

**NM1 - 37**

**BONDS**



# NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

**BILL RICHARDSON**

Governor

**Joanna Prukop**  
Cabinet Secretary

October 1, 2003

**Lori Wrotenberg**

Director

**Oil Conservation Division**

Mr. T.G. Herring  
Commercial Exchange Inc.  
P.O Box 3236  
Lubbock, TX 79452

**RE: \$31,425 Cash Bond and Assignment of Cash Collateral  
Permit NM-01-0037  
Commercial Exchange, Inc., Principal  
Wells Fargo Bank NM, NA, Financial Institution  
NE/4, Section 1, Township 20 South, Range 36 East, NMPM  
Lea County, New Mexico  
CD No. 2543615658**

Dear Mr. Young:

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

Sincerely,

Gail Maquesten  
Assistant General Counsel

GM:mjk

Enclosure: Copy of Cash Bond and Assignment of CD No. 2543615658

xc with attachment:

Aztec OCD Office

Lilah Koenig, Wells Fargo Bank New Mexico, NA, P.O. Box 1290, Hobbs, NM 88241-1290

**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 Commercial Exchange Inc (an individual, partnership, or a corporation organized in the State of Texas, with its principal office in the City of Lubbock, State of Texas 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 Thirty-one thousand four hundred (\$ 31,425.00 .00) Dollars.  
twenty-five and no/100

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 NE 1, Township 20, Range 36, NMPM, Lea County, New Mexico.

NOW, THEREFORE, this \$ 31,425.00 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 \$ 31,425.00 (~~Thirty-one thousand four hundred twenty-five and no/100~~ 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.

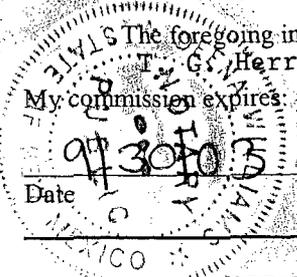
NOW THEREFORE, if the above PRINCIPAL or its successors, assigns, heirs, administrators or any of them shall properly reclaim and restore the above-described facility site upon cessation of operations and otherwise abide by the rules and orders of the Division, then therefore, this obligation shall be 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.



ACKNOWLEDGMENT FORM FOR NATURAL PERSONS

STATE OF New Mexico )  
 )SS.  
COUNTY OF Lea )

The foregoing instrument was acknowledged before me this 30th day of September, 2003, by  
T. G. Herring  
My commission expires: 03/24/04



Date

Dona Williams  
Notary Public

ACKNOWLEDGMENT FORM FOR CORPORATION OR PARTNERSHIP

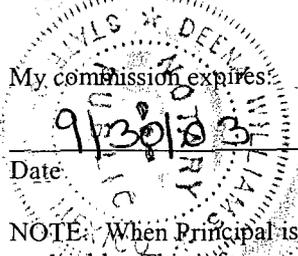
STATE OF New Mexico )  
 )SS.  
COUNTY OF Lea )

The foregoing instrument was acknowledged before me this 30th day of September, 2003, by  
T. G. Herring, President

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

My commission expires: 3/24/04

Date



Dona Williams  
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.

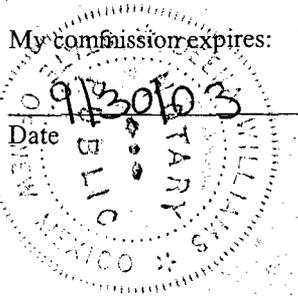
ACKNOWLEDGMENT FORM FOR FINANCIAL INSTITUTION

STATE OF New Mexico )  
 )SS.  
COUNTY OF Lea )

The foregoing instrument was acknowledged before me this 30th day of September, 2003, by  
Lilah Koenig title Assistant Vice President on behalf of  
Wells Fargo Bank New Mexico, N.A., financial institution.

My commission expires: 3/24/04

Date



Dona Williams  
Notary Public

NEW MEXICO  
OIL CONSERVATION DIVISION OF THE  
ENERGY & MINERALS DEPARTMENT

\$10,000.00 TREATING PLANT BOND

BOND NO. 01-0130-10315-86-5  
(For Use of Surety Company)

File with Oil Conservation Division, P. O. Box 2088, Santa Fe,  
New Mexico 87501.

KNOW ALL MEN BY THESE PRESENTS:

That Enersource, Inc. ( a Corporation), (an individual)  
(partnership) (a corporation organized in the State of New Mexico,  
with its principal office in the city of Hobbs State of  
New Mexico, and authorized to do business in the State of  
New Mexico), as PRINCIPAL, and Unites States Fidelity and Guaranty Co.,  
a corporation organized and existing under the laws of the State of  
Maryland, 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 Ten Thousand  
(\$10,000.00) 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 within  
the State of New Mexico,

NOW, THEREFORE, This \$10,000.00 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; other-  
wise 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 19th day of February, 1986.

Enersource, Inc.

United States Fidelity & Guaranty Co.

PRINCIPAL

SURETY

Baltimore, MD.

By [Signature]  
Signature

[Signature]  
Title

By [Signature]  
Attorney-in-Fact

(See Reverse Side)

PC 9/86  
02

Affix corporate seal here.)

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:

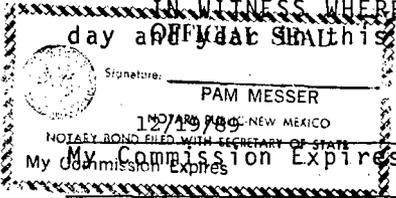
Carroll H. Leavell  
New Mexico Resident Agent

P.O. Drawer D Jal, NM 88252  
Address

STATE OF New Mexico )  
COUNTY OF Lea ) ss.

On this 19th day of February, 1986, before me personally appeared Carroll H. Leavell, 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.



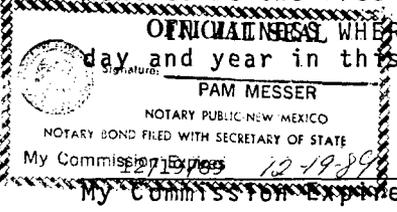
Pam Messer  
Notary Public

ACKNOWLEDGMENT FORM FOR CORPORATION

STATE OF New Mexico )  
COUNTY OF Lea ) ss.

On this 19th day of February, 1986, before me personally appeared John Paul Payne, to me personally known who, being by me duly sworn, did say that he is President of Enersource, 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.



Pam Messer  
Notary Public

ACKNOWLEDGMENT FORM FOR CORPORATE SURETY

STATE OF New Mexico )  
COUNTY OF Lea ) ss.

On this 19th day of February, 1986, before me appeared Carroll H. Leavell, to me personally known, who, being by me duly sworn, did say that he is Attorney in Fact of United States Fidelity & Surety Co. and that the foregoing instrument was signed and sealed on behalf of said corporation by authority of its board of directors, and acknowledged said instrument to be the free act and deed of said corporation.

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

Clarence H. Stanford  
Notary Public

12/10/88  
My Commission Expires  
(Note: Corporate surety attach power of attorney)

APPROVED BY:  
OIL CONSERVATION DIVISION

By Clarence H. Stanford

CERTIFIED COPY

GENERAL POWER OF ATTORNEY

No. 93146

Know all Men by these Presents:

That UNITED STATES FIDELITY AND GUARANTY COMPANY, a corporation organized and existing under the laws of the State of Maryland, and having its principal office at the City of Baltimore, in the State of Maryland, does hereby constitute and appoint

Carroll H. Leavell

of the City of Jal, State of New Mexico, its true and lawful attorney in and for the State of New Mexico

for the following purposes, to wit:

To sign its name as surety to, and to execute, seal and acknowledge any and all bonds, and to respectively do and perform any and all acts and things set forth in the resolution of the Board of Directors of the said UNITED STATES FIDELITY AND GUARANTY COMPANY, a certified copy of which is hereto annexed and made a part of this Power of Attorney; and the said UNITED STATES FIDELITY AND GUARANTY COMPANY, through us, its Board of Directors, hereby ratifies and confirms all and whatsoever the said

Carroll H. Leavell

may lawfully do in the premises by virtue of these presents.

In Witness Whereof, the said UNITED STATES FIDELITY AND GUARANTY COMPANY has caused this instrument to be sealed with its corporate seal, duly attested by the signatures of its Vice-President and Assistant Secretary, this 28th day of May, A. D. 19 82

UNITED STATES FIDELITY AND GUARANTY COMPANY.

(Signed) By Charles D. Zimmerman, III Vice-President.

(SEAL) (Signed) Ray H. Britt Assistant Secretary.

STATE OF MARYLAND, BALTIMORE CITY, ss:

On this 28th day of May, A. D. 19 82 before me personally came Charles D. Zimmerman, III, Vice-President of the UNITED STATES FIDELITY AND GUARANTY COMPANY and Ray H. Britt, Assistant Secretary of said Company, with both of whom I am personally acquainted, who being by me severally duly sworn, said that they, the said Charles D. Zimmerman, III and Ray H. Britt were respectively the Vice-President and the Assistant Secretary of the said UNITED STATES FIDELITY AND GUARANTY COMPANY, the corporation described in and which executed the foregoing Power of Attorney; that they each knew the seal of said corporation; that the seal affixed to said Power of Attorney was such corporate seal, that it was so fixed by order of the Board of Directors of said corporation, and that they signed their names thereto by like order as Vice-President and Assistant Secretary, respectively, of the Company.

My commission expires the first day in July, A. D. 19 82.

(SEAL) (Signed) Margaret M. Hurst Notary Public.

STATE OF MARYLAND BALTIMORE CITY, Sct.

I, Charles W. Mackey, Jr., Clerk of the Superior Court of Baltimore City, which Court is a Court of Record, and has a seal, do hereby certify that Margaret M. Hurst, Esquire, before whom the annexed affidavits were made, and who has thereto subscribed his name, was at the time of so doing a Notary Public of the State of Maryland, in and for the City of Baltimore, duly commissioned and sworn and authorized by law to administer oaths and take acknowledgment, or proof of deeds to be recorded therein. I further certify that I am acquainted with the handwriting of the said Notary, and verily believe the signature to be his genuine signature.

In Testimony Whereof, I hereto set my hand and affix the seal of the Superior Court of Baltimore City, the same being a Court of Record, this 28th day of May, A. D. 19 82

(SEAL) (Signed) Charles W. Mackey, Jr. Clerk of the Superior Court of Baltimore City.

COPY OF RESOLUTION

*That Whereas,* it is necessary for the effectual transaction of business that this Company appoint agents and attorneys with power and authority to act for it and in its name in States other than Maryland, and in the Territories of the United States and in the Provinces and territories of Canada;

*Therefore, be it Resolved,* that this Company do, and it hereby does, authorize and empower its President or either of its Vice-Presidents in conjunction with its Secretary or one of its Assistant Secretaries, under its corporate seal, to appoint any person or persons as attorney or attorneys-in-fact, or agent or agents of said Company, in its name and as its act, to execute and deliver any and all contracts guaranteeing the fidelity of persons holding positions of public or private trust, guaranteeing the performances of contracts other than insurance policies and executing or guaranteeing bonds and undertakings, required or permitted in all actions or proceedings, or by law allowed, and.

*Also,* in its name and as its attorney or attorneys-in-fact, or agent or agents to execute and guarantee the conditions of any and all bonds, recognizances, obligations, stipulations, undertakings or anything in the nature of either of the same, which are or may be by law, municipal or otherwise, or by any Statute of the United States or of any State or Territory of the United States or of the Provinces or territories of Canada, or by the rules, regulations, orders, customs, practice or discretion of any board, body, organization, office or officer, local, municipal or otherwise, be allowed, required or permitted to be executed, made, taken, given, tendered, accepted, filed or recorded for the security or protection of, by or for any person or persons, corporation, body, office, interest, municipality or other association or organization whatsoever, in any and all capacities whatsoever, conditioned for the doing or not doing of anything or any conditions which may be provided for in any such bond, recognizance, obligation, stipulation, or undertaking, or anything in the nature of either of the same.

I, Michael W. Vann, an Assistant Secretary of the UNITED STATES FIDELITY AND GUARANTY COMPANY, do hereby certify that the foregoing is a full, true and correct copy of the original power of attorney given by said Company to Carroll H. Leavell

of Jal, New Mexico, authorizing and empowering him to sign bonds as therein set forth, which power of attorney has never been revoked and is still in full force and effect.

And I do further certify that said Power of Attorney was given in pursuance of a resolution adopted at a regular meeting of the Board of Directors of said Company, duly called and held at the office of the Company in the City of Baltimore, on the 25th day of November, 1981, at which meeting a quorum of the Board of Directors was present, and that the foregoing is a true and correct copy of said resolution, and the whole thereof as recorded in the minutes of said meeting.

*In Testimony Whereof,* I have hereunto set my hand and the seal of the UNITED STATES FIDELITY AND GUARANTY COMPANY on

(Date)



.....  
Assistant Secretary.

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

RECEIVED  
JULY 29, 1988  
AUG - 4 1988

Bob Stovall  
Attorney  
Oil Conservation Division  
P. O. Box 2088  
Santa Fe, New Mexico 87504-2088

Re: Enersource Treating Plant Bond

Dear Mr. Stovall:

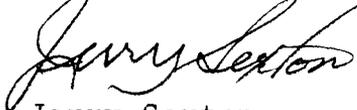
We have been advised by Mike Pearson with Enersource Inc. that they are having a problem securing a \$25,000.00 bond due to their being reorganized under Chapter 11.

He is under the impression that in order to protect their creditors, (Enersource) the Federal Government will not allow the State to shut them down due to the lack of the additional bond required by Division Order R-8284.

It is our understanding they are making every effort to clarify the situation and have consulted you concerning this. Please give us your recommendation on this matter.

Very truly yours

OIL CONSERVATION DIVISION



Jerry Sexton  
Supervisor, District I

JS:bp

File



## 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) 827-5800Enersource Inc.  
P. O. Box 2521  
Hobbs, New Mexico 88240Re: \$10,000 Treating Plant Bond  
United States Fidelity and Guaranty  
Company, Surety  
Bond No. 01-0130-10315-86-5

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*  
DIANA RICHARDSON  
Administrator  
Bonding Department

enclosure

OCD - Hobbs

50 YEARS



1935 - 1985

POST OFFICE BOX 2088  
STATE LAND OFFICE BUILDING  
SANTA FE, NEW MEXICO 87501  
(505) 827-5800



TONEY ANAYA  
GOVERNOR

STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION

February 26, 1986

Enersource Inc.  
P. O. Box 2521  
Hobbs, New Mexico 88240

Re: \$10,000 Treating Plant Bond  
Enersource Inc., Principal  
United States Fidelity and Guaranty  
Company, Surety  
Bond No. 01-0130-10315-86-5

Gentlemen:

The Oil Conservation Division hereby approves the above-referenced treating plant bond effective February 25, 1986.

Sincerely,

A handwritten signature in cursive script, appearing to read 'R. L. Stamets', written in black ink.

R. L. STAMETS,  
Director

dr/

cc: Oil Conservation Division  
Hobbs, New Mexico