

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

GARREY CARRUTHERS
GOVERNOR

July 18, 1990

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

A.P.A. Development Inc.
P. O. Box 215
Cortez, Co. 81321

Santa Fe Bonds #

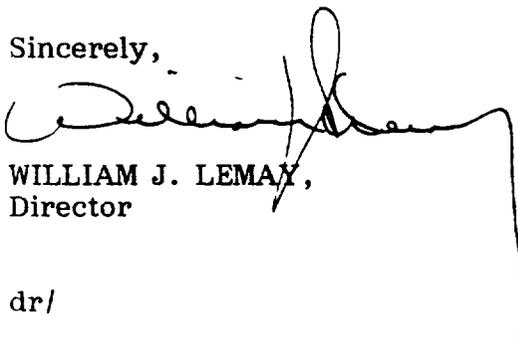
Attention: Patrick B. Woosley

Re: \$7,500 Single Well Cash Bond
A.P.A. Development Inc., Principal
990' FSL and 500' FWL of Sec. 10,
T-21-N, R-10-W, San Juan County
Bond No. OCD-238

Dear Mr. Woosley:

The Oil Conservation Division hereby approves the above-referenced single well plugging bond effective this date.

Sincerely,



WILLIAM J. LEMAX,
Director

dr/

cc: Oil Conservation Division
Aztec, New Mexico

BEFORE EXAMINED PROCEED:
OIL CONSERVATION DIVISION
OCD EXHIBIT NO. 3 b
CASE NO. 12345

'90 JUL 18 AM 8 58

SINGLE WELL CASH BOND

Know all men by these presents that A.P.A. Development Inc.
(an individual) (a partnership) (a corporation organized
in the State of Colorado with its principal office at P.O. Box 215
in the city of Cortez, State of Colorado
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 \$7,500.00 (Seven Thousand, Five Hundred Dollars), lawful money of
the United States.

THE CONDITIONS OF THIS OBLIGATION ARE SUCH THAT:

The above applicant/operator desires to drill a well or purchase or operate an
existing well, the depth of which does not exceed 10,000 feet, to
prospect for and produce oil, gas, or carbon dioxide resources on land owned by
private individuals or the State of New Mexico, the particular identification and
footage location of said well being as follows: 990 feet FSL and 500 feet FWL
in Section 10, Township
21N, Range 10W, NMPM. San Juan County, New Mexico.

The applicant has deposited on behalf of the Division \$ 7,500.00, in the manner
indicated on the attachment to this bond being the principal sum intended to be
secured. Applicant pledges this sum as a guarantee that it, its executors, assigns,
heirs or administrators shall plug the well described above 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 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 well 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 well. If the principal sum of this bond is less
than the actual cost incurred by the Division in plugging said well, 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, including the filing of legal proceedings, 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 above-described well 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 well, then therefore, this obligation shall be
null and void and the principal sum shall be paid to the applicant, or its successors,
heirs, or administrator, otherwise it shall remain in full force and effect.

A.P.A. Development Inc.

OPERATOR

P.O. Box 215, Cortez, CO 81321

Address

By Patricia B. Woodley
Signature

By _____

President

Title

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

ASSIGNMENT OF CASH COLLATERAL DEPOSIT

(Must be a federally-insured bank or savings institution
within the State of New Mexico)

Date June 28, 1990

Pursuant to Section 70-2-14, NMSA (1978), or successor provisions, A.P.A. Development Inc. (hereinafter referred to as "operator") of P.O. Box 215, Cortez, CO 81321 (address) has deposited with the First National Bank of Farmington (name of state or national bank or savings association) of P.O. Box 540, Farmington, NM 87499-0540 (address) (herein termed financial institution), the sum of 7,500.00 dollars in Certificate of Deposit or savings account No. 301518687. 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.

Patricia B. Woolley
Signature of Operator,
Personally or by Authorized Officer

Loree Crabb
Signature of Authorized Officer of
Financial Institution
Loree Crabb
Senior Vice President
Title

President, A.P.A. Development Inc.
Title

STATE OF NEW MEXICO
COUNTY OF SAN JUAN) ss.

On this 28TH day of JUNE, 1990, before me personally appeared _____ and _____, to me known to be the person (persons) described in and who executed the foregoing instrument and acknowledged that they executed the same as 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.

Donna S. Ream
NOTARY PUBLIC

My Commission expires:
OCT 23, 1993

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

GARREY CARRUTHERS
GOVERNOR

July 11, 1990

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

A.P.A. Development Inc.
P. O. Box 215
Cortez, Colorado 81321

Attention: Patrick B. Woosley

Re: Assignment of Cash Collateral
for Plugging Bond

Dear Mr. Woosley:

I am in receipt of the Assignment of Cash Collateral which covers the Santa Fe Barbs SWD well. This is a reminder that before I can approve a bond for you a single well cash bond form must be completed and submitted to this office. I am enclosing a copy of this form for your convenience.

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

Sincerely,



DIANE RICHARDSON
Administrator
Bond Department

A.P.A. DEVELOPMENT INC.

P.O. BOX 215
CORTEZ, COLORADO 81321

OIL CONSERVATION DIVISION RECEIVED
'90 JUL 5 AM 9 33

July 2, 1990

Oil Conservation Division
P.O. Box 2088
Santa Fe, NM 87504

*Need single well
bond form*

RE: Santa Fe Barbs SWDW

Dear Sirs,

Please find enclosed an assignment of cash collateral deposit in the amount of \$7,500.00 for the purpose of a plugging bond on the above mentioned well. Also find enclosed the application for authorization to inject for the same.

*Key
4-27-89*

Sincerely,

Patrick B. Woosley

Patrick B. Woosley
President A.P.A. Development Inc.

cc: file

Enclosures

*Call
Gore*