

NM1 - 3

BONDS



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor
Joanna Prukop
Cabinet Secretary

June 9, 2003

Lori Wrotenbery
Director
Oil Conservation Division

Ms. Donna Roach
Sundance Services, Inc.
P.O. Box 1737
Eunice, New Mexico 88231

RE: \$250,000 Cash Bond for Commercial Surface Waste Management Facility
Principal: Sundance Services, Inc.
Financial Institution: Bank of America
Section 29, Township 21 South, Range 39 East, NMPM, Lea County, New Mexico
Certificate of Deposit No. 910 000 1496 0776

Dear Ms. Roach:

The New Mexico Oil Conservation Division hereby approves the above-referenced Commercial Surface Waste Management Facility Cash Bond and Assignment of Cash Collateral.

Sincerely,

David K. Brooks,
Assistant General Counsel

DKB: mjk

Enclosures:

Copies of Cash Bond and Assignment of Cash Collateral (No.910 000 1496 0776)

xc with attachment:

Hobbs OCD Office
Angela Cranfill, Bank of America, 325 E. Bender, Hobbs, NM 88240

**Energy, Minerals and Natural Resources Department
Oil Conservation Division**

Cash Bond For Waste Management Facilities

(File with Oil Conservation Division, 1220 South Saint Francis, Santa Fe, New Mexico 87505)

KNOW ALL MEN BY THESE PRESENTS:

That SUNDANCE SERVICES INC. (an individual, partnership, or a corporation organized in the State of NEW MEXICO, with its principal office in the City of EUNICE, State of NEW MEXICO and authorized to do business in the State of New Mexico), as PRINCIPAL is 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 (DIVISION) in the sum of TWO HUNDRED FIFTY THOUSAND AND 00/100 (\$ 250,000.00) Dollars.

The conditions of this obligation are such that:

The 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 or other oil field related waste in Section 29, Township 21S, Range 38E, NMPM, LEA County, New Mexico.

NOW, THEREFORE, this \$ 250,000.00 bond is conditioned upon substantial compliance with all applicable statutes of the State of New Mexico and all rules and orders of the DIVISION and the Oil Conservation Commission, and upon clean-up of the facility site to standards of the DIVISION; otherwise the bond is to be forfeited to the Division.

The PRINCIPAL has deposited funds on behalf of the DIVISION in the amount of \$ 250,000.00 (TWO HUNDRED FIFTY THOUSAND dollars) in the manner indicated on page 2 of this instrument, **Assignment of Cash Collateral Deposit**, to secure this bond. The PRINCIPAL pledges the funds as a guarantee that it, its executors, assigns, heirs and administrators will abide by the Statutes of the State of New Mexico and the rules and orders of the DIVISION in operating the waste management facility described herein, and that it will properly reclaim the facility site upon cessation of operations. If the PRINCIPAL does not properly reclaim and restore the facility site, and otherwise abide by the rules and orders of the DIVISION, this bond shall be forfeited in full and such funds as necessary applied to the cost of reclaiming the facility site. If the amount of the bond is less than the actual cost incurred by the DIVISION in reclaiming the facility site, the DIVISION may institute legal action against the PRINCIPAL to recover any amounts expended over and above the amount of the bond.

NOW THEREFORE, if the above PRINCIPAL or its successors, assigns, heirs, administrators or any of them shall properly reclaim and restore the above-described facility site upon cessation of operations and otherwise abide by the rules and orders of the Division, then therefore, this obligation shall be null and void and the principal sum hereof shall be paid to the PRINCIPAL, or its successors, heirs, or administrator; otherwise it shall remain in full force and effect.

Assignment of Cash Collateral Deposit For Bond for Waste Management Facility

Pursuant to Rule 711 of the Rules of the Oil Conservation Division, or successor provisions, SUNDANCE SERVICES INC., (hereinafter "Principal"), of P.O. BOX 1737 EUNICE, NM 88231 (address) has deposited with the BANK OF AMERICA (name of the financial institution, which must be a federally insured bank or savings institution within the state of New Mexico) of 325 E. BENDER BLVD HOBBS, NM 88240 (address) (hereinafter "Financial Institution"), the sum of TWO HUNDRED FIFTY THOUSAND AND 00/100 (\$ 250,000.00) dollars in Certificate of Deposit or savings account No. 910 000 1496 0776. The Principal hereby assigns and conveys all right, title and interest in the deposited funds to the Financial Institution in trust for the Oil Conservation Division of the Energy, Minerals and Natural Resources Department (hereinafter "Division") or successor agency of the State of New Mexico. The Principal and the Financial Institution agree that as to the deposited funds:

- a. The funds deposited pursuant to the terms of this Assignment are to serve as a cash bond covering a waste management facility operated by the Principal.
- b. The Division acquires by this Assignment the entire beneficial interest in the funds with the right to order the Financial Institution, in writing, to distribute the fund to persons determined by the Division to be entitled thereto, including the Division itself, without further consent by the Principal, in amounts determined by the Division, or to the Principal upon sale of the facility covered by this Assignment provided all applicable Division orders and rules have been complied with regarding the waste management facility.
- c. The Principal 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 in the event the Principal properly reclaims the facility site and otherwise abides by the rules and order of the Division and the Oil Conservation Commission.
- d. The Financial Institution agrees that the funds 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 funds.

The Principal agrees that the Financial Institution may deduct from interest due the Principal any attorney fees incurred by the Financial Institution if claim or demand via writ, summons or other process arising from Principal's business is made upon the Financial Institution.

Signed this 21 day of MAY, 2003.

By Principal DONNA L. ROACH

By Financial Institution Bank of America

PRESIDENT

Banking Center manager

Title
(Note: If PRINCIPAL is corporation, affix corporate seal here.)

Donna L. Roach

325 E Bender

P.O. BOX 1737 EUNICE, NM 88231

Hobbs, Nm 88240

Mailing Address

Mailing Address

ACKNOWLEDGMENT FORM FOR NATURAL PERSONS

STATE OF NM)
)SS.
COUNTY OF Lea)



OFFICIAL SEAL
TONYA ENRIQUEZ
NOTARY PUBLIC-STATE OF NEW MEXICO
My Comm. Expires 10/15/05

The foregoing instrument was acknowledged before me this 21 day of May, 2003, by Angela Cranfill
My commission expires:

10/15/05
Date

Tonya Enriquez
Notary Public

ACKNOWLEDGMENT FORM FOR CORPORATION OR PARTNERSHIP

STATE OF NM)
)SS.
COUNTY OF Lea)

The foregoing instrument was acknowledged before me this 2 day of June, 2003, by Donna Roach

officer or partner(s) of Sundance Services Inc., a corporation, a partnership on behalf of said corporation or partnership.

My commission expires:
05/10/2005
Date

Judy Gray
Notary Public

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

ACKNOWLEDGMENT FORM FOR FINANCIAL INSTITUTION

STATE OF _____)
)SS.
COUNTY OF _____)

The foregoing instrument was acknowledged before me this _____ day of _____, 20____, by _____ title _____ on behalf of _____ financial institution.

My commission expires:

Date

Notary Public



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Jennifer A. Salisbury
Cabinet Secretary

January 2, 2002

Lori Wrotenbery
Director
Oil Conservation Division

CERTIFIED MAIL
RETURN RECEIPT NO. 7099-3220-0000-5051-2795

Ms. Donna Roach
Sundance Services, Inc.
P.O. Box 1737
Eunice, New Mexico 88231

RE: \$187,500 Cash Bond for Commercial Surface Waste Management Facility
Principal: Sundance Services, Inc.
Financial Institution: Bank of America
Section 29, Township 21 South, Range 39 East, NMPM, Lea County, New Mexico
Certificate of Deposit No. 910 000 1496 0776

Dear Ms. Roach:

The New Mexico Oil Conservation Division hereby approves the above-referenced Commercial Surface Waste Management Facility Cash Bond and Assignment of Cash Collateral.

Sincerely,

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

David K. Brooks,
Assistant General Counsel

DKB: mjk

Enclosures:

Copies of Cash Bond and Assignment of Cash Collateral (No.910 000 1496 0776)

xc with attachment:

Hobbs OCD Office
Kathi Case, Bank of America, 325 E. Bender, Hobbs, NM 88240



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Jennifer A. Salisbury
Cabinet Secretary

December 19, 2000

Lori Wrotenbery
Director
Oil Conservation Division

CERTIFIED MAIL
RETURN RECEIPT NO. 7099-3220-0000-5051-1828

Ms. Donna Roach
Sundance Services, Inc.
P.O. Box 1737
Eunice, New Mexico 88231

RE: \$125,000 Cash Bond for Commercial Surface Waste Management Facility
Principal: Sundance Services, Inc.
Financial Institution: Bank of America
Section 29, Township 21 South, Range 39 East, NMPM, Lea County, New Mexico
Certificate of Deposit No. 910 000 1496 0776

Dear Ms. Roach:

The New Mexico Oil Conservation Division hereby approves the above-referenced Commercial Surface Waste Management Facility Cash Bond and Assignment of Cash Collateral.

Sincerely,

Marilyn S. Hebert,
Legal Counsel

MSH: mjk

Enclosures:

Copies of Cash Bond and Assignment of Cash Collateral (No.910 000 1496 0776)

xc with attachment:

Hobbs OCD Office
Kathi Case, Bank of America, 325 E. Bender, Hobbs, NM 88240

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

Cash Bond For Waste Management Facilities

KNOW ALL MEN BY THESE PRESENTS:

That SUNDANCE SERVICES INC., (an individual, partnership, or a corporation organized in the State of NEW MEXICO, with its principal office in the City of EUNICE, State of NEW MEXICO, and authorized to do business in the State of New Mexico), (hereinafter "Principal") is 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 (hereinafter "Division") in the sum of ~~ONE HUNDRED TWENTY-FIVE THOUSAND~~ (\$ 125,000.00) Dollars.

The conditions of this obligation are such that:

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 29, Township 21S, Range 39E, NMPM, LEA County, New Mexico.

NOW, THEREFORE, this \$ 125,000.00 bond is conditioned upon substantial compliance with all applicable statutes of the State of New Mexico and all rules and orders of the Division and the Oil Conservation Commission, and upon clean-up of the facility site to standards of the Division; otherwise the bond is to be forfeited to the State of New Mexico.

The Principal has deposited funds on behalf of the Division in the amount of \$ 125,000.00 (~~ONE HUNDRED TWENTY-FIVE THOUSAND~~ dollars) in the manner indicated on page 2 of this instrument, **Assignment of Cash Collateral Deposit**, to secure this bond. The Principal pledges the funds as a guarantee that its executors, assigns, heirs and administrators will abide by the laws of the State of New Mexico and the rules and orders of the Division in operating the waste management facility described herein, and that it will properly reclaim the facility site upon cessation of operations. If the Principal does not properly reclaim and restore the facility site, and otherwise abide by the rules and orders of the Division, this bond shall be forfeited in full and such funds as necessary applied to the cost of reclaiming the facility site. If the amount of the bond is less than the actual cost incurred by the Division in reclaiming the facility site, the Division may institute legal action against the Principal to recover any amounts expended over and above the amount of the bond.

NOW THEREFORE, if the Principal, its successors, assigns, heirs, or administrators shall properly reclaim and restore the above-described facility site upon cessation of operations, and otherwise abide by the rules and orders of the Division, then therefore, this obligation shall be null and void and the funds securing this bond shall be paid to the Principal, or its successors, heirs, or administrator, otherwise it shall remain in full force and effect.

Assignment of Cash Collateral Deposit for Bond for Waste Management Facility

Pursuant to Rule 711 of the Rules of the Oil Conservation Division, or successor provisions, SUNDANCE SERVICES INC. (hereinafter "Principal") of P.O. BOX 1737 EUNICE, NM 88231 (address) has deposited with the BANK OF AMERICA (name of the financial institution, which must be a federally insured bank or savings institution within the State of New Mexico) of 325 E. BENDER HOBBS, NM 88240 (address) (hereinafter "Financial Institution"), the sum of ONE HUNDRED TWENTY-FIVE THOUSAND \$ 125,000.00 dollars in Certificate of Deposit or savings account No. 910-000-1496-0776. The Principal hereby assigns and conveys all right, title and interest in the deposited funds to the Financial Institution in trust for the Oil Conservation Division of the Energy, Minerals and Natural Resources Department (hereinafter "Division") or successor agency of the State of New Mexico. The Principal and the Financial Institution agree that as to the deposited funds:

- a. The funds deposited pursuant to the terms of this Assignment are to serve as a cash bond covering a waste management facility operated by the Principal.
- b. The Division acquires by this Assignment the entire beneficial interest in the funds with the right to order the Financial Institution, in writing, to distribute the funds to persons determined by the Division to be entitled thereto, including the Division itself, in amounts determined by the Division, or to the Principal upon sale of the facility covered by this Assignment provided all applicable Division orders and rules have been complied with regarding the waste management facility.
- c. The Principal retains no legal or beneficial interest in the funds and has only the right to interest, if any, thereon, and to return of the funds upon written order of the Division.
- d. The Financial Institution agrees that the funds 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 funds.

The Principal agrees that the Financial Institution may deduct from interest due the Principal any attorney fees incurred by the Financial Institution if claim or demand via writ, summons or other process arising from the Principal's business is made upon the Financial Institution.

Signed and sealed this 12 day of DECEMBER, 2000.

Donna L. Roach
Signature of Principal, personally or by authorized officer

[Signature]
Signature of authorized officer of Financial Institution

PRESIDENT
Title
(Note: If Principal is corporation, affix corporate seal here.)

ASSISTANT VP, SMALL BUS. BANKING HOBBS/ROS
Title

P.O. BOX 1737 EUNICE, NM 88231
Mailing Address

325 E. Bender Hobbs, NM 88240
Mailing Address

BANK OF AMERICA, N.A. (THE "BANK")

Customer Information

Account Title * SUNDANCE SERVICES INC

Social Security Number/Employer Identification Number [REDACTED]

Address PO BOX 1737

City EUNICE State NM Zip Code 88231-1737 Country _____

* Indicates that the named person's Name and Social Security Number/Employer Identification Number will be used for IRS Tax Reporting purposes.

Account Information

Account Number 910 000 1496 0776 Renewal/Reinvestment Date 11/16/2000

Renewal/Reinvestment Amount \$ 125,073.28 Interest Rate 6.03000

Product Type FIXED TERM CD Term 6 Months

Annual Percentage Yield 6.20% Compound Frequency MONTHLY

Maturity Date 05/16/2001

Interest Payment Information

Date of First Payment _____ Payment Frequency _____ Method Reinvest

(Complete if method is transfer/deposit):

Account Number _____

Account Type _____ Routing Transit Number _____

This time deposit is transferable only on the records of the Bank. See your Deposit Agreement and Disclosures and your Schedule of Fees for information regarding early withdrawal, penalties, fees and other disclosures.

Individual Joint with Survivorship Husband and Wife

POD (N.M. Stat. Ann § 45-8-204)

If owner wishes the Bank to omit "POD" designation from account title, initial here: _____. Owner acknowledges that, per federal regulations, this omission means the account will be insured by the FDIC collectively with any other individual accounts of owner at the Bank to the maximum amount permitted by law, and separate insurance as a "POD" account will NOT be provided.

Customer's Signature _____ **Date** _____



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

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

December 7, 1999

CERTIFIED MAIL
RETURN RECEIPT NO. Z-559-573-253

Ms. Donna Roach
Sundance Services, Inc.
P.O. Box 1737
Eunice, New Mexico 88231

RE: \$62,500 Cash Bond for Commercial Surface Waste Management Facility
Principal: Sundance Services, Inc.
Financial Institution: Bank of America
Certificate of Deposit No. 910 000 1496 0776

Dear Ms. Roach:

The New Mexico Oil Conservation Division hereby approves the: (i) above-referenced Commercial Surface Waste Management Facility Cash Bond and (ii) Assignment of Cash Collateral Deposit.

Sincerely,

A handwritten signature in black ink, appearing to read "Rand Carroll".

Rand Carroll,
Legal Counsel

RC:mjk

Enclosures:

Copies of Cash Bond and Assignment of Cash Collateral Deposit (No.910 000 1496 0776)

xc with attachment: Hobbs OCD Office

**Energy, Minerals and Natural Resources Department
Oil Conservation Division**

Cash Bond For Waste Management Facilities

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

KNOW ALL MEN BY THESE PRESENTS:

That Sundance Services Inc., (an individual, partnership, or a corporation organized in the State of New Mexico, with its principal office in the City of Eunice, State of New Mexico, and authorized to do business in the State of New Mexico), is 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") in the sum of Sixty-two thousand five hundred (\$62,500.00) Dollars.

The conditions of this obligation are such that:

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 29, Township 21S, Range 39E, NMPM, LEA County, New Mexico.

NOW, THEREFORE, this \$ 62,500.00 performance bond is conditioned upon substantial compliance with all applicable statutes of the State of New Mexico and all rules and orders of the Division and the Oil Conservation Commission, 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.

The applicant has deposited on behalf of the Division \$ 62,500.00 (Sixty-two thousand five hundred dollars) in the manner indicated on the attachment to this bond (Assignment of Cash Collateral Deposit), being the principal sum intended to be secured. Applicant pledges the sum as a guarantee that its executors, assigns, heirs and administrators will abide by the Laws of the State of New Mexico and the rules and orders of the Division in operating the waste management facility described herein, and that it will properly reclaim the facility site upon cessation of operations. If the applicant does not properly reclaim and restore the facility site, and otherwise abide by the rules and orders of the Division, this bond shall be forfeited in full and such funds as necessary applied to the cost of reclaiming the facility site. If the principal sum of the bond is less than the actual cost incurred by the Division in reclaiming the facility site, the Division may institute legal action to recover any amounts expended over and above the principal sum of the bond.

NOW THEREFORE, if the above applicant or its successors, assigns, heirs, or administrators or any of them shall properly reclaim and restore the above-described facility site upon cessation of operations, and otherwise abide by the rules and orders of the Division, then therefore, this obligation shall be null and void and the principal sum hereof shall be paid to the applicant, or its successors, heirs, or administrator, otherwise it shall remain in full force and effect.

Signed and sealed this 30 day of November, 19 99.

Sundance Services Inc. P.O. Box 1737 Eunice, NM 88231

Mailing Address

By

Donna L. Road
Signature

President
Title

(Note: If Principal is corporation, affix corporate seal here.)

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 _____)
)SS.
COUNTY OF _____)

The foregoing instrument was acknowledged before me this _____ day of _____, 19____,
by _____,
_____ partner(s) on behalf of
_____, a partnership.

My commission expires:

Date

Notary Public

3. For a corporation or incorporated association)

The foregoing instrument was acknowledged before me this 30 day of November,
1999,
by Donna Roach for Sundance Services Inc.,
a corporation, on behalf of said corporation.

My commission expires:

12-20-01
Date

Sharon Couse
Notary Public

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

APPROVED BY:
OIL CONSERVATION DIVISION

By: [Signature] 12/7/99

**Energy Minerals and Natural Resources Department
Oil Conservation Division**

Assignment of Cash Collateral Deposit For Bond for Waste Management Facility
(Must be a federally-insured bank or saving institution within the State of New Mexico.)

Date _____

Pursuant to Rule 711 of the Rules of the Oil Conservation Division, or successor provisions,

Sundance Services Inc.
(hereinafter referred to as owner) of _____
(address) has deposited with the BANK OF AMERICA
(name of state or national bank or savings association) of Hobbs New Mexico
Box 100 Hobbs NM 88240 (address)

(herein termed financial institution), the sum of SIXTY TWO THOUSAND FIVE HUNDRED (\$62,500.00) dollars in Certificate of Deposit or savings account No. 91000014960776 Owner 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, Minerals and Natural Resources Department (the "Division") or successor agency of the State of New Mexico. Owner and the financial institution agree that as to the deposited sum or fund:

- a. The funds deposited pursuant to the terms of this Agreement are to serve as a cash bond covering a waste management facility operated by owner.
- b. The 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 of the facility covered by this agreement provided all applicable Division orders and rules have been complied with.
- c. Owner 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.
- d. 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.

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

Donna Roach
Signature of Owner, Personally or by
Authorized Officer

President
Title

[Signature]
Signature of Authorized Officer of Financial
Institution

STATE BANKING EXEC-HOBBS NM
Title

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

STATE OF NM)
)SS.
COUNTY OF LEA)

The foregoing instrument was acknowledged before me this 24th day of NOVEMBER, 1999,
by KATHI L. CASE

My commission expires:

12-6-2001
Date

Susan Schneider
Notary Public

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

STATE OF _____)
)SS.
COUNTY OF _____)

The foregoing instrument was acknowledged before me this _____ day of _____, 19____,
by _____,
partner(s) on behalf of
_____, a partnership.

My commission expires:

Date

Notary Public

3. (For a corporation or incorporated association)

The foregoing instrument was acknowledged before me this 30 day of November, 1999,
by Sundance Services Inc. by Donna Roach,
a corporation, on behalf of said corporation.

My commission expires:

12-20-01
Date

Sharon Clouse
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] 12/7/99

NEW MEXICO OIL CONSERVATION DIVISION
OF THE ENERGY & MINERALS DEPARTMENT

05 17

7 5 52

\$25,000.00 CASH TREATING PLANT BOND

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

KNOW ALL MEN BY THESE PRESENTS:

That Sundance Services, Inc., (an individual
(partnership) (a corporation organized in the State of New Mexico,
with its principal office in the City of Eunice, State of New
Mexico, and authorized to do business in the State of New Mexico), is
held firmly bound unto the State of New Mexico, for the use and benefit of the Oil
Conservation Division of the Energy & Minerals Department in the sum of Twenty Five
Thousand (\$25,000.00) Dollars lawful money of the United States.

The conditions of this obligation are such that:

The above principal has heretofore or may hereafter enter into the process of
treating and reclaiming sediment oil in Section 29, Township 21S (North)
(South), Range 38E (East) (West), N.M.P.M., Lea County, New Mexico.

NOW, THEREFORE, This \$25,000 performance bond is conditioned upon substantial
compliance with all applicable statutes of the State of New Mexico and all rules,
regulations, and orders of the Oil Conservation Division of the Energy and Minerals
Department, and upon clean-up of the 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.

The applicant has deposited on behalf of the Division \$25,000 (Twenty-five
thousand dollars) in the manner indicated on the attachment to this bond, being the
principal sum intended to be secured. Applicant pledges the sum as a guarantee that
if its executors, assigns, heirs and administrators will abide by the Laws of the
State of New Mexico and the Rules and Regulations of the Oil Conservation Division in
operating the treating plant described herein, and that it will properly reclaim the
plant site upon cessation of operations. If the applicant does not properly reclaim
and restore the plant site, and otherwise abide by the Rules and Orders of the Oil
Conservation Division, this bond shall be forfeited in full and such funds as
necessary applied to the cost of reclaiming the plant site. If the principal sum of
the bond is less than the actual cost incurred by the Division in reclaiming the
plant site, the Division may institute legal action to recover any amounts expended
over and above the principal sum of the bond.

NOW THEREFORE, if the above applicant or its successors, assigns, heirs, or
administrators or any of them shall properly reclaim and restore the above-described
treating plant site upon cessation of operations, and otherwise abide by the Rules
and Orders of the Oil Conservation Division, then therefore, this obligation shall be
null and void and the principal sum hereof shall be paid to the applicant, or its
successors, heirs, or administrator, otherwise it shall remain in full force and
effect.

Signed and sealed this 2nd day of November, 19 95.

Sundance Services, Inc.

PO Box 1737 Eunice, NM 88231
Mailing Address

By [Signature] PRESIDENT
Signature Title

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

[Handwritten notes]

ACKNOWLEDGEMENT FORM FOR NATURAL PERSONS

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 his (their) free act and deed.

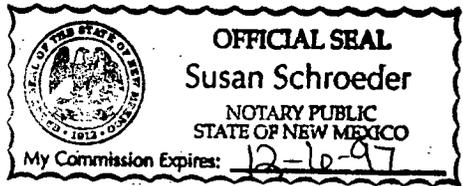
IN WITNESS WHEREOF, I have hereunto set my hand and seal on the day and year in this certificate first above written.

Notary Public

My Commission expires _____

ACKNOWLEDGEMENT FORM FOR CORPORATION

STATE OF New Mexico)
COUNTY OF Lea) ss.



On this 2nd day of November, 1995, before me personally appeared Richard C. Jackson, to me personally known who, being by me duly sworn, did say that he is president of Sundance Services, 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.

Susan Schroeder
Notary Public

12-10-97
My Commission expires _____

APPROVED BY:

OIL CONSERVATION DIVISION OF NEW MEXICO

By _____

Date _____

Adopted 9-1-86

ASSIGNMENT OF CASH COLLATERAL DEPOSIT
For TREATING PLANT BOND

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

Date 11-2-95

Pursuant to Rule 312 of the Rules of the Oil Conservation Division, or successor provisions, Sundance Services, Inc. (hereinafter referred to as "owner") of PO Box 1737 Eunice, NM 88231 (address) has deposited with the Sunwest Bank of Hobbs, N.A. (name of state or national bank or savings association) of 325 E. Bender Hobbs, NM 88240 (address) (herein termed financial institution), the sum of \$25,000.00 dollars in Certificate of Deposit or savings account No. 3012448. Owner 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. Owner and the financial institution agree that as to the deposited sum or fund:

- a. The funds deposited pursuant to the terms of this Agreement are to serve as a cash bond covering a treating plant operated by owner.
- b. 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 of the treating plant covered by this agreement.
- c. Owner 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.
- d. 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.

Owner agrees that the financial institution may deduct from interest due owner 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.

[Signature]
Signature of Owner,
Personally or by Authorized Officer

[Signature]
Signature of Authorized Officer of
Financial Institution

PRESIDENT
Title

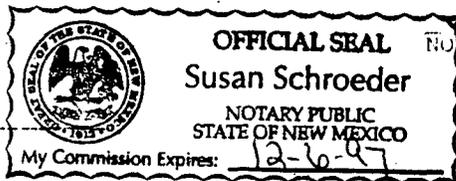
[Signature]
Title

STATE OF NEW MEXICO) ss.
COUNTY OF Lea

On this 2nd day of November, 19 95, before me personally appeared Richard C. Jackson 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: 12-10-97



Susan Schroeder
NOTARY PUBLIC

PARABO, INC.

P. O. Box 1737

EUNICE, NEW MEXICO 88231

September 20, 1995

Mr. William J. LeMay
OCD Director
OIL CONSERVATION DIVISION
2040 S. Pacheco
Santa Fe, New Mexico 87505

RE: Parabo, Inc.

Dear Mr. LeMay:

As you are aware, Parabo, Inc. ("Parabo") intends to sell substantially all of the assets and properties of Parabo relating to its oil field waste disposal facility (the "Business") to Sundance Services, Inc. ("Sundance"). Parabo and Sundance would like to close this transaction as soon as possible.

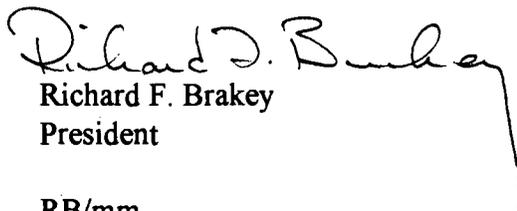
Accordingly, and in accordance with instructions provided to Parabo by Chris Eustice (in a letter dated July 21, 1995), and in subsequent conversations with your Department, Parabo hereby requests your approval of the transfer by Parabo to Sundance of the following permits: (i) Order No. R-5516, modified by Orders A, B and C (Rule 711 Facility); and (ii) Order No. R-6940 (treating plant) (together, the "Permits").

Parabo and Sundance intend the transfer of the permits to be effective upon the closing of the purchase and sale transaction between Parabo and Sundance described above, and that immediately upon the occurrence of such closing, Sundance will be permitted to continue operating the Business as is now operated.

Your prompt attention to this matter would be appreciated. Please call me directly if you any comments or questions.

Very truly yours,

PARABO, INC.


Richard F. Brakey
President

RB/mm

Sundance Services, Inc.

P.O.Box 1737 Eunice, New Mexico 88241
Phone: 505-393-7751 Facsimile: 505-393-6754

September 18, 1995

State of New Mexico
Oil Conservation Division
2040 S. Pacheco
Santa Fe, New Mexico 87505

Attn: William J. LeMay
Director

Subject: NMOCD Permit Name Change

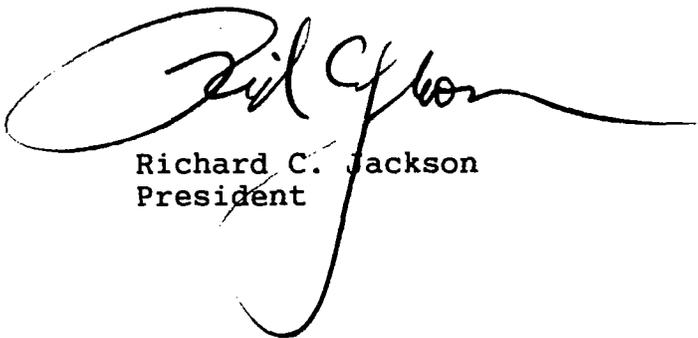
Gentlemen:

I am writing on behalf of the Board of Directors of Sundance Services, Inc., a New Mexico Corporation, to request a permit name change under NMOCD regulation 711. Subject to your approval of this permit name change request, the assets of Parabo, Inc. will be transferred to Sundance Services, Inc. and all activities will thereafter be conducted by Sundance Services, Inc.

I wish to inform you that Sundance Services, Inc. is aware of, and will comply with the terms and conditions of the subject permit. Upon receipt of this permit name change, a new bond will be forwarded to NMOCD in the name of the successor company.

Should you have any questions, please advise. We look forward to a long and satisfactory relationship with your office.

Very truly yours,



Richard C. Jackson
President

RECEIVED
SEP 21 1995
Environmental Bureau
Oil Conservation Division

Received via fax
6-29-95 @ 3:30 pm

MADDOX LAW FIRM

PROFESSIONAL CORPORATION

ATTORNEYS AND COUNSELORS AT LAW

POST OFFICE BOX 2508

HOBBS, NEW MEXICO 88241

(505) 393-0505

DON MADDOX*
JAMES M. MADDOX*
SCOTTY HOLLOMAN*
GARY CLINGMAN*

*SHAREHOLDER / DIRECTOR

MAIL: BOX 2508
OFFICE: 220 W. BROADWAY
SUITE 200
TELECOPIER (505) 397-2646

July 3, 1995

Chris Eustice
Oil Conservation Division
2040 S. Pacheco
Santa Fe, New Mexico 87505

Via Fax 505/827-8177 and U. S. Mail

Re: Permit Transfers

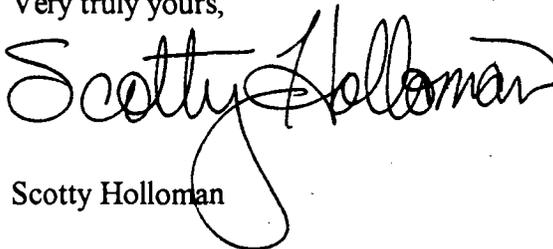
Dear Mr. Eustice:

This firm represents Parabo, Inc. As you requested by telephone call June 30, 1995, please allow this letter to serve as written request for a written response from you or another member of the Oil Conservation Division for the OCD requirements to transfer the following permits:

1. Order R-5516, modified by order A, B, and C;
2. Order number SWD-364; and
3. Order number R-6940.

We would also request that you provide us, in writing, the current bonding requirements which would be necessary for any assignee of these permits.

Very truly yours,



Scotty Holloman

SH:fj

xc: Paul Solomon



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

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

March 8, 1995

Parabo, Inc.
PO Box 1499
Hobbs, New Mexico 88241

Attention: Richard Brakey

Re: \$25,000 Treating Plant Bond
Parabo, Inc., Principal
Insurance Company of North America, Surety
SW/4 of Sec 29, T-21-S, R-39-E, Lea County
Bond No. KO4726716

Dear Mr. Brakey:

The Oil Conservation Division hereby approves the above-referenced treating plant bond effective March 3, 1995.

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

Insurance Co. of North America
10860 Gold Ctr Dr
Rancho Cordova, Ca.



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

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

March 8, 1995

Reliance Surety Company
7600 East Orchard Road
Suite 345S
Englewood, Co. 80111-9645

Re: \$25,000 Treating Plant Bond
Parabo, Inc., Principal
United Pacific Insurance Co., Surety
SW/4 of Sec. 29, T-21-S, R-38-E, Lea County
Bond No. U684261

Gentlemen:

The Oil Conservation Division hereby approves cancellation of the above-referenced treating plant bond.

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

Parabo Inc.
Box 1499
Hobbs, New Mex. 88241

RECORD OF PHONE CONVERSATION (W/CHRIS EUSTICE)

Date: 6-21-94 Time: 9:15 AM

RE: SELL OF PARABC

Name: UNICHEM

Company: RICHARD BRAKEY

Richard called me to ask what to do about change of ownership from the sell of Parabc (711 Facility) from Unichem to a company from Austin.

Comments/Followup: I told him written notification from both the buyer and seller indicating change in operator. Also proof of bond transfer



STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

GARREY CARRUTHERS
GOVERNOR

January 13, 1988

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

Parabo, Inc.
P. O. Box 1737
Eunice, New Mexico 88231

Re: \$10,000 Treating Plant Bond
Aetna Casualty & Surety, Principal
Bond No. 060 S 6895

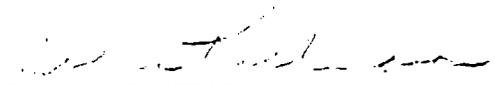
Gentlemen:

In checking our records, I note that you have a \$10,000 Treating Plant Bond on file in this office. I am enclosing a copy of our Order No. R-8284 which states that all treating plant bonds must be replaced with \$25,000 bonds by January 1, 1988. To date, we have not received your replacement bond.

Since this is a violation of the Oil Conservation Division Rules and Regulations, we would appreciate your taking care of this matter immediately. Please advise me no later than January 28th as to when I may expect to receive your replacement bond.

Thank you.

Sincerely,


DIANA RICHARDSON
Administrator
Bonding Department

enclosure

OCD - Hobbs