

**STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

Case No. 14312

EXHIBIT

2

**STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

**APPLICATION OF THE NEW MEXICO OIL CONSERVATION DIVISION,
THROUGH THE ENFORCEMENT AND COMPLIANCE MANAGER, FOR A
COMPLIANCE ORDER AGAINST ORBIT PETROLEUM, INC. FINDING THAT THE
OPERATOR IS IN VIOLATION OF 19.15.7.24 NMAC, 19.15.8.9 NMAC AND 19.15.25.8
NMAC, REQUIRING OPERATOR TO PROPERLY PLUG AND ABANDON ALL ITS
WELLS BY A DATE CERTAIN, AND IN THE EVENT OF NON-COMPLIANCE
AUTHORIZING THE DIVISION TO PLUG AND ABANDON THE WELLS AND
FORFEIT THE APPLICABLE FINANCIAL ASSURANCE, ROOSEVELT AND LEA
COUNTIES, NEW MEXICO.**

CASE NO. 14312

AFFIDAVIT OF DOROTHY PHILLIPS

STATE OF NEW MEXICO)
) SS.
COUNTY OF SANTA FE)

Dorothy Phillips, being first duly sworn on oath, states as follows:

1. I have been employed as the bond administrator at the Santa Fe, New Mexico office of the Oil Conservation Division (OCD) since 1997.
2. My duties include maintaining records of financial assurance documents filed by operators pursuant to NMSA 1978, Section 70-2-14.
3. I was asked to research the financial assurances posted by Orbit Petroleum, Inc., OGRID 227083, for the wells it operates.
4. OCD records identify Orbit Petroleum, Inc. as the operator of record for the following wells in New Mexico:
 - Archer #001, 30-041-20787, K-17-07S-34E
 - Archer #002, 30-042-20798, L-17-07S-34E
 - Brown 51 #001, 30-025-07061, D-19-09S-38E
 - Brown 51 #002, 30-025-21703, F-19-09S-38E
 - Line State #001, 30-041-20451, 2-16-08S-38E
 - Sieber #001, 30-041-20791, C-17-07S-34E

State BA #001, 30-041-10003, A-34-07S-35E

State BA #002, 30-041-20048, H-34-07S-35E

5. The records of the OCD identify the following financial assurances posted by Orbit Petroleum, Inc. to secure the plugging and abandonment of the wells it operates:

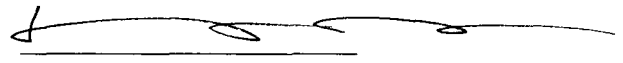
- a. Blanket Cash Bond, Account 2169568157, \$50,000;
- b. Blanket Cash Bond, Account 2169568116, \$40,000.

6. The Blanket Cash Bond, Account 2169568116, states that it is in the amount of \$50,000. However, the Assignment of Cash Collateral Deposit indicates that only \$40,000 is deposited in the account. That is why OCD records show the amount of the bond as \$40,000.

7. According to OCD records, the financial assurances identified above remain in full force and effect.

8. Copies of the financial assurances identified above are attached to this affidavit as Exhibits A and B.

THIS CONCLUDES MY AFFIDAVIT

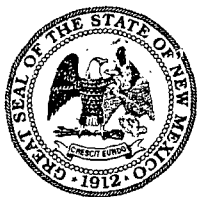

Dorothy Phillips

SUBSCRIBED AND SWORN before me this 31st day of March 2009.


Notary Public

My Commission Expires:

3-24-2010



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

August 17, 2005

Mr. Jim Frazier, President
Orbit Petroleum, Inc.
720 W. Wilshire
Suite 115
Oklahoma City, OK 73116

RE: \$50,000 Blanket Cash Plugging Bond
Orbit Petroleum, Inc., Principal – OGRID **227083**
Wells Fargo Bank, Depository – Account No. **2169568157**
Bond No. OCD-796

Dear Mr. Frazier:

The New Mexico Oil Conservation Division hereby approves the above-captioned blanket cash plugging bond.

Sincerely,

DAVID K. BROOKS

Assistant General Counsel

DKB/dp

cc: Oil Conservation Division – Hobbs, Artesia, Aztec

Wells Fargo Bank, N.A.
214 Washington Avenue
Santa Fe, NM 87501

Before the OCD
Cases 14312
Orbit Petroleum, Inc.
OCD Ex. No. 2-A

STATE OF NEW MEXICO
Energy, Minerals and Natural Resources Department
Oil Conservation Division

BLANKET CASH PLUGGING BOND

ORBIT PETROLEUM, Inc. ("OPERATOR"), a(n)
CORPORATION (Name of Operator)
_____, organized in the State of
(Individual, Partnership, Corporation, Limited Liability Company, Etc.)

Oklahoma, and authorized to do business in the State of New Mexico, whose mailing address is
720 West Wilshire, Ste. 115 OKC, OK 73116 is hereby firmly bound to the Oil
Conservation Division of the Energy, Minerals and Natural Resources Department (or successor agency) of the State
of New Mexico ("the DIVISION"), in the sum of **Fifty Thousand Dollars (\$50,000)** upon the following conditions:

OPERATOR desires to drill, acquire, or assume operation of, wells to prospect for and/or produce oil or
gas, carbon dioxide gas, helium gas or brine minerals on land owned by the State of New Mexico or on privately
owned fee land within the State of New Mexico.

OPERATOR has deposited on behalf of the DIVISION the sum of **Fifty Thousand Dollars (\$50,000)**
with Wells Fargo ("FINANCIAL INSTITUTION") in the account indicated on, and
subject to the terms of, the Assignment attached to this bond. OPERATOR pledges this sum as financial assurance
that it or its successors or personal representatives will cause to be properly plugged and abandoned all wells in the
State of New Mexico now or hereafter owned or operated by it if dry, or when no longer productive or useful for
other beneficial purpose, in accordance with all applicable rules and orders of the DIVISION, including but not
limited to Division Rules 101 [19.15.3.101 NMAC] and 202 [19.15.4.202 NMAC], as the same now exist or may be
hereafter amended. If OPERATOR does not so properly plug and abandon said wells, upon order of the DIVISION
after notice and hearing, the total sum of this bond shall be forfeited to the DIVISION, as provided in NMSA 1978
Section 70-2-14.B, as amended. If the principal sum of this bond is less than the actual cost incurred by the
DIVISION in plugging and abandoning said wells in accordance with Rules 101 and 202 and any other applicable
rules or orders, OPERATOR, its successors, heirs or personal representatives, shall be liable under the provisions of
NMSA 1978, Sections 70-2-14 or 70-2-38 as amended (as applicable), for such deficiency, and the DIVISION may
initiate action, as provided in said statutes, to recover same.

If OPERATOR or its successors, heirs, personal representatives or assigns cause all wells now or hereafter
owned or operated by OPERATOR in the State of New Mexico to be properly plugged and abandoned in
accordance with all applicable rules and orders of the DIVISION, as above described, this obligation shall be null
and void, and the principal sum of the deposit securing this bond shall be released to OPERATOR or to its
successors, heirs, or personal representatives.

Jim Frazer, President

PRINCIPAL
By [Signature]

Signature

President

Title

Return to:

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

INDIVIDUAL ACKNOWLEDGMENT:

State of New Mexico
County of _____

This instrument was acknowledged before me on _____, 20__, by

(Individual Operator)

Notary Public

SEAL

My Commission Expires:

ACKNOWLEDGMENT FOR PARTNERSHIP, CORPORATION OR LIMITED LIABILITY COMPANY:

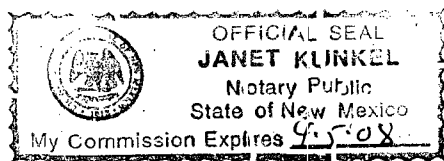
State of New Mexico
County of Santa Fe

This instrument was acknowledged before me on August 17, 2005 by
Jim Frazier of President
(Name of signing person) (Title)
ORBIT PETROLEUM, Inc.
(Name of Operator)

SEAL

My Commission Expires:
4-5-08

Janet Klinkel



APPROVED BY:

Oil Conservation Division of New Mexico

By

Date

David K. Brooks
8/17/05

Account number 2169568157 \$ 50,000

STATE OF NEW MEXICO
Energy, Minerals and Natural Resources Department
Oil Conservation Division

ASSIGNMENT OF CASH COLLATERAL DEPOSIT

ORBIT Petroleum, Inc. ("OPERATOR") of 720 W. Wilshire, Ste. 115
Oklahoma City, OK 73116 (address) has deposited with
Wells Fargo (name of federally insured state or national
bank or savings association in the State of New Mexico) of 241 Washington Ave
Santa Fe, NM 87501 (address) (FINANCIAL INSTITUTION), the sum of
50,000 dollars (\$50,000) in Certificate of Deposit or Savings Account No. 2169568159 (FUND).

To comply with NMSA 1978, Section 70-2-14, as amended, OPERATOR hereby assigns all right, title and interest in the FUND, except as herein otherwise provided, to the Oil Conservation Division of the Energy, Minerals and Natural Resources Department (or successor agency) of the State of New Mexico (the DIVISION).

OPERATOR and FINANCIAL INSTITUTION agree that as to the FUND:

a. The DIVISION acquires by this assignment the entire beneficial interest in the FUND, with the right to order the FINANCIAL INSTITUTION in writing to distribute the FUND to persons determined by the DIVISION to be entitled thereto, including the DIVISION itself, in amounts determined by the DIVISION, without further consent by the OPERATOR. FINANCIAL INSTITUTION hereby acknowledges that the DIVISION is FINANCIAL INSTITUTION'S customer with respect to the FUND.

b. OPERATOR retains no legal or beneficial interest in the FUND except the right to interest, if any, thereon, and to return of the FUND upon written order of the DIVISION following final disposition, or plugging and abandonment in accordance with all rules and orders of the DIVISION, of all wells in the State of New Mexico for which this Assignment now or hereafter serves as financial assurance

c. FINANCIAL INSTITUTION agrees that the FUND may not be assigned, transferred, pledged or distributed except upon written order of the DIVISION or of a court order entered in a proceeding to which the DIVISION is a party. FINANCIAL INSTITUTION hereby waives all statutory or common law liens or rights of set-off or recoupment against the FUND by reason of any indebtedness or obligation of OPERATOR to FINANCIAL INSTITUTION now existing or hereafter incurred.

d. OPERATOR agrees that FINANCIAL INSTITUTION may deduct, solely from interest due OPERATOR, any costs or attorney fees incurred by FINANCIAL INSTITUTION by reason of any claim or demand via writ, summons or other process made upon FINANCIAL INSTITUTION arising from OPERATOR'S business. FINANCIAL INSTITUTION agrees that no such costs or fees shall be deducted from the principal of the FUND prior to final release thereof to OPERATOR by the DIVISION.

This agreement shall be governed by the laws of the State of New Mexico.

ORBIT Petroleum, Inc.
Operator
By: [Signature]
Signature of individual OPERATOR
or Authorized Officer
Title President

Wells Fargo
Financial Institution
By: [Signature]
Signature of Authorized Officer
of FINANCIAL INSTITUTION
Title State Manager

NOTE: If the officer executing this instrument on behalf of the Financial Institution is not the President, a Vice President or a branch manager, attach a copy of a certified resolution of the Board of Directors evidencing such officer's authority.

INDIVIDUAL ACKNOWLEDGMENT:

State of New Mexico

County of _____

This instrument was acknowledged before me on _____, 20__ by
(Individual Operator)

Notary Public

SEAL

My Commission Expires:

ACKNOWLEDGMENT FOR PARTNERSHIP, CORPORATION OR LIMITED LIABILITY COMPANY:

State of New Mexico:

County of Santa Fe:

This instrument was acknowledged before me on _____, 20__, by Jim Frazier,
(Name of Person Signing)
as President, of ORBIT Petroleum, Inc.,
(Capacity, e.g., Partner, President, etc.) (Name of Operator)
a Corporation,
(Partnership, Corporation or Limited Liability Company)

Kim Helms Kennedy
Notary Public

SEAL

My Commission Expires:

07/27, 2009.

FINANCIAL INSTITUTION ACKNOWLEDGMENT:

State of New Mexico:

County of Santa Fe:

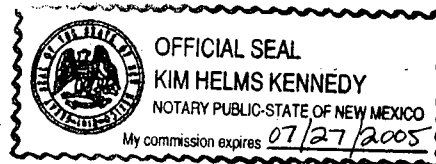
This instrument was acknowledged before me on Aug 17th, 2005, by Barbara Casados,
(Name of Officer)
as Branch Manager, of Wells Fargo Bank,
(Title) (Name of Financial Institution)

Kim Helms Kennedy
Notary Public

SEAL

My Commission Expires:

07/27, 2005.



Time Account Receipt/Disclosure

Bank Name

Wells Fargo Bank, N.A.

Time Account number

2169568157

Date opened

08/16/2005

Term of Time Account

144 months days

Maturity date

Your Time Account will mature on 08/16/2017

Interest rate

4.12

Fixed rate

X

Variable rate

Annual percentage yield

4.21

Interest will be paid

EVERY 01 MONTHS AND AT WITHDRAWAL

The method of interest payment will be

BY ADDING TO PRINCIPAL

Renewability

YOU WILL AUTOMATICALLY RENEW MY TIME ACCOUNT
AT MATURITY UNLESS I NOTIFY YOU OTHERWISE

Taxpayer Identification Number (TIN)

20-1538403

The Bank is opening the above described Time Account for your deposit of
FIFTY THOUSAND AND 0/100

\$ ***\$50,000.00

Your name and address

ORBIT PETROLEUM INC
720 W WILSHIRE BLVD SUITE 115
OKLAHOMA CITY OK 73116-7737

08/16/2005 09:51

M1361 03595 Bank# 00585

This is a receipt. It need not be presented at the time you obtain payment from the Bank.

WB0168 (11/04 83975-J) Time Accounts

COID: 00585 NM

Maker/Originator:

DENNIS GOSNELL

Maker/Originator Phone number:

505/984-0518

APPROVER:

Location

03595

Officer number

M1361

Date

08/16/2005 09:51

Account number

2169568157

Type of Transaction:

Customer name

ORBIT PETROLEUM INC

New/Non-retirement

(Send to Proof with Customer offset)

Information in boxes below must be encoded. All information must be completed for proper processing to occur.

Serial No. (Customer account number)

2169568157

Routing/Transit Number

558509325

Amount

***\$50,000.00

ENCODE



ENCODE



ENCODE





NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

August 17, 2005

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

Mr. Jim Frazier, President
Orbit Petroleum, Inc.
720 W. Wilshire
Suite 115
Oklahoma City, OK 73116

RE: \$40,000 Blanket Cash Plugging Bond
Orbit Petroleum, Inc., Principal – OGRID 227083
Wells Fargo Bank, Depository – Account No. 2169568116
Bond No. OCD-797

Dear Mr. Frazier:

The New Mexico Oil Conservation Division hereby approves the above-captioned
blanket cash plugging bond.

Sincerely,

DAVID K. BROOKS
Assistant General Counsel

DKB/dp

cc: Oil Conservation Division – Hobbs, Artesia, Aztec

Wells Fargo Bank, N.A.
214 Washington Avenue
Santa Fe, NM 87501

*Before the OCD
Cases 14312
Orbit Petroleum, Inc.
OCD Ex. No. 2-B*

Form O & G CBB
Adopted 6-1-86
Revised 1-1-03

STATE OF NEW MEXICO
Energy, Minerals and Natural Resources Department
Oil Conservation Division

BLANKET CASH PLUGGING BOND

ORBIT PETROLEUM, INC.

("OPERATOR"), a(n)

CORPORATION

(Name of Operator)

, organized in the State of
(Individual, Partnership, Corporation, Limited Liability Company, Etc.)

Oklahoma and authorized to do business in the State of New Mexico, whose mailing address is
720 West Wilshire, Ste. 115 OKC, O. K. 73116 is hereby firmly bound to the Oil
Conservation Division of the Energy, Minerals and Natural Resources Department (or successor agency) of the State
of New Mexico ("the DIVISION"), in the sum of Fifty Thousand Dollars (\$50,000) upon the following conditions:

OPERATOR desires to drill, acquire, or assume operation of, wells to prospect for and/or produce oil or
gas, carbon dioxide gas, helium gas or brine minerals on land owned by the State of New Mexico or on privately
owned fee land within the State of New Mexico.

OPERATOR has deposited on behalf of the DIVISION the sum of Fifty Thousand Dollars (\$50,000)
with Wells Fargo ("FINANCIAL INSTITUTION") in the account indicated on, and
subject to the terms of, the Assignment attached to this bond. OPERATOR pledges this sum as financial assurance
that it or its successors or personal representatives will cause to be properly plugged and abandoned all wells in the
State of New Mexico now or hereafter owned or operated by it if dry, or when no longer productive or useful for
other beneficial purpose, in accordance with all applicable rules and orders of the DIVISION, including but not
limited to Division Rules 101 [19.15.3.101 NMAC] and 202 [19.15.4.202 NMAC], as the same now exist or may be
hereafter amended. If OPERATOR does not so properly plug and abandon said wells, upon order of the DIVISION
after notice and hearing, the total sum of this bond shall be forfeited to the DIVISION, as provided in NMSA 1978
Section 70-2-14.B, as amended. If the principal sum of this bond is less than the actual cost incurred by the
DIVISION in plugging and abandoning said wells in accordance with Rules 101 and 202 and any other applicable
rules or orders, OPERATOR, its successors, heirs or personal representatives, shall be liable under the provisions of
NMSA 1978, Sections 70-2-14 or 70-2-38 as amended (as applicable), for such deficiency, and the DIVISION may
initiate action, as provided in said statutes, to recover same.

If OPERATOR or its successors, heirs, personal representatives or assigns cause all wells now or hereafter
owned or operated by OPERATOR in the State of New Mexico to be properly plugged and abandoned in
accordance with all applicable rules and orders of the DIVISION, as above described, this obligation shall be null
and void, and the principal sum of the deposit securing this bond shall be released to OPERATOR or to its
successors, heirs, or personal representatives.

Jim Frazier, President

PRINCIPAL

Return to:

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

By

Signature

Title

INDIVIDUAL ACKNOWLEDGMENT:

State of New Mexico

County of _____

This instrument was acknowledged before me on _____, 20__ by

 (Individual Operator)

Notary Public

SEAL

My Commission Expires:

ACKNOWLEDGMENT FOR PARTNERSHIP, CORPORATION OR LIMITED LIABILITY COMPANY:

State of New Mexico:

County of _____

This instrument was acknowledged before me on 8-17, 2005 by Jim Frasier

 (Name of Person Signing)
 as President, of DEBIT Petroleum, Inc.

 (Capacity, e.g. Partner, President, etc.) (Name of Operator)
 a Corporation

 (Partnership, Corporation or Limited Liability Company)

Notary Public

SEAL

My Commission Expires:
4-5, 2008

FINANCIAL INSTITUTION ACKNOWLEDGMENT:

State of New Mexico:

County of Santa Fe

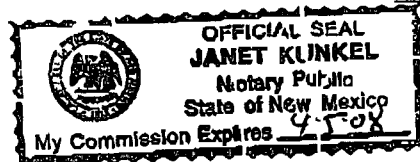
This instrument was acknowledged before me on 8-17, 2005 by Barbara Casader
Atchelle Corn

 (Name of Officer)
 as Branch Mgr, of Wells Fargo Bank

 (Title) (Name of Financial Institution)

Notary Public

SEAL

My Commission Expires:
4-5, 2008

Acct number 2169568116

\$ 40,000.00

Form O & G CBA
Revised 1-1-03STATE OF NEW MEXICO
Energy, Minerals and Natural Resources Department
Oil Conservation Division

ASSIGNMENT OF CASH COLLATERAL DEPOSIT

ORBIT PETROLEUM INC. ("OPERATOR") of 720 West Wilshire, Ste. 115
OKlahoma City, OK 73116 (address) has deposited with
Wells Fargo (name of federally insured state or national
 bank or savings association in the State of New Mexico) of 214 Washington Ave
SANTA FE, NM 87501 (address) (FINANCIAL INSTITUTION), the sum of
40,000 dollars (\$40,000) in Certificate of Deposit or Savings Account No. 2169968116 (FUND).

To comply with NMSA 1978, Section 70-2-14, as amended, OPERATOR hereby assigns all right, title and interest in the FUND, except as herein otherwise provided, to the Oil Conservation Division of the Energy, Minerals and Natural Resources Department (or successor agency) of the State of New Mexico (the DIVISION).

OPERATOR and FINANCIAL INSTITUTION agree that as to the FUND:

- The DIVISION acquires by this assignment the entire beneficial interest in the FUND, with the right to order the FINANCIAL INSTITUTION in writing to distribute the FUND to persons determined by the DIVISION to be entitled thereto, including the DIVISION itself, in amounts determined by the DIVISION, without further consent by the OPERATOR. FINANCIAL INSTITUTION hereby acknowledges that the DIVISION is FINANCIAL INSTITUTION'S customer with respect to the FUND.
- OPERATOR retains no legal or beneficial interest in the FUND except the right to interest, if any, thereon, and to return of the FUND upon written order of the DIVISION following final disposition, or plugging and abandonment in accordance with all rules and orders of the DIVISION, of all wells in the State of New Mexico for which this Assignment now or hereafter serves as financial assurance
- FINANCIAL INSTITUTION agrees that the FUND may not be assigned, transferred, pledged or distributed except upon written order of the DIVISION or of a court order entered in a proceeding to which the DIVISION is a party. FINANCIAL INSTITUTION hereby waives all statutory or common law liens or rights of set-off or recoupment against the FUND by reason of any indebtedness or obligation of OPERATOR to FINANCIAL INSTITUTION now existing or hereafter incurred.
- OPERATOR agrees that FINANCIAL INSTITUTION may deduct, solely from interest due OPERATOR, any costs or attorney fees incurred by FINANCIAL INSTITUTION by reason of any claim or demand via writ, summons or other process made upon FINANCIAL INSTITUTION arising from OPERATOR'S business. FINANCIAL INSTITUTION agrees that no such costs or fees shall be deducted from the principal of the FUND prior to final release thereof to OPERATOR by the DIVISION.

This agreement shall be governed by the laws of the State of New Mexico.

ORBIT PETROLEUM, Inc.
Operator

By: Jim Frazier
Signature of individual OPERATOR
or Authorized Officer
Title President

Wells Fargo
Financial Institution
By: Steve Mader
Signature of Authorized Officer
of FINANCIAL INSTITUTION
Title Steve Mader

NOTE: If the officer executing this instrument on behalf of the Financial Institution is not the President, a Vice President or a branch manager, attach a copy of a certified resolution of the Board of Directors evidencing such officer's authority.

Time Account Receipt/Disclosure

Bank name

Wells Fargo Bank, N.A.

Time Account number

2169568116

Date opened

08/16/2005

Term of Time Account

144 months days

Maturity date

Your Time Account will mature on 08/16/2017

Interest rate

4.07

Fixed rate

X

Variable rate

Annual percentage yield

4.16

Interest will be paid

EVERY 01 MONTHS AND AT WITHDRAWAL

The method of interest payment will be

BY ADDING TO PRINCIPAL

Renewability

YOU WILL AUTOMATICALLY RENEW MY TIME ACCOUNT
AT MATURITY UNLESS I NOTIFY YOU OTHERWISE

Taxpayer Identification Number (TIN)

20-1538403

The Bank is opening the above described Time Account for your deposit of

FORTY THOUSAND AND 0/100

\$ ***\$40,000.00

Your name and address

ORBIT PETROLEUM INC
720 W WILSHIRE BLVD SUITE 115
OKLAHOMA CITY OK 73116-7737

08/16/2005 09:50

M1361 03595 Bank# 00585

This is a receipt. It need not be presented at the time you obtain payment from the Bank.

W60168 (11/04 83875-J) Time Accounts

C.O.D.: 00585 NM

Maker/Originator:

DENNIS GOSNELL

Maker/Originator Phone number:

505/984-0518

APPROVER:

Location

03595

Officer number

M1361

Date

08/16/2005 09:50

Account number

2169568116

Type of Transaction:

Customer name

ORBIT PETROLEUM INC

New/Non-retirement

(Send to Proof with Customer offer)

Information in boxes below must be encoded. All information must be completed for proper processing to occur.

Serial No. (Customer account number)

2169568116

Routing/Transit Number

558509325

Amount

***\$40,000.00

ENCODE



ENCODE



ENCODE

