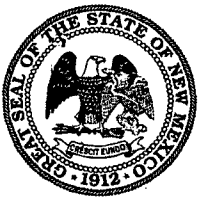


**NM1 - 22**

---

**BONDS**



# NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

**GARY E. JOHNSON**

Governor

**Betty Rivera**  
Cabinet Secretary

August 14, 2002

**Lori Wrotenbery**

Director

**Oil Conservation Division**

**CERTIFIED MAIL**

**RETURN RECEIPT NO. 7001-1940-0004-3929-8089**

Mr. Randall Stafford  
Pool Company Texas Ltd.  
P.O. Box 4271  
Houston, Texas 77210

**Re: \$25,000 Surface Waste Management Facility Financial Assurance  
Permit NM-01-0022  
Pool Company Texas Ltd. By Pool Well Services Co. as General Partner, Principal  
Seaboard Surety Company, Surety  
Section 3, Township 19 South, Range 37 East, NMPM, Lea County, New Mexico  
Cash Bond and Rider 355510**

Dear Mr. Stafford:

The New Mexico Oil Conservation Division hereby approves the above-referenced Surface Waste Management Facility Financial Assurance Rider.

Sincerely,

David K. Brooks  
Assistant General Counsel

DKB/mjk

Enclosure: Copy of Surety Bond 355510 and Rider

XC: OCD Hobbs Office  
Benny Baldwin, Pool Company Texas Ltd., P.O. Box 5208, Hobbs, NM 88241  
Jennie Mounce, Nabors Corporate Services, Inc., 515 West Greens Road, Suite 1200, Houston, Texas 77067-4525



**NABORS CORPORATE  
SERVICES, INC.**

515 West Greens Road  
Suite 1200  
Houston, Texas 77067-4525  
281-874-0035  
281-872-5205 (Fax)

June 4, 2002

State of New Mexico  
Energy, Minerals and Natural Resources Dept.  
Oil Conservation Division  
1220 S. St. Francis Dr.  
Santa Fe, New Mexico 87505

Re: \$25,000 Surety Bond for Waste Management Facilities  
Bond # 355510

To Whom It May Concern:

Enclosed please find a Surety Rider changing the name of the Principal

From: Pool Company Texas Ltd.

To: Pool Company Texas Ltd.  
by Pool Well Services Co. as General Partner

This rider is effective April 15, 2002. We apologize for not getting this bond to you sooner, but we did not have a current address for the Oil Conservation Division and it was returned. If you should have any questions, please let me know.

Sincerely,

A handwritten signature in cursive script that reads "Jennie Mounce".

Jennie Mounce  
Risk Management Dept.

/jm

File: 322  
Word\rm\dir\322\jmstatenewmexwastemanage

SURETY RIDER

To be attached to and form a part of

Bond No. 355510

Type of  
Bond: Surety Bond for Waste Management Facilities

Bond Amount: Twenty-Five Thousand and No/100\*\*\*\*Dollars (\$25,000.00)

Date  
Effective: February 17, 1998

Executed by Pool Company Texas Ltd.

and by Seaboard Surety Company

in favor of State of New Mexico

in consideration of the mutual agreements herein contained the Principal and the Surety hereby consent to change the name of the Principal

From: Pool Company Texas Ltd.

To: Pool Company Texas Ltd.  
by Pool Well Services Co. as General Partner

Nothing herein contained shall vary, alter or extend any provision or condition of this bond except as herein expressly stated.

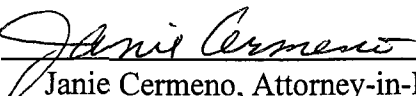
This rider is effective April 15, 2002.

Signed and Sealed April 15, 2002

Pool Company Texas Ltd.  
by Pool Well Services Co. as General Partner

BY:  \_\_\_\_\_

Seaboard Surety Company

BY:  \_\_\_\_\_  
Janie Cermeno, Attorney-in-Fact

**The St Paul****POWER OF ATTORNEY**

Seaboard Surety Company  
 St. Paul Fire and Marine Insurance Company  
 St. Paul Guardian Insurance Company  
 St. Paul Mercury Insurance Company

United States Fidelity and Guaranty Company  
 Fidelity and Guaranty Insurance Company  
 Fidelity and Guaranty Insurance Underwriters, Inc.

Power of Attorney No. 20340

Certificate No. 905977

**KNOW ALL MEN BY THESE PRESENTS:** That Seaboard Surety Company is a corporation duly organized under the laws of the State of New York, and that St. Paul Fire and Marine Insurance Company, St. Paul Guardian Insurance Company and St. Paul Mercury Insurance Company are corporations duly organized under the laws of the State of Minnesota, and that United States Fidelity and Guaranty Company is a corporation duly organized under the laws of the State of Maryland, and that Fidelity and Guaranty Insurance Company is a corporation duly organized under the laws of the State of Iowa, and that Fidelity and Guaranty Insurance Underwriters, Inc. is a corporation duly organized under the laws of the State of Wisconsin (*herein collectively called the "Companies"*), and that the Companies do hereby make, constitute and appoint

**Phyllis Ramirez, Janie Cermeno, Philip N. Bair, Vicie Coleman, Jimmye Langford, Nancy Thomas and Mildred L. Massey**

Houston

Texas

of the City of \_\_\_\_\_, State \_\_\_\_\_, their true and lawful Attorney(s)-in-Fact, each in their separate capacity if more than one is named above, to sign its name as surety to, and to execute, seal and acknowledge any and all bonds, undertakings, contracts and other written instruments in the nature thereof on behalf of the Companies in their business of guaranteeing the fidelity of persons, guaranteeing the performance of contracts and executing or guaranteeing bonds and undertakings required or permitted in any actions or proceedings allowed by law.

IN WITNESS WHEREOF, the Companies have caused this instrument to be signed and sealed this 1st day of December, 1999.

Seaboard Surety Company  
 St. Paul Fire and Marine Insurance Company  
 St. Paul Guardian Insurance Company  
 St. Paul Mercury Insurance Company

United States Fidelity and Guaranty Company  
 Fidelity and Guaranty Insurance Company  
 Fidelity and Guaranty Insurance Underwriters, Inc.



State of Maryland  
 City of Baltimore

THOMAS E. HUIBREGTSE, Assistant Secretary

On this 1st day of December, 1999, before me, the undersigned officer, personally appeared John F. Phinney and Thomas E. Huibregtse, who acknowledged themselves to be the Vice President and Assistant Secretary, respectively, of Seaboard Surety Company, St. Paul Fire and Marine Insurance Company, St. Paul Guardian Insurance Company, St. Paul Mercury Insurance Company, United States Fidelity and Guaranty Company, Fidelity and Guaranty Insurance Company, and Fidelity and Guaranty Insurance Underwriters, Inc.; and that the seals affixed to the foregoing instrument are the corporate seals of said Companies; and that they, as such, being authorized so to do, executed the foregoing instrument for the purposes therein contained by signing the names of the corporations by themselves as duly authorized officers.

In Witness Whereof, I hereunto set my hand and official seal.

My Commission expires the 13th day of July, 2002.



*Rebecca Easley-Onokala*

REBECCA EASLEY-ONOKALA, Notary Public

This Power of Attorney is granted under and by the authority of the following resolutions adopted by the Boards of Directors of Seaboard Surety Company, St. Paul Fire and Marine Insurance Company, St. Paul Guardian Insurance Company, St. Paul Mercury Insurance Company, United States Fidelity and Guaranty Company, Fidelity and Guaranty Insurance Company, and Fidelity and Guaranty Insurance Underwriters, Inc. on September 2, 1998, which resolutions are now in full force and effect, reading as follows:

**RESOLVED**, that in connection with the fidelity and surety insurance business of the Company, all bonds, undertakings, contracts and other instruments relating to said business may be signed, executed, and acknowledged by persons or entities appointed as Attorney(s)-in-Fact pursuant to a Power of Attorney issued in accordance with these resolutions. Said Power(s) of Attorney for and on behalf of the Company may and shall be executed in the name and on behalf of the Company, either by the Chairman, or the President, or any Vice President, or an Assistant Vice President, jointly with the Secretary or an Assistant Secretary, under their respective designations. The signature of such officers may be engraved, printed or lithographed. The signature of each of the foregoing officers and the seal of the Company may be affixed by facsimile to any Power of Attorney or to any certificate relating thereto appointing Attorney(s)-in-Fact for purposes only of executing and attesting bonds and undertakings and other writings obligatory in the nature thereof, and subject to any limitations set forth therein, any such Power of Attorney or certificate bearing such facsimile signature or facsimile seal shall be valid and binding upon the Company, and any such power so executed and certified by such facsimile signature and facsimile seal shall be valid and binding upon the Company with respect to any bond or undertaking to which it is validly attached; and

**RESOLVED FURTHER**, that Attorney(s)-in-Fact shall have the power and authority, and, in any case, subject to the terms and limitations of the Power of Attorney issued them, to execute and deliver on behalf of the Company and to attach the seal of the Company to any and all bonds and undertakings, and other writings obligatory in the nature thereof, and any such instrument executed by such Attorney(s)-in-Fact shall be as binding upon the Company as if signed by an Executive Officer and sealed and attested to by the Secretary of the Company.

I, Thomas E. Huibregtse, Assistant Secretary of Seaboard Surety Company, St. Paul Fire and Marine Insurance Company, St. Paul Guardian Insurance Company, St. Paul Mercury Insurance Company, United States Fidelity and Guaranty Company, Fidelity and Guaranty Insurance Company, and Fidelity and Guaranty Insurance Underwriters, Inc. do hereby certify that the above and foregoing is a true and correct copy of the Power of Attorney executed by said Companies, which is in full force and effect and has not been revoked.

IN TESTIMONY WHEREOF, I hereunto set my hand this 15th day of April, 2002.



*Thomas E. Huibregtse*

Thomas E. Huibregtse, Assistant Secretary

To verify the authenticity of this Power of Attorney, call 1-800-421-3880 and ask for the Power of Attorney clerk. Please refer to the Power of Attorney number, the above-named individuals and the details of the bond to which the power is attached.

**THIS POWER OF ATTORNEY IS INVALID WITHOUT THE REAL BORDER**



STATE OF NEW MEXICO  
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

2040 S. PACHECO  
SANTA FE, NEW MEXICO 87505  
(505) 827-7131

June 18, 1998

**CERTIFIED MAIL**  
**RETURN RECEIPT NO. P-326-936-451**

Mr. Randall Stafford  
Pool Company Texas Ltd.  
P.O. Box 4271  
Houston, TX 77210

**RE: \$25,000 Bond for Commercial Surface Waste Management Facility #NM-01-0022**  
**Pool Company Texas Ltd., Principal**  
**Sec 3, T 19 S, R 37 E, NMPM, Lea County, New Mexico**  
**Seaboard Surety Co., Surety**  
**Bond No. 355510**

Dear Mr. Stafford:

The New Mexico Oil Conservation Division hereby approves the above-referenced Surface Waste Management Facility Surety Bond with Power of Attorney and attached list of officers.

Sincerely,

A handwritten signature in cursive script that reads "Lori Wrotenbery".

Lori Wrotenbery,  
Director

LW:mjk

Enclosure: 2 copies of Surety Bond

xc with enclosure:  
Hobbs OCD Office  
Mr. Barry A. Peters

Energy, Minerals and Natural Resources Department  
Oil Conservation Division  
**Surety Bond For Waste Management Facilities**  
(File with Oil Conservation Division, 2040 South Pacheco Street, Santa Fe, New Mexico 87505)

BOND NO. 355510  
(For Surety Company Use)

KNOW ALL MEN BY THESE PRESENTS:

That Pool Company Texas Ltd., (an individual, partnership, or a corporation organized in the State of Texas, with its principal office in the City of Houston, State of Texas, and authorized to do business in the State of New Mexico), as PRINCIPAL, and Seaboard Surety Company corporation organized and existing under the laws of the State of New York, and authorized to do business in the State of New Mexico with duly appointed resident agent 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 (the "Division") pursuant to Section 70-2-12 NMSA, 1978, (1995 Relp.) as amended in the sum of Twenty Five Thousand & no/100 (\$ 25,000.00-) Dollars for the payment of which PRINCIPAL and SURETY hereby bind themselves, their successors and assigns, jointly and severally.

The conditions of this obligation are such that:

WHEREAS, the above principal has heretofore or may hereafter enter into the collection, disposal, evaporation, remediation, reclamation, treatment or storage of produced water, drilling fluids, drill cuttings, completion fluids, contaminated soils, BS&W, tank bottoms, waste oil and/or other oil field related waste in Section 3, Township 19S, Range 37E, NMPM, Lea County, New Mexico.

NOW, THEREFORE, this \$ 25,000.00 performance bond is conditioned upon substantial compliance with all applicable statutes of the State of New Mexico and all rules and orders of the Oil Conservation Commission, the Division, and upon clean-up of the facility site to standards of the Division; otherwise the principal amount of the bond to be forfeited to the State of New Mexico.

Signed and sealed this 17th day of February, 1998.

Pool Company Texas Ltd.  
Principal  
10375 Richmond Avenue  
Houston, TX 77057  
Mailing Address

By Wm. J. Myers  
Signature Title

Wm. J. Myers, Group Vice President US Operations, Pool Company, General Partner  
Note: If Principal is a corporation, affix corporate seal here.

R.A. Johansen, Treasurer, Pool Company, General Partner

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: C. Dawn Brazell  
New Mexico Resident Agent  
C. Dawn Brazell

Seaboard Surety Company  
Surety  
c/o 2000 Bering Dr., Suite 900  
Houston, TX 77057  
Mailing Address

By James W. Baughman  
Attorney-in-Fact James W. Baughman

Note: If corporate surety, affix corporate seal here.

6000 Uptown Blvd. NE #200  
Albuquerque, NM 87110  
Address



1. (For a natural person acting in his own right:)

STATE OF \_\_\_\_\_ )  
 )SS.  
COUNTY OF \_\_\_\_\_ )

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_,  
by \_\_\_\_\_.

My commission expires:

\_\_\_\_\_  
Date

\_\_\_\_\_  
Notary Public

2. (For a partnership acting by one or more partners)

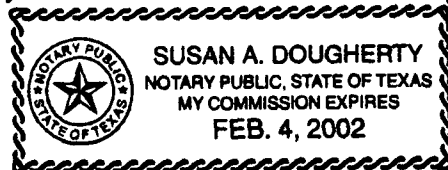
STATE OF Texas )  
 )SS.  
COUNTY OF Harris )

The foregoing instrument was acknowledged before me this 27<sup>th</sup> day of May, 1998,  
by William J Myers and Richard Johansen,  
partner(s) on behalf of  
Pool Company Texas Ltd., a partnership.

My commission expires:

February 4, 2002  
Date

Susan A. Dougherty  
Notary Public



3. (For a corporation or incorporated association)

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_,  
by \_\_\_\_\_,  
a corporation, on behalf of said corporation.

My commission expires:

\_\_\_\_\_  
Date

\_\_\_\_\_  
Notary Public

NOTE: When Lessor is a partnership, corporation or association, list all partners, officers and directors as may be applicable. This information may be provided below.

APPROVED BY:  
OIL CONSERVATION DIVISION

By: [Signature]

Certified Copy

No. 13507

**SEABOARD SURETY COMPANY**

ADMINISTRATIVE OFFICES, BEDMINSTER, NEW JERSEY

**POWER OF ATTORNEY**

**KNOW ALL MEN BY THESE PRESENTS:** That SEABOARD SURETY COMPANY, a corporation of the State of New York, has made, constituted and appointed and by these presents does make, constitute and appoint J. Douglas Burnham or James W. Baughman or Thomas L. Nygren or Timothy F. Kelly or Vicki Heath

of Houston, Texas

its true and lawful Attorney-in-Fact, to make, execute and deliver on its behalf insurance policies, surety bonds, undertakings and other instruments of similar nature as follows:

Without Limitations

Such insurance policies, surety bonds, undertakings and instruments for said purposes, when duly executed by the aforesaid Attorney-in-Fact, shall be binding upon the said Company as fully and to the same extent as if signed by the duly authorized officers of the Company and sealed with its corporate seal; and all the acts of said Attorney-in-Fact, pursuant to the authority hereby given, are hereby ratified and confirmed.

This appointment is made pursuant to the following By-Laws which were duly adopted by the Board of Directors of the said Company on December 8th, 1927, with Amendments to and including January 15, 1982 and are still in full force and effect.

**ARTICLE VII, SECTION 1:**

"Policies, bonds, recognizances, stipulations, consents of surety, underwriting undertakings and instruments relating thereto.

Insurance policies, bonds, recognizances, stipulations, consents of surety and underwriting undertakings of the Company, and releases, agreements and other writings relating in any way thereto or to any claim or loss thereunder, shall be signed in the name and on behalf of the Company

(a) by the Chairman of the Board; the President, a Vice-President or a Resident Vice-President and by the Secretary, an Assistant Secretary, a Resident Secretary or a Resident Assistant Secretary; or (b) by an Attorney-in-Fact for the Company appointed and authorized by the Chairman of the Board, the President or a Vice-President to make such signature; or (c) by such other officers or representatives as the Board may from time to time determine.

The seal of the Company shall if appropriate be affixed thereto by any such officer, Attorney-in-Fact or representative.

**IN WITNESS WHEREOF**, SEABOARD SURETY COMPANY has caused these presents to be signed by one of its Vice-Presidents, and its corporate seal to be hereunto affixed and duly attested by one of its Assistant Secretaries, this 13th day of July 19 95



Attest:

(Seal)

*Jeelyn M. Fuller*  
Assistant Secretary

SEABOARD SURETY COMPANY

By

*Michael B. Keegan*  
Vice-President

STATE OF NEW JERSEY  
COUNTY OF SOMERSET

SS:

On this 13th day of July 19 95, before me personally appeared Michael B. Keegan, a Vice-President of SEABOARD SURETY COMPANY, with whom I am personally acquainted, who, being by me duly sworn, said that he resides in the State of New Jersey; that he is a Vice-President of SEABOARD SURETY COMPANY, the corporation described in and which executed the foregoing instrument; that he knows the corporate seal of the said Company; that the seal affixed to said instrument is such corporate seal; that it was so affixed by order of the Board of Directors of said Company; and that he signed his name thereto as Vice-President of said Company by like authority.

**BELINDA FAYE LEE**

NOTARY PUBLIC OF NEW JERSEY

My Commission Expires Sept. 9, 1998

(Seal)

**CERTIFICATE**

Notary Public

I, the undersigned Assistant Secretary of SEABOARD SURETY COMPANY do hereby certify that the original Power of Attorney of which the foregoing is a full, true and correct copy, is in full force and effect on the date of this Certificate and I do further certify that the Vice-President who executed the said Power of Attorney was one of the Officers authorized by the Board of Directors to appoint an attorney-in-fact as provided in Article VII, Section 1, of the By-Laws of SEABOARD SURETY COMPANY.

This Certificate may be signed and sealed by facsimile under and by authority of the following resolution of the Executive Committee of the Board of Directors of SEABOARD SURETY COMPANY at a meeting duly called and held on the 25th day of March 1970:

"RESOLVED: (2) That the use of a printed facsimile of the corporate seal of the Company and of the signature of an Assistant Secretary on any certification of the correctness of a copy of an instrument executed by the President or a Vice-President pursuant to Article VII, Section 1, of the By-Laws appointing and authorizing an attorney-in-fact to sign in the name and on behalf of the Company surety bonds, underwriting undertakings or other instruments described in said Article VII, Section 1, with like effect as if such seal and such signature had been manually affixed and made, hereby is authorized and approved."

**IN WITNESS WHEREOF**, I have hereunto set my hand and affixed the corporate seal of the Company to these presents this 17th day of February 19 98



*Jeelyn M. Fuller*  
Assistant Secretary

Form 957 (Rev. 7/84)

# POOL COMPANY

(a Delaware corporation)

## DIRECTORS, OFFICERS AND CORPORATE DATA

FIN: 76-0306172  
CHARTER NO.

DATE: April 1, 1998

### NAME

### Directors:

J. T. Jongebloed  
W. J. Myers  
R. G. Hale  
E. J. Spillard

### STATES AND

### DATES QUALIFIED

Louisiana  
Montana  
North Dakota  
Utah  
Texas

### ANNUAL

### SHAREHOLDERS' MEETING

Date and hour to be  
determined by the Board  
of Directors or by the  
Chairman

### PLACE OF INCORPORATION

Delaware

### Officers:

### Office Held

J. T. Jongebloed	Chairman and President
F. M. Pool	President Emeritus
W. J. Myers	GVP - U. S. Operations
R. G. Hale	GVP - International Operations
E. J. Spillard	SVP, Finance
G. G. Arms	VP and General Counsel; Corp. Sec.
N. Petronio	VP, U.S. Land Operations
D. E. Larsen	VP, Alaska Operations
L. E. Dupré	VP, Human Resources
P. D. Butler	VP, Gulf Offshore Operations
R. A. Johannsen	Treasurer
E. J. Spillard	Assistant Treasurer
B. G. Gordon	Controller

### DATE OF INCORPORATION

April 3, 1990

### CAPITAL STOCK

Par Value	\$	100
Authorized		100
Outstanding		10

### OWNERSHIP

Pool Energy Services Co. 100%

RECEIVED

JUN 15 1998

Environmental Bureau  
Oil Conservation Division



STATE OF NEW MEXICO  
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

2040 S. PACHECO  
SANTA FE, NEW MEXICO 87505  
(505) 827-7131

June 18, 1998

**CERTIFIED MAIL**  
**RETURN RECEIPT NO. P-326-936-453**

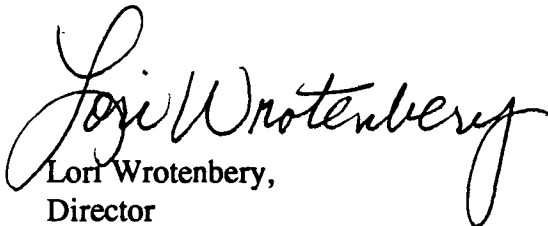
Mr. Barry Peters  
AA Oil Field Service Inc.  
P.O. Box 5208  
Hobbs, NM 88241

**RE: \$25,000 Bond for Commercial Surface Waste Management Facility**  
**A.A. Oilfield Service, Inc., Principal**  
**Sec 3, T 19 S, R 37 E, NMPM, Lea County, New Mexico**  
**United Pacific Insurance Company., Surety**  
**Bond No. U684260**

Dear Mr Barry A. Peters:

The New Mexico Oil Conservation Division hereby cancels the above-referenced Surface Waste Management Facility Surety Bond and rider.

Sincerely,

  
Lori Wrotenberg,  
Director

LW:mjk

Enclosure: copy of cancellation approval

xc with enclosure:  
Hobbs OCD Office



**Reliance**

**RELIANCE SURETY COMPANY**  
Philadelphia, Pennsylvania

**RELIANCE INSURANCE COMPANY**  
Philadelphia, Pennsylvania

**UNITED PACIFIC INSURANCE COMPANY**  
Philadelphia, Pennsylvania

**RELIANCE NATIONAL INDEMNITY COMPANY**  
Philadelphia, Pennsylvania

**CANCELLATION NOTICE CERTIFIED MAIL RETURN RECEIPT**

TO: Obligor/ State of New Mexico  
Address: Oil Conservation Commission  
P.O. Box 2088  
Santa Fe, New Mexico 87504

RE: Principal/ A A Oilfield Service, Inc.  
Address: P.O. Box 5208  
Hobbs, New Mexico 88241

Bond No.: U68 42 60

Bond Type: Treating Plant Bond

Effective Date: March 10, 1988

You are hereby notified the captioned bond is cancelled in accordance with the cancellation provisions contained therein or in applicable laws or regulations. This Notice is mailed to you on

May 15, 1998 and is to be effective on or about

July 20, 1998 or if such effective date does not provide for a sufficient number of days notice, as required, then upon the earliest date permitted. The issuance of this Cancellation Notice shall not, however, extend the effective date of cancellation if such bond has been cancelled upon an earlier date under the provisions of said bond.

United Pacific Insurance COMPANY shall not be responsible thereunder for any acts or defaults committed or loss occurring after the effective date of cancellation, nor for any losses not discovered in accordance with the provisions of such bond.

BY: Surety: United Pacific Insurance COMPANY

Marsha Crawford  
Marsha Crawford Attorney-in-Fact

**CANCELLATION ACKNOWLEDGMENT (Please sign duplicate of this Notice and return to Surety)**

By: obligor signature here  
6-18-98  
Date:



STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

GARREY CARRUTHERS  
GOVERNOR

April 18, 1988

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

Daniels Insurance  
P. O. Box 1258  
Hobbs, New Mexico 88241

Attention: Becky Bennett

Re: \$25,000 Treating Plant Bond  
A. A. Oilfield Service, Inc., Principal  
Sec. 3, T-19-S, R-37-E, Lea County  
Bond No. U684260

Dear Ms. Bennett:

The Oil Conservation Division hereby acknowledges receipt of and approves the rider to the above-referenced treating plant bond giving us the exact location a captioned above.

Sincerely,

A handwritten signature in dark ink, appearing to read "William J. Lemay".

WILLIAM J. LEMAY,  
Director

dr/

cc: Oil Conservation Division  
Hobbs, New Mexico

NEW MEXICO OIL CONSERVATION DIVISION  
OF THE ENERGY & MINERALS DEPARTMENT

\$25,000.00 TREATING PLANT BOND

BOND NO. U684260

(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 A. A. Oilfield Service, Inc., (an individual)  
(partnership) (a corporation organized in the State of New Mexico,  
with its principal office in the City of Hobbs, State of New Mexico,  
and authorized to do business in the State of New Mexico), as  
PRINCIPAL, and United Pacific Insurance Company, a corporation  
organized and existing under the laws of the State of Washington,  
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  
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  
process of treating and reclaiming sediment oil in Section \_\_\_\_\_, Township \_\_\_\_\_  
(North) (South), Range \_\_\_\_\_ (East) (West), N.M.P.M., \_\_\_\_\_ 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 plant 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 10th day of March, 19 88.

A. A. OILFIELD SERVICE, INC.  
PRINCIPAL

UNITED PACIFIC INSURANCE COMPANY  
SURETY

P.O. Box 5208, Hobbs, NM 88241  
Mailing Address

P.O. Box 1258, Hobbs, NM 88241  
Mailing Address

By

Signature

Title

By

Attorney-in-Fact

Pat Cargile  
Pat Cargile

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

(Note: Corporate surety affix corporate  
seal here.)

Mexico, the Resident New Mexico agent shall countersign here below.)

Countersigned by:

\_\_\_\_\_  
New Mexico Resident Agent

\_\_\_\_\_  
P.O. Box 1258, Hobbs, NM 88241  
Address

STATE OF \_\_\_\_\_ )  
COUNTY OF \_\_\_\_\_ ) ss.

On this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_, before me personally appeared \_\_\_\_\_, to me known to be the person (persons) described in and who executed the foregoing instrument and acknowledged that he (they) executed the same as 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.

\_\_\_\_\_  
Notary Public

\_\_\_\_\_  
My Commission Expires:

ACKNOWLEDGMENT FORM FOR CORPORATION

STATE OF New Mexico )  
COUNTY OF Lea ) ss.

On this 10th day of March, 1988, before me personally appeared Barry A. Peters, to me personally known who, being by me duly sworn, did say that he is Vice President of A.A. Oilfield Service, 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.

3-18-91  
My Commission Expires

[Signature]  
Notary Public

STATE OF New Mexico )  
COUNTY OF Lea ) ss.

On this 10th day of March, 1988, before me appeared Pat Cargile, to me personally known, who, being by me duly sworn, did say that he is attorney-in-fact of United Pacific Insurance 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.

3-18-91  
My Commission Expires:  
(Note: Corporate surety attach power of attorney)

[Signature]  
Notary Public

APPROVED BY:  
OIL CONSERVATION DIVISION

By [Signature]



# UNITED PACIFIC INSURANCE COMPANY

HEAD OFFICE, FEDERAL WAY, WASHINGTON

## POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, That the UNITED PACIFIC INSURANCE COMPANY, a corporation duly organized under the laws of the State of Washington, does hereby make, constitute and appoint

PAT CARGILE of HOBBS, NEW MEXICO -----

its true and lawful Attorney-in-Fact, to make, execute, seal and deliver for and on its behalf, and as its act and deed

ANY AND ALL BONDS AND UNDERTAKINGS OF SURETYSHIP -----

and to bind the UNITED PACIFIC INSURANCE COMPANY thereby as fully and to the same extent as if such bonds and undertakings and other writings obligatory in the nature thereof were signed by an Executive Officer of the UNITED PACIFIC INSURANCE COMPANY and sealed and attested by one other of such officers, and hereby ratifies and confirms all that its said Attorney(s)-in-Fact may do in pursuance hereof.

This Power of Attorney is granted under and by authority of Article VII of the By-Laws of UNITED PACIFIC INSURANCE COMPANY which became effective September 7, 1978, which provisions are now in full force and effect, reading as follows.

### ARTICLE VII - EXECUTION OF BONDS AND UNDERTAKINGS

1. The Board of Directors, the President, the Chairman of the Board, any Senior Vice President, any Vice President or Assistant Vice President or other officer designated by the Board of Directors shall have power and authority to (a) appoint Attorneys-in-Fact and to authorize them to execute on behalf of the Company, bonds and undertakings, recognizances, contracts of indemnity and other writings obligatory in the nature thereof, and (b) to remove any such Attorney-in-Fact at any time and revoke the power and authority given to him.

2. Attorneys-in-Fact shall have power and authority, subject to the terms and limitations of the power of attorney issued to them, to execute and deliver on behalf of the Company, bonds and undertakings, recognizances, contracts of indemnity and other writings obligatory in the nature thereof. The corporate seal is not necessary for the validity of any bonds and undertakings, recognizances, contracts of indemnity and other writings obligatory in the nature thereof.

3. Attorneys-in-Fact shall have power and authority to execute affidavits required to be attached to bonds, recognizances, contracts of indemnity or other conditional or obligatory undertakings and they shall also have power and authority to certify the financial statement of the Company and to copies of the By-Laws of the Company or any article or section thereof.

This power of attorney is signed and sealed by facsimile under and by authority of the following Resolution adopted by the Board of Directors of UNITED PACIFIC INSURANCE COMPANY at a meeting held on the 5th day of June, 1979, at which a quorum was present, and said Resolution has not been amended or repealed:

"Resolved, that the signatures of such directors and 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 WITNESS WHEREOF, the UNITED PACIFIC INSURANCE COMPANY has caused these presents to be signed by its Vice President, and its corporate seal to be hereto affixed, this 28th day of September 19 87

UNITED PACIFIC INSURANCE COMPANY



*Lawrence W. Carlstrom*  
Vice President

STATE OF Washington  
COUNTY OF King } ss.

On this 28th day of September 19 87, personally appeared Lawrence W. Carlstrom

to me known to be the Vice-President of the UNITED PACIFIC INSURANCE COMPANY, and acknowledged that he executed and attested the foregoing instrument and affixed the seal of said corporation thereto, and that Article VII, Section 1, 2, and 3 of the By-Laws of said Company, and the Resolution, set forth therein, are still in full force.

My Commission Expires:

May 15 19 90



*Pamela Young*  
Notary Public in and for State of Washington  
Residing at Tacoma

I, John E. Vance

, Assistant Secretary of the UNITED PACIFIC INSURANCE COMPANY, do hereby certify that the above and foregoing is a true and correct copy of a Power of Attorney executed by said UNITED PACIFIC INSURANCE COMPANY, which is still in full force and effect.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of said Company this 10th day of March 19 88



Assistant Secretary *John E. Vance*  
John E. Vance

# UNITED PACIFIC INSURANCE COMPANY

HOME OFFICE, TACOMA, WASHINGTON

## RIDER

To be attached to and form part of Bond Number U684260 executed by A. A. Oilfield Service, Inc.  
as Principal, and UNITED PACIFIC INSURANCE COMPANY, as Surety, in favor of State of New Mexico  
and dated March 10, 1988.

In consideration of the premium charged for the attached bond, it is hereby agreed that:

Location for treating and reclaiming sediment oil is Section 3, Township 19S,  
Range 37E, N.M.P.M., Lea County, New Mexico

The attached bond shall be subject to all its agreements, limitations and conditions except as herein expressly modified.

This rider shall become effective as of the 10th day of March, 1988, standard time.

Signed, sealed and dated this 23rd day of March, 1988.

A. A. Oilfield Service, Inc.  
PRINCIPAL

By [Signature]

ACCEPTED:

UNITED PACIFIC INSURANCE COMPANY

By \_\_\_\_\_  
ATTORNEY-IN-FACT

By \_\_\_\_\_

(TITLE)

NEW MEXICO OIL CONSERVATION DIVISION  
OF THE ENERGY & MINERALS DEPARTMENT

\$25,000.00 TREATING PLANT BOND

BOND NO. U684260

(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 A. A. Oilfield Service, Inc., (an individual)  
(partnership) (a corporation organized in the State of New Mexico,  
with its principal office in the City of Hobbs, State of New Mexico,  
and authorized to do business in the State of New Mexico), as  
PRINCIPAL, and United Pacific Insurance Company, a corporation  
organized and existing under the laws of the State of Washington,  
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  
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  
process of treating and reclaiming sediment oil in Section \_\_\_\_\_, Township \_\_\_\_\_  
(North) (South), Range \_\_\_\_\_ (East) (West), N.M.P.M., \_\_\_\_\_ 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 plant 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 10th day of March, 19 88.

A. A. OILFIELD SERVICE, INC.  
PRINCIPAL

UNITED PACIFIC INSURANCE COMPANY  
SURETY

P.O. Box 5208, Hobbs, NM 88241  
Mailing Address

P.O. Box 1258, Hobbs, NM 88241  
Mailing Address

By [Signature]  
Signature Title

By [Signature]  
Attorney-in-Fact Pat Cargile

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

(Note: Corporate surety affix corporate  
seal here.)

EXHIBIT A  
CASE NO. 8909  
ORDER NO. R-3284

# UNITED PACIFIC INSURANCE COMPANY

HOME OFFICE, TACOMA, WASHINGTON

## RIDER

To be attached to and form part of Bond Number U684260 executed by A. A. Oilfield Service, Inc.  
as Principal, and UNITED PACIFIC INSURANCE COMPANY, as Surety, in favor of State of New Mexico  
and dated March 10, 1988.

In consideration of the premium charged for the attached bond, it is hereby agreed that:

Location for treating and reclaiming sediment oil is Section 3, Township 19S,  
Range 37E, N.M.P.M., Lea County, New Mexico

The attached bond shall be subject to all its agreements, limitations and conditions except as herein expressly modified.

This rider shall become effective as of the 10th day of March, 1988, standard time.

Signed, sealed and dated this 23rd day of March, 1988.

A. A. Oilfield Service, Inc.

PRINCIPAL

By: [Signature]

ACCEPTED:

UNITED PACIFIC INSURANCE COMPANY

By: [Signature]

ATTORNEY-IN-FACT

By:                     

(TITLE)

Mexico, the resident New Mexico agent shall countersign here below.)

Countersigned by \_\_\_\_\_

P.O. Box 1258, Hobbs, NM 88241

New Mexico Resident Agent

Address

STATE OF \_\_\_\_\_ )  
COUNTY OF \_\_\_\_\_ ) ss.

On this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_, before me personally appeared \_\_\_\_\_, to me known to be the person (persons) described in and who executed the foregoing instrument and acknowledged that he (they) executed the same as 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.

Notary Public

My Commission Expires: \_\_\_\_\_

#### ACKNOWLEDGMENT FORM FOR CORPORATION

STATE OF New Mexico )  
COUNTY OF Lea ) ss.

On this 10th day of March, 1988, before me personally appeared Barry A. Peters, to me personally known who, being by me duly sworn, did say that he is Vice President of A.A. Oilfield Service, 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.

3-18-91  
Notary Public

My Commission Expires

STATE OF New Mexico )  
COUNTY OF Lea ) ss.

On this 10th day of March, 1988, before me appeared Pat Cargile, to me personally known, who, being by me duly sworn, did say that he is attorney-in-fact of United Pacific Insurance 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.

3-18-91  
Notary Public

My Commission Expires:

(Note: Corporate surety attach power of attorney)

APPROVED BY:  
OIL CONSERVATION DIVISION

By \_\_\_\_\_

# RELIANCE INSURANCE COMPANIES

☐ RELIANCE INSURANCE COMPANY  
PHILADELPHIA, PENNSYLVANIA

☒ UNITED PACIFIC INSURANCE COMPANY  
FEDERAL WAY, WASHINGTON

☐ PLANET INSURANCE COMPANY  
FEDERAL WAY, WASHINGTON

Hereinafter Called "Surety"

## MULTIPURPOSE COURT/COMMERCIAL SURETY APPLICATION

### BE SURE TO COMPLETE APPLICABLE SECTION

☒ No.1 License & Permit or Miscellaneous      ☐ No. 3 Probate      ☐ No. 5 Referee, Receiver, etc.  
☐ No. 2 Lost Securities Bond      ☐ No. 4 Judicial      ☐ No. 6 Internal Revenue-Customs

COMPLETE THIS SECTION FOR ALL BONDS. Refer to Underwriting Production Guide for specific underwriting requirements.

Agent Daniels Insurance, Inc. Branch Hobbs, NM Bond Number U684260

Applicants name in full (If a partnership, give names of partners) (Print or Type) A. A. Oilfield Service, Inc. ☐ Individual ☐ Partnership ☒ Corporation  
If Individual, include SS#

Business Address (Give Number, Street, City, State and Zip Code)  
P.O. Box 5208, Hobbs, NM 88241

Occupation

Residence Address

Have you or any partner been bankrupt or insolvent?

☐ Yes\* ☒ No

Amount of Bond

Effective Date

Term

\$ 25,000.00

02-16-88

1 yr

Any lawsuits, judgments, or liens against you?

☐ Yes\* ☒ No

To whom is bond given (Obligee) (Give exact and complete name, especially if corporation)

State of New Mexico, Oil Conservation Commission

Address of above

P.O. Box 2088, Santa Fe, NM 87504

Nature or character of bond required

Treating Plant Bond

Has application for this bond been declined by another company? If yes, state particulars

☒ Yes ☐ No Hartford declining to increase or write energy related bonds

### LICENSE AND PERMIT OR

### 1 MISCELLANEOUS BOND

(For Warehouse Bonds,  
use BD 7004)

Net Worth

General liability insurance carried? (Give Limits)

☐ Yes ☐ No\*

Property damage insurance carried? (Give limits)

☐ Yes ☐ No\*

If bond guarantees an agreement, attach an exact copy of agreement.

Type of security and registration number

Date of instrument

Payable to applicant only? ☐ Yes ☐ No  
If no, who is it payable to?

Are securities endorsed?

☐ Yes ☐ No

Describe manner of loss\*

Has notice of loss been given? ☐ Yes ☐ No  
When? To Whom?

If registered, in whose name?

If a check, has payment been stopped? If so, when?

☐ Yes ☐ No

If a deed of trust or note, has either been involved in a lawsuit? ☐ Yes\* ☐ No  
Was a judgment obtained? ☐ Yes\* ☐ No

Attach transfer agents replacement procedures

Name of Deceased (Ward)

Date of Death

Date of Appointment

Is applicant indebted to the estate or trust? ☐ Yes\* ☐ No

Will any business of the estate be continued by fiduciary?

☐ Yes ☐ No

(If yes, send a copy of court order)

Assets of estate or trust (describe)

Name and age of

☐ Minor(s)

☐ Incompetent

Applicant's relationship to

☐ deceased

☐ ward(s)

Applicant's net worth

Are guardianship funds to be used for support of minor(s)? ☐ Yes ☐ No (If yes, send copy of court order authorizing monthly expenditures.)

Is this bond required on the demand of an interested person?

☐ Yes ☐ No If yes, who?

Name of Attorney

### 3 PROBATE BOND

**4 OTHER COURT BOND**

Plaintiff	Defendant	Applicant's Net Worth
Explain purpose of bond (Submit copy of relevant documents)		
Name and Address of Attorney	If an Injunction or Restraining Order bond, does applicant anticipate any foreclosure or collection action against him? <input type="checkbox"/> Yes <input type="checkbox"/> No If yes, submit for underwriting	
Name and Location of Court	Title of the Case and Case Number	

**5**  
☐ REFEREE'S  
☐ RECEIVER'S  
☐ TRUSTEE'S  
BOND

Name of Bankrupt (debtor)	Name and Address of Principal's Attorney	
Address of Bankrupt (debtor)	Name and Location of Court	Applicant's Net Worth
Nature of Debtor's business		
If Bankruptcy, what section	If Reorganization, submit details	

**6**  
☐ INTERNAL REVENUE  
☐ CUSTOMS

U.S. Form Number	Port of Entry	
What commodity is being entered	Character of business conducted	
Do you own	The distillery or warehouse?	Land on which distillery or warehouse is located?

The undersigned hereby declares the truth of the representations herein, and that they are made to induce the Surety to issue the bond(s) herein applied for. The undersigned agrees that the Surety may decline the bond(s) applied for or may cancel or terminate same without incurring any liability whatsoever to the undersigned. In consideration of the issuance of the bond(s) herein applied for or any bond(s) in substitution for or in succession of the said bond(s), or any increase or extension of time of the said bond(s), the undersigned hereby agrees; (1) To hereby authorize the Surety to make such pertinent inquiry as may be necessary from financial institutions; person, firms and corporations in order to confirm and verify information referred to or listed on this application; (2) To pay to the Surety the agreed premium upon execution of the bond(s) and annually in advance thereafter; (3) To furnish the Surety with satisfactory and conclusive termination evidence that there is no further liability on the bond; (4) To perform all the conditions of said bond(s) and will indemnify and save the Surety harmless from demands, losses, cost, damages and expenses, including attorney's and counsel fees deemed necessary by the Surety, which the Surety may sustain or incur by reason of the issuance of such bond(s), or obtaining a release of or evidence or termination under such bond(s); (5) That the Surety shall have the exclusive right to adjust, settle or compromise any claim under such bond(s) unless the undersigned shall in writing request the Surety to litigate such claim and shall deposit immediately with Surety collateral satisfactory to the Surety in kind and amount; (6) That the voucher or other evidence showing payment made by the Surety in good faith by reason of such bond(s) or any renewal, extension or substitution thereof shall be conclusive and in any event prima facie evidence of such payment and the propriety thereof and of the liability of the undersigned therefore to the Surety; and (7) The undersigned further agrees to reimburse the Surety for all expense, counsel and attorney fees incurred by the Surety in enforcing any provision of this agreement.

Regardless of the date this application is signed, it is effective as of the date of execution of the above mentioned bond pursuant to certain promises and agreements made by the undersigned(s).

Dated this 10th day of March, 1988

NOTE: If co-partnership or corporation firm name must be signed in full, with partner's or officer's name and title on line below

Witness Hellen Peters  
Hellen Peters, Secretary

A. A. WILFELD SERVICE, INC.  
BY August A. Peters, Jr. President  
August A. Peters, Jr. Personal Indemnitor  
Barry A. Peters Personal Indemnitor  
Vickie Peters Personal Indemnitor

INDEMNITY AGREEMENT  
READ CAREFULLY