

NM1 - 29

BONDS

OIL CONSERVATION DIVISION
RECEIVED

'92 JUN 2 AM 9 25

Watson, Inc./
Watson Treating Plant, Inc.
P.O. Box 75
Tatum, NM 88267
May 22, 1992

Leavell Insurance, Inc.
P.O. Box 858
Hobbs, NM 88240

Re: Bond B01148

Dear Mr. Leavell:

We are in receipt of the cancellation notice of bond B01148, however, the treating plant is and has always been active since bonding. We are ready, willing, and, able, to pay the premium. We were never notified the premium was due, so I have enclosed check #03010 to Leavell Insurance Co. in the amount of \$686.25 for payment 01/01/92 to 07/02/92 and check #03011 to Underwriters Indemnity Co. in the amount of \$563.75 for period 07/03/92 to 01/01/93.

Sincerely,
Doris Watson
Doris Watson
President

cc: Diane Richardson
Administrator
Bond Department

COPY

Levell Insurance, Inc.
13 W Broadway P. O. Box
Hobbs, NM 88240
505-393-2550

WATSO-2-2001 KM 05/19/92

Page 1

* I N V O I C E *

WATSON, INC.
P.O. BOX 75
TATUM, NM 88267

Policy #: B01148
Eff: 01/01/92 To 07/02/92
Loan #:
Co: Underwriters Indemnity Co.

Inv #	Due	Trn	Type	Policy #	Description	Producer	Amount
1069	01/01/92	REN	BOND	B01148	bond renewal		

Balance Due: \$ 686.25
Invoice Balance: \$ 686.25
Account Balance: \$ 686.25

WATSON, INC. P. O. BOX 75 TATUM, NM 88267		03010
		95-321/1122
Pay to the order of <u>Levell Insurance Company</u>		<u>5-22</u> 19 <u>92</u> <u>25</u>
THE SUM <u>686</u> <u>25</u>		Dollars
SUNWEST BANK of Hobbs, N.A. (505) 393-1511 • P.O. Box 5310 Hobbs, NM 88241		
Policy # <u>B01148</u>		
For <u>01/01/92 to 7/20/92</u>		
Eff <u>00003010</u> <u>111220321616</u> 2001209 4		

WATSON, INC. P. O. BOX 75 TATUM, NM 88267		03011
		95-321/1122
Pay to the order of <u>Underwriters Indemnity Company</u>		<u>5-22</u> 19 <u>92</u> <u>75</u>
THE SUM <u>563</u> <u>75</u>		Dollars
SUNWEST BANK of Hobbs, N.A. (505) 393-1511 • P.O. Box 5310 Hobbs, NM 88241		
Policy # <u>B01148</u>		
For <u>7/3/92 to 01/01/93</u>		
Period <u>00003011</u> <u>111220321616</u> 2001209 4		



Leavell Insurance, Inc.

PHONE (505) 393-2550 • 212 W. BROADWAY • P.O. BOX 858
HOBBS, NEW MEXICO 88241



May 29, 1992

Ms. Mildred Massey
Underwriters Indemnity Co.
8 Greenway Plaza - Suite 400
Houston, TX 77046

Re: Watson Treating Plant Inc. - Bond B01148

Dear Mildred:

The Insured has paid our agency the premium on the bond from 1/1/92 to 7/3/92 in the amount of \$686.25 which we remit to you with our account current.

Since the State of New Mexico did not permit the cancellation of the bond, Watson, Inc. remitted a check for \$563.75 for the premium 7/3/92 to 1/1/93. That check is payable to Underwriters Indemnity Company and is attached.

Sincerely,

Carroll H. Leavell

CHL/bb

cc: Ms. Doris Watson ✓
Watson Inc.
Box 75
Tatum, NM 88267

copy



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



BRUCE KING
GOVERNOR

May 12, 1992

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

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

Re: Watson Treating Plant, Inc.,
Principal
Treating Plant Bond No.
BO 1148

Gentlemen:

We are in receipt of your cancellation notice for the above-referenced bond. Our Environmental Bureau has advised that this treating plant is still in use and the bond cannot, therefore, be cancelled at this time.

Sincerely,

Diane Richardson
DIANE RICHARDSON
Administrator
Bond Department

cc: Leavell Insurance Inc.
Box 858
Hobbs, New Mexico 88240

NOTICE OF CANCELLATION OR NONRENEWAL

OF \$25,000.00 Treating Plant Bond

KIND OF POLICY

POLICY NO.	ISSUED THROUGH AGENCY OR OFFICE AT:	CANCELLATION OR TERMINATION WILL TAKE EFFECT AT:	DATE OF NOTICE
BO1148	Leavell Insurance, Inc. P.O. Box 858 Hobbs, NM 88241	(DATE) 7-2-92 (HOUR—STANDARD TIME) 12:01am	5-4-92

INSURANCE . Underwriters Indemnity Company
COMPANY 8 Greenway Plaza, Suite 400
Houston, Texas 77046

*CC: Leavell Ins Inc.
Box 858
Hobbs NM*

Insured:
Watson Treating Plant, Inc.
P.O. Box 75
Tatum, NM 88267

NAME AND . State of New Mexico
ADDRESS . Oil Conservation Division
OF INSURED . P.O. Box 2088
Obligee: Santa Fe, NM 87504

(Applicable item marked ☒)

CANCEL-
LATION

☒ You are hereby notified in accordance with the terms and conditions of the above mentioned policy that your insurance will cease at and from the hour and date mentioned above.
If the premium has been paid, premium adjustment will be made as soon as practicable after cancellation becomes effective.
If the premium has not been paid, a bill for the premium earned to the time of cancellation will be forwarded in due course.

☐ You are hereby notified in accordance with the terms and conditions of the above mentioned policy that your insurance will cease at and from the hour and date mentioned above due to nonpayment of premium.
A bill for the premium earned to the time of cancellation will be forwarded in due course.

NON-
RENEWAL

☐ You are hereby notified in accordance with the terms and conditions of the above mentioned policy that the above mentioned policy will expire effect at and from the hour and date mentioned above and the policy will NOT be renewed.

IMPORTANT
NOTICE

☐ In compliance with the Fair Credit Reporting Act (Public Law 91-508), you are hereby informed that the action taken above is being taken wholly or partially because of information contained in a consumer report from the following consumer reporting agency:

(NAME)

(ADDRESS)

GU 8811b (Ed. 3-73)

UNIFORM PRINTING & SUPPLY, INC.
PRINTED IN U.S.A.
INSURANCE FORMS & SERVICES

© 1983

Mildred L. Mason
Authorized Representative

NO. OF COPIES RECEIVED	
DISTRIBUTION	
SANTA FE	
FILE	
U.S.G.S.	
LAND OFFICE	
OPERATOR	

OIL CONSERVATION DIVISION
P. O. BOX 2088
SANTA FE, NEW MEXICO 87501Form C-10
Revised 1

5a. Indicate Type of Lease
State <input type="checkbox"/> For <input type="checkbox"/>
5. State Oil & Gas Lease No.

SUNDRY NOTICES AND REPORTS ON WELLS

(DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR.
USE "APPLICATION FOR PERMIT -" (FORM C-101) FOR SUCH PROPOSALS.)

1. OIL WELL <input type="checkbox"/> GAS WELL <input type="checkbox"/> OTHER- Reclaiming Plant	7. Unit Agreement Name
2. Name of Operator Watson Treating Plant, Inc.	8. Farm or Lease Name
3. Address of Operator P.O. Box 75, 20 East Broadway, Tatum, NM 88267	9. Well No.
4. Location of Well UNIT LETTER _____ FEET FROM THE _____ LINE AND SE/4 XXXXX THE NW/4 LINE, SECTION 34 TOWNSHIP 8S RANGE 35 NMPM.	10. Field and Pool, or Wildcat
15. Elevation (Show whether DF, RT, GR, etc.)	12. County

16.

Check Appropriate Box To Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:

PERFORM REMEDIAL WORK <input type="checkbox"/>	PLUG AND ABANDON <input type="checkbox"/>
TEMPORARILY ABANDON <input type="checkbox"/>	CHANGE PLANS <input type="checkbox"/>
PULL OR ALTER CASING <input type="checkbox"/>	OTHER <input type="checkbox"/> Moved to S12,T8S,R34

SUBSEQUENT REPORT OF:

REMEDIAL WORK <input type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
COMMENCE DRILLING OPNS. <input type="checkbox"/>	PLUG AND ABANDONME <input type="checkbox"/>
CASING TEST AND CEMENT JOBS <input type="checkbox"/>	
OTHER _____	

17. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any pr work) SEE RULE 1103.

All storage tanks, Lines and equipment have been removed. The reclaiming site has been cleaned and the fence and pits have been removed and filled Appt. date for new site operations 12/1/88.

18. I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNED Doris Watson TITLE President DATE 12/1/88APPROVED BY ORIGINAL SIGNED BY JERRY SEXTON
DISTRICT 1 SUPERVISOR
CONDITIONS OF APPROVAL, IF ANY:

TITLE _____

DATE DEC 8 1988

24-Hour Service, Call

(505) 398-3490

(505) 398-3464

WATSON

INCORPORATED

P.O. BOX 75

TATUM, NEW MEXICO 88267

November 30, 1988

Mr. Mack Ainsworth
Milnesand, NM 88125

It has been the responsibility of Watson, Inc. to contact the appropriate district office of the Oil Conservation Division that the reclaiming location Section 34, Township 8S, Range 35 has been restored in order to arrange for an inspection of the site by a Division representative.

All storage tanks, lines and equipment have been removed. The reclaiming site has been cleaned and the fence and pits have been removed and filled.

The District Representative inspected and approved the restoration November 29, 1988.

Jack Griffin

PLEASE SIGN FORM FOR APPROVAL:

X Mack Ainsworth

(Signature) Mack Ainsworth

Land Owner

(Title)

12-1-88

(Date)

Doris Watson
(Signature)

President, Watson, Inc. 11/30/88
(Title) (Date)

COPY



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

GARREY CARRUTHERS
GOVERNOR

POST OFFICE BOX 1980
HOBBS, NEW MEXICO 88241-1980
(505) 393-6161

Gentlemen:

Moving Reclaiming SE/4-NW/4 Sec 34 T8S, R35.
Form C-103, Report of ~~XXXXXX~~ for your LEASE WELL # UNIT S-1-R
cannot be approved until a Division representative has made an inspection of the
location and found it to be cleared to comply with Division Rules and Regulations.
Please check each item in the space provided to indicate that the work has been done.

(XX) 1. All Pits have been filled and levelled.

NA () 2. Rat hole and cellar have been filled and levelled.

NA () 3. A steel marker 4" in diameter and approximately 4' above mean ground level
as been set in concrete. It must show the quarter-quarter section or unit
designation, section, township, and range numbers which have been permanent-
ly stenciled or welded on the marker.

(XX) 4. The location has been levelled as nearly as possible to original top ground
contour and has been cleared of all junk and equipment.

(XX) 5. The dead men and tie downs have been cut and removed.

NA () 6. If a one well lease or last remaining well on lease, the battery and burn
pit locations have been levelled and cleared of all junk and equipment.

The above are minimum requirements and no plugging bond will be released until all
locations for plugged and abandoned wells have been inspected and Forms C-103 approved.
When all of the work outlined above has been done, please notify this office by filling
in the blank form below and returning this letter to us so that our representative will
not have to make more than one trip to the location.

OIL CONSERVATION DIVISION

Edwin W. Gray
Oil & Gas Inspector

FILL IN BELOW AND RETURN

I certify that the above work has been done and the Reclaiming SE/4-NW/4 S34, T8S, R35.
is ready for your inspection and approval. LEASE WELL # UNIT S-T-R

Western Shreeling Plow, Inc.
OPERATOR

Doris Watson
NAME & TITLE President

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
HOBBS DISTRICT OFFICEGARREY CARRUTHERS
GOVERNORPOST OFFICE BOX 1980
HOBBS, NEW MEXICO 88241-1980
(505) 393-5161

Gentlemen:

Form C-103, Report of ~~XXXXXX~~ Moving Reclaiming SE/4-NW/4 Sec 34 T8S, R35.
 for your LEASE WELL # UNIT S-T-R
 cannot be approved until a Division representative has made an inspection of the
 location and found it to be cleared to comply with Division Rules and Regulations.
 Please check each item in the space provided to indicate that the work has been done.

(X) 1. All Pits have been filled and levelled.

NA () 2. Rat hole and cellar have been filled and levelled.

NA () 3. A steel marker 4" in diameter and approximately 4' above mean ground level
 as been set in concrete. It must show the quarter-quarter section or unit
 designation, section, township, and range numbers which have been permanent-
 ly stenciled or welded on the marker.

(XX) 4. The location has been levelled as nearly as possible to original top ground
 contour and has been cleared of all junk and equipment.

(X) 5. The dead men and tie downs have been cut and removed.

NA () 6. If a one well lease or last remaining well on lease, the battery and burn
 pit locations have been levelled and cleared of all junk and equipment.

The above are minimum requirements and no plugging bond will be released until all
 locations for plugged and abandoned wells have been inspected and Forms C-103 approved.
 When all of the work outlined above has been done, please notify this office by filling
 in the blank form below and returning this letter to us so that our representative will
 not have to make more than one trip to the location.

OIL CONSERVATION DIVISION

Edwin W. Gray
 Oil & Gas Inspector

FILL IN BELOW AND RETURN

I certify that the above work has been done and the Reclaiming SE/4-NW/4 S34, T8S, R35.
 is ready for your inspection and approval. LEASE WELL # UNIT S-T-R

Western Heating Plant, Inc.
 OPERATOR Heating Plant, Inc.

Doris Watson
 NAME & TITLE President



ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

GARREY CARRUTHERS
GOVERNOR

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

February 17, 1988

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Mr. Stan Watson
Watson Treating Plant
P. O. Box 75
Tatum, New Mexico 88267

RE: Relocation of Treating Plant from Sec. 34, T8S, R35E, to
Sec. 12, T8S, R34E, Roosevelt County.

Dear Mr. Watson:

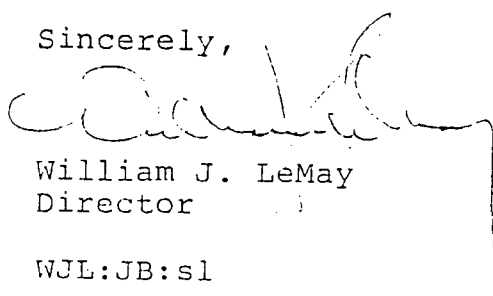
Your application for the relocation of Watson Treating Plant from Sec. 34, T8S, R35E to Sec. 12, T8S, R34E, Roosevelt County, is hereby approved. The approved application consists of material submitted January 21 and February 17, 1988. Public notice was issued January 18 in the Portales News-Tribune; no comments were received by the Oil Conservation Division (OCD).

The application for relocation was submitted and approved pursuant to Rule 312 of the Oil Conservation Division Rules and Regulations. Please be advised that approval for the relocation of the treating plant does not relieve you of liability should your operation result in actual pollution of surface or ground waters which maybe actionable under other laws and/or regulations.

There will be no routine or reporting requirements other than those required by Rule 312.

Please note that the old location must be cleared and inspected by OCD Hobbs District personnel before the new \$25,000 bond can apply to the new location; operation cannot begin at the new location until the bond is in force.

Sincerely,


William J. LeMay
Director

WJL:JB:sl

cc: OCD - Hobbs

cc: Draw R.



STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

GARREY CARRUTHERS
GOVERNOR

January 5, 1988

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

Leavell Insurance, Inc.
P. O. Box 858
Hobbs, New Mexico 88241

Attention: Kim Dyer

Re: \$25,000 Treating Plant Bond
Watson Treating Plant, Inc., Principal
Underwriters Indemnity Co., Surety
Sec. 24, 8-S, 35-E, Roosevelt County
Bond No. B01148

Dear Ms. Dyer:

The Oil Conservation Division hereby approves the above-captioned treating plant bond effective January 4, 1988.

Sincerely,

A handwritten signature in dark ink, appearing to read "William J. Lemay", written over a vertical line.

WILLIAM J. LEMAY,
Director

dr/

cc: Oil Conservation Division
Hobbs, New Mexico

Watson Treating Plant, Inc.
P. O. Box 75
Tatum, New Mexico 88267

NEW MEXICO OIL CONSERVATION DIVISION
OF THE ENERGY & MINERALS DEPARTMENT

\$25,000.00 TREATING PLANT BOND

BOND NO. B01148
(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 WATSON TREATING PLANT, INC., ~~an individual~~
~~partnership~~ (a corporation organized in the State of New Mexico,
with its principal office in the City of Tatum, State of New
Mexico, and authorized to do business in the State of New Mexico), as
PRINCIPAL, and UNDERWRITERS INDEMNITY COMPANY, a corporation
organized and existing under the laws of the State of Texas,
and authorized to do business in the State of New Mexico with duly appointed resident
agent licensed in the State of New Mexico to execute this bond on behalf of the
surety company, as SURETY, are held firmly bound unto the State of New Mexico, for
the use and benefit of the Oil Conservation Division of the Energy & Minerals
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 34, Township 8
~~North~~ (South), Range 35 (East) ~~West~~, N.M.P.M., Roosevelt 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 1st day of January, 1987.

Watson Treating Plant, Inc.

PRINCIPAL

P.O. Box 55
Tatum, NM 88267
Mailing Address

By Doris Watson President
Signature Title

UNDERWRITERS INDEMNITY COMPANY
SURETY

8 Greenway Plaza, Suite 1450
Houston, Texas 77046

Mailing Address

By Roy O. O'Farrell
Attorney-in-Fact
Roy O. O'Farrell

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

(Note: Corporate surety affix corporate
seal here.)

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

Countersigned by:

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 1st day of January, 1988, before me personally appeared _____, to me personally known who, being by me duly sworn, did say that he is _____ of _____ 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.

Marilyn Kern Dyer
Notary Public

March 9, 1991
My Commission Expires

STATE OF Texas)
COUNTY OF Harris) ss.

On this 1st day of January, 1988, before me appeared Roy O. O'Farrell, to me personally known, who, being by me duly sworn, did say that he is Attorney-in-Fact of Underwriters Indemnity Company 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.

Mildred L. Massey
Notary Public

12-26-89
My Commission Expires:
(Note: Corporate surety attach power of attorney)



APPROVED BY:
OIL CONSERVATION DIVISION

By

[Signature]

GENERAL POWER OF ATTORNEY

CERTIFIED COPY

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

ROY O. O'FARRELL

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

*******FIFTY THOUSAND AND NO/100 DOLLARS*******

and the execution of all such instrument(s) in pursuance of these presents, shall be binding upon said **UNDERWRITERS INDEMNITY COMPANY** as fully and amply, to all intents and purposes, as if the same had been duly executed and acknowledged by its regularly elected officers at its principal office.

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

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

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

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

IN TESTIMONY WHEREOF, **UNDERWRITERS INDEMNITY COMPANY** has caused this instrument to be signed and its corporate seal to be affixed by its authorized officer, E. H. Frank, III, on this the third day of March, 1987.



E. H. Frank III

President

STATE OF TEXAS
COUNTY OF HARRIS

On this the 3rd day of March, 1987, before me came the individual who executed the preceding instrument, to me personally known, and, being duly sworn, said that he is the therein described and authorized officer of **UNDERWRITERS INDEMNITY COMPANY**; that the seal affixed to said instrument is the Corporate Seal of said Company; that the said Corporate Seal and his signature were duly affixed by order of the Board of Directors of said Company.

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



Mary Williams

NOTARY PUBLIC, Harris County, Texas

CERTIFICATION

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

IN TESTIMONY WHEREOF, I have hereunto set my hand this 1st day of January, 19 88



Pat Doehring

Assistant Secretary

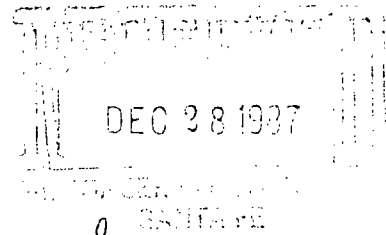
Only a certified copy of Power of Attorney bearing the Certificate of Authority No. printed in red on the upper right corner is binding. Photocopies, carbon copies or other reproductions of this document are invalid and not binding upon the Company.

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



Leavell Insurance, Inc.

PHONE (505) 393-2550 • 212 W. BROADWAY • P.O. BOX 858
HOBBS, NEW MEXICO 88241



December 24, 1987

*Original
1-4-88*

New Mexico Oil Conservation Division
of the Energy & Minerals Department
P.O.ox 2088
Santa Fe, NM 87504

RE: Watson Treating Plant, Inc. Bond #B01148

Please find attached the Plant Bond for Watson Treating effective January 1, 1988 thru January 1, 1989 written through Underwrites Indemnity with Bond #B01148. Please send back the USF&G Bond #01013010018821 and take this Bond #B01148 as a replacment.

If you have any questions, or if you need any further information, please contact our office.

Sincerely,

Kim Dyer
LEAVELL INSURANCE, INC.