

NM2 -

BONDS



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON
Governor

April 1, 2004

Joanna Prukop
Cabinet Secretary
Acting Director
Oil Conservation Division

Mr. Rodney Bailey
ChevronTexaco Exploration & Production Co.
15 Smith Road
Midland, TX, 79705

**RE: \$50,000 Blanket Surety Bond for Centralized Waste Management Facilities
NM-02-0012 and NM-02-02-0013, Permits
Chevron USA Inc., Principal
Safeco Insurance Company of America, Surety
Bond No. 5858777 and Rider**

Dear Mr. Bailey:

The New Mexico Oil Conservation Division hereby approves the above-referenced Waste Management Facility Blanket Surety Bond Rider.

Sincerely,

A handwritten signature in cursive script, appearing to read "Gail MacQuesten".

Gail MacQuesten
Assistant General Counsel

GM: mjk

Attachment: Copy of Surety Bond No. 5858777 and Rider

xc with attachment:

Hobbs OCD Office
Dustin M. Ammons, Chevron USA Inc., 15 Smith Road, Midland, TX 79705



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

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

September 15, 1999

CERTIFIED MAIL
RETURN RECEIPT NO. P-326-936-644

Mr. Rodney Bailey
Texaco E&P Inc.
205 East Bender
Hobbs, NM 88240

**RE: \$50,000 Blanket Surety Bond for Centralized Waste Management Facilities
Texaco E&P Inc., Principal
Safeco Insurance Company of America., Surety
Bond No. 5858777**

Dear Mr. Bailey:

The New Mexico Oil Conservation Division hereby approves the above-referenced Waste Management Facility Blanket Surety Bond.

Sincerely,

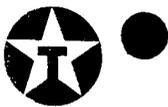
A handwritten signature in black ink, appearing to read "Rand Carroll".

Rand Carroll,
Legal Counsel

RC:mjk

Attachment: Copy of Surety Bond No. 5858777

xc with attachment: Hobbs OCD Office
T.E. Watkins, Texaco E&P, Inc., P.O. Box 3109, Midland, TX 79702



Texaco Exploration and Production Inc.
Permian Business Unit

500 North Lorraine
Midland TX 79701

P.O. Box 3109
Midland TX 79702

September 9, 1999

Ms. Martyne Dieling
Energy, Minerals and Natural Resources Department
Oil Conservation Division
2040 South Pacheco
Santa Fe, New Mexico 87505

SEP 13 1999

Re: PERMIT APPROVAL NM-02-0012 & NM-02-0013

Dear Ms. Dieling:

Enclosed please find "Surety Bond for Waste Management Facilities", Bond No. 5858777, for your further handling. (I hope we have it correct this time.)

Should you have any questions, please advise. My direct telephone number is (915) 688-4508, or call Rodney Bailey at (505) 397-0422.

Yours very truly,

T. E. Watkins
Landman

TEW:cfb

Enclosure

File
Chrono

TGM



Texaco E & P

RECEIVED

AUG 27 1999

Date: 8-23-99

Martyne Dieling
Energy, Minerals and Natural Resources Department
Oil Conservation Division
2040 S. Pacheco
Santa Fe, NM 87505

Re: Permit Approval NM-02-0012 & NM-02-0013

Please find enclosed financial assurance: bond number 5858777, for the Texaco landfarm permits NM-02-0012 & NM-02-0013.

If you have any questions or need additional information please contact me at 505-397-0422.

Sincerely

Rodney Bailey
EH&S Coordinator
Texaco

Energy, Minerals and Natural Resources Department
Oil Conservation Division

Surety Bond For Waste Management Facilities

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

BOND NO. 5858777
(For Surety Company Use)

KNOW ALL MEN BY THESE PRESENTS:

That TEXACO EXPLORATION AND PRODUCTION INC., (an individual, partnership, or a corporation organized in the State of DELAWARE, with its principal office in the City of MIDLAND, State of TEXAS, and authorized to do business in the State of New Mexico), as PRINCIPAL, and SAFECO INSURANCE COMPANY OF AMERICA, a corporation organized and existing under the laws of the State of WASHINGTON, and authorized to do business in the State of New Mexico with duly appointed resident agent 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 and Natural Resources Department (the "Division") pursuant to Section 70-2-12 NMSA, 1978, (1995 Relp.) as amended in the sum of FIFTY THOUSAND & 00/100 ----- (\$ 50,000.00) Dollars for the payment of which PRINCIPAL and SURETY hereby bind themselves, their successors and assigns, jointly and severally.

The conditions of this obligation are such that:

WHEREAS, 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 _____, Township _____, Range _____, NMPM, _____ County, New Mexico.
(See Exhibit 'A', attached hereto and made a part hereof).

NOW, THEREFORE, this \$50,000.00 performance bond is conditioned upon substantial compliance with all applicable statutes of the State of New Mexico and all rules and orders of the Oil Conservation Commission, the Division, 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.

Signed and sealed this 11TH day of AUGUST, 19 99

TEXACO EXPLORATION AND PRODUCTION INC.

Principal
P.O. BOX 3109
MIDLAND, TEXAS 79702

Mailing Address

By [Signature] Attorney-in-Fact
Signature Title

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

SAFECO INSURANCE COMPANY OF AMERICA

Surety
2 HUDSON PLACE, 4TH FLOOR
HOBOKEN, NJ 07030

Mailing Address

By [Signature]
Attorney-in-Fact
PAMELA K. RIFE

Note: If 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: [Signature]
New Mexico Resident Agent

2001 SAN MATEO N.E.
ALBUQUERQUE, NM 87110

Address

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 _____)

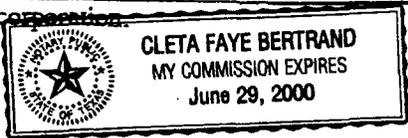
The foregoing instrument was acknowledged before me this _____ day of _____, 19____,
by _____,
partner(s) on behalf of
_____, a partnership.

My commission expires:

Date Notary Public

3. (For a corporation or incorporated association)

The foregoing instrument was acknowledged before me this 9th day of September, 1999,
by R. J. Schneider, Attorney-in-Fact for Texaco Exploration and Production Inc.,
a corporation, on behalf of said corporation,
Delaware



My commission expires:

Date Cleta Faye Bertrand
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]

Exhibit "A"

Township 24 South, Range 36 East, N.M.P.M., Lea County, New Mexico
Section 17: W/2
Section 3: NE/4

(Other Sections may be added in the future by amending this exhibit)



POWER OF ATTORNEY

SAFECO INSURANCE COMPANY OF AMERICA
GENERAL INSURANCE COMPANY OF AMERICA
HOME OFFICE: SAFECO PLAZA
SEATTLE, WASHINGTON 98185

No. 6715

KNOW ALL BY THESE PRESENTS:

That SAFECO INSURANCE COMPANY OF AMERICA and GENERAL INSURANCE COMPANY OF AMERICA, each a Washington corporation, does each hereby appoint *****PAMELA K. RIFE; MARK FITZGERALD; ELIZABETH MARRERO; CHRISTINE V. McKENNA; RICHARD VASQUEZ; New York, New York*****

its true and lawful attorney(s)-in-fact, with full authority to execute on its behalf fidelity and surety bonds or undertakings and other documents of a similar character issued in the course of its business, and to bind the respective company thereby.

IN WITNESS WHEREOF, SAFECO INSURANCE COMPANY OF AMERICA and GENERAL INSURANCE COMPANY OF AMERICA have each executed and attested these presents

this 05 day of May, 19 98

CERTIFICATE

Extract from the By-Laws of SAFECO INSURANCE COMPANY OF AMERICA and of GENERAL INSURANCE COMPANY OF AMERICA:

"Article V, Section 13. - FIDELITY AND SURETY BONDS . . . the President, any Vice President, the Secretary, and any Assistant Vice President appointed for that purpose by the officer in charge of surety operations, shall each have authority to appoint individuals as attorneys-in-fact or under other appropriate titles with authority to execute on behalf of the company fidelity and surety bonds and other documents of similar character issued by the company in the course of its business . . . On any instrument making or evidencing such appointment, the signatures may be affixed by facsimile. On any instrument conferring such authority or on any bond or undertaking of the company, the seal, or a facsimile thereof, may be impressed or affixed or in any other manner reproduced; provided, however, that the seal shall not be necessary to the validity of any such instrument or undertaking."

Extract from a Resolution of the Board of Directors of SAFECO INSURANCE COMPANY OF AMERICA and of GENERAL INSURANCE COMPANY OF AMERICA adopted July 28, 1970.

"On any certificate executed by the Secretary or an assistant secretary of the Company setting out, (i) The provisions of Article V, Section 13 of the By-Laws, and (ii) A copy of the power-of-attorney appointment, executed pursuant thereto, and (iii) Certifying that said power-of-attorney appointment is in full force and effect, the signature of the certifying officer may be by facsimile, and the seal of the Company may be a facsimile thereof."

I, R. A. Pierson, Secretary of SAFECO INSURANCE COMPANY OF AMERICA and of GENERAL INSURANCE COMPANY OF AMERICA, do hereby certify that the foregoing extracts of the By-Laws and of a Resolution of the Board of Directors of these corporations, and of a Power of Attorney issued pursuant thereto, are true and correct, and that both the By-Laws, the Resolution and the Power of Attorney are still in full force and effect.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the facsimile seal of said corporation

this 11TH day of AUGUST, 19 99

SURETY ACKNOWLEDGEMENT

STATE OF NEW YORK

COUNTY OF NEW YORK

ON 8/11/99, BEFORE ME PERSONALLY CAME PAMELA K. RIFE, TO ME KNOWN WHO BEING BY ME DULY SWORN DID DEPOSE AND SAY THAT HE/SHE RESIDES IN NEW YORK, NY, AND THAT HE/SHE IS AN ATTORNEY-IN-FACT OF SAFECO INSURANCE COMPANY OF AMERICA, THE CORPORATION DESCRIBED IN, AND WHICH EXECUTED THE WITHIN INSTRUMENT; THAT HE/SHE KNOWS THE SEAL OF SAID CORPORATION; AND THAT HE/SHE SIGNED HIS/HER NAME THERETO BY LIKE ORDER; AND THAT THE SAID COMPANY HAS RECEIVED FROM THE SUPERINTENDENT OF INSURANCE OF THE STATE OF NEW YORK, AND SUCH CERTIFICATE HAS NOT BEEN REVOKED.

AMY BAXTER
Notary Public, State of New York
No. 01BA5085901
Qualified in Kings County
Commission Expires Sept. 29, 1999



NOTARY PUBLIC

CORPORATE ACKNOWLEDGEMENT

STATE OF _____

COUNTY OF _____

ON THIS _____ DAY OF _____ 19____, BEFORE ME PERSONALLY CAME _____, TO ME KNOWN, WHO, BEING DULY SWORN, DID DEPOSE AND SAY; THAT HE/SHE RESIDES IN _____, AND THAT HE/SHE IS THE _____ OF THE _____, THE CORPORATION DESCRIBED IN AND WHICH EXECUTED THE ABOVE INSTRUMENT; THAT HE/SHE KNOWS THE SEAL OF THE SAID CORPORATION; THAT THE SEAL AFFIXED TO SAID INSTRUMENT IS SUCH CORPORATE SEAL; THAT IT WAS SO AFFIXED BY THE ORDER OF THE BOARD OF DIRECTORS OF SAID CORPORATION, AND THAT HE/SHE SIGNED HIS NAME THERETO BY LIKE ORDER.

NOTARY PUBLIC



SAFECO INSURANCE COMPANY OF AMERICA
FINANCIAL STATEMENT — DECEMBER 31, 1998

Assets		Liabilities	
Cash and Bank Deposits	\$ (95,312,711)	Unearned Premiums	\$ 557,335,733
* Bonds — U.S. Government	111,556,567	Reserve for Claims and Claims Expense	1,308,896,272
* Other Bonds	1,761,977,063	Funds Held Under Reinsurance Treaties	541,662
* Stocks	645,050,710	Reserve for Dividends to Policyholders	8,474,948
Real Estate	41,467,131	Additional Statutory Reserve	—
Agents' Balances or Uncollected Premiums	291,885,752	Reserve for Commissions, Taxes and	
Accrued Interest and Rents	38,011,423	Other Liabilities	341,537,227
Other Admitted Assets	<u>326,378,464</u>	Total	<u>\$2,216,785,842</u>
		Capital Stock	\$ 5,000,000
		Paid in Surplus	11,139,940
		Unassigned Surplus	<u>888,088,617</u>
		Surplus to Policyholders	<u>904,228,557</u>
Total Admitted Assets	<u>\$ 3,121,014,399</u>	Total Liabilities and Surplus	<u>\$3,121,014,399</u>



* Bonds are stated at amortized or investment value; Stocks at Association Market Values. Securities carried at \$121,297,719 are deposited as required by law.

I, MICHAEL C. PETERS, senior vice president of SAFECO Insurance Company of America, do hereby certify that the foregoing is a true, and correct statement of the Assets and Liabilities of said Corporation, as of December 31, 1998, to the best of my knowledge and belief.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of said Corporation at Seattle, Washington, this 1st day of March, 1999.

Senior Vice President