

Bond No. B000683R04-06-04

**SURETY RIDER**

To be attached to and form a part of Bond No. B000683 on behalf of  
ERS Resources, LLC as principal and executed by  
U.S. Specialty Insurance Company, as surety.

Effective date of change: April 6, 2004

In consideration of the mutual agreement herein contained, the principal and the surety hereby consent to the following changes:

The address has changed from:

ERS Resources, LLC  
Post Office Box 1502  
Carlsbad, New Mexico 88221-1502

**TO:**

ERS Resources, LLC  
Post Office Box 958  
Carlsbad, New Mexico 88221-0958

Nothing herein contained shall vary, alter, or extend any provision or condition of this bond except as herein expressly stated.

SIGNED, SEALED AND DATED THIS: April 6, 2004

ERS Resources, LLC

Name of Principal

✓ Roy Hanigan  
Signature

✓ manager Roy Hanigan  
Name and title of person  
executing for Principal

U.S. Specialty Insurance Company

Name of Surety

✓ W. Russell Brown, Jr.  
Signature

W. Russell Brown, Jr., Attorney-in-Fact  
Name and title of person  
executing for Surety

**ERS Resources, LLC**  
**Case 14078**  
**OCD Exhibit No. 2-D**

STATE OF NEW MEXICO

ONE-WELL PLUGGING BOND

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

BOND NO. B000683  
AMOUNT OF BOND \$5,000.00  
COUNTY Eddy

NOTE: For wells less than 5,000 feet deep, the minimum bond is \$5,000.00\*  
For wells 5,000 to 10,000 feet deep, the minimum bond is \$7,500.00\*  
For wells more than 10,000 feet deep, the minimum bond is \$10,000.00

\*Under certain conditions, a well being drilled under a \$5,000.00 or \$7,500.00 bond may be permitted to be drilled as much as 500 feet deeper than the normal maximum depth, e.g., a well being drilled under a \$5,000.00 bond may be permitted to go to 5,500 feet and a well being drilled under a \$7,500.00 bond may be permitted to go to 10,500 feet. (See Rule 101)

File with Oil Conservation Division, 1220 South Saint Francis, Santa Fe, NM 87505

KNOW ALL MEN BY THESE PRESENTS:

That ERS Resources, LLC, ~~(a corporation)~~ (a general partnership) (a corporation, limited liability company or 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 \$5,000.00-----, 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 5,000 feet, to prospect for and/or produce oil or gas, carbon dioxide gas, helium gas or brine minerals, or does own or operate, or may acquire, own or operate such well, the identification and location of said well being:

Artesia Metex Unit #5-L, located 1650 feet from the South ~~(North/South)~~  
(Name of well)  
line and 990 feet from the West ~~(East/West)~~ line of Section 24 Township 18 ~~(XXXX)~~  
(South), Range 27 (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 to 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 101 [19.15.3.101 NMAC] and 202 [19.15.4.202 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.

ERS Resources, LLC  
Post Office PRINCIPAL Box 1502  
Carlsbad, New Mexico 88221-1502

Address  
By Best D. Hargan  
Signature

Managing Member  
Title

If PRINCIPAL is a corporation, affix  
corporate seal here.

U. S. Specialty Insurance Company  
SURETY  
13403 NW Freeway  
Houston, Texas 77040

Address  
Esther 2  
Attorney-In-Fact

Corporate surety affix  
corporate seal here.

## ACKNOWLEDGMENT FORM FOR INDIVIDUAL

STATE OF \_\_\_\_\_ )  
 ) ss.  
 COUNTY OF \_\_\_\_\_ )

This instrument was acknowledged before me on \_\_\_\_\_, 20\_\_\_\_ by \_\_\_\_\_  
 (Name of Individual)

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

SEAL

\_\_\_\_\_  
 My Commission Expires

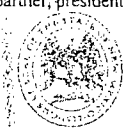
## ACKNOWLEDGMENT FORM FOR PARTNERSHIP, CORPORATION OR LIMITED LIABILITY COMPANY

STATE OF New Mexico )  
 ) ss.  
 COUNTY OF Eddy )

This instrument was acknowledged before me on 12-2, 2003 by Bert D. Hannigan  
 (Name of Person Signing Instrument)  
 as Managing Member of ERS Resources, LLC  
 (Capacity, e.g., partner, president, manager, member) (Name of partnership, corporation or limited liability company)

SEAL

07-10-05  
 My Commission Expires



EDWINA S. MARTIN  
 NOTARY PUBLIC  
 STATE OF NEW MEXICO  
 My Commission Expires 7-10-05

Edwina S. Martin  
 Notary Public

## ACKNOWLEDGMENT FORM FOR CORPORATE SURETY

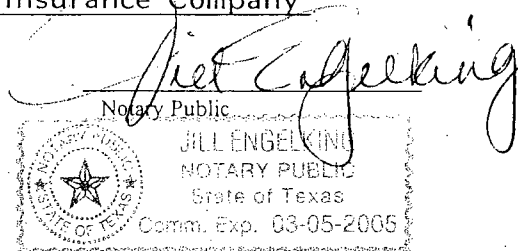
STATE OF Texas )  
 ) ss.  
 COUNTY OF Harris )

This instrument was acknowledged before me on 12-02, 2003 by Edwin H. Frank III  
 (Name of Attorney in fact)  
 as Attorney-in-Fact for U.S. Specialty Insurance Company  
 (Name of corporate surety)

SEAL

3/5/05  
 My Commission Expires

Corporate Surety attach Power of Attorney



APPROVED BY:

OIL CONSERVATION DIVISION OF NEW MEXICO

By Paul M. Gordon

Date 1-13-04

**POWER OF ATTORNEY**

(To be used with bonds issued on behalf of U. S. SPECIALTY INSURANCE COMPANY)

**Know All Men by These Presents** That, **U. S. SPECIALTY INSURANCE COMPANY** (the "Company"), a corporation duly organized and existing under the laws of the State of Texas, and having its principal office in Houston, Harris County, Texas, does by these presents make, constitute and appoint

**Edwin H. Frank III, W. Russell Brown, Jr.**

its true and lawful Attorney-in-fact, 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)** and to bind the Company thereby as fully and to the same extent as if such bonds were signed by the President, sealed with the corporate seal of the Company and duly attested by its Secretary, hereby ratifying and confirming that the said Attorney-in-Fact may do in the premises. Said appointment is made under and by authority of the following resolutions of the Board of Directors of the U. S. Specialty Insurance Company:

*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 of behalf of the Company, to execute, acknowledge and deliver, any and all bonds, recognizances, contracts, agreements or indemnity and other conditional or obligatory undertakings 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. (Adopted by unanimous written consent in lieu of meeting on July 7, 2003.)

**In Witness Whereof**, **U. S. SPECIALTY INSURANCE COMPANY** has caused these presents to be signed by its **President**, and its corporate seal to be hereto affixed this 7<sup>th</sup> day of November, 2003.

Corporate Seal

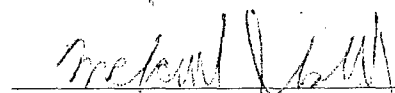
**U. S. SPECIALTY INSURANCE COMPANY**

By

State of Texas

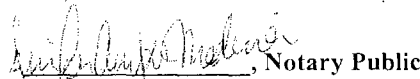
County of Harris

ss:


**Michael J. Schell, President**

On this 7<sup>th</sup> day of November, 2003 before me personally came Michael J. Schell, to me known, who, being by me duly sworn, did depose and say, that he resides in Houston, Texas, that he is President of U. S. SPECIALTY INSURANCE COMPANY, the company described in and which executed the above instrument; that he knows the seal of said Company; that the seal affixed to said instrument is such corporate seal; that it was so affixed by order of the Board of Directors of said Company; and that he signed his name thereto by like order.

Notary Seal



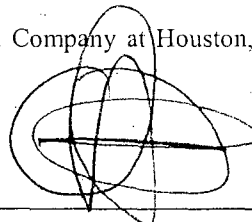
Notary Public

My commission expires 12/23/2006

I, Christopher L. Martin, Secretary of 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 Company, which is still in full force and effect; furthermore, the resolutions of the Board 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 seal of said Company at Houston, Texas this 02 day of December, 20 03

Corporate Seal


**Christopher L. Martin, Secretary**



# NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

**BILL RICHARDSON**

Governor  
Joanna Prukop  
Cabinet Secretary

January 15, 2004

Lori Wrotenbery  
Director  
Oil Conservation Division

Mr. Bert D. Hannigan  
ERS Resources, LLC  
P.O. Box 1502  
Carlsbad, NM 88221-1502

Re: \$5,000 One-Well Plugging Bond  
ERS Resources, LLC, Principal  
U.S. Specialty Insurance Company, Surety  
Artesia Metex Unit No. 5 – 1650' FSL and 990' FWL  
Section 24, Township 18 South, Range 27 East,  
Eddy County, NM  
Bond No. B000683

Dear Mr. Hannigan:

The New Mexico Oil Conservation Division hereby approves the above-captioned one-well plugging bond.

Sincerely,

GAIL MACQUESTEN  
Assistant General Counsel

GM/dp

cc: Oil Conservation Division – Artesia, NM

U.S. Specialty Insurance Company  
13403 NW Freeway  
Houston, TX 77040

J.S. Ward & Son, Inc.  
101 South Fourth Street  
Artesia, NM 88210-2177  
Attn: Susan S. Lopez

CMD :  
OG6CWBD

ONGARD  
CAPTURE SINGLE WELL BOND

01/15/04 11:14:55  
OGODLP -TQGC

OGRID Identifier : 225298 API Well No : 30 15 945  
Operator Name, Address : ERS RESOURCES, LLC  
PO BOX 1502  
CARLSBAD, NM 88221-1502

Bond Idn : 249376 Bond Status : A Prop Idn : 22171  
Prop Name : ARTESIA METEX UNIT Well No : 005  
U/L Sec Township Range North/South East/West Lot Idn

Surface Locn : L 24 18S 27E FTG 1650 F S FTG 990 F W

API County : 15

Bond Details : Type (Cash/Surety - C/S) : S Bond Co Idn : 12 Amt : 5000  
Company OGRID Identifier : 224244  
Company Name, Address : U.S. SPECIALTY INSURANCE COMPA  
13403 NORTHWEST FREEWAY  
HOUSTON, TX 77056

Effective Date : 01-01-1900

Cancellation Date : 12-31-9999

Issuer Bond No : BO00683

M0015: Table update is successful.

PF01 HELP PF02 PF03 EXIT PF04 GoTo PF05 PF06 CONFIRM  
PF07 PF08 PF09 COMMENT PF10 NXTBOND PF11 PF12

Bond No. B000690R04-06-04

**SURETY RIDER**

To be attached to and form a part of Bond No. B000690 on behalf of  
ERS Resources, LLC as principal and executed by  
U.S. Specialty Insurance Company, as surety.

Effective date of change: April 6, 2004

In consideration of the mutual agreement herein contained, the principal and the surety hereby consent to the following changes:

The address has changed from:

ERS Resources, LLC  
Post Office Box 1502  
Carlsbad, New Mexico 88221-1502

**TO:**

ERS Resources, LLC  
Post Office Box 958  
Carlsbad, New Mexico 88221-0958

Nothing herein contained shall vary, alter, or extend any provision or condition of this bond except as herein expressly stated.

SIGNED, SEALED AND DATED, THIS: April 6, 2004

ERS Resources, LLC

Name of Principal

Roy Hanigan  
Signature

Roy Hanigan  
Name and title of person  
executing for Principal

U.S. Specialty Insurance Company

Name of Surety

W. Russell Brown, Jr.  
Signature

W. Russell Brown, Jr., Attorney-in-Fact  
Name and title of person  
executing for Surety

STATE OF NEW MEXICO

ONE-WELL PLUGGING BOND

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

BOND NO. B000690  
AMOUNT OF BOND \$5,000.00  
COUNTY Eddy

NOTE: For wells less than 5,000 feet deep, the minimum bond is \$5,000.00\*  
For wells 5,000 to 10,000 feet deep, the minimum bond is \$7,500.00\*  
For wells more than 10,000 feet deep, the minimum bond is \$10,000.00

\*Under certain conditions, a well being drilled under a \$5,000.00 or \$7,500.00 bond may be permitted to be drilled as much as 500 feet deeper than the normal maximum depth, e.g., a well being drilled under a \$5,000.00 bond may be permitted to go to 5,500 feet and a well being drilled under a \$7,500.00 bond may be permitted to go to 10,500 feet. (See Rule 101)

File with Oil Conservation Division, 1220 South Saint Francis, Santa Fe, NM 87505

KNOW ALL MEN BY THESE PRESENTS:

That ERS Resources, LLC, ~~XXXXXXXXXXXXXXXXXXXX~~ (a corporation, limited liability company or 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 \$5,000.00 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:

5,000 WHEREAS, the PRINCIPAL has commenced or may commence the drilling of one well to a depth not to exceed 5,000 feet, to prospect for and/or produce oil or gas, carbon dioxide gas, helium gas or brine minerals, or does own or operate, or may acquire, own or operate such well, the identification and location of said well being:

Artesia Metex Unit #8-I, located 2310 feet from the South ~~XXXX~~ South (Name of well)  
line and 990 feet from the East ~~XXXX~~ East line of Section 24 Township 18 ~~XXXX~~  
(South), Range 27 (East) ~~XXXX~~ 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 to 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 101 [19.15.3.101 NMAC] and 202 [19.15.4.202 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.

ERS Resources, LLC  
PRINCIPAL  
Post Office Box 1502  
Carlsbad, New Mexico 88221-1502

Address  
By Boyd D. Danigan  
Signature

Managing Member  
Title

If PRINCIPAL is a corporation, affix  
corporate seal here.

U. S. Specialty Insurance Company  
SURETY  
13403 NW Freeway  
Houston, Texas 77040

Address  
Eut 2  
Attorney-In-Fact

Corporate surety affix  
corporate seal here.



## ACKNOWLEDGMENT FORM FOR INDIVIDUAL

STATE OF \_\_\_\_\_ )  
 ) ss.  
 COUNTY OF \_\_\_\_\_ )

This instrument was acknowledged before me on \_\_\_\_\_, 20\_\_\_\_ by \_\_\_\_\_  
 (Name of individual)

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

SEAL

\_\_\_\_\_  
 My Commission Expires

## ACKNOWLEDGMENT FORM FOR PARTNERSHIP, CORPORATION OR LIMITED LIABILITY COMPANY

STATE OF New Mexico )  
 ) ss.  
 COUNTY OF Eddy )

This instrument was acknowledged before me on 12-2, 03 by Bert D. Hannigan  
 (Name of Person Signing Instrument)  
 as Managing Member of ERS Resources, LLC  
 (Capacity, e.g., partner, president, manager, member) (Name of partnership, corporation or limited liability company)

SEAL

07-10-05

My Commission Expires

EDWINA S. MARTIN  
 NOTARY PUBLIC  
 STATE OF NEW MEXICO  
 Commission Expires 7-10-05

Edwina S. Martin  
 Notary Public

## ACKNOWLEDGMENT FORM FOR CORPORATE SURETY

STATE OF Texas )  
 ) ss.  
 COUNTY OF Harris )

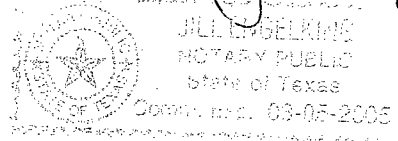
This instrument was acknowledged before me on 12-02, 2003 by Edwin H. Frank III  
 (Name of Attorney in fact)  
 as Attorney-in-Fact for U.S. Specialty Insurance Company  
 (Name of corporate surety)

SEAL

3/5/05  
 My Commission Expires

Corporate Surety attach Power of Attorney

Jill Engelking  
 Notary Public



APPROVED BY:

OIL CONSERVATION DIVISION OF NEW MEXICO

By Jill Engelking

Date 1-15-04

**POWER OF ATTORNEY**

(To be used with bonds issued on behalf of U. S. SPECIALTY INSURANCE COMPANY)

**Know All Men by These Presents** That, U. S. SPECIALTY INSURANCE COMPANY (the "Company"), a corporation duly organized and existing under the laws of the State of Texas, and having its principal office in Houston, Harris County, Texas, does by these presents make, constitute and appoint

**Edwin H. Frank III, W. Russell Brown, Jr.**

its true and lawful Attorney-in-fact, 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)** and to bind the Company thereby as fully and to the same extent as if such bonds were signed by the President, sealed with the corporate seal of the Company and duly attested by its Secretary, hereby ratifying and confirming that the said Attorney-in-Fact may do in the premises. Said appointment is made under and by authority of the following resolutions of the Board of Directors of the U. S. Specialty Insurance Company:

*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 of behalf of the Company, to execute, acknowledge and deliver, any and all bonds, recognizances, contracts, agreements or indemnity and other conditional or obligatory undertakings 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. (Adopted by unanimous written consent in lieu of meeting on July 7, 2003.)

**In Witness Whereof**, U. S. SPECIALTY INSURANCE COMPANY has caused these presents to be signed by its **President**, and its corporate seal to be hereto affixed this 7<sup>th</sup> day of November, 2003.

Corporate Seal

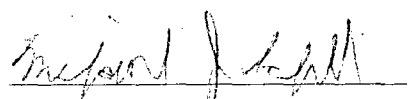
**U. S. SPECIALTY INSURANCE COMPANY**

By

State of Texas

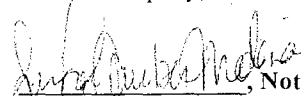
County of Harris

ss:

  
**Michael J. Schell, President**

On this 7<sup>th</sup> day of November, 2003 before me personally came Michael J. Schell, to me known, who, being by me duly sworn, did depose and say, that he resides in Houston, Texas, that he is President of U. S. SPECIALTY INSURANCE COMPANY, the company described in and which executed the above instrument; that he knows the seal of said Company; that the seal affixed to said instrument is such corporate seal; that it was so affixed by order of the Board of Directors of said Company; and that he signed his name thereto by like order.

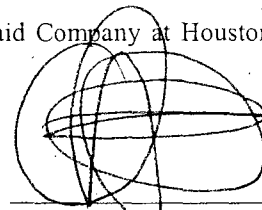
Notary Seal

  
**Notary Public**  
 My commission expires 12/23/2006

I, Christopher L. Martin, Secretary of 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 Company, which is still in full force and effect; furthermore, the resolutions of the Board 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 seal of said Company at Houston, Texas this 02 day of December, 2003.

Corporate Seal


**Christopher L. Martin, Secretary**



# NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

**BILL RICHARDSON**

Governor

Joanna Prukop  
Cabinet Secretary

January 15, 2004

**Lori Wrotenbery**

Director

Oil Conservation Division

Mr. Bert D. Hannigan  
ERS Resources, LLC  
P.O. Box 1502  
Carlsbad, NM 88221-1502

Re: \$5,000 One-Well Plugging Bond  
ERS Resources, LLC, Principal  
U.S. Specialty Insurance Company, Surety  
Artesia Metex Unit No. 8 - 2310' FSL and 990' FEL  
Section 24, Township 18 South, Range 27 East,  
Eddy County, NM  
Bond No. B000690

Dear Mr. Hannigan:

The New Mexico Oil Conservation Division hereby approves the above-captioned one-well plugging bond.

Sincerely,

GAIL MACQUESTEN  
Assistant General Counsel

GM/dp

cc: Oil Conservation Division - Artesia, NM

U.S. Specialty Insurance Company  
13403 NW Freeway  
Houston, TX 77040

J.S. Ward & Son, Inc.  
101 South Fourth Street  
Artesia, NM 88210-2177  
Attn: Susan S. Lopez

CMD : ONGARD 01/15/04 11:25:31  
OG6CWBD CAPTURE SINGLE WELL BOND OGODLP -TQGC

OGRID Identifier : 225298 API Well No : 30 15 944  
Operator Name, Address : ERS RESOURCES, LLC  
PO BOX 1502  
CARLSBAD, NM 88221-1502

Bond Idn : 249382 Bond Status : A Prop Idn : 22171  
Prop Name : ARTESIA METEX UNIT Well No : 008  
U/L Sec Township Range North/South East/West Lot Idr

Surface Locn : I 24 18S 27E FTG 2310 F S FTG 990 F E  
API County : 15

Bond Details : Type (Cash/Surety - C/S) : S Bond Co Idn : 12 Amt : 5000  
Company OGRID Identifier : 224244  
Company Name, Address : U.S. SPECIALTY INSURANCE COMPA  
13403 NORTHWEST FREEWAY  
HOUSTON, TX 77056

Effective Date : 01-01-1900 Cancellation Date : 12-31-9999  
Issuer Bond No : B000690

M0015: Table update is successful.

PF01 HELP PF02 PF03 EXIT PF04 GoTo PF05 PF06 CONFIRM  
PF07 PF08 PF09 COMMENT PF10 NXTBOND PF11 PF12

STATE OF NEW MEXICO  
ONE-WELL PLUGGING BOND

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

BOND NO. B001136  
AMOUNT OF BOND \$5,000.00  
COUNTY Eddy

NOTE: For wells less than 5,000 feet deep, the minimum bond is **\$5,000.00\***  
For wells 5,000 to 10,000 feet deep, the minimum bond is **\$7,500.00\***  
For wells more than 10,000 feet deep, the minimum bond is **\$10,000.00**

\*Under certain conditions, a well being drilled under a \$5,000.00 or \$7,500.00 bond may be permitted to be drilled as much as 500 feet deeper than the normal maximum depth, e.g., a well being drilled under a \$5,000.00 bond may be permitted to go to 5,500 feet and a well being drilled under a \$7,500.00 bond may be permitted to go to 10,500 feet. (See Rule 101)

File with Oil Conservation Division, 1220 South Saint Francis, Santa Fe, NM 87505

KNOW ALL MEN BY THESE PRESENTS:

That ERS Resources, LLC, (an individual) (a general partnership) (a corporation, limited liability company or 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 Five thousand 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 5,000 feet, to prospect for and/or produce oil or gas, carbon dioxide gas, helium gas or brine minerals, or does own or operate, or may acquire, own or operate such well, the identification and location of said well being:

Artesia Metex Unit #24-0, located 660 feet from the South ~~(North/South)~~  
(Name of well)  
line and 2310 feet from the East ~~(East/West)~~ line of Section 19 Township 18 ~~(North)~~  
(South), Range 28 (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 to 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 101 [19.15.3.101 NMAC] and 202 [19.15.4.202 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.

ERS Resources, Inc.  
PRINCIPAL  
Post Office Box 958  
Carlsbad, New Mexico 88221-0958  
Address

By Bert D. Damagon  
Signature

Managing Member  
Title

If PRINCIPAL is a corporation, affix  
corporate seal here.

U.S. Specialty Insurance Company  
SURETY  
13403 NW Freeway  
Houston, Texas 77040  
Address

W. Russell Brown, Jr.  
Attorney-In-Fact

Corporate surety affix  
corporate seal here.

## ACKNOWLEDGMENT FORM FOR INDIVIDUAL

STATE OF \_\_\_\_\_ )  
 ) ss.  
 COUNTY OF \_\_\_\_\_ )

This instrument was acknowledged before me on \_\_\_\_\_, 20\_\_\_\_ by \_\_\_\_\_  
 (Name of Individual)

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

SEAL

\_\_\_\_\_  
 My Commission Expires

## ACKNOWLEDGMENT FORM FOR PARTNERSHIP, CORPORATION OR LIMITED LIABILITY COMPANY

STATE OF New Mexico )  
 ) ss.  
 COUNTY OF Eddy )

This instrument was acknowledged before me on 8-20, 2004 by Bert D. Hanigan

as Managing Member of ERS Resources, LLC  
 (Specify: e.g., partner, president, manager, member) (Name of Person Signing Instrument)  
 (Name of partnership, corporation or limited liability company)



OFFICIAL SEAL  
 Susan S. Lopez  
 NOTARY PUBLIC STATE OF NEW MEXICO

SEAL

My commission expires 8-6-07

My Commission Expires

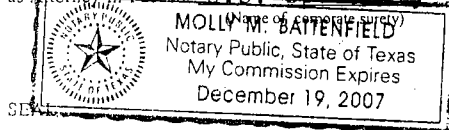
Susan S. Lopez  
 Notary Public

## ACKNOWLEDGMENT FORM FOR CORPORATE SURETY

STATE OF Texas )  
 ) ss.  
 COUNTY OF Harris )

This instrument was acknowledged before me on 09/01, 2004 by W. Russell Brown, Jr.

as Attorney in Fact for U.S. Specialty Insurance Company  
 (Name of Attorney in fact)



SEAL

December 19, 2007

My Commission Expires

Corporate Surety attach Power of Attorney

Molly M. Battenfield  
 Notary Public

APPROVED BY:

OIL CONSERVATION DIVISION OF NEW MEXICO

By David K. Booth

Date 9/15/04

**POWER OF ATTORNEY**

(To be used with bonds issued on behalf of U. S. SPECIALTY INSURANCE COMPANY)

*Know All Men by These Presents* That, **U. S. SPECIALTY INSURANCE COMPANY** (the "Company"), a corporation duly organized and existing under the laws of the State of Texas, and having its principal office in Houston, Harris County, Texas, does by these presents make, constitute and appoint

**Edwin H. Frank III, W. Russell Brown, Jr.**

its true and lawful Attorney-in-fact, 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)** and to bind the Company thereby as fully and to the same extent as if such bonds were signed by the President, sealed with the corporate seal of the Company and duly attested by its Secretary, hereby ratifying and confirming that the said Attorney-in-Fact may do in the premises. Said appointment is made under and by authority of the following resolutions of the Board of Directors of the U. S. Specialty Insurance Company:

*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 of behalf of the Company, to execute, acknowledge and deliver, any and all bonds, recognizances, contracts, agreements or indemnity and other conditional or obligatory undertakings 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. (Adopted by unanimous written consent in lieu of meeting on July 7, 2003.)

*In Witness Whereof*, **U. S. SPECIALTY INSURANCE COMPANY** has caused these presents to be signed by its **President**, and its corporate seal to be hereto affixed this 24<sup>th</sup> of August, 2004.

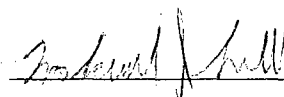
Corporate Seal

**U. S. SPECIALTY INSURANCE COMPANY**

By

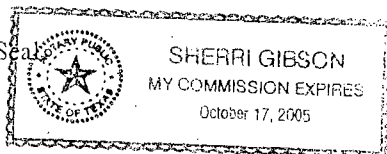
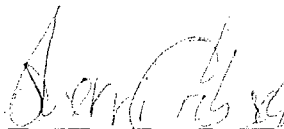
State of Texas

County of Harris ss:


**Michael J. Schell, President**

On this 24<sup>th</sup> of August before me personally came Michael J. Schell, to me known, who, being by me duly sworn, did depose and say, that he resides in Houston, Texas, that he is President of U. S. SPECIALTY INSURANCE COMPANY, the company described in and which executed the above instrument; that he knows the seal of said Company; that the seal affixed to said instrument is such corporate seal; that it was so affixed by order of the Board of Directors of said Company; and that he signed his name thereto by like order.

Notary Seal

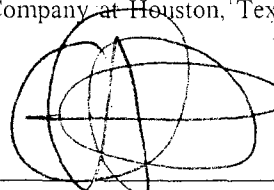
, Notary Public

My commission expires 10-17-05

I, Christopher L. Martin, Secretary of 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 Company, which is still in full force and effect; furthermore, the resolutions of the Board 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 seal of said Company at Houston, Texas this 1st day of September, 20 04.

Corporate Seal


**Christopher L. Martin, Secretary**

**Important Notice Regarding  
Terrorism Risk Insurance Act of 2002**

In accordance with the Terrorism Risk Insurance Act of 2002 (the "Act"), this disclosure notice is provided for surety bonds on which U.S. Specialty Insurance Company is the issuing surety.

The premium attributable to any bond coverage for "acts of terrorism" as defined in Section 102(1) of the Act is Zero Dollars (\$0.00).

The United States will reimburse the Issuing Sureties for ninety percent (90%) of any covered losses from terrorist acts certified under the Act exceeding the applicable surety deductible.

The actual coverage provided by your bond for acts of terrorism, as is true for all coverages, is limited by the terms, conditions, exclusions, penalties, limits, other provisions of your bond and the underlying contract, any endorsements to the bond and generally applicable rules of law. This Important Notice Regarding Terrorism Insurance Risk Act of 2002 is for informational purposes only and does not create coverage nor become a part or condition of the attached document.

The rest of this page is intentionally left blank.





# NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

**BILL RICHARDSON**

Governor

**Joanna Prukop**

Cabinet Secretary

September 14, 2004

**Mark E. Fesmire, P.E.**

Director

**Oil Conservation Division**

Mr. Bert D. Hanigan  
ERS Resources, LLC  
P.O. Box 958  
Carlsbad, NM 88221-0958

Re: \$5,000 One-Well Plugging Bond  
ERS Resources, LLC, Principal  
U.S. Specialty Insurance Company, Surety  
Artesia Metex Unit No. 24 – 660' FSL and 2310' FEL  
Section 19, Township 18 South, Range 28 East,  
Eddy County, New Mexico  
Bond No. B001136

Dear Mr. Hanigan:

The New Mexico Oil Conservation Division hereby approves the above-captioned one-well plugging bond.

Sincerely,

DAVID K. BROOKS  
Assistant General Counsel

DKB/dp

cc: Oil Conservation Division – Artesia, NM

U.S. Specialty Insurance Company  
13403 NW Freeway  
Houston, Texas 77040

CMD : ONGARD 09/14/04 15:30:59  
OG6CWBD CAPTURE SINGLE WELL BOND OGODLP -TPNH

OGRID Identifier : 225298 API Well No : 30 15 1949  
Operator Name, Address : ERS RESOURCES, LLC  
PO BOX 1502  
CARLSBAD, NM 88221-1502

Bond Idn : 249575 Bond Status : A Prop Idn : 22171  
Prop Name : ARTESIA METEX UNIT Well No : 024  
U/L Sec Township Range North/South East/West Lot Idn

Surface Locn : O 19 18S 28E FTG 660 F S FTG 2310 F E

API County : 15

Bond Details : Type (Cash/Surety - C/S) : S Bond Co Idn : 12 Amt : 5000

Company OGRID Identifier : 224244

Company Name, Address : U.S. SPECIALTY INSURANCE COMPA  
13403 NORTHWEST FREEWAY  
HOUSTON, TX 77056

Effective Date : 01-01-1900

Cancellation Date : 12-31-9999

Issuer Bond No : B001136

M0015: Table update is successful.

PF01 HELP PF02 PF03 EXIT PF04 GoTo PF05 PF06 CONFIRM  
PF07 PF08 PF09 COMMENT PF10 NXTBOND PF11 PF12

Bond No. B000684R04-06-04

**SURETY RIDER**

To be attached to and form a part of Bond No. B000684 on behalf of  
ERS Resources, LLC as principal and executed by  
U.S. Specialty Insurance Company, as surety.

Effective date of change: April 6, 2004

In consideration of the mutual agreement herein contained, the principal and the surety hereby consent to the following changes:

The address has changed from:

ERS Resources, LLC  
Post Office Box 1502  
Carlsbad, New Mexico 88221-1502

**TO:**

ERS Resources, LLC  
Post Office Box 958  
Carlsbad, New Mexico 88221-0958

Nothing herein contained shall vary, alter, or extend any provision or condition of this bond except as herein expressly stated.

SIGNED, SEALED AND DATED THIS: April 6, 2004

ERS Resources, LLC  
Name of Principal

✓ Roy Hanigan  
Signature

✓ Manager Roy Hanigan  
Name and title of person  
executing for Principal

U.S. Specialty Insurance Company  
Name of Surety

W. Russell Brown, Jr.  
Signature

W. Russell Brown, Jr., Attorney-in-Fact  
Name and title of person  
executing for Surety

STATE OF NEW MEXICO  
ONE-WELL PLUGGING BOND

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

BOND NO. B000684  
AMOUNT OF BOND \$5,000.00  
COUNTY Eddy

NOTE: For wells less than 5,000 feet deep, the minimum bond is \$5,000.00\*  
For wells 5,000 to 10,000 feet deep, the minimum bond is \$7,500.00\*  
For wells more than 10,000 feet deep, the minimum bond is \$10,000.00

\*Under certain conditions, a well being drilled under a \$5,000.00 or \$7,500.00 bond may be permitted to be drilled as much as 500 feet deeper than the normal maximum depth, e.g., a well being drilled under a \$5,000.00 bond may be permitted to go to 5,500 feet and a well being drilled under a \$7,500.00 bond may be permitted to go to 10,500 feet. (See Rule 101)

File with Oil Conservation Division, 1220 South Saint Francis, Santa Fe, NM 87505

KNOW ALL MEN BY THESE PRESENTS:

That ERS Resources, LLC, ~~XXXXXXXXXX~~ XXXXXXXXXXXXXXXXXXXX (a corporation, limited liability company or 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 \$5,000.00 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 5,000 feet, to prospect for and/or produce oil or gas, carbon dioxide gas, helium gas or brine minerals, or does own or operate, or may acquire, own or operate such well, the identification and location of said well being:

Artesia Metex Unit #13-J, located 2310 feet from the South ~~North~~ South (Name of well)  
line and 2310 feet from the East ~~East~~ West line of Section 19 Township 18 ~~XXXX~~  
(South), Range 28 (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 to 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 101 [19.15.3.101 NMAC] and 202 [19.15.4.202 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.

ERS Resources, LLC  
PRINCIPAL  
Post Office Box 1502  
Carlsbad, New Mexico 88221-1502  
Address

By Boyd D. Dominguez  
Signature

Managing Member  
Title

If PRINCIPAL is a corporation, affix  
corporate seal here.

U. S. Specialty Insurance Company  
SURETY  
13403 NW Freeway  
Houston, Texas 77040  
Address

Attorney-In-Fact

Corporate surety affix  
corporate seal here.

## ACKNOWLEDGMENT FORM FOR INDIVIDUAL

STATE OF \_\_\_\_\_ )  
 ss.  
 COUNTY OF \_\_\_\_\_ )

This instrument was acknowledged before me on \_\_\_\_\_, 20\_\_ by \_\_\_\_\_  
 (Name of Individual)

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

SEAL

\_\_\_\_\_  
 My Commission Expires

## ACKNOWLEDGMENT FORM FOR PARTNERSHIP, CORPORATION OR LIMITED LIABILITY COMPANY

STATE OF New Mexico )  
 ss.  
 COUNTY OF Eddy )

This instrument was acknowledged before me on 12-2, 2003 by Bert D. Hannigan  
 (Name of Person Signing Instrument)  
 as Managing Member of ERS Resources, LLC  
 (Capacity, e.g., partner, president, manager, etc.) (Name of partnership, corporation or limited liability company)

EDWINA S. MARTIN  
 NOTARY PUBLIC  
 STATE OF NEW MEXICO  
 My Commission Expires 7-10-05

Edwina S. Martin  
 Notary Public

SEAL

07-10-05

My Commission Expires

## ACKNOWLEDGMENT FORM FOR CORPORATE SURETY

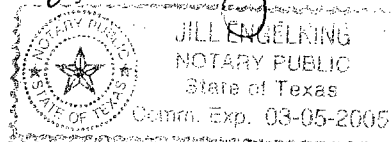
STATE OF Texas )  
 ss.  
 COUNTY OF Harris )

This instrument was acknowledged before me on 12-02, 2003 by Edwin H. Frank III  
 (Name of Attorney in fact)  
 as Attorney-in-Fact for U.S. Specialty Insurance Company  
 (Name of corporate surety)

SEAL  
3/5/05  
 My Commission Expires

Corporate Surety attach Power of Attorney

Jill Engelking  
 Notary Public



APPROVED BY:

OIL CONSERVATION DIVISION OF NEW MEXICO

By [Signature]

Date 1-15-04

# POWER OF ATTORNEY

(To be used with bonds issued on behalf of U. S. SPECIALTY INSURANCE COMPANY)

**Know All Men by These Presents** That, U. S. SPECIALTY INSURANCE COMPANY (the "Company"), a corporation duly organized and existing under the laws of the State of Texas, and having its principal office in Houston, Harris County, Texas, does by these presents make, constitute and appoint

**Edwin H. Frank III, W. Russell Brown, Jr.**

its true and lawful Attorney-in-fact, 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)** and to bind the Company thereby as fully and to the same extent as if such bonds were signed by the President, sealed with the corporate seal of the Company and duly attested by its Secretary, hereby ratifying and confirming that the said Attorney-in-Fact may do in the premises. Said appointment is made under and by authority of the following resolutions of the Board of Directors of the U. S. Specialty Insurance Company:

*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 of behalf of the Company, to execute, acknowledge and deliver, any and all bonds, recognizances, contracts, agreements or indemnity and other conditional or obligatory undertakings 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.

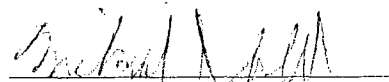
*Be it Resolved*, that the signature of any authorized officer and seal of the Company heretofore or hereafter affixed to any power of attorney or any certificate relating thereto by facsimile, and any power of attorney or certificate bearing facsimile signature or facsimile seal shall be valid and binding upon the Company with respect to any bond or undertaking to which it is attached. (Adopted by unanimous written consent in lieu of meeting on July 7, 2003.)

**In Witness Whereof**, U. S. SPECIALTY INSURANCE COMPANY has caused these presents to be signed by its President, and its corporate seal to be hereto affixed this 7<sup>th</sup> day of November, 2003.

Corporate Seal

**U. S. SPECIALTY INSURANCE COMPANY**

By



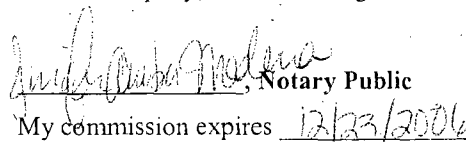
**Michael J. Schell, President**

State of Texas

County of Harris ss:

On this 7<sup>th</sup> day of November, 2003 before me personally came Michael J. Schell, to me known, who, being by me duly sworn, did depose and say, that he resides in Houston, Texas, that he is President of U. S. SPECIALTY INSURANCE COMPANY, the company described in and which executed the above instrument; that he knows the seal of said Company; that the seal affixed to said instrument is such corporate seal; that it was so affixed by order of the Board of Directors of said Company; and that he signed his name thereto by like order.

Notary Seal

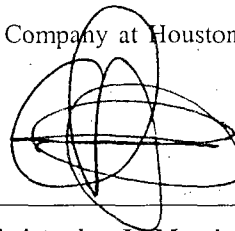


**Notary Public**  
My commission expires 12/23/2006

I, Christopher L. Martin, Secretary of 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 Company, which is still in full force and effect; furthermore, the resolutions of the Board 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 seal of said Company at Houston, Texas this 02 day of December, 20 03.

Corporate Seal



**Christopher L. Martin, Secretary**



# NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

**BILL RICHARDSON**

Governor

Joanna Prukop  
Cabinet Secretary

January 15, 2004

**Lori Wrotenberg**

Director

Oil Conservation Division

Mr. Bert D. Hannigan  
ERS Resources, LLC  
P.O. Box 1502  
Carlsbad, NM 88221-1502

Re: \$5,000 One-Well Plugging Bond  
ERS Resources, LLC, Principal  
U.S. Specialty Insurance Company, Surety  
Artesia Metex Unit No. 13 – 2310' FSL and 2310' FEL  
Section 19, Township 18 South, Range 28 East,  
Eddy County, NM  
Bond No. B000684

Dear Mr. Hannigan:

The New Mexico Oil Conservation Division hereby approves the above-captioned one-well plugging bond.

Sincerely,

GAIL MACQUESTEN  
Assistant General Counsel

GM/dp

cc: Oil Conservation Division – Artesia, NM

U.S. Specialty Insurance Company  
13403 NW Freeway  
Houston, TX 77040

J.S. Ward & Son, Inc.  
101 South Fourth Street  
Artesia, NM 88210-2177  
Attn: Susan S. Lopez

CMD : ONGARD 01/15/04 11:15:59  
 OG6CWBD CAPTURE SINGLE WELL BOND OGODLP -TQGC

OGRID Identifier : 225298 API Well No : 30 15 1951  
 Operator Name, Address : ERS RESOURCES, LLC  
 PO BOX 1502  
 CARLSBAD, NM 88221-1502

Bond Idn : 249377 Bond Status : A Prop Idn : 22171  
 Prop Name : ARTESIA METEX UNIT Well No : 013  
 U/L Sec Township Range North/South East/West Lot Idr

Surface Locn : J 19 18S 28E FTG 2310 F S FTG 2310 F E  
 API County : 15

Bond Details : Type (Cash/Surety - C/S) : S Bond Co Idn : 12 Amt : 5000  
 Company OGRID Identifier : 224244  
 Company Name, Address : U.S. SPECIALTY INSURANCE COMPA  
 13403 NORTHWEST FREEWAY  
 HOUSTON, TX 77056

Effective Date : 01-01-1900 Cancellation Date : 12-31-9999  
 Issuer Bond No : B000684

M0015: Table update is successful.

PF01 HELP PF02 PF03 EXIT PF04 GoTo PF05 PF06 CONFIRM  
 PF07 PF08 PF09 COMMENT PF10 NXTBOND PF11 PF12



Bond No. B000685R04-06-04

**SURETY RIDER**

To be attached to and form a part of Bond No. B000685 on behalf of  
ERS Resources, LLC as principal and executed by  
U.S. Specialty Insurance Company, as surety.

Effective date of change: April 6, 2004

In consideration of the mutual agreement herein contained, the principal and the surety hereby consent to the following changes:

The address has changed from:

ERS Resources, LLC  
Post Office Box 1502  
Carlsbad, New Mexico 88221-1502

**TO:**

ERS Resources, LLC  
Post Office Box 958  
Carlsbad, New Mexico 88221-0958

Nothing herein contained shall vary, alter, or extend any provision or condition of this bond except as herein expressly stated.

SIGNED, SEALED AND DATED THIS: April 6, 2004

ERS Resources, LLC  
Name of Principal

✓ Roy Hanigan  
Signature

✓ manager Roy Hanigan  
Name and title of person  
executing for Principal

U.S. Specialty Insurance Company  
Name of Surety

W. Russell Brown, Jr.  
Signature

W. Russell Brown, Jr., Attorney-in-Fact  
Name and title of person  
executing for Surety

STATE OF NEW MEXICO  
ONE-WELL PLUGGING BOND

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

BOND NO. B000685  
AMOUNT OF BOND \$5,000.00  
COUNTY Eddy

NOTE: For wells less than 5,000 feet deep, the minimum bond is \$5,000.00\*  
For wells 5,000 to 10,000 feet deep, the minimum bond is \$7,500.00\*  
For wells more than 10,000 feet deep, the minimum bond is \$10,000.00

\*Under certain conditions, a well being drilled under a \$5,000.00 or \$7,500.00 bond may be permitted to be drilled as much as 500 feet deeper than the normal maximum depth, e.g., a well being drilled under a \$5,000.00 bond may be permitted to go to 5,500 feet and a well being drilled under a \$7,500.00 bond may be permitted to go to 10,500 feet. (See Rule 101)

File with Oil Conservation Division, 1220 South Saint Francis, Santa Fe, NM 87505

KNOW ALL MEN BY THESE PRESENTS:

That ERS Resources, LLC, ~~XXXXXXXXXXXXXXXXXXXX~~ (a corporation, limited liability company or 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 \$5,000.00, 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 5,000 feet, to prospect for and/or produce oil or gas, carbon dioxide gas, helium gas or brine minerals, or does own or operate, or may acquire, own or operate such well, the identification and location of said well being:

Artesia Metex Unit #14-J, located 1650 feet from the South ~~XXXX~~ South  
(Name of well)  
line and 1980 feet from the East ~~(East/XXXX)~~ line of Section 19 Township 18 ~~(XXXX)~~  
(South), Range 28 (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 to 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 101 [19.15.3.101 NMAC] and 202 [19.15.4.202 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.

ERS Resources, LLC  
PRINCIPAL  
Post Office Box 1502  
Carlsbad, New Mexico 88221-1502  
Address

By [Signature]  
Signature

Managing Member  
Title

If PRINCIPAL is a corporation, affix  
corporate seal here.

U. S. Specialty Insurance Company  
SURETY  
13403 NW Freeway  
Houston, Texas 77040  
Address

[Signature]  
Attorney-In-Fact

Corporate surety affix  
corporate seal here.

## ACKNOWLEDGMENT FORM FOR INDIVIDUAL

STATE OF \_\_\_\_\_ )  
 ) ss.  
 COUNTY OF \_\_\_\_\_ )

This instrument was acknowledged before me on \_\_\_\_\_, 20\_\_\_\_ by \_\_\_\_\_  
 (Name of individual)

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

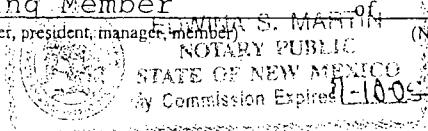
SEAL

\_\_\_\_\_  
 My Commission Expires

## ACKNOWLEDGMENT FORM FOR PARTNERSHIP, CORPORATION OR LIMITED LIABILITY COMPANY

STATE OF New Mexico )  
 ) ss.  
 COUNTY OF Eddy )

This instrument was acknowledged before me on 12-2, 2003 by Bert D. Hannigan  
 (Name of Person Signing Instrument)  
 as Managing Member of ERS Resources, LLC  
 (Capacity, e.g., partner, president, manager, member) (Name of partnership, corporation or limited liability company)



E. S. Martin  
 Notary Public

SEAL

07-10-05  
 My Commission Expires

## ACKNOWLEDGMENT FORM FOR CORPORATE SURETY

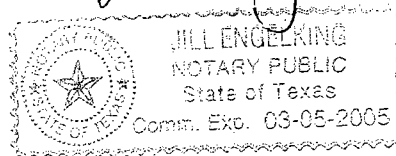
STATE OF Texas )  
 ) ss.  
 COUNTY OF Harris )

This instrument was acknowledged before me on 12-02, 2003 by Edwin H. Frank III  
 (Name of Attorney in Fact)  
 as Attorney-in-Fact for U.S. Specialty Insurance Company  
 (Name of corporate surety)

Jill Engelking  
 Notary Public

SEAL

3/5/05  
 My Commission Expires



Corporate Surety attach Power of Attorney

APPROVED BY:

OIL CONSERVATION DIVISION OF NEW MEXICO

By [Signature]Date 1-15-04

**POWER OF ATTORNEY**

(To be used with bonds issued on behalf of U. S. SPECIALTY INSURANCE COMPANY)

*Know All Men by These Presents* That, **U. S. SPECIALTY INSURANCE COMPANY** (the "Company"), a corporation duly organized and existing under the laws of the State of Texas, and having its principal office in Houston, Harris County, Texas, does by these presents make, constitute and appoint

**Edwin H. Frank III, W. Russell Brown, Jr.**

its true and lawful Attorney-in-fact, 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) and to bind the Company thereby as fully and to the same extent as if such bonds were signed by the President, sealed with the corporate seal of the Company and duly attested by its Secretary, hereby ratifying and confirming that the said Attorney-in-Fact may do in the premises. Said appointment is made under and by authority of the following resolutions of the Board of Directors of the U. S. Specialty Insurance Company:

*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 of behalf of the Company, to execute, acknowledge and deliver, any and all bonds, recognizances, contracts, agreements or indemnity and other conditional or obligatory undertakings 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. (Adopted by unanimous written consent in lieu of meeting on July 7, 2003.)

*In Witness Whereof*, **U. S. SPECIALTY INSURANCE COMPANY** has caused these presents to be signed by its President, and its corporate seal to be hereto affixed this 7<sup>th</sup> day of November, 2003.

Corporate Seal

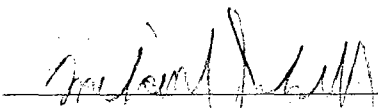
**U. S. SPECIALTY INSURANCE COMPANY**

By

State of Texas

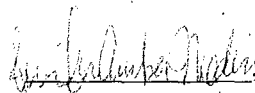
County of Harris

ss:

  
**Michael J. Schell, President**

On this 7<sup>th</sup> day of November, 2003 before me personally came Michael J. Schell, to me known, who, being by me duly sworn, did depose and say, that he resides in Houston, Texas, that he is President of U. S. SPECIALTY INSURANCE COMPANY, the company described in and which executed the above instrument; that he knows the seal of said Company; that the seal affixed to said instrument is such corporate seal; that it was so affixed by order of the Board of Directors of said Company; and that he signed his name thereto by like order.

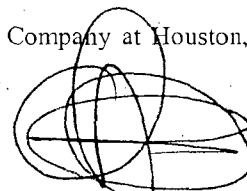
Notary Seal

  
**Notary Public**  
 My commission expires 12/23/2006

I, Christopher L. Martin, Secretary of 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 Company, which is still in full force and effect; furthermore, the resolutions of the Board 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 seal of said Company at Houston, Texas this 02 day of December, 2003.

Corporate Seal

  
**Christopher L. Martin, Secretary**



# NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

**BILL RICHARDSON**

Governor

Joanna Prukop  
Cabinet Secretary

January 15, 2004

**Lori Wrotenbery**

Director  
Oil Conservation Division

Mr. Bert D. Hannigan  
ERS Resources, LLC  
P.O. Box 1502  
Carlsbad, NM 88221-1502

Re: \$5,000 One-Well Plugging Bond  
ERS Resources, LLC, Principal  
U.S. Specialty Insurance Company, Surety  
Artesia Metex Unit No. 14 - 1650' FSL and 1980' FEL  
Section 19, Township 18 South, Range 28 East,  
Eddy County, NM  
Bond No. B000685

Dear Mr. Hannigan:

The New Mexico Oil Conservation Division hereby approves the above-captioned one-well plugging bond.

Sincerely,

GAIL MACQUESTEN  
Assistant General Counsel

GM/dp

cc: Oil Conservation Division - Artesia, NM

U.S. Specialty Insurance Company  
13403 NW Freeway  
Houston, TX 77040

J.S. Ward & Son, Inc.  
101 South Fourth Street  
Artesia, NM 88210-2177  
Attn: Susan S. Lopez

CMD : ONGARD 01/15/04 11:18:13  
OG6CWBD CAPTURE SINGLE WELL BOND OGODLP -TQGC

OGRID Identifier : 225298 API Well No : 30 15 1947  
Operator Name, Address : ERS RESOURCES, LLC  
PO BOX 1502  
CARLSBAD, NM 88221-1502

Bond Idn : 249378 Bond Status : A Prop Idn : 22171  
Prop Name : ARTESIA METEX UNIT Well No : 014  
U/L Sec Township Range North/South East/West Lot Idn

Surface Locn : J 19 18S 28E FTG 1650 F S FTG 1980 F E

API County : 15

Bond Details : Type (Cash/Surety - C/S) : S Bond Co Idn : 12 Amt : 5000  
Company OGRID Identifier : 224244  
Company Name, Address : U.S. SPECIALTY INSURANCE COMPA  
13403 NORTHWEST FREEWAY

HOUSTON, TX 77056

Effective Date : 01-01-1900

Cancellation Date : 12-31-9999

Issuer Bond No : B000685

M0015: Table update is successful.

PF01 HELP PF02 PF03 EXIT PF04 GoTo PF05 PF06 CONFIRM  
PF07 PF08 PF09 COMMENT PF10 NXTBOND PF11 PF12

STATE OF NEW MEXICO  
ONE-WELL PLUGGING BOND

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

BOND NO. B001136  
AMOUNT OF BOND \$5,000.00  
COUNTY Eddy

NOTE: For wells less than 5,000 feet deep, the minimum bond is **\$5,000.00\***  
For wells 5,000 to 10,000 feet deep, the minimum bond is **\$7,500.00\***  
For wells more than 10,000 feet deep, the minimum bond is **\$10,000.00**

\*Under certain conditions, a well being drilled under a \$5,000.00 or \$7,500.00 bond may be permitted to be drilled as much as 500 feet deeper than the normal maximum depth, e.g., a well being drilled under a \$5,000.00 bond may be permitted to go to 5,500 feet and a well being drilled under a \$7,500.00 bond may be permitted to go to 10,500 feet. (See Rule 101)

File with Oil Conservation Division, 1220 South Saint Francis, Santa Fe, NM 87505

KNOW ALL MEN BY THESE PRESENTS:

That ERS Resources, LLC, (an individual) (a general partnership) (a corporation, limited liability company or 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 Five thousand--- 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 5,000 feet, to prospect for and/or produce oil or gas, carbon dioxide gas, helium gas or brine minerals, or does own or operate, or may acquire, own or operate such well, the identification and location of said well being:

Artesia Metex Unit #24-0, located 660 feet from the South ~~North~~ South (Name of well)  
line and 2310 feet from the East ~~East~~ West line of Section 19 Township 18 ~~North~~ South, Range 28 (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 to 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 101 [19.15.3.101 NMAC] and 202 [19.15.4.202 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.

ERS Resources, Inc.  
PRINCIPAL  
Post Office Box 958  
Carlsbad, New Mexico 88221-0958  
Address

By Bert D. Damgren  
Signature

Managing Member  
Title

If PRINCIPAL is a corporation, affix  
corporate seal here.

U.S. Specialty Insurance Company

SURETY  
13403 NW Freeway  
Houston, Texas 77040  
Address

W. Russell Brown, Jr.  
Attorney-In-Fact

Corporate surety affix  
corporate seal here.

## ACKNOWLEDGMENT FORM FOR INDIVIDUAL

STATE OF \_\_\_\_\_ )  
 ) ss.  
 COUNTY OF \_\_\_\_\_ )

This instrument was acknowledged before me on \_\_\_\_\_, 20\_\_ by \_\_\_\_\_  
 (Name of Individual)

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

SEAL

\_\_\_\_\_  
 My Commission Expires

## ACKNOWLEDGMENT FORM FOR PARTNERSHIP, CORPORATION OR LIMITED LIABILITY COMPANY

STATE OF New Mexico )  
 ) ss.  
 COUNTY OF Eddy )

This instrument was acknowledged before me on 8-20, 2004 by Bert D. Hanigan  
 (Name of Person Signing Instrument)

as Managing Member of ERS Resources, LLC  
 (Capacity, e.g., partner, president, manager, member) (Name of partnership, corporation or limited liability company)



OFFICIAL SEAL  
 Susan S. Lopez  
 NOTARY PUBLIC STATE OF NEW MEXICO  
 SEAL  
 My commission expires 8-6-2007  
 My Commission Expires

Susan S. Lopez  
 Notary Public

## ACKNOWLEDGMENT FORM FOR CORPORATE SURETY

STATE OF Texas )  
 ) ss.  
 COUNTY OF Harris )

This instrument was acknowledged before me on 09/01, 2004 by W. Russell Brown, Jr.  
 (Name of Attorney in fact)

as Attorney in fact for H.C. Specialty Insurance Company

SEAL  
 MOLLY M. BATTENFIELD  
 Notary Public, State of Texas  
 My Commission Expires  
 December 19, 2007

Molly M. Battenfield  
 Notary Public

December 19, 2007

My Commission Expires

Corporate Surety attach Power of Attorney

APPROVED BY:

OIL CONSERVATION DIVISION OF NEW MEXICO

By David K. Brooks

Date 9/15/04



**POWER OF ATTORNEY**

(To be used with bonds issued on behalf of U. S. SPECIALTY INSURANCE COMPANY)

*Know All Men by These Presents* That, **U. S. SPECIALTY INSURANCE COMPANY** (the "Company"), a corporation duly organized and existing under the laws of the State of Texas, and having its principal office in Houston, Harris County, Texas, does by these presents make, constitute and appoint

**Edwin H. Frank III, W. Russell Brown, Jr.**

its true and lawful Attorney-in-fact, 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) and to bind the Company thereby as fully and to the same extent as if such bonds were signed by the President, sealed with the corporate seal of the Company and duly attested by its Secretary, hereby ratifying and confirming that the said Attorney-in-Fact may do in the premises. Said appointment is made under and by authority of the following resolutions of the Board of Directors of the U. S. Specialty Insurance Company:

*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 of behalf of the Company, to execute, acknowledge and deliver, any and all bonds, recognizances, contracts, agreements or indemnity and other conditional or obligatory undertakings 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. (Adopted by unanimous written consent in lieu of meeting on July 7, 2003.)

*In Witness Whereof*, **U. S. SPECIALTY INSURANCE COMPANY** has caused these presents to be signed by its President, and its corporate seal to be hereto affixed this 24<sup>th</sup> of August, 2004.

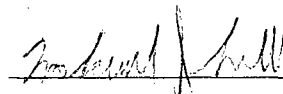
Corporate Seal

**U. S. SPECIALTY INSURANCE COMPANY**

By

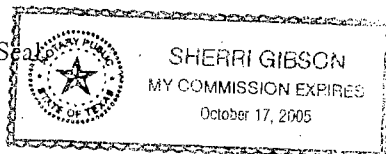

State of Texas

County of Harris, ss:


**Michael J. Schell, President**

On this 24<sup>th</sup> of August before me personally came Michael J. Schell, to me known, who, being by me duly sworn, did depose and say, that he resides in Houston, Texas, that he is President of U. S. SPECIALTY INSURANCE COMPANY, the company described in and which executed the above instrument; that he knows the seal of said Company; that the seal affixed to said instrument is such corporate seal; that it was so affixed by order of the Board of Directors of said Company; and that he signed his name thereto by like order.

Notary Seal

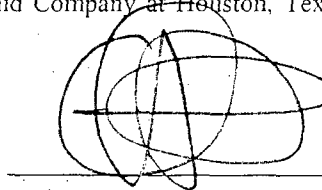
, Notary Public

My commission expires 10-17-05

I, Christopher L. Martin, Secretary of 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 Company, which is still in full force and effect; furthermore, the resolutions of the Board 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 seal of said Company at Houston, Texas this 1<sup>st</sup> day of September, 20 04.

Corporate Seal


**Christopher L. Martin, Secretary**

**Important Notice Regarding  
Terrorism Risk Insurance Act of 2002**

In accordance with the Terrorism Risk Insurance Act of 2002 (the "Act"), this disclosure notice is provided for surety bonds on which U.S. Specialty Insurance Company is the issuing surety.

The premium attributable to any bond coverage for "acts of terrorism" as defined in Section 102(1) of the Act is Zero Dollars (\$0.00).

The United States will reimburse the Issuing Sureties for ninety percent (90%) of any covered losses from terrorist acts certified under the Act exceeding the applicable surety deductible.

The actual coverage provided by your bond for acts of terrorism, as is true for all coverages, is limited by the terms, conditions, exclusions, penalties, limits, other provisions of your bond and the underlying contract, any endorsements to the bond and generally applicable rules of law. This Important Notice Regarding Terrorism Insurance Risk Act of 2002 is for informational purposes only and does not create coverage nor become a part or condition of the attached document.

The rest of this page is intentionally left blank.



# NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

**BILL RICHARDSON**

Governor

**Joanna Prukop**

Cabinet Secretary

September 14, 2004

**Mark E. Fesmire, P.E.**

Director

**Oil Conservation Division**

Mr. Bert D. Hanigan  
ERS Resources, LLC  
P.O. Box 958  
Carlsbad, NM 88221-0958

Re: \$5,000 One-Well Plugging Bond  
ERS Resources, LLC, Principal  
U.S. Specialty Insurance Company, Surety  
Artesia Metex Unit No. 24 – 660' FSL and 2310' FEL  
Section 19, Township 18 South, Range 28 East,  
Eddy County, New Mexico  
Bond No. B001136

Dear Mr. Hanigan:

The New Mexico Oil Conservation Division hereby approves the above-captioned one-well plugging bond.

Sincerely,

DAVID K. BROOKS  
Assistant General Counsel

DKB/dp

cc: Oil Conservation Division – Artesia, NM

U.S. Specialty Insurance Company  
13403 NW Freeway  
Houston, Texas 77040

CMD : ONGARD 09/14/04 15:30:59  
OG6CWBD CAPTURE SINGLE WELL BOND OGDLP -TPNH

OGRID Identifier : 225298 API Well No : 30 15 1949  
Operator Name, Address : ERS RESOURCES, LLC  
PO BOX 1502  
CARLSBAD, NM 88221-1502

Bond Idn : 249575 Bond Status : A Prop Idn : 22171  
Prop Name : ARTESIA METEX UNIT Well No : 024  
U/L Sec Township Range North/South East/West Lot Idr

Surface Locn : O 19 18S 28E FTG 660 F S FTG 2310 F E  
API County : 15

Bond Details : Type (Cash/Surety - C/S) : S Bond Co Idn : 12 Amt : 5000  
Company OGRID Identifier : 224244  
Company Name, Address : U.S. SPECIALTY INSURANCE COMPA  
13403 NORTHWEST FREEWAY  
HOUSTON, TX 77056

Effective Date : 01-01-1900 Cancellation Date : 12-31-9999  
Issuer Bond No : B001136

M0015: Table update is successful.

PF01 HELP PF02 PF03 EXIT PF04 GoTo PF05 PF06 CONFIRM  
PF07 PF08 PF09 COMMENT PF10 NXTBOND PF11 PF12



# NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

**BILL RICHARDSON**

Governor

**Joanna Prukop**  
Cabinet Secretary

January 15, 2004

**Lori Wrotenbery**

Director

**Oil Conservation Division**

Susan S. Lopez  
J S. Ward & Son, Inc.  
101 South Fourth Street  
Artesia, NM 88210-2177

Re: Bond No. B000682 – ERS Resources, LLC

Dear Ms. Lopez:

Returned is the above-captioned bond as the Acknowledgment for Corporate Surety is not notarized.

If you have any questions, please do not hesitate to call me at (505) 476-3461.

Sincerely,

Dorothy Phillips  
Bond Administrator

Enclosure



*J. S. Ward & Son, Inc.*

101 South Fourth Street  
(505) 746-2796  
Artesia, New Mexico  
88210-2177

Insurance  
Bonds

January 23, 2004

State of New Mexico  
Energy, Minerals & Natural Resources Department  
Oil Conservation Division  
1220 South Saint Francis Drive  
Santa Fe, New Mexico 87505-4000

Attention: Mrs. Dorothy Phillips

Re: ERS Resources, LLC  
Bond No. B000682  
\$5,000 One-Well Plugging Bond  
to the State of New Mexico  
Artesia Metex Unit #22

Dear Mrs. Phillips:

Enclosed please find the above captioned bond, which has the Acknowledgment for Corporate Surety notarized, through IndemCo Insurance Company which we trust you find in order and acceptable for filing.

Very truly yours,

J. S. WARD & SON, INC.

By *J. Gary Sims*  
ss

SGS:ssl

Enclosure

OVER 73 YEARS

Bond No: B000682R04-06-04

**SURETY RIDER**

To be attached to and form a part of Bond No. B000682 on behalf of  
ERS Resources, LLC as principal and executed by  
U.S. Specialty Insurance Company, as surety.

Effective date of change: April 6, 2004

In consideration of the mutual agreement herein contained, the principal and the surety hereby consent to the following changes:

The address has changed from:

ERS Resources, LLC  
Post Office Box 1502  
Carlsbad, New Mexico 88221-1502

**TO:**

**ERS Resources, LLC**  
**Post Office Box 958**  
**Carlsbad, New Mexico 88221-0958**

Nothing herein contained shall vary, alter, or extend any provision or condition of this bond except as herein expressly stated.

SIGNED, SEALED AND DATED THIS: April 6, 2004

ERS Resources, LLC

Name of Principal

✓ Roy Hanigan  
Signature

✓ Manager Roy Hanigan  
Name and title of person  
executing for Principal

U.S. Specialty Insurance Company

Name of Surety

W. Russell Brown, Jr.  
Signature

W. Russell Brown, Jr., Attorney-in-Fact  
Name and title of person  
executing for Surety

STATE OF NEW MEXICO

ONE-WELL PLUGGING BOND

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

BOND NO. B000682  
AMOUNT OF BOND \$5,000.00  
COUNTY Eddy

NOTE: For wells less than 5,000 feet deep, the minimum bond is \$5,000.00\*  
For wells 5,000 to 10,000 feet deep, the minimum bond is \$7,500.00\*  
For wells more than 10,000 feet deep, the minimum bond is \$10,000.00

\*Under certain conditions, a well being drilled under a \$5,000.00 or \$7,500.00 bond may be permitted to be drilled as much as 500 feet deeper than the normal maximum depth, e.g., a well being drilled under a \$5,000.00 bond may be permitted to go to 5,500 feet and a well being drilled under a \$7,500.00 bond may be permitted to go to 10,500 feet. (See Rule 101)

File with Oil Conservation Division, 1220 South Saint Francis, Santa Fe, NM 87505

KNOW ALL MEN BY THESE PRESENTS:

That ERS Resources, LLC, ~~(an individual)~~ ~~(a general partnership)~~ (a corporation, limited liability company or 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 \$5,000.00 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 5,000 feet, to prospect for and/or produce oil or gas, carbon dioxide gas, helium gas or brine minerals, or does own or operate, or may acquire, own or operate such well, the identification and location of said well being:

Artesia Metex Unit #22, located 990 feet from the South ~~(North)~~ (South)  
(Name of well)  
line and 2024 feet from the West ~~(East)~~ (West) line of Section 19 Township 18 ~~(North)~~  
(South), Range 28 (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 to 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 101 [19.15.3.101 NMAC] and 202 [19.15.4.202 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.

ERS Resources, LLC  
PRINCIPAL  
Post Office Box 1502  
Carlsbad, New Mexico 88221-1502  
Address

By Best D. Harigton  
Signature

Managing Member  
Title

If PRINCIPAL is a corporation, affix  
corporate seal here.

U. S. Specialty Insurance Company  
SURETY  
13403 NW Freeway  
Houston, Texas 77040  
Address  
Euteneier  
Attorney-In-Fact

Corporate surety affix  
corporate seal here.



## ACKNOWLEDGMENT FORM FOR INDIVIDUAL

STATE OF \_\_\_\_\_ )  
 COUNTY OF \_\_\_\_\_ ) ss.

This instrument was acknowledged before me on \_\_\_\_\_, 20\_\_ by \_\_\_\_\_  
 (Name of Individual)

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

SEAL

My Commission Expires \_\_\_\_\_

## ACKNOWLEDGMENT FORM FOR PARTNERSHIP, CORPORATION OR LIMITED LIABILITY COMPANY

STATE OF New Mexico )  
 COUNTY OF Eddy ) ss.

This instrument was acknowledged before me on 12-2, 2003 by Bert D. Hannigan  
 (Name of Person Signing Instrument)  
 as Managing Member of ERS Resources, LLC  
 (Capacity, e.g., partner, president, manager, member) (Name of partnership, corporation or limited liability company)

SEAL  
 07-10-05  
 My Commission Expires

Edwina S. Martin  
 Notary Public

## ACKNOWLEDGMENT FORM FOR CORPORATE SURETY

STATE OF Texas )  
 COUNTY OF Harris ) ss.

This instrument was acknowledged before me on 12-02, 2003 by Edwin H. Frank III  
 (Name of Attorney in fact)  
 as Attorney-in-Fact for U.S. Specialty Insurance Company  
 (Name of corporate surety)

SEAL  
 MOLLY M. BATTENFIELD  
 Notary Public, State of Texas  
 My Commission Expires  
 December 19, 2007

Molly Battenfield  
 Notary Public

My Commission Expires \_\_\_\_\_

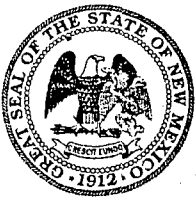
Corporate Surety attach Power of Attorney

APPROVED BY:

OIL CONSERVATION DIVISION OF NEW MEXICO

By [Signature]

Date 1-26-04



# NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

**BILL RICHARDSON**

Governor

Joanna Prukop  
Cabinet Secretary

January 26, 2004

**Lori Wrotenbery**

Director

Oil Conservation Division

Mr. Bert D. Hannigan  
ERS Resources, LLC  
P.O. Box 1502  
Carlsbad, NM 88221-1502

Re: \$5,000 One-Well Plugging Bond  
ERS Resources, LLC, Principal  
U.S. Specialty Insurance Company, Surety  
Artesia Metex Unit No. 22 – 990' FSL and 2024' FWL  
Section 19, Township 18 South, Range 28 East,  
Eddy County, NM  
Bond No. B000682

Dear Mr. Hannigan:

The New Mexico Oil Conservation Division hereby approves the above-captioned one-well plugging bond.

Sincerely,

GAIL MACQUESTEN  
Assistant General Counsel

GM/dp

cc: Oil Conservation Division – Artesia, NM

U.S. Specialty Insurance Company  
13403 NW Freeway  
Houston, TX 77040

J.S. Ward & Son, Inc.  
101 South Fourth Street  
Artesia, NM 88210-2177  
Attn: Susan S. Lopez

**POWER OF ATTORNEY**

(To be used with bonds issued on behalf of U. S. SPECIALTY INSURANCE COMPANY)

*Know All Men by These Presents* That, U. S. SPECIALTY INSURANCE COMPANY (the "Company"), a corporation duly organized and existing under the laws of the State of Texas, and having its principal office in Houston, Harris County, Texas, does by these presents make, constitute and appoint

**Edwin H. Frank III, W. Russell Brown, Jr.**

its true and lawful Attorney-in-fact, 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)** and to bind the Company thereby as fully and to the same extent as if such bonds were signed by the President, sealed with the corporate seal of the Company and duly attested by its Secretary, hereby ratifying and confirming that the said Attorney-in-Fact may do in the premises. Said appointment is made under and by authority of the following resolutions of the Board of Directors of the U. S. Specialty Insurance Company:

*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 of behalf of the Company, to execute, acknowledge and deliver, any and all bonds, recognizances, contracts, agreements or indemnity and other conditional or obligatory undertakings 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. (Adopted by unanimous written consent in lieu of meeting on July 7, 2003.)

*In Witness Whereof*, U. S. SPECIALTY INSURANCE COMPANY has caused these presents to be signed by its **President**, and its corporate seal to be hereto affixed this 7<sup>th</sup> day of November, 2003.

Corporate Seal


**U. S. SPECIALTY INSURANCE COMPANY**

By

State of Texas

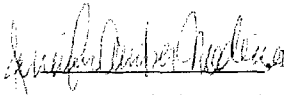
County of Harris

ss:

  
**Michael J. Schell, President**

On this 7<sup>th</sup> day of November, 2003 before me personally came Michael J. Schell, to me known, who, being by me duly sworn, did depose and say, that he resides in Houston, Texas, that he is President of U. S. SPECIALTY INSURANCE COMPANY, the company described in and which executed the above instrument; that he knows the seal of said Company; that the seal affixed to said instrument is such corporate seal; that it was so affixed by order of the Board of Directors of said Company; and that he signed his name thereto by like order.

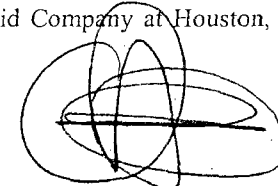
Notary Seal

  
**Notary Public**  
 My commission expires 12/33/2006

I, Christopher L. Martin, Secretary of 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 Company, which is still in full force and effect; furthermore, the resolutions of the Board 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 seal of said Company at Houston, Texas this 02 day of December, 2003.

Corporate Seal


**Christopher L. Martin, Secretary**

CMD : ONGARD 01/15/04 11:09:10  
OG6CWBD CAPTURE SINGLE WELL BOND OGODLP -TQGC

OGRID Identifier : 225298 API Well No : 30 15 1965  
Operator Name, Address : ERS RESOURCES, LLC  
PO BOX 1502  
CARLSBAD, NM 88221-1502

Bond Idn : 249375 Bond Status : A Prop Idn : 22171  
Prop Name : ARTESIA METEX UNIT Well No : 022  
U/L Sec Township Range North/South East/West Lot Idr  
--- --

Surface Locn : N 19 18S 28E FTG 990 F S FTG 2024 F W

API County : 15

Bond Details : Type (Cash/Surety - C/S) : S Bond Co Idn : 12 Amt : 5000  
Company OGRID Identifier : 224244  
Company Name, Address : U.S. SPECIALTY INSURANCE COMPA  
13403 NORTHWEST FREEWAY  
HOUSTON, TX 77056

Effective Date : 01-01-1900 Cancellation Date : 12-31-9999

Issuer Bond No : B000682

M0015: Table update is successful.

PF01 HELP PF02 PF03 EXIT PF04 GoTo PF05 PF06 CONFIRM  
PF07 PF08 PF09 COMMENT PF10 NXTBOND PF11 PF12



# NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

**BILL RICHARDSON**

Governor

**Joanna Prukop**  
Cabinet Secretary

January 15, 2004

**Lori Wrotenbery**

Director

**Oil Conservation Division**

Susan S. Lopez  
J S. Ward & Son, Inc.  
101 South Fourth Street  
Artesia, NM 88210-2177

Re: Bond No. B000682 – ERS Resources, LLC

Dear Ms. Lopez:

Returned is the above-captioned bond as the Acknowledgment for Corporate Surety is not notarized.

If you have any questions, please do not hesitate to call me at (505) 476-3461.

Sincerely,

Dorothy Phillips  
Bond Administrator

Enclosure



# *J. S. Ward & Son, Inc.*

101 South Fourth Street  
(505) 746-2796  
Artesia, New Mexico  
88210-2177

Insurance  
Bonds

January 23, 2004

State of New Mexico  
Energy, Minerals & Natural Resources Department  
Oil Conservation Division  
1220 South Saint Francis Drive  
Santa Fe, New Mexico 87505-4000

Attention: Mrs. Dorothy Phillips

Re: ERS Resources, LLC  
Bond No. B000682  
\$5,000 One-Well Plugging Bond  
to the State of New Mexico  
Artesia Metex Unit #22

Dear Mrs. Phillips:

Enclosed please find the above captioned bond, which has the Acknowledgment for Corporate Surety notarized, through IndemCo Insurance Company which we trust you find in order and acceptable for filing.

Very truly yours,

J. S. WARD & SON, INC.

By *J. Gary Sims*  
ssl

SGS:ssl

Enclosure

OVER 73 YEARS

Bond No. B000681R04-06-04

**SURETY RIDER**

To be attached to and form a part of Bond No. B000681 on behalf of  
ERS Resources, LLC as principal and executed by  
U.S. Specialty Insurance Company, as surety.

Effective date of change: April 6, 2004

In consideration of the mutual agreement herein contained, the principal and the surety hereby consent to the following changes:

The address has changed from:

ERS Resources, LLC  
Post Office Box 1502  
Carlsbad, New Mexico 88221-1502

**TO:**

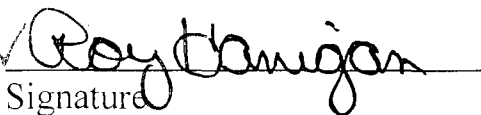
ERS Resources, LLC  
Post Office Box 958  
Carlsbad, New Mexico 88221-0958

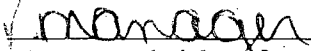
Nothing herein contained shall vary, alter, or extend any provision or condition of this bond except as herein expressly stated.

SIGNED, SEALED AND DATED THIS: April 6, 2004

ERS Resources, LLC

Name of Principal

  
Signature

 **Roy Hanigan**  
Name and title of person  
executing for Principal

U.S. Specialty Insurance Company

Name of Surety

  
Signature

**W. Russell Brown, Jr., Attorney-in-Fact**  
Name and title of person  
executing for Surety

STATE OF NEW MEXICO

ONE-WELL PLUGGING BOND

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

BOND NO. B000681  
AMOUNT OF BOND \$5,000.00  
COUNTY Eddy

NOTE: For wells less than 5,000 feet deep, the minimum bond is \$5,000.00\*  
For wells 5,000 to 10,000 feet deep, the minimum bond is \$7,500.00\*  
For wells more than 10,000 feet deep, the minimum bond is \$10,000.00

\*Under certain conditions, a well being drilled under a \$5,000.00 or \$7,500.00 bond may be permitted to be drilled as much as 500 feet deeper than the normal maximum depth, e.g., a well being drilled under a \$5,000.00 bond may be permitted to go to 5,500 feet and a well being drilled under a \$7,500.00 bond may be permitted to go to 10,500 feet. (See Rule 101)

File with Oil Conservation Division, 1220 South Saint Francis, Santa Fe, NM 87505

KNOW ALL MEN BY THESE PRESENTS:

That ERS Resources, LLC ~~XXXXXXXXXXXXXXXXXXXXXXXXXXXX~~ ~~XXXXXXXXXXXXXXXXXXXX~~ (a corporation, limited liability company or 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 \$5,000.00 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 5,000 feet, to prospect for and/or produce oil or gas, carbon dioxide gas, helium gas or brine minerals, or does own or operate, or may acquire, own or operate such well, the identification and location of said well being:

Artesia Metex Unit #23, located 330 feet from the South ~~XXXX~~ (South)  
(Name of well)  
line and 2410 feet from the West ~~(XXX West)~~ line of Section 19 Township 18 ~~XXXX~~  
(South), Range 28 (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 to 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 101 [19.15.3.101 NMAC] and 202 [19.15.4.202 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.

ERS Resources, LLC  
PRINCIPAL  
Post Office Box 1502  
Carlsbad, New Mexico 88221-1502  
Address  
By Bob D. Hamigan  
Signature  
Managing Member  
Title

If PRINCIPAL is a corporation, affix corporate seal here.

U. S. Specialty Insurance Company  
SURETY  
13403 NW Freeway  
Houston, Texas 77040  
Address  
[Signature]  
Attorney-In-Fact

Corporate surety affix corporate seal here.



## ACKNOWLEDGMENT FORM FOR INDIVIDUAL

STATE OF \_\_\_\_\_ )  
 ) ss.  
 COUNTY OF \_\_\_\_\_ )

This instrument was acknowledged before me on \_\_\_\_\_, 20\_\_ by \_\_\_\_\_  
 (Name of individual)

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

SEAL

\_\_\_\_\_  
 My Commission Expires

## ACKNOWLEDGMENT FORM FOR PARTNERSHIP, CORPORATION OR LIMITED LIABILITY COMPANY

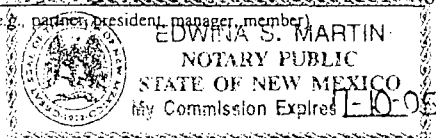
STATE OF New Mexico )  
 ) ss.  
 COUNTY OF Eddy )

This instrument was acknowledged before me on 12-2, 2003 by Bert D. Hannigan  
 (Name of Person Signing Instrument)  
 as Managing Member of ERS Resources, LLC  
 (Capacity, e.g., partner, president, manager, member) (Name of partnership, corporation or limited liability company)

SEAL

07-10-05

My Commission Expires



Edwina S. Martin  
 Notary Public

## ACKNOWLEDGMENT FORM FOR CORPORATE SURETY

STATE OF Texas )  
 ) ss.  
 COUNTY OF Harris )

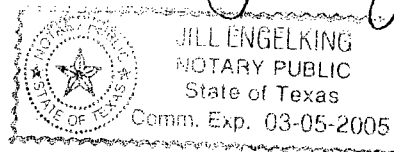
This instrument was acknowledged before me on 12-02, 2003 by Edwin H. Frank III  
 (Name of Attorney in fact)  
 as Attorney-in-Fact for U.S. Specialty Insurance Company  
 (Name of corporate surety)

SEAL

3/5/05  
 My Commission Expires

Corporate Surety attach Power of Attorney

Jill Engelking  
 Notary Public



APPROVED BY:

OIL CONSERVATION DIVISION OF NEW MEXICO

By [Signature]

Date 1-15-04

**POWER OF ATTORNEY**

(To be used with bonds issued on behalf of U. S. SPECIALTY INSURANCE COMPANY)

*Know All Men by These Presents* That, **U. S. SPECIALTY INSURANCE COMPANY** (the "Company"), a corporation duly organized and existing under the laws of the State of Texas, and having its principal office in Houston, Harris County, Texas, does by these presents make, constitute and appoint

**Edwin H. Frank III, W. Russell Brown, Jr.**

its true and lawful Attorney-in-fact, 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)** and to bind the Company thereby as fully and to the same extent as if such bonds were signed by the President, sealed with the corporate seal of the Company and duly attested by its Secretary, hereby ratifying and confirming that the said Attorney-in-Fact may do in the premises. Said appointment is made under and by authority of the following resolutions of the Board of Directors of the U. S. Specialty Insurance Company:

*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 of behalf of the Company, to execute, acknowledge and deliver, any and all bonds, recognizances, contracts, agreements or indemnity and other conditional or obligatory undertakings 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. (Adopted by unanimous written consent in lieu of meeting on July 7, 2003.)

*In Witness Whereof*, **U. S. SPECIALTY INSURANCE COMPANY** has caused these presents to be signed by its **President**, and its corporate seal to be hereto affixed this 7<sup>th</sup> day of November, 2003.

Corporate Seal

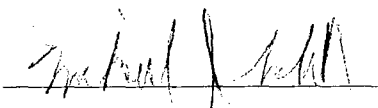
**U. S. SPECIALTY INSURANCE COMPANY**

By

State of Texas

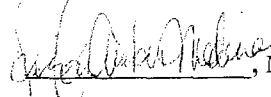
County of Harris

ss:

  
**Michael J. Schell, President**

On this 7<sup>th</sup> day of November, 2003 before me personally came Michael J. Schell, to me known, who, being by me duly sworn, did depose and say, that he resides in Houston, Texas, that he is President of U. S. SPECIALTY INSURANCE COMPANY, the company described in and which executed the above instrument; that he knows the seal of said Company; that the seal affixed to said instrument is such corporate seal; that it was so affixed by order of the Board of Directors of said Company; and that he signed his name thereto by like order.

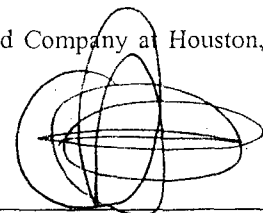
Notary Seal

  
**Notary Public**  
 My commission expires 12/23/2006

I, Christopher L. Martin, Secretary of 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 Company, which is still in full force and effect; furthermore, the resolutions of the Board 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 seal of said Company at Houston, Texas this 02 day of December, 2003

Corporate Seal

  
**Christopher L. Martin, Secretary**



# NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

**BILL RICHARDSON**

Governor

Joanna Prukop  
Cabinet Secretary

January 15, 2004

**Lori Wrotenbery**

Director

Oil Conservation Division

Mr. Bert D. Hannigan  
ERS Resources, LLC  
P.O. Box 1502  
Carlsbad, NM 88221-1502

Re: \$5,000 One-Well Plugging Bond  
ERS Resources, LLC, Principal  
U.S. Specialty Insurance Company, Surety  
Artesia Metex Unit No. 23 – 330' FSL and 2410' FWL  
Section 19, Township 18 South, Range 28 East,  
Eddy County, NM  
Bond No. B000681

Dear Mr. Hannigan:

The New Mexico Oil Conservation Division hereby approves the above-captioned one-well plugging bond.

Sincerely,

GAIL MACQUESTEN  
Assistant General Counsel

GM/dp

cc: Oil Conservation Division – Artesia, NM

U.S. Specialty Insurance Company  
13403 NW Freeway  
Houston, TX 77040

J.S. Ward & Son, Inc.  
101 South Fourth Street  
Artesia, NM 88210-2177  
Attn: Susan S. Lopez

CMD : ONGARD 01/15/04 11:03:16  
OG6CWBD CAPTURE SINGLE WELL BOND OGODLP -TQGC

OGRID Identifier : 225298 API Well No : 30 15 1941  
Operator Name, Address : ERS RESOURCES, LLC  
PO BOX 1502  
CARLSBAD, NM 88221-1502

Bond Idn : 249374 Bond Status : A Prop Idn : 22171  
Prop Name : ARTESIA METEX UNIT Well No : 023  
U/L Sec Township Range North/South East/West Lot Idn

Surface Locn : N 19 18S 28E FTG 330 F S FTG 2410 F W

API County : 15

Bond Details : Type (Cash/Surety - C/S) : S Bond Co Idn : 12 Amt : 5000  
Company OGRID Identifier : 224244  
Company Name, Address : U.S. SPECIALTY INSURANCE COMPA  
13403 NORTHWEST FREEWAY  
HOUSTON, TX 77056

Effective Date : 01-01-1900 Cancellation Date : 12-31-9999

Issuer Bond No : B000681

M0015: Table update is successful.

PF01 HELP PF02 PF03 EXIT PF04 GoTo PF05 PF06 CONFIRM  
PF07 PF08 PF09 COMMENT PF10 NXTBOND PF11 PF12

STATE OF NEW MEXICO  
ONE-WELL PLUGGING BOND

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

BOND NO. B001136  
AMOUNT OF BOND \$5,000.00  
COUNTY Eddy

NOTE: For wells less than 5,000 feet deep, the minimum bond is **\$5,000.00\***  
For wells 5,000 to 10,000 feet deep, the minimum bond is **\$7,500.00\***  
For wells more than 10,000 feet deep, the minimum bond is **\$10,000.00**

\*Under certain conditions, a well being drilled under a \$5,000.00 or \$7,500.00 bond may be permitted to be drilled as much as 500 feet deeper than the normal maximum depth, e.g., a well being drilled under a \$5,000.00 bond may be permitted to go to 5,500 feet and a well being drilled under a \$7,500.00 bond may be permitted to go to 10,500 feet. (See Rule 101)

File with Oil Conservation Division, 1220 South Saint Francis, Santa Fe, NM 87505

KNOW ALL MEN BY THESE PRESENTS:

That ERS Resources, LLC, (an individual) (a general partnership) (a corporation, limited liability company or 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 Five thousand--- 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 5,000 feet, to prospect for and/or produce oil or gas, carbon dioxide gas, helium gas or brine minerals, or does own or operate, or may acquire, own or operate such well, the identification and location of said well being:

Artesia Metex Unit #24-0, located 660 feet from the South ~~(North/South)~~  
(Name of well)  
line and 2310 feet from the East ~~(East/West)~~ line of Section 19 Township 18 ~~(North)~~  
(South), Range 28 (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 to 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 101 [19.15.3.101 NMAC] and 202 [19.15.4.202 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.

ERS Resources, Inc.  
PRINCIPAL  
Post Office Box 958  
Carlsbad, New Mexico 88221-0958  
Address

By Bert D. Damagan  
Signature

Managing Member  
Title

If PRINCIPAL is a corporation, affix  
corporate seal here.

U.S. Specialty Insurance Company  
SURETY  
13403 NW Freeway  
Houston, Texas 77040  
Address

W. Russell Brown, Jr.  
Attorney-In-Fact

Corporate surety affix  
corporate seal here.

## ACKNOWLEDGMENT FORM FOR INDIVIDUAL

STATE OF \_\_\_\_\_ )  
 ) ss.  
 COUNTY OF \_\_\_\_\_ )

This instrument was acknowledged before me on \_\_\_\_\_, 20\_\_ by \_\_\_\_\_  
 (Name of Individual)

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

SEAL

\_\_\_\_\_  
 My Commission Expires

## ACKNOWLEDGMENT FORM FOR PARTNERSHIP, CORPORATION OR LIMITED LIABILITY COMPANY

STATE OF New Mexico )  
 ) ss.  
 COUNTY OF Eddy )

This instrument was acknowledged before me on 8-20, 2004 by Bert D. Hanigan  
 (Name of Person Signing Instrument)

as Managing Member of ERS Resources, LLC  
 (Capacity, e.g., partner, president, manager, member) (Name of partnership, corporation or limited liability company)



**OFFICIAL SEAL**  
**Susan S. Lopez**  
**NOTARY PUBLIC-STATE OF NEW MEXICO**  
 SEAL  
 My commission expires 8-6-2007  
 My Commission Expires

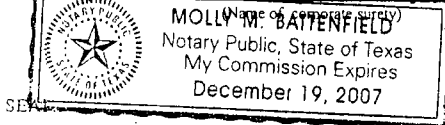
Susan S. Lopez  
 Notary Public

## ACKNOWLEDGMENT FORM FOR CORPORATE SURETY

STATE OF Texas )  
 ) ss.  
 COUNTY OF Harris )

This instrument was acknowledged before me on 09/01, 2004 by W. Russell Brown, Jr.  
 (Name of Attorney in fact)

as Attorney in fact for H.C. Specialty Insurance Company



SEAL  
 December 19, 2007

My Commission Expires

Corporate Surety attach Power of Attorney

Molly M. Battenfield  
 Notary Public

APPROVED BY:

OIL CONSERVATION DIVISION OF NEW MEXICO

By David K. Burt

Date 9/15/04

**POWER OF ATTORNEY**

(To be used with bonds issued on behalf of U. S. SPECIALTY INSURANCE COMPANY)

*Know All Men by These Presents* That, **U. S. SPECIALTY INSURANCE COMPANY** (the "Company"), a corporation duly organized and existing under the laws of the State of Texas, and having its principal office in Houston, Harris County, Texas, does by these presents make, constitute and appoint

**Edwin H. Frank III, W. Russell Brown, Jr.**

its true and lawful Attorney-in-fact, 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)** and to bind the Company thereby as fully and to the same extent as if such bonds were signed by the President, sealed with the corporate seal of the Company and duly attested by its Secretary, hereby ratifying and confirming that the said Attorney-in-Fact may do in the premises. Said appointment is made under and by authority of the following resolutions of the Board of Directors of the U. S. Specialty Insurance Company:

*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 of behalf of the Company, to execute, acknowledge and deliver, any and all bonds, recognizances, contracts, agreements or indemnity and other conditional or obligatory undertakings 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. (Adopted by unanimous written consent in lieu of meeting on July 7, 2003.)

*In Witness Whereof*, **U. S. SPECIALTY INSURANCE COMPANY** has caused these presents to be signed by its **President**, and its corporate seal to be hereto affixed this 24<sup>th</sup> of August, 2004.

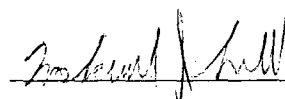
Corporate Seal

**U. S. SPECIALTY INSURANCE COMPANY**

By

State of Texas

County of Harris ss:


**Michael J. Schell, President**

On this 24<sup>th</sup> of August before me personally came Michael J. Schell, to me known, who, being by me duly sworn, did depose and say, that he resides in Houston, Texas, that he is President of U. S. SPECIALTY INSURANCE COMPANY, the company described in and which executed the above instrument; that he knows the seal of said Company; that the seal affixed to said instrument is such corporate seal; that it was so affixed by order of the Board of Directors of said Company; and that he signed his name thereto by like order.

Notary Seal



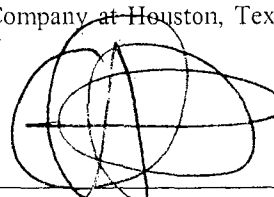

, Notary Public

My commission expires 10-17-05

I, Christopher L. Martin, Secretary of 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 Company, which is still in full force and effect; furthermore, the resolutions of the Board 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 seal of said Company at Houston, Texas this 1<sup>st</sup> day of September, 20 04.

Corporate Seal


**Christopher L. Martin, Secretary**

**Important Notice Regarding  
Terrorism Risk Insurance Act of 2002**

In accordance with the Terrorism Risk Insurance Act of 2002 (the "Act"), this disclosure notice is provided for surety bonds on which U.S. Specialty Insurance Company is the issuing surety.

The premium attributable to any bond coverage for "acts of terrorism" as defined in Section 102(1) of the Act is Zero Dollars (\$0.00).

The United States will reimburse the Issuing Sureties for ninety percent (90%) of any covered losses from terrorist acts certified under the Act exceeding the applicable surety deductible.

The actual coverage provided by your bond for acts of terrorism, as is true for all coverages, is limited by the terms, conditions, exclusions, penalties, limits, other provisions of your bond and the underlying contract, any endorsements to the bond and generally applicable rules of law. This Important Notice Regarding Terrorism Insurance Risk Act of 2002 is for informational purposes only and does not create coverage nor become a part or condition of the attached document.

The rest of this page is intentionally left blank.





# NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

**BILL RICHARDSON**

Governor

**Joanna Prukop**

Cabinet Secretary

September 14, 2004

**Mark E. Fesmire, P.E.**

Director

**Oil Conservation Division**

Mr. Bert D. Hanigan  
ERS Resources, LLC  
P.O. Box 958  
Carlsbad, NM 88221-0958

Re: \$5,000 One-Well Plugging Bond  
ERS Resources, LLC, Principal  
U.S. Specialty Insurance Company, Surety  
Artesia Metex Unit No. 24 – 660' FSL and 2310' FEL  
Section 19, Township 18 South, Range 28 East,  
Eddy County, New Mexico  
Bond No. B001136

Dear Mr. Hanigan:

The New Mexico Oil Conservation Division hereby approves the above-captioned one-well plugging bond.

Sincerely,

DAVID K. BROOKS  
Assistant General Counsel

DKB/dp

cc: Oil Conservation Division – Artesia, NM

U.S. Specialty Insurance Company  
13403 NW Freeway  
Houston, Texas 77040

CMD : ONGARD 09/14/04 15:30:59  
OG6CWBD CAPTURE SINGLE WELL BOND OGODLP -TPNE

OGRID Identifier : 225298 API Well No : 30 15 1949  
Operator Name, Address : ERS RESOURCES, LLC  
PO BOX 1502  
CARLSBAD, NM 88221-1502

Bond Idn : 249575 Bond Status : A Prop Idn : 22171  
Prop Name : ARTESIA METEX UNIT Well No : 024  
U/L Sec Township Range North/South East/West Lot Idr  
-----

Surface Locn : O 19 18S 28E FTG 660 F S FTG 2310 F E

API County : 15

Bond Details : Type (Cash/Surety - C/S) : S Bond Co Idn : 12 Amt : 5000  
Company OGRID Identifier : 224244  
Company Name, Address : U.S. SPECIALTY INSURANCE COMPA  
13403 NORTHWEST FREEWAY

HOUSTON, TX 77056

Effective Date : 01-01-1900

Cancellation Date : 12-31-9999

Issuer Bond No : B001136

M0015: Table update is successful.

PF01 HELP PF02 PF03 EXIT PF04 GoTo PF05 PF06 CONFIRM  
PF07 PF08 PF09 COMMENT PF10 NXTBOND PF11 PF12

Bond No. B000679R04-06-04

**SURETY RIDER**

To be attached to and form a part of Bond No. B000679 on behalf of  
ERS Resources, LLC as principal and executed by  
U.S. Specialty Insurance Company, as surety.

Effective date of change: April 6, 2004

In consideration of the mutual agreement herein contained, the principal and the surety hereby consent to the following changes:

The address has changed from:

ERS Resources, LLC  
Post Office Box 1502  
Carlsbad, New Mexico 88221-1502

**TO:**

ERS Resources, LLC  
Post Office Box 958  
Carlsbad, New Mexico 88221-0958

Nothing herein contained shall vary, alter, or extend any provision or condition of this bond except as herein expressly stated.

SIGNED, SEALED AND DATED THIS: April 6, 2004

ERS Resources, LLC  
Name of Principal

Roy Hanigan  
Signature

manager Roy Hanigan  
Name and title of person  
executing for Principal

U.S. Specialty Insurance Company  
Name of Surety

W. Russell Brown, Jr.  
Signature

W. Russell Brown, Jr., Attorney-in-Fact  
Name and title of person  
executing for Surety

STATE OF NEW MEXICO

ONE-WELL PLUGGING BOND

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

BOND NO. B000679  
AMOUNT OF BOND \$5,000.00  
COUNTY Eddy

NOTE: For wells less than 5,000 feet deep, the minimum bond is \$5,000.00\*  
For wells 5,000 to 10,000 feet deep, the minimum bond is \$7,500.00\*  
For wells more than 10,000 feet deep, the minimum bond is \$10,000.00

\*Under certain conditions, a well being drilled under a \$5,000.00 or \$7,500.00 bond may be permitted to be drilled as much as 500 feet deeper than the normal maximum depth, e.g., a well being drilled under a \$5,000.00 bond may be permitted to go to 5,500 feet and a well being drilled under a \$7,500.00 bond may be permitted to go to 10,500 feet. (See Rule 101)

File with Oil Conservation Division, 1220 South Saint Francis, Santa Fe, NM 87505

KNOW ALL MEN BY THESE PRESENTS:

That ERS Resources, LLC, ~~(XXXXXXXXXXXXXXXXXXXX)~~ (a corporation, limited liability company or 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 \$5,000.00, 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 5,000 feet, to prospect for and/or produce oil or gas, carbon dioxide gas, helium gas or brine minerals, or does own or operate, or may acquire, own or operate such well, the identification and location of said well being:

Artesia Metex Unit #26, located 330 feet from the North (~~North~~ ~~South~~)  
(Name of well)  
line and 330 feet from the East (~~East~~ ~~West~~) line of Section 26 Township 18 (~~North~~ ~~South~~)  
(South), Range 27 (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 to 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 101 [19.15.3.101 NMAC] and 202 [19.15.4.202 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.

ERS Resources, LLC  
PRINCIPAL  
Post Office Box 1502  
Carlsbad, New Mexico 88221-1502  
Address  
By Bert D. Thompson  
Signature

Managing Member  
Title

If PRINCIPAL is a corporation, affix  
corporate seal here.

U. S. Specialty Insurance Company  
SURETY  
13403 NW Freeway  
Houston, Texas 77040  
Address  
Eut 2  
Attorney-In-Fact

Corporate surety affix  
corporate seal here.

## ACKNOWLEDGMENT FORM FOR INDIVIDUAL

STATE OF \_\_\_\_\_ )  
 COUNTY OF \_\_\_\_\_ ) ss.

This instrument was acknowledged before me on \_\_\_\_\_, 20\_\_ by \_\_\_\_\_  
 (Name of Individual)

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

SEAL

\_\_\_\_\_  
 My Commission Expires

## ACKNOWLEDGMENT FORM FOR PARTNERSHIP, CORPORATION OR LIMITED LIABILITY COMPANY

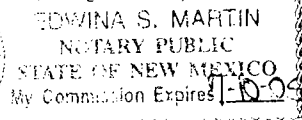
STATE OF New Mexico )  
 COUNTY OF Eddy ) ss.

This instrument was acknowledged before me on 12-2, 2003 by Bert D. Hannigan  
 as Managing Member of ERS Resources, LLC  
 (Capacity, e.g., partner, president, manager, member) (Name of Person Signing Instrument)  
 (Name of partnership, corporation or limited liability company)

SEAL

07-10-05

My Commission Expires



Edwina S. Martin  
 Notary Public

## ACKNOWLEDGMENT FORM FOR CORPORATE SURETY

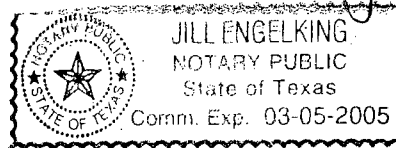
STATE OF Texas )  
 COUNTY OF Harris ) ss.

This instrument was acknowledged before me on 12-02, 2003 by Edwin H. Frank III  
 as Attorney-in-Fact for U.S. Specialty Insurance Company  
 (Name of Attorney in fact) (Name of corporate surety)

SEAL

3/5/05  
 My Commission Expires

Corporate Surety attach Power of Attorney



Jill Engelking  
 Notary Public

APPROVED BY:

OIL CONSERVATION DIVISION OF NEW MEXICO

By [Signature]

Date 1-15-04

**POWER OF ATTORNEY**

(To be used with bonds issued on behalf of U. S. SPECIALTY INSURANCE COMPANY)

*Know All Men by These Presents* That, **U. S. SPECIALTY INSURANCE COMPANY** (the "Company"), a corporation duly organized and existing under the laws of the State of Texas, and having its principal office in Houston, Harris County, Texas, does by these presents make, constitute and appoint

**Edwin H. Frank III, W. Russell Brown, Jr.**

its true and lawful Attorney-in-fact, 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)** and to bind the Company thereby as fully and to the same extent as if such bonds were signed by the President, sealed with the corporate seal of the Company and duly attested by its Secretary, hereby ratifying and confirming that the said Attorney-in-Fact may do in the premises. Said appointment is made under and by authority of the following resolutions of the Board of Directors of the U. S. Specialty Insurance Company:

*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 of behalf of the Company, to execute, acknowledge and deliver, any and all bonds, recognizances, contracts, agreements or indemnity and other conditional or obligatory undertakings 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. (Adopted by unanimous written consent in lieu of meeting on July 7, 2003.)

*In Witness Whereof*, **U. S. SPECIALTY INSURANCE COMPANY** has caused these presents to be signed by its **President**, and its corporate seal to be hereto affixed this 7<sup>th</sup> day of November, 2003.

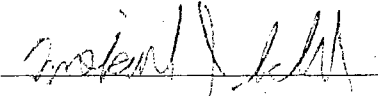
Corporate Seal

**U. S. SPECIALTY INSURANCE COMPANY**  
By

State of Texas

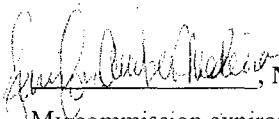
County of Harris

ss:

  
**Michael J. Schell, President**

On this 7<sup>th</sup> day of November, 2003 before me personally came Michael J. Schell, to me known, who, being by me duly sworn, did depose and say, that he resides in Houston, Texas, that he is President of U. S. SPECIALTY INSURANCE COMPANY, the company described in and which executed the above instrument; that he knows the seal of said Company; that the seal affixed to said instrument is such corporate seal; that it was so affixed by order of the Board of Directors of said Company; and that he signed his name thereto by like order.

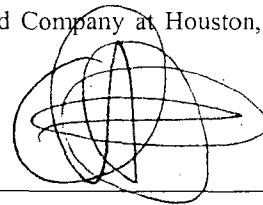
Notary Seal

  
Notary Public  
My commission expires 12/23/2006

I, Christopher L. Martin, Secretary of 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 Company, which is still in full force and effect; furthermore, the resolutions of the Board 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 seal of said Company at Houston, Texas this 02 day of December, 2003.

Corporate Seal

  
**Christopher L. Martin, Secretary**



# NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

**BILL RICHARDSON**

Governor

Joanna Prukop

Cabinet Secretary

January 15, 2004

**Lori Wrotenbery**

Director

Oil Conservation Division

Mr. Bert D. Hannigan  
ERS Resources, LLC  
P.O. Box 1502  
Carlsbad, NM 88221-1502

Re: \$5,000 One-Well Plugging Bond  
ERS Resources, LLC, Principal  
U.S. Specialty Insurance Company, Surety  
Artesia Metex Unit No. 26 – 330' FNL and 330 FEL  
Section 26, Township 18 South, Range 27 East,  
Eddy County, NM  
Bond No. B000679

Dear Mr. Hannigan:

The New Mexico Oil Conservation Division hereby approves the above-captioned one-well plugging bond.

Sincerely,

GAIL MACQUESTEN

Assistant General Counsel

GM/dp

cc: Oil Conservation Division – Artesia, NM

U.S. Specialty Insurance Company  
13403 NW Freeway  
Houston, TX 77040

J.S. Ward & Son, Inc.  
101 South Fourth Street  
Artesia, NM 88210-2177  
Attn: Susan S. Lopez

CMD : ONGARD 01/15/04 10:59:40  
OG6CWBD CAPTURE SINGLE WELL BOND OGODLP -TQGC

OGRID Identifier : 225298 API Well No : 30 15 962  
Operator Name, Address : ERS RESOURCES, LLC  
PO BOX 1502  
CARLSBAD, NM 88221-1502

Bond Idn : 249372 Bond Status : A Prop Idn : 22171  
Prop Name : ARTESIA METEX UNIT Well No : 026  
U/L Sec Township Range North/South East/West Lot Idn

Surface Locn : A 26 18S 27E FTG 330 F N FTG 330 F E  
API County : 15

Bond Details : Type (Cash/Surety - C/S) : S Bond Co Idn : 12 Amt : 5000  
Company OGRID Identifier : 224244  
Company Name, Address : U.S. SPECIALTY INSURANCE COMPA  
13403 NORTHWEST FREEWAY  
HOUSTON, TX 77056

Effective Date : 01-01-1900 Cancellation Date : 12-31-9999  
Issuer Bond No : B000679

M0015: Table update is successful.

PF01 HELP PF02 PF03 EXIT PF04 GoTo PF05 PF06 CONFIRM  
PF07 PF08 PF09 COMMENT PF10 NXTBOND PF11 PF12



STATE OF NEW MEXICO

ONE-WELL PLUGGING BOND

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

BOND NO. B001134  
AMOUNT OF BOND \$5,000.00  
COUNTY Eddy

NOTE: For wells less than 5,000 feet deep, the minimum bond is \$5,000.00\*  
For wells 5,000 to 10,000 feet deep, the minimum bond is \$7,500.00\*  
For wells more than 10,000 feet deep, the minimum bond is \$10,000.00

\*Under certain conditions, a well being drilled under a \$5,000.00 or \$7,500.00 bond may be permitted to be drilled as much as 500 feet deeper than the normal maximum depth, e.g., a well being drilled under a \$5,000.00 bond may be permitted to go to 5,500 feet and a well being drilled under a \$7,500.00 bond may be permitted to go to 10,500 feet. (See Rule 101)

File with Oil Conservation Division, 1220 South Saint Francis, Santa Fe, NM 87505

KNOW ALL MEN BY THESE PRESENTS:

That ERS Resources, LLC, (an individual) (a general partnership) (a corporation, limited liability company or 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 Five thousand-----, 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 5,000 feet, to prospect for and/or produce oil or gas, carbon dioxide gas, helium gas or brine minerals, or does own or operate, or may acquire, own or operate such well, the identification and location of said well being:

Artesia Metex Unit #27-D, located 990 feet from the North (~~North/South~~)  
(Name of well)  
line and 990 feet from the West (~~East/West~~) line of Section 25 Township 18 (~~North~~)  
(South), Range 27 (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 to 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 101 [19.15.3.101 NMAC] and 202 [19.15.4.202 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.

ERS Resources, LLC  
PRINCIPAL  
Post Office Box 958  
Carlsbad, New Mexico 88221-0958  
Address  
By Borthamagan  
Signature

Managing Member

Title

If PRINCIPAL is a corporation, affix  
corporate seal here.

U. S. Specialty Insurance Company  
SURETY  
13403 NW Freeway  
Houston, Texas 77040  
Address  
W. Russell Brown, Jr.  
Attorney-in-Fact

Corporate surety affix  
corporate seal here.

## ACKNOWLEDGMENT FORM FOR INDIVIDUAL

STATE OF \_\_\_\_\_ )  
 COUNTY OF \_\_\_\_\_ ) ss.

This instrument was acknowledged before me on \_\_\_\_\_, 20\_\_\_\_ by \_\_\_\_\_  
 (Name of Individual)

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

SEAL

My Commission Expires \_\_\_\_\_

## ACKNOWLEDGMENT FORM FOR PARTNERSHIP, CORPORATION OR LIMITED LIABILITY COMPANY

STATE OF New Mexico )  
 COUNTY OF Eddy ) ss.

This instrument was acknowledged before me on 8-20, 2004 by Bert D. Hanigan  
 (Name of Person Signing Instrument)

as Managing Member of ERS Resources, LLC  
 (Name of partnership, corporation or limited liability company)

OFFICIAL SEAL partner, president, manager, member)

Susan S. Lopez  
 NOTARY PUBLIC STATE OF NEW MEXICO

(Name of partnership, corporation or limited liability company)

Susan S. Lopez  
 Notary Public

My Commission Expires: 8-6-07

8-6-2007

My Commission Expires

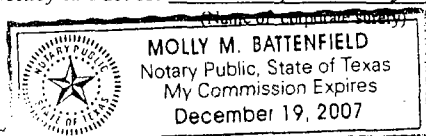
## ACKNOWLEDGMENT FORM FOR CORPORATE SURETY

STATE OF Texas )  
 COUNTY OF Harris ) ss.

This instrument was acknowledged before me on 09/01, 2004 by W. Russell Brown, Jr.  
 (Name of Attorney in fact)

as Attorney-in-Fact for U.S. Specialty Insurance Company

SEAL



December 19, 2007

My Commission Expires

Corporate Surety attach Power of Attorney

Molly M. Battenfield  
 Notary Public

APPROVED BY:

OIL CONSERVATION DIVISION OF NEW MEXICO

By David K. Burt

Date 9/15/04

**POWER OF ATTORNEY**

(To be used with bonds issued on behalf of U. S. SPECIALTY INSURANCE COMPANY)

*Know All Men by These Presents* That, **U. S. SPECIALTY INSURANCE COMPANY** (the "Company"), a corporation duly organized and existing under the laws of the State of Texas, and having its principal office in Houston, Harris County, Texas, does by these presents make, constitute and appoint

**Edwin H. Frank III, W. Russell Brown, Jr.**

its true and lawful Attorney-in-fact, 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)** and to bind the Company thereby as fully and to the same extent as if such bonds were signed by the President, sealed with the corporate seal of the Company and duly attested by its Secretary, hereby ratifying and confirming that the said Attorney-in-Fact may do in the premises. Said appointment is made under and by authority of the following resolutions of the Board of Directors of the U. S. Specialty Insurance Company:

*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 of behalf of the Company, to execute, acknowledge and deliver, any and all bonds, recognizances, contracts, agreements or indemnity and other conditional or obligatory undertakings 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. (Adopted by unanimous written consent in lieu of meeting on July 7, 2003.)

*In Witness Whereof*, **U. S. SPECIALTY INSURANCE COMPANY** has caused these presents to be signed by its **President**, and its corporate seal to be hereto affixed this 24<sup>th</sup> of August, 2004.

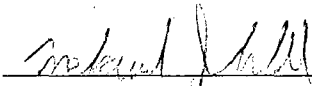
Corporate Seal

**U. S. SPECIALTY INSURANCE COMPANY**

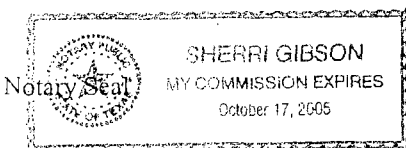
By

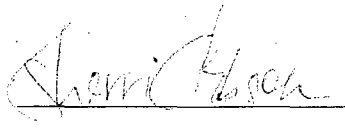
State of Texas

County of Harris ss:

  
**Michael J. Schell, President**

On this 24<sup>th</sup> of August before me personally came Michael J. Schell, to me known, who, being by me duly sworn, did depose and say, that he resides in Houston, Texas, that he is President of U. S. SPECIALTY INSURANCE COMPANY, the company described in and which executed the above instrument; that he knows the seal of said Company; that the seal affixed to said instrument is such corporate seal; that it was so affixed by order of the Board of Directors of said Company; and that he signed his name thereto by like order.

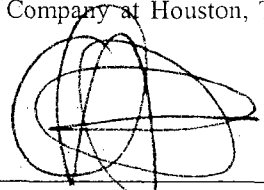


  
**Sherri Gibson, Notary Public**  
 My commission expires 10-17-05

I, Christopher L. Martin, Secretary of 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 Company, which is still in full force and effect; furthermore, the resolutions of the Board 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 seal of said Company at Houston, Texas this 1st day of September, 2004.

Corporate Seal

  
**Christopher L. Martin, Secretary**

**Important Notice Regarding  
Terrorism Risk Insurance Act of 2002**

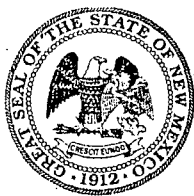
In accordance with the Terrorism Risk Insurance Act of 2002 (the "Act"), this disclosure notice is provided for surety bonds on which U.S. Specialty Insurance Company is the issuing surety.

The premium attributable to any bond coverage for "acts of terrorism" as defined in Section 102(1) of the Act is Zero Dollars (\$0.00).

The United States will reimburse the Issuing Sureties for ninety percent (90%) of any covered losses from terrorist acts certified under the Act exceeding the applicable surety deductible.

The actual coverage provided by your bond for acts of terrorism, as is true for all coverages, is limited by the terms, conditions, exclusions, penalties, limits, other provisions of your bond and the underlying contract, any endorsements to the bond and generally applicable rules of law. This Important Notice Regarding Terrorism Insurance Risk Act of 2002 is for informational purposes only and does not create coverage nor become a part or condition of the attached document.

The rest of this page is intentionally left blank.



# NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

**BILL RICHARDSON**

Governor

**Joanna Prukop**

Cabinet Secretary

September 14, 2004

**Mark E. Fesmire, P.E.**

Director

**Oil Conservation Division**

Mr. Bert D. Hanigan  
ERS Resources, LLC  
P.O. Box 958  
Carlsbad, NM 88221-0958

Re: \$5,000 One-Well Plugging Bond  
ERS Resources, LLC, Principal  
U.S. Specialty Insurance Company, Surety  
Artesia Metex Unit No. 27 – 990' FNL and 990' FWL  
Section 25, Township 18 South, Range 27 East,  
Eddy County, New Mexico  
Bond No. B001134

Dear Mr. Hanigan:

The New Mexico Oil Conservation Division hereby approves the above-captioned one-well plugging bond.

Sincerely,

DAVID K. BROOKS  
Assistant General Counsel

DKB/dp

cc: Oil Conservation Division – Artesia, NM

U.S. Specialty Insurance Company  
13403 NW Freeway  
Houston, Texas 77040

CMD : ONGARD 09/14/04 16:06:05  
OG6CWBD CAPTURE SINGLE WELL BOND OGODLP -TPJC

OGRID Identifier : 225298 API Well No : 30 15 951  
Operator Name, Address : ERS RESOURCES, LLC  
PO BOX 1502  
CARLSBAD, NM 88221-1502

Bond Idn : 249574 Bond Status : A Prop Idn : 22171  
Prop Name : ARTESIA METEX UNIT Well No : 027  
U/L Sec Township Range North/South East/West Lot Idn

Surface Locn : D 25 18S 27E FTG 990 F N FTG 990 F W

API County : 15

Bond Details : Type (Cash/Surety - C/S) : S Bond Co Idn : 12 Amt : 5000  
Company OGRID Identifier : 224244  
Company Name, Address : U.S. SPECIALTY INSURANCE COMPA  
13403 NORTHWEST FREEWAY

HOUSTON, TX 77056

Effective Date : 01-01-1900

Cancellation Date : 12-31-9999

Issuer Bond No : B001134

E0005: Enter data to modify or PF keys to scroll

PF01 HELP PF02 PF03 EXIT PF04 GoTo PF05 PF06 CONFIRM  
PF07 PF08 PF09 COMMENT PF10 NXTBOND PF11 PF12



# *J. S. Ward & Son, Inc.*

101 South Fourth Street  
(505) 746-2796  
Artesia, New Mexico  
88210-2177

Insurance  
Bonds

September 9, 2004

State of New Mexico  
Energy, Minerals & Natural Resources Department  
Oil Conservation Division  
1220 South Saint Francis Drive  
Santa Fe, New Mexico 87505-4000

Attention: Mrs. Dorothy Phillips

Re: ERS Resources, LLC  
\$5,000 One-Well Plugging Bonds  
to the State of New Mexico

Bond No. B001135  
Artesia Metex Unit #12-K

Bond No. B001134  
Artesia Metex Unit #27-D

Bond No. B001136  
Artesia Metex Unit #24-O

Dear Mrs. Phillips:

Enclosed please find the captioned bonds through IndemCo, LP  
which we trust you find in order and acceptable for filing.

Very truly yours,

J. S. WARD & SON, INC.

By

SGS:ssl

Enclosure

cc: ERS Resources, LLC  
Post Office Box 958  
Carlsbad, New Mexico 88221-0958

OVER 75 YEARS

Phillips, Dorothy

---

**From:** Reno, Carmen  
**Sent:** Tuesday, September 14, 2004 2:39 PM  
**To:** Phillips, Dorothy  
**Subject:** RE: One Well Bonds - ERS Resources 225298

-----Original Message-----

**From:** Phillips, Dorothy  
**Sent:** Tuesday, September 14, 2004 2:29 PM  
**To:** Reno, Carmen  
**Subject:** One Well Bonds - ERS Resources 225298

Carmen,

I have three one wells for approval and need APIs  
ERS RESOURCES 225298

Artesia Metex Unit 12-K - 1650' FSL and 2310' FWL  
Section 19, Township 18 South, Range 28 East,  
Eddy

30-015-01964

Artesia Metex Unit 27-3 - 990' FNL and 990' FWL  
Section 25, Township 18 South, Range 27 East,  
Eddy

30-015-00951

Artesia Metex Unit 24-0 - 660' FSL and 2310' FEL  
Section 19, Township 18 South, Range 28 East,  
Eddy

30-015-01949

Thanky



STATE OF NEW MEXICO

ONE-WELL PLUGGING BOND

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

BOND NO. B001196  
AMOUNT OF BOND \$5,000.00  
COUNTY Eddy

NOTE: For wells less than 5,000 feet deep, the minimum bond is \$5,000.00\*  
For wells 5,000 to 10,000 feet deep, the minimum bond is \$7,500.00\*  
For wells more than 10,000 feet deep, the minimum bond is \$10,000.00

\*Under certain conditions, a well being drilled under a \$5,000.00 or \$7,500.00 bond may be permitted to be drilled as much as 500 feet deeper than the normal maximum depth, e.g., a well being drilled under a \$5,000.00 bond may be permitted to go to 5,500 feet and a well being drilled under a \$7,500.00 bond may be permitted to go to 10,500 feet. (See Rule 101)

File with Oil Conservation Division, 1220 South Saint Francis, Santa Fe, NM 87505

KNOW ALL MEN BY THESE PRESENTS:

That ERS Resources, LLC (an individual) (a general partnership) (a corporation, limited liability company or 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 five thousand—, 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 5,000 feet, to prospect for and/or produce oil or gas, carbon dioxide gas, helium gas or brine minerals, or does own or operate, or may acquire, own or operate such well, the identification and location of said well being:

Artesia Metex Unit #35-H, located 1650 feet from the North ~~North~~ XXXX  
(Name of well)  
line and 330 feet from the East (East/~~West~~) line of Section 26 Township 18 ~~(North)~~ XXXX  
(South), Range 27 (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 to 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 101 [19.15.3.101 NMAC] and 202 [19.15.4.202 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.

ERS resources, LLC  
PRINCIPAL  
Post Office Box 958  
Carlsbad, New Mexico 88221-0958  
Address

By Barry D. Hargan  
Signature

Managing Member  
Title

If PRINCIPAL is a corporation, affix  
corporate seal here.

U.S. Specialty Insurance Company  
SURETY  
13403 NW Freeway  
Houston, Texas 77040  
Address

W. Russell Brown Jr.  
Attorney-in-Fact  
W. Russell Brown Jr.

Corporate surety affix  
corporate seal here.

## ACKNOWLEDGMENT FORM FOR INDIVIDUAL

STATE OF \_\_\_\_\_ )  
 COUNTY OF \_\_\_\_\_ ) ss.

This instrument was acknowledged before me on \_\_\_\_\_, 20\_\_\_\_ by \_\_\_\_\_  
 (Name of Individual)

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

SEAL

My Commission Expires \_\_\_\_\_

✓ ACKNOWLEDGMENT FORM FOR PARTNERSHIP, CORPORATION OR LIMITED LIABILITY COMPANY

STATE OF New Mexico )  
 COUNTY OF Eddy ) ss.

This instrument was acknowledged before me on 10/5, 2004 by Bert D. Hanigan  
 (Name of Person Signing Instrument)

as Managing Member of ERS Resources, LLC  
 (Capacity, e.g., partner, president, manager, member) (Name of partnership, corporation or limited liability company)

OFFICIAL SEAL  
 Susan S. Lopez  
 NOTARY PUBLIC STATE OF NEW MEXICO

SEAL  
 My Commission Expires: 8-10-2007  
8-6-2007

My Commission Expires \_\_\_\_\_

Susan S. Lopez  
 Notary Public

## ACKNOWLEDGMENT FORM FOR CORPORATE SURETY

STATE OF Texas )  
 COUNTY OF Harris ) ss.

This instrument was acknowledged before me on 10/5, 2004 by W. Russell Brown, Jr.  
 (Name of Attorney in fact)

as Attorney-in-Fact for U.S. Specialty Insurance Company  
 (Name of corporate surety)

SEAL  
 My Commission Expires  
 December 19, 2007

W. Russell Brown, Jr.  
 Notary Public

December 19, 2007  
 My Commission Expires

Corporate Surety attach Power of Attorney

APPROVED BY:

OIL CONSERVATION DIVISION OF NEW MEXICO

By David K. Brooks

Date 10/14/04

**POWER OF ATTORNEY**

(To be used with bonds issued on behalf of U. S. SPECIALTY INSURANCE COMPANY)

*Know All Men by These Presents* That, U. S. SPECIALTY INSURANCE COMPANY (the "Company"), a corporation duly organized and existing under the laws of the State of Texas, and having its principal office in Houston, Harris County, Texas, does by these presents make, constitute and appoint

**Edwin H. Frank III, W. Russell Brown, Jr.**

its true and lawful Attorney-in-fact, 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) and to bind the Company thereby as fully and to the same extent as if such bonds were signed by the President, sealed with the corporate seal of the Company and duly attested by its Secretary, hereby ratifying and confirming that the said Attorney-in-Fact may do in the premises. Said appointment is made under and by authority of the following resolutions of the Board of Directors of the U. S. Specialty Insurance Company:

*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 of behalf of the Company, to execute, acknowledge and deliver, any and all bonds, recognizances, contracts, agreements or indemnity and other conditional or obligatory undertakings 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. (Adopted by unanimous written consent in lieu of meeting on July 7, 2003.)

*In Witness Whereof*, U. S. SPECIALTY INSURANCE COMPANY has caused these presents to be signed by its President, and its corporate seal to be hereto affixed this 24<sup>th</sup> of August, 2004.

Corporate Seal

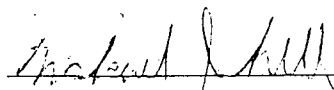
**U. S. SPECIALTY INSURANCE COMPANY**

By

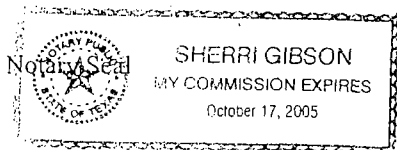
State of Texas

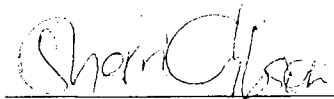
County of Harris

ss:

  
Michael J. Schell, President

On this 24<sup>th</sup> of August before me personally came Michael J. Schell, to me known, who, being by me duly sworn, did depose and say, that he resides in Houston, Texas, that he is President of U. S. SPECIALTY INSURANCE COMPANY, the company described in and which executed the above instrument; that he knows the seal of said Company; that the seal affixed to said instrument is such corporate seal; that it was so affixed by order of the Board of Directors of said Company; and that he signed his name thereto by like order.



  
My commission expires 10-17-05

I, Christopher L. Martin, Secretary of 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 Company, which is still in full force and effect; furthermore, the resolutions of the Board 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 seal of said Company at Houston, Texas this 5<sup>th</sup> day of October, 2004.

Corporate Seal

  
Christopher L. Martin, Secretary

**Important Notice Regarding  
Terrorism Risk Insurance Act of 2002**

In accordance with the Terrorism Risk Insurance Act of 2002 (the "Act"), this disclosure notice is provided for surety bonds on which U.S. Specialty Insurance Company is the issuing surety.

The premium attributable to any bond coverage for "acts of terrorism" as defined in Section 102(1) of the Act is Zero Dollars (\$0.00).

The United States will reimburse the Issuing Sureties for ninety percent (90%) of any covered losses from terrorist acts certified under the Act exceeding the applicable surety deductible.

The actual coverage provided by your bond for acts of terrorism, as is true for all coverages, is limited by the terms, conditions, exclusions, penalties, limits, other provisions of your bond and the underlying contract, any endorsements to the bond and generally applicable rules of law. This Important Notice Regarding Terrorism Insurance Risk Act of 2002 is for informational purposes only and does not create coverage nor become a part or condition of the attached document.

The rest of this page is intentionally left blank.



# NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

**BILL RICHARDSON**

Governor

**Joanna Prukop**

Cabinet Secretary

**Mark E. Fesmire, P.E.**

Director

**Oil Conservation Division**

October 26, 2004

Mr. Bert D. Hanigan  
ERS Resources, LLC  
P.O. Box 958  
Carlsbad, NM 88221-0958

Re: \$5,000 One-Well Plugging Bond  
ERS Resources, LLC, Principal  
U.S. Specialty Insurance Company, Surety  
Artesia Metex Unit No 35  
1650' FNL and 330' FEL of Section 26,  
Township 18 South, Range 27 East,  
Eddy County, New Mexico  
Bond No. B001196

Dear Mr. Hanigan:

The New Mexico Oil Conservation Division hereby approves the above-captioned one-well plugging bond.

Sincerely,

DAVID K. BROOKS

Assistant General Counsel

DKB/dp

cc: Oil Conservation Division - Artesia, NM

U.S. Specialty Insurance Company  
13403 Northwest Freeway  
Houston, Texas 77056

CMD : ONGARD 10/26/04 09:45:42  
OG6CWBD CAPTURE SINGLE WELL BOND OGODLP -TP8E

OGRID Identifier : 225298 API Well No : 30 15 963  
Operator Name, Address : ERS RESOURCES, LLC  
PO BOX 1502  
CARLSBAD, NM 88221-1502

Bond Idn : 249601 Bond Status : A Prop Idn : 22171  
Prop Name : ARTESIA METEX UNIT Well No : 035  
U/L Sec Township Range North/South East/West Lot Idr

Surface Locn : H 26 18S 27E FTG 1650 F N FTG 330 F E

API County : 15

Bond Details : Type (Cash/Surety - C/S) : S Bond Co Idn : 12 Amt : 5000  
Company OGRID Identifier : 224244  
Company Name, Address : U.S. SPECIALTY INSURANCE COMPA

13403 NORTHWEST FREEWAY

HOUSTON, TX 77056

Effective Date : 01-01-1900

Cancellation Date : 12-31-9999

Issuer Bond No : B001196

M0015: Table update is successful.

PF01 HELP PF02 PF03 EXIT PF04 GoTo PF05 PF06 CONFIRM  
PF07 PF08 PF09 COMMENT PF10 NXTBOND PF11 PF12

## Phillips, Dorothy

---

**From:** Reno, Carmen  
**Sent:** Monday, October 25, 2004 9:26 AM  
**To:** Phillips, Dorothy  
**Subject:** RE: API No.

30-015-00963

-----Original Message-----

**From:** Phillips, Dorothy  
**Sent:** Tuesday, October 19, 2004 10:19 AM  
**To:** Reno, Carmen  
**Subject:** API No.

Have a one well for approval and need and API  
Artesia Metex Unit 35-H  
1650' FNL and 330' FEL  
Section 26, Township 18 South, Range 27 East  
Eddy County, New Mexico



# *J. S. Ward & Son, Inc.*

101 South Fourth Street  
(505) 746-2796  
Artesia, New Mexico  
88210-2177

2004 OCT 18 AM 11 28

insurance  
Bonds

October 15, 2004

VIA FEDERAL EXPRESS

State of New Mexico  
Energy, Minerals & Natural Resources Department  
Oil Conservation Division  
1220 South Saint Francis Drive  
Santa Fe, New Mexico 87505-4000

Attention: Mrs. Dorothy Phillips

Re: ERS Resources, LLC  
Bond No. B001196  
\$5,000 One-Well Plugging Bond  
to the State of New Mexico  
Artesia Metex Unit #35-H

Dear Mrs. Phillips:

Enclosed please find the captioned bond through IndemCo, LP  
which we trust you find in order and acceptable for filing.

Very truly yours,

J. S. WARD & SON, INC.

By

SGS:ssl

Enclosure

cc: ERS Resources, Inc.  
Post Office Box 958  
Carlsbad, New Mexico 88221-0958  
Attention: Mr. Roy Hanigan

OVER 75 YEARS



Bond No. B000688R04-06-04

**SURETY RIDER**

To be attached to and form a part of Bond No. B000688 on behalf of  
ERS Resources, LLC as principal and executed by  
U.S. Specialty Insurance Company, as surety.

Effective date of change: April 6, 2004

In consideration of the mutual agreement herein contained, the principal and the surety hereby consent to the following changes:

The address has changed from:

ERS Resources, LLC  
Post Office Box 1502  
Carlsbad, New Mexico 88221-1502

**TO:**

ERS Resources, LLC  
Post Office Box 958  
Carlsbad, New Mexico 88221-0958

Nothing herein contained shall vary, alter, or extend any provision or condition of this bond except as herein expressly stated.

SIGNED, SEALED AND DATED THIS: April 6, 2004

ERS Resources, LLC  
Name of Principal

Roy Hanigan  
Signature

Manager Roy Hanigan  
Name and title of person  
executing for Principal

U.S. Specialty Insurance Company  
Name of Surety

W. Russell Brown, Jr.  
Signature

W. Russell Brown, Jr., Attorney-in-Fact  
Name and title of person  
executing for Surety

STATE OF NEW MEXICO

ONE-WELL PLUGGING BOND

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

BOND NO. B000688  
AMOUNT OF BOND \$5,000.00  
COUNTY Eddy

NOTE: For wells less than 5,000 feet deep, the minimum bond is **\$5,000.00\***  
For wells 5,000 to 10,000 feet deep, the minimum bond is **\$7,500.00\***  
For wells more than 10,000 feet deep, the minimum bond is **\$10,000.00**

\*Under certain conditions, a well being drilled under a \$5,000.00 or \$7,500.00 bond may be permitted to be drilled as much as 500 feet deeper than the normal maximum depth, e.g., a well being drilled under a \$5,000.00 bond may be permitted to go to 5,500 feet and a well being drilled under a \$7,500.00 bond may be permitted to go to 10,500 feet. (See Rule 101)

File with Oil Conservation Division, 1220 South Saint Francis, Santa Fe, NM 87505

KNOW ALL MEN BY THESE PRESENTS:

That ERS Resources, LLC, ~~XXXXXXXXXXXXXXXXXXXX~~ ~~XXXXXXXXXXXXXXXXXXXX~~ (a corporation, limited liability company or 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 \$5,000.00, 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 5,000 feet, to prospect for and/or produce oil or gas, carbon dioxide gas, helium gas or brine minerals, or does own or operate, or may acquire, own or operate such well, the identification and location of said well being:

Artesia Metex Unit #36-E, located 2310 feet from the North (North ~~South~~)  
(Name of well)  
line and 990 feet from the West (~~East~~ ~~West~~) line of Section 25 Township 18 (~~XXXX~~)  
(South), Range 27 (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 to 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 101 [19.15.3.101 NMAC] and 202 [19.15.4.202 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.

ERS Resources, LLC  
Post Office PRINCIPAL Box 1502  
Carlsbad, New Mexico 88221-1502

Address

By Best O. Durugan  
Signature

Managing Member

Title

If PRINCIPAL is a corporation, affix  
corporate seal here.

U. S. Specialty Insurance Company  
SURETY  
13403 NW Freeway  
Houston, Texas 77040

Address

Eddy  
Attorney-In-Fact

Corporate surety affix  
corporate seal here.

## ACKNOWLEDGMENT FORM FOR INDIVIDUAL

STATE OF \_\_\_\_\_ )  
 COUNTY OF \_\_\_\_\_ ) ss.

This instrument was acknowledged before me on \_\_\_\_\_, 20\_\_ by \_\_\_\_\_  
 (Name of Individual)

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

SEAL

My Commission Expires \_\_\_\_\_

## ACKNOWLEDGMENT FORM FOR PARTNERSHIP, CORPORATION OR LIMITED LIABILITY COMPANY

STATE OF New Mexico )  
 COUNTY OF Eddy ) ss.

This instrument was acknowledged before me on 12-2-03 by Bert D. Hannigan  
 (Name of Person Signing Instrument)  
 as Managing Member of ERS Resources, LLC  
 (Capacity, e.g., partner, president, manager, member) (Name of partnership, corporation or limited liability company)

SEAL

07-10-05

My Commission Expires \_\_\_\_\_



EDWINA S. MARTIN  
 NOTARY PUBLIC  
 STATE OF NEW MEXICO  
 My Commission Expires 7-10-05

Edwina S. Martin  
 Notary Public

## ACKNOWLEDGMENT FORM FOR CORPORATE SURETY

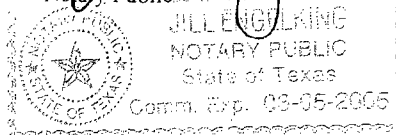
STATE OF Texas )  
 COUNTY OF Harris ) ss.

This instrument was acknowledged before me on 12-02-2003 by Edwin H. Frank III  
 (Name of Attorney in fact)  
 as Attorney-in-Fact for U.S. Specialty Insurance Company  
 (Name of corporate surety)

SEAL

3/5/05

My Commission Expires \_\_\_\_\_  
 Corporate Surety attach Power of Attorney



Jill Engulking  
 Notary Public

JILL ENGULKING  
 NOTARY PUBLIC  
 State of Texas  
 Comm. Exp. 03-05-2005

APPROVED BY:

OIL CONSERVATION DIVISION OF NEW MEXICO

By [Signature]

Date 1-18-04

**POWER OF ATTORNEY**

(To be used with bonds issued on behalf of U. S. SPECIALTY INSURANCE COMPANY)

*Know All Men by These Presents* That, U. S. SPECIALTY INSURANCE COMPANY (the "Company"), a corporation duly organized and existing under the laws of the State of Texas, and having its principal office in Houston, Harris County, Texas, does by these presents make, constitute and appoint

**Edwin H. Frank III, W. Russell Brown, Jr.**

its true and lawful Attorney-in-fact, 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)** and to bind the Company thereby as fully and to the same extent as if such bonds were signed by the President, sealed with the corporate seal of the Company and duly attested by its Secretary, hereby ratifying and confirming that the said Attorney-in-Fact may do in the premises. Said appointment is made under and by authority of the following resolutions of the Board of Directors of the U. S. Specialty Insurance Company:

*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 of behalf of the Company, to execute, acknowledge and deliver, any and all bonds, recognizances, contracts, agreements or indemnity and other conditional or obligatory undertakings 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. (Adopted by unanimous written consent in lieu of meeting on July 7, 2003.)

*In Witness Whereof*, U. S. SPECIALTY INSURANCE COMPANY has caused these presents to be signed by its President, and its corporate seal to be hereto affixed this 7<sup>th</sup> day of November, 2003.

Corporate Seal

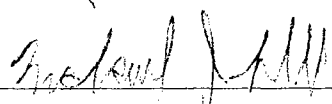
**U. S. SPECIALTY INSURANCE COMPANY**

By

State of Texas

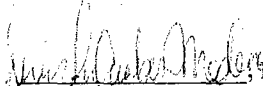
County of Harris

ss:

  
**Michael J. Schell, President**

On this 7<sup>th</sup> day of November, 2003 before me personally came Michael J. Schell, to me known, who, being by me duly sworn, did depose and say, that he resides in Houston, Texas, that he is President of U. S. SPECIALTY INSURANCE COMPANY, the company described in and which executed the above instrument; that he knows the seal of said Company; that the seal affixed to said instrument is such corporate seal; that it was so affixed by order of the Board of Directors of said Company; and that he signed his name thereto by like order.

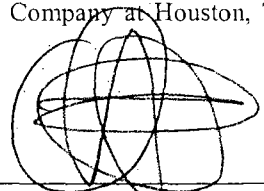
Notary Seal

  
**Notary Public**  
 My commission expires 12/23/2006

I, Christopher L. Martin, Secretary of 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 Company, which is still in full force and effect; furthermore, the resolutions of the Board 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 seal of said Company at Houston, Texas this 02 day of December, 2003.

Corporate Seal

  
**Christopher L. Martin, Secretary**



# NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

**BILL RICHARDSON**

Governor  
Joanna Prukop  
Cabinet Secretary

January 15, 2004

Lori Wrotenbery  
Director  
Oil Conservation Division

Mr. Bert D. Hannigan  
ERS Resources, LLC  
P.O. Box 1502  
Carlsbad, NM 88221-1502

Re: \$5,000 One-Well Plugging Bond  
ERS Resources, LLC, Principal  
U.S. Specialty Insurance Company, Surety  
Artesia Metex Unit No. 36 – 2310' FNL and 990' FWL  
Section 25, Township 18 South, Range 27 East,  
Eddy County, NM  
Bond No. B000688

Dear Mr. Hannigan:

The New Mexico Oil Conservation Division hereby approves the above-captioned one-well plugging bond.

Sincerely,

GAIL MACQUESTEN  
Assistant General Counsel

GM/dp

cc: Oil Conservation Division – Artesia, NM

U.S. Specialty Insurance Company  
13403 NW Freeway  
Houston, TX 77040

J.S. Ward & Son, Inc.  
101 South Fourth Street  
Artesia, NM 88210-2177  
Attn: Susan S. Lopez

CMD : ONGARD 01/15/04 11:20:31  
OG6CWBD CAPTURE SINGLE WELL BOND OGODLP -TQGC

OGRID Identifier : 225298 API Well No : 30 15 952  
Operator Name, Address : ERS RESOURCES, LLC  
PO BOX 1502  
CARLSBAD, NM 88221-1502

Bond Idn : 249380 Bond Status : A Prop Idn : 22171  
Prop Name : ARTESIA METEX UNIT Well No : 036  
U/L Sec Township Range North/South East/West Lot Idr

Surface Locn : E 25 18S 27E FTG 2310 F N FTG 990 F W

API County : 15

Bond Details : Type (Cash/Surety - C/S) : S Bond Co Idn : 12 Amt : 5000  
Company OGRID Identifier : 224244  
Company Name, Address : U.S. SPECIALTY INSURANCE COMPA

13403 NORTHWEST FREEWAY

HOUSTON, TX 77056

Effective Date : 01-01-1900

Cancellation Date : 12-31-9999

Issuer Bond No : B000688

M0015: Table update is successful.

PF01 HELP PF02 PF03 EXIT PF04 GoTo PF05 PF06 CONFIRM  
PF07 PF08 PF09 COMMENT PF10 NXTBOND PF11 PF12

Bond No. B000680R04-06-04

**SURETY RIDER**

To be attached to and form a part of Bond No. B000680 on behalf of  
ERS Resources, LLC as principal and executed by  
U.S. Specialty Insurance Company, as surety.

Effective date of change: April 6, 2004

In consideration of the mutual agreement herein contained, the principal and the surety hereby consent to the following changes:

The address has changed from:

ERS Resources, LLC  
Post Office Box 1502  
Carlsbad, New Mexico 88221-1502

**TO:**

ERS Resources, LLC  
Post Office Box 958  
Carlsbad, New Mexico 88221-0958

Nothing herein contained shall vary, alter, or extend any provision or condition of this bond except as herein expressly stated.

SIGNED, SEALED AND DATED THIS: April 6, 2004

ERS Resources, LLC  
Name of Principal

Roy Hanigan  
Signature

Manager Roy Hanigan  
Name and title of person  
executing for Principal

U.S. Specialty Insurance Company  
Name of Surety

W. Russell Brown, Jr.  
Signature

W. Russell Brown, Jr., Attorney-in-Fact  
Name and title of person  
executing for Surety

STATE OF NEW MEXICO  
ONE-WELL PLUGGING BOND

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

BOND NO. B000680  
AMOUNT OF BOND \$5,000.00  
COUNTY Eddy

NOTE: For wells less than 5,000 feet deep, the minimum bond is \$5,000.00\*  
For wells 5,000 to 10,000 feet deep, the minimum bond is \$7,500.00\*  
For wells more than 10,000 feet deep, the minimum bond is \$10,000.00

\*Under certain conditions, a well being drilled under a \$5,000.00 or \$7,500.00 bond may be permitted to be drilled as much as 500 feet deeper than the normal maximum depth, e.g., a well being drilled under a \$5,000.00 bond may be permitted to go to 5,500 feet and a well being drilled under a \$7,500.00 bond may be permitted to go to 10,500 feet. (See Rule 101)

File with Oil Conservation Division, 1220 South Saint Francis, Santa Fe, NM 87505

KNOW ALL MEN BY THESE PRESENTS:

That ERS Resources, LLC, (~~an individual~~ ~~or partnership~~ ~~or corporation~~) (a corporation, limited liability company or 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 \$5,000.00 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 5,000 feet, to prospect for and/or produce oil or gas, carbon dioxide gas, helium gas or brine minerals, or does own or operate, or may acquire, own or operate such well, the identification and location of said well being:

Artesia Metex Unit #42, located 1650 feet from the North (~~North~~ ~~South~~)  
(Name of well)  
line and 2310 feet from the West (~~East~~ ~~West~~) line of Section 30 Township 18 ~~North~~  
(South), Range 28 (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 to 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 101 [19.15.3.101 NMAC] and 202 [19.15.4.202 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.

ERS Resources, LLC  
PRINCIPAL  
Post Office Box 1502  
Carlsbad, New Mexico 88221-1502  
Address

By Bert D. Dominguez  
Signature

Managing Member  
Title

If PRINCIPAL is a corporation, affix  
corporate seal here.

U. S. Specialty Insurance Company  
SURETY  
13403 NW Freeway  
Houston, Texas 77040  
Address  
2  
Attorney-In-Fact

Corporate surety affix  
corporate seal here.



## ACKNOWLEDGMENT FORM FOR INDIVIDUAL

STATE OF \_\_\_\_\_ )  
 ) ss.  
 COUNTY OF \_\_\_\_\_ )

This instrument was acknowledged before me on \_\_\_\_\_, 20\_\_ by \_\_\_\_\_  
 (Name of Individual)

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

SEAL

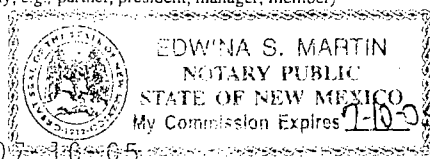
My Commission Expires \_\_\_\_\_

## ACKNOWLEDGMENT FORM FOR PARTNERSHIP, CORPORATION OR LIMITED LIABILITY COMPANY

STATE OF New Mexico )  
 ) ss.  
 COUNTY OF Eddy )

This instrument was acknowledged before me on 12-2, 2003 by Bert D. Hannigan  
 (Name of Person Signing Instrument)  
 as Managing Member of ERS Resources, LLC  
 (Capacity, e.g., partner, president, manager, member) (Name of partnership, corporation or limited liability company)

SEAL



Edwina S. Martin  
 Notary Public

My Commission Expires \_\_\_\_\_

## ACKNOWLEDGMENT FORM FOR CORPORATE SURETY

STATE OF Texas )  
 ) ss.  
 COUNTY OF Harris )

This instrument was acknowledged before me on 12-02, 2003 by Edwin H. Frank III  
 (Name of Attorney in fact)  
 as Attorney-in-Fact for U.S. Specialty Insurance Company  
 (Name of corporate surety)

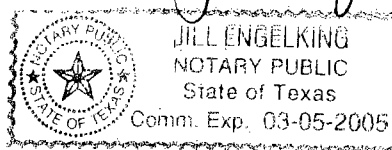
SEAL

3/5/05

My Commission Expires \_\_\_\_\_

Corporate Surety attach Power of Attorney

Jill Engelking  
 Notary Public



APPROVED BY:

OIL CONSERVATION DIVISION OF NEW MEXICO

By Jadillo

Date 1-15-04

**POWER OF ATTORNEY**

(To be used with bonds issued on behalf of U. S. SPECIALTY INSURANCE COMPANY)

*Know All Men by These Presents* That, **U. S. SPECIALTY INSURANCE COMPANY** (the "Company"), a corporation duly organized and existing under the laws of the State of Texas, and having its principal office in Houston, Harris County, Texas, does by these presents make, constitute and appoint

**Edwin H. Frank III, W. Russell Brown, Jr.**

its true and lawful Attorney-in-fact, 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)** and to bind the Company thereby as fully and to the same extent as if such bonds were signed by the President, sealed with the corporate seal of the Company and duly attested by its Secretary, hereby ratifying and confirming that the said Attorney-in-Fact may do in the premises. Said appointment is made under and by authority of the following resolutions of the Board of Directors of the U. S. Specialty Insurance Company:

*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 of behalf of the Company, to execute, acknowledge and deliver, any and all bonds, recognizances, contracts, agreements or indemnity and other conditional or obligatory undertakings 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. (Adopted by unanimous written consent in lieu of meeting on July 7, 2003.)

*In Witness Whereof*, **U. S. SPECIALTY INSURANCE COMPANY** has caused these presents to be signed by its **President**, and its corporate seal to be hereto affixed this 7<sup>th</sup> day of November, 2003.

Corporate Seal

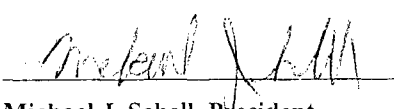
**U. S. SPECIALTY INSURANCE COMPANY**

By

State of Texas

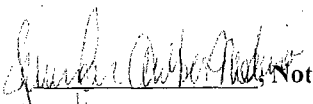
County of Harris

ss:

  
**Michael J. Schell, President**

On this 7<sup>th</sup> day of November, 2003 before me personally came Michael J. Schell, to me known, who, being by me duly sworn, did depose and say, that he resides in Houston, Texas, that he is President of U. S. SPECIALTY INSURANCE COMPANY, the company described in and which executed the above instrument; that he knows the seal of said Company; that the seal affixed to said instrument is such corporate seal; that it was so affixed by order of the Board of Directors of said Company; and that he signed his name thereto by like order.

Notary Seal

  
**Notary Public**  
 My commission expires 12/31/2006

I, Christopher L. Martin, Secretary of 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 Company, which is still in full force and effect; furthermore, the resolutions of the Board 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 seal of said Company at Houston, Texas this 02 day of December, 2003.

Corporate Seal

  
**Christopher L. Martin, Secretary**



# NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

**BILL RICHARDSON**

Governor  
Joanna Prukop  
Cabinet Secretary

January 15, 2004

**Lori Wrotenbery**  
Director  
Oil Conservation Division

Mr. Bert D. Hannigan  
ERS Resources, LLC  
P.O. Box 1502  
Carlsbad, NM 88221-1502

Re: \$5,000 One-Well Plugging Bond  
ERS Resources, LLC, Principal  
U.S. Specialty Insurance Company, Surety  
Artesia Metex Unit No. 42 – 1650' FNL and 2310' FWL  
Section 30, Township 18 South, Range 28 East,  
Eddy County, NM  
Bond No. B000680

Dear Mr. Hannigan:

The New Mexico Oil Conservation Division hereby approves the above-captioned one-well plugging bond.

Sincerely,

GAIL MACQUESTEN  
Assistant General Counsel

GM/dp

cc: Oil Conservation Division – Artesia, NM

U.S. Specialty Insurance Company  
13403 NW Freeway  
Houston, TX 77040

J.S. Ward & Son, Inc.  
101 South Fourth Street  
Artesia, NM 88210-2177  
Attn: Susan S. Lopez

CMD : ONGARD 01/15/04 11:01:10  
OG6CWBD CAPTURE SINGLE WELL BOND OGODLP -TQGC

OGRID Identifier : 225298 API Well No : 30 15 2138  
Operator Name, Address : ERS RESOURCES, LLC  
PO BOX 1502  
CARLSBAD, NM 88221-1502

Bond Idn : 249373 Bond Status : A Prop Idn : 22171  
Prop Name : ARTESIA METEX UNIT Well No : 042  
U/L Sec Township Range North/South East/West Lot Idn

Surface Locn : F 30 18S 28E FTG 1650 F N FTG 2310 F W

API County : 15

Bond Details : Type (Cash/Surety - C/S) : S Bond Co Idn : 12 Amt : 5000  
Company OGRID Identifier : 224244  
Company Name, Address : U.S. SPECIALTY INSURANCE COMPA  
13403 NORTHWEST FREEWAY  
HOUSTON, TX 77056

Effective Date : 01-01-1900 Cancellation Date : 12-31-9999

Issuer Bond No : B000680

M0015: Table update is successful.

PF01 HELP PF02 PF03 EXIT PF04 GoTo PF05 PF06 CONFIRM  
PF07 PF08 PF09 COMMENT PF10 NXTBOND PF11 PF12

Bond No. B000689R04-06-04

**SURETY RIDER**

To be attached to and form a part of Bond No. B000689 on behalf of  
ERS Resources, LLC as principal and executed by  
U.S. Specialty Insurance Company, as surety.

Effective date of change: April 6, 2004

In consideration of the mutual agreement herein contained, the principal and the surety hereby consent to the following changes:

The address has changed from:

ERS Resources, LLC  
Post Office Box 1502  
Carlsbad, New Mexico 88221-1502

**TO:**

**ERS Resources, LLC**  
**Post Office Box 958**  
**Carlsbad, New Mexico 88221-0958**

Nothing herein contained shall vary, alter, or extend any provision or condition of this bond except as herein expressly stated.

SIGNED, SEALED AND DATED THIS: April 6, 2004

ERS Resources, LLC

Name of Principal

Roy Hanigan  
Signature

manager Roy Hanigan  
Name and title of person  
executing for Principal

U.S. Specialty Insurance Company

Name of Surety

W. Russell Brown, Jr.  
Signature

W. Russell Brown, Jr., Attorney-in-Fact  
Name and title of person  
executing for Surety

STATE OF NEW MEXICO  
ONE-WELL PLUGGING BOND

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

BOND NO. B000689  
AMOUNT OF BOND \$5,000.00  
COUNTY Eddy

NOTE: For wells less than 5,000 feet deep, the minimum bond is \$5,000.00\*  
For wells 5,000 to 10,000 feet deep, the minimum bond is \$7,500.00\*  
For wells more than 10,000 feet deep, the minimum bond is \$10,000.00

\*Under certain conditions, a well being drilled under a \$5,000.00 or \$7,500.00 bond may be permitted to be drilled as much as 500 feet deeper than the normal maximum depth, e.g., a well being drilled under a \$5,000.00 bond may be permitted to go to 5,500 feet and a well being drilled under a \$7,500.00 bond may be permitted to go to 10,500 feet. (See Rule 101)

File with Oil Conservation Division, 1220 South Saint Francis, Santa Fe, NM 87505

KNOW ALL MEN BY THESE PRESENTS:

That ERS Resources, LLC, ~~(an individual or partnership)~~ (a corporation, limited liability company or 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 \$5,000.00, 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 5,000 feet, to prospect for and/or produce oil or gas, carbon dioxide gas, helium gas or brine minerals, or does own or operate, or may acquire, own or operate such well, the identification and location of said well being:

Artesia Metex Unit #51-P, located 330 feet from the ~~South~~ South  
(Name of well)  
line and 330 feet from the East (~~East~~) line of Section 26 Township 18 (~~North~~)  
(South), Range 27 (~~East~~), 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 to 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 101 [19.15.3.101 NMAC] and 202 [19.15.4.202 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.

ERS Resources, LLC  
PRINCIPAL  
Post Office Box 1502  
Carlsbad, New Mexico 88221-1502  
Address

By Barry D. Darrigan  
Signature

Managing Member  
Title

If PRINCIPAL is a corporation, affix  
corporate seal here.

U. S. Specialty Insurance Company  
SURETY  
13403 NW Freeway  
Houston, Texas 77040  
Address

[Signature]  
Attorney-In-Fact

Corporate surety affix  
corporate seal here.

## ACKNOWLEDGMENT FORM FOR INDIVIDUAL

STATE OF \_\_\_\_\_ )  
 COUNTY OF \_\_\_\_\_ ) ss.

This instrument was acknowledged before me on \_\_\_\_\_, 20\_\_\_\_ by \_\_\_\_\_  
 (Name of individual)

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

SEAL

My Commission Expires \_\_\_\_\_

## ACKNOWLEDGMENT FORM FOR PARTNERSHIP, CORPORATION OR LIMITED LIABILITY COMPANY

STATE OF New Mexico )  
 COUNTY OF Eddy ) ss.

This instrument was acknowledged before me on 12-2, 2003 by Bert D. Hannigan  
 (Name of Person Signing Instrument)  
 as Managing Member of ERS Resources, LLC  
 (Capacity, e.g., partner, president, manager, member) (Name of partnership, corporation or limited liability company)

SEAL

07-10-05

My Commission Expires \_\_\_\_\_

## ACKNOWLEDGMENT FORM FOR CORPORATE SURETY

STATE OF Texas )  
 COUNTY OF Harris ) ss.

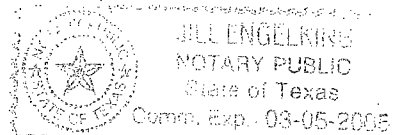
This instrument was acknowledged before me on 12-02-2003 by Edwin H. Frank III  
 (Name of Attorney in fact)  
 as Attorney-in-Fact for U.S. Specialty Insurance Company  
 (Name of corporate surety)

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

SEAL

3/5/05  
 My Commission Expires

Corporate Surety attach Power of Attorney



APPROVED BY:

OIL CONSERVATION DIVISION OF NEW MEXICO

By [Signature]

Date 1-15-04

**POWER OF ATTORNEY**

(To be used with bonds issued on behalf of U. S. SPECIALTY INSURANCE COMPANY)

*Know All Men by These Presents* That, **U. S. SPECIALTY INSURANCE COMPANY** (the "Company"), a corporation duly organized and existing under the laws of the State of Texas, and having its principal office in Houston, Harris County, Texas, does by these presents make, constitute and appoint

**Edwin H. Frank III, W. Russell Brown, Jr.**

its true and lawful Attorney-in-fact, 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)** and to bind the Company thereby as fully and to the same extent as if such bonds were signed by the President, sealed with the corporate seal of the Company and duly attested by its Secretary, hereby ratifying and confirming that the said Attorney-in-Fact may do in the premises. Said appointment is made under and by authority of the following resolutions of the Board of Directors of the U. S. Specialty Insurance Company:

*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 of behalf of the Company, to execute, acknowledge and deliver, any and all bonds, recognizances, contracts, agreements or indemnity and other conditional or obligatory undertakings 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. (Adopted by unanimous written consent in lieu of meeting on July 7, 2003.)

*In Witness Whereof*, **U. S. SPECIALTY INSURANCE COMPANY** has caused these presents to be signed by its **President**, and its corporate seal to be hereto affixed this 7<sup>th</sup> day of November, 2003.

Corporate Seal

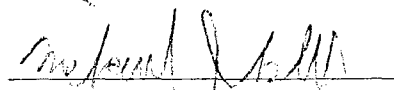
**U. S. SPECIALTY INSURANCE COMPANY**

By

State of Texas

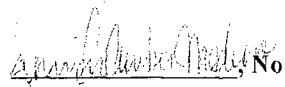
County of Harris

ss:

  
**Michael J. Schell, President**

On this 7<sup>th</sup> day of November, 2003 before me personally came Michael J. Schell, to me known, who, being by me duly sworn, did depose and say, that he resides in Houston, Texas, that he is President of U. S. SPECIALTY INSURANCE COMPANY, the company described in and which executed the above instrument; that he knows the seal of said Company; that the seal affixed to said instrument is such corporate seal; that it was so affixed by order of the Board of Directors of said Company; and that he signed his name thereto by like order.

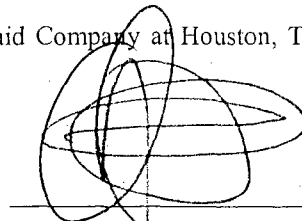
Notary Seal

  
**Christopher L. Martin, Notary Public**  
 My commission expires 12/23/2004

I, Christopher L. Martin, Secretary of 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 Company, which is still in full force and effect; furthermore, the resolutions of the Board 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 seal of said Company at Houston, Texas this 02 day of December, 20 03.

Corporate Seal

  
**Christopher L. Martin, Secretary**





# NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

**BILL RICHARDSON**

Governor

Joanna Prukop

Cabinet Secretary

January 15, 2004

**Lori Wrotenbery**

Director

Oil Conservation Division

Mr. Bert D. Hannigan  
ERS Resources, LLC  
P.O. Box 1502  
Carlsbad, NM 88221-1502

Re: \$5,000 One-Well Plugging Bond  
ERS Resources, LLC, Principal  
U.S. Specialty Insurance Company, Surety  
Artesia Metex Unit No. 51 – 330' FSL and 330' FEL  
Section 26, Township 18 South, Range 27 East,  
Eddy County, NM  
Bond No. B000689

Dear Mr. Hannigan:

The New Mexico Oil Conservation Division hereby approves the above-captioned one-well plugging bond.

Sincerely,

GAIL MACQUESTEN  
Assistant General Counsel

GM/dp

cc: Oil Conservation Division – Artesia, NM

U.S. Specialty Insurance Company  
13403 NW Freeway  
Houston, TX 77040

J.S. Ward & Son, Inc.  
101 South Fourth Street  
Artesia, NM 88210-2177  
Attn: Susan S. Lopez

CMD : ONGARD 01/15/04 11:24:13  
OG6CWBD CAPTURE SINGLE WELL BOND OGODLP -TQGC

OGRID Identifier : 225298 API Well No : 30 15 966  
Operator Name, Address : ERS RESOURCES, LLC  
PO BOX 1502  
CARLSBAD, NM 88221-1502

Bond Idn : 249381 Bond Status : A Prop Idn : 22171  
Prop Name : ARTESIA METEX UNIT Well No : 051  
U/L Sec Township Range North/South East/West Lot Idr

Surface Locn : P 26 18S 27E FTG 330 F S FTG 330 F E

API County : 15

Bond Details : Type (Cash/Surety - C/S) : S Bond Co Idn : 12 Amt : 5000

Company OGRID Identifier : 224244

Company Name, Address : U.S. SPECIALTY INSURANCE COMPA  
13403 NORTHWEST FREEWAY  
HOUSTON, TX 77056

Effective Date : 01-01-1900

Cancellation Date : 12-31-9999

Issuer Bond No : B000689

M0015: Table update is successful.

PF01 HELP PF02 PF03 EXIT PF04 GoTo PF05 PF06 CONFIRM  
PF07 PF08 PF09 COMMENT PF10 NXTBOND PF11 PF12

## Inactive Well List

Total Well Count: 65 Inactive Well Count: 40 Since: 3/28/2007

Printed On: Friday, June 20 2008

District	API	Well	ULSTR	OCD Unit	OGRID	Operator	Lease Type	Well Type	Last Production	Formation/Notes	Status	TA Exp Date
2	30-015-00939	ARTESIA METEX UNIT #002	G-24-18S-27E	G	225298	ERS RESOURCES, LLC	S	O	11/2006			
2	30-015-00945	ARTESIA METEX UNIT #005	L-24-18S-27E	L	225298	ERS RESOURCES, LLC	S	O	12/2005			
2	30-015-00941	ARTESIA METEX UNIT #006	K-24-18S-27E	K	225298	ERS RESOURCES, LLC	S	I	08/2006			
2	30-015-00944	ARTESIA METEX UNIT #008	I-24-18S-27E	I	225298	ERS RESOURCES, LLC	S	I	11/1998			
2	30-015-01940	ARTESIA METEX UNIT #011	3-19-18S-28E	L	225298	ERS RESOURCES, LLC	S	O	09/2004			
2	30-015-01964	ARTESIA METEX UNIT #012	K-19-18S-28E	K	225298	ERS RESOURCES, LLC	S	I	08/2006			
2	30-015-01951	ARTESIA METEX UNIT #013	J-19-18S-28E	J	225298	ERS RESOURCES, LLC	S	O	12/2005			
2	30-015-01947	ARTESIA METEX UNIT #014	J-19-18S-28E	J	225298	ERS RESOURCES, LLC	S	O	12/2005			
2	30-015-00942	ARTESIA METEX UNIT #016	M-24-18S-27E	M	225298	ERS RESOURCES, LLC	S	I	12/2005			
2	30-015-00946	ARTESIA METEX UNIT #018	N-24-18S-27E	N	225298	ERS RESOURCES, LLC	S	O	11/2006			
2	30-015-01196	ARTESIA METEX UNIT #020	P-24-18S-27E	P	225298	ERS RESOURCES, LLC	S	I	08/2005			
2	30-015-01942	ARTESIA METEX UNIT #021	4-19-18S-28E	M	225298	ERS RESOURCES, LLC	S	O	12/2005	GRAYBURG		
2	30-015-01965	ARTESIA METEX UNIT #022	N-19-18S-28E	N	225298	ERS RESOURCES, LLC	S	O	12/2005			
2	30-015-01941	ARTESIA METEX UNIT #023	N-19-18S-28E	N	225298	ERS RESOURCES, LLC	S	O	12/2005			
2	30-015-01949	ARTESIA METEX UNIT #024	O-19-18S-28E	O	225298	ERS RESOURCES, LLC	S	O	12/2005			
2	30-015-00962	ARTESIA METEX UNIT #026	A-26-18S-27E	A	225298	ERS RESOURCES, LLC	S	O	08/2006			
2	30-015-00951	ARTESIA METEX UNIT #027	D-25-18S-27E	D	225298	ERS RESOURCES, LLC	S	O	12/2005			
2	30-015-01194	ARTESIA METEX UNIT #029	B-25-18S-27E	B	225298	ERS RESOURCES, LLC	S	O	08/2006			
2	30-015-02139	ARTESIA METEX UNIT #031	I-30-18S-28E	D	225298	ERS RESOURCES, LLC	S	O	12/2005			
2	30-015-02140	ARTESIA METEX UNIT #032	C-30-18S-28E	C	225298	ERS RESOURCES, LLC	S	I	08/2005			
2	30-015-06127	ARTESIA METEX UNIT #034	B-30-18S-28E	B	225298	ERS RESOURCES, LLC	S	O	11/2006			
2	30-015-00963	ARTESIA METEX UNIT #035	H-26-18S-27E	H	225298	ERS RESOURCES, LLC	S	I	12/2005			
2	30-015-00952	ARTESIA METEX UNIT #036	E-25-18S-27E	E	225298	ERS RESOURCES, LLC	S	O	08/2006			
2	30-015-00948	ARTESIA METEX UNIT #039	G-25-18S-27E	G	225298	ERS RESOURCES, LLC	S	O	12/2005			
2	30-015-00954	ARTESIA METEX UNIT #040	H-25-18S-27E	H	225298	ERS RESOURCES, LLC	S	I	08/2006			
2	30-015-02136	ARTESIA METEX UNIT #041	2-30-18S-28E	E	225298	ERS RESOURCES, LLC	S	I	08/2006			
2	30-015-02138	ARTESIA METEX UNIT #042	F-30-18S-28E	F	225298	ERS RESOURCES, LLC	S	O	12/2005			
2	30-015-01190	ARTESIA METEX UNIT #044	I-26-18S-27E	I	225298	ERS RESOURCES, LLC	S	O	02/2005			
2	30-015-00959	ARTESIA METEX UNIT #045	L-25-18S-27E	L	225298	ERS RESOURCES, LLC	S	I	08/2006			
2	30-015-00955	ARTESIA METEX UNIT #047	J-25-18S-27E	J	225298	ERS RESOURCES, LLC	S	O	11/2006			
2	30-015-02141	ARTESIA METEX UNIT #049	K-30-18S-28E	K	225298	ERS RESOURCES, LLC	S	I	08/2006			
2	30-015-00966	ARTESIA METEX UNIT #051	P-26-18S-27E	P	225298	ERS RESOURCES, LLC	S	O	01/2006			
2	30-015-00960	ARTESIA METEX UNIT #052	M-25-18S-27E	M	225298	ERS RESOURCES, LLC	S	I	08/2006			

ERS Resources, LLC  
Case 14078  
OCD Exhibit No. 3

2	30-015-00956	ARTESIA METEX UNIT_#054	O-25-18S-27E	O	225298	ERS RESOURCES, LLC	S	I	08/2005
2	30-015-00986	ARTESIA METEX UNIT #055	B-35-18S-27E	B	225298	ERS RESOURCES, LLC	S	O	11/2006
2	30-015-00987	ARTESIA METEX UNIT_#056	A-35-18S-27E	A	225298	ERS RESOURCES, LLC	S	I	08/2006
2	30-015-00991	ARTESIA METEX UNIT #058	C-36-18S-27E	C	225298	ERS RESOURCES, LLC	S	I	08/2006
2	30-015-27157	ARTESIA METEX UNIT #062	2-30-18S-28E	E	225298	ERS RESOURCES, LLC	S	O	11/2006
2	30-015-27192	ARTESIA METEX UNIT #064	H-25-18S-27E	H	225298	ERS RESOURCES, LLC	S	O	11/2006
2	30-015-27195	ARTESIA METEX UNIT #067	H-25-18S-27E	H	225298	ERS RESOURCES, LLC	S	O	11/2006

WHERE Ogrid:225298, County:All, District:All, Township:All, Range:All, Section:All, Production(months):15, Excludes Wells Under ACOI, Excludes Wells in Approved TA Period