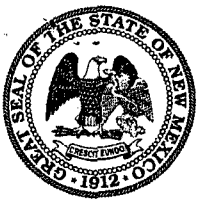


**NM1 - 30**

**BONDS**



# NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

**BILL RICHARDSON**  
Governor  
**Joanna Prukop**  
Cabinet Secretary

June 9, 2003

**Lori Wrotenberg**  
Director  
Oil Conservation Division

Mr. Jim Wilson  
Artesia Aeration L.L.C.  
8115 N. Grimes  
Hobbs, NM 88240

**RE: \$70,065 Cash Bond and Assignment of Cash Collateral  
Commercial Surface Waste Management Facility Permit NM-01-0030  
Artesia Aeration L.L.C., Principal  
First National Bank, Surety  
N/2 Section 7, Township 17 South, Range 32 East, NMPM,  
Lea County, New Mexico  
CD No. #2122200-28**

Dear Mr. Wilson:

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

Sincerely,

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

David K. Brooks  
Assistant General Counsel

DKB: mjk

Enclosure: Copy Cash Bond and Assignment of Cash Collateral No. #2122200-28

xc with attachment:

Hobbs OCD Office  
Michael A. Hendricks, The First National Bank, P.O. Box AA, Artesia, NM 88210

**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 ARTESIA AERATION, LLC (an individual, partnership, or a corporation organized in the State of NEW MEXICO, with its principal office in the City of ARTESIA, 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 SEVENTY THOUSAND SIXTY FIVE (\$ 70,065.00) 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 N1/2 7 Township 175, Range 32E, NMPM, LEA County, New Mexico.

NOW, THEREFORE, this \$ 70,065.00 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 \$ 70,065.00 (SEVENTY THOUSAND SIXTY FIVE 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, ARTESIA AERATION, LLC., (hereinafter "Principal"), of 8115 GRIMES (address) has deposited with the ~~THE FIRST NATIONAL BANK~~ (name of the financial institution, which must be a federally insured bank or savings institution within the state of New Mexico) of \_\_\_\_\_ (address) (hereinafter "Financial Institution"), the sum of SEVENTY THOUSAND SIXTY FIVE (70,065.00) dollars in Certificate of Deposit or savings account No. 2122200-28. 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 30TH day of APRIL, 2003.

By Principal *Jim Wilson*  
ARTESIA AERATION, LLC.

By Financial Institution *Michael A. Hendricks*  
THE FIRST NATIONAL BANK

JIM WILSON, MANAGING MEMEBR  
Title

MICHAEL A. HENDRICKS  
Title VICE PRESIDENT

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

8115 N. GRIMES  
HQBBS, NM 88240  
Mailing Address

PO BOX AA  
ARTESIA, NM 88210  
Mailing Address

ACKNOWLEDGMENT FORM FOR NATURAL PERSONS

STATE OF \_\_\_\_\_ )  
 )SS.  
COUNTY OF \_\_\_\_\_ )

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 2\_\_\_\_, by  
My commission expires:

\_\_\_\_\_  
Date Notary Public

ACKNOWLEDGMENT FORM FOR CORPORATION OR PARTNERSHIP

STATE OF NEW MEXICO )  
 )SS.  
COUNTY OF LEA )

The foregoing instrument was acknowledged before me this 7<sup>th</sup> day of MAY, 2003, by  
Jim Wilson  
officer or partner(s) of Artesia Aeration, LLC, a  
corporation, a partnership on behalf of said corporation or partnership.

My commission expires:  
09-05-04  
Date

Notary Public P. Reneo Carrasco

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 30<sup>th</sup> day of APRIL, 2003, by  
Mike Hendricks title VICE PRESIDENT on behalf of  
FIRST NATIONAL BANK, financial institution.

My commission expires:  
09-05-04  
Date

Notary Public P. Reneo Carrasco



NEW MEXICO ENERGY, MINERALS and  
NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON  
Governor  
Betty Rivera  
Cabinet Secretary

Lori Wrotenbery  
Director  
Oil Conservation Division

November 15, 2002

**CERTIFIED MAIL**

**RETURN RECEIPT NO. 7001-1940-0004-3929-8256**

Mr. Jim Wilson  
Artesia Aeration L.L.C.  
8115 N. Grimes  
Hobbs, NM 88240

**RE: OCD Surface Waste Management Facility Permit NM-01-0030  
Artesia Aeration L.L.C.  
N/2 Section 7, Township 17 South, Range 32 East, NMPM,  
Lea County, New Mexico**

Dear Mr. Wilson:

The New Mexico Oil Conservation Division (OCD) has reviewed the financial assurance portion of Permit NM-01-0030 for, Artesia Aeration L.L.C. This review finds that a cash bond and assignment of cash collateral for your facility in the amount of \$47,710 is on file. According to the permit, Artesia Aeration L.L.C. is required to submit additional financial assurance by **December 29, 2002** to the amount of **\$93,420**.

Enclosed you will find a copy of the current financial assurance forms. Additional forms may be found on the OCD web site at <http://www.emnrd.state.nm.us/ocd/> under Forms. If you have any questions please contact me at (505) 476-3488.

Sincerely,

Martyne J. Kieling  
Environmental Geologist

Enclosure: Copy Cash Bond and Assignment of Cash Collateral Forms

xc: Hobbs OCD Office



# NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

**GARY E. JOHNSON**  
Governor  
**Betty Rivera**  
Cabinet Secretary

**Lori Wrotenbery**  
Director  
Oil Conservation Division

April 30, 2002

**CERTIFIED MAIL**  
**RETURN RECEIPT NO. 7099-3220-0000-5051-1781**

Mr. Jim Wilson  
Artesia Aeration L.L.C.  
8115 N. Grimes  
Hobbs, NM 88240

**RE: \$47,710 Cash Bond and Assignment of Cash Collateral  
Commercial Surface Waste Management Facility Permit NM-01-0030  
Artesia Aeration L.L.C., Principal  
First National Bank, Surety  
N/2 Section 7, Township 17 South, Range 32 East, NMPM,  
Lea County, New Mexico  
CD No. #2122200-27**

Dear Mr. Wilson:

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

Sincerely,

David K. Brooks  
Assistant General Counsel

DKB: mjk

Enclosure: Copy Cash Bond and Assignment of Cash Collateral No. #2122200-27

xc with attachment:

Hobbs OCD Office  
Zane Bergman, First National Bank, P.O. Box 460, Hobbs, NM 88241-0460  
Rob Mathews, Artesia Aeration LLC

**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 ARTESIA AERATION, LLC (an individual, partnership, or 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 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 forty-six thousand seven-ten<sup>no</sup> / (\$00 46,710 .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 N1/2 7, Township 175, Range 32E, NMPM, LEA County, New Mexico.

NOW, THEREFORE, this \$ 46,710.00 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 \$ 46,710.00 (FORTY-SIX THOUSAND SEVEN-TEN<sup>no</sup> / 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, ARTESIA AERATION, LLC, (hereinafter "Principal"), of 8115 N. GRIMES (address) has deposited with the FIRST NATIONAL BANK (name of the financial institution, which must be a federally insured bank or savings institution within the state of New Mexico) of SEVEN TEN (address) (hereinafter "Financial Institution"), the sum of FORTY-SIX THOUSAND (\$ 46,710.00) dollars in Certificate of Deposit or savings account No. 2122200-27. 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 25th day of APRIL, 2002.

By Principal   
ARTESIA AERATION, LLC

By Financial Institution   
FIRST NATIONAL BANK

JIM WILSON, MANAGING MEMBER

ZANE S. BERGMAN, PRESIDENT

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

8115 N. GRIMES

600 W. BENDER

HOBBS, NM 88240

HOBBS, NM 88240

Mailing Address

Mailing Address

ACKNOWLEDGMENT FORM FOR NATURAL PERSONS

STATE OF \_\_\_\_\_ )  
 )SS.  
COUNTY OF \_\_\_\_\_ )

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 2\_\_\_\_, by

My commission expires:

\_\_\_\_\_  
Date Notary Public

ACKNOWLEDGMENT FORM FOR CORPORATION OR PARTNERSHIP

STATE OF NEW MEXICO )  
 )SS.  
COUNTY OF LEA )

The foregoing instrument was acknowledged before me this 25th day of APRIL, 2002, by JIM WILSON, MANAGING MEMBER

officer or partner(s) of ARTESIA AERATION, a corporation, a partnership on behalf of said corporation or partnership. LIMITED LIABILITY COMPANY

My commission expires: 06/01/02

04/25/02  
Date

  
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.

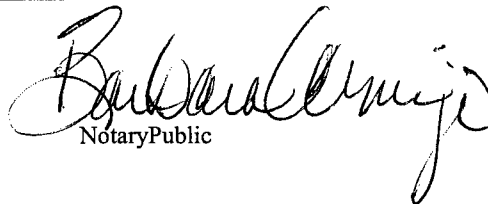
ACKNOWLEDGMENT FORM FOR FINANCIAL INSTITUTION

STATE OF NEW MEXICO )  
 )SS.  
COUNTY OF LEA )

The foregoing instrument was acknowledged before me this 25th day of APRIL, 2002, by ZANE S. BERGMAN title PRESIDENT on behalf of FIRST NATIONAL BANK, financial institution.

My commission expires: 06/01/02

04/25/02  
Date

  
Notary Public



# NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

**GARY E. JOHNSON**  
Governor  
**Jennifer A. Salisbury**  
Cabinet Secretary

November 13, 2000

**Lori Wrotenbery**  
Director  
Oil Conservation Division

**CERTIFIED MAIL**  
**RETURN RECEIPT NO. 7099-3220-0000-5051-1743**

Mr. Rob Mathews  
Artesia Aeration L.L.C.  
P.O. Box 248  
Artesia, NM 88210

**RE: \$25,000 Cash Bond and Assignment of Cash Collateral  
Commercial Surface Waste Management Facility Permit NM-01-0030  
Artesia Aeration L.L.C., Principal  
First National Bank, Surety  
N/2 Section 7, Township 17 South, Range 32 East, NMPM,  
Lea County, New Mexico  
CD No. #210347827**

Dear Mr. Mathews:

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

Sincerely,

Marilyn S. Hebert,  
Legal Counsel

MSH:mjk

Enclosure: Copy Cash Bond and Assignment of Cash Collateral No. #210347827

xc with attachment:

Hobbs OCD Office  
Zane Bergman, First National Bank, P.O. Box 460, Hobbs, NM 88241-0460

**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 Artesia Aeration, L.I.C. (an individual, partnership, or 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), (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 Twenty Five Thousand & NO/100 (\$ 25,000.00) 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 N 1/2 Township 17S, Range 32E, NMPM, Lea County, New Mexico.  
7

NOW, THEREFORE, this \$ 25,000.00 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 \$ 25,000.00 (Twenty Five Thousand & 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 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.

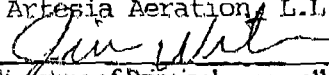
**Assignment of Cash Collateral Deposit for Bond for Waste Management Facility**

Pursuant to Rule 711 of the Rules of the Oil Conservation Division, or successor provisions, Artesia Aeration, L.L.C. (hereinafter "Principal") of 26 E Compress Rd (address) has deposited with the First National Bank (name of the financial institution, which must be a federally insured bank or savings institution within the State of New Mexico) of 600 West Bender (address) (hereinafter "Financial Institution"), the sum of Twenty Five Thousand & no/100 25,000.00 dollars in Certificate of Deposit or savings account No. #210347827. 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 3rd day of November, 2000.

Artesia Aeration, L.L.C.  
  
\_\_\_\_\_  
Signature of Principal, personally or by authorized officer

Jim Wilson, Managing Member  
\_\_\_\_\_  
Title

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

26 E Compress Rd  
\_\_\_\_\_  
Artesia, NM 88210  
\_\_\_\_\_  
Mailing Address

First National Bank  
  
\_\_\_\_\_  
Signature of authorized officer of Financial Institution

Zane Bergman, Senior Vice President  
\_\_\_\_\_  
Title

600 West Bender  
\_\_\_\_\_  
Hobbs, NM 88240  
\_\_\_\_\_  
Mailing Address

