

NM1 - 13

BONDS



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop
Cabinet Secretary

September 17, 2003

Lori Wrotenberg

Director
Oil Conservation Division

Mr. Sherry K. Miller
Environmental Plus, Inc.
P.O. Box 1558
Eunice, NM 88231

RE: \$75,000 Surety Bond
Commercial Surface Waste Management Facility Permit NM-01-0013
Environmental Plus, Inc., Principal
RLI Insurance Company, Surety
SW/4 NW/4 and the NW/4 NW/4 of Section 14, and the SE/4 NE/4 and the NE/4
NE/4 of Section 15, Township 22 South, Range 37 East, NMPM,
Lea County, New Mexico
Bond No. RLB0006022 and Rider No. 6

Dear Ms. Miller:

The New Mexico Oil Conservation Division hereby approves the above-referenced Commercial Surface Waste Management Facility Surety Bond and Rider.

Sincerely,

A handwritten signature in cursive script, appearing to read "Gail MacQuesten".

Gail MacQuesten,
Assistant General Counsel

GM: mjk

Enclosure: Copy of Surety Bond No. RLB0006022 and Rider No. 6

xc with attachment:

Hobbs OCD Office
Greg E. Chilson, RLI Insurance Co., 8 Greenway Plaza, Suite 400, Houston, TX 77046

RECEIVED

SEP 15 2003

OIL CONSERVATION
DIVISION

RIDER NO. 6

Attaching to and forming part of Bond for Commercial Surface Waste Disposal Facility, Bond No. UIB0004276, executed September 1, 1993, on behalf of Environmental Plus, Inc. as Principal, in favor of the State of New Mexico as Obligee, in the amount of Seventy Five Thousand and No/100 Dollars (\$75,000.00).

It is understood and agreed that effective September 1, 2003, the Surety Company on the above referenced bond is amended to read **RLI Insurance Company**.

It is also understood and agreed that effective September 1, 2003, the bond number for the above referenced bond is amended from UIB0004276 to RLB0006022.

All other conditions and terms to remain as originally written or previously changed by rider.

Signed, sealed and dated this 1st day of September, 2003.

Environmental Plus, Inc.

Principal

By: Ben Miller

RLI Insurance Company
8 Greenway Plaza, Suite 400
Houston, TX 77046

Surety

By: Greg E. Chilson

Greg E. Chilson, Attorney-in-Fact



**THE REPRODUCTION OF
THE
FOLLOWING
DOCUMENT (S)
CANNOT BE IMPROVED
DUE TO
THE CONDITION OF
THE ORIGINAL**



9025 North Lindbergh Dr. • Peoria, IL 61615
(309) 692-1000 or (800) 645-2402

RLB0006022

POWER OF ATTORNEY

RLI Insurance Company

Know All Men by These Presents:

That the RLI INSURANCE COMPANY, a corporation organized and existing under the laws of the State of Illinois, and authorized and licensed to do business in all states and the District of Columbia does hereby make, constitute and appoint: GREG E. CHILSON

in the City of HOUSTON, State of TEXAS, as Attorney-in-Fact, with full power and authority hereby conferred upon him to sign, execute, acknowledge and deliver for and on its behalf as Surety and as its act and deed, all of the following classes of documents to-wit:

\$75,000.00

Indemnity, Surety and Undertakings that may be desired by contract, or may be given in any action or proceeding in any court of law or equity; policies indemnifying employers against loss or damage caused by the misconduct of their employees, official, bail and surety and fidelity bonds. Indemnity in all cases where indemnity may be lawfully given; and with full power and authority to execute consents and waivers to modify or change or extend any bond or document executed for this Company and to compromise and settle any and all claims or demands made or existing against said Company.

The RLI INSURANCE COMPANY further certifies that the following is a true and exact copy of a Resolution adopted by the Board of Directors of RLI Insurance Company, and now in force to-wit:

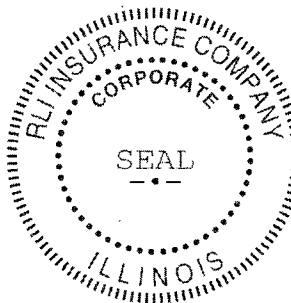
"All bonds, policies, undertakings, Powers of Attorney, or other obligations of the corporation shall be executed in the corporate name of the Company by the President, Secretary, any Assistant Secretary, Treasurer, or any Vice President, or by such other officers as the Board of Directors may authorize. The President, any Vice President, Secretary, any Assistant Secretary, or the Treasurer may appoint Attorneys-in-Fact or Agents who shall have authority to issue bonds, policies, or undertakings in the name of the Company. The corporate seal is not necessary for the validity of any bonds, policies, undertakings, Powers of Attorney, or other obligations of the corporation. The signature of any such officer and the corporate seal may be printed by facsimile."

(Blue shaded areas above indicate authenticity)

IN WITNESS WHEREOF, the RLI Insurance Company has caused these presents to be executed by its PRESIDENT with its corporate seal affixed this

ATTEST:

Camille J. Hensey
Corporate Secretary



By: Jonathan E. Michael
President

State of Illinois)
County of Peoria) SS

On this 1 day of Sept. 2003 before me, a Notary Public, personally appeared Jonathan E. Michael and Camille J. Hensey, who being by me duly sworn, acknowledged that they signed the above Power of Attorney as President and Corporate Secretary, respectively, of the said RLI INSURANCE COMPANY, and acknowledged said instrument to be the voluntary act and deed of said corporation.

Cherie L. Montgomery
Notary Public



UNDERWRITERS INDEMNITY COMPANY

(Now Known As Lexon Insurance Company)

April 30, 2003

TO UNDERWRITERS INDEMNITY COMPANY BOND PRINCIPALS & OBLIGEEES:

We want to take this opportunity to let you know about some important changes that are happening at Underwriters Indemnity Company ("UIC").

As you may know, since 1999, UIC has been part of the RLI Corp. family. RLI Corp. is a New York Stock Exchange listed company that operates its insurance business through a variety of affiliated insurance companies. RLI Corp.'s flagship insurance company is RLI Insurance Company, an A, IX, A.M. Best rated insurer.

Effective April 30, 2003, RLI Insurance Company assumed all of UIC's obligations under bonds and any policies of insurance it issued. As a result, Underwriters Indemnity Division of RLI Insurance Company is now the surety on all of UIC's previously issued bonds and the insurer on any policy of insurance. In addition, any obligations under indemnity agreement entered into with UIC are now owed to RLI Insurance Company.

You should also be aware that UIC has changed its name to Lexon Insurance Company. This assumption by RLI Insurance Company is in anticipation of Lexon Insurance Company coming under new ownership outside the RLI Corp. family in the near future.

These changes will not affect the service you have come to expect. Any questions should still be directed to my attention at the following address:

Roy C. Die, Vice President
Underwriters Indemnity Division of
RLI Insurance Company
8 Greenway Plaza Ste. 400
Houston, Texas 77046
713.961.1300 Telephone
800.223.2293 Toll Free Telephone
713.961.0285 Fax

Unless we hear from you in writing at the above address prior to September 15, 2003, we will assume that you have agreed to the assumption of UIC obligations by RLI Insurance Company.

Very truly yours,

UNDERWRITERS INDEMNITY COMPANY
(Now Known As Lexon Insurance Company)

By: _____

Roy C. Die, President



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop
Cabinet Secretary

February 4, 2003

Lori Wrotenberg

Director

Oil Conservation Division

CERTIFIED MAIL

RETURN RECEIPT NO. 7001 1940 0004 3929 8867

Ms. Sherry K. Miller
Environmental Plus, Inc.
P.O. Box 1558
Eunice, NM 88231

**RE: \$75,000 Surety Bond
Commercial Surface Waste Management Facility Permit NM-01-0013
Environmental Plus, Inc., Principal
Underwriters Indemnity Company, Surety
SW/4 NW/4 and the NW/4 NW/4 of Section 14, and the SE/4 NE/4 and the NE/4
NE/4 of Section 15, Township 22 South, Range 37 East, NMPM,
Lea County, New Mexico
Bond No. UIB0004276 and Rider No. 5**

Dear Ms. Sherry K. Miller:

The New Mexico Oil Conservation Division hereby approves the above-referenced Commercial Surface Waste Management Facility Surety Bond and Rider.

Sincerely,

A handwritten signature in cursive script that reads "David K. Brooks".

David K. Brooks,
Assistant General Counsel

DKB: mjk

Enclosure: Copy of Surety Bond No. UIB0004276 and Rider No. 5

xc with attachment:

Hobbs OCD Office

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

GENERAL POWER OF ATTORNEY

CERTIFIED COPY

KNOW ALL MEN BY THESE PRESENTS: That **UNDERWRITERS INDEMNITY COMPANY**, a corporation organized and existing under the laws of the State of Texas, and having its principal office in the City of Houston, Texas, does hereby constitute and appoint:

Greg E. Chilson

as true and lawful attorney-in-fact to execute, seal and deliver for and on its behalf as surety, any and all bonds and undertakings, recognizances, contracts of indemnity and other writings obligatory in the nature thereof, which are or may be allowed, required or permitted by law, statute, rule, regulation, contract or otherwise, in an amount not to exceed:

\$75,000.00

and the execution of all such instrument(s) in pursuance of these presents, shall be binding upon said **UNDERWRITERS INDEMNITY 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. This Power of Attorney is executed, and may be certified to and may be revoked, pursuant to and by authority of a resolution enacted by the Board of Directors of **UNDERWRITERS INDEMNITY COMPANY**. The following is a true transcript of said resolution:

That at all times since the formation of this corporation, the President or any Vice President, Assistant Vice President, Secretary or Assistant Secretary shall have power and authority.

- (1) 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
- (2) to appoint special attorneys-in-fact, who are hereby authorized to certify to copies of any power-of-attorney issued in pursuance of this section and/or any of the Bylaws of the Company, and
- (3) to remove, at any time, any such attorney-in-fact or special attorney-in-fact and revoke the authority given to him.

Further, this Power of Attorney is signed and sealed by facsimile pursuant to resolution of the Board of Directors of said company adopted by consent of which the following is a true excerpt:

"Now therefore the signatures of such officers and the seal of the Company may be affixed to any such power of attorney or any certificate relating thereto by facsimile, and any such power of attorney or certificate bearing such facsimile signatures or facsimile seal shall be valid and binding upon the company and any such power so executed and certified by facsimile signatures and facsimile seal shall be valid and binding upon the company in the future with respect to any bond or undertaking to which it is attached."

IN TESTIMONY WHEREOF, **UNDERWRITERS INDEMNITY COMPANY** has caused this instrument to be signed and its corporate seal to be affixed by its authorized officer, Roy C. Die; on this the 30th day of July, 2001.

STATE OF TEXAS

COUNTY OF HARRIS

On this 30th day of July, 2001, before me came the individual who executed the preceding instrument, to me personally known, and, being duly sworn, said that he is the therein described and authorized officer of **UNDERWRITERS INDEMNITY COMPANY**; that the seal affixed to said instrument is the Corporate Seal of said company; that the said Corporate Seal and his signature were duly affixed by order of the Board of Directors of said company.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my Official Seal in the City of Houston, Texas, the day and year first above written.



Nancy Cruz
Notary Public, Harris County, Texas

Roy C. Die

Roy C. Die President

CERTIFICATION

I, the undersigned officer of **UNDERWRITERS INDEMNITY COMPANY**, do hereby certify that I have compared the foregoing copy of the Power of Attorney and affidavit, and the copy of the Section of the By-Laws of said company as set forth in said Power of Attorney, and that the same are correct transcripts thereof, and of the whole of the said originals, and that the said Power of Attorney has not been revoked and is now in full force and effect.

IN TESTIMONY WHEREOF, I have hereunto set my hand this 19 day of Nov., 2002.

Greg E. Chilson

Greg E. Chilson Assistant Secretary

Only a certified copy of Power of Attorney bearing the Certificate of Authority No. printed in red on the upper right corner is binding. Photocopies, carbon copies or other reproductions of this document are invalid and not binding upon the company.

ANY INSTRUMENT ISSUED IN EXCESS OF THE PENALTY AMOUNT STATED ABOVE IS TOTALLY VOID AND WITHOUT VALIDITY.

OIL CONSERVATION DIVISION
RECEIVED

\$25,000.00 BOND FOR COMMERCIAL SURFACE WASTE DISPOSAL FACILITY

'93 SEP 13 AM 9 53

BOND NO. BO4276
(For Use of Surety Company)

File with Oil Conservation Division, P. O. Box 2088, Santa Fe, New Mexico 87504

KNOW ALL MEN BY THESE PRESENTS:

That ENVIRONMENTAL PLUS, INC., ~~XXXXXXXXXXXXXXX~~
~~XXXXXXXXXX~~ (a corporation organized in the State of New Mexico,
with its principal office in the City of Eunice, State of New Mexico,
and authorized to do business in the State of New Mexico), as
PRINCIPAL, and UNDERWRITERS INDEMNITY COMPANY, a corporation
organized and existing under the laws of the State of Texas,
and authorized to do business in the State of New Mexico with duly appointed resident
agent licensed in the State of New Mexico to execute this bond on behalf of the
surety company, as SURETY, are held firmly bound unto the State of New Mexico, for
the use and benefit of the Oil Conservation Division of the Energy, Minerals and
Natural Resources Department pursuant to Chapter 72, Laws of New Mexico, 1935, as
amended, and to the State of New Mexico in the sum of Twenty Five Thousand
(\$25,000.00) Dollars 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 the
collection, disposal or storage of produced water and/or other oil field related
waste in Section 15, Township 22 (~~North~~) (South), Range 37 (~~East~~)
~~West~~, N.M.P.M., Lea County, New Mexico.

NOW, THEREFORE, This \$25,000 performance bond is conditioned upon substantial
compliance with all applicable statutes of the State of New Mexico and all rules,
regulations, and orders of the Oil Conservation Division of the Energy and Minerals
Department, and upon clean-up of the facility site to standards of the Oil
Conservation Division; otherwise the principal amount of the bond to be forfeited to
the State of New Mexico.

PROVIDED, HOWEVER, That sixty (60) days after receipt by the Oil Conservation
Division of written notice of cancellation from the Surety, the obligation of the
Surety shall terminate as to activities or operations conducted by PRINCIPAL after
said sixty (60) day period but shall continue in effect, notwithstanding said notice,
as to such activities or operations conducted or commenced before the expiration of
the sixty day period.

Signed and sealed this 1st day of September, 19 93.

ENVIRONMENTAL PLUS, INC.

PRINCIPAL

P.O. Box 969

Eunice, NM 88231

Mailing Address

By

Charlie Betts, Pres.
Signature Title

UNDERWRITERS INDEMNITY COMPANY

SURETY

8 Greenway Plaza, Suite 4000

Houston, TX 77046

Mailing Address

By

Roy C. Die
Attorney-In-Fact, Roy C. Die

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

(Note: Corporate surety affix corporate
seal here.)

Note: If corporate surety executes this bond by an attorney-in-fact not in New
Mexico, the resident New Mexico agent shall countersign here below.)

Countersigned by:

Glenn H. Dwyer

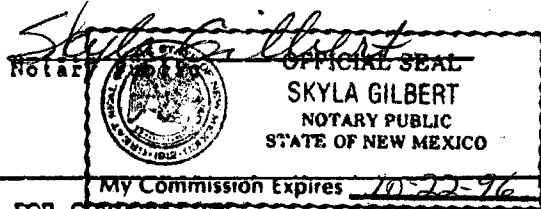
Glenn H. Danford
New Mexico Resident Agent
STATE OF New Mexico)
COUNTY OF Lea) ss.

P.O. Box 188 Eunice, NM 88231
Address

On this 1st day of September, 1993, before me personally appeared Glenn H. Danford, 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 he (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.

10-22-96
My Commission Expires:



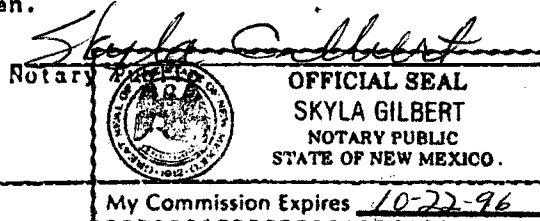
ACKNOWLEDGMENT FORM FOR CORPORATION

STATE OF New Mexico)
COUNTY OF Lea) ss.

On this 1st day of September, 1993, before me personally appeared Charlie Bettis, to me personally known who, being by me duly sworn, did say that he is President of Environmental Plus, Inc. 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.

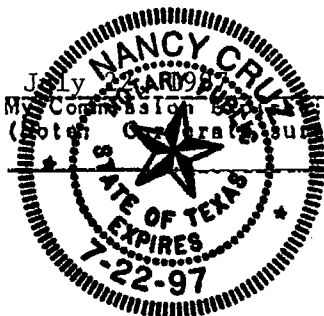
10-22-96
My Commission Expires



STATE OF Texas)
COUNTY OF Harris) ss.

On this 1st day of September, 1993, before me appeared Roy C. Die, to me personally known, who, being by me duly sworn, did say that he is Attorney-in-Fact of Underwriters Indemnity 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.



Nancy Cruz
Notary Public

(Notary's authority attach power of attorney)

APPROVED BY:
OIL CONSERVATION DIVISION

By [Signature]

GENERAL POWER OF ATTORNEY

CERTIFIED COPY

KNOW ALL MEN BY THESE PRESENTS: That **UNDERWRITERS INDEMNITY COMPANY**, a corporation organized and existing under the laws of the State of Texas, and having its principal office in the City of Houston, Texas, does hereby constitute and appoint:

ROY C. DIE

its true and lawful attorney-in-fact to execute, seal and deliver for and on its behalf as surety, any and all bonds and undertakings, recognizances, contracts of indemnity and other writings obligatory in the nature thereof, which are or may be allowed, required or permitted by law, statute, rule, regulation, contract or otherwise, in an amount not to exceed:

*******FIFTY THOUSAND AND NO/100*******
and the execution of all such instrument(s) in pursuance of these presents, shall be binding upon said **UNDERWRITERS INDEMNITY 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.

This Power of Attorney is executed, and may be certified to and may be revoked, pursuant to and by authority of Article V, Section 6(C) of the By-Laws adopted by the Board of Directors of **UNDERWRITERS INDEMNITY COMPANY**, at a meeting called and held on the 23rd day of January 1985, of which the following is a true transcript of said Section 6(C):

- "The President or any Vice President, Assistant Vice President, Secretary or Resident Secretary shall have power and authority
- (1) 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
 - (2) to appoint special Attorneys-in-fact, who are hereby authorized to certify to copies of any power-of-attorney issued in pursuance of this section and/or any of the By-laws of the Company, and
 - (3) to remove, at any time, any such Attorney-in-fact or Special Attorney-in-fact and revoke the authority given to him."

Further, this Power of Attorney is signed and sealed by facsimile pursuant to resolution of the Board of Directors of said Company adopted at a meeting duly called and held on the 23rd day of January, 1985, of which the following is a true excerpt:

"Now therefore the signatures of such officers and the seal of the Company may be affixed to any such power of attorney or any certificate relating thereto by facsimile, and any such power of attorney or certificate bearing such facsimile signatures or facsimile seal shall be valid and binding upon the Company and any such power so executed and certified by facsimile signatures and facsimile seal shall be valid and binding upon the Company in the future with respect to any bond or undertaking to which it is attached."

IN TESTIMONY WHEREOF, **UNDERWRITERS INDEMNITY COMPANY** has caused this instrument to be signed and its corporate seal to be affixed by its authorized officer, E.H. Frank, III, on this the third day of September, 1991.



E.H. Frank III

President

STATE OF TEXAS
COUNTY OF HARRIS

On this the 3rd day of September, 1991, before me came the individual who executed the preceding instrument, to me personally known, and, being duly sworn, said that he is the therein described and authorized officer of **UNDERWRITERS INDEMNITY COMPANY**; that the seal affixed to said instrument is the Corporate Seal of said Company; that the said Corporate Seal and his signature were duly affixed by order of the Board of Directors of said Company.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my Official Seal, at the City of Houston, Texas, the day and year first above written.



Mary Williams

NOTARY PUBLIC, Harris County, Texas

CERTIFICATION

I, the undersigned officer of **UNDERWRITERS INDEMNITY COMPANY**, do hereby certify that I have compared the foregoing copy of the Power of Attorney and affidavit, and the copy of the Section of the By-Laws of said Company as set forth in said Power of Attorney, and that the same are correct transcripts thereof, and of the whole of the said originals, and that the said Power of Attorney has not been revoked and is now in full force and effect.

IN TESTIMONY WHEREOF, I have hereunto set my hand this 1ST day of SEPTEMBER, 19 93



Pat Doehring

Assistant Secretary

Only a certified copy of Power of Attorney bearing the Certificate of Authority No. printed in red on the upper right corner is binding. Photocopies, carbon copies or other reproductions of this document are invalid and not binding upon the Company.

ANY INSTRUMENT ISSUED IN EXCESS OF THE PENALTY AMOUNT STATED ABOVE IS TOTALLY VOID AND WITHOUT VALIDITY.

BOND RIDER NO. 2

Attaching to and forming part of Bond For Commercial Surface Waste Disposal Facility, Bond No. UIB0004276, effective September 1, 1993 on behalf of Environmental Plus, Inc. as Principal, in favor of the State of New Mexico as Obligee, in the amount of Thirty Seven Thousand Five Hundred and no/100 Dollars (\$37,500.00)

It is understood and agreed that effective June 5, 2001 the description on the bond has been amended to read:

1) on description: description has been expanded to:
permit legal # SWQ NWQ & NWQ of NWQ of Sec 14
SEQ NEQ & NEQ of NEQ of Sec 15
All in T22S R37E

All other conditions and terms to remain as originally written.

Signed, sealed and dated this 5th day of June, 2001

Environmental Plus, Inc.

Principal

By: Ben Miller

Underwriters Indemnity Company

Surety

By: Roy C. Die
Roy C. Die, Attorney-in-Fact

GENERAL POWER OF ATTORNEY

CERTIFIED COPY

KNOW ALL MEN BY THESE PRESENTS: That **UNDERWRITERS INDEMNITY COMPANY**, a corporation organized and existing under the laws of the State of Texas, and having its principal office in the City of Houston, Texas, does hereby constitute and appoint:

Roy C. Die

its true and lawful attorney-in-fact to execute, seal and deliver for and on its behalf as surety, any and all bonds and undertakings, recognizances, contracts of indemnity and other writings obligatory in the nature thereof, which are or may be allowed, required or permitted by law, statute, rule, regulation, contract or otherwise, in an amount not to exceed:

\$37,500.00

and the execution of all such instrument(s) in pursuance of these presents, shall be binding upon said **UNDERWRITERS INDEMNITY 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. This Power of Attorney is executed, and may be certified to and may be revoked, pursuant to and by authority of a resolution enacted by the Board of Directors of **UNDERWRITERS INDEMNITY COMPANY**. The following is a true transcript of said resolution:

That at all times since the formation of this corporation, the President or any Vice President, Assistant Vice President, Secretary or Assistant Secretary shall have power and authority.

(1) 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

(2) to appoint special attorneys-in-fact, who are hereby authorized to certify to copies of any power-of-attorney issued in pursuance of this section and/or any of the Bylaws of the Company, and

(3) to remove, at any time, any such attorney-in-fact or special attorney-in-fact and revoke the authority given to him.

Further, this Power of Attorney is signed and sealed by facsimile pursuant to resolution of the Board of Directors of said Company adopted by consent of which the following is a true excerpt:

"Now therefore the signatures of such officers and the seal of the Company may be affixed to any such power of attorney or any certificate relating thereto by facsimile, and any such power of attorney or certificate bearing such facsimile signatures or facsimile seal shall be valid and binding upon the Company and any such power so executed and certified by facsimile signatures and facsimile seal shall be valid and binding upon the Company in the future with respect to any bond or undertaking to which it is attached."

IN TESTIMONY WHEREOF, **UNDERWRITERS INDEMNITY COMPANY** has caused this instrument to be signed and its corporate seal to be affixed by its authorized officer, E.H. Frank, III, on this the 30th day of April 1996.



E.H. Frank III

President

STATE OF TEXAS
COUNTY OF HARRIS

On this 30th day of April 1996, before me came the individual who executed the preceding instrument, to me personally known, and, being duly sworn, said that he is the therein described and authorized officer of **UNDERWRITERS INDEMNITY COMPANY**: that the seal affixed to said instrument is the Corporate Seal of said Company; that the said Corporate Seal and his signature were duly affixed by order of the Board of Directors of said Company.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my Official Seal, at the City of Houston, Texas, the day and year first above written.



Robin N. Neville

NOTARY PUBLIC, Harris County, Texas

CERTIFICATION

I, the undersigned officer of **UNDERWRITERS INDEMNITY COMPANY**, do hereby certify that I have compared the foregoing copy of the Power of Attorney and affidavit, and the copy of the Section of the By-Laws of said Company as set forth in said Power of Attorney, and that the same are correct transcripts thereof, and of the whole of the said originals, and that the said Power of Attorney has not been revoked and is now in full force and effect.

IN TESTIMONY WHEREOF, I have hereunto set my hand this 5th day of June, xxx2001



Greg E. Chilson

Assistant Secretary
Greg E. Chilson

Only a certified copy of Power of Attorney bearing the Certificate of Authority No. printed in red on the upper right corner is binding. Photocopies, carbon copies or other reproductions of this document are invalid and not binding upon the Company.

ANY INSTRUMENT ISSUED IN EXCESS OF THE PENALTY AMOUNT STATED ABOVE IS TOTALLY VOID AND WITHOUT VALIDITY.

BOND RIDER NO. 3

Attaching to and forming part of Bond For Commercial Surface Waste Disposal Facility, Bond No. BO4276, effective September 1, 1993 on behalf of Environmental Plus, Inc. as Principal, in favor of the State of New Mexico as Obligee, in the amount of Thirty Seven Thousand Five Hundred and no/100 Dollars (\$37,500.00)

It is understood and agreed that effective June 7, 2001 the bond number is amended to read:

UIB0004276

All other conditions and terms to remain as originally written.

Signed, sealed and dated this 7th day of June, 2001

Environmental Plus, Inc.

Principal

By: Ben Mills

Underwriters Indemnity Company

Surety

By: Roy C. Die

Roy C. Die, Attorney-in-Fact

GENERAL POWER OF ATTORNEY

CERTIFIED COPY

KNOW ALL MEN BY THESE PRESENTS: That **UNDERWRITERS INDEMNITY COMPANY**, a corporation organized and existing under the laws of the State of Texas, and having its principal office in the City of Houston, Texas, does hereby constitute and appoint:

Roy C. Die

its true and lawful attorney-in-fact to execute, seal and deliver for and on its behalf as surety, any and all bonds and undertakings, recognizances, contracts of indemnity and other writings obligatory in the nature thereof, which are or may be allowed, required or permitted by law, statute, rule, regulation, contract or otherwise, in an amount not to exceed:

\$37,500.00

and the execution of all such instrument(s) in pursuance of these presents, shall be binding upon said **UNDERWRITERS INDEMNITY 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. This Power of Attorney is executed, and may be certified to and may be revoked, pursuant to and by authority of a resolution enacted by the Board of Directors of **UNDERWRITERS INDEMNITY COMPANY**. The following is a true transcript of said resolution:

That at all times since the formation of this corporation, the President or any Vice President, Assistant Vice President, Secretary or Assistant Secretary shall have power and authority.

(1) 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

(2) to appoint special attorneys-in-fact, who are hereby authorized to certify to copies of any power-of-attorney issued in pursuance of this section and/or any of the Bylaws of the Company, and

(3) to remove, at any time, any such attorney-in-fact or special attorney-in-fact and revoke the authority given to him.

Further, this Power of Attorney is signed and sealed by facsimile pursuant to resolution of the Board of Directors of said Company adopted by consent of which the following is a true excerpt:

"Now therefore the signatures of such officers and the seal of the Company may be affixed to any such power of attorney or any certificate relating thereto by facsimile, and any such power of attorney or certificate bearing such facsimile signatures or facsimile seal shall be valid and binding upon the Company and any such power so executed and certified by facsimile signatures and facsimile seal shall be valid and binding upon the Company in the future with respect to any bond or undertaking to which it is attached."

IN TESTIMONY WHEREOF, **UNDERWRITERS INDEMNITY COMPANY** has caused this instrument to be signed and its corporate seal to be affixed by its authorized officer, E.H. Frank, III, on this the 30th day of April 1996.



E.H. Frank III

President

STATE OF TEXAS
COUNTY OF HARRIS

On this 30th day of April 1996, before me came the individual who executed the preceding instrument, to me personally known, and, being duly sworn, said that he is the therein described and authorized officer of **UNDERWRITERS INDEMNITY COMPANY**; that the seal affixed to said instrument is the Corporate Seal of said Company; that the said Corporate Seal and his signature were duly affixed by order of the Board of Directors of said Company.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my Official Seal, at the City of Houston, Texas, the day and year first above written.



Robin N. Neville

NOTARY PUBLIC, Harris County, Texas

CERTIFICATION

I, the undersigned officer of **UNDERWRITERS INDEMNITY COMPANY**, do hereby certify that I have compared the foregoing copy of the Power of Attorney and affidavit, and the copy of the Section of the By-Laws of said Company as set forth in said Power of Attorney, and that the same are correct transcripts thereof, and of the whole of the said originals, and that the said Power of Attorney has not been revoked and is now in full force and effect.

IN TESTIMONY WHEREOF, I have hereunto set my hand this 5th day of June xxx2001



Greg E. Chilson

Greg E. Chilson

Assistant Secretary

Only a certified copy of Power of Attorney bearing the Certificate of Authority No. printed in red on the upper right corner is binding. Photocopies, carbon copies or other reproductions of this document are invalid and not binding upon the Company.

ANY INSTRUMENT ISSUED IN EXCESS OF THE PENALTY AMOUNT STATED ABOVE IS TOTALLY VOID AND WITHOUT VALIDITY.

RIDER NO. 5

Attaching to and forming part of Bond for Commercial Surface Waste Disposal Facility, Bond No. UIB0004276, effective September 1, 1993, on behalf of Environmental Plus, Inc. as Principal, in favor of the State of New Mexico as Obligee, in the amount of Fifty Six Thousand Two Hundred Fifty and No/100 Dollars (\$56,250.00).

It is understood and agreed that effective February 1, 2003, the above bond is increased by Eighteen Thousand Seven Hundred Fifty and No/100 Dollars (\$18,750.00).

The total penal sum is amended to read Seventy Five Thousand and No/100 Dollars (\$75,000.00).

All other conditions and terms to remain as originally written.

Signed, sealed and dated this 19th day of November, 2002.

Environmental Plus, Inc.

Principal

By: Sherry K. Miller

Underwriters Indemnity Company

8 Greenway Plaza, Suite 400

Houston, TX 77046

Surety

By: Greg E. Chilson

Greg E. Chilson, Attorney-in-Fact



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON

Governor

Betty Rivera

Cabinet Secretary

March 6, 2002

Lori Wrotenbery

Director

Oil Conservation Division

CERTIFIED MAIL

RETURN RECEIPT NO. 7001 1940 0004 7923 3828

Mr. Charles Bettis
Environmental Plus, Inc.
P.O. Box 1558
Eunice, NM 88231

**RE: \$56,250 Surety Bond
Commercial Surface Waste Management Facility Permit NM-01-0013
Environmental Plus, Inc., Principal
Underwriters Indemnity Company, Surety
SW/4 NW/4 and the NW/4 NW/4 of Section 14, and the SE/4 NE/4 and the NE/4
NE/4 of Section 15, Township 22 South, Range 37 East, NMPM,
Lea County, New Mexico
Bond No. UIB0004276 and Rider No. 4**

Dear Mr. Charles Bettis:

The New Mexico Oil Conservation Division hereby approves the above-referenced Commercial Surface Waste Management Facility Surety Bond and Rider.

Sincerely,

David K. Brooks,
Assistant General Counsel

DKB: mjk

Enclosure: Copy of Surety Bond No. UIB0004276 and Rider No. 1 and 4

xc with attachment:

Hobbs OCD Office

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

RIDER NO. 4

Attaching to and forming part of Bond for Commercial Surface Waste Disposal Facility, Bond No. UIB0004276, effective September 1, 1993, on behalf of Environmental Plus, Inc. as Principal, in favor of the State of New Mexico as Obligee, in the amount of Thirty Seven Thousand Five Hundred and No/100 Dollars (\$37,500.00).

It is understood and agreed that effective February 20, 2002, the above bond is increased by Eighteen Thousand Seven Hundred Fifty and No/100 Dollars (\$18,750.00).

The total penal sum is amended to read Fifty Six Thousand Two Hundred Fifty and No/100 Dollars (\$56,250.00).

All other conditions and terms to remain as originally written.

Signed, sealed and dated this 20th day of February, 2002.

Environmental Plus, Inc.

Principal

By: Ben Mills

Underwriters Indemnity Company

8 Greenway Plaza, Suite 400

Houston, TX 77046

Surety

By: Greg E. Chilson

Greg E. Chilson, Attorney-in-Fact

GENERAL POWER OF ATTORNEY

CERTIFIED COPY

NOW ALL MEN BY THESE PRESENTS: That **UNDERWRITERS INDEMNITY COMPANY**, a corporation organized and existing under the laws of the State of Texas, and having its principal office in the City of Houston, Texas, does hereby constitute and appoint:

Greg E. Chilson

as true and lawful attorney-in-fact to execute, seal and deliver for and on its behalf as surety, any and all bonds and undertakings, recognizances, contracts of indemnity and other writings obligatory in the nature thereof, which are or may be allowed, required or permitted by law, statute, rule, regulation, contract or otherwise, in an amount not to exceed:

\$56,250.00

and the execution of all such instrument(s) in pursuance of these presents, shall be binding upon said **UNDERWRITERS INDEMNITY 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. This Power of Attorney is executed, and may be certified to and may be revoked, pursuant to and by authority of a resolution enacted by the Board of Directors of **UNDERWRITERS INDEMNITY COMPANY**. The following is a true transcript of said resolution:

That at all times since the formation of this corporation, the President or any Vice President, Assistant Vice President, Secretary or Assistant Secretary shall have power and authority.

- (1) 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
- (2) to appoint special attorneys-in-fact, who are hereby authorized to certify to copies of any power-of-attorney issued in pursuance of this section and/or any of the Bylaws of the Company, and
- (3) to remove, at any time, any such attorney-in-fact or special attorney-in-fact and revoke the authority given to him.

Further, this Power of Attorney is signed and sealed by facsimile pursuant to resolution of the Board of Directors of said company adopted by the consent of which the following is a true excerpt:

"Now therefore the signatures of such officers and the seal of the Company may be affixed to any such power of attorney or any certificate relating thereto by facsimile, and any such power of attorney or certificate bearing such facsimile signatures or facsimile seal shall be valid and binding upon the company and any such power so executed and certified by facsimile signatures and facsimile seal shall be valid and binding upon the company in the future with respect to any bond or undertaking to which it is attached."

IN TESTIMONY WHEREOF, **UNDERWRITERS INDEMNITY COMPANY** has caused this instrument to be signed and its corporate seal to be affixed by its authorized officer, Roy C. Die; on this the 30th day of July, 2001.

STATE OF TEXAS
COUNTY OF HARRIS

On this 30th day of July, 2001, before me came the individual who executed the preceding instrument, to me personally known, and, being duly sworn, said that he is the therein described and authorized officer of **UNDERWRITERS INDEMNITY COMPANY**; that the seal affixed to said instrument is the Corporate Seal of said company; that the said Corporate Seal and his signature were duly affixed by order of the Board of Directors of said company.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my Official Seal, at the City of Houston, Texas, the day and year first above written.



Nancy Cruz
Notary Public, Harris County, Texas

CERTIFICATION

I, the undersigned officer of **UNDERWRITERS INDEMNITY COMPANY**, do hereby certify that I have compared the foregoing copy of the Power of Attorney and affidavit, and the copy of the Section of the By-Laws of said company as set forth in said Power of Attorney, and that the same are correct transcripts thereof, and of the whole of the said originals, and that the said Power of Attorney has not been revoked and is now in full force and effect.

IN TESTIMONY WHEREOF, I have hereunto set my hand this 20th day of Feb., 2002.

Greg E. Chilson
Greg E. Chilson

Assistant Secretary

Only a certified copy of Power of Attorney bearing the Certificate of Authority No. printed in red on the upper right corner is binding. Photocopies, carbon copies or other reproductions of this document are invalid and not binding upon the company.

ANY INSTRUMENT ISSUED IN EXCESS OF THE PENALTY AMOUNT STATED ABOVE IS TOTALLY VOID AND WITHOUT VALIDITY.



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



September 17, 1993

BRUCE KING
GOVERNOR

ANITA LOCKWOOD
CABINET SECRETARY

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

Environmental Plus, Inc.
P. O. Box 969
Eunice, N.M. 88231

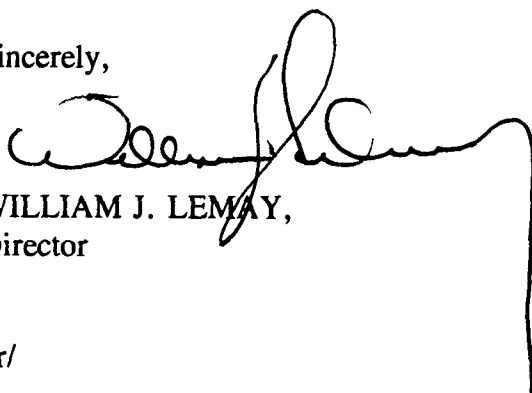
Attention: Charlie Bettis, Pres.

Re: \$25,000 Bond for Commercial Surface
Waste Disposal Facility,
Environmental Plus, Inc., Principal
Underwriters Indemnity Co., Surety
Sec. 15, T-22-S, R-37-E, Lea County
Bond No. BO 4276

Dear Mr. Bettis:

The Oil Conservation Division hereby approves the above-referenced bond effective
September 13, 1993.

Sincerely,


WILLIAM J. LEMAY,
Director

dr/

cc: Oil Conservation Division
Hobbs, New Mexico

Underwriters Indemnity Co.

OIL CONSERVATION DIVISION
RECEIVED

NEW MEXICO OIL CONSERVATION DIVISION
OF THE ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT BOND NO. B04276

93 SEP 13 AM 9 53

\$25,000.00 BOND FOR COMMERCIAL SURFACE WASTE DISPOSAL FACILITY

BOND NO. B04276
(For Use of Surety Company)

File with Oil Conservation Division, P. O. Box 2088, Santa Fe, New Mexico 87504
KNOW ALL MEN BY THESE PRESENTS:

That ENVIRONMENTAL PLUS, INC., ~~XXXXXXXXXXXXXXX~~
~~(partnership)~~ (a corporation organized in the State of New Mexico,
with its principal office in the City of Eunice, State of New Mexico,
and authorized to do business in the State of New Mexico), as
PRINCIPAL, and UNDERWRITERS INDEMNITY COMPANY, a corporation
organized and existing under the laws of the State of Texas,
and authorized to do business in the State of New Mexico with duly appointed resident
agent licensed in the State of New Mexico to execute this bond on behalf of the
surety company, as SURETY, are held firmly bound unto the State of New Mexico, for
the use and benefit of the Oil Conservation Division of the Energy, Minerals and
Natural Resources Department pursuant to Chapter 72, Laws of New Mexico, 1933, as
amended, and to the State of New Mexico in the sum of Twenty Five Thousand
(\$25,000.00) Dollars 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 the
collection, disposal or storage of produced water and/or other oil field related
waste in Section 15, Township 22 (~~North~~) (South), Range 37 (~~East~~)
~~West~~, N.M.P.M., Lea County, New Mexico.

NOW, THEREFORE, This \$25,000 performance bond is conditioned upon substantial
compliance with all applicable statutes of the State of New Mexico and all rules,
regulations, and orders of the Oil Conservation Division of the Energy and Minerals
Department, and upon clean-up of the facility site to standards of the Oil
Conservation Division; otherwise the principal amount of the bond to be forfeited to
the State of New Mexico.

PROVIDED, HOWEVER, That sixty (60) days after receipt by the Oil Conservation
Division of written notice of cancellation from the Surety, the obligation of the
Surety shall terminate as to activities or operations conducted by PRINCIPAL after
said sixty (60) day period but shall continue in effect, notwithstanding said notice,
as to such activities or operations conducted or commenced before the expiration of
the sixty day period.

Signed and sealed this 1st day of September, 19 93.

ENVIRONMENTAL PLUS, INC.

PRINCIPAL

P.O. Box 969

Eunice, NM 88231

Mailing Address

By Charles Bethis, Pres.
Signature Title

UNDERWRITERS INDEMNITY COMPANY

SURETY

8 Greenway Plaza, Suite 4000

Houston, TX 77046

Mailing Address

By Roy C. Die
Attorney-in-Fact, Roy C. Die

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

(Note: Corporate surety affix corporate
seal here.)

Note: If corporate surety executes this bond by an attorney-in-fact not in New
Mexico, the resident New Mexico agent shall countersign here below.)

Countersigned by: Sam H. Sawyer

GENERAL POWER OF ATTORNEY

CERTIFIED COPY

KNOW ALL MEN BY THESE PRESENTS: That **UNDERWRITERS INDEMNITY COMPANY**, a corporation organized and existing under the laws of the State of Texas, and having its principal office in the City of Houston, Texas, does hereby constitute and appoint:

ROY C. DIE

its true and lawful attorney-in-fact to execute, seal and deliver for and on its behalf as surety, any and all bonds and undertakings, recognizances, contracts of indemnity and other writings obligatory in the nature thereof, which are or may be allowed, required or permitted by law, statute, rule, regulation, contract or otherwise, in an amount not to exceed:

*******FIFTY THOUSAND AND NO/100*******
and the execution of all such instrument(s) in pursuance of these presents, shall be binding upon said **UNDERWRITERS INDEMNITY 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.

This Power of Attorney is executed, and may be cerified to and may be revoked, pursuant to and by authority of Article V, Section 6(C) of the By-Laws adopted by the Board of Directors of **UNDERWRITERS INDEMNITY COMPANY**, at a meeting called and held on the 23rd day of January 1985, of which the following is a true transcript of said Section 6(C):

- "The President or any Vice President, Assistant Vice President, Secretary or Resident Secretary shall have power and authority
- (1) To appoint Attorneys-in-fact, and to authorize them to execute on behalf of the Company, arfd attach the Seal of the Company thereto, bonds and undertakings, recognizances, contracts of indemnity and other writings obligatory in the nature thereof, and
 - (2) to appoint special Attorneys-in-fact, who are hereby authorized to certify to copies of any power-of-attorney issued in pursuance of this section and/or any of the By-laws of the Company, and
 - (3) to remove, at any time, any such Attorney-in-fact or Special Attorney-in-fact and revoke the authority given to him."

Further, this Power of Attorney is signed and sealed by facsimile pursuant to resolution of the Board of Directors of said Company adopted at a meeting duly called and held on the 23rd day of January, 1985, of which the following is a true excerpt:

"Now therefore the signatures of such officers and the seal of the Company may be affixed to any such power of attorney or any certificate relating thereto by facsimile, and any such power of attorney or certificate bearing such facsimile signatures or facsimile seal shall be valid and binding upon the Company and any such power so executed and certified by facsimile signatures and facsimile seal shall be valid and binding upon the Company in the future with respect to any bond or undertaking to which it is attached."

IN TESTIMONY WHEREOF, **UNDERWRITERS INDEMNITY COMPANY** has caused this instrument to be signed and its corporate seal to be affixed by its authorized officer, E.H. Frank, III, on this the third day of September, 1991.



E.H. Frank III

President

STATE OF TEXAS
COUNTY OF HARRIS

On this the 3rd day of September, 1991, before me came the individual who executed the preceding instrument, to me personally known, and, being duly sworn, said that he is the therein described and authorized officer of **UNDERWRITERS INDEMNITY COMPANY**; that the seal affixed to said instrument is the Corporate Seal of said Company; that the said Corporate Seal and his signature were duly affixed by order of the Board of Directors of said Company.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my Official Seal, at the City of Houston, Texas, the day and year first above written.



Mary William

NOTARY PUBLIC, Harris County, Texas

CERTIFICATION

I, the undersigned officer of **UNDERWRITERS INDEMNITY COMPANY**, do hereby certify that I have compared the foregoing copy of the Power of Attorney and affidavit, and the copy of the Section of the By-Laws of said Company as set forth in said Power of Attorney, and that the same are correct transcripts thereof, and of the whole of the said originals, and that the said Power of Attorney has not been revoked and is now in full force and effect.

IN TESTIMONY WHEREOF, I have hereunto set my hand this 1ST day of SEPTEMBER, 19 93



Pat Doebling

Assistant Secretary

Pat Doebling

Only a certified copy of Power of Attorney bearing the Certificate of Authority No. printed in red on the upper right corner is binding. Photocopies, carbon copies or other reproductions of this document are invalid and not binding upon the Company.

ANY INSTRUMENT ISSUED IN EXCESS OF THE PENALTY AMOUNT STATED ABOVE IS TOTALLY VOID AND WITHOUT VALIDITY.

Glenn H. Danford
New Mexico Resident Agent

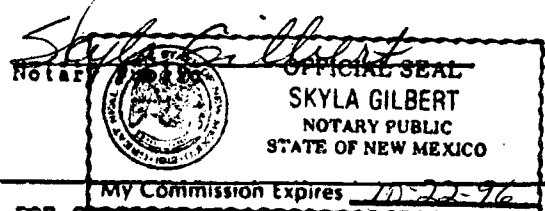
P.O. Box 109, Eunice, NM 88231
Address

STATE OF New Mexico)
COUNTY OF Lea) ss.

On this 1st day of September, 1993, before me personally appeared Glenn H. Danford, 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 he (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.

10-22-96
My Commission Expires:



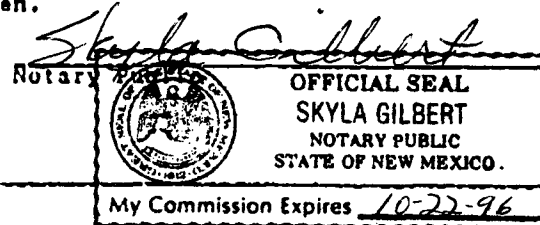
ACKNOWLEDGMENT FORM FOR CORPORATION

STATE OF New Mexico)
COUNTY OF Lea) ss.

On this 1st day of September, 1993, before me personally appeared Charlie Bettis, to me personally known who, being by me duly sworn, did say that he is President of Environmental Plus, Inc. 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.

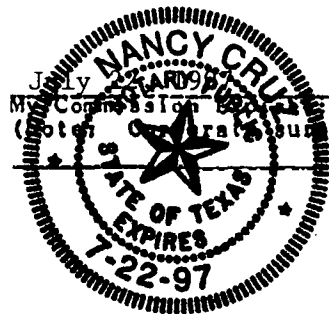
10-22-96
My Commission Expires



STATE OF Texas)
COUNTY OF Harris) ss.

On this 1st day of September, 1993, before me appeared Roy C. Die, to me personally known, who, being by me duly sworn, did say that he is Attorney-in-Fact of Underwriters Indemnity 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.



Nancy Cruz
Notary Public

(Notary Public is hereby attaching power of attorney)

APPROVED BY:
OIL CONSERVATION DIVISION

By [Signature]



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Jennifer A. Salisbury
Cabinet Secretary

Lori Wrotenberg
Director
Oil Conservation Division

November 20, 2001

CERTIFIED MAIL
RETURN RECEIPT NO. 7099-3220-0000-5051-2375

Mr. Charles Bettis
Environmental Plus, Inc.
P.O. Box 1558
Eunice, NM 88231

RE: \$37,500 Surety Bond
Commercial Surface Waste Management Facility Permit NM-01-0013
Environmental Plu, Inc., Principal
Underwriters Indemnity Company, Surety
SW/4 NW/4 and the NW/4 NW/4 of Section 14, and the SE/4 NE/4 and the NE/4
NE/4 of Section 15, Township 22 South, Range 37 East, NMPM,
Lea County, New Mexico
Bond No. UIB0004276 and Rider No. 1

Dear Mr. Charles Bettis:

The New Mexico Oil Conservation Division hereby approves the above-referenced Commercial Surface Waste Management Facility Surety Bond and Rider.

Sincerely,

A handwritten signature in cursive script, reading "David K. Brooks".

David K. Brooks,
Assistant General Counsel

DKB: mjk

Enclosure: Copy of Surety Bond No. UIB0004276 and Rider No. 1

xc with attachment:

Hobbs OCD Office
Roy C. Die, Underwriters Indemnity Co., 8 Greenway Plaza, Suite 400, Houston, TX 77046

BOND RIDER NO. 1

Attaching to and forming part of Bond For Commercial Surface Waste Disposal Facility, Bond No. UIB0004276, effective September 1, 1993 on behalf of Environmental Plus, Inc. as Principal, in favor of the State of New Mexico, as Obligee, in the amount of Twenty Five Thousand and No/100 Dollars (\$25,000.00).

It is understood and agreed that effective May 2, 2001 the bond amount is increased by Twelve Thousand Five Hundred and No/ 100 Dollars (\$12,500.00) and is amended to read:

Thirty Seven Thousand Five Hundred and No/ 100 Dollars
(\$37,500.00)

All other conditions and terms to remain as originally written.

Signed, sealed and dated this 2nd day of May, 2001.

Environmental Plus, Inc.
Principal

By: Ben Miller VP

Underwriters Indemnity Company
8 Greenway Plaza, Suite 400
Houston, Texas 77046
Surety

By: 
Roy C. Die, Attorney-in-Fact

GENERAL POWER OF ATTORNEY

CERTIFIED COPY

KNOW ALL MEN BY THESE PRESENTS: That **UNDERWRITERS INDEMNITY COMPANY**, a corporation organized and existing under the laws of the State of Texas, and having its principal office in the City of Houston, Texas, does hereby constitute and appoint:

Roy C. Die

its true and lawful attorney-in-fact to execute, seal and deliver for and on its behalf as surety, any and all bonds and undertakings, recognizances, contracts of indemnity and other writings obligatory in the nature thereof, which are or may be allowed, required or permitted by law, statute, rule, regulation, contract or otherwise, in an amount not to exceed:

\$37,500.00

and the execution of all such instrument(s) in pursuance of these presents, shall be binding upon said **UNDERWRITERS INDEMNITY 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. This Power of Attorney is executed, and may be certified to and may be revoked, pursuant to and by authority of a resolution enacted by the Board of Directors of **UNDERWRITERS INDEMNITY COMPANY**. The following is a true transcript of said resolution:

That at all times since the formation of this corporation, the President or any Vice President, Assistant Vice President, Secretary or Assistant Secretary shall have power and authority.

(1) 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

(2) to appoint special attorneys-in-fact, who are hereby authorized to certify to copies of any power-of-attorney issued in pursuance of this section and/or any of the Bylaws of the Company, and

(3) to remove, at any time, any such attorney-in-fact or special attorney-in-fact and revoke the authority given to him.

Further, this Power of Attorney is signed and sealed by facsimile pursuant to resolution of the Board of Directors of said Company adopted by consent of which the following is a true excerpt:

"Now therefore the signatures of such officers and the seal of the Company may be affixed to any such power of attorney or any certificate relating thereto by facsimile, and any such power of attorney or certificate bearing such facsimile signatures or facsimile seal shall be valid and binding upon the Company and any such power so executed and certified by facsimile signatures and facsimile seal shall be valid and binding upon the Company in the future with respect to any bond or undertaking to which it is attached."

IN TESTIMONY WHEREOF, **UNDERWRITERS INDEMNITY COMPANY** has caused this instrument to be signed and its corporate seal to be affixed by its authorized officer, E.H. Frank, III, on this the 30th day of April 1996.



E.H. Frank III

President

STATE OF TEXAS
COUNTY OF HARRIS

On this 30th day of April 1996, before me came the individual who executed the preceding instrument, to me personally known, and, being duly sworn, said that he is the therein described and authorized officer of **UNDERWRITERS INDEMNITY COMPANY**; that the seal affixed to said instrument is the Corporate Seal of said Company; that the said Corporate Seal and his signature were duly affixed by order of the Board of Directors of said Company.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my Official Seal, at the City of Houston, Texas, the day and year first above written.



Robin N. Neville

NOTARY PUBLIC, Harris County, Texas

CERTIFICATION

I, the undersigned officer of **UNDERWRITERS INDEMNITY COMPANY**, do hereby certify that I have compared the foregoing copy of the Power of Attorney and affidavit, and the copy of the Section of the By-Laws of said Company as set forth in said Power of Attorney, and that the same are correct transcripts thereof, and of the whole of the said originals, and that the said Power of Attorney has not been revoked and is now in full force and effect.

IN TESTIMONY WHEREOF, I have hereunto set my hand this 2 day of May, 19xx2001



Greg E. Chilson

Assistant Secretary

Only a certified copy of Power of Attorney bearing the Certificate of Authority No. printed in red on the upper right corner is binding. Photocopies, carbon copies or other reproductions of this document are invalid and not binding upon the Company.

ANY INSTRUMENT ISSUED IN EXCESS OF THE PENALTY AMOUNT STATED ABOVE IS TOTALLY VOID AND WITHOUT VALIDITY.

OIL CONSERVATION DIVISION
RECEIVED

93 SEP 11 AM 9 53

NEW MEXICO OIL CONSERVATION DIVISION
OF THE ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT BOND NO. B04276

\$25,000.00 BOND FOR COMMERCIAL SURFACE WASTE DISPOSAL FACILITY

BOND NO. B04276
(For Use of Surety Company)

File with Oil Conservation Division, P. O. Box 2088, Santa Fe, New Mexico 87504

KNOW ALL MEN BY THESE PRESENTS:

That ENVIRONMENTAL PLUS, INC., ~~XXXXXXXXXXXX~~
(~~XXXXXXXXXX~~) (a corporation organized in the State of New Mexico,
with its principal office in the City of Eunice, State of New Mexico,
and authorized to do business in the State of New Mexico), as
PRINCIPAL, and UNDERWRITERS INDEMNITY COMPANY, a corporation
organized and existing under the laws of the State of Texas,
and authorized to do business in the State of New Mexico with duly appointed resident
agent licensed in the State of New Mexico to execute this bond on behalf of the
surety company, as **SURETY**, are held firmly bound unto the State of New Mexico, for
the use and benefit of the Oil Conservation Division of the Energy, Minerals and
Natural Resources Department pursuant to Chapter 72, Laws of New Mexico, 1935, as
amended, and to the State of New Mexico in the sum of Twenty Five Thousand
(\$25,000.00) Dollars 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 the
collection, disposal or storage of produced water and/or other oil field related
waste in Section 15, Township 22 (~~North~~) (South), Range 37 (~~East~~)
~~West~~, N.M.P.M., Lea County, New Mexico.

NOW, THEREFORE, This \$25,000 performance bond is conditioned upon substantial
compliance with all applicable statutes of the State of New Mexico and all rules,
regulations, and orders of the Oil Conservation Division of the Energy and Minerals
Department, and upon clean-up of the facility site to standards of the Oil
Conservation Division; otherwise the principal amount of the bond to be forfeited to
the State of New Mexico.

PROVIDED, HOWEVER, That sixty (60) days after receipt by the Oil Conservation
Division of written notice of cancellation from the Surety, the obligation of the
Surety shall terminate as to activities or operations conducted by **PRINCIPAL** after
said sixty (60) day period but shall continue in effect, notwithstanding said notice,
as to such activities or operations conducted or commenced before the expiration of
the sixty day period.

Signed and sealed this 1st day of September, 19 93.

ENVIRONMENTAL PLUS, INC.

PRINCIPAL

P.O. Box 969

Eunice, NM 88231

Mailing Address

By

Charlie Bettis, Pres.
Signature Title

UNDERWRITERS INDEMNITY COMPANY

SURETY

8 Greenway Plaza, Suite 400

Houston, TX 77046

Mailing Address

By

Roy C. Die
Attorney-In-Fact, Roy C. Die

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

(Note: Corporate surety affix corporate
seal here.)

Note: If corporate surety executes this bond by an attorney-in-fact not in New
Mexico, the resident New Mexico agent shall countersign here below.)

Countersigned by:

Glenn H. Sawyer

Glenn H. Danford
New Mexico Resident Agent

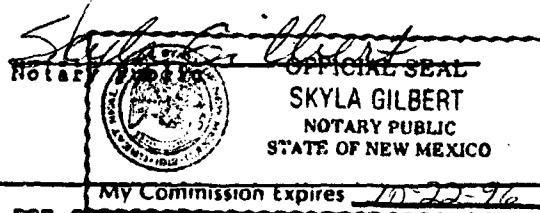
P.O. Box 9, Eunice, NM 88231
Address

STATE OF New Mexico)
COUNTY OF Lea) ss.

On this 1st day of September, 1993, before me personally appeared Glenn H. Danford, 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 he (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.

10-22-96
My Commission Expires:



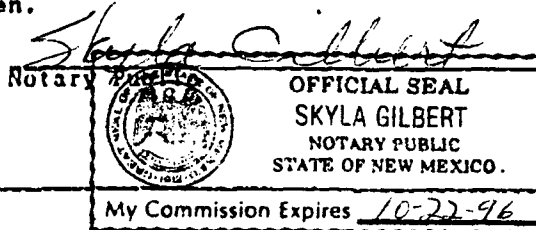
ACKNOWLEDGMENT FORM FOR CORPORATION

STATE OF New Mexico)
COUNTY OF Lea) ss.

On this 1st day of September, 1993, before me personally appeared Charlie Bettis, to me personally known who, being by me duly sworn, did say that he is President of Environmental Plus, Inc. 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.

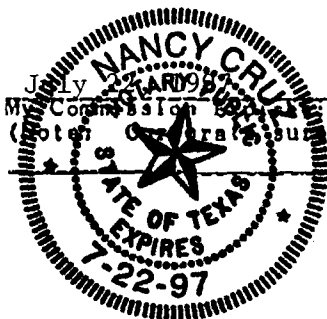
10-22-96
My Commission Expires



STATE OF Texas)
COUNTY OF Harris) ss.

On this 1st day of September, 1993, before me appeared Roy C. Die, to me personally known, who, being by me duly sworn, did say that he is Attorney-in-Fact of Underwriters Indemnity 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.



Nancy Cruz
Notary Public

(Notary Public must attach power of attorney)

APPROVED BY:
OIL CONSERVATION DIVISION

By [Signature]

GENERAL POWER OF ATTORNEY

CERTIFIED COPY

KNOW ALL MEN BY THESE PRESENTS: That **UNDERWRITERS INDEMNITY COMPANY**, a corporation organized and existing under the laws of the State of Texas, and having its principal office in the City of Houston, Texas, does hereby constitute and appoint:

ROY C. DIE

its true and lawful attorney-in-fact to execute, seal and deliver for and on its behalf as surety, any and all bonds and undertakings, recognizances, contracts of indemnity and other writings obligatory in the nature thereof, which are or may be allowed, required or permitted by law, statute, rule, regulation, contract or otherwise, in an amount not to exceed:

*******FIFTY THOUSAND AND NO/100*******
and the execution of all such instrument(s) in pursuance of these presents, shall be binding upon said **UNDERWRITERS INDEMNITY 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.

This Power of Attorney is executed, and may be certified to and may be revoked, pursuant to and by authority of Article V, Section 6(C) of the By-Laws adopted by the Board of Directors of **UNDERWRITERS INDEMNITY COMPANY**, at a meeting called and held on the 23rd day of January 1985, of which the following is a true transcript of said Section 6(C):

- "The President or any Vice President, Assistant Vice President, Secretary or Resident Secretary shall have power and authority
- (1) 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
 - (2) to appoint special Attorneys-in-fact, who are hereby authorized to certify to copies of any power-of-attorney issued in pursuance of this section and/or any of the By-laws of the Company, and
 - (3) to remove, at any time, any such Attorney-in-fact or Special Attorney-in-fact and revoke the authority given to him."

Further, this Power of Attorney is signed and sealed by facsimile pursuant to resolution of the Board of Directors of said Company adopted at a meeting duly called and held on the 23rd day of January, 1985, of which the following is a true excerpt:

"Now therefore the signatures of such officers and the seal of the Company may be affixed to any such power of attorney or any certificate relating thereto by facsimile, and any such power of attorney or certificate bearing such facsimile signatures or facsimile seal shall be valid and binding upon the Company and any such power so executed and certified by facsimile signatures and facsimile seal shall be valid and binding upon the Company in the future with respect to any bond or undertaking to which it is attached."

IN TESTIMONY WHEREOF, **UNDERWRITERS INDEMNITY COMPANY** has caused this instrument to be signed and its corporate seal to be affixed by its authorized officer, E.H. Frank, III, on this the third day of September, 1991.



E.H. Frank III

President

STATE OF TEXAS
COUNTY OF HARRIS

On this the 3rd day of September, 1991, before me came the individual who executed the preceding instrument, to me personally known, and, being duly sworn, said that he is the therein described and authorized officer of **UNDERWRITERS INDEMNITY COMPANY**; that the seal affixed to said instrument is the Corporate Seal of said Company; that the said Corporate Seal and his signature were duly affixed by order of the Board of Directors of said Company.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my Official Seal, at the City of Houston, Texas, the day and year first above written.



Mary Williams

NOTARY PUBLIC, Harris County, Texas

CERTIFICATION

I, the undersigned officer of **UNDERWRITERS INDEMNITY COMPANY**, do hereby certify that I have compared the foregoing copy of the Power of Attorney and affidavit, and the copy of the Section of the By-Laws of said Company as set forth in said Power of Attorney, and that the same are correct transcripts thereof, and of the whole of the said originals, and that the said Power of Attorney has not been revoked and is now in full force and effect.

IN TESTIMONY WHEREOF, I have hereunto set my hand this 1ST day of SEPTEMBER, 19 93



Pat Doebling

Assistant Secretary

Only a certified copy of Power of Attorney bearing the Certificate of Authority No. printed in red on the upper right corner is binding. Photocopies, carbon copies or other reproductions of this document are invalid and not binding upon the Company.

ANY INSTRUMENT ISSUED IN EXCESS OF THE PENALTY AMOUNT STATED ABOVE IS TOTALLY VOID AND WITHOUT VALIDITY.