

**PAUL BACA PROFESSIONAL COURT REPORTERS**

**OIL  
CONSERVATION  
DIVISION**

**CASE #: 14129**

**EXHIBIT  
13**

**APPLICATION OF THE NEW MEXICO OIL CONSERVATION DIVISION, THROUGH THE ENFORCEMENT AND COMPLIANCE MANAGER, FOR A COMPLIANCE ORDER AGAINST GENERAL OPERATING CO., GENE A. SNOW AND/OR SNOW OIL & GAS, INC. TO DETERMINE THE CORRECT OPERATOR(S) OF ONE WELL, FINDING THE OPERATOR(S) IN VIOLATION OF 19.15.4.201 NMAC AS TO THE WELL, REQUIRING OPERATOR(S) TO BRING THE WELL INTO COMPLIANCE WITH 19.15.4.201 NMAC BY A DATE CERTAIN, AND IN THE EVENT OF NON-COMPLIANCE DECLARING THE WELL ABANDONED AND AUTHORIZING THE DIVISION TO PLUG THE WELL AND FORFEIT THE APPLICABLE FINANCIAL ASSURANCE, EDDY COUNTY, NEW MEXICO.**

## Affidavit of Dorothy Phillips

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

- Affidavit of Dorothy Phillips  
Page 1 of 2

***OCD Exhibit 13***  
***Case 14129***

b. General Operating Company, OGRID 8683. OCD records show General Operating Company as operator of record of the Kleeman #001. However, OCD records show no financial assurances in effect for General Operating Company.


c. Snow Oil and Gas. Snow Oil and Gas is not listed as an operator in New Mexico, and OCD records show no financial assurances in effect for Snow Oil and Gas.

d. Snow Oil & Gas, Inc., OGRID 21013. Snow Oil & Gas, Inc. is an active operator in New Mexico. Snow Oil and Gas, Inc. has posted a \$50,000 blanket cash plugging bond, Number OCD-224 to secure the plugging of its wells, and has posted several single-well financial assurances. The Kleeman #001 is not listed on the well list for Snow Oil & Gas, Inc., and none of the single-well financial assurances posted by Snow Oil & Gas, Inc. is for the Kleeman #001.

6. Attachment "A" to this affidavit is a copy of blanket cash plugging bond OCD-224.

7. According to OCD records, blanket cash plugging bond OCD-224 remains in effect.

THIS CONCLUDES MY AFFIDAVIT.

  
Dorothy Phillips

SUBSCRIBED AND SWORN before me this 29<sup>th</sup> day of April, 2008.

  
Notary Public

My Commission Expires:

March 24, 2110

**PAUL BACA PROFESSIONAL COURT REPORTERS**

**OIL  
CONSERVATION  
DIVISION**

**CASE #: 14129**

**EXHIBIT**

**A**

OCD-224

Form O & G CBB  
Adopted 6-1-86

BLANKET CASH PLUGGING BOND

KNOW ALL MEN BY THESE PRESENTS THAT Snow Oil & Gas, Inc.  
(an individual), (a partnership), (a corporation organized in the  
State of Texas), with its principal office in the city of  
Andrews, State of Texas, and authorized to do business  
in the State of New Mexico is held and firmly bound to the Oil Conservation Division of  
the State of New Mexico (or its successor agency) in the sum of Fifty Thousand Dollars  
(\$50,000), lawful money of the United States.

The conditions of this obligation are such that:

The above applicant/operator desires to drill or purchase wells to prospect for and  
produce oil, gas, or carbon dioxide resources on land owned by private individuals or the  
State of New Mexico;

The applicant has deposited on behalf of the Division fifty thousand dollars  
(\$50,000), being the principal sum intended to be secured, in the manner indicated on the  
attachment to this bond. Applicant pledges this sum as a guarantee that it, its  
executors, assigns, heirs or administrators shall plug the wells owned or operated by him  
if dry, or when abandoned, in accordance with the rules and orders of the Oil  
Conservation Division of the State of New Mexico in such a way as to confine the oil,  
gas, and water in the strata in which they are found, and to prevent same from escaping  
to other strata. If the applicant does not so properly plug and abandon said wells upon  
order of the Division, the total sum of the bond shall be forfeited to the Division, and  
such amount as is necessary may be used to properly plug said wells. If the principal  
sum of this bond is less than the actual cost incurred by the Division in plugging said  
wells, the applicant, its successors, assigns, heirs, or administrators shall be liable  
under the provisions of Section 70-2-38 NMSA 1978 of the Oil and Gas Act, and the  
Division may take action to recover any amounts expended over and above the principal sum  
of the bond.

NOW THEREFORE, if the above applicant or its successors, assigns, heirs, or  
administrators or any of them shall plug the wells owned or operated by it when dry or  
abandoned, in accordance with the rules, regulations, and orders of the Division, in such  
a manner as to confine the oil, gas, and water in the strata in which they naturally  
occur, and to prevent them from escaping into other strata, and further to clean up the  
surface location of said wells, NOW THEREFORE, this obligation shall be null and void and  
the principal sum shall be paid to the applicant, or its successors, heirs, or  
administrators.

PROVIDED HOWEVER, that upon thirty days notice from the Division to the applicant of  
intention to cancel this bond, the obligation shall terminate as to property or wells  
acquired, drilled, or spudded after said thirty day period.

Snow Oil & Gas, Inc.

PRINCIPAL

P. O. Box 1270, Lovington, N.M. 88260

Address

Nona L. Snow

Signature Nona L. Snow

President

Title

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

Affidavit of  
Dorothy Phillips  
Exhibit A  
Case 14129

ALL INFORMATION CONTAINED HEREIN IS UNCLASSIFIED

### ACKNOWLEDGEMENT FORM FOR NATURAL PERSONS

STATE OF \_\_\_\_\_  
COUNTY OF \_\_\_\_\_

**55.**

On this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_, before me personally appeared \_\_\_\_\_, to me known to be the person (persons) \_\_\_\_\_

described in and who executed the foregoing instrument and acknowledged that he (they) executed the same as his (their) free act and deed.

IN WITNESS WHEREOF, I have hereunto set my hand and seal on the day and year in this certificate first above written.

Notary Public

My Commission expires

# ACKNOWLEDGEMENT FORM FOR CORPORATION

STATE OF New Mexico  
COUNTY OF Chaves

55

On this 11th day of December, 1989, before me personally appeared Nona L. Snow, to me personally known who, being by me

solely sworn, did say that he is President of Snow Oil & Gas, Inc., a Texas Corporation of \_\_\_\_\_

and that the foregoing instrument was signed and sealed on behalf of said corporation, by authority of its board of directors, and acknowledged said instrument to be the free act and deed of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and seal on the day and year in this certificate first above written

Notary Public

My Commission expires

APPROVED BY:

OIL CONSERVATION DIVISION OF NEW MEXICO

By

Date \_\_\_\_\_

ASSIGNMENT OF CASH COLLATERAL DEPOSIT

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

Date December 11, 1989

Pursuant to Section 70-2-14, NMSA (1978), or successor provisions, Snow Oil & Gas, Inc. (hereinafter referred to as "operator") of Box 1270, Lovington, N.M. (address) has deposited with the \_\_\_\_\_ (name of state or national bank or savings association) of \_\_\_\_\_ (address) (herein termed financial institution), the sum of \$50,000.00 dollars in Certificate of Deposit or savings account No. 108 957.9. Operator hereby assigns and conveys all right, title and interest in the deposited sum to the financial institution in trust for the Oil Conservation Division of the Energy and Minerals Department or successor agency of the State of New Mexico. Operator and the financial institution agree that as to the deposited sum or fund:

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

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

Snow Oil & Gas, Inc.

Nona L. Snow  
Signature of Operator,  
Personally or by Authorized Officer

President

Title

John E. Snow  
Signature of Authorized Officer of  
Financial Institution

Title

STATE OF NEW MEXICO

COUNTY OF Chaves ) ss.

On this 11th day of December, 19 89, before me personally appeared Nona L. Snow and \_\_\_\_\_, to me known to be the person (persons) described in and who executed the foregoing instrument and acknowledged that the (they) executed the same as his (their) free act and deed.

IN WITNESS WHEREOF, I have hereunto set my hand and seal on the day and year in this certificate first above written.

Bette R. Hughes  
NOTARY PUBLIC

My Commission expires:

Jan. 19, 1991

m contains the terms of our agreement with you. These terms cannot be varied  
handwritten and typewritten terms are presumed to be consistent with printed  
out will control if clearly intended to vary the printed terms.

#### TERMS:

means this financial institution;  
means the depositor(s).

"certificate" means both this original instrument as well as the deposit it evidences.

"change" means any change in: ownership, withdrawal rights, or survivorship rights,  
but not limited to a pledge of this certificate as security for any obligation.

**RENEWAL AGREEMENT:** You agree to keep your funds with us in this account until the  
maturity date. (An automatically renewable certificate matures at regular intervals.) You  
must transfer this certificate without first obtaining our written consent. You must  
transfer this certificate when you request a withdrawal or a transfer.

This certificate is void if the deposit is made by any method requiring collection (such  
as check) and the deposit is not immediately collected in full. If the deposit is made or  
transferred in a foreign currency, the amount of the deposit will be adjusted to reflect final  
exchange into U.S. dollars.

Additional deposits to this certificate are permitted during a term.

If notice is necessary, you all agree that the notice will be sufficient if we mail it to  
the address listed on the other side of this form. You must notify us of any change.

**WITHDRAWALS AND TRANSFERS:** Only those of you who sign the permanent  
return card may withdraw funds from this account. (In appropriate cases, a court  
appointed representative, a beneficiary of a trust or a pay-on-death account whose right  
of withdrawal has matured, or a newly appointed and authorized representative of a  
decedent may also withdraw from this account.) The specific number of you who must  
sign any withdrawal is written on the reverse side in the section bearing the title  
"Number of Endorsements." This means, for example, that if two of you sign the  
return card but only one endorsement is necessary for withdrawal then either of you  
may withdraw the entire account at any time.

The same rules apply to define the names and the number of you who can request  
a transfer.

**RIGHTS:** Any pledge of this certificate (to which we have agreed), must first be satisfied  
the rights of any joint account survivor, pay-on-death beneficiary, or trust account  
beneficiary become effective. For example, if one joint tenant pledges the certificate for  
payment of a debt and then dies, the surviving joint tenant's rights in this certificate are  
first to the payment of the debt.

**ACCOUNT TYPES:** The following paragraphs explain how the various types of accounts  
on the reverse side of this form operate. Only the paragraph corresponding to the  
account type selected will apply.

**Individual Account:** Such an account is issued to one person who does not intend  
to open this account to create any survivorship rights in any other person.

**Account With Survivorship:** Such an account is issued in the name of two or  
more persons. Each of you intend that upon your death the balance in the account (subject to  
any pledge to which we have consented) will belong to the survivor(s). If two or  
more of you survive, you will own the balance in the account as joint tenants with survivorship  
rights. Inform us of a change in ownership or close this account.

**Multiple Depositors - No Survivorship:** Such an account is issued to two or more  
persons but none of you intend (merely by opening this account) to create any right of  
survivorship in any other person. We encourage you to agree and tell us in writing of the  
terms of the deposit contributed by each of you. This information will not, however,  
replace the "number of endorsements" necessary for withdrawal.

**Pay-On-Death Account (subject to this form) and Pay-On-Death Account:** The person  
creating either of these account types intends that any named beneficiary acquires the  
balance of this certificate only if (1) the person creating the account dies, and  
beneficiary is then living. If two or more beneficiaries are named and survive the  
depositor, the person creating the account, such beneficiaries will own this account in

equal shares, without any right of survivorship. The person creating either of these  
account types reserves the right to: (1) change beneficiaries; (2) change account types;  
and (3) withdraw all or any part of the deposit at any time during his or her lifetime.

**Trust Account Subject to Separate Agreement:** We will abide by the terms of any  
separate agreement which clearly pertains to this certificate and which you file with us.  
Any additional consistent terms stated on this form will also apply.

**Non-Personal Account:** Such an account is issued in the name of a legal entity such  
as a corporation. We reserve the right to require the governing body of the legal entity to give  
us a separate authorization telling us who is authorized to act on its behalf. We will honor such  
authorization until we actually receive written notice of a change from the governing body.

**SET-OFF:** Each of you who has the right to withdraw from this account agrees that we  
may set-off any debt you owe us now or later against the amount of money you could  
withdraw from this account. For example, if any one of three of you can withdraw all the  
money from this account, then the debt of any one of you can be set-off against the  
balance in this account (even though the others are not obligated on the debt). We may  
exercise this right of set-off, without notice to you, any time your debt is in default.

Under certain conditions, we will not exercise this right of set-off. For example: (1) if  
this certificate is part of an I.R.A. account or a qualified retirement plan, (2) if the debt  
arises from a consumer credit transaction under a credit card plan, (3) if your debt is  
personal and your right of withdrawal arises solely in a representative capacity (or vice  
versa), or (4) if such exercise is expressly prohibited by law. However, if your debt is in  
default, we reserve the right to exercise any other remedies available to us under the law  
or separate agreement.

#### NOTICE OF PENALTY FOR EARLY WITHDRAWAL

Except as mentioned below, you cannot withdraw any principal from this  
account before a maturity date without our consent and we must charge a  
penalty. We can only consent to an early withdrawal at the time you request it.

For an account with a term of 31 days or less, the penalty will be the greatest  
of: (1) all of the interest earned on the amount withdrawn from the most  
recent date of deposit or last renewal, (2) all the interest that could have been  
earned on the amount withdrawn during a period equal to one-half of the  
maturity period, or (3) seven days' interest on the amount withdrawn.

For an account with an original term of more than 31 days and up to and  
including one year, the penalty will be three months' interest on the amount  
withdrawn.

For an account with an original term of more than one year, the penalty  
will be six months' interest on the amount withdrawn.

We will use the nominal (simple interest) rate in effect to calculate the penalty.  
We will charge the penalty first against any interest then in the account, and any  
excess will be deducted from the amount you withdraw.

**Minimum Balance Account:** If we require a minimum balance on this account,  
we may treat any withdrawal that reduces the balance below such minimum as  
a withdrawal of the entire balance and calculate the penalty accordingly.

**EXCEPTIONS:** We are permitted to allow an early withdrawal and waive the  
above penalty if:

- (1) any account owner dies or is declared incompetent, or
- (2) This is an I.R.A. or Keogh account and you are at least 59½ years of  
age or disabled at the time of the withdrawal request, or
- (3) this is an I.R.A. or Keogh account and the request for withdrawal is  
made within seven days of establishing the account. (The penalty in such  
case will be all interest earned on the amount withdrawn.)

FORM COMB. CD-SC BACKSIDE REVISION DATE 4/24/86 CUSTOMIZED

NON-NEGOTIABLE

## Safekeeping Receipt

VALLEY BANK OF COMMERCE

ROSBELL, NEW MEXICO

Nº 1259

Date December 11, 1989

This certifies that Snow Oil & Gas, Inc.

has deposited with this bank for safekeeping, the following described property, viz:

Blanket Cash Plugging Bond Certificate of Deposit (VBC) No. 7460 (108 957 9);

dated December 11, 1989, \$50,000.00 in the name of Oil Conservation Division

of the State of New Mexico, Automatically Renewable

to be delivered upon the order of the depositor, or their legal representative or attorneys, on the  
return of this certificate. This receipt is not negotiable and is not transferable.

The property may be delivered without the return of this receipt, at the option of the bank. In the effort properly to care  
for and preserve the property deposited hereunder the bank will exercise as great precautions as it exerts to safeguard its own  
property; but in spite of such precautions, should said property or any of it, be lost, destroyed, or stolen, the bank will not be  
liable; and beyond the exercise of such due diligence, no liability whatever shall attach to the bank by reason of said deposit;  
nor shall the bank be liable for property returned or delivered to any person who shall produce either the original receipt or any  
authorized duplicate, unless written notice, previous to such delivery, shall have been given to the bank by or on behalf of the  
depositor, setting forth that said receipt has been lost, mislaid, stolen, or has otherwise passed from the possession of the owner.  
The depositor agrees promptly to withdraw said property, should the bank request that it be withdrawn.

Valley Bank of Commerce

By Little R. Hughes

I hereby acknowledge receipt of the above de-

scribed property, this      day of      19    

Depositor signs here on LEAVING property.

Depositor signs here on TAKING PROPERTY AWAY.



**THIS CERTIFICATE EVIDENCES A DEPOSIT IN THE NAME(S) OF:** Oil Conservation Division of the State of New Mexico  
**P. O. Box 2088 Santa Fe, N.M. 87504**  
**IN THE AMOUNT OF:** Fifty thousand and no/100\*  
**TERM, MATURITY AND DESCRIPTION:** This certificate has a term of 180 days. It will (first) mature on June 9, 1990.  
**INTEREST:** Your deposit will earn interest at the rate of 7.47 % per year to the first maturity date. We calculate interest using the 365/36 days per year method. We will compound interest (accrue interest on interest).  
 We will pay interest quarterly by check to Snow Oil & Gas, Inc., P. O. Box 1270, Lovington, N.M.  
 The interest rate we will pay on automatic renewals of this certificate will be the same rate we offer on new certificates on the maturity date which has the same term, minimum balance, and other characteristics as this original certificate. You may call us on or shortly before the maturity date and we can tell you what the interest rate will be for the next renewal term.  
**YOUR DEPOSIT WILL NOT EARN INTEREST AFTER THE MATURITY DATE UNDER THIS CERTIFICATE (UNLESS IT IS RENEWED).**  
**RENEWALS:** ☒ If checked, we will automatically renew this certificate on each succeeding maturity date. Each renewal term will be the same as the original term, beginning on the maturity date. We will not automatically renew this certificate (1) if you tell us not to do so, in writing, on or before the next maturity date, or (2) if you present this certificate to us for payment (or other disposition) on or within 10 calendar days after the maturity date if it has a term of more than 31 days, and one calendar day if it has a term of seven to 31 days.  
**SINGLE MATURITY:** ☐ If checked, we will not automatically renew this certificate. It will mature once on the maturity date.

Certificate Number 7460  
 Account Number 108 957 9  
 Date December 11, 1989  
 DOLLARS \$ \$50,000.00\*

**VALLEY BANK OF COMMERCE**  
 217 WEST SECOND STREET, P.O. BOX 2015  
 ROSWELL, NEW MEXICO 88202-2015

**CERTIFICATE COPY**

**PERSONAL ACCOUNTS:** You have requested and intend the type of account marked below.

☒ Individual  
☐ Joint Account - With Survivorship  
☐ Multiple Depositors - No Survivorship  
☐ Trust Account  
☐ Subject To Separate Agreement  
 Dated \_\_\_\_\_  
☐ Subject to Terms On This Form  
 Beneficiaries Named Below  
☐ Pay-On-Death  
 Beneficiaries Named Below

**NON-PERSONAL ACCOUNTS:** Depositor is a  
☐ Partnership ☐ Corporation  
☒ Blanket Cash Plugging Bond  
 Authorization dated \_\_\_\_\_

**THE NUMBER OF ENDOSEMENTS needed for withdrawal or any other purpose is:** Authorized

**SIGNATURES:** I AGREE TO THE TERMS STATED ON THE FRONT AND BACKSIDE

☒ Snow Oil & Gas, Inc.  
☒ by Norm L. Snow  
☒ \_\_\_\_\_

**BACKUP WITHHOLDING:** Under penalties of perjury I certify that I am not subject to backup withholding, either because I have not been notified that I am subject to backup withholding as a result of a failure to report all interest or dividends, or the Internal Revenue Service has notified me that I am no longer subject to backup withholding.

**READ OTHER SIDE FOR ADDITIONAL TERMS:**

**NON-NEGOTIABLE**

No 1259

## Safekeeping Receipt

**VALLEY BANK OF COMMERCE**  
 ROSWELL, NEW MEXICO

Date December 11, 1989

This certifies that Snow Oil & Gas, Inc.  
 has ☒ deposited with this bank for safekeeping, the following described property, viz:  
Blanket Cash Plugging Certificate of Deposit (VBC) No. 7460 (108 957 9);  
dated December 11, 1989, \$50,000.00 in the name of Oil Conservation Division  
of the State of New Mexico, Automatically Renewable

to be delivered upon the order of the depositor, or their legal representative or attorneys, on the return of this certificate. This receipt is not negotiable and is not transferable.

The property may be delivered without the return of this receipt, at the option of the bank. In the effort properly to care for and preserve the property deposited hereunder the bank will exercise as great precautions as it exerts to safeguard its own property, but in spite of such precautions, should said property or any of it, be lost, destroyed, or stolen, the bank will not be liable, and beyond the exercise of such due diligence, no liability whatever shall attach to the bank by reason of said deposit; nor shall the bank be liable for property returned or delivered to any person who shall produce either the original receipt or any authorized duplicate, unless written notice, previous to such delivery, shall have been given to the bank by or on behalf of the depositor, setting forth that said receipt has been lost, mislaid, stolen, or has otherwise passed from the possession of the owner. The depositor agrees promptly to withdraw said property, should the bank request that it be withdrawn.

I concur in all the foregoing and agree to each of the above conditions.

Valley Bank of Commerce  
By: [Signature]  
 I hereby acknowledge receipt of the above described property, this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_

Depositor signs here on LEAVING property. Depositor signs here on TAKING PROPERTY AWAY.

m contains the terms of our agreement with you. These terms cannot be varied handwritten and typewritten terms are presumed to be consistent with printed out will control if clearly intended to vary the printed terms.

#### ITIONS:

means this financial institution:  
means the depositor(s).

"certificate" means both this original instrument as well as the deposit it evidences.  
"change" means any change in: ownership, withdrawal rights, or survivorship rights, (but not limited to) a pledge of this certificate as security for any obligation.

**RENEWAL AGREEMENT:** You agree to keep your funds with us in this account until the maturity date. (An automatically renewable certificate matures at regular intervals.) You may not transfer this certificate without first obtaining our written consent. You must obtain our consent for this certificate when you request a withdrawal or a transfer.

This certificate is void if the deposit is made by any method requiring collection (such as check) and the deposit is not immediately collected in full. If the deposit is made or received in a foreign currency, the amount of the deposit will be adjusted to reflect final exchange rate into U.S. dollars.

Additional deposits to this certificate are permitted during a term.

Notice is necessary; you all agree that the notice will be sufficient if we mail it to the address listed on the other side of this form. You must notify us of any change.

**WITHDRAWALS AND TRANSFERS:** Only those of you who sign the permanent record card may withdraw funds from this account. (In appropriate cases, a court appointed representative, a beneficiary of a trust or a pay-on-death account whose right to withdrawal has matured, or a newly appointed and authorized representative of a beneficiary may also withdraw from this account.) The specific number of you who must sign for withdrawal is written on the reverse side in the section bearing the title "Number of Endorsements." This means, for example, that if two of you sign the record card but only one endorsement is necessary for withdrawal then either of you may request withdrawal of the entire account at any time. The same rules apply to define the names and the number of you who can request a transfer.

**PLEDGE:** Any pledge of this certificate (to which we have agreed), must first be satisfied by the rights of any joint account survivor, pay-on-death beneficiary, or trust account beneficiary become effective. For example, if one joint tenant pledges the certificate for payment of a debt and then dies, the surviving joint tenant's rights in this certificate are not first to the payment of the debt.

**ACCOUNT TYPES:** The following paragraphs explain how the various types of accounts in the reverse side of this form operate. Only the paragraph corresponding to the type selected will apply.

**Joint Account -** Such an account is issued to one person who does not intend to open this account to create any survivorship rights in any other person.

**Account - With Survivorship -** Such an account is issued in the name of two or more persons. Each of you intend that upon your death the balance in the account (subject to any pledge to which we have consented) will belong to the survivor(s). If two or more of you survive, you will own the balance in the account as joint tenants with survivorship. You inform us of a change in ownership or close this account.

**Simple Depositors - No Survivorship -** Such an account is issued to two or more persons but none of you intend (merely by opening this account) to create any right of survivorship in any other person. We encourage you to agree and tell us in writing of the date of the deposit contributed by each of you. This information will not, however, be a "number of endorsements" necessary for withdrawal.

**Joint Account - (subject to this form) and Pay-On-Death Account -** The person creating either of these account types intends that any named beneficiary acquires the right to withdraw from this certificate only if (1) the person creating the account dies, and (2) the beneficiary is then living. If two or more beneficiaries are named and survive the death of the person creating the account, such beneficiaries will own this account in

equal shares, without any right of survivorship. The person creating either of these account types reserves the right to: (1) change beneficiaries; (2) change account types; and (3) withdraw all or any part of the deposit at any time during his or her lifetime.

**Trust Account Subject to Separate Agreement -** We will abide by the terms of any separate agreement which clearly pertains to this certificate and which you file with us. Any additional consistent terms stated on this form will also apply.

**Non-Personal Account -** Such an account is issued in the name of a legal entity such as a corporation. We reserve the right to require the governing body of the legal entity to give us a separate authorization telling us who is authorized to act on its behalf. We will honor such an authorization until we actually receive written notice of a change from the governing body.

**SET-OFF:** Each of you who has the right to withdraw from this account agrees that we may set-off any debt you owe us now or later against the amount of money you could withdraw from this account. For example, if any one of three of you can withdraw all the money from this account, then the debt of any one of you can be set-off against the balance in this account (even though the others are not obligated on the debt). We may exercise this right of set-off, without notice to you, any time your debt is in default.

Under certain conditions, we will not exercise this right of set-off. For example: (1) if this certificate is part of an I.R.A. account or a qualified retirement plan, (2) if the debt arises from a consumer credit transaction under a credit card plan, (3) if your debt is personal and your right of withdrawal arises solely in a representative capacity (or vice versa), or (4) if such exercise is expressly prohibited by law. However, if your debt is in default, we reserve the right to exercise any other remedies available to us under the law or separate agreement.

#### NOTICE OF PENALTY FOR EARLY WITHDRAWAL

Except as mentioned below, you cannot withdraw any principal from this account before a maturity date without our consent and we must charge a penalty. We can only consent to an early withdrawal at the time you request it.

For an account with a term of 31 days or less, the penalty will be the greatest of: (1) all of the interest earned on the amount withdrawn from the most recent date of deposit or last renewal, (2) all the interest that could have been earned on the amount withdrawn during a period equal to one-half of the maturity period, or (3) seven days' interest on the amount withdrawn.

For an account with an original term of more than 31 days and up to and including one year, the penalty will be three months' interest on the amount withdrawn.

For an account with an original term of more than one year, the penalty will be six months' interest on the amount withdrawn.

We will use the nominal (simple interest) rate in effect to calculate the penalty. We will charge the penalty first against any interest then in the account, and any excess will be deducted from the amount you withdraw.

**Minimum Balance Account:** If we require a minimum balance on this account, we may treat any withdrawal that reduces the balance below such minimum as a withdrawal of the entire balance and calculate the penalty accordingly.

**EXCEPTIONS:** We are permitted to allow an early withdrawal and waive the above penalty if:

- (1) any account owner dies or is declared incompetent, or
- (2) This is an I.R.A. or Keogh account and you are at least 59½ years of age or disabled at the time of the withdrawal request, or
- (3) this is an I.R.A. or Keogh account and the request for withdrawal is made within seven days of establishing the account. (The penalty in such case will be all interest earned on the amount withdrawn.)

FORM COMB. CD-SC BACKSIDE REVISION DATE 4/24/86 CUSTOMIZED

NON-NEGOTIABLE

## Safekeeping Receipt

VALLEY BANK OF COMMERCE

ROSBELL, NEW MEXICO

Date December 11, 1989

This certifies that Snow Oil & Gas, Inc.

has deposited with this bank for safekeeping, the following described property, viz:

Blanket Cash Plugging Bond Certificate of Deposit (VBC) No. 7460 (108 957 9);

dated December 11, 1989, \$50,000.00 in the name of Oil Conservation Division

of the State of New Mexico, Automatically Renewable

to be delivered upon the order of the depositor, or their legal representative or attorneys, on the return of this certificate. This receipt is not negotiable and is not transferable.

The property may be delivered without the return of this receipt, at the option of the bank. In the effort properly to care for and preserve the property deposited hereunder the bank will exercise as great precautions as it exerts to safeguard its own property, but in spite of such precautions, should said property or any of it, be lost, destroyed, or stolen, the bank will not be liable; and beyond the exercise of such due diligence, no liability whatever shall attach to the bank by reason of said deposit; nor shall the bank be liable for property returned or delivered to any person who shall produce either the original receipt or any authorized duplicate, unless written notice, previous to such delivery, shall have been given to the bank by or on behalf of the depositor, setting forth that said receipt has been lost, mislaid, stolen, or has otherwise passed from the possession of the owner. The depositor agrees promptly to withdraw said property, should the bank request that it be withdrawn.

Valley Bank of Commerce

By [Signature]  
I hereby acknowledge receipt of the above de-

scribed property, this \_\_\_\_ day of \_\_\_\_ 19\_\_

I concur in all the foregoing and agree to each of the above conditions.

Depositor signs here on LEAVING property.

Depositor signs here on TAKING PROPERTY AWAY.

TIME CERTIFICATE OF DEPOSIT COPY AND TIME DEPOSIT SIGNATURE CARD

THIS CERTIFICATE EVIDENCES A DEPOSIT IN THE NAME(S) OF **\*Oil Conservation Division of the State of New Mexico\***  
P. O. Box 2088 Santa Fe, N.M. 87504  
IN THE AMOUNT OF **Fifty thousand and no/100\***  
TERM, MATURITY AND DESCRIPTION: This certificate has a term of **180 days**. It will (first) mature on **June 9, 1990**.  
The minimum balance is \$ **\*10,000.00\***  
INTEREST: Your deposit will earn interest at the rate of **7.47** % per year to the first maturity date. We calculate interest using the **365/365** days per year method. We will compound interest (accrue interest on interest).  
We will pay interest **quarterly by check to Snow Oil & Gas, Inc., P. O. Box 1270, Lovington, N.M.**  
The interest rate we will pay on automatic renewals of this certificate will be the same rate we offer on new certificates on the maturity date which has the same term, minimum balance, and other characteristics as this original certificate. You may call us on or shortly before the maturity date and we can tell you what the interest rate will be for the next renewal term.  
**YOUR DEPOSIT WILL NOT EARN INTEREST AFTER THE MATURITY DATE UNDER THIS CERTIFICATE (UNLESS IT IS RENEWED).**  
RENEWALS: ☒ If checked, we will automatically renew this certificate on each succeeding maturity date. Each renewal term will be the same as the original term, beginning on the maturity date. We will not automatically renew this certificate (1) if you tell us not to do so, in writing, on or before the next maturity date, or (2) if you present this certificate to us for payment (or other disposition) on or within 10 calendar days after the maturity date if it has a term of more than 31 days, and one calendar day if it has a term of seven to 31 days.  
SINGLE MATURITY: ☐ If checked, we will not automatically renew this certificate. It will mature once on the maturity date.  
Certificate Number **7460**  
Account Number **108 957 9**  
Date **December 11, 1989**  
DOLLARS \$ **\*50,000.00\***  
VALLEY BANK OF COMMERCE  
217 WEST SECOND STREET, P.O. BOX 2015  
ROSWELL, NEW MEXICO 88202-2015  
BY *[Signature]* **CERTIFICATE COPY**

PERSONAL ACCOUNTS: You have requested and intend the type of account marked below.  
☒ Individual  
☒ Joint Account - With Survivorship  
☐ Multiple Depositors - No Survivorship  
☒ Trust Account  
☐ Subject To Separate Agreement  
Dated \_\_\_\_\_  
☐ Subject To Terms On This Form  
Beneficiaries Named Below  
☐ Pay-On-Death  
Beneficiaries Named Below  
☐ \_\_\_\_\_  
BENEFICIARIES OF TRUST OR PAY-ON-DEATH ACCOUNTS: \_\_\_\_\_  
NON-NEGOTIABLE  
Safekeeping Receipt  
VALLEY BANK OF COMMERCE  
ROSWELL, NEW MEXICO  
Date **December 11, 1989**  
This certifies that **Snow Oil & Gas, Inc.**  
has ☒ deposited with this bank for safekeeping, the following described property, viz:  
**Blanket Cash Plugging Bond Certificate of Deposit (VBC) No. 7460 (108 957 9);**  
**dated December 11, 1989, \$50,000.00 in the name of Oil Conservation Division**  
**of the State of New Mexico, Automatically Renewable**  
to be delivered upon the order of the depositor, or their legal representative or attorneys, on the return of this certificate. This receipt is not negotiable and is not transferable.  
The property may be delivered without the return of this receipt, at the option of the bank. In the effort properly to care for and preserve the property deposited hereunder the bank will exercise as great precautions as it exerts to safeguard its own property, but in spite of such precautions, should said property or any of it, be lost, destroyed, or stolen, the bank will not be liable, and beyond the exercise of such due diligence, no liability whatever shall attach to the bank by reason of said deposit; nor shall the bank be liable for property returned or delivered to any person who shall produce either the original receipt or any authorized duplicate, unless written notice, previous to such delivery, shall have been given to the bank by or on behalf of the depositor, setting forth that said receipt has been lost, mislaid, stolen, or has otherwise passed from the possession of the owner. The depositor agrees promptly to withdraw said property, should the bank request that it be withdrawn.  
Valley Bank of Commerce  
By *[Signature]*  
I hereby acknowledge receipt of the above described property, this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_  
Depositor signs here on LEAVING property. Depositor signs here on TAKING PROPERTY AWAY.

# VALLEY BANK

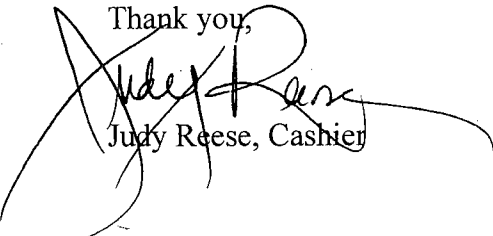
OF COMMERCE

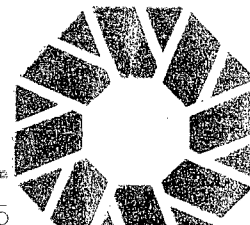
State of New Mexico  
Energy, Minerals and Natural Resources Department  
Oil Conservation Division  
Attention: Diane Richardson  
2040 S. Pacheco  
Santa Fe, NM 87505

Dear Diane,

Enclosed is a zerox copy of the confirmation from 1st Security Bank of New Mexico on the five year Treasury Note that we purchased for Snow Oil & Gas to replace Certificate of Deposit #7460. I mailed a copy of your letter to 1st Security for their files. If you need any additional information, you may call me at (505) 623-2265.

Thank you,

  
Judy Reese, Cashier



MUNICIPAL BOND DEPARTMENT  
 P.O. BOX 1305  
 ALBUQUERQUE, NEW MEXICO 87103  
 505-765-4408

**First Security Bank of New Mexico**  
 Comparison and Statement

Transaction code and the terms stated on the reverse side.

INVESTMENT DEPARTMENT  
 P.O. BOX 1305  
 ALBUQUERQUE, NEW MEXICO 8710  
 505-765-4408

TOTAL P. 01

15056229943

Order Number	Trade Date
64120003121	11-29-94
912027529	11-30-94

VALLEY BANK OF COMMERCE  
 A/C SNOW OIL AND GAS, INC  
 PO BOX 2015  
 ROSWELL, NM 88201

Account Number	Amount Due
191-400-705	150,127.63
	10.00
	145.00
	150,168.63

Tran Code	Type	Tran Code	Customer Number	Sale Rep	From	Interest Accrued	To
WE							
SOLD			191118	MR	11-30-94	11-30-94	
U S TREASURY NOTES				DTD: 11-30-94			
SERIES U 99				* Book Entry *			
7.750% DUE 11-30-99				PRICE TO MATURITY			
				TAX ID 85-0292035			

DLVRY INSTR.: FIRST SECURITY BANK SAFEKEEPING

30-1994 15:24 FROM 1ST SEC BK NM 505 2435863 TO

4 (70-30-57) NM R 11/83

CUSTOMER.  
 Please Retain For Income Tax Purposes. Thank You For Your Order