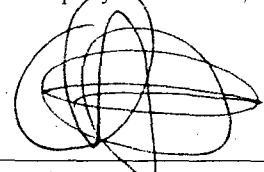
Notary Seal


Notary Public
 My commission expires 12/33/2006

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

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

Corporate Seal


Christopher L. Martin, Secretary

STATE OF NEW MEXICO
ONE-WELL PLUGGING BOND

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

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

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

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

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

KNOW ALL MEN BY THESE PRESENTS:

That ERS Resources, LLC (~~an individual or general partnership~~) (a corporation, limited liability company or limited partnership organized in the State of New Mexico, and authorized to do business in the State of New Mexico), as PRINCIPAL, and U.S. Specialty Insurance Company, a corporation organized and existing under the laws of the State of Texas and authorized to do business in the State of New Mexico, as SURETY, are firmly bound unto the State of New Mexico, for the use and benefit of the Oil Conservation Division of the Energy, Minerals and Natural Resources Department (or successor agency) (the DIVISION), pursuant to NMSA 1978, Section 70-2-14, as amended, in the sum of \$5,000.00 for the payment of which the PRINCIPAL and SURETY hereby bind themselves, their successors and assigns, jointly and severally, firmly by these presents.

The conditions of this obligation are such that:

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

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

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

THEN AND IN THAT EVENT, this obligation shall be null and void; otherwise and in default of complete compliance with any and all of said obligations, the same shall remain in full force and effect.

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

By Bert D. Dominguez
Signature

Managing Member
Title

If PRINCIPAL is a corporation, affix
corporate seal here.

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

Eduardo
Attorney-In-Fact

Corporate surety affix
corporate seal here.

ACKNOWLEDGMENT FORM FOR INDIVIDUAL

STATE OF _____)
 COUNTY OF _____) ss.

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

 Notary Public

SEAL

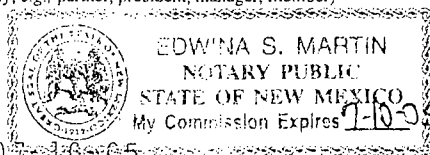
 My Commission Expires

ACKNOWLEDGMENT FORM FOR PARTNERSHIP, CORPORATION OR LIMITED LIABILITY COMPANY

STATE OF New Mexico)
 COUNTY OF Eddy) ss.

This instrument was acknowledged before me on 12-2, 2003 by Bert D. Hannigan
 (Name of Person Signing Instrument)
 as Managing Member of ERS Resources, LLC
 (Capacity, e.g., partner, president, manager, member) (Name of partnership, corporation or limited liability company)

SEAL



07-16-05
 My Commission Expires

Edwina S. Martin
 Notary Public

ACKNOWLEDGMENT FORM FOR CORPORATE SURETY

STATE OF Texas)
 COUNTY OF Harris) ss.

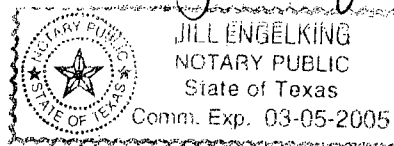
This instrument was acknowledged before me on 12-02, 2003 by Edwin H. Frank III
 (Name of Attorney in fact)
 as Attorney-in-Fact for U.S. Specialty Insurance Company
 (Name of corporate surety)

SEAL

3/1/05
 My Commission Expires

Corporate Surety attach Power of Attorney

Jill Engelking
 Notary Public



APPROVED BY:

OIL CONSERVATION DIVISION OF NEW MEXICO

By [Signature]Date 1-15-04

Bond No. B000680R04-06-04

SURETY RIDER

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

Effective date of change: April 6, 2004

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

The address has changed from:

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

TO:

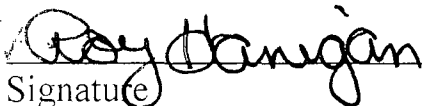
ERS Resources, LLC
Post Office Box 958
Carlsbad, New Mexico 88221-0958

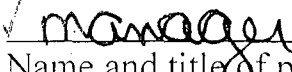
Nothing herein contained shall vary, alter, or extend any provision or condition of this bond except as herein expressly stated.

SIGNED, SEALED AND DATED THIS: April 6, 2004

ERS Resources, LLC

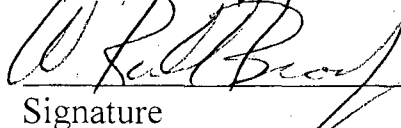
Name of Principal


Signature

 Roy Hanigan
Name and title of person
executing for Principal

U.S. Specialty Insurance Company

Name of Surety


Signature

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

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

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

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

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

API County : 15

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

HOUSTON, TX 77056

Effective Date : 01-01-1900

Cancellation Date : 12-31-9999

Issuer Bond No : B000688

M0015: Table update is successful.

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



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor
Joanna Prukop
Cabinet Secretary

January 15, 2004

Lori Wrotenbery
Director
Oil Conservation Division

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

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

Dear Mr. Hannigan:

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

Sincerely,

GAIL MACQUESTEN
Assistant General Counsel

GM/dp

cc: Oil Conservation Division – Artesia, NM

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

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

POWER OF ATTORNEY

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

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

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

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

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

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

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

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

Corporate Seal


U. S. SPECIALTY INSURANCE COMPANY

By

State of Texas

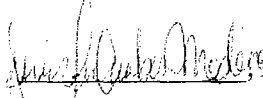
County of Harris

ss:


Michael J. Schell, President

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

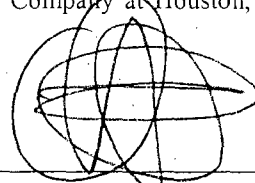
Notary Seal


Notary Public
 My commission expires 12/23/2006

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

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

Corporate Seal


Christopher L. Martin, Secretary

STATE OF NEW MEXICO

ONE-WELL PLUGGING BOND

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

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

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

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

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

KNOW ALL MEN BY THESE PRESENTS:

That ERS Resources, LLC, ~~XXXXXXXXXXXXXXXXXXXX~~ (a corporation, limited liability company or limited partnership organized in the State of New Mexico, and authorized to do business in the State of New Mexico), as PRINCIPAL, and U. S. Specialty Insurance Company, a corporation organized and existing under the laws of the State of Texas and authorized to do business in the State of New Mexico, as SURETY, are firmly bound unto the State of New Mexico, for the use and benefit of the Oil Conservation Division of the Energy, Minerals and Natural Resources Department (or successor agency) (the DIVISION), pursuant to NMSA 1978, Section 70-2-14, as amended, in the sum of \$5,000.00, for the payment of which the PRINCIPAL and SURETY hereby bind themselves, their successors and assigns, jointly and severally, firmly by these presents.

The conditions of this obligation are such that:

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

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

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

THEN AND IN THAT EVENT, this obligation shall be null and void; otherwise and in default of complete compliance with any and all of said obligations; the same shall remain in full force and effect.

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

Address
By Best O. Dominguez
Signature

Managing Member

Title

If PRINCIPAL is a corporation, affix
corporate seal here.

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

Address
Ethel
Attorney-In-Fact

Corporate surety affix
corporate seal here.

ACKNOWLEDGMENT FORM FOR INDIVIDUAL

STATE OF _____)
 COUNTY OF _____) ss.

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

 Notary Public

SEAL

 My Commission Expires

ACKNOWLEDGMENT FORM FOR PARTNERSHIP, CORPORATION OR LIMITED LIABILITY COMPANY

STATE OF New Mexico)
 COUNTY OF Eddy) ss.

This instrument was acknowledged before me on 12-2, 2003 by Bert D. Hannigan
 (Name of Person Signing Instrument)
 as Managing Member of ERS Resources, LLC
 (Capacity, e.g., partner, president, manager, member) (Name of partnership, corporation or limited liability company)

SEAL

07-10-05

My Commission Expires

EDWINA S. MARTIN
 NOTARY PUBLIC

STATE OF NEW MEXICO
 My Commission Expires 7-10-05

Edwina S. Martin
 Notary Public

ACKNOWLEDGMENT FORM FOR CORPORATE SURETY

STATE OF Texas)
 COUNTY OF Harris) ss.

This instrument was acknowledged before me on 12-02, 2003 by Edwin H. Frank III
 (Name of Attorney in fact)
 as Attorney-in-Fact for U.S. Specialty Insurance Company
 (Name of corporate surety)

SEAL

3/8/05
 My Commission Expires

Corporate Surety attach Power of Attorney

Jill Engulking
 Notary Public



JILL ENGULKING
 NOTARY PUBLIC
 State of Texas

Comm. Exp. 03-05-2006

APPROVED BY:

OIL CONSERVATION DIVISION OF NEW MEXICO

By [Signature]

Date 1-18-04

Bond No. B000688R04-06-04

SURETY RIDER

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

Effective date of change: April 6, 2004

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

The address has changed from:

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

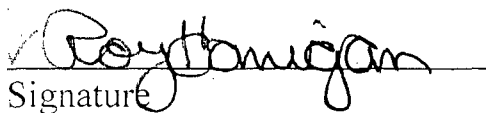
TO:

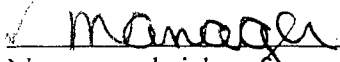
ERS Resources, LLC
Post Office Box 958
Carlsbad, New Mexico 88221-0958

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

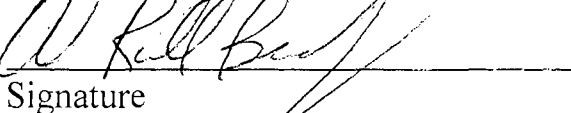
SIGNED, SEALED AND DATED THIS: April 6, 2004

ERS Resources, LLC
Name of Principal


Signature

 Roy Hanigan
Name and title of person
executing for Principal

U.S. Specialty Insurance Company
Name of Surety


Signature

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



J. S. Ward & Son, Inc.

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

2004 OCT 18 AM 11 28

Insurance
Bonds

October 15, 2004

VIA FEDERAL EXPRESS

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

Attention: Mrs. Dorothy Phillips

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

Dear Mrs. Phillips:

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

Very truly yours,

J. S. WARD & SON, INC.

By

SGS:ssl

Enclosure

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

OVER 79 YEARS

Phillips, Dorothy

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

30-015-00963

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

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

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

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

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

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

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

API County : 15

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

Effective Date : 01-01-1900

Cancellation Date : 12-31-9999

Issuer Bond No : B001196

M0015: Table update is successful.

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



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

October 26, 2004

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

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

Dear Mr. Hanigan:

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

Sincerely,

DAVID K. BROOKS
Assistant General Counsel

DKB/dp

cc: Oil Conservation Division - Artesia, NM

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

**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.

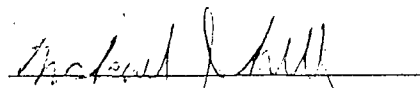
Corporate Seal

U. S. SPECIALTY INSURANCE COMPANY

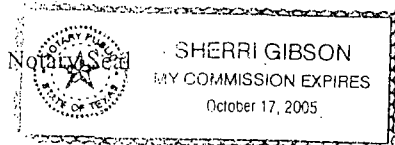
By

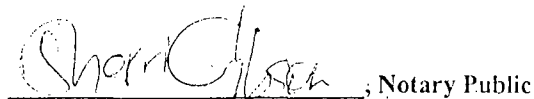
State of Texas

County of Harris ss:


Michael 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.

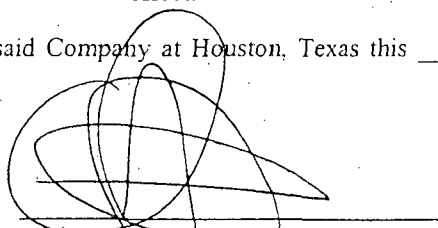



My commission expires 10-17-05

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

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

Corporate Seal


Christopher L. Martin, Secretary

STATE OF NEW MEXICO

ONE-WELL PLUGGING BOND

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

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

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

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

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

KNOW ALL MEN BY THESE PRESENTS:

That ERS Resources, LLC, (an individual) (a general partnership) (a corporation, limited liability company or limited partnership organized in the State of New Mexico and authorized to do business in the State of New Mexico), as PRINCIPAL, and U.S. Specialty Insurance Company, a corporation organized and existing under the laws of the State of Texas and authorized to do business in the State of New Mexico, as SURETY, are firmly bound unto the State of New Mexico, for the use and benefit of the Oil Conservation Division of the Energy, Minerals and Natural Resources Department (or successor agency) (the DIVISION), pursuant to NMSA 1978, Section 70-2-14, as amended, in the sum of Five thousand for the payment of which the PRINCIPAL and SURETY hereby bind themselves, their successors and assigns, jointly and severally, firmly by these presents.

The conditions of this obligation are such that:

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

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

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

THEN AND IN THAT EVENT, this obligation shall be null and void; otherwise and in default of complete compliance with any and all of said obligations, the same shall remain in full force and effect.

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

By Bert D. Hargrett Jr.
Signature

Managing Member
Title

If PRINCIPAL is a corporation, affix
corporate seal here.

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

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

Corporate surety affix
corporate seal here.

ACKNOWLEDGMENT FORM FOR INDIVIDUAL

STATE OF _____)
 COUNTY OF _____) ss.

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

 Notary Public

SEAL

My Commission Expires _____

✓ ACKNOWLEDGMENT FORM FOR PARTNERSHIP, CORPORATION OR LIMITED LIABILITY COMPANY

STATE OF New Mexico)
 COUNTY OF Eddy) ss.

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

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

OFFICIAL SEAL
 Susan S. Lopez
 NOTARY PUBLIC-STATE OF NEW MEXICO

SEAL

My Commission Expires 8-6-2007
8-6-2007

My Commission Expires _____

Susan S. Lopez
 Notary Public

ACKNOWLEDGMENT FORM FOR CORPORATE SURETY

STATE OF Texas)
 COUNTY OF Harris) ss.

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

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

My Commission Expires
 December 19, 2007

SEAL

December 19, 2007
 My Commission Expires

Corporate Surety attach Power of Attorney

W. Russell Brown, Jr.
 Notary Public

APPROVED BY:

OIL CONSERVATION DIVISION OF NEW MEXICO

By Daniel K. Brooks

Date 10/14/04

Phillips, Dorothy

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

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

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

Carmen,

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

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

30-015-01964

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

30-015-00951

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

30-015-01949

Thanky



J. S. Ward & Son, Inc.

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

Insurance
Bonds

September 9, 2004

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

Attention: Mrs. Dorothy Phillips

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

Bond No. B001135
Artesia Metex Unit #12-K

Bond No. B001134
Artesia Metex Unit #27-D

Bond No. B001136
Artesia Metex Unit #24-O

Dear Mrs. Phillips:

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

Very truly yours,

J. S. WARD & SON, INC.

By *J. Gary Serna*
see

SGS:ssl

Enclosure

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

OVER 70 YEARS

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



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

September 14, 2004

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

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

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

Dear Mr. Hanigan:

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

Sincerely,

DAVID K. BROOKS
Assistant General Counsel

DKB/dp

cc: Oil Conservation Division – Artesia, NM

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

**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.

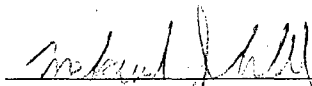
Corporate Seal

U. S. SPECIALTY INSURANCE COMPANY

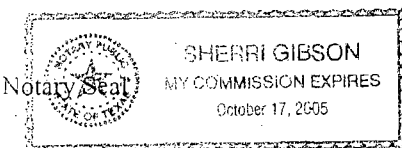
By

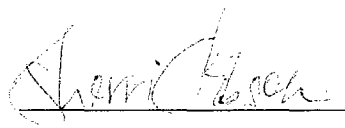
State of Texas

County of Harris ss:


Michael 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.

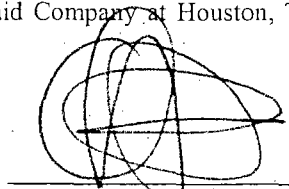


, Notary Public
 My commission expires 10-17-05

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 1st 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 ONLY

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

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

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

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

KNOW ALL MEN BY THESE PRESENTS:

That ERS Resources, LLC, (an individual) (a general partnership) (a corporation, limited liability company or limited partnership organized in the State of New Mexico, and authorized to do business in the State of New Mexico), as PRINCIPAL, and U.S. Specialty Insurance Company, a corporation organized and existing under the laws of the State of Texas and authorized to do business in the State of New Mexico, as SURETY, are firmly bound unto the State of New Mexico, for the use and benefit of the Oil Conservation Division of the Energy, Minerals and Natural Resources Department (or successor agency) (the DIVISION), pursuant to NMSA 1978, Section 70-2-14, as amended, in the sum of Five thousand-----, for the payment of which the PRINCIPAL and SURETY hereby bind themselves, their successors and assigns, jointly and severally, firmly by these presents.

The conditions of this obligation are such that:

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

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

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

THEN AND IN THAT EVENT, this obligation shall be null and void; otherwise and in default of complete compliance with any and all of said obligations, the same shall remain in full force and effect.

ERS Resources, LLC

PRINCIPAL
Post Office Box 958
Carlsbad, New Mexico 88221-0958

Address

By

Signature

Managing Member

Title

If PRINCIPAL is a corporation, affix
corporate seal here.

U. S. Specialty Insurance Company

SURETY
13403 NW Freeway
Houston, Texas 77040

Address

Attorney-in-Fact

W. Russell Brown, Jr.

Corporate surety affix
corporate seal here.

ACKNOWLEDGMENT FORM FOR INDIVIDUAL

STATE OF _____)
 COUNTY OF _____) ss.

This instrument was acknowledged before me on _____, 20__ by _____
 (Name of individual)

 Notary Public

SEAL

My Commission Expires _____

ACKNOWLEDGMENT FORM FOR PARTNERSHIP, CORPORATION OR LIMITED LIABILITY COMPANY

STATE OF New Mexico)
 COUNTY OF Eddy) ss.

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

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

~~OFFICIAL SEAL~~ partner, president, manager, member)

Susan S. Lopez

NOTARY PUBLIC STATE OF NEW MEXICO

My commission expires: 8-6-07

8-6-2007

My Commission Expires

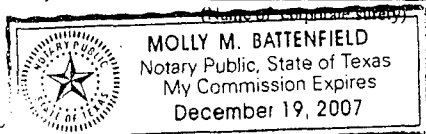
Susan S. Lopez
 Notary Public

ACKNOWLEDGMENT FORM FOR CORPORATE SURETY

STATE OF Texas)
 COUNTY OF Harris) ss.

This instrument was acknowledged before me on 09/01, 2004 by W. Russell Brown, Jr.
 (Name of Attorney in fact)
 as Attorney-in-Fact for U.S. Specialty Insurance Company

SEAL



December 19, 2007

My Commission Expires

Corporate Surety attach Power of Attorney

Molly M. Battenfield
 Notary Public

APPROVED BY:

OIL CONSERVATION DIVISION OF NEW MEXICO

By David K. Brooks

Date 9/15/04