

AFFIDAVIT OF NOTICE

Before me, the undersigned authority, on this day personally appeared DAVID K. BROOKS, well known to me to be a credible person, and after being duly sworn, did solemnly declare upon his oath as follows:

“My name is David K. Brooks. I am employed by the Energy, Minerals and Natural Resources Department of the State of New Mexico as Assistant General Counsel.

“I am attorney of record for the New Mexico Oil Conservation Division, as Applicant, in Case No. 12770, Application of the New Mexico Oil Conservation Division for an Order Requiring Ordering Sierra Blanca Operating Company to Properly Plug Ninety (90) Wells in Lea County, New Mexico, Authorizing the Division to Plug Said Wells and Ordering a Forfeiture of Applicable Plugging Bonds and Cash Collateral.

“On October 25, 2001, I prepared a letter to Sierra Blanca Operating Company and to each of the surety companies named as respondents in the Application filed in Case No. 12770. Attachment A to this Affidavit is a true copy of the letter that I prepared. I then caused a copy of Attachment A to be mailed to Sierra Blanca Operating Company at each of the addresses indicated on the second page of Attachment A. These are all of the addresses for Sierra Blanca Operating Company reflected in the files of the New Mexico Oil Conservation Division or in the corporate records of the New Mexico Public Regulation Commission. I further caused a copy of Attachment A to be mailed to each of the surety companies named on the second page of Attachment A, by Certified Mail, Return Receipt Requested. A copy of the Application filed with the Division is Case No. 12770 was enclosed with each letter.

“A copy of the notification letter (Attachment A) was sent to Underwriters Indemnity Co., by Certified Mail, Return Receipt Requested, and received by said company, as evidenced by receipt for certified mail and postal return receipt true copies whereof are attached hereto as Attachment B.

“A copy of the notification letter (Attachment A) was sent to International Fidelity Insurance Company, by Certified Mail, Return Receipt Requested, and received by said company, as evidenced by receipt for certified mail and postal return receipt true copies whereof are attached hereto as Attachment C.

“A copy of the notification letter (Attachment A) was sent to Sierra Blanca Operating Company, by Certified Mail, Return Receipt Requested, at the address shown on Attachment D and was returned marked “Unclaimed,” as reflected by copy of postal receipt and envelope face attached hereto as Attachment D.

“A copy of the notification letter (Attachment A) was sent to Sierra Blanca Operating Company, by Certified Mail, Return Receipt Requested, at each of the addresses shown on Attachments E through H, and each of said letters was returned as by

STATE OF NEW MEXICO
NEW MEXICO OIL CONSERVATION DIVISION
OCD
EXHIBIT NO. 2
12770

the United States Postal Service undelivered, as evidenced by copies of receipts for certified mail and envelope faces attached hereto as Attachments E through H.

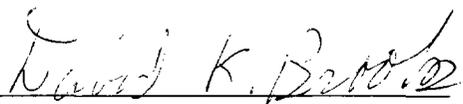
“A copy of the notification letter (Attachment A) was sent to Sierra Blanca Operating Company, by Certified Mail, Return Receipt Requested, at the address shown on Attachment I, and was returned to the Division with an indication ‘Return to Sender - Attempted – Not Known – Unable to Forward,’ notwithstanding that the return receipt, indicating receipt by ‘M. Balink’ was also returned to the Division, as evidenced by copies of the postal receipt, return receipt and envelope face attached hereto as Attachment I.

“A copy of the notification letter (Attachment A) was sent to Sierra Operating Company, c/o Clyde A. Lilley, by Certified Mail, Return Receipt Requested, at the address shown on Attachment J, and was returned to the Division with an indication ‘Not Deliverable as Addressed – Unable to Forward,’ notwithstanding that the return receipt, indicating receipt by ‘M. Balink’ was also returned to the Division, as evidenced by copies of the postal receipt, return receipt and envelope face attached hereto as Attachment J.

“A copy of the notification letter (Attachment A) was sent to Sierra Operating Company, c/o Clyde A. Lilley, by Certified Mail, Return Receipt Requested, at the address shown on Attachment K, as evidenced by copy of postal receipt attached hereto as Attachment K. Said letter has not been returned to the Oil Conservation Division, nor has the return receipt mailed therewith been returned to the Division.

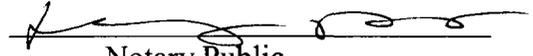
“A copy of the notification letter (Attachment A) was sent to Sierra Operating Company, c/o Rick Dickerson, by Certified Mail, Return Receipt Requested, at the address shown on Attachment L, an address furnished by the Railroad Commission of Texas, as evidenced by copy of postal receipt attached hereto as Attachment L. Said letter has not been returned to the Oil Conservation Division, nor has the return receipt mailed therewith been returned to the Division.

Further Affiant sayeth not.



David K. Brooks

Subscribed and sworn to in the City of Santa Fe, County of Santa Fe, State of New Mexico, this 15th day of November, 2001. Witness my hand and seal of office.



Notary Public
State of New Mexico

[SEAL]

My commission expires 2/18, 2003



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Jennifer A. Salisbury
Cabinet Secretary

Lori Wrotenberg
Director
Oil Conservation Division

October 25, 2001

Case 12770

Ladies and Gentlemen:

You are hereby notified that the New Mexico Oil Conservation Division has filed the referenced Application, a copy of which is enclosed herewith, seeking an Order requiring Sierra Blanca Operating Company or its sureties to properly plug and abandon Ninety (90) wells located in Lea County, New Mexico, specifically identified in said application.

A hearing on this Application will take place before a Division hearing officer on Thursday, November 15, 2001, at 8:15 a.m., in the Division Hearing Room, First Floor, 1220 South St. Francis Drive in Santa Fe, New Mexico. At that hearing you will have an opportunity to show cause, if any there be, why an order should not be entered as requested in the Application.

Inquiries concerning this application may be directed to the undersigned in the Santa Fe office at (505)-476-3450.

Very truly yours,

David K. Brooks
Assistant General Counsel

Attachment A

October 24, 2001

Sierra Blanca Operating Company
808 Turner
Cleburne, TX 76031

301 N. Main
Roswell, NM 88201

728 Briar Lane
Rockdale, TX 76567

C/o Clyde A. Lilley
119 N. Washington Ave, Suite 6

P.O.Box 708
Marble Falls, TX 78654

110 Avenue H, Suite 208
Marble Falls, TX 78654

C/o Rick Dickerson
6350 New Braunfels, Suite 214
San Antonio, TX 78209

210 Angeles
Ruidoso, NM 88345

P.O.Box 1623
Ruidoso, NM 88345

Underwriters Indemnity Company
8 Greenway Plaza, Suite 400
Houston, TX 77046

International Fidelity Insurance Company
1309 Broadway
Little Rock, AR 72202

International Fidelity Insurance Company
One Newark Center, 20th Floor
Newark, NJ 07102-5207

VIA: CERTIFIED MAIL, RETURN RECEIPT REQUESTED

Re: Case No. 12770 : Application of the New Mexico Oil Conservation Division for an Order Requiring Sierra Blanca Operating Company to Properly Plug Ninety (90) Wells in Lea County, New Mexico, Authorizing the Division to Plug Said Wells and Ordering a Forfeiture of Applicable Plugging Bonds and Cash Collateral.

U.S. Postal Service
CERTIFIED MAIL RECEIPT
 (Domestic Mail Only; No Insurance Coverage Provided)

7000 0520 0021 6896 3423

Postage	\$
Certified Fee	
Return Receipt Fee (Endorsement Required)	
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$



Recipient's Name (Please Print Clearly) (To be completed by mailer)

Street, Apt. No.; or PO Box No.

City, State, ZIP+ 4

PS Form 3800, February 2000 See Reverse for Instructions

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:

Underwriters Indemnity Co.
 8 Greenway Plaza, Suite 400
 Houston, TX 77046

COMPLETE THIS SECTION ON DELIVERY

(2770 FL

A. Received by (Please Print Clearly) P TAYLOR	B. Date of Delivery 10-24-01
C. Signature P Taylor	<input type="checkbox"/> Agent <input type="checkbox"/> Addressee
D. Is delivery address different from item 1? <input type="checkbox"/> Yes If YES, enter delivery address below: <input type="checkbox"/> No	

3. Service Type

Certified Mail Express Mail

Registered Return Receipt for Merchandise

Insured Mail C.O.D.

4. Restricted Delivery? (Extra Fee) Yes

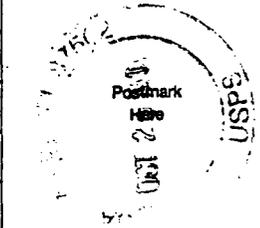
2. Article Number (Copy from service label) 7000 0520 0021 6896 3423

Attachment B

U.S. Postal Service
CERTIFIED MAIL RECEIPT
 (Domestic Mail Only; No Insurance Coverage Provided)

7000 0520 0021 6896 3454

Postage	\$
Certified Fee	
Return Receipt Fee (Endorsement Required)	
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$



Recipient's Name (Please Print Clearly) (To be completed by mailer)
 International Fidelity Insurance Co.
 Street, Apt. No.; or PO Box No.
 One Newark Center, 20th Floor
 City, State, ZIP+4 Newark, NJ 07102-5207

PS Form 3800, February 2000. See Reverse for Instructions

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:
 International Fidelity
 Insurance Company
 One Newark Center, 20th Floor
 Newark, New Jersey 07102-5207

COMPLETE THIS SECTION ON DELIVERY

A. Received by (Please Print Clearly) B. Date of Delivery
 OCT 31 2001

C. Signature
 X *W. Keeney* 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) 7000 0520 0021 6896 3454

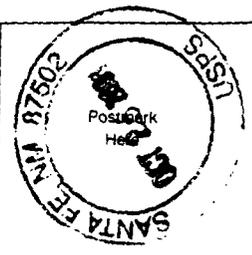
Attachment C

**U.S. Postal Service
CERTIFIED MAIL RECEIPT**

(Domestic Mail Only; No Insurance Coverage Provided)

7248
7248
5TBE
9T00
00HE
6602

Postage	\$
Certified Fee	
Return Receipt Fee (Endorsement Required)	
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$

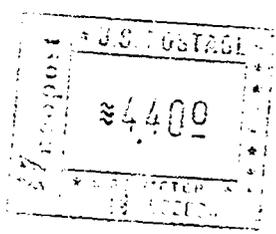
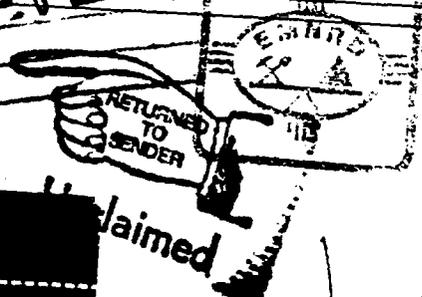


Recipient's Name (Please Print Clearly) (to be completed by mailer)
Sierra Blanca Operating Co.
 Street, Apt. No., or PO Box No. **808 Turner**
 City, State, ZIP+4 **Cleburne, TX 76031**

PS Form 3800, February 2000 See Reverse for Instructions

GENERALS and NATURAL RESOURCES DEPARTMENT

Francis Drive
 First Notice
 Second Notice
 Return Mexico 87505 5472



STICKER AT TOP OF ENVELOPE
 RIGHT OF RETURN ADDRESS.
 FOLD AT DOTTED LINE
CERTIFIED MAIL



0018 3915 7248

Unclaimed
 Sierra Blanca Operating Company
 808 Turner
 Cleburne, TX 76031
 802

Name _____
 1st Notice _____
 2nd Notice _____
 Return _____

87502/8429

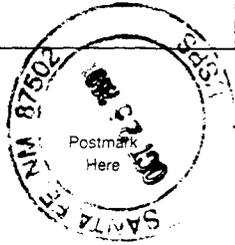


Attachment D

U.S. Postal Service
CERTIFIED MAIL RECEIPT
 (Domestic Mail Only; No Insurance Coverage Provided)

7099 3400 004E 6602
 2724 7224 3915 87502

Postage	\$
Certified Fee	
Return Receipt Fee (Endorsement Required)	
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$

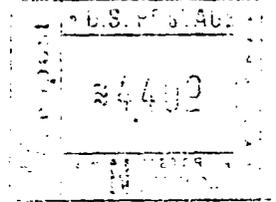


Recipient's Name (Please Print Clearly) (to be completed by mailer)
Sierra Blanca Operating Co.
 Street, Apt. No., or PO Box No. **728 Briar Lane**
 City, State, ZIP+4 **Rockdale, TX 76567**

PS Form 3800, February 2000. See Reverse for Instructions.

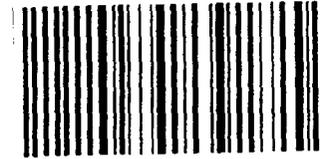
Mexico
MINERALS and NATURAL RESOURCES DEPARTMENT

Saint Francis Drive
 29
 New Mexico 87505
 NO SUCH NUMBER



PLACE STICKER AT TOP OF ENVELOPE TO THE RIGHT OF RETURN ADDRESS. FOLD AT DOTTED LINE.
CERTIFIED MAIL

Sierra Blanca Operating Company
 728 Briar Lane
 Rockdale, TX 76567



400 0018 3915 7224

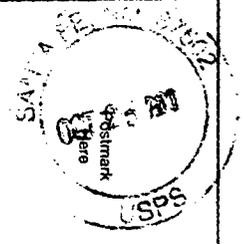
87502/6923

Attachment E

CERTIFIED MAIL™ RECEIPT
(Domestic Mail Only; No Insurance Coverage Provided)

91746 7000 0520 0021 6896 3416

Postage	\$
Certified Fee	
Return Receipt Fee (Endorsement Required)	
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$



Recipient's Name (Please Print Clearly) (To be completed by mailer)
Sierra Blanca Operating Company
Street, Apt. No., or PO Box No. PO Box 1623
City, State, ZIP+4 Ruidoso, NM 88345

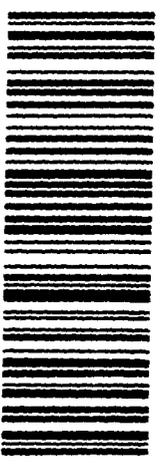
PS Form 3800, February 2000 See Reverse for Instructions

State of New Mexico
ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

1220 South Saint Francis Drive
P.O. Box 6429
Santa Fe, New Mexico 87508-4712

PLACE STICKER AT TOP OF ENVELOPE
TO THE RIGHT OF RETURN ADDRESS.
FOLD AT DOTTED LINE

CERTIFIED MAIL



7000 0520 0021 6896 3416

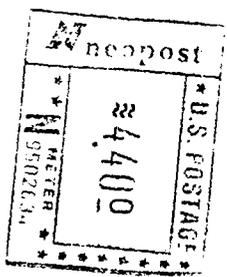
UNCLAIMED
RETURN TO SENDER
REASON CHECKED
POSTAGE DUE KNOWN



Sierra Blanca Operating Company
P.O. Box 1623
Ruidoso, NM 88345

UNCLAIMED
RETURN TO SENDER
REASON CHECKED
POSTAGE DUE KNOWN

Cancel as address



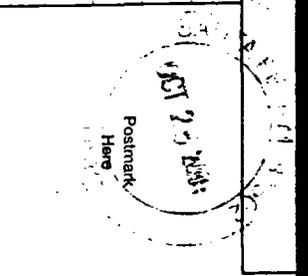
10-27
11-11

Attachment F

U.S. Postal Service
CERTIFIED MAIL RECEIPT
 (Domestic Mail Only: No Insurance Coverage Provided)

7000 0520 0021 6896 3508

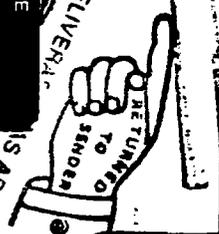
Postage	\$
Certified Fee	
Return Receipt Fee (Endorsement Required)	
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$



Recipient's Name (Please Print Clearly) (To be completed by mailer)
 Sierra Blanca Operating Co
 Street, Apt. No. or PO Box No. 210 Angeles
 City, State, ZIP+ 4 Ruidoso, NM 88345
 PS Form 3800, February 2000 See Reverse for Instructions

State of New Mexico
ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

1220 South Saint Francis Drive
 P.O. Box 6429
 Santa Fe, New Mexico 87505-5472



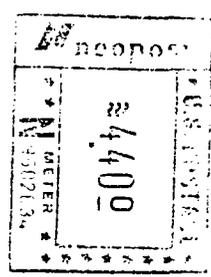
PLACE STICKER AT TOP OF ENVELOPE
 TO THE RIGHT OF RETURN ADDRESS.
 FOLD AT DOTTED LINE
CERTIFIED MAIL



7000 0520 0021 6896 3508

RETURN TO SENDER
 UNDELIVERED
 REASON: UNKNOWN POSTAL OFFICE

"NO MAIL RECEIPTABLE"



Sierra Blanca Operating Company
 210 Angeles
 Ruidoso, NM 88345

ATTENTION: POSTAGE DUE
 SENDER
 RUIDOSO, NM 88345

1-4 00113E
 2 40E
 P.

Attachment G

U.S. Postal Service
CERTIFIED MAIL RECEIPT
 (Domestic Mail Only; No Insurance Coverage Provided)

7099 3400 0018 3915 7194

Postage \$	
Certified Fee	
Return Receipt Fee (Endorsement Required)	
Registered Delivery Fee (Endorsement Required)	
Total Postage & Fees \$	

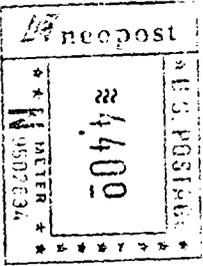
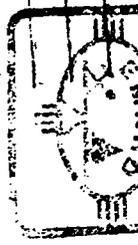
Recipient's Name (Please Print Clearly) (to be completed by mailer)
 Sierra Blanca Operating Company
 Street, Apt. No. or PO Box No.
 110 Avenue H, Suite 208
 City, State, Zip+4
 Marble Falls, TX 78654

PS Form 3800, February 2000 See Reverse for Instructions

State of New Mexico
ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

1220 South Saint Francis Drive
 P.O. Box 6429
 Santa Fe, New Mexico 87502

Name _____
 First Notice _____
 Second Notice _____
 Return _____



PLACE STICKER AT TOP OF ENVELOPE
 TO THE RIGHT OF RETURN ADDRESS
 FOLD AT DOTTED LINE
CERTIFIED MAIL

Sierra Blanca Operating Company
 110 Avenue H, Suite 208
 Marble Falls, TX 78654



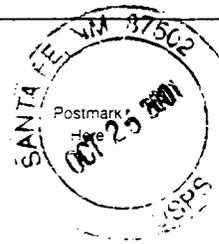
DELIVERY POINT 78654-3400 0018 3915 7194

Attachment H

U.S. Postal Service
CERTIFIED MAIL RECEIPT
 (Domestic Mail Only; No Insurance Coverage Provided)

7099 3400 0018 3915 7231

Postage	\$
Certified Fee	
Return Receipt Fee (Endorsement Required)	
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$



Recipient's Name (Please Print Clearly) (to be completed by mailer)
Sierra Blanca Operating Co.
 Street, Apt. No., or PO Box No.
301 N. Main
 City, State, ZIP+4
Roswell, NM 88201

PS Form 3800, February 2000 See Reverse for Instructions

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:
Sierra Blanca Operating Co.
301 N. Main
Roswell, NM 88201

2. Article Number (Copy from service label)
7099 3400 0018 3915 7231

PS Form 3811, July 1999 Domestic Return Receipt

COMPLETE THIS SECTION ON DELIVERY

A. Received by (Please Print Clearly) **M. Balok** B. Date of Delivery **12720 FL**
 C. Signature **X on Balok** Agent Addressee

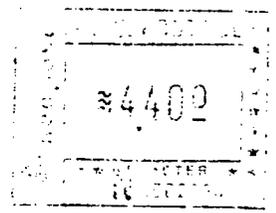
D. Is delivery address different from item 1? Yes No
 If YES, enter delivery address below:

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

4. Restricted Delivery? (Extra Fee) Yes

Mexico
MINERALS and NATURAL RESOURCES DEPARTMENT

Saint Francis Drive
 29
 New Mexico 87505-5472



PLACE STICKER AT TOP OF ENVELOPE TO THE RIGHT OF RETURN ADDRESS. FOLD ALONG DOTTED LINE.
CERTIFIED MAIL

Sierra Blanca Operating Company
 301 N. Main
 Roswell, NM 88201



NIXIE 2009 1 06 10/30/01

Attachment I

RETURN TO SENDER
 ATTEMPTED-NOT KNOWN
 UNABLE TO FORWARD

State of New Mexico
ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

1220 South Saint Francis Drive
 P.O. Box 6429
 Santa Fe, New Mexico 87505-5472

PLACE STICKER AT TOP OF ENVELOPE
 TO THE RIGHT OF RETURN ADDRESS
 FOLD AT DOTTED LINE
CERTIFIED MAIL

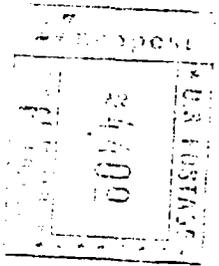


RETURN TO SENDER
 8099 3400 0018 3915 7217

47502-4223

NOT AFFIXABLE
 AS APPROPRIATE
 TO POSTAGE
 N 55

Sierra Blanca Operating Company
 c/o Clyde A. Lilley
 119 N. Washington Ave, Suite 6
 Marble Falls, TX 78654



U.S. Postal Service
CERTIFIED MAIL RECEIPT
 (Domestic Mail Only; No Insurance Coverage Provided)

Postage	\$
Certified Fee	
Return Receipt Fee (Endorsement Required)	
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$



Recipient's Name (Please Print Clearly) (to be completed by mailer)
Sierra Blanca Operating Company
 c/o Clyde A. Lilley
 119 N. Washington Ave
 Marble Falls, TX 78654

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:
 Sierra Blanca Operating Co.
 c/o Clyde A. Lilley
 119 N. Washington Ave. Ste 6
 Marble Falls, TX 78654

COMPLETE THIS SECTION ON DELIVERY

A. Received by (Please Print Clearly) <i>M. Lilley</i>	B. Date of Delivery <i>7/19/99</i>
C. Signature <i>[Signature]</i>	<input type="checkbox"/> Agent <input type="checkbox"/> Addressee
D. Is delivery address different from item 1? <input type="checkbox"/> Yes If YES, enter delivery address below: <input type="checkbox"/> 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 3400 0018 3915 7217

PS Form 3811, July 1999 Domestic Return Receipt

Attachment J

U.S. Postal Service
CERTIFIED MAIL RECEIPT
(Domestic Mail Only; No Insurance Coverage Provided)

3400 001A 3915 7200

[Redacted area]

Postage	\$
Certified Fee	
Return Receipt Fee (Endorsement Required)	
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$



Recipient's Name (Please Print Clearly) (to be completed by mailer)
Sierra Blanca Operating Company
Street, Apt. No. or PO Box No. PO Box 708 C/o Clyde A Lilley
City, State, ZIP-4 Marble Falls, TX 78654

PS Form 3800, February 2000 See Reverse for Instructions

Attachment K

U.S. Postal Service
CERTIFIED MAIL RECEIPT
(Domestic Mail Only; No Insurance Coverage Provided)

7000 0520 0021 6896 3546

--

Postage	\$
Certified Fee	
Return Receipt Fee (Endorsement Required)	
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$



Recipient's Name (Please Print Clearly) (To be completed by mailer)
Sierra Blanca Operating Co.
Street, Apt. No., or PO Box No.
6350 New Braunfels, Ste 214 c/o Rick Dickerson
City, State, ZIP+4
San Antonio, TX 78209

PS Form 3800, February 2000 See Reverse for Instructions

Attachment L