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BONDS



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop
Cabinet Secretary

May 8, 2004

Lori Wrotenbery

Director

Oil Conservation Division

Mr. Randy Atwood
Wells Fargo Bank New Mexico, NA
1910 Turner
Hobbs, NM 88240

RE: \$168,000 Letter of Credit for Commercial Surface Waste Management Facility
Location: Sec. 9&10, T. 20 S., R. 38 E., NMPM, Lea County, New Mexico
Principal: J&L Landfarm, Inc
Financial Institution: Wells Fargo Bank New Mexico, NA
Letter of Credit: No. NZS511832

Dear Mr. Atwood:

The New Mexico Oil Conservation Division hereby approves the above referenced Commercial Surface Waste Management Facility Letter of Credit.

If you have any questions please contact Martyne Kieling at (505) 476-3488.

Sincerely,

Gail MacQuesten
Assistant General Counsel

GM: mjk

Enclosure: Copy of Irrevocable Letter of Credit (No. NZS511832)

xc: Hobbs OCD Office
Judy L. Roberts, J&L Landfarm, Inc. P.O. Box 356, Hobbs, NM 88241-0356



WELLS FARGO BANK, N.A.
TRADE SERVICES DIVISION, NORTHERN CALIFORNIA
One Front Street, 21st Floor
San Francisco, California 94111
1 800 798 2815 option 1

State of New Mexico
Energy, Minerals and Natural Resources Department
Oil Conservation Division

Irrevocable Letter of Credit For Waste Management Facilities
(File with Oil Conservation Division, 1220 South Saint Francis, Santa Fe, New Mexico 87505)

LETTER OF CREDIT NO. NZS511832

Beneficiary:

State of New Mexico, Energy, Minerals
And Natural Resources Dept. Oil Conservation Division
1220 South Saint Francis
Santa Fe, NM 87505

Date February 18, 2004

Ladies and Gentlemen:

Wells Fargo Bank, N.A., a corporation organized and existing under the laws of the State of California and authorized to do business in the State of New Mexico, as ISSUER, hereby establishes this Letter of Credit for the use and benefit of the Oil Conservation Division of the Energy, Minerals and Natural Resources Department (DIVISION) pursuant to NMSA 1978, Section 70-2-12, as amended, for an aggregate amount not to exceed \$ One Hundred Sixty Eight and 00/100 (\$ 168,000.00) in United States dollars ("Face Amount") effective immediately. This Letter of Credit is established for J & L Landfarm, Inc., whose address is: PO Box 356, Hobbs, NM 88241, (an individual, partnership, or 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 APPLICANT.

1. The APPLICANT has or may 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 or other oil field related waste in Section 9 & 10, Township 20S, Range 38E, NMPM, Lea County, New Mexico ("Facility").

2. This Letter of Credit is irrevocable for a term of not less than five (5) years and is conditioned upon substantial compliance by the APPLICANT with all applicable statutes of the State of New Mexico and all rules and orders of the Oil Conservation Commission and DIVISION, including clean-up of the Facility site by the APPLICANT to the standards set by the DIVISION.

3. This Letter of Credit will expire **on the earliest to occur of:** (a) **February 28, 2009** [not less than five (5) years from the effective date of the Letter of Credit]; or (b) the date upon which sufficient documents are executed by the DIVISION to release the APPLICANT from further liability for closure of the Facility with notice to the ISSUER by the DIVISION accompanied by the original Letter of Credit with directions for cancellation. This

Letter of Credit shall be forfeited and collected by the DIVISION if not replaced by approved financial assurance at least 90 days before the expiration date.

4. This Letter of Credit will remain effective **until the earliest to occur of:** (a) the expiration date; or (b) the APPLICANT replaces this Letter of Credit with another acceptable form of financial assurance; or (c) the DIVISION releases the Letter of Credit pursuant to Paragraph 3 above.

5. Funds under this Letter of Credit are available against the DIVISION'S sight draft, in the form of Exhibit A, specifying Letter of Credit No. NZS511832 delivered to the office of the ISSUER at Wells Fargo Bank, N.A., Trade Services Dept., One Front Street, 21st floor, San Francisco, CA 94111. At the DIVISION'S sole election, the DIVISION may present sight drafts for less than the Face Amount of this Letter of Credit so long as the aggregate amount of all sight drafts does not exceed the Face Amount. Each draft must be accompanied by a certificate in the form of Exhibit B, signed by a duly authorized representative of the DIVISION.

6. If the ISSUER receives the DIVISION'S sight draft(s) and certificate(s) as provided in Paragraph 5, above, on or before the expiration or termination of this Letter of Credit, the ISSUER will pay such amount as the DIVISION may specify, up to an aggregate amount not to exceed the Face Amount of this Letter of Credit available to the DIVISION no later than 5 p.m., in Santa Fe, NM on the second business day following the ISSUER'S receipt of the sight draft and certificate and in such a manner as the DIVISION may specify.

7. The ISSUER will give prompt notice to the APPLICANT and to the DIVISION Director of any notice received or action filed alleging the insolvency or bankruptcy of the ISSUER, or alleging any violations of regulatory requirements which are reasonably likely to result in suspension or revocation of the ISSUER'S charter or license to do business.

8. This Letter of Credit will be governed by the laws of the State of New Mexico.

9. All communications regarding this Letter of Credit will be addressed to the ISSUER at Wells Fargo Bank, N.A. One Front Street, 21st Floor, San Francisco, CA 94111, referencing Letter of Credit No. NZS511832.

Very truly yours,
WELLS FARGO BANK, NA.

By: Randy Atwood
Randy Atwood, Authorized Signature

Title: Vice President

STATE OF NEW MEXICO

)SS.

COUNTY OF

On this 8th day of March, 2004, before me personally appeared Randy Atwood, Vice President of Wells Fargo Bank, N.A., to me known to be the person (persons) described in and who executed the foregoing instrument and acknowledged that they executed the same as their free act and deed.

IN WITNESS WHEREOF, I have hereunto set my hand and seal on the day and year in this certificate first above written.

My commission expires: 03-24-2004



Deena Williams
Notary Public

To
Letter of Credit No. NZS511832

Letter of Credit No. NZS511832

(\$ _____) _____ DOLLARS

**New Mexico Energy Minerals and Natural
Resources Dept.
Oil Conservation Division
1220 South Saint Francis
Santa Fe, New Mexico 87505**

Date:

EXHIBIT B
to
Letter of Credit No. NZS511832

I, _____ a duly authorized representative of
the New Mexico Oil Conservation Division, hereby certify that: (1) the drawing in the
amount of
(\$ _____) _____ Dollars, by sight draft accompanying
this certificate, under Letter of Credit No. _____ dated _____ issued by
you is permitted under the provisions of the Letter of Credit; (2) the Letter of Credit has
neither expired nor terminated pursuant to its terms; (3) the amount of the sight draft,
together with any amounts previously drawn under the Letter of Credit, does not exceed the
Face Amount of the Letter of Credit; and (4) the New Mexico Oil Conservation Division has
directed the forfeiture of the Letter of Credit. Proceeds of this drawing will be utilized in full
to pay expenses relating to the closure liability for the facility described in Paragraph 1 of the
Letter of Credit.

New Mexico Oil Conservation Division

By: _____
Authorized Signature

Date



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor
Joanna Prukop
Cabinet Secretary

Lori Wrotenbery
Director
Oil Conservation Division

March 8, 2004

Mr. Zane S. Bergman
First National Bank
P.O. Box 460
Hobbs, NM 88241-0460

RE: Release \$168,000 Letter of Credit for Commercial Surface Waste Management Facility
Location: Sec. 9&10, T. 20 S., R. 38 E., NMPM, Lea County, New Mexico
Principal: J&L Landfarm, Inc
Financial Institution: First National Bank
Letter of Credit: No. 210391574

Dear Mr. Bergman:

The New Mexico Oil Conservation Division hereby approves the release of the First National Bank Letter of Credit No. 210391574 for \$168,000 (original enclosed).

If you have any questions please contact Martyne Kieling at (505) 476-3488.

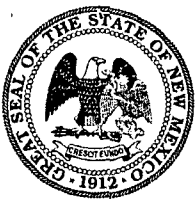
Sincerely,

Gail MacQuesten
Assistant General Counsel

GM: mjk

Enclosure: Original Irrevocable Letter of Credit (No. 210391574)

xc: Hobbs OCD Office
Judy L. Roberts, J&L Landfarm, Inc.



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Lori Wrotenberg

Director

Oil Conservation Division

May 5, 2003

Ms. Judy L. Roberts
J&L Landfarm, Inc.
P.O. Box 356
Hobbs, NM 88241-0356

RE: \$168,000 Letter of Credit for Commercial Surface Waste Management Facility
Location: Sec. 9&10, T. 20 S., R. 38 E., NMPM, Lea County, New Mexico
Principal: J&L Landfarm, Inc
Financial Institution: First National Bank
Letter of Credit No. 210391574

Dear Ms. Roberts:

The New Mexico Oil Conservation Division hereby approves the above-referenced Commercial Surface Waste Management Facility Letter of Credit.

If you have any questions please contact Martyne Kieling at (505) 476-3488.

Sincerely,

David K. Brooks
Assistant General Counsel

DKB:mjk

Enclosure: Copy of Irrevocable Letter of Credit (No. 210391574)

xc with attachment:

Hobbs OCD Office

Zane S. Bergman, First National Bank, P.O. Box 460, Hobbs, NM 88241-0460

RECEIVED
12/00

State of New Mexico
Energy, Minerals and Natural Resources Department
Oil Conservation Division

MAY 02 2003

OIL CONSERVATION
DIVISION

Irrevocable Letter of Credit For Waste Management Facilities
(File with Oil Conservation Division, 1220 South Saint Francis, Santa Fe, New Mexico 87505)

LETTER OF CREDIT NO. 210391574

FIRST NATIONAL BANK IN HOBBS [Name of Financial Institution], a corporation organized and existing under the laws of the State of NEW MEXICO and authorized to do business in the State of New Mexico, as ISSUER, hereby establishes this Letter of Credit for the use and benefit of the Oil Conservation Division of the Energy, Minerals and Natural Resources Department (DIVISION) pursuant to NMSA 1978, Section 70-2-12, as amended, for an aggregate amount not to exceed \$ ONE HUNDRED SIXTY-EIGHT THOUSAND DOLLARS (\$ 168,000.00) in United States dollars ("Face Amount") effective immediately. This Letter of Credit is established for J & L LANDFARM, INC. (an individual, partnership, or 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 APPLICANT.

1. The APPLICANT has or may 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 or other oil field related waste in Section 9 & 10, Township 20 SOUTH, Range 38 EAST, NMPM, LEA County, New Mexico ("Facility").

2. This Letter of Credit is irrevocable for a term of not less than five (5) years and is conditioned upon substantial compliance by the APPLICANT with all applicable statutes of the State of New Mexico and all rules and orders of the Oil Conservation Commission and DIVISION, including clean-up of the Facility site by the APPLICANT to the standards set by the DIVISION.

3. This Letter of Credit will expire on: (a) MARCH 10, 2007 [not less than five (5) years from the effective date of the Letter of Credit]; or (b) the date upon which sufficient documents are executed by the DIVISION to release the APPLICANT from further liability for closure of the Facility with notice to the ISSUER by the DIVISION accompanied by the original Letter of Credit with directions for cancellation. This Letter of Credit shall be forfeited and collected by the DIVISION if not replaced by approved financial assurance at least 90 days before the expiration date.

4. This Letter of Credit will remain effective until: (a) the expiration date; (b) the APPLICANT replaces this Letter of Credit with another acceptable form of financial assurance; or (c) the DIVISION releases the Letter of Credit pursuant to Paragraph 3 above.

5. Funds under this Letter of Credit are available against the DIVISION'S sight draft, in the form of Exhibit A, specifying Letter of Credit No. 210391574 delivered to the office of the ISSUER at 600 W. BENDER, HOBBS, NEW MEXICO, 88240 [address]. At the DIVISION'S sole election, the DIVISION may present sight drafts for less than the Face Amount of this Letter of Credit so long as the aggregate amount of all sight drafts does not exceed the Face Amount. Each draft

must be accompanied by a certificate in the form of Exhibit B, signed by a duly authorized representative of the DIVISION.

12/00

6. If the ISSUER receives the DIVISION'S sight draft(s) and certificate(s) as provided in Paragraph 5, above, on or before the expiration or termination of this Letter of Credit, the ISSUER will pay such amount as the DIVISION may specify, up to an aggregate amount not to exceed the Face Amount of this Letter of Credit available to the DIVISION no later than 5 p.m., in Santa Fe, NM on the second business day following the ISSUER'S receipt of the sight draft and certificate and in such a manner as the DIVISION may specify.

7. The ISSUER will give prompt notice to the APPLICANT and to the DIVISION Director of any notice received or action filed alleging the insolvency or bankruptcy of the ISSUER, or alleging any violations of regulatory requirements which are reasonably likely to result in suspension or revocation of the ISSUER'S charter or license to do business.

8. This Letter of Credit will be governed by the laws of the State of New Mexico.

9. All communications regarding this Letter of Credit will be addressed to the ISSUER at 600 W. BENDER, HOBBS, NEW MEXICO 88240 [address], referencing Letter of Credit No. 210391574.

Very truly yours,

FIRST NATIONAL BANK IN HOBBS

ISSUER

By: ZANES.BERGMAN

(Name typed or printed)


(Authorized Signature)

Title: PRESIDENT

STATE OF NEW MEXICO

)SS.

COUNTY OF LEA

THE FOREGOING INSTRUMENT WAS ACKNOWLEDGED BEFORE ME THIS 29TH DAT OF APRIL, 2003, BY ZANE S. BERGMAN, PRESIDENT OF FIRST NATIONAL BANK, A LENDING CORPORATION ON BEHALF OF SAID CORPORATION.

My commission expires:

06/01/06

Date: APRIL 29, 2003


Notary Public

EXHIBIT A - SIGHT DRAFT
to
Letter of Credit No. _____

Date

City, County

Letter of Credit No.

PAY TO THE ORDER OF: _____ New Mexico Oil Conservation Division

(\$ _____) _____ DOLLARS

TO: (Name of ISSUER)
and
(Address)

New Mexico Energy Minerals and Natural
Resources Dept.
Oil Conservation Division
1220 South Saint Francis Dr.
Santa Fe, New Mexico 87505

By: _____
Authorized Signature

Date:

EXHIBIT B

to

Letter of Credit No. _____

I, _____ a duly authorized representative of the New Mexico Oil Conservation Division, hereby certify that: (1) the drawing in the amount of (\$ _____) _____ Dollars, by sight draft accompanying this certificate, under Letter of Credit No. _____ dated _____ issued by you is permitted under the provisions of the Letter of Credit; (2) the Letter of Credit has neither expired nor terminated pursuant to its terms; (3) the amount of the sight draft, together with any amounts previously drawn under the Letter of Credit, does not exceed the Face Amount of the Letter of Credit; and (4) the New Mexico Oil Conservation Division has directed the forfeiture of the Letter of Credit. Proceeds of this drawing will be utilized in full to pay expenses relating to the closure liability for the facility described in Paragraph 1 of the Letter of Credit.

New Mexico Oil Conservation Division

By: _____
Authorized Signature

Date



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Lori Wrotenbery

Director

Oil Conservation Division

May 5, 2003

Mr. Zane S. Bergman
First National Bank
P.O. Box 460
Hobbs, NM 88241-0460

RE: Release \$168,000 Letter of Credit for Commercial Surface Waste Management Facility
Location: Sec. 9&10, T. 20 S., R. 38 E., NMPM, Lea County, New Mexico
Principal: J&L Landfarm, Inc
Financial Institution: First National Bank
Letter of Credit: No. 210391573

Dear Mr. Bergman:

The New Mexico Oil Conservation Division hereby approves the release of the First National Bank Letter of Credit No. 210391573 for \$168,000 (original enclosed).

If you have any questions please contact Martyne Kieling at (505) 476-3488.

Sincerely,

David K. Brooks
Assistant General Counsel

DKB: mjk

Enclosure: Original Irrevocable Letter of Credit (No. 210391573)

xc: Hobbs OCD Office
Judy L. Roberts, J&L Landfarm, Inc.



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON

Governor

Betty Rivera
Cabinet Secretary

Lori Wrotenbery

Director

Oil Conservation Division

April 17, 2002

CERTIFIED MAIL

RETURN RECEIPT NO. 7001-1940-0004-7923-3866

Ms. Judy L. Roberts
J&L Landfarm, Inc.
P.O. Box 356
Hobbs, NM 88241-0356

RE: \$168,000 Letter of Credit for Commercial Surface Waste Management Facility
Location: Sec. 9&10, T. 20 S., R. 38 E., NMPM, Lea County, New Mexico
Principal: J&L Landfarm, Inc
Financial Institution: First National Bank
Letter of Credit No. 2103915-73

Dear Ms. Roberts:

The New Mexico Oil Conservation Division hereby approves the above-referenced Commercial Surface Waste Management Facility Letter of Credit.

If you have any questions please contact Martyne Kieling at (505) 476-3488.

Sincerely,

David K. Brooks
Assistant General Counsel

DKB:mjk

Enclosure: Copy of Irrevocable Letter of Credit (No. 2103915-73)

xc with attachment:

Hobbs OCD Office

Barbara Armijo, First National Bank, P.O. Box 460, Hobbs, NM 88241-0460

State of New Mexico
Energy, Minerals and Natural Resources Department
Oil Conservation Division

Irrevocable Letter of Credit For Waste Management Facilities
(File with Oil Conservation Division, 1220 South Saint Francis, Santa Fe, New Mexico 87505)

LETTER OF CREDIT NO. 2103915-73

The First National Bank in Hobbs [Name of Financial Institution], a corporation organized and existing under the laws of the State of New Mexico and authorized to do business in the State of New Mexico, as ISSUER, hereby establishes this Letter of Credit for the use and benefit of the Oil Conservation Division of the Energy, Minerals and Natural Resources Department (DIVISION) pursuant to NMSA 1978, Section 70-2-12, as amended, for an aggregate amount not to exceed \$One Hundred Sixty-Eight Thousand Dollars (\$168,00.00) in United States dollars ("Face Amount") effective immediately. This Letter of Credit is established for J & L Landfarm Inc., (a partnership or 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 APPLICANT.

1. The APPLICANT has or may 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 or other oil field related waste in Section 9 & 10, Township 20 South, Range 38 East, NMPM, Lea County, New Mexico ("Facility").

2. This Letter of Credit is irrevocable for a term of not less than five (5) years and is conditioned upon substantial compliance by the APPLICANT with all applicable statutes of the State of New Mexico and all rules and orders of the Oil Conservation Commission and DIVISION, including clean-up of the Facility site by the APPLICANT to the standards set by the DIVISION.

3. This Letter of Credit will expire on: (a) March 1, 2004 [not less than five (5) years from the effective date of the Letter of Credit]; or (b) the date upon which sufficient documents are executed by the DIVISION to release the APPLICANT from further liability for closure of the Facility with notice to the ISSUER by the DIVISION accompanied by the original Letter of Credit with directions for cancellation. This Letter of Credit shall be forfeited and collected by the DIVISION if not replaced by approved financial assurance at least 90 days before the expiration date.

4. This Letter of Credit will remain effective until: (a) the expiration date; (b) the APPLICANT replaces this Letter of Credit with another acceptable form of financial assurance; or (c) the DIVISION releases the Letter of Credit pursuant to Paragraph 3 above.

5. Funds under this Letter of Credit are available against the DIVISION'S sight draft, in the form of Exhibit A, specifying Letter of Credit No. 2103915-73 delivered to the office of the ISSUER at 600 W. Bender, Hobbs, New Mexico, 88240 [address]. At the DIVISION'S sole election, the DIVISION may present sight drafts for less than the Face Amount of this Letter of Credit so long as the aggregate amount of all sight drafts does not exceed the Face Amount. Each draft must be accompanied by a certificate in the form of Exhibit B, signed by a duly authorized representative of the DIVISION.

6. If the ISSUER receives the DIVISION'S sight draft(s) and certificate(s) as provided in Paragraph 5, above, on or before the expiration or termination of this Letter of Credit, the ISSUER will pay such amount as the DIVISION may specify, up to an aggregate amount not to exceed the Face Amount of this Letter of Credit available to the DIVISION no later than 5 p.m., in Santa Fe, NM on the second business day following the ISSUER'S receipt of the sight draft and certificate and in such a manner as the DIVISION may specify.

7. The ISSUER will give prompt notice to the APPLICANT and to the DIVISION Director of any notice received or action filed alleging the insolvency or bankruptcy of the ISSUER, or alleging any violations of regulatory requirements which are reasonably likely to result in suspension or revocation of the ISSUER'S charter or license to do business.

8. This Letter of Credit will be governed by the laws of the State of New Mexico.

9. All communications regarding this Letter of Credit will be addressed to the ISSUER at 600 W. Bender, Hobbs, New Mexico, 88240 [address], referencing Letter of Credit No. 2103915-73.

Very truly yours,

First National Bank
ISSUER

By: Zane S. Bergman
(Name typed or printed)

[Signature]
(Authorized Signature)

Title: President

STATE OF NEW MEXICO

)SS.

COUNTY OF LEA

On this 26TH day of February, 2 002, before me personally appeared Zane S. Bergman, President and _____, to me known to be the person (persons) described in and who executed the foregoing instrument and acknowledged that they executed the same as their free act and deed.

IN WITNESS WHEREOF, I have hereunto set my hand and seal on the day and year in this certificate first above written.

My commission expires: 06/01/02

2-26-02
Date

Notary Public [Signature]

EXHIBIT A - SIGHT DRAFT
to
Letter of Credit No. _____

Date

City, Cou nty

Letter of Credit No.

PAY TO THE ORDER OF: _____ New Mexico Oil Conservation Division

(\$ _____) _____ DOLLARS

TO: (Name of ISSUER)
and
(Address)

New Mexico Energy Minerals and Natural
Resources Dept.
Oil Conservation Division
1220 South Saint Francis Dr.
Santa Fe, New Mexico 87505

By: _____
Authorized Signature

Date:

EXHIBIT B

to

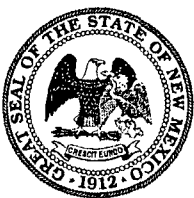
Letter of Credit No. _____

I, _____ a duly authorized representative of the New Mexico Oil Conservation Division, hereby certify that: (1) the drawing in the amount of (\$ _____) _____ Dollars, by sight draft accompanying this certificate, under Letter of Credit No. _____ dated _____ issued by you is permitted under the provisions of the Letter of Credit; (2) the Letter of Credit has neither expired nor terminated pursuant to its terms; (3) the amount of the sight draft, together with any amounts previously drawn under the Letter of Credit, does not exceed the Face Amount of the Letter of Credit; and (4) the New Mexico Oil Conservation Division has directed the forfeiture of the Letter of Credit. Proceeds of this drawing will be utilized in full to pay expenses relating to the closure liability for the facility described in Paragraph 1 of the Letter of Credit.

New Mexico Oil Conservation Division

By: _____
Authorized Signature

Date



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON

Governor

Betty Rivera
Cabinet Secretary

Lori Wrotenberg

Director

Oil Conservation Division

April 17, 2002

CERTIFIED MAIL

RETURN RECEIPT NO. 7001-1940-0004-7923-3873

Ms. Barbara Armijo
First National Bank
P.O. Box 460
Hobbs, NM 88241-0460

RE: Release \$126,000 Letter of Credit for Commercial Surface Waste Management Facility
Location: Sec. 9&10, T. 20 S., R. 38 E., NMPM, Lea County, New Mexico
Principal: J&L Landfarm, Inc
Financial Institution: First National Bank
Letter of Credit: No. 210391572

Dear Ms. Armijo:

The New Mexico Oil Conservation Division hereby approves the release of the First National Bank Letter of Credit No. 210391572 for \$126,000 (original enclosed).

If you have any questions please contact Martyne Kieling at (505) 476-3488.

Sincerely,

David K. Brooks
Assistant General Counsel

DKB: mjk

Enclosure: Original Irrevocable Letter of Credit (No. 210391571 and 210391572)

xc: Hobbs OCD Office
Judy L. Roberts, J&L Landfarm, Inc.



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON

Governor

Jennifer A. Salisbury

Cabinet Secretary

April 19, 2001

Lori Wrotenbery

Director

Oil Conservation Division

CERTIFIED MAIL

RETURN RECEIPT NO. 7099-3220-0000-5051-2191

Ms. Judy L. Roberts
J&L Landfarm, Inc.
P.O. Box 356
Hobbs, NM 88241-0356

RE: \$126,000 Letter of Credit for Commercial Surface Waste Management Facility
Location: Sec. 9&10, T. 20 S., R. 38 E., NMPM, Lea County, New Mexico
Principal: J&L Landfarm, Inc
Financial Institution: First National Bank
Letter of Credit No. 210391572

Dear Ms. Roberts:

The New Mexico Oil Conservation Division hereby approves the above-referenced Commercial Surface Waste Management Facility Letter of Credit.

If you have any questions please do not hesitate to contact Martyne Kieling at (505) 476-3488.

Sincerely,

Stephen C. Ross

Assistant General Counsel, EMNRD

SCR:mjk

Enclosure: Copy of Irrevocable Letter of Credit (No. 210391572)

xc with attachment:

Hobbs OCD Office

Barbara Armijo, First National Bank, P.O. Box 460, Hobbs, NM 88240



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Jennifer A. Salisbury
Cabinet Secretary

March 9, 2000

Lori Wrotenbery
Director
Oil Conservation Division

CERTIFIED MAIL
RETURN RECEIPT NO. 7099-3220-0000-5051-2207

Ms. Barbara Armijo
First National Bank
P.O. Box 460
Hobbs, NM 88240

RE: Release \$84,000 Letter of Credit for Commercial Surface Waste Management Facility
Location: Sec. 9&10, T. 20 S., R. 38 E., NMPM, Lea County, New Mexico
Principal: J&L Landfarm, Inc
Financial Institution: First National Bank
Letter of Credit: No. 210391571

Dear Ms. Armijo:

The New Mexico Oil Conservation Division hereby approves the release of the First National Bank Letter of Credit No. 210391571 for \$48,000 (original enclosed).

If you have any questions please do not hesitate to contact Martyne Kieling at (505) 476-3488.

Sincerely,

A handwritten signature in black ink, appearing to be "SR" or similar initials.

Stephen C. Ross
Assistant General Counsel, EMNRD

SCR:mjk

Enclosure: Original Irrevocable Letter of Credit (No. 210391571)

xc: Hobbs OCD Office
Judy L. Roberts, J&L Landfarm, Inc.



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

March 3, 2000

CERTIFIED MAIL
RETURN RECEIPT NO. Z-559-573-277

Ms. Judy L. Roberts
J&L Landfarm, Inc.
P.O. Box 356
Hobbs, NM 88241-0356

RE: \$84,000 Letter of Credit for Commercial Surface Waste Management Facility
Location: Sec. 9&10, T. 20 S., R. 38 E., NMPM, Lea County, New Mexico
Principal: J&L Landfarm, Inc
Financial Institution: First National Bank
Letter of Credit No. 210391571

Dear Ms. Roberts:

The New Mexico Oil Conservation Division hereby approves the above-referenced Commercial Surface Waste Management Facility Letter of Credit.

If you have any questions please do not hesitate to contact Martyne Kieling at (505) 827-7153.

Sincerely,

Lyn Hebert,
Legal Counsel

LH:mjk

Enclosure: Copy of Irrevocable Letter of Credit (No. 210391571)

xc with attachment:

Hobbs OCD Office

Terri Majors, First National Bank, P.O. Box 460, Hobbs, NM 88241-9900

State of New Mexico
Energy, Minerals and Natural Resources Department
Oil Conservation Division

Irrevocable Letter of Credit For Waste Management Facilities

(File with Oil Conservation Division, 2040 South Pacheco Street, Santa Fe, New Mexico 87505)

LETTER OF CREDIT NO. 210391571

First National Bank [Name of Issuing Bank] (Issuing Bank), a corporation organized and existing under the laws of the State of New Mexico, and authorized to do business in the State of New Mexico with a duly appointed resident agent in the State of New Mexico, hereby establishes this Irrevocable Letter of Credit 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, as amended for an aggregate amount not to exceed \$Eighty-Four Thousand (\$84,000.00) [closure cost estimate] in United States dollars ("Face Amount") effective immediately. This Letter of Credit is established for J & L Landfarm, Inc. (an individual, partnership, or 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.

The conditions of this obligation are such that:

1. The Principal has or may 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 9&10, Township 20 South, Range 38 East, NMPM, Lea County, New Mexico (the Facility).
2. This Letter of Credit is irrevocable for a term of not less than five (5) years and is conditioned upon substantial compliance by the Principal with all applicable statutes of the State of New Mexico and all rules and orders of the Oil Conservation Commission and Division, and upon clean-up of the facility site by the Principal to the standards set by the Division.
3. This Letter of Credit will expire on (a) March 1, 2005 [not less than five (5) years from the effective date of the Letter of Credit] or (b) the date upon which sufficient documents are executed by the Division to release the principal from further liability for closure of the Facility with notice to the Issuing Bank by the Division accompanied by the original Letter of Credit with directions for cancellation. This Letter of Credit shall be forfeited and collected by the State of New Mexico if not replaced by other suitable financial assurance or Letter of Credit at least 90 days before the expiration date.
4. This Letter of Credit will remain effective until the (a) expiration date or (b) the operator (principal) replaces this Letter of Credit with another acceptable form of financial assurance or (c) the Division releases the Letter of Credit pursuant to Paragraph 3 above, whichever is earlier.
5. Funds under this Letter of Credit are available against the Division's sight draft, in the form of Exhibit A, specifying Letter of Credit No. 210391571 delivered to the office of the Issuing Bank at 600 W. Bender, Hobbs, NM 88240 [address]. At the Division's sole election, the Division may present sight drafts for less than the Face Amount of this Letter of Credit so long as the aggregate amount of all sight drafts does not exceed the Face Amount. Each draft must be accompanied by a certificate in the form of Exhibit B, purportedly signed by a duly authorized representative of the Division.

6. If the Issuing Bank receives the Division's sight draft(s) and certificate(s) as provided in Paragraph 5. above on or before the expiration or termination of this Letter of Credit, the Issuing Bank will pay such amount as the Division may specify, up to an aggregate amount not to exceed the Face Amount of this Letter of Credit available to the Division, no later than the close of business, Santa Fe time, on the second business day following the Issuing Bank's receipt of the sight draft and certificate and in such a manner as the Division may specify.

7. The Issuing Bank will give prompt notice to the Principal and to the Division Director of any notice received or action filed alleging the insolvency or bankruptcy of the Issuing Bank, or alleging any violations of regulatory requirements which are reasonably likely to result in suspension or revocation of the Issuing Bank's charter or license to do business.

8. This Letter of Credit will be governed by the laws of the State of New Mexico and shall be subject to the Uniform Customs and Practice for Documentary Credit, 1983 revision, International Chamber of Commerce Publication No. 500, as the same may be amended and in effect from time to time ("UCP").

9. All communications regarding this Letter of Credit will be addressed to the Issuing Bank at 600 W. Bender, Hobbs, NM 88240 [address], referencing Letter of Credit No. 210391571.

Very truly yours,

First National Bank in Hobbs
Surety

By: Zane Bergman

(Name typed or printed)

[Signature]
(Authorized Signature)

Title: Vice President

STATE OF NEW MEXICO

COUNTY OF LEA)SS.

On this 1st day of March, 2000, before me personally appeared Zane Bergman, V.P. and _____, to me known to be the person (persons) described in and who executed the foregoing instrument and acknowledged that they executed the same as their free act and deed.

IN WITNESS WHEREOF, I have hereunto set my hand and seal on the day and year in this certificate first above written.

My commission expires:
10-5-2002

Date

[Signature]
Notary Public

APPROVED BY:
NEW MEXICO OIL CONSERVATION DIVISION

By: [Signature]
Date: 3/3/00

EXHIBIT A - SIGHT DRAFT

to
Letter of Credit No. _____

Date City, County Letter of Credit No.

PAY TO THE ORDER OF: _____ New Mexico Oil Conservation Division

(\$ _____) _____ DOLLARS

TO: (Name of Bank or Surety)
and
(Address)

New Mexico Energy Minerals and Natural
Resources Dept.
Oil Conservation Division
2040 South Pacheco St.
Santa Fe, New Mexico 87505

By: _____
Authorized Signature

Date: _____

EXHIBIT B

to
Letter of Credit No. _____

I, _____ a duly authorized representative of the
New Mexico Oil Conservation Division, hereby certify that: (1) the drawing in the amount of (\$
_____) _____ Dollars, by sight draft accompanying
this certificate, under Letter of Credit No. _____ dated _____ issued by
you is permitted under the provisions of the Letter of Credit, (2) the Letter of Credit has neither
expired nor terminated pursuant to its terms, (3) the amount of the sight draft, together with any
amounts previously drawn under the Letter of Credit, does not exceed the Face Amount of the
Letter of Credit, and (4) the New Mexico Oil Conservation Division has ordered the forfeiture
of the Letter of Credit. Proceeds of this drawing will be utilized in full to pay expenses relating
to the closure liability for the facility described in Paragraph 1 of the Letter of Credit.

New Mexico Oil Conservation Division

By: _____
Authorized Signature

Date _____



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

March 9, 2000

CERTIFIED MAIL
RETURN RECEIPT NO. Z-559-573-281

Ms. Terri Majors
First National Bank
P.O. Box 460
Hobbs, NM 88241-9900

RE: Release \$42,000 Letter of Credit for Commercial Surface Waste Management Facility
Location: Sec. 9&10, T. 20 S., R. 38 E., NMPM, Lea County, New Mexico
Principal: J&L Landfarm, Inc
Financial Institution: First National Bank
Letter of Credit: No. 210391570

Dear Ms. Majors:

The New Mexico Oil Conservation Division hereby approves the release of the First National Bank Letter of Credit No. 210391570 for \$42,000 (original enclosed).

If you have any questions please do not hesitate to contact Martyne Kieling at (505) 827-7153.

Sincerely,

Lyn Hebert,
Legal Counsel

LH:mjk

Enclosure: Original of Irrevocable Letter of Credit (No. 210391570)

xc: Hobbs OCD Office
Judy L. Roberts, J&L Landfarm, Inc.



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

March 3, 2000

CERTIFIED MAIL
RETURN RECEIPT NO. Z-559-573-278

Ms. Terri Majors
First National Bank
P.O. Box 460
Hobbs, NM 88241-9900

RE: Release \$42,000 Letter of Credit for Commercial Surface Waste Management Facility
Location: Sec. 9&10, T. 20 S., R. 38 E., NMPM, Lea County, New Mexico
Principal: J&L Landfarm, Inc
Financial Institution: First National Bank
Letter of Credit: No. 210391570

Dear Ms. Majors:

The New Mexico Oil Conservation Division hereby approves the release of the First National Bank Letter of Credit No. 210391570 for \$42,000.

If you have any questions please do not hesitate to contact Martyne Kieling at (505) 827-7153.

Sincerely,

Lyn Hebert,
Legal Counsel

LH:mjk

Enclosure: Copy of Irrevocable Letter of Credit (No. 210391570)

xc with attachment:

Hobbs OCD Office
Judy L. Roberts, J&L Landfarm, Inc.



**NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT**

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87506
(505) 827-7131

March 9, 1999

CERTIFIED MAIL
RETURN RECEIPT NO. P-326-936-516

Ms. Judy L. Roberts
J&L Landfarm, Inc.
8301 Eunice Highway
Hobbs, NM 88240

**RE: \$42,000 Financial Assurance for Commercial Waste Management Facility
J & L Landfarm, Inc., Principal
N/2 N/2 of Section 9 and the N/2 N/2 of Section 10, Township 20 South, Range 38
East, NMPM, Lea County, New Mexico
First National Bank, Surety
Letter of Credit No. 210391570**

Dear Ms Roberts:

The New Mexico Oil Conservation Division (OCD) received the irrevocable letter of credit No. 210391570. After reviewing the financial assurance the OCD has found an error in the dollar amount filled out by First National Bank. In addition, the OCD irrevocable letter of credit forms have been revised. I am returning the original letter of credit No. 210391570 and have enclosed the new OCD irrevocable letter of credit form for your use. Please have the surety fill out and return this form.

If you have any questions please call me at (505) 827-7153.

Sincerely,

Martyne J. Kieling
Environmental Geologist

xc: Hobbs District Office



**NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT**

**OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87506
(505) 827-7131**

March 19, 1999

CERTIFIED MAIL
RETURN RECEIPT NO. P-326-936-520

Ms. Judy Roberts
J&L Landfarm, Inc.
P.O. Box 356
Hobbs, NM 88241-0356

**RE: \$42,000 Blanket Bond for Commercial Waste Management Facilities
J&L Landfarm, Inc., Principal
First National Bank, Surety
Letter of Credit No. 210391570**

Dear Ms Roberts:

The New Mexico Oil Conservation Division hereby approves the above-referenced Commercial Waste Management Facility Letter of Credit.

Sincerely,

A handwritten signature in black ink, appearing to read "Rand Carroll", written over the word "Sincerely,".

Rand Carroll,
Legal Counsel

RC:mjk

Enclosure: Copy of Bond No 210391570

xc with attachment: Hobbs OCD Office

**State of New Mexico
Energy, Minerals and Natural Resources Department
Oil Conservation Division**

Irrevocable Letter of Credit For Waste Management Facilities

(File with Oil Conservation Division, 2040 South Pacheco Street, Santa Fe, New Mexico 87505)

LETTER OF CREDIT NO. 210391570

First National Bank [Name of Issuing Bank] (Issuing Bank), a corporation organized and existing under the laws of the State of New Mexico, and authorized to do business in the State of New Mexico with a duly appointed resident agent in the State of New Mexico, hereby establishes this Irrevocable Letter of Credit 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, as amended for an aggregate amount not to exceed ~~\$Forty-Two Thousand~~ (\$42,00000) [closure cost estimate] in United States dollars ("Face Amount") effective immediately. This Letter of Credit is established for J & L Landfarm, Inc., (an individual, partnership, or 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.

The conditions of this obligation are such that:

1. The Principal has or may 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 9&10, Township 20 South, Range 38 East, NMPM, Lea County, New Mexico (the Facility).
2. This Letter of Credit is irrevocable for a term of not less than five (5) years and is conditioned upon substantial compliance by the Principal with all applicable statutes of the State of New Mexico and all rules and orders of the Oil Conservation Commission and Division, and upon clean-up of the facility site by the Principal to the standards set by the Division.
3. This Letter of Credit will expire on (a) March 1, 2004 [not less than five (5) years from the effective date of the Letter of Credit] or (b) the date upon which sufficient documents are executed by the Division to release the principal from further liability for closure of the Facility with notice to the Issuing Bank by the Division accompanied by the original Letter of Credit with directions for cancellation. This Letter of Credit shall be forfeited and collected by the State of New Mexico if not replaced by other suitable financial assurance or Letter if Credit at least 90 days before the expiration date.
4. This Letter of Credit will remain effective until the (a) expiration date or (b) the operator (principal) replaces this Letter of Credit with another acceptable form of financial assurance or (c) the Division releases the Letter of Credit pursuant to Paragraph 3 above, whichever is earlier.
5. Funds under this Letter of Credit are available against the Division's sight draft, in the form of Exhibit A, specifying Letter of Credit No. 210391570 delivered to the office of the Issuing Bank at 600 W. Bender, Hobbs, NM 88240 [address]. At the Division's sole election, the Division may present sight drafts for less than the Face Amount of this Letter of Credit so long as the aggregate amount of all sight drafts does not exceed the Face Amount. Each draft must be accompanied by a certificate in the form of Exhibit B, purportedly signed by a duly authorized representative of the Division.

6. If the Issuing Bank receives the Division's sight draft(s) and certificate(s) as provided in Paragraph 5. above on or before the expiration or termination of this Letter of Credit, the Issuing Bank will pay such amount as the Division may specify, up to an aggregate amount not to exceed the Face Amount of this Letter of Credit available to the Division, no later than the close of business, Santa Fe time, on the second business day following the Issuing Bank's receipt of the sight draft and certificate and in such a manner as the Division may specify.

7. The Issuing Bank will give prompt notice to the Principal and to the Division Director of any notice received or action filed alleging the insolvency or bankruptcy of the Issuing Bank, or alleging any violations of regulatory requirements which are reasonably likely to result in suspension or revocation of the Issuing Bank's charter or license to do business.

8. This Letter of Credit will be governed by the laws of the State of New Mexico and shall be subject to the Uniform Customs and Practice for Documentary Credit, 1983 revision, International Chamber of Commerce Publication No. 500, as the same may be amended and in effect from time to time ("UCP").

9. All communications regarding this Letter of Credit will be addressed to the Issuing Bank at 600 W. Bender, Hobbs, NM 88240 [address], referencing Letter of Credit No. 210391570.

Very truly yours,

First National Bank in Hobbs

Surety

By: Zane Bergman

(Name typed or printed)


(Authorized Signature)

Title: Vice President

STATE OF NEW MEXICO

)SS.

COUNTY OF LEA

On this 16th day of March, 19 99, before me personally appeared Zane Bergman, V.P. and _____, to me known to be the person (persons) described in and who executed the foregoing instrument and acknowledged that they executed the same as their free act and deed.

IN WITNESS WHEREOF, I have hereunto set my hand and seal on the day and year in this certificate first above written.

My commission expires:

10-5-2002

Date


Notary Public

APPROVED BY:
NEW MEXICO OIL CONSERVATION DIVISION

By: 

Date: 3/17/99

EXHIBIT A - SIGHT DRAFT

to
Letter of Credit No. _____

Date

City, County

Letter of Credit No.

PAY TO THE ORDER OF: _____ New Mexico Oil Conservation Division

(\$ _____) _____ DOLLARS

TO: (Name of Bank or Surety)
and
(Address)

New Mexico Energy Minerals and Natural
Resources Dept.
Oil Conservation Division
2040 South Pacheco St.
Santa Fe, New Mexico 87505

By: _____
Authorized Signature

Date: _____

EXHIBIT B

to

Letter of Credit No. _____

I, _____ a duly authorized representative of the New Mexico Oil Conservation Division, hereby certify that: (1) the drawing in the amount of (\$ _____) _____ Dollars, by sight draft accompanying this certificate, under Letter of Credit No. _____ dated _____ issued by you is permitted under the provisions of the Letter of Credit, (2) the Letter of Credit has neither expired nor terminated pursuant to its terms, (3) the amount of the sight draft, together with any amounts previously drawn under the Letter of Credit, does not exceed the Face Amount of the Letter of Credit, and (4) the New Mexico Oil Conservation Division has ordered the forfeiture of the Letter of Credit. Proceeds of this drawing will be utilized in full to pay expenses relating to the closure liability for the facility described in Paragraph 1 of the Letter of Credit.

New Mexico Oil Conservation Division

By: _____
Authorized Signature

Date _____