

STATE OF NEW MEXICO

Revised 6-17-77

\$50,000.00 BLANKET PLUGGING BOND

BOND NO. 7SE 290 417
(For Use of Surety Company)

(Note: File with Oil Conservation Commission, P. O. Box 2088, Santa Fe 87501)

KNOW ALL MEN BY THESE PRESENTS:

That James E. Sealy DBA Deanie Lou & B & D Oil Company, (An individual) (a partnership) (a corporation organized in the State of New Mexico, with its principal office in the city of Hobbs, State of New Mexico, and authorized to do business in the State of New Mexico), as PRINCIPAL, and American Manufacturers Mutual Insurance Company, a corporation organized and existing under the laws of the State of ~~NEW YORK~~ Illinois, and authorized to do business in the State of New Mexico, as SURETY, are held firmly bound unto the State of New Mexico, for the use and benefit of the Oil Conservation Commission of New Mexico pursuant to Section 65-3-11, New Mexico Statutes Annotated, 1953 Compilation, as amended, in the sum of Fifty Thousand Dollars (\$50,000.00) lawful money of the United States, for the payment of which, well and truly to be made, said PRINCIPAL and SURETY hereby bind themselves, their successors and assigns, jointly and severally, firmly by these presents.

The conditions of this obligation are such that:

WHEREAS, The above principal has heretofore or may hereafter enter into oil and gas leases, or carbon dioxide (CO₂) gas leases, or helium gas leases with the State of New Mexico; and

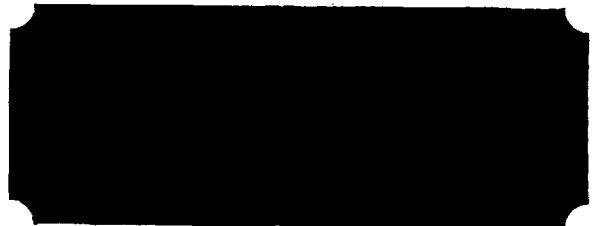
WHEREAS, The above principal has heretofore or may hereafter enter into oil and gas leases, or carbon dioxide (CO₂) gas leases, or helium gas leases on lands patented by the United States of America to private individuals, and on lands otherwise owned by private individuals; and

WHEREAS, The above principal, individually, or in association with one or more other parties, has commenced or may commence the drilling of wells to prospect for and produce oil or gas, or carbon dioxide (CO₂) gas or helium gas, or does own or may acquire, own or operate such wells, or such wells started by others on land embraced in said State oil and gas leases, or carbon dioxide (CO₂) gas leases, or helium gas leases, and on lands patented by the United States of America to private individuals, and on lands otherwise owned by private individuals, the identification and location of said wells being expressly waived by both principal and surety hereto.

NOW, THEREFOKE, If the above bounden principal and surety or either of them or their successors or assigns, or any of them, shall plug all of said wells when dry or when abandoned in accordance with the rules, regulations, and orders of the Oil Conservation Commission of New Mexico in such way as to confine the oil, gas, and water in the strata in which they are found, and to prevent them from escaping into other strata;

THEN, THEREFORE, This obligation shall be null and void; otherwise and in default of complete compliance with any and all of said obligations, the same shall remain in full force and effect.

PROVIDED, HOWEVER, That thirty (30) days after receipt by the Oil Conservation Commission of New Mexico of written notice of cancellation from the surety, the obligation of the surety hereunder shall terminate as to property or wells acquired, drilled, or started after said thirty (30) day period but shall continue in effect, notwithstanding said notice, as to property or wells theretofore acquired, drilled, or started.



PRINCIPAL

SURETY

P.O. Box 804, Hobbs, New Mexico 88240

Address

20 N. Wacker Dr. Chicago, Illinois

Address

60606

x By James E. Sealy
Signature
PRESIDENT
Title

By Deane Barnes
Attorney-in-Fact

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

(Note: Corporate surety affix corporate seal here.)

ACKNOWLEDGMENT FORM FOR NATURAL PERSONS

STATE OF New Mexico
COUNTY OF Lea) ss.)

On this 29th day of November, 19 77, before me personally appeared James E. Sealy, 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.

May 18, 1981

My Commission expires

Deborah R. Crowell
Notary Public

ACKNOWLEDGMENT FORM FOR CORPORATION

STATE OF New Mexico
COUNTY OF Lea) ss.)

On this _____ day of _____, 19____, before me personally appeared _____, to me personally known who, being by me duly sworn, did say that he is _____ of _____ and that the foregoing instrument was signed and sealed on behalf of said corporation by authority of its board of directors, and acknowledged said instrument to be the free act and deed of said corporation.

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

My Commission expires

Notary Public

ACKNOWLEDGMENT FORM FOR CORPORATE SURETY

STATE OF Illinois
COUNTY OF Cook) ss.)

On this 9th day of December, 19 77 before me appeared Deane Barnes, to me personally known, who, being by me duly sworn, did say that he is Attorney-in-Fact of AMERICAN MANUFACTURERS MUTUAL INS. CO. 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.

November 14, 1980

My Commission expires

(Note: Corporate surety attach power of attorney.)

Evelyn Lackey
Evelyn Lackey, Notary Public

APPROVED BY:

OIL CONSERVATION COMMISSION OF NEW MEXICO

By James E. Sealy

Date _____

POWER OF ATTORNEY

Know All Men By These Presents:

That the American Manufacturers Mutual Insurance Company, a corporation organized and existing under the laws of the State of Illinois, and having its principal office in Long Grove, Illinois, does hereby appoint*****
Deane Barnes of Chicago, Illinois*****

its true and lawful agent(s) and attorney(s)-in-fact, to make, execute, seal, and deliver during the period beginning with the date of issuance of this power and ending December 31, 1981, unless sooner revoked for and on its behalf as surety, and as its act and deed: **Any and all bonds and undertakings provided the amount of no one bond or undertaking exceeds TWO MILLION DOLLARS----- (\$2,000,000.00)*******

EXCEPTION: NO AUTHORITY is granted to make, execute, seal and deliver any bond or undertaking which guarantees the payment or collection of any promissory note, check, draft or letter of credit.

This authority does not permit the same obligation to be split into two or more bonds in order to bring each such bond within the dollar limit of authority as set forth herein.

This appointment may be revoked at any time by the American Manufacturers Mutual Insurance Company.

The execution of such bonds and undertakings in pursuance of these presents shall be as binding upon the said American Manufacturers Mutual Insurance Company as fully and amply to all intents and purposes, as if the same had been duly executed and acknowledged by its regularly elected officers at its principal office in Long Grove, Illinois.

THIS APPOINTMENT SHALL CEASE AND TERMINATE WITHOUT NOTICE AS OF DECEMBER 31, 1981.

This Power of Attorney is executed by authority of a resolution adopted by the Board of Directors of said American Manufacturers Mutual Insurance Company on March 29, 1962 at New York, New York, a true and accurate copy of which is hereinafter set forth and is hereby certified to by the undersigned Secretary or Assistant Secretary as being in full force and effect:

"VOTED, That the President or any Vice President or Secretary or any Assistant Secretary shall have power and authority to appoint attorneys in fact, and to authorize them to execute on behalf of the company, and attach the seal of the company thereto, bonds and undertakings, recognizances, contracts of indemnity and other writings obligatory in the nature thereof, and to accept service of process."

This Power of Attorney is signed, sealed and certified by facsimile under and by authority of the following resolution adopted by the Board of Directors of the company at a meeting duly called and held on the 7th day of June, 1962:

STATE OF ILLINOIS }
COUNTY OF COOK }

I, Evelyn Lackey, a Notary Public in and for the state and county aforesaid, do hereby certify that DEANE BARNES of the AMERICAN MANUFACTURERS MUTUAL INSURANCE COMPANY who is personally known to me, appeared before me this day and acknowledged that he signed, sealed and delivered the foregoing instrument as his free and voluntary act as ATTORNEY-IN-FACT of the AMERICAN MANUFACTURERS MUTUAL INS. CO. and as the free and voluntary act of the AMERICAN MANUFACTURERS MUTUAL INS. CO.

Given under my hand and Notarial Seal this 8th day of December, A. D. 1977.

My commission expires NOVEMBER 14, 1980.

NOTARIAL JURAT
FK 230 3-72 5M

Notary Public

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act of said corporation and as their own free and voluntary act for the uses and purposes therein set forth.



My commission expires: April 29, 1980

CERTIFICATION

I, Sven L. Johanson, Secretary of the American Manufacturers Mutual Insurance Company, do hereby certify that that attached Power of Attorney dated October 1, 1977 on behalf of Deane Barnes of

Chicago, Illinois***** is a true and correct copy and that the same has been in full force and effect since the date thereof and is in full force and effect on the date of this certificate; and I do further certify that the said H. L. Kennicott, Jr. and C. G. Swan who executed the Power of Attorney as Vice President and Secretary respectively were on the date of the execution of the attached Power of Attorney the duly elected Vice President and Secretary of the American Manufacturers Mutual Insurance Company.

IN TESTIMONY WHEREOF, I have hereunto subscribed my name and affixed the corporate seal of the American Manufacturers Mutual Insurance Company on this 8th day of December, 1977



Sven L. Johanson
Sven L. Johanson, Secretary

This Power of Attorney limits the acts of those named therein to the bonds and undertakings specifically named therein, and they have no authority to bind the Company except in the manner and to the extent herein stated.