

NM2 -

14

BONDS



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Betty Rivera
Cabinet Secretary

Lori Wrotenbery
Director
Oil Conservation Division

September 9, 2002

Ms. Kim Strahm
Safeco Insurance Company of America
7600 W. Tidwell, suite 302
Houston TX 77040

**RE: \$50,000 Cash Bond and Assignment of Cash Collateral
Permits NM-02-0014, NM-02-0015, 0016 and NM-02-0017
Equilon Enterprises LLC, Principal
Safeco Insurance Company of America, Surety
Bond No. 6079210**

Dear Ms. Strahm:

The New Mexico Oil Conservation Division hereby approves the cancellation of the above-referenced Surety Bond and releases Safeco Insurance Company of America of any liability.

Sincerely,

David K. Brooks,
Assistant General Counsel

DKB: mjk

Enclosure: Original Surety Bond No. 6079210

xc with attachment:

Hobbs OCD Office
Kyle Landreneau, Equiva Services LLC



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Jennifer A. Salisbury
Cabinet Secretary

October 20, 2000

Lori Wrotenbery
Director
Oil Conservation Division

CERTIFIED MAIL
RETURN RECEIPT NO. 7099-3220-0000-5051-1323

Mr. Kyle Landreaneau
Equilon Enterprises L.L.C.
PMB 174, 269 Cypresswood
Spring, TX 77388

**RE: \$50,000 Blanket Surety Bond for Centralized Waste Management Facilities
Equilon Enterprises L.L.C., Principal
Safeco Insurance Company of America, Surety
Bond No. 6079210**

Dear Mr. Landreaneau:

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 "Marilyn S. Hebert".

Marilyn S. Hebert,
Legal Counsel

MSH:mjk

Enclosure: Copy of Surety Bond

xc with attachment:
Hobbs OCD Office



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Betty Rivera
Cabinet Secretary

September 4, 2002

Lori Wrotenbery
Director
Oil Conservation Division

CERTIFIED MAIL
RETURN RECEIPT NO. 7001-1940-0004-3929-8102

Kyle Landreneau
Equiva Services LLC
SHE/Science & Engineering
PMB 284
40 FM 1960 West
Houston Texas 77090

RE: Closure for Equilon Enterprises, L.L.C.
Landfarms #1, #2, #3 and #4
Permits NM-02-0014, NM-02-0015, NM-02-0016 and NM-02-0017
Lea County, New Mexico

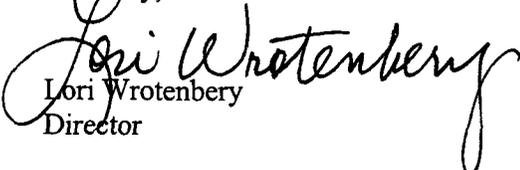
Dear Mr. Landreneau:

The New Mexico Oil Conservation Division (OCD) is in receipt of the Equilon Enterprises L.L.C. (Equilon) closure report dated March 20, 2002 for Landfarms #1, #2, #3 and #4. Based on the closure report, the analytical data dated January 12, 2001, the closure plan dated November 20, 2000 and the May 2, 2002 inspection, the OCD has determined that the cells within Landfarms #1, #2, #3 and #4 have been remediated according to Permit requirement and the site has been contoured and reseeded pursuant to the approved closure plan. **The OCD hereby approves the closure of Landfarms #1, #2, #3 and #4 and cancels Permit NM-02-0014, NM-02-0015, NM-02-0016 and NM-02-0017.**

Please be advised that OCD approval does not relieve Equilon of liability should any remaining contaminants result in pollution of the ground water, surface water or the environment. In addition, OCD approval does not relieve Equilon of the responsibility for compliance with other federal, state, or local laws and/or regulations.

If you have any questions, please do not hesitate to contact Martyne Kieling at (505) 476-3488.

Sincerely,


Lori Wrotenbery
Director

LW/mjk

xc: OCD Hobbs Office

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. 6079210
(For Surety Company Use)

KNOW ALL MEN BY THESE PRESENTS:

That **Equilon Enterprises LLC** (an individual, partnership, or a corporation organized in the State of **Delaware**, with its principal office in the City of **Houston**, 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 and 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.

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 14th day of September, ~~px~~ 2000

Principal
Equilon Enterprises LLC
1100 Louisiana, Suite 2200, Houston, TX 77002

By [Signature] Attorney-in-Fact
Signature Title

Surety
Safeco Insurance Company of America
7600 W. Tidwell, Suite 302, Houston TX 77040
Mailing Address

By [Signature] Attorney-in-Fact
Kim Strahm

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

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: N/A
New Mexico Resident Agent

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:

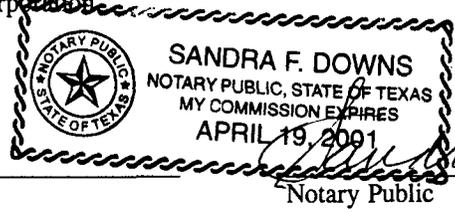
Date Notary Public

3. (For a corporation or incorporated association)

The foregoing instrument was acknowledged before me this 4th day of September, 192000
by Lawrence F. Laurie, Jr., Attorney-in-Fact, Equilon Enterprises LLC,
a corporation, on behalf of said corporation.

My commission expires:

April 19, 2001
Date



Sandra F. Downs
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] 11/1/00

POWER OF ATTORNEY

EQUILON ENTERPRISES LLC

EQUILON ENTERPRISES LLC, a Delaware limited liability company (Company), hereby nominates, appoints and authorizes Lawrence F. Laurie, Jr. of Equiva Services LLC, a Delaware limited liability company, as its true and lawful Attorney-in-Fact (Attorney), to execute, deliver, accept, assign, amend, extend, ratify, verify, terminate, release or surrender, in the name of the Company and on its behalf, subject to approval by the Company in accordance with applicable financial delegation of authority, the following:

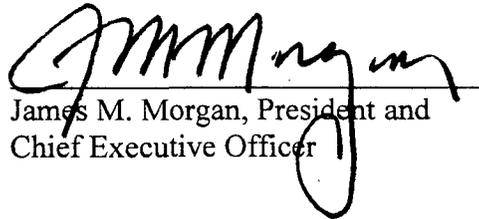
- (i) all surety bonds, performance guarantees and similar obligations of the Company, but excluding notes, bonds, commercial paper and other forms of borrowings; and (ii) any certificates, returns and reports of any nature, which may be deemed advisable or appropriate in the course of business.

This Power of Attorney is effective February 9, 2000, and shall continue in full force and effect until specifically revoked in writing.

IN WITNESS WHEREOF, the Company has caused this Power of Attorney to be signed by its President and sealed with its company seal and attested by its Assistant Secretary.



EQUILON ENTERPRISES LLC


James M. Morgan, President and
Chief Executive Officer

ATTEST:


T. J. Howard
Assistant Secretary



SAFECO

POWER OF ATTORNEY

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

No. 5713

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
*****DONALD R. GIBSON; SANDRA PARKER; LISA A. WARD; WILLIAM L. POWER; KIM STRAHM, LESLIE K. HUDGENS; Houston, Texas*****

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 25th day of February, 2000

R.A. Pierson

R.A. PIERSON, SECRETARY

W. Randall Stoddard

W. RANDALL STODDARD, PRESIDENT

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 14th day of September, 2000



R.A. Pierson

R.A. PIERSON, SECRETARY