

STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION



May 12, 1992

BRUCE KING
GOVERNOR

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87504
(505) 827-5800

United States Fidelity and
Guaranty Company
P. O. Box 809019
Dallas, Texas 75380

Attention: Luke R. Krawietz, III

Re: Polaris Production Corp.
Blanket Bond No. 18-0130-2182-77

Dear Mr. Krawietz:

Thank you for your letter and the attached Power-of-Attorney. The well as described in your letter has been placed back under Polaris' bond. The cancelled as to future liability status of this bond will remain unchanged.

Sincerely,

WILLIAM J. LEMAY,
Director

BEFORE EXAMINER STOGNER	
OIL CONSERVATION DIVISION	
OCD	EXHIBIT NO. 2
CASE NO.	11812



INSURANCE DIVISION
RECEIVED

UNITED STATES FIDELITY AND GUARANTY COMPANY
FIDELITY AND GUARANTY LIFE INSURANCE COMPANY
FIDELITY AND GUARANTY INSURANCE UNDERWRITERS, INC.



DALLAS OFFICE

P.O. BOX 809019

DALLAS, TEXAS 75380

LARRY W. FITCH, GENERAL MANAGER

DOYLE B. UMFRESS, ASSISTANT GENERAL MANAGER

TELEPHONE: 214/851-1800

May 4, 1992

State of New Mexico
Energy, Minerals, and Natural Resources Dept.
Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87504

Re: Polaris Production Corporation
Well described as Section 36, Township 14 South,
Range 37 East, Lea County, NM, 330 from the West
Line, 1,980 from the North Line

Gentlemen:

Please accept this letter as notice of the United States Fidelity and Guaranty Company's request and intent to include the above-captioned well under Blanket Bond #18-0130-2182-77 in the sum of \$50,000.

This letter does not, however, alter the effect of your letter dated 2-22-88, wherein our liability was cancelled, effective 3-22-88, as to future property or wells acquired, drilled, or started by Polaris Production Corporation.

All terms and conditions of the bond #18-0130-2182-77 remain unchanged and in effect including the \$50,000 bond amount.

Sincerely,

Luke R. Krawietz, III
Underwriter
FIDELITY-SURETY DEPT.

CERTIFIED COPY

GENERAL POWER OF ATTORNEY

No. 103769

Know all Men by these Presents:

That UNITED STATES FIDELITY AND GUARANTY COMPANY, a corporation organized and existing under the laws of the State of Maryland, and having its principal office at the City of Baltimore, in the State of Maryland, does hereby constitute and appoint

Luke R. Krawietz, III

of the City of Dallas, State of Texas,
its true and lawful attorney ~~xxxxxx~~

for the following purposes, to wit:

To sign its name as surety to, and to execute, seal and acknowledge any and all bonds, and to respectively do and perform any and all acts and things set forth in the resolution of the Board of Directors of the said UNITED STATES FIDELITY AND GUARANTY COMPANY, a certified copy of which is hereto annexed and made a part of this Power of Attorney; and the said UNITED STATES FIDELITY AND GUARANTY COMPANY, through us, its Board of Directors, hereby ratifies and confirms all and whatsoever the said

Luke R. Krawietz, III

may lawfully do in the premises by virtue of these presents.

In Witness Whereof, the said UNITED STATES FIDELITY AND GUARANTY COMPANY has caused this instrument to be sealed with its corporate seal, duly attested by the signatures of its Vice-President and Assistant Secretary, this 28th day of June, A. D. 19 91

UNITED STATES FIDELITY AND GUARANTY COMPANY.

(Signed) By W.J.D. Somerville, Jr.
Vice-President.

(SEAL) (Signed) David G. Olson
Assistant Secretary.

STATE OF MARYLAND. }
BALTIMORE CITY. } ss:

On this 28th day of June, A. D. 1991, before me personally came W.J.D. Somerville, Jr., Vice-President of the UNITED STATES FIDELITY AND GUARANTY COMPANY and David G. Olson, Assistant Secretary of said Company, with both of whom I am personally acquainted, who being by me severally duly sworn, said that they, the said W.J.D. Somerville, Jr. and David G. Olson were respectively the Vice-President and the Assistant Secretary of the said UNITED STATES FIDELITY AND GUARANTY COMPANY, the corporation described in and which executed the foregoing Power of Attorney; that they each knew the seal of said corporation; that the seal affixed to said Power of Attorney was such corporate seal, that it was so fixed by order of the Board of Directors of said corporation, and that they signed their names thereto by like order as Vice-President and Assistant Secretary, respectively, of the Company.

My commission expires the first day in ~~July, A. D. 1994~~ August, A.D. 1994.

(SEAL) (Signed) Erma L. Rubright
Notary Public.

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION



ARREY CARRUTHERS
GOVERNOR

February 22, 1988

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87504
(505) 827-5800

Polaris Production Corp.
308 Wall Towers West
Midland, Texas 79701

Re: \$50,000 Blanket Plugging Bond
Polaris Production Corp., Principal
United States Fidelity & Guaranty, Surety
Bond No. 18-0130-2182-77

Gentlemen:

Enclosed please find a copy of our letter cancelling the above-referenced blanket plugging bond as to future liability. Our records show that there are numerous wells still outstanding on this bond and we would appreciate your advising us as to whether you will be obtaining a replacement bond or leaving the status of your present bond cancelled as to future liability.

If you have any questions, please feel free to contact me.

Sincerely,

A handwritten signature in cursive script, appearing to read "Diana Richardson".

DIANA RICHARDSON
Administrator
Bonding Department



ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

GARREY CARRUTHERS
GOVERNOR

February 22, 1988

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87504
(505) 827-5800

United States Fidelity and Guaranty
P. O. Box 809019
Dallas, Texas 75380

Attention: Michele Dunkerley

Re: \$50,000 Blanket Plugging Bond
Polaris Production Corp., Principal
United States Fidelity & Guaranty Co., Surety
Bond No. 18-0130-2182-77

Gentlemen:

Receipt of your request for cancellation of the above-captioned bond is hereby acknowledged.

The bond executed by your company is cancelled March 22, 1988, as to any property or wells acquired, started, or drilled after that date.

It should be noted, however, that the subject bond will remain in effect as to any property or wells acquired, started, or drilled prior to March 22, 1988.

Sincerely,

Victor J. Lyon
for WILLIAM J. LeMAY,
Director

cc: Oil Conservation Division
Hobbs, Artesia, Aztec

Polaris Production Corp.
308 Wall Towers West
Midland, Texas 79701

OIL CONSERVATION DIVISION

BLANKET BOND CANCELLATIONS

Operator's Name POLARIS PRODUCTION Corp.
Code No. 651300
Request received 2-22, 1988.

1. Submit OCBNDSRC from LIBRARY 15. Job will search STAT FILE and DRILLING FILE. If nothing is found proceed to Step 2.
2. Check current SWD LISTING (Area-Operator).
List all wells and Status, Last produced date.

FINDINGS: (NOTE below or use attachments if necessary)

*Wells
CFL-3-22-88*

The above items have been checked

By [Signature]

Date 2-22-88



UNITED STATES FIDELITY AND GUARANTY COMPANY
FIDELITY AND GUARANTY LIFE INSURANCE COMPANY
FIDELITY AND GUARANTY INSURANCE UNDERWRITERS, INC.



DALLAS OFFICE

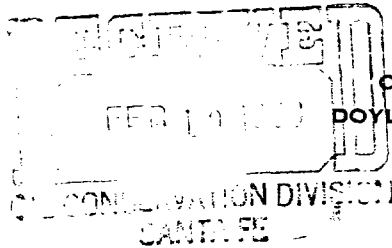
P. O. BOX 809019

DALLAS, TEXAS 75380

ORVILLE E. SACKETT, MANAGER

DOYLE B. UMFRESS, ASSISTANT MANAGER

TELEPHONE: 214/851-1800



February 12, 1988

*Computer
check
2-22-88*

State of New Mexico
Oil Conservation Commission
P.O. Box 2088
Santa Fe, NM 87504-2088

Re: Polaris Production Corporation of Midland, Texas
Bond No: 18-0130-2182-77 Dated 12/2/77

Dear Gentlemen:

We are respectfully requesting release of liability as surety on the above bond with regards to future property or wells acquired, drilled, or started by Polaris Production Corporation. Refer to the final paragraph of the bond providing for such cancellation with 30 days notice.

May we ask your assistance in acknowledging termination of such liability? For your convenience, we are enclosing a self-addressed, stamped envelope.

Sincerely,

Michele Dunkerley
Michele Dunkerley
Underwriter
FIDELITY-SURETY DEPARTMENT

MD/gm
Encl.

cc: Polaris Production Corporation
c/o Mims, Stephens & Hollis
Midland, TX
ATTN: Vickie Lambilotte

OIL CONSERVATION COMMISSION

P. O. BOX 2088

SANTA FE, NEW MEXICO 87501

December 15, 1977

United States Fidelity and Guaranty
Company
2201 San Pedro Drive, N.E.
Albuquerque, New Mexico 87110

Re: \$50,000 Blanket Plugging Bond
Polaris Production Corp.,
Principal, United States
Fidelity & Guaranty Co.,
Surety
Bond No. 18-0130-2182-77

Gentlemen:

The Oil Conservation Commission hereby approves
the above-captioned blanket plugging bond to replace the
current \$10,000 bond. As of this date, release of Bond
No. 94-462841, Maryland Casualty Company, Surety, is
approved.

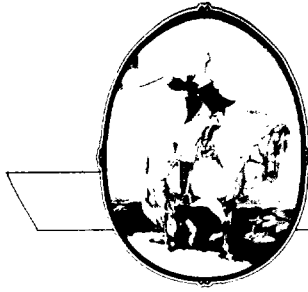
Very truly yours,

JOE D. RAMEY,
Secretary-Director

JDR/LT/gr

cc: Polaris Production Corp.
303 Wall Towers West
Midland, Texas 79701

Oil Conservation Commission
Hobbs, Artesia, Aztec



American General

Fire And Casualty Company

P. O. BOX 1502 • HOUSTON, TEXAS • 77001

JAN 11 1978

January 6, 1978

Oil Conservation Commission
State of New Mexico
P.O. Box 2088
Santa Fe, New Mexico 87501

Gentlemen:

Bond # 94 - 462841
Polaris Production Corporation

The Maryland Casualty Company is Surety on a \$10,000 Blanket Plugging and Indemnity Bond executed effective August 12, 1976.

We have been advised that a replacement Bond in the amount of \$50,000 with the United States Fidelity and Guaranty Company was executed effective December 2, 1977.

So we may close our file and allow the proper return premium, it would be appreciated if you would confirm filing of the replacement Bond and release of future Liability under the Maryland Casualty Bond.

Sincerely,

Charles F. Layton, Jr.
Charles F. Layton, Jr.
Bond Department

CFL:lrt

*Sent
1-11-78*

DEC 14 1977
OIL CONSERVATION COMMISSION
SANTA FE

STATE OF NEW MEXICO

Revised 6-17-77

\$50,000.00 BLANKET PLUGGING BOND

BOND NO. 18-0130-2182-77
(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 Polaris Production Corp., (XXXXXXXXXXXXXXXXXXXX)
(a corporation organized in the State of Texas, with its principal office in the city of
Midland, State of Texas, and authorized to do business in
the State of New Mexico), as PRINCIPAL, and United States Fidelity & Guaranty Co., a
corporation organized and existing under the laws of the State of Maryland, 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, THEREFORE, 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.

Signed and sealed this 2nd day of December, 1977.

POLARIS PRODUCTION CORP.

PRINCIPAL
308 Wall Towers West
Midland, Texas 79701

Address

By [Signature]
Signature

President

Title

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

UNITED STATES FIDELITY & GUARANTY CO.
SURETY

Baltimore, Maryland

Address

By Robert L. Rivers
Attorney-in Fact

Robert L. Rivers

(Note: Corporate surety affix corporate seal here.)

ACKNOWLEDGMENT FORM FOR NATURAL PERSONS

STATE OF _____)
COUNTY OF _____) ss.

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 _____

ACKNOWLEDGMENT FORM FOR CORPORATION

STATE OF Texas)
COUNTY OF Midland) ss.

On this 2nd day of December, 1977, before me personally appeared Davis Payne, to me personally known who, being by me duly sworn, did say that he is President of Polaris Production Corp. 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

June 1978
My Commission expires

ACKNOWLEDGMENT FORM FOR CORPORATE SURETY

STATE OF New Mexico)
COUNTY OF Bernalillo) ss.

On this 2nd day of December, 1977, before me appeared Robert L. Rivers, to me personally known, who, being by me duly sworn, did say that he is Attorney-in-Fact of UNITED STATES FIDELITY AND GUARANTY COMPANY 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.

written.

July 27, 1980

My Commission expires

(Note: Corporate surety attach power of attorney.)

Notary Public

APPROVED BY:
OIL CONSERVATION COMMISSION OF NEW MEXICO

By [Signature]

Date _____

CERTIFIED COPY

GENERAL POWER OF ATTORNEY

No. 87683

Know all Men by these Presents:

That UNITED STATES FIDELITY AND GUARANTY COMPANY, a corporation organized and existing under the laws of the State of Maryland, and having its principal office at the City of Baltimore, in the State of Maryland, does hereby constitute and appoint

Robert L. Rivers

of the City of Albuquerque, State of New Mexico,
its true and lawful attorney ~~XXXXXX XXXX XXXX XXXX~~

for the following purposes, to wit:

To sign its name as surety to, and to execute, seal and acknowledge any and all bonds, and to respectively do and perform any and all acts and things set forth in the resolution of the Board of Directors of the said UNITED STATES FIDELITY AND GUARANTY COMPANY, a certified copy of which is hereto annexed and made a part of this Power of Attorney; and the said UNITED STATES FIDELITY AND GUARANTY COMPANY, through us, its Board of Directors, hereby ratifies and confirms all and whatsoever the said

Robert L. Rivers

may lawfully do in the premises by virtue of these presents.

In Witness Whereof, the said UNITED STATES FIDELITY AND GUARANTY COMPANY has caused this instrument to be sealed with its corporate seal, duly attested by the signatures of its Vice-President and Assistant Secretary, this 1st day of April, A. D. 19 77

UNITED STATES FIDELITY AND GUARANTY COMPANY.

(Signed) By Thomas A. Zecha
Vice-President.

(SEAL)

(Signed) W. B. M. Hingeley
Assistant Secretary.

STATE OF MARYLAND, }
BALTIMORE CITY, } ss:

On this 1st day of April, A. D. 1977, before me personally came Thomas A. Zecha, Vice-President of the UNITED STATES FIDELITY AND GUARANTY COMPANY and W. B. M. Hingeley, Assistant Secretary of said Company, with both of whom I am personally acquainted, who being by me severally duly sworn, said that they resided in the City of Baltimore, Maryland; that they, the said Thomas A. Zecha and W. B. M. Hingeley were respectively the Vice-President and the Assistant Secretary of the said UNITED STATES FIDELITY AND GUARANTY COMPANY, the corporation described in and which executed the foregoing Power of Attorney; that they each knew the seal of said corporation; that the seal affixed to said Power of Attorney was such corporate seal, that it was so fixed by order of the Board of Directors of said corporation, and that they signed their names thereto by like order as Vice-President and Assistant Secretary, respectively, of the Company. My commission expires the first day in July, A. D. 1978....

(SEAL) (Signed) Margaret M. Hurst
Notary Public.

STATE OF MARYLAND }
BALTIMORE CITY, } Sct.

I, Robert H. Bouse, Clerk of the Superior Court of Baltimore City, which Court is a Court of Record, and has a seal, do hereby certify that Margaret M. Hurst, Esquire, before whom the annexed affidavits were made, and who has thereto subscribed his name, was at the time of so doing a Notary Public of the State of Maryland, in and for the City of Baltimore, duly commissioned and sworn and authorized by law to administer oaths and take acknowledgments, or proof of deeds to be recorded therein. I further certify that I am acquainted with the handwriting of the said Notary, and verily believe the signature to be his genuine signature.

In Testimony Whereof, I hereto set my hand and affix the seal of the Superior Court of Baltimore City, the same being a Court of Record, this 1st day of April, A. D. 19 77

(SEAL) (Signed) Robert H. Bouse
Clerk of the Superior Court of Baltimore City.

COPY OF RESOLUTION

That Whereas, it is necessary for the effectual transaction of business that this Company appoint agents and attorneys with power and authority to act for it and in its name in States other than Maryland, and in the Territories of the United States and in the Provinces of the Dominion of Canada and in the Colony of Newfoundland.

Therefore, be it Resolved, that this Company do, and it hereby does, authorize and empower its President or either of its Vice-Presidents in conjunction with its Secretary or one of its Assistant Secretaries, under its corporate seal, to appoint any person or persons as attorney or attorneys-in-fact, or agent or agents of said Company, in its name and as its act, to execute and deliver any and all contracts guaranteeing the fidelity of persons holding positions of public or private trust, guaranteeing the performances of contracts other than insurance policies and executing or guaranteeing bonds and undertakings, required or permitted in all actions or proceedings, or by law allowed, and

Also, in its name and as its attorney or attorneys-in-fact, or agent or agents to execute and guarantee the conditions of any and all bonds, recognizances, obligations, stipulations, undertakings or anything in the nature of either of the same, which are or may by law, municipal or otherwise, or by any Statute of the United States or of any State or Territory of the United States or of the Provinces of the Dominion of Canada or of the Colony of Newfoundland, or by the rules, regulations, orders, customs, practice or discretion of any board, body, organization, office or officer, local, municipal or otherwise, be allowed, required or permitted to be executed, made, taken, given, tendered, accepted, filed or recorded for the security or protection of, by or for any person or persons, corporation, body, office, interest, municipality or other association or organization whatsoever, in any and all capacities whatsoever, conditioned for the doing or not doing of anything or any conditions which may be provided for in any such bond, recognizance, obligation, stipulation, or undertaking, or anything in the nature of either of the same.

I, **W. R. Holley**, an Assistant Secretary of the UNITED STATES FIDELITY AND GUARANTY COMPANY, do hereby certify that the foregoing is a full, true and correct copy of the original power of attorney given by said Company to

Robert L. Rivers

of **Albuquerque, New Mexico**, authorizing and empowering **him** to sign bonds as therein set forth, which power of attorney has never been revoked and is still in full force and effect.

And I do further certify that said Power of Attorney was given in pursuance of a resolution adopted at a regular meeting of the Board of Directors of said Company, duly called and held at the office of the Company in the City of Baltimore, on the 11th day of July, 1910, at which meeting a quorum of the Board of Directors was present, and that the foregoing is a true and correct copy of said resolution, and the whole thereof as recorded in the minutes of said meeting.

In Testimony Whereof, I have hereunto set my hand and the seal of the UNITED STATES FIDELITY AND GUARANTY COMPANY on **December 2, 1977**.
(Date)



Assistant Secretary.



UNITED STATES FIDELITY AND GUARANTY COMPANY

ALBUQUERQUE BRANCH OFFICE
PETER DIGANGI, JR., CPCU, MANAGER
SAN PEDRO PARK - SUITE 102
2201 SAN PEDRO DRIVE, N.E.
ALBUQUERQUE, NEW MEXICO 87110
TELEPHONE: 505/265-7854

December 12, 1977

JAMES A. LYONS
SUPT. OF CLAIMS

File Ref: 18-0130-2182-77

State of New Mexico
Oil Conservation Commission
P. O. Box 2088
Santa Fe, New Mexico 87501

Re: POLARIS PRODUCTION CORP. - \$50,000. Blanket Plugging Bond
Issued December 2, 1977

Gentlemen:

Enclosed, please find the above referenced bond which
has been properly executed and is hereby submitted for
filing.

Thank you.

Sincerely,

Jean Westfahl

Jean Westfahl
Fidelity-Surety Dept.

/jw
Enc.

cc: Mims and Stephens, Midland, Texas
USF&G, Dallas, Texas