

30-015-22000

Form O & G B-1
Adopted 6-17-1977
Revised 4-20-2009

STATE OF NEW MEXICO
ONE WELL PLUGGING BOND

For CHAVES, EDDY, LEA, MCKINLEY, RIO ARRIBA, ROOSEVELT,
SANDOVAL AND SAN JUAN COUNTIES ONLY

BOND NO. B008859
WELL DEPTH 10,665 Feet
AMOUNT OF BOND \$15,665.00
COUNTY Eddy

Note: **Bond Amount is \$5,000 plus \$1 per foot of projected depth of proposed well or measured depth of existing well.**

*Under certain conditions, the appropriate district office of the Division may authorize a well to be drilled as much as 500 feet deeper than the depth provided in the applicable financial assurance. (See Rule 8.9.D.3)

File with the Oil Conservation Division, 1220 South St. Francis Drive, Santa Fe, NM 87505

KNOW ALL MEN BY THESE PRESENTS:

That Nadel and Gussman HEYCO, LLC, (~~an individual~~ ~~if dba must read~~ ~~Example: John Doe dba ABC Services~~) (~~a general partnership~~) (~~a corporation~~), (~~limited liability company~~) (~~limited partnership~~) organized in the State of New Mexico, and authorized to do business in the State of New Mexico), as PRINCIPAL, and U.S. Specialty Insurance Company, a corporation organized and existing under the laws of the State of Texas and authorized to do business in the State of New Mexico, as SURETY, are 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 (or successor agency) (the DIVISION), pursuant to NMSA 1978, Section 70-2-14, as amended, in the sum of Fifteen Thousand Six Hundred Sixty Five and No/100 Dollars (\$15,665.00), for the payment of which the 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 PRINCIPAL has commenced or may commence the drilling of one well to a depth not to exceed 10,665 feet, to prospect for and/or produce oil or gas, carbon dioxide gas, helium gas or brine minerals, or as an injection or other service well related to such exploration or production, or does own or operate, or may acquire, own or operate such well, the identification and location of said well being:

Empire South Deep Unit #013, API No. 30- 015-22000, located 660 feet from the South (Name of Well) (North/South) line and 1,432 feet from the West (East/West) line of Section 30 Township 17 South (North) (South), Range 29 East (East) (West), NMPM, Eddy County, New Mexico.

NOW, THEREFORE, if the PRINCIPAL and SURETY or either of them, or their successors or assigns or any of them, shall cause said well be properly plugged and abandoned when dry or when no longer productive or useful for other beneficial purpose, in accordance with the rules and orders of the DIVISION, including but not limited to Rules 8.9 [19.15.8.9 NMAC] and 25.10 [19.15.25.10 NMAC], as such rules now exist or may hereafter be amended;

THEN AND IN THAT EVENT, this obligation shall be null and void; otherwise and in default of complete compliance with any and all of said obligations, the same shall remain in full force and effect.

Nadel and Gussman HEYCO, LLC
PRINCIPAL
500 N. Main, Suite 100
Address
By [Signature]
Signature
General Manager
Title

U.S. Specialty Insurance Company
SURETY
13403 Northwest Freeway, Houston, Texas 77040
Address
[Signature]
Michele K. Tyson, Attorney-in-Fact

If PRINCIPAL is a corporation, affix
Corporate seal here

Corporate surety affix
Corporate seal here

POWER OF ATTORNEY

AMERICAN CONTRACTORS INDEMNITY COMPANY TEXAS BONDING COMPANY
UNITED STATES SURETY COMPANY U.S. SPECIALTY INSURANCE COMPANY

KNOW ALL MEN BY THESE PRESENTS: That American Contractors Indemnity Company, a California corporation, Texas Bonding Company, an assumed name of American Contractors Indemnity Company, United States Surety Company, a Maryland corporation and U.S. Specialty Insurance Company, a Texas corporation (collectively, the "Companies"), do by these presents make, constitute and appoint:

Edwin H. Frank, III, Michele K. Tyson or W. Russell Brown, Jr. of Houston, Texas

its true and lawful Attorney(s)-in-fact, each in their separate capacity if more than one is named above, with full power and authority hereby conferred in its name, place and stead, to execute, acknowledge and deliver any and all bonds, recognizances, undertakings or other instruments or contracts of suretyship to include riders, amendments, and consents of surety, providing the bond penalty does not exceed Three Million Dollars (\$ **3,000,000.00**).

This Power of Attorney shall expire without further action on December 8, 2016. This Power of Attorney is granted under and by authority of the following resolutions adopted by the Boards of Directors of the Companies:

Be it Resolved, that the President, any Vice-President, any Assistant Vice-President, any Secretary or any Assistant Secretary shall be and is hereby vested with full power and authority to appoint any one or more suitable persons as Attorney(s)-in-Fact to represent and act for and on behalf of the Company, subject to the following provisions:

Attorney-in-Fact may be given full power and authority for and in the name of and on behalf of the Company, to execute, acknowledge and deliver, any and all bonds, recognizances, contracts, agreements or indemnity and other conditional or obligatory undertakings, including any and all consents for the release of retained percentages and/or final estimates on engineering and construction contracts, and any and all notices and documents canceling or terminating the Company's liability thereunder, and any such instruments so executed by any such Attorney-in-Fact shall be binding upon the Company as if signed by the President and sealed and effected by the Corporate Secretary.

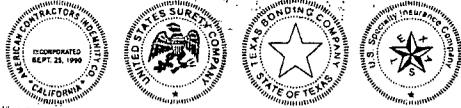
Be it Resolved, that the signature of any authorized officer and seal of the Company heretofore or hereafter affixed to any power of attorney or any certificate relating thereto by facsimile, and any power of attorney or certificate bearing facsimile signature or facsimile seal shall be valid and binding upon the Company with respect to any bond or undertaking to which it is attached.

IN WITNESS WHEREOF, The Companies have caused this instrument to be signed and their corporate seals to be hereto affixed, this

July 10, 2014

AMERICAN CONTRACTORS INDEMNITY COMPANY TEXAS BONDING COMPANY
UNITED STATES SURETY COMPANY U.S. SPECIALTY INSURANCE COMPANY

Corporate Seals



By:

Daniel P. Aguilar, Vice President

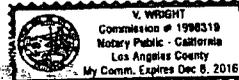
State of California

County of Los Angeles SS:

On July 10, 2014 before me, Vanessa Wright, a notary public, personally appeared Daniel P. Aguilar, Vice President of American Contractors Indemnity Company, Texas Bonding Company, United States Surety Company and U.S. Specialty Insurance Company who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct. WITNESS my hand and official seal.

Signature [Signature] (Seal)

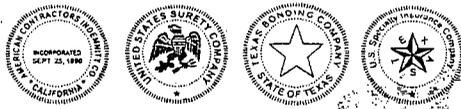


I, Jeannie Lee, Assistant Secretary of American Contractors Indemnity Company, Texas Bonding Company, United States Surety Company and U.S. Specialty Insurance Company, do hereby certify that the above and foregoing is a true and correct copy of a Power of Attorney, executed by said Companies, which is still in full force and effect; furthermore, the resolutions of the Boards of Directors, set out in the Power of Attorney are in full force and effect.

In Witness Whereof, I have hereunto set my hand and affixed the seals of said Companies at Los Angeles, California this 10th day of July, 2014.

Corporate Seals

Bond No. #8353
Agency No. #8353



[Signature] Jeannie Lee, Assistant Secretary