

Notice:

① Petroleum Development Corp.
9720-B Candelaria NE
Albuquerque, NM 87112

② Fred Shelton
c/o David S. Stubblefield
2906 McKinney Ave
Dallas, TX 75204

Norwest Bank
③ ~~United New Mexico Bank (Norwest?)~~
P.O. Box 1081
Albuquerque, NM 87103-1081

Savings/CD No. 40000-86555

060-431

BLANKET CASH PLUGGING BOND

KNOW ALL MEN BY THESE PRESENTS THAT Petroleum Development Corporation
(XXXXXXXXXXXXXXXXXXXXXXXXXXXX) (a corporation organized in the
State of New Mexico, with its principal office in the city of
Albuquerque, State of New Mexico 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.

Petroleum Development Corporation
OPERATOR

9720 B Candelaria N.E.
ADDRESS

Albuquerque, NM 87112
CITY, STATE AND ZIP

By Jim C. Johnson Title
Signature Title
Jim C. Johnson - Vice President

93 MAR 7 AM 9 30
OIL CONSERVATION DIVISION
RECEIVED

8CD-431

ASSIGNMENT OF CASH COLLATERAL DEPOSIT

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

Date May 04, 1993

Pursuant to Section 70-2-14, NMSA (1978), or successor provisions, Petroleum Development Corporation (hereinafter referred to as "operator") of 9720 B Candelaria N.E. Albu. NM (address) has deposited with the United New Mexico Bank (name of state or national bank or savings association) of Post Office Box 1081 Albu. NM 87103-1081 (address) (herein termed financial institution), the sum of \$50,000 dollars in Certificate of Deposit or savings account No. 40000-86555. 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:

- 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.
- 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.
- 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.

[Signature]
Signature of Operator,
Personally or by Authorized Officer

VP
Title

[Signature]
Signature of Authorized Officer of
Financial Institution

Branch Manager
Title

STATE OF NEW MEXICO.
COUNTY OF Bernalillo ss.

On this 4th day of May, 19 93, before me personally appeared James J. Hanson and [Signature], 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.

My Commission expires:

4-28-96

[Signature]
NOTARY PUBLIC

REGISTERED OWNER(S): ****Petroleum Development Corporation****

NEW MEXICO BANK

THE TERMS OF THE DEPOSIT CONTRACT: Registered Owner(s) has deposited the amount of .

\$ ****\$50,000.00**** IN **United New Mexico Bank in Albuquerque** ("BANK").

UNITED N. M. BANK 50,000.00
AT ALBUQUERQUE

which is payable to Registered Owner(s) in accordance with the terms of this deposit contract.

ISSUE DATE: **5/4/93** INITIAL MATURITY DATE: **5/4/96** INITIAL TERM: **3 Years**

(Include Months/Days)

INITIAL INTEREST RATE: **4.5%** ☒ AUTOMATICALLY RENEWED ☐ SINGLE MATURITY

INTEREST COMPOUNDED ☒ NO ☐ YES FREQUENCY *******

INTEREST TYPE: ☒ FIXED RATE ☐ VARIABLE RATE: INITIAL INDEX RATE ******* %

INDEX RATE: ******* FREQUENCY OF ADJUSTMENT *******

☐ Additions permitted in a minimum amount of \$ *******

WHEN INTEREST

IS PAID: ☐ MATURITY ☐ QUARTERLY ☐ SEMI ANNUALLY ☐ ANNUALLY ☒ Monthly

HOW INTEREST

IS PAID: ☐ ADD TO PRINCIPAL ☒ CHECKING ☐ SAVINGS # *******

☐ OTHER **OFFICER #** **BRANCH #**

MAILING ADDRESS OF REGISTERED OWNER/NAME 1:

9720 Candelaria NE Ste. B

Albq. NM 87112

TELEPHONE NUMBER OF REGISTERED OWNER/NAME 1:

HOME: *******

WORK: **293-4044**

DATE OF BIRTH/NAME 1 *******

NAME 1

CERTIFICATION OF FEDERAL TAXPAYER IDENTIFICATION NUMBER

Under penalties of perjury, I certify:

- the number shown on this form is my correct federal taxpayer identification number, and
- I am not subject to backup withholding either because I have not been notified by the Internal Revenue Service 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

(Registered Owner Signature/Name 1)

Fixed Rate If the Fixed Rate Interest box is checked, the rate of interest paid on the deposit will be the same for the entire term of the deposit.

Variable Rate If the Variable Rate interest box is checked, the rate of interest paid on this deposit will be adjusted at the adjustment frequency stated above. On each adjustment date the rate of interest will be adjusted to equal the Index Rate. That rate will be paid until the next adjustment is made. The Initial Index Rate stated above will be paid to the first adjustment date.

Automatically Renewed If the Automatic Renewal box is checked, then this certificate, and the deposit it represents, will be automatically renewed at maturity unless it is presented for payment within seven days after the Initial Maturity Date or any subsequent maturity date. Each renewal term will be the same length as the Initial Term. The interest rate at renewal will be the lesser of the Initial Index Rate or the rate offered by Bank on deposits of this type and term in effect on each respective renewal date. The compounding frequency at renewal will be the same as that in effect on the last day of the Initial Term. This certificate may be renewed more than once by the Registered Owner(s). Bank may prevent automatic renewal by mailing written notice of its intention not to renew to Registered Owner(s) not less than thirty days before the Initial Maturity Date, or any subsequent maturity date, to the mailing address of Registered Owner/Name 1 specified above or to such other address as Registered Owner(s) may instruct Bank in writing.

Single Maturity If the Single Maturity box is checked, then this certificate and the deposit it represents matures on the Initial Maturity Date. Interest will cease at maturity.

If the Additions permitted box is checked, additions to this deposit are permitted but only during the first year of the Initial Term of the deposit and only in an amount equal to or greater than the minimum amount specified above. Making permissible additions to this deposit will not extend its Initial Term. Interest will be paid on additions from date of deposit at a rate equal to the rate being paid on funds already on deposit, subject to adjustment if the deposit has a variable interest rate feature.

Compounding The compounding frequency will not change during the Initial Term or any renewal term unless Bank gives Registered Owner(s) not less than seven days written notice of a change mailed to the mailing address of Registered Owner/Name 1 specified above or to such other address as Registered Owner(s) may instruct Bank in writing.

Penalty For Early Withdrawal Registered Owner(s) has agreed by opening this time deposit account to keep these funds on deposit until the Initial Maturity Date of the Initial Term and for the full maturity of any subsequent renewals. Subject to the exceptions stated below, the deposit of Registered Owner(s) may not be withdrawn prior to maturity, except with Bank's consent, which may be withheld in Bank's sole and absolute discretion. Bank may require Registered Owner(s) to give Bank not less than seven days notice of Registered Owner(s) request for Bank to consent to an early withdrawal on Registered Owner(s) deposit. If Bank permits Registered Owner(s) to withdraw all or part of Registered Owner(s) deposit before maturity, Bank will impose the following SUBSTANTIAL PENALTY.

Time Deposit With Initial Term Of Not Less Than Seven Days But Not More Than Thirty-One Days: Forfeiture of an amount that is equal to seven days interest on the amount withdrawn at the simple interest rate in effect for the term of the deposit, regardless of the length of time the funds were on deposit.

Time Deposit With Initial Term Of Thirty-Two Days To One Year: Forfeiture of an amount equal to one months interest on the amount withdrawn at the simple interest rate in effect for the term of the deposit, regardless of the length of time the funds were on deposit.

Time Deposit With Initial Term Of More Than One Year: Forfeiture of an amount equal to three months interest on the amount withdrawn at the simple interest rate in effect for the term of the deposit, regardless of the length of time the funds were on deposit.

Variable Rate Deposits: If the time deposit is a variable rate deposit, the simple interest rate, for purposes of calculating the penalty for early withdrawal, will be the greater of (1) the rate in effect on the date the account was opened or (2) the rate in effect when the withdrawal was made.

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

Any amendment of your time deposit contract that results in an increase in the rate of interest paid or a reduction in the maturity of the deposit constitutes a payment in full of the time deposit before maturity, for which the penalty for early withdrawal may be payable on the entire amount of the deposit.

Minimum Balance Accounts: For any time deposit account which requires a minimum initial deposit or a minimum balance, we reserve the right to treat any withdrawal which would reduce the balance remaining in the account below such minimum as a withdrawal of the entire account balance and calculate the amount of the penalty accordingly. This right is in addition to any other conditions stated in this certificate or other agreement between Registered Owner(s) and Bank.

Exception Bank is permitted, in its discretion, to allow an early withdrawal and modify or waive the above penalty if:

- any account owner dies or is declared incompetent, or
- this is an investment for an I.R.A. or Keogh account and Registered Owner(s) is(are) at least 59½ years of age or disabled at the time of the withdrawal request, or
- this is an investment for 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).

CD CANCELLATION FORM

CANCELLATION AMOUNT: \$ **RECORD CODE: 280**

AMOUNT INTEREST PAID/FORFEITED:

DATE CANCELLED: **PROCESSED BY:**

DISBURSEMENT OF FUNDS/ROLLOVER CD NUMBER:

MEMBER FDIC

United New Mexico Bank at Albuquerque

Wally Rowe
Authorized Signature
Branch Manager
Title

509 (REV. 5/90)

SAFEKEEPING / 020-431

COLLATERAL RECEIPT NEW MEXICO BANK
(NON-NEGOTIABLE)



Customer(s) William Development Corp.

Address _____

No. SK - 21030

Date 5-4-83

UNITED NEW MEXICO BANK AT ALBUQUERQUE

acknowledges receipt from the Customer(s) of the following described property ☐ for safekeeping ☐ as collateral subject to the terms and conditions printed on the back of this form. The property will be returned to the Customer(s) only upon surrender of this receipt.

No. of Items	Description	Certificate Number	Maturity Date	Number of Shares	Face Amount
1	CD # 40000 816535 (Placed)		5/4/96		\$50,000.00

Date Accepted 5-4-83

UNITED NEW MEXICO BANK AT ALBUQUERQUE
[Signature]
(Officer)

312 (rev. 9/82) Write: Customer
Yellow: Register File

Pink: Branch File
G/Rod: Credit File

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

CASE NO. 9074 (REOPENED)
ORDER NO. R-8404-A

IN THE MATTER OF CASE 9074 BEING
REOPENED UPON THE APPLICATION OF
SUNTEX ENERGY CORPORATION TO
VACATE OR MODIFY DIVISION ORDER
NO. R-8404 ENTERED IN SAID CASE
9074, RIO ARriba COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on September 9, 1987, at Santa Fe, New Mexico before Examiner Michael E. Stogner.

NOW, on this 9th day of December, 1987, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS THAT:

(1) Due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.

(2) At the time of the hearing this case was consolidated with Reopened Cases Nos. 8863 and 8864 for the purpose of testimony.

(3) By Order No. R-8404, issued in Case No. 9074 and dated February 26, 1987, the Division ordered Texas Rose Petroleum, Inc., as the owner and operator, and The Travelers Indemnity Company, as the surety on the plugging bonds, to either plug and abandon or recomplete as producers the following described wells by March 31, 1987:

Well No. 1 located 1824 feet from the South line and 1778 feet from the East line (Unit J) of Section 14;

Well No. 2 located 618 feet from the South line and 2418 feet from the West line (Unit N) of Section 14;

Well No. 3 located 967 feet from the South line and 2148 feet from the West line (Unit N) of Section 11;

Well No. 7 located 990 feet from the South line and 2310 feet from the East line (Unit O) of Section 14; and,

Well No. 8 located 2310 feet from the South and West lines (Unit K) of Section 14;

all on the El Poso Ranch Lease in Township 28 North, Range 1 East, NMPM, Rio Arriba County, New Mexico, as projected into the unsurveyed Tierra Amarilla Land Grant.

(4) Subsequent to the original hearing date in this case (February 18, 1987) and prior to March 31, 1987 no effort by the operator to either recomplete or complete the subject wells as producers was made, therefore, pursuant to the provisions of said Order No. R-8404 it became necessary for the Division's Aztec District Office to take the necessary steps to properly plug and abandon the subject wells.

(5) At this time the applicant, Suntex Energy Corporation, seeks to either vacate or modify said Order No. R-8404 so that it may be allowed to either complete or recomplete the subject wells as producers.

(6) At the hearing the applicant failed to present adequate testimony or evidence to show that it presently has sufficient capital to operate the subject wells.

(7) The applicant also failed to present sufficient evidence to support a finding that the subject wells could be operated in a prudent manner.

(8) Further delay in plugging the subject wells could increase the risk of waste occurring, correlative rights being violated, or the contamination of fresh waters.

(9) This application should therefore be denied and Division Order No. R-8404 should remain in full force and effect.

IT IS THEREFORE ORDERED THAT:

(1) The application of Suntex Energy Corporation to vacate or modify Division Order No. R-8404, dated February 26, 1987, so that they may be allowed to either complete or recomplete the following described wells as producers:

Well No. 1 located 1824 feet from the South line and 1778 feet from the East line (Unit J) of Section 14;

Well No. 2 located 618 feet from the South line and 2418 feet from the West line (Unit N) of Section 14;

Well No. 3 located 967 feet from the South line and 2148 feet* from the West line (Unit N) of Section 11;

Well No. 7 located 990 feet from the South line and 2310 feet from the East line (Unit O) of Section 14; and,

Well No. 8 located 2310 feet from the South and West lines (Unit K) of Section 14;

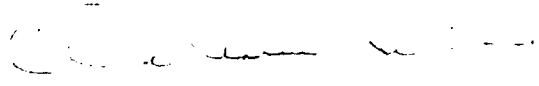
all on the El Poso Ranch Lease in Township 28 North, Range 1 East, NMPM, Rio Arriba County, New Mexico, as projected into the unsurveyed Tierra Amarilla Land Grant, is hereby denied.

(2) Said Order No. R-8404 shall remain in full force and effect.

(3) Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


WILLIAM J. LEMAY
Director

S E A L

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

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

CASE NO. 9074 (DE NOVO)
Order No. R-8404-B

APPLICATION OF SUNTEX ENERGY
CORPORATION TO VACATE OR MODIFY
DIVISION ORDER NO. R-8404 ENTERED
IN SAID CASE 9074, RIO ARRIBA
COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing de novo at 9 a.m. on March 17, 1988, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this 7th day of April, 1988, the Commission, a quorum being present, having considered the record and being fully advised in the premises,

FINDS THAT:

(1) Due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.

(2) The matter came on for hearing at 8:15 a.m. on September 9, 1987, at Santa Fe, New Mexico, before Examiner Michael E. Stogner and, pursuant to that hearing, Order No. R-8404-A was issued on December 9, 1987, which denied Suntex Energy Corporation's application to vacate or modify Division Order No. R-8404.

(3) On January 11, 1988, application for Hearing De Novo was made by Suntex Energy Corporation and Alana Oil and Gas Corporation and the matter was set for hearing before the Commission.

(4) The matter came on for hearing de novo on March 17, 1988.

(5) No appearance was made by the applicants at said hearing.

(6) Case No. 9074 (De Novo) should be dismissed.

IT IS THEREFORE ORDERED THAT:

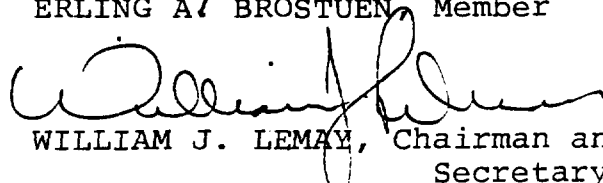
(1) Case No. 9074 (De Novo) is hereby dismissed and Order No. R-8404-A is hereby continued in full force and effect.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION


WILLIAM R. HUMPHRIES, Member


ERLING A. BROSTUEN, Member


WILLIAM J. LEMAY, Chairman and
Secretary

S E A L

fd/

CMD :
OG6CBBD

ONGARD
CAPTURE BLANKET BONDS

09/11/95 07:26:13
OGOJDR -EMFK

OGRID Identifier : 17470 Bond Idn : 10376 Bond Status : A
Operator Name, Address : PETROLEUM DEVELOPMENT CORP
9720 B CANDELARIA NE
ALBUQUERQUE, NM 87112

Bond Details - Type (Cash/Surety - C/S) : C Bond Co Idn : 13 Amount : 50000
Company OGRID Identifier : 26412 ~~NORWEST BANK~~
Company Name, Address : ~~UNITED NEW MEXICO BANK~~
P O BOX 1081
ALBUQUERQUE, NM 87103

Limited as to future Liability (Y/N) : N If Limited, End Date :

Effective Date : 01-01-1900 Cancellation Date : 12-31-9999

Issuer Bond No : OCD431

E7024: Only view is allowed

PF01 HELP	PF02	PF03 EXIT	PF04 GoTo	PF05	PF06 CONFIRM
PF07	PF08	PF09 COMMENT	PF10 NXTBOND	PF11	PF12