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**BONDS**

STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION



BRUCE KING  
GOVERNOR

November 26, 1991



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

Burro Pipeline Corp.  
633 17th Street  
Suite 1550  
Denver, Co. 80202

Re: \$25,000 Bond for Commercial  
Surface Waste Disposal Facility,  
Burro Pipeline Corporation, Principal  
Sections 6 and 7, T-10-S, R-33-E,  
Lea County

Gentlemen:

The Oil Conservation Division hereby approves the above-referenced  
bond effective November 25, 1991.

Sincerely,

A handwritten signature in cursive script, appearing to read "William J. Lemay".

WILLIAM J. LEMAY,  
Director

dr/

cc: Oil Conservation Division  
Hobbs, New Mexico

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

ASSIGNMENT OF CASH COLLATERAL DEPOSIT

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

Date November 25, 1991

Pursuant to Section 70-2-14, NMSA (1978), or successor provisions, Redwolf Production, Inc. (hereinafter referred to as "operator") of P.O. Box 5382, Farmington, N.M. 87499 (address) has deposited with the Bank of America (name of state or national bank or savings association) of 2811 East 20th St, Farmington, N.M. 87401 (address) (herein termed financial institution), the sum of \$7500.00 dollars in Certificate of Deposit or savings account No. 20487-80091. Operator hereby assigns and conveys all right, title and interest in the deposited sum to the financial institution in trust for the Oil Conservation Division of the Energy and Minerals Department or successor agency of the State of New Mexico. Operator and the financial institution agree that as to the deposited sum or fund:

- a. The Oil Conservation Division acquires by this assignment the entire beneficial interest in the fund, with the right to order the trustee in writing to distribute the fund to persons determined by the division to be entitled thereto, including the Division itself, in amounts determined by the Division, or to the operator upon sale or proper plugging of the well covered by this bond.
- b. Operator retains no legal or beneficial interest in the fund and has only the right to interest, if any, thereon, and to return of the fund upon written order of the Division.
- c. The financial institution agrees that the fund may not be assigned, transferred, pledged or distributed except upon written order of the Division or a court of competent jurisdiction made in a proceeding in which the Division is a party. The financial institution waives all statutory or common law liens or rights of set-off against the fund.

Operator agrees that the financial institution may deduct from interest due operator any attorney fees incurred by the financial institution if claim or demand via writ, summons or other process arising from operator's business is made upon the financial institution.

Bruce E. Delventhal  
Signature of Operator,  
Personally or by Authorized Officer

Connie M. Matthews  
Signature of Authorized Officer of  
Financial Institution

President  
Title

Manager of Branch Operations  
Title

STATE OF NEW MEXICO ) ss.  
COUNTY OF New Mexico

On this 25th day of November, 1991, before me personally appeared Bruce E. Delventhal and Connie M. Matthews, 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.

[Signature]  
NOTARY PUBLIC

My Commission expires:  
6-27-94