



TONEY ANAYA
GOVERNOR

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

Hatch #1

February 9, 1984

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
(505) 827-5800

Mr. Richard E. Lauritsen
Lobo Production
P. O. Box 832
Farmington, New Mexico 87401

Re: \$10,000 One-Well Plugging Bond
Richard E. Lauritsen, Principal
Fidelity and Deposit Company
of Maryland, Surety
Sec. 14, T-29-N, R-15-W,
San Juan County, Depth: 4700 feet
Bond No. 9458413

Dear Mr. Lauritsen:

The Oil Conservation Division hereby acknowledges receipt of and approves the rider to the above-captioned bond changing the name of principal as follows:

Lobo Production.

Sincerely,

JOE D. RAMEY,
Director

dr/

cc: Oil Conservation Division
Aztec, New Mexico

BEFORE EXAMINER STOGNER
OIL CONSERVATION DIVISION
<i>OCD</i> EXHIBIT NO. <u>4</u>
CASE NO. <u>11379</u>

①

RIDER

To be attached to and form a part of ... Lauritsen ... Bond, No. 9458413 ... dated the 2nd of ... 1984, issued by the FIDELITY AND DEPOSIT COMPANY OF MARYLAND, as Surety, on behalf of ... Lauritsen ... as Principal, in the penal sum of Ten Thousand Dollars (\$ 10,000.00), and in favor of State of ...

In consideration of the premium charged for the attached bond, it is hereby agreed that the attached bond be amended as follows:

The Name of the Principal is changed to read:

Lobo Production a partnership, R.E. Lauritsen & Gary Roberts

ILLEGIBLE

Provided, However, that the attached bond shall be subject to all its agreements, limitations and conditions except as herein expressly modified, and further that the liability of the Surety under the attached bond and the attached bond as amended by this rider shall not be cumulative.

This rider shall become effective as of the 2nd day of February 1984

Signed, sealed and dated this 2nd day of February 1984

ATTEST:

PRINCIPAL

Lobo Production
R.E. Lauritsen Partner
Gary Roberts Partner

FIDELITY AND DEPOSIT COMPANY OF MARYLAND

ACCEPTED:

By Joe G. Watson Attorney-In-Fact

FIDELITY AND DEPOSIT COMPANY OF MARYLAND

HOME OFFICE: BALTIMORE, MD.

KNOW ALL MEN BY THESE PRESENTS: That the FIDELITY AND DEPOSIT COMPANY OF MARYLAND, a corporation of the State of Maryland, by RICHARD H. SCHUERHOLZ, Vice-President, and J. K. BURKLEY, JR., Assistant Secretary, in pursuance of authority granted by Article VI, Section 2, of the By-Laws of said Company, which reads as follows:

SEC. 2. The President, or any Executive Vice-President, or any of the Senior Vice-Presidents or Vice-Presidents specially authorized so to do by the Board of Directors or by the Executive Committee, shall have power, by and with the concurrence of the Secretary or any one of the Assistant Secretaries, to appoint Resident Vice-Presidents, Assistant Vice-Presidents and Attorneys-in-Fact as the business of the Company may require, or to authorize any person or persons to execute on behalf of the Company any bonds, undertakings, recognizances, stipulations, policies, contracts, agreements, deeds, and releases and assignments of judgments, decrees, mortgages and instruments in the nature of mortgages, and also all other instruments and documents which the business of the Company may require, and to affix the seal of the Company thereto.

does hereby nominate, constitute and appoint Charles Harrington, Joo G. Watson and Roy Lyman Owen, all of Farmington, New Mexico, EACH.....

its true and lawful agent and Attorney-in-Fact, to make, execute, seal and deliver, for, and on its behalf as surety, and as its act and deed: any and all bonds and undertakings, each in a penalty not to exceed the sum of FIVE HUNDRED THOUSAND DOLLARS (\$500,000).....

And the execution of such bonds or undertakings in pursuance of these presents, shall be as binding upon said Company, as fully and amply, to all intents and purposes, as if they had been duly executed and acknowledged by the regularly elected officers of the Company at its office in Baltimore, Md., in their own proper persons. This power of attorney revokes that issued on behalf of Charles Harrington, etal, dated, August 24, 1981.

The said Assistant Secretary does hereby certify that the foregoing is a true copy of Article VI, Section 2, of the By-Laws of said Company, and is now in force.

IN WITNESS WHEREOF, the said Vice-President and Assistant Secretary have hereunto subscribed their names and affixed the Corporate Seal of the said FIDELITY AND DEPOSIT COMPANY OF MARYLAND, this 22nd day of September, A.D. 19 81.

FIDELITY AND DEPOSIT COMPANY OF MARYLAND



ATTEST:

J. K. Burkley, Jr.
Assistant Secretary

By *[Signature]*
Vice-President

STATE OF MARYLAND } ss:
CITY OF BALTIMORE

On this 22nd day of September, A.D. 19 81, before the subscriber, a Notary Public of the State of Maryland, in and for the City of Baltimore, duly commissioned and qualified, came the above-named Vice-President and Assistant Secretary of the FIDELITY AND DEPOSIT COMPANY OF MARYLAND, to me personally known to be the individuals and officers described in and who executed the preceding instrument, and they each acknowledged the execution of the same, and being by me duly sworn, severally and each for himself deposed and saith, that they are the said officers of the Company aforesaid, and that the seal affixed to the preceding instrument is the Corporate Seal of said Company, and that the said Corporate Seal and their signatures as such officers were duly affixed and subscribed to the said instrument by the authority and direction of the said Corporation.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my Official Seal, at the City of Baltimore, the day and year first above written.



Doris M. Butterhoff
Notary Public Commission Expires July 1, 1982

CERTIFICATE

I, the undersigned, Assistant Secretary of the FIDELITY AND DEPOSIT COMPANY OF MARYLAND, do hereby certify that the original Power of Attorney of which the foregoing is a full, true and correct copy, is in full force and effect on the date of this certificate; and I do further certify that the Vice-President who executed the said Power of Attorney was one of the additional Vice-Presidents specially authorized by the Board of Directors to appoint any Attorney-in-Fact as provided in Article VI, Section 2 of the By-Laws of the FIDELITY AND DEPOSIT COMPANY OF MARYLAND.

This Certificate may be signed by facsimile under and by authority of the following resolution of the Board of Directors of the FIDELITY AND DEPOSIT COMPANY OF MARYLAND at a meeting duly called and held on the 16th day of July, 1969.

RESOLVED: "That the facsimile or mechanically reproduced signature of any Assistant Secretary of the Company, whether made heretofore or hereafter, wherever appearing upon a certified copy of any power of attorney issued by the Company, shall be valid and binding upon the Company with the same force and effect as though manually affixed."

IN TESTIMONY WHEREOF, I have hereunto subscribed my name and affixed the corporate seal of the said Company, this

2nd day of February, 19 84

[Signature]
Assistant Secretary

L14:9Cif.- 020-6100

FOR YOUR PROTECTION LOOK FOR THE FIDELITY AND DEPOSIT COMPANY MARK



STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

BRUCE KING
GOVERNOR
LARRY KEHOE
SECRETARY

March 30, 1981

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
(505) 827-2434

Mr. Richard E. Lauritsen
P. O. Box 832
Farmington, New Mexico 87401

Re: \$10,000 One-Well Plugging Bond
Richard E. Lauritsen, Principal
Fidelity and Deposit Company
of Maryland, Surety
Sec. 14, T-29-N, R-15-W
San Juan County, Depth: 4700 ft.
Bond No. 9458413

Dear Mr. Lauritsen:

The Oil Conservation Division hereby approves the above-referenced plugging bond effective March 25, 1981.

Because of the great amount of infill drilling in the State, it is now necessary to have the well location on each bond. Therefore, please have your insurance company send us a rider with the exact description; example: 660 feet from the South line and 660 feet from the East line of said section.

Also, we note that the bond amount is \$10,000. If the depth of the well is 4700 feet, a \$5,000 plugging bond is all that is necessary. Your insurance company could amend the amount by a rider at the same time.

Sincerely,

JOE D. RAMEY,
Director

dr/

Oil Conservation Division
Aztec, New Mexico



STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

April 27, 1981

BRUCE KING
GOVERNOR
LARRY KEHOE
SECRETARY

POST OFFICE BOX 1000
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
(505) 827-2434

Mr. Richard E. Lauritsen
P. O. Box 832
Farmington, New Mexico 87401

Re: \$10,000 One-Well Plugging Bond
Richard E. Lauritsen, Principal
Fidelity and Deposit Company
of Maryland, Surety
Sec. 14, T-29-N, R-15-W,
San Juan County, Depth: 4700 ft.
Bond No. 9458413

Dear Mr. Lauritsen:

The Oil Conservation Division hereby acknowledges receipt of and approves the rider giving the exact well location as follows:

1980 feet from the West line and 660 feet from the North line of said Section 14.

Sincerely,

JOE D. RAMEY,
Director

dr/

cc: Oil Conservation Division
Aztec, New Mexico

*C-104 OK
Jman
2-9-84*

RIDER

1000 1000
SANTA FE

To be attached to and form a part of One Well Plugging Bond Bond, No. 9458413
dated the 18th day of March 1981, issued by the FIDELITY AND DEPOSIT
COMPANY OF MARYLAND, as Surety, on behalf of Richard E. Lauritsen
_____, as Principal,
in the penal sum of Ten Thousand Dollars and no/100----- Dollars (\$ 10,000.00),
and in favor of State of New Mexico

In consideration of the premium charged for the attached bond, it is hereby agreed that the attached bond be amended as follows:

Added to the legal discription is: 1980' from West line
660' from North Line



Provided, However, that the attached bond shall be subject to all its agreements, limitations and conditions except as herein expressly modified, and further that the liability of the Surety under the attached bond and the attached bond as amended by this rider shall not be cumulative.

This rider shall become effective as of the 18th day of March 1981

Signed, sealed and dated this 2nd day of April 1981

ATTEST:

PRINCIPAL

Richard E. Lauritsen
Richard E. Lauritsen

FIDELITY AND DEPOSIT COMPANY OF MARYLAND

ACCEPTED:

By Charles Harrington
Charles Harrington
Attorney-In-Fact

6

Power of Attorney
FIDELITY AND DEPOSIT COMPANY OF MARYLAND

HOME OFFICE: BALTIMORE, MD.

RECEIVED
APR 22 1981
OIL CONSERVATION DIVISION
SANTA FE

KNOW ALL MEN BY THESE PRESENTS: That the FIDELITY AND DEPOSIT COMPANY OF MARYLAND, a corporation of the State of Maryland, by C. M. PECOT, JR., Vice-President, and C. W. ROBBINS, Assistant Secretary, in pursuance of authority granted by Article VI, Section 2, of the By-Laws of said Company, which reads as follows:

"The President, or any one of the Executive Vice-Presidents, or any one of the additional Vice-Presidents specially authorized so to do by the Board of Directors or by the Executive Committee, shall have power, by and with the concurrence of the Secretary or any one of the Assistant Secretaries, to appoint Resident Vice-Presidents, Assistant Vice-Presidents, Resident Assistant Secretaries and Attorneys-in-Fact as the business of the Company may require, or to authorize any person or persons to execute on behalf of the Company any bonds, undertakings, recognizances, stipulations, policies, contracts, agreements, deeds, and releases and assignments of judgments, decrees, mortgages and instruments in the nature of mortgages, and also all other instruments and documents which the business of the Company may require, and to affix the seal of the Company thereto."

does hereby nominate, constitute and appoint Charles Harrington and Joe G. Watson, both of Farmington, New Mexico, EACH.....

its true and lawful agent and Attorney-in-Fact, to make, execute, seal and deliver, for, and on its behalf as surety, and as its act and deed: any and all bonds and undertakings, each in a penalty not to exceed the sum of FIVE HUNDRED THOUSAND DOLLARS (\$500,000).....

And the execution of such bonds or undertakings in pursuance of these presents, shall be as binding upon said Company, as fully and amply, to all intents and purposes, as if they had been duly executed and acknowledged by the regularly elected officers of the Company at its office in Baltimore, Md., in their own proper persons. This power of attorney revokes that issued on behalf of Charles Harrington and Joe G. Watson, dated March 6, 1974.

The said Assistant Secretary does hereby certify that the foregoing is a true copy of Article VI, Section 2, of the By-Laws of said Company, and is now in force.

IN WITNESS WHEREOF, the said Vice-President and Assistant Secretary have hereunto subscribed their names and affixed the Corporate Seal of the said FIDELITY AND DEPOSIT COMPANY OF MARYLAND, this 19th day of September, A.D. 1977.....



ATTEST:
CW Robbins Assistant Secretary By *CM Pecot, Jr.* Vice-President

STATE OF MARYLAND }
CITY OF BALTIMORE } ss:

On this 19th day of September, A.D. 1977, before the subscriber, a Notary Public of the State of Maryland, in and for the City of Baltimore, duly commissioned and qualified, came the above-named Vice-President and Assistant Secretary of the FIDELITY AND DEPOSIT COMPANY OF MARYLAND, to me personally known to be the individuals and officers described in and who executed the preceding instrument, and they each acknowledged the execution of the same, and being by me duly sworn, severally and each for himself depose and saith, that they are the said officers of the Company aforesaid, and that the seal affixed to the preceding instrument is the Corporate Seal of said Company, and that the said Corporate Seal and their signatures as such officers were duly affixed and subscribed to the said instrument by the authority and direction of the said Corporation.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my Official Seal, at the City of Baltimore, the day and year first above written.



Melinda T Haus
Notary Public Commission Expires July 1, 1978

CERTIFICATE

I, the undersigned, Assistant Secretary of the FIDELITY AND DEPOSIT COMPANY OF MARYLAND, do hereby certify that the original Power of Attorney of which the foregoing is a full, true and correct copy, is in full force and effect on the date of this certificate; and I do further certify that the Vice-President who executed the said Power of Attorney was one of the additional Vice-Presidents specially authorized by the Board of Directors to appoint any Attorney-in-Fact as provided in Article VI, Section 2 of the By-Laws of the FIDELITY AND DEPOSIT COMPANY OF MARYLAND.

This Certificate may be signed by facsimile under and by authority of the following resolution of the Board of Directors of the FIDELITY AND DEPOSIT COMPANY OF MARYLAND at a meeting duly called and held on the 16th day of July, 1969.

RESOLVED: "That the facsimile or mechanically reproduced signature of any Assistant Secretary of the Company, whether made heretofore or hereafter, wherever appearing upon a certified copy of any power of attorney issued by the Company, shall be valid and binding upon the Company with the same force and effect as though manually affixed."

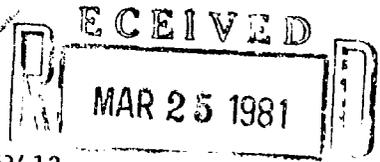
IN TESTIMONY WHEREOF, I have hereunto subscribed my name and affixed the corporate seal of the said Company, this 18th day of March, 1981.....

[Signature]
Assistant Secretary

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STATE OF NEW MEXICO

WELL PLUGGING BOND



Form O & GB-1

EA, MCKINLEY, RIO ARRIBA, ROOSEVELT,
AND SAN JUAN COUNTIES ONLY

BOND NO. 945413 OIL CONSERVATION DIVISION
(Use of Surety Company)

AMOUNT OF BOND 10,000.00 SANTA FE

COUNTY San Juan

NOTE: For wells less than 5,000 feet deep, the minimum bond is \$5,000.00*
For wells 5,000 feet 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; and a well being drilled under a \$5,000.00 bond may be permitted to go to 5,499 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 Commission, P. O. Box 2088, Santa Fe 87501

KNOW ALL MEN BY THESE PRESENTS:

That Richard E. Lauritsen, (An individual) (a partnership) (a corporation organized in the State of New Mexico, with its principal office in the city of Farmington, State of New Mexico, and authorized to do business in the State of New Mexico), as PRINCIPAL, and Fidelity and Deposit Company of Maryland, a corporation organized and existing under the laws of the State of Maryland, and authorized to do business in the State of New Mexico, as SURETY, are held firmly bound unto the State of New Mexico, for the use and benefit of the Oil Conservation Commission of New Mexico pursuant to Section 65-3-11, New Mexico Statutes Annotated, 1953 Compilation, as amended, in the sum of Ten Thousand Dollars and no/100----- Dollars lawful money of the United States, for the payment of which, well and truly to be made, said 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 above principal has heretofore or may hereafter enter into oil and gas leases, or carbon dioxide (CO₂) gas leases, or helium gas leases with the State of New Mexico; and

WHEREAS, The above principal has heretofore or may hereafter enter into oil and gas leases, or carbon dioxide (CO₂) gas leases, or helium gas leases on lands patented by the United States of America to private individuals, and on lands otherwise owned by private individuals; and

WHEREAS, The above principal, individually, or in association with one or more other parties, has commenced or may commence the drilling of one well not to exceed a depth of 4700 feet, to prospect for and produce oil or gas, or carbon dioxide (CO₂) gas or helium gas, or does own or may acquire, own or operate such well, or such well started by others on land embraced in said State oil and gas leases, or carbon dioxide (CO₂) leases, or helium gas leases, and on land patented by the United States of America to private individuals, and on land otherwise owned by private individuals, the identification and location of said well being N.E. 1/2 of N.W. 1/2
(Here state exact legal subdivision by 40-acre tract or lot)
Section 14, Township 29N (North) (~~30N~~), Range 15W (~~16W~~) (West), N.M.P.M.
San Juan County, New Mexico.

NOW, THEREFORE, If the above bounden principal and surety or either of them or their successors or assigns, or any of them, shall plug said well when dry or when abandoned in accordance with the rules, regulations, and orders of the Oil Conservation Commission of New Mexico in such way as to confine the oil, gas, and water in the strata in which they are found, and to prevent them from escaping into other strata;

THEN, THEREFORE, 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.

F
KNOW ALL
tion of the S
Assistant Se
pany, which

Richard E. Lauritsen

PRINCIPAL

Box 832, Farmington, N.M.

Address

By

Richard E. Lauritsen

Signature

Owner

Title

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

Fidelity and Deposit Company of Maryland

SURETY

Baltimore, MD.

Address

By

Charles Harrington

Attorney-in-Fact

Charles Harrington

(Note: Corporate surety affix corporate seal here.)

ACKNOWLEDGEMENT FORM FOR NATURAL PERSONS

STATE OF New Mexico
COUNTY OF San Juan

ss.

On this 18th day of March, 19 81, before me personally appeared Richard E. Lauritsen, to me known to be the person (persons) described in and who executed the foregoing instrument and acknowledged that he (they) executed the same as his (their) free act and deed.

IN WITNESS WHEREOF, I have hereunto set my hand and seal on the day and year in this certificate first above written.

11/19/84

Mary Jane Gould
Notary Public

My Commission expires

ACKNOWLEDGEMENT FORM FOR CORPORATION

STATE OF N
COUNTY OF _____

ss.

On this _____ day of _____, 19____, before me personally appeared _____, to me personally known who, being by me duly sworn, did say that he is _____ of _____ and that the foregoing instrument was signed and sealed on behalf of said corporation by authority of its board of directors, and acknowledged said instrument to be the free act and deed of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and seal on the day and year in this certificate first above written.

Notary Public

My Commission expires

ACKNOWLEDGEMENT FORM FOR CORPORATE SURETY

STATE OF New Mexico
COUNTY OF San Juan

ss.

On this 18th day of March, 19 81, before me appeared Charles Harrington, to me personally known, who, being by me duly sworn, did say that he is Attorney-In-Fact of Fidelity and Deposit Company of Maryland and that the foregoing instrument was signed and sealed on behalf of said corporation by authority of its board of directors, and acknowledged said instrument to be the free act and deed of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and seal on the day and year in this certificate first above written.

11/19/84

Mary Jane Gould
Notary Public

My Commission expires

(Note: Corporate surety attach power of attorney.)

APPROVED BY:

OIL CONSERVATION COMMISSION OF NEW MEXICO

By

Date

John Roney

9

Power of Attorney
FIDELITY AND DEPOSIT COMPANY OF MARYLAND

HOME OFFICE: BALTIMORE, MD.

KNOW ALL MEN BY THESE PRESENTS: That the FIDELITY AND DEPOSIT COMPANY OF MARYLAND, a corporation of the State of Maryland, by C. M. PECOT, JR., Vice-President, and C. W. ROBBINS, Assistant Secretary, in pursuance of authority granted by Article VI, Section 2, of the By-Laws of said Company, which reads as follows:

"The President, or any one of the Executive Vice-Presidents, or any one of the additional Vice-Presidents specially authorized so to do by the Board of Directors or by the Executive Committee, shall have power, by and with the concurrence of the Secretary or any one of the Assistant Secretaries, to appoint Resident Vice-Presidents, Assistant Vice-Presidents, Resident Assistant Secretaries and Attorneys-in-Fact as the business of the Company may require, or to authorize any person or persons to execute on behalf of the Company any bonds, undertakings, recognizances, stipulations, policies, contracts, agreements, deeds, and releases and assignments of judgments, decrees, mortgages and instruments in the nature of mortgages, and also all other instruments and documents which the business of the Company may require, and to affix the seal of the Company thereto."

does hereby nominate, constitute and appoint Charles Harrington and Joe G. Watson, both of Farmington, New Mexico, EACH.....

its true and lawful agent and Attorney-in-Fact, to make, execute, seal and deliver, for, and on its behalf as surety, and as its act and deed: any and all bonds and undertakings, each in a penalty not to exceed the sum of FIVE HUNDRED THOUSAND DOLLARS (\$500,000).....

And the execution of such bonds or undertakings in pursuance of these presents, shall be as binding upon said Company, as fully and amply, to all intents and purposes, as if they had been duly executed and acknowledged by the regularly elected officers of the Company at its office in Baltimore, Md., in their own proper persons. This power of attorney revokes that issued on behalf of Charles Harrington and Joe G. Watson, dated March 6, 1974.

The said Assistant Secretary does hereby certify that the foregoing is a true copy of Article VI, Section 2, of the By-Laws of said Company, and is now in force.

IN WITNESS WHEREOF, the said Vice-President and Assistant Secretary have hereunto subscribed their names and affixed the Corporate Seal of the said FIDELITY AND DEPOSIT COMPANY OF MARYLAND, this 19th day of September, A.D. 1977.



ATTEST: FIDELITY AND DEPOSIT COMPANY OF MARYLAND

C W Robbins
Assistant Secretary

By: [Signature]
Vice-President

STATE OF MARYLAND }
CITY OF BALTIMORE } ss:

On this 19th day of September, A.D. 1977, before the subscriber, a Notary Public of the State of Maryland, in and for the City of Baltimore, duly commissioned and qualified, came the above-named Vice-President and Assistant Secretary of the FIDELITY AND DEPOSIT COMPANY OF MARYLAND, to me personally known to be the individuals and officers described in and who executed the preceding instrument, and they each acknowledged the execution of the same, and being by me duly sworn, severally and each for himself depose and saith, that they are the said officers of the Company aforesaid, and that the seal affixed to the preceding instrument is the Corporate Seal of said Company, and that the said Corporate Seal and their signatures as such officers were duly affixed and subscribed to the said instrument by the authority and direction of the said Corporation.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my Official Seal, at the City of Baltimore, the day and year first above written.



Melinda T Haus

Notary Public Commission Expires July 1, 1978

CERTIFICATE

I, the undersigned, Assistant Secretary of the FIDELITY AND DEPOSIT COMPANY OF MARYLAND, do hereby certify that the original Power of Attorney of which the foregoing is a full, true and correct copy, is in full force and effect on the date of this certificate; and I do further certify that the Vice-President who executed the said Power of Attorney was one of the additional Vice-Presidents specially authorized by the Board of Directors to appoint any Attorney-in-Fact as provided in Article VI, Section 2 of the By-Laws of the FIDELITY AND DEPOSIT COMPANY OF MARYLAND.

This Certificate may be signed by facsimile under and by authority of the following resolution of the Board of Directors of the FIDELITY AND DEPOSIT COMPANY OF MARYLAND at a meeting duly called and held on the 16th day of July, 1969.

RESOLVED: "That the facsimile or mechanically reproduced signature of any Assistant Secretary of the Company, whether made heretofore or hereafter, wherever appearing upon a certified copy of any power of attorney issued by the Company, shall be valid and binding upon the Company with the same force and effect as though manually affixed."

IN TESTIMONY WHEREOF, I have hereunto subscribed my name and affixed the corporate seal of the said Company, this 18 day of March, 1981.

[Signature]
Assistant Secretary

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STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

BRUCE KING
GOVERNOR

September 28, 1982

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
(505) 827-2434

*Mesa
Kirtland #1*

4 Corners Insurance, Inc.
P. O. Box 569
Farmington, New Mexico 87401

Re: \$7,500 One-Well Plugging Bond
R. E. Lauritsen and Gary Roberts
dba Lobo Production, Principal
Fidelity and Deposit Company of
Maryland, Surety
1850' FWL and 1190' FNL of
Sec. 11, T-29-N, R-15-W,
San Juan County, Depth: 5200 ft.
Bond No. 9621809

Gentlemen:

The Oil Conservation Division hereby approves
the above-referenced one-well plugging bond effective
this date.

Sincerely,

JOE D. RAMEY,
Director

dr/

cc: Oil Conservation Division
Aztec, New Mexico

OIL WELL DRILLING BOND

FOR ALL COUNTIES EXCEPT:
CHAVES, EDDY, LEA, MCKINLEY, RIO ARRIBA, ROOSEVELT,
SANDOVAL, AND SAN JUAN

BOND NO. 9621809
(For Use of Surety Company)

AMOUNT OF BOND \$7,500.00

COUNTY San Juan

NOTE: For wells less than 5,000 feet deep, the minimum bond is \$7,500.00*
For wells 5,000 feet to 10,000 feet deep, the minimum bond is \$10,000.00*
For wells more than 10,000 feet deep, the minimum bond is \$12,500.00

*Under certain conditions, a well being drilled under a \$7,500 or \$10,000.00 bond may be permitted to be drilled as much as 500 feet deeper than the normal maximum depth, i.e., a well being drilled under a \$7,500.00 bond may be permitted to go to 5,499 feet, and a well being drilled under a \$10,000.00 bond may be permitted to go to 10,500 feet.

File with Oil Conservation Commission, P. O. Box 2088, Santa Fe 87501

KNOW ALL MEN BY THESE PRESENTS:

That Lobo Production, R.E. Lauritsen & Gary Roberts d/b/a, (An individual) (a partnership)
(a corporation organized in the State of New Mexico Farmingto, with its principal office in the city of
New Mexico, State of New Mexico, and authorized to do business
in the State of New Mexico), as PRINCIPAL, and Fidelity and Deposit Company, a
corporation organized and existing under the laws of the State of Maryland,
and authorized to do business in the State of New Mexico, as SURETY, are held firmly bound unto the State of New
Mexico, for the use and benefit of the Oil Conservation Commission of New Mexico pursuant to Section 65-3-11, New
Mexico Statutes Annotated, 1953 Compilation, as amended, in the sum of Seven Thousand Five Hundred and no/100---
Dollars lawful money of the United States, for the payment of which, well and truly to be made, said 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 above principal has heretofore or may hereafter enter into oil and gas leases, or carbon dioxide
(CO2) gas leases, or helium gas leases with the State of New Mexico; and

WHEREAS, The above principal has heretofore or may hereafter enter into oil and gas leases, or carbon dioxide
(CO2) gas leases, or helium gas leases on lands patented by the United States of America to private individuals, and on
lands otherwise owned by private individuals; and

WHEREAS, The above principal, individually, or in association with one or more other parties, has commenced or
may commence the drilling of one well not to exceed a depth of 5200 ft feet, to prospect for and produce oil
or gas, or carbon dioxide (CO2) gas or helium gas, or does own or may acquire, own or operate such well, or such well
started by others on land embraced in said State oil and gas leases, or carbon dioxide (CO2) leases, or helium gas leases,
and on land patented by the United States of America to private individuals, and on land otherwise owned by private
individuals, the identification and location of said well being Mesa Kirtland #1-11, 1850' FWL & 1190' FNL

(Here state exact legal subdivision by 40-acre tract or lot)

NE of NW Section 11, Township 29N (North) (South), Range 15 W (East) (West), N.M.P.M.
San Juan County, New Mexico.

NOW, THEREFORE, If the above bounden principal and surety or either of them or their successors or assigns, or
any of them, shall plug said well when dry or when abandoned in accordance with the rules, regulations, and orders of
the Oil Conservation Commission of New Mexico in such way as to confine the oil, gas, and water in the strata in which
they are found, and to prevent them from escaping into other strata;

THEN, THEREFORE, 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.

RECEIVED
SEP 28 1982
OIL CONSERVATION COMMISSION
SANTA FE

17

Lobo Production, a Partnership

PRINCIPAL

P O Box 832, 3005 Northridge, Unit #1
Farmington, New Mexico

By R. E. Lauritsen
R. E. Lauritsen Signature Partner
Gary Roberts

Garv Roberts ~~xxxx~~ Partner
(Note: Principal, if corporation, affix corporate seal here.)

Fidelity and Deposit Company
SURETY

Address
By Charles Harrington
Attorney-in-Fact
Charles Harrington

(Note: Corporate surety affix corporate seal here.)

ACKNOWLEDGMENT FORM FOR NATURAL PERSONS

STATE OF New Mexico)
COUNTY OF San Juan) ss.

On this 21st day of September, 1982, before me personally appeared R. E. Lauritsen and Gary Roberts, to me known to be the person (persons) described in and who executed the foregoing instrument and acknowledged that he (they) executed the same as his (their) free act and deed.

IN WITNESS WHEREOF, I have hereunto set my hand and seal on the day and year in this certificate first above written.
11/19/84
Mary Jane Gould
Notary Public

My Commission expires

ACKNOWLEDGMENT FORM FOR CORPORATION

STATE OF _____)
COUNTY OF _____) ss.

On this _____ day of _____, 19____, before me personally appeared _____, to me personally known who, being by me duly sworn, did say that he is _____ of _____ and that the foregoing instrument was signed and sealed on behalf of said corporation by authority of its board of directors, and acknowledged said instrument to be the free act and deed of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and seal on the day and year in this certificate first above written.

Notary Public

My Commission expires

ACKNOWLEDGMENT FORM FOR CORPORATE SURETY

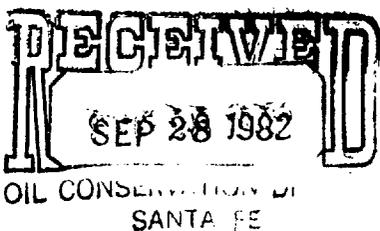
STATE OF New Mexico)
COUNTY OF San Juan) ss.

On this 21st day of September, 1982, before me appeared Charles Harrington, to me personally known, who, being by me duly sworn, did say that he is Attorney-In-Fact of Fidelity and Deposit Company of Maryland and that the foregoing instrument was signed and sealed on behalf of said corporation by authority of its board of directors, and acknowledged said instrument to be the free act and deed of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and seal on the day and year in this certificate first above written.
11/19/84
Mary Jane Gould
Notary Public

My Commission expires

(Note: Corporate surety attach power of attorney.)



APPROVED BY:
OIL CONSERVATION COMMISSION OF NEW MEXICO

By Joe Ramsey
Date _____

Power of Attorney
FIDELITY AND DEPOSIT COMPANY OF MARYLAND

HOME OFFICE: BALTIMORE, MD.

KNOW ALL MEN BY THESE PRESENTS: That the FIDELITY AND DEPOSIT COMPANY OF MARYLAND, a corporation of the State of Maryland, by RICHARD H. SCHUERHOLZ, Vice-President, and J. K. BURKLEY, JR., Assistant Secretary, in pursuance of authority granted by Article VI, Section 2, of the By-Laws of said Company, which reads as follows:

SEC. 2. The President, or any Executive Vice-President, or any of the Senior Vice-Presidents or Vice-Presidents specially authorized so to do by the Board of Directors or by the Executive Committee, shall have power, by and with the concurrence of the Secretary or any one of the Assistant Secretaries, to appoint Resident Vice-Presidents, Assistant Vice-Presidents and Attorneys-in-Fact as the business of the Company may require, or to authorize any person or persons to execute on behalf of the Company any bonds, undertakings, recognizances, stipulations, policies, contracts, agreements, deeds, and releases and assignments of judgments, decrees, mortgages and instruments in the nature of mortgages, and also all other instruments and documents which the business of the Company may require, and to affix the seal of the Company thereto.

does hereby nominate, constitute and appoint Charles Harrington, Joe G. Watson and Roy Lyman Owen, all of Farmington, New Mexico, EACH.....

its true and lawful agent and Attorney-in-Fact, to make, execute, seal and deliver, for, and on its behalf as surety, and as its act and deed: any and all bonds and undertakings, each in a penalty not to exceed the sum of FIVE HUNDRED THOUSAND DOLLARS (\$500,000).....

And the execution of such bonds or undertakings in pursuance of these presents, shall be as binding upon said Company, as fully and amply, to all intents and purposes, as if they had been duly executed and acknowledged by the regularly elected officers of the Company at its office in Baltimore, Md., in their own proper persons. This power of attorney revokes that issued on behalf of Charles Harrington, et al, dated, August 24, 1981.

The said Assistant Secretary does hereby certify that the foregoing is a true copy of Article VI, Section 2, of the By-Laws of said Company, and is now in force.

IN WITNESS WHEREOF, the said Vice-President and Assistant Secretary have hereunto subscribed their names and affixed the Corporate Seal of the said FIDELITY AND DEPOSIT COMPANY OF MARYLAND, this 22nd day of September, A.D. 1981.....

FIDELITY AND DEPOSIT COMPANY OF MARYLAND



ATTEST:

J. K. Burkley, Jr.
Assistant Secretary

By *[Signature]*
Vice-President

STATE OF MARYLAND }
CITY OF BALTIMORE }

SS:

On this 22nd day of September, A.D. 1981

before the subscriber, a Notary Public of the State of Maryland, in and for the City of Baltimore, duly commissioned and qualified, came the above-named Vice-President and Assistant Secretary of the FIDELITY AND DEPOSIT COMPANY OF MARYLAND, to me personally known to be the individuals and officers described in and who executed the preceding instrument, and they each acknowledged the execution of the same, and being by me duly sworn, severally and each for himself depose and saith, that they are the said officers of the Company aforesaid, and that the seal affixed to the preceding instrument is the Corporate Seal of said Company, and that the said Corporate Seal and their signatures as such officers were duly affixed and subscribed to the said instrument by the authority and direction of the said Corporation.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my Official Seal, at the City of Baltimore, the day and year first above written.



Doris M. Butterhoff
Notary Public Commission Expires July 1, 1982

CERTIFICATE

I, the undersigned, Assistant Secretary of the FIDELITY AND DEPOSIT COMPANY OF MARYLAND, do hereby certify that the original Power of Attorney of which the foregoing is a full, true and correct copy, is in full force and effect on the date of this certificate; and I do further certify that the Vice-President who executed the said Power of Attorney was one of the additional Vice-Presidents specially authorized by the Board of Directors to appoint any Attorney-in-Fact as provided in Article VI, Section 2 of the By-Laws of the FIDELITY AND DEPOSIT COMPANY OF MARYLAND.

This Certificate may be signed by facsimile under and by authority of the following resolution of the Board of Directors of the FIDELITY AND DEPOSIT COMPANY OF MARYLAND at a meeting duly called and held on the 16th day of July, 1969.

RESOLVED: "That the facsimile or mechanically reproduced signature of any Assistant Secretary of the Company, whether made heretofore or hereafter, wherever appearing upon a certified copy of any power of attorney issued by the Company, shall be valid and binding upon the Company with the same force and effect as though manually affixed."

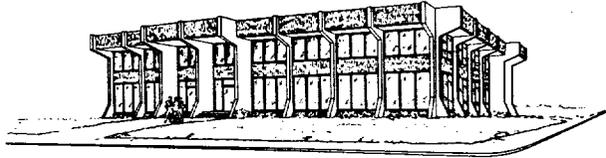
IN TESTIMONY WHEREOF, I have hereunto subscribed my name and affixed the corporate seal of the said Company, this 21 day of September, 1981

[Signature]
Assistant Secretary

14

4

CORNERS INSURANCE, INC.



COMPLETE INSURANCE SERVICE

CHARLES L. HARRINGTON
President

September 27, 1982

Oil Conservation Commission of New Mexico
Sante Fe, NM 87501

RE: Bonds, Lobo Production

To whom it may concern;

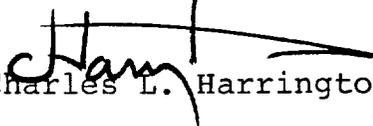
We are enclosing revised copies of bonds no. 9621808
and no. 9621809.

These replace the bonds previously mailed to your
office.

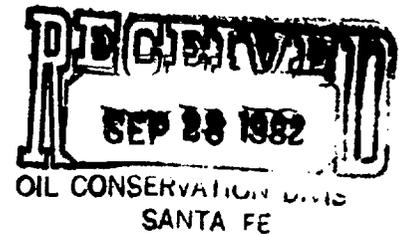
Please return the previous bonds to us.

Very truly yours,

FOUR CORNERS INSURANCE, INC.


Charles L. Harrington

CLH/cpw





STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

TONY ANAYA
GOVERNOR

February 28, 1983

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
(505) 827-5800

Hynes Kennedy 7 #1

Four Corners Insurance, Inc.
500 W. Main
Farmington, New Mexico 87401

Re: \$7,500 One-Well Plugging Bond
R. E. Lauritsen and Gary Roberts
dba Lobo Production, Principal
Fidelity and Deposit Company,
Surety
800' FSL and 1885' FEL of Sec. 7,
T-29-N, R-14-W, San Juan County
Depth: 4,850 feet
Bond No. 96 22 055

Gentlemen:

The Oil Conservation Division hereby acknowledges receipt of and approves the rider changing the location of the well covered by the above-referenced bond to show the actual footage as follows:

800 feet from the South line and
1885 feet from the East line of
Section 7, Township 29 North, Range
14 West, NMPM, San Juan County, New
Mexico.

Sincerely,

JOE D. RAMEY
Director

fd/

cc: Oil Conservation Division
Aztec, New Mexico

Lobo Production
P. O. Box 832
Farmington, New Mexico 87401

16

RIDER

To be attached to and form a part of One Well Plugging Bond Bond, No. 9622055,
dated the 4th day of February 1983, issued by the FIDELITY AND DEPOSIT
COMPANY OF MARYLAND, as Surety, on behalf of R.E. Lauritsen & Gary Roberts d/b/a Lobo Production
....., as Principal,
in the penal sum of Seven Thousand Five Hundred Dollars Dollars (\$ 7,500.00),
and in favor of Oil Conservation Commission of New Mexico

In consideration of the premium charged for the attached bond, it is hereby agreed that the attached bond be amended as follows:

The location of the well is corrected to read:

#1 Hynes - Kennedy - 800' FSL & 1885' FEL,
Section 7, Township 29N, Range 14W, NMPM, San Juan
County, New Mexico

Provided, However, that the attached bond shall be subject to all its agreements, limitations and conditions except as herein expressly modified, and further that the liability of the Surety under the attached bond and the attached bond as amended by this rider shall not be cumulative.

This rider shall become effective as of the 4th day of February 1983

Signed, sealed and dated this 25th day of February 1983

**** Witness:

Cheri Harrington PRINCIPAL

Lobo Production
- R.E. Lauritsen
- Gary E. Roberts

FIDELITY AND DEPOSIT COMPANY OF MARYLAND

ACCEPTED:

February 28, 1983

By Cheri Harrington
Attorney-In-Fact

Power of Attorney
FIDELITY AND DEPOSIT COMPANY OF MARYLAND

HOME OFFICE: BALTIMORE, MD.

KNOW ALL MEN BY THESE PRESENTS: That the FIDELITY AND DEPOSIT COMPANY OF MARYLAND, a corporation of the State of Maryland, by RICHARD H. SCHUERHOLZ, Vice-President, and J. K. BURKLEY, JR., Assistant Secretary, in pursuance of authority granted by Article VI, Section 2, of the By-Laws of said Company, which reads as follows:

SEC. 2. The President, or any Executive Vice-President, or any of the Senior Vice-Presidents or Vice-Presidents specially authorized so to do by the Board of Directors or by the Executive Committee, shall have power, by and with the concurrence of the Secretary or any one of the Assistant Secretaries, to appoint Resident Vice-Presidents, Assistant Vice-Presidents and Attorneys-in-Fact as the business of the Company may require, or to authorize any person or persons to execute on behalf of the Company any bonds, undertakings, recognizances, stipulations, policies, contracts, agreements, deeds, and releases and assignments of judgments, decrees, mortgages and instruments in the nature of mortgages, and also all other instruments and documents which the business of the Company may require, and to affix the seal of the Company thereto.

does hereby nominate, constitute and appoint Charles Harrington, Joe G. Watson and Roy Lyman Owen, all of Farmington, New Mexico, EACH.....

its true and lawful agent and Attorney-in-Fact, to make, execute, seal and deliver, for, and on its behalf as surety, and as its act and deed: any and all bonds and undertakings, each in a penalty not to exceed the sum of FIVE HUNDRED THOUSAND DOLLARS (\$500,000).....

And the execution of such bonds or undertakings in pursuance of these presents, shall be as binding upon said Company, as fully and amply, to all intents and purposes, as if they had been duly executed and acknowledged by the regularly elected officers of the Company at its office in Baltimore, Md., in their own proper persons. This power of attorney revokes that issued on behalf of Charles Harrington, etal, dated, August 24, 1981.

The said Assistant Secretary does hereby certify that the foregoing is a true copy of Article VI, Section 2, of the By-Laws of said Company, and is now in force.

IN WITNESS WHEREOF, the said Vice-President and Assistant Secretary have hereunto subscribed their names and affixed the Corporate Seal of the said FIDELITY AND DEPOSIT COMPANY OF MARYLAND, this 22nd day of September, A.D. 1981.

FIDELITY AND DEPOSIT COMPANY OF MARYLAND



ATTEST:

[Signature]
Assistant Secretary

By *[Signature]*
Vice-President

STATE OF MARYLAND
CITY OF BALTIMORE

} ss:

On this 22nd day of September, A.D. 1981, before the subscriber, a Notary Public of the State of Maryland, in and for the City of Baltimore, duly commissioned and qualified, came the above-named Vice-President and Assistant Secretary of the FIDELITY AND DEPOSIT COMPANY OF MARYLAND, to me personally known to be the individuals and officers described in and who executed the preceding instrument, and they each acknowledged the execution of the same, and being by me duly sworn, severally and each for himself depose and saith, that they are the said officers of the Company aforesaid, and that the seal affixed to the preceding instrument is the Corporate Seal of said Company, and that the said Corporate Seal and their signatures as such officers were duly affixed and subscribed to the said instrument by the authority and direction of the said Corporation.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my Official Seal, at the City of Baltimore, the day and year first above written.



[Signature]
Notary Public Commission Expires July 1, 1982

CERTIFICATE

I, the undersigned, Assistant Secretary of the FIDELITY AND DEPOSIT COMPANY OF MARYLAND, do hereby certify that the original Power of Attorney of which the foregoing is a full, true and correct copy, is in full force and effect on the date of this certificate; and I do further certify that the Vice-President who executed the said Power of Attorney was one of the additional Vice-Presidents specially authorized by the Board of Directors to appoint any Attorney-in-Fact as provided in Article VI, Section 2 of the By-Laws of the FIDELITY AND DEPOSIT COMPANY OF MARYLAND.

This Certificate may be signed by facsimile under and by authority of the following resolution of the Board of Directors of the FIDELITY AND DEPOSIT COMPANY OF MARYLAND at a meeting duly called and held on the 16th day of July, 1969.

RESOLVED: "That the facsimile or mechanically reproduced signature of any Assistant Secretary of the Company, whether made heretofore or hereafter, wherever appearing upon a certified copy of any power of attorney issued by the Company, shall be valid and binding upon the Company with the same force and effect as though manually affixed."

IN TESTIMONY WHEREOF, I have hereunto subscribed my name and affixed the corporate seal of the said Company, this 22th day of Feb, 1983.

[Signature]
Assistant Secretary

(18)

Mary Jane
Four Corners
R. E. Lawritsen

No. 1 Nines-Kennedy
800' S 1885' E

7-29N-14W

San Juan County

-effective

Feb. 25

(19)

ST. MEXICO
OIL WELL GING BOND

Revised 6-17-77

FOR ALL COUNTIES EXCEPT:
CHAVES, EDDY, LEA, MCKINLEY, RIO ARRIBA, ROOSEVELT,
SANDOVAL, AND SAN JUAN

BOND NO. 96 22 055
(For Use of Surety Company)

AMOUNT OF BOND \$7,500.00

COUNTY San Juan

NOTE: For wells less than 5,000 feet deep, the minimum bond is \$7,500.00*
For wells 5,000 feet to 10,000 feet deep, the minimum bond is \$10,000.00*
For wells more than 10,000 feet deep, the minimum bond is \$12,500.00

*Under certain conditions, a well being drilled under a \$7,500 or \$10,000.00 bond may be permitted to be drilled as much as 500 feet deeper than the normal maximum depth, i.e., a well being drilled under a \$7,500.00 bond may be permitted to go to 5,499 feet, and a well being drilled under a \$10,000.00 bond may be permitted to go to 10,500 feet.

File with Oil Conservation Commission, P. O. Box 2088, Santa Fe 87501

KNOW ALL MEN BY THESE PRESENTS:

That Lobo Production a partnership, R.E. Lauritsen & Gary Roberts d/b/a (An individual) (a partnership) (a corporation organized in the State of New Mexico, with its principal office in the city of Farmington, State of New Mexico, and authorized to do business in the State of New Mexico), as PRINCIPAL, and Fidelity and Deposit Company, a corporation organized and existing under the laws of the State of Maryland, and authorized to do business in the State of New Mexico, as SURETY, are held firmly bound unto the State of New Mexico, for the use and benefit of the Oil Conservation Commission of New Mexico pursuant to Section 65-3-11, New Mexico Statutes Annotated, 1953 Compilation, as amended, in the sum of Seven Thousand Five Hundred and no/100--
Dollars lawful money of the United States, for the payment of which, well and truly to be made, said 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 above principal has heretofore or may hereafter enter into oil and gas leases, or carbon dioxide (CO₂) gas leases, or helium gas leases with the State of New Mexico; and

WHEREAS, The above principal has heretofore or may hereafter enter into oil and gas leases, or carbon dioxide (CO₂) gas leases, or helium gas leases on lands patented by the United States of America to private individuals, and on lands otherwise owned by private individuals; and

WHEREAS, The above principal, individually, or in association with one or more other parties, has commenced or may commence the drilling of one well not to exceed a depth of 4850' feet, to prospect for and produce oil or gas, or carbon dioxide (CO₂) gas or helium gas, or does own or may acquire, own or operate such well, or such well started by others on land embraced in said State oil and gas leases, or carbon dioxide (CO₂) leases, or helium gas leases, and on land patented by the United States of America to private individuals, and on land otherwise owned by private individuals, the identification and location of said well being #1 Hynes - Kennedy - 850' FSL 1885

(Here state exact legal subdivision by 40-acre tract or lot)

FEL Section 7, Township 29N (North) (South), Range 14 W (East) (West), N.M.P.M.
San Juan County, New Mexico.

NOW, THEREFORE, If the above bounden principal and surety or either of them or their successors or assigns, or any of them, shall plug said well when dry or when abandoned in accordance with the rules, regulations, and orders of the Oil Conservation Commission of New Mexico in such way as to confine the oil, gas, and water in the strata in which they are found, and to prevent them from escaping into other strata;

THEN, THEREFORE, 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.

20

Lobo Proc.

P.O. Box 832, Farmington, New Mex

Address

By R. E. Lauritsen
R. E. Lauritsen Signature Partner

Gary E. Roberts
Gary Roberts Title Partner

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

Fidelity and Deposit Company

SURETY

Address

By Charles Harrington
Charles Harrington Attorney-in-Fact

(Note: Corporate surety affix corporate seal here.)

ACKNOWLEDGMENT FORM FOR NATURAL PERSONS

STATE OF New Mexico)
COUNTY OF San Juan) ss.

On this 4th day of February, 19 83, before me personally appeared R. E. Lauritsen and Gary Roberts

described in and who executed the foregoing instrument and acknowledged that he (they) executed the same as his (their) free act and deed.

IN WITNESS WHEREOF, I have hereunto set my hand and seal on the day and year in this certificate first above written.

11-19-84

Mary Jane Gould
Notary Public

My Commission expires

ACKNOWLEDGMENT FORM FOR CORPORATION

STATE OF _____)
COUNTY OF _____) ss.

On this _____ day of _____, 19____, before me personally appeared _____, to me personally known who, being by me

duly sworn, did say that he is _____ of _____ and that the foregoing instrument was signed and sealed on behalf of said corporation by authority of its board of directors, and acknowledged said instrument to be the free act and deed of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and seal on the day and year in this certificate first above written.

Notary Public

My Commission expires

ACKNOWLEDGMENT FORM FOR CORPORATE SURETY

STATE OF New Mexico)
COUNTY OF San Juan) ss.

On this 4th day of February, 1983, before me appeared Charles Harrington

being by me duly sworn, did say that he is Attorney-In-Fact of Fidelity and Deposit Company of Maryland and that the foregoing instrument was signed and sealed on behalf of said corporation by authority of its board of directors, and acknowledged said instrument to be the free act and deed of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and seal on the day and year in this certificate first above written.

11/19/84

Mary Jane Gould
Notary Public

My Commission expires

(Note: Corporate surety attach power of attorney.)

APPROVED BY:
OIL CONSERVATION COMMISSION OF NEW MEXICO

By Joe J. Ramirez
Date _____

(21)

Power of Attorney
FIDELITY AND DEPOSIT COMPANY OF MARYLAND

HOME OFFICE: BALTIMORE, MD.

KNOW ALL MEN BY THESE PRESENTS: That the FIDELITY AND DEPOSIT COMPANY OF MARYLAND, a corporation of the State of Maryland, by RICHARD H. SCHUERHOLZ, Vice-President, and J. K. BURKLEY, JR., Assistant Secretary, in pursuance of authority granted by Article VI, Section 2, of the By-Laws of said Company, which reads as follows:

SEC. 2. The President, or any Executive Vice-President, or any of the Senior Vice-Presidents or Vice-Presidents specially authorized so to do by the Board of Directors or by the Executive Committee, shall have power, by and with the concurrence of the Secretary or any one of the Assistant Secretaries, to appoint Resident Vice-Presidents, Assistant Vice-Presidents and Attorneys-in-Fact as the business of the Company may require, or to authorize any person or persons to execute on behalf of the Company any bonds, undertakings, recognizances, stipulations, policies, contracts, agreements, deeds, and releases and assignments of judgments, decrees, mortgages and instruments in the nature of mortgages, and also all other instruments and documents which the business of the Company may require, and to affix the seal of the Company thereto.

does hereby nominate, constitute and appoint Charles Harrington, Joe G. Watson and Roy Lyman Owen, all of Farmington, New Mexico, EACH.....

its true and lawful agent and Attorney-in-Fact, to make, execute, seal and deliver, for, and on its behalf as surety, and as its act and deed: any and all bonds and undertakings, each in a penalty not to exceed the sum of FIVE HUNDRED THOUSAND DOLLARS (\$500,000).....

And the execution of such bonds or undertakings in pursuance of these presents, shall be as binding upon said Company, as fully and amply, to all intents and purposes, as if they had been duly executed and acknowledged by the regularly elected officers of the Company at its office in Baltimore, Md., in their own proper persons. This power of attorney revokes that issued on behalf of Charles Harrington, etal, dated, August 24, 1981.

The said Assistant Secretary does hereby certify that the foregoing is a true copy of Article VI, Section 2, of the By-Laws of said Company, and is now in force.

IN WITNESS WHEREOF, the said Vice-President and Assistant Secretary have hereunto subscribed their names and affixed the Corporate Seal of the said FIDELITY AND DEPOSIT COMPANY OF MARYLAND, this 22nd day of September, A.D. 1981.....

FIDELITY AND DEPOSIT COMPANY OF MARYLAND



ATTEST:

[Signature]
Assistant Secretary

By *[Signature]*
Vice-President

STATE OF MARYLAND }
CITY OF BALTIMORE } ss:

On this 22nd day of September, A.D. 1981, before the subscriber, a Notary Public of the State of Maryland, in and for the City of Baltimore, duly commissioned and qualified, came the above-named Vice-President and Assistant Secretary of the FIDELITY AND DEPOSIT COMPANY OF MARYLAND, to me personally known to be the individuals and officers described in and who executed the preceding instrument, and they each acknowledged the execution of the same, and being by me duly sworn, severally and each for himself deposed and saith, that they are the said officers of the Company aforesaid, and that the seal affixed to the preceding instrument is the Corporate Seal of said Company, and that the said Corporate Seal and their signatures as such officers were duly affixed and subscribed to the said instrument by the authority and direction of the said Corporation.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my Official Seal, at the City of Baltimore, the day and year first above written.



[Signature]
Notary Public Commission Expires July 1, 1982

CERTIFICATE

I, the undersigned, Assistant Secretary of the FIDELITY AND DEPOSIT COMPANY OF MARYLAND, do hereby certify that the original Power of Attorney of which the foregoing is a full, true and correct copy, is in full force and effect on the date of this certificate; and I do further certify that the Vice-President who executed the said Power of Attorney was one of the additional Vice-Presidents specially authorized by the Board of Directors to appoint any Attorney-in-Fact as provided in Article VI, Section 2 of the By-Laws of the FIDELITY AND DEPOSIT COMPANY OF MARYLAND.

This Certificate may be signed by facsimile under and by authority of the following resolution of the Board of Directors of the FIDELITY AND DEPOSIT COMPANY OF MARYLAND at a meeting duly called and held on the 16th day of July, 1969.

RESOLVED: "That the facsimile or mechanically reproduced signature of any Assistant Secretary of the Company, whether made heretofore or hereafter, wherever appearing upon a certified copy of any power of attorney issued by the Company, shall be valid and binding upon the Company with the same force and effect as though manually affixed."

IN TESTIMONY WHEREOF, I have hereunto subscribed my name and affixed the corporate seal of the said Company, this 4th day of February, 1983.

[Signature]
Assistant Secretary

STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

December 20, 1993



Blanket



BRUCE KING
GOVERNOR

ANITA LOCKWOOD
CABINET SECRETARY

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87504
(505) 827-5800

J. S. Ward & Son, Inc.
101 South Fourth Street
Artesia, New Mexico 88210-2195

Attention: Linda D. Barnett

Re: \$50,000 Blanket Plugging Bond
Lobo Resources, Inc., Principal
Gulf Insurance Company, Surety
Bond No. 58 73 26

Dear Ms. Barnett:

The Oil Conservation Division hereby approves the above-referenced plugging bond effective this date.

Sincerely,

A handwritten signature in cursive script, appearing to read "William J. Lemay".

WILLIAM J. LEMAY,
Director

dr/

cc: Oil Conservation Division
Hobbs, Artesia, Aztec

Lobo Resources, Inc.
1200 North Loraine
Suite 1245
Midland, Texas 79701-4736

73

STATE OF NEW MEXICO
\$50,000 BLANKET PLUGGING BOND

BOND NO. 58 73 26

File with Oil Conservation Division, P. O. Box 2088, Santa Fe 87501

KNOW ALL MEN BY THESE PRESENTS:

That LOBO RESOURCES, INC., ~~XXXXXXXXXXXXXXXXXXXX~~
~~XXXXXXXXXX~~ (a corporation organized in the State of Texas, with its
principal office in the city of Midland, State of Texas,
and authorized to do business in the State of New Mexico), as PRINCIPAL, and
GULF INSURANCE COMPANY, a corporation organized and existing under the
laws of the State of Missouri, and authorized to do business in
the State of New Mexico, as SURETY, are held firmly bound unto the State of New Mexico, for the use
and benefit of the Oil Conservation Division of New Mexico pursuant to Section 70-2-12, New Mexico
Statutes Annotated, 1978 Compilation, as amended, in the sum of Fifty Thousand Dollars (\$50,000)
lawful money of the United States, for the payment of which, well and truly to be made, said
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 above principal has heretofore or may hereafter enter into oil and gas leases, or
carbon dioxide (CO₂) gas leases, or helium gas leases or brine mineral leases with the State of New
Mexico; and

WHEREAS, The above principal has heretofore or may hereafter enter into oil and gas leases, or
carbon dioxide (CO₂) gas leases, or helium gas leases or brine mineral leases on lands patented by
the United States of America to private individuals, and on lands otherwise owned by private
individuals; and

WHEREAS, The above principal, individually, or in association with one or more other parties,
has commenced or may commence the drilling of wells to prospect for and produce oil or gas, or carbon
dioxide (CO₂) gas or helium gas, or does own or may acquire, own or operate such well, or such wells
started by others on land embraced in said State oil and gas leases or brine minerals, or carbon
dioxide (CO₂) gas leases, or helium gas leases or brine mineral leases, and on land patented by the
United States of America to private individuals, and on land otherwise owned by private individuals,
the identification and location of said well being expressly waived by both principal and surety
hereto.

NOW, THEREFORE, If the above bounden principal and surety or either of them or their successors
or assigns, or any of them, shall plug all of said wells when dry or when abandoned in accordance
with the rules, regulations, and orders of the Oil Conservation Division of New Mexico in such way as
to confine the oil, gas, brine and water in the strata in which they are found, and to prevent them
from escaping into other strata;

THEN, THEREFORE, 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.

PROVIDED, HOWEVER, That thirty (30) days after receipt by the Oil Conservation Division of New
Mexico of written notice of cancellation from the surety, the obligation of the surety hereunder
shall terminate as to property or wells acquired, drilled, or started after said thirty (30) day
period but shall continue in effect, notwithstanding said notice, as to property or wells theretofore
acquired, drilled or started.

SIGNED AND SEALED this 8th day of December, 1993.

(24)

LOBO RESOURCES, INC.

PRINCIPAL
200 North Loraine, Suite 124
Midland, Texas 79701-4736

Address

By Steven Gray
Signature
President
Title

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

GULF INSURANCE COMPANY

SURETY
P.O. Box 1771
Texas 75221 771

Address

By S. Gary Sims
Signature
Attorney-In-Fact
Title

(Note: Corporate surety, affix corporate seal here.)

ACKNOWLEDGEMENT FORM FOR NATURAL PERSONS

STATE OF _____)
COUNTY OF _____) ss.

On this _____ day of _____, 19____, before me personally appeared _____, to me known to be the person (persons) described in and who executed the foregoing instrument and acknowledged that he (they) executed the same as his (their) free act and deed.

IN WITNESS WHEREOF, I have hereunto set my hand and seal on the day and year in this certificate first above written.

Notary Public

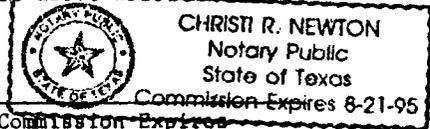
My Commission Expires _____

ACKNOWLEDGEMENT FORM FOR CORPORATION

STATE OF Texas)
COUNTY OF Midland) ss.

On this 8th day of December, 1993, before me personally appeared Steven D. Gray, to me personally known who, being by me duly sworn, did say that he is President of Lobo Resources, Inc. and that the foregoing instrument was signed and sealed on behalf of said corporation by authority of its board of directors, and acknowledged said instrument to be the free act and deed of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and seal on the day and year in this certificate first above written.


CHRISTI R. NEWTON
Notary Public
State of Texas
Commission Expires 8-21-95

Christi R. Newton
Notary Public

My Commission Expires _____

ACKNOWLEDGEMENT FORM FOR CORPORATE SURETY

STATE OF New Mexico)
COUNTY OF Eddy) ss.

On this 15th day of December, 1993, before me appeared S. Gary Sims, to me personally known, who, being by me duly sworn, did say that he is Attorney-in-Fact of Gulf Insurance Company and that the foregoing instrument was signed and sealed on behalf of said corporation by authority of its board of directors, and acknowledged said instrument to be the free act and deed of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and seal on the day and year in this certificate first above written.

Linda D. Barnett
Notary Public

12-5-97
My Commission Expires

(Note: Corporate surety attach power of attorney.)

APPROVED BY:

OIL CONSERVATION DIVISION OF NEW MEXICO

By: [Signature]

(25)



POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS:

That GULF INSURANCE COMPANY, a corporation of the State of Missouri, hereinafter called "Company," does hereby appoint

CHARLENE M. WARD or S. GARY SIMS or JOHN C. KNIGHT

ARTESIA, NEW MEXICO

its true and lawful Attorney-in-fact to make, execute, seal and deliver on its behalf, as surety, any and all bonds and undertakings of suretyship, not to exceed \$250,000.00 or any bond where the penalty is not stated in the bond form. No authority is granted where the attorney in fact is a party at interest in the bond.

The execution of such bonds or undertakings in pursuance of these presents shall be as binding upon the Company as if they had been executed and acknowledged by the regularly elected officers of the Company.

This Power of Attorney is issued pursuant to and by authority of the following resolution of the Board of Directors of the Company, adopted effective July 1, 1983, and now in full force and effect:

Resolved that the President, or any Senior Vice President, or any Vice President, or the Secretary, or any Assistant Secretary may appoint Attorneys-in-fact in any state, territory or federal district to represent this Company and to act on its behalf within the scope of the authority granted to them, in writing, which authority may include the power to make, execute, seal and deliver on behalf of this Company, as surety, and as its act and deed, any and all bonds and undertakings of suretyship and other documents that the ordinary course of surety business may require, including authority to appoint agents for the service of process in any jurisdiction, state or federal, and authority to attest to the signature of the President, or any Senior Vice President, or any Vice President, or the Secretary, or any Assistant Secretary and to verify any affidavit or other statement relating to the foregoing, and to certify to a copy of any of the bylaws of the Company and to any resolutions adopted by its Board of Directors; and any such Attorney-in-fact may be removed and the authority granted him revoked by the President, or any Senior Vice President, or any Vice President, or the Secretary, or any Assistant Secretary, or by the Board of Directors.

This Power of Attorney and Certificate are signed and sealed by facsimile under and by authority of the following resolution of the Board of Directors of the Company, adopted effective July 1, 1983, and now in full force and effect:

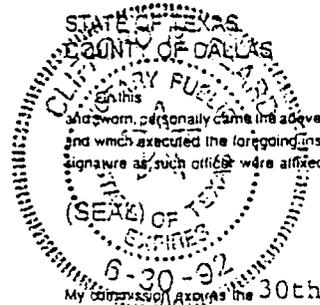
Resolved that the signature of the President, or of any Senior Vice President, or of any Vice President, or of the Secretary, or of any Assistant Secretary, and the seal of the Company may be affixed by facsimile to any power of attorney or to any certificate relating thereto appointing Attorneys-in-fact for purposes only of executing and attesting bonds and undertakings and other writings obligatory in the nature thereof, including any such power of attorney and certificate revoking the authority of the foregoing Attorneys-in-fact, as well as for the appointment of agents for the service of process in any jurisdiction, state or federal, including any such power of attorney and certificate revoking the authority of such agents; and any such power of attorney or certificate bearing such facsimile signature or facsimile seal shall be valid and binding upon the Company and any such power of attorney or certificate so executed and certified by such facsimile signature and facsimile seal shall be valid and binding upon the Company at the time the power of attorney and certificate are executed and in the future with respect to any bond or undertaking to which they are attached.



I, _____, a Witness, member of, the Company has caused this Power of Attorney to be signed and its corporate seal to be affixed by its authorized officer this April 12, 1991.

By [Signature]
Sr. Vice President

ss:



On this 12 day of April, 1991, before me, a Notary Public of the State and County aforesaid, residing therein, duly commissioned and sworn, personally came the above named officer of GULF INSURANCE COMPANY, who being by me first duly sworn according to law, did depose and say that he is that officer of the company described in and which executed the foregoing instrument; that he knows the seal of said company; that the seal affixed to such instrument is the corporate seal of said company; and that the corporate seal and his signature as such officer were affixed and subscribed to the said instrument by the authority and direction of said company.

[Signature]
Clifford R. Beard
Notary Public
1992

CERTIFICATE

I, the undersigned, do hereby certify that the original Power of Attorney of which the foregoing is a true and correct copy is in full force and effect, and the foregoing resolutions are true and correct transcripts from the records of GULF INSURANCE COMPANY and that the above named officer was on the date of execution of the foregoing Power of Attorney authorized to execute this Power of Attorney.



I, _____, hereunto subscribed my name and affixed the corporate seal of Gulf Insurance Company this 8th day of December, 1993.

[Signature]
Vice President (76)



J. S. Ward & Son, Inc.

101 South Fourth Street
(505) 746-2796
FAX (505) 746-4244
Artesia, New Mexico
88210-2195

OIL CONSERVATION DIVISION
RECEIVED Insurance Bonds
'93 DEC 20 AM 9 04

December 15, 1993

State of New Mexico
Energy and Minerals Department
Oil Conservation Division
Post Office Box 2088
Santa Fe, New Mexico 87504-2088

Attention: Mrs. Diane Richardson

Re: Lobo Resources, Inc.
Bond No. 58 73 26
\$50,000 Blanket Plugging Bond
to State of New Mexico

Dear Diane:

Enclosed please find the captioned bond through Gulf Insurance Company which we trust you find in order and acceptable for filing.

Very truly yours,

J. S. WARD & SON, INC.

By *Linda D. Barnett*

ldb

Enclosure

cc: Lobo Resources, Inc.
1200 North Loraine, Suite 1245
Midland, Texas 79701-4736
Attention: Mr. Steven D. Gray - Invoice



STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

BRUCE KING
GOVERNOR

September 28, 1982

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
(505) 827-2434

Gulf State 36 #1

4 Corners Insurance, Inc.
P. O. Box 569
Farmington, New Mexico 87401

Re: \$7,500 One-Well Plugging Bond
R. E. Lauritsen and Gary Roberts
dba Lobo Production, Principal
Fidelity and Deposit Company
of Maryland, Surety
850' FNL and 800' FEL of Sec. 36,
T-23-N, R-6-W, Sandoval County
Depth: 5,600 feet
Bond No. 9621808

Gentlemen:

The Oil Conservation Division hereby approves the
above-referenced one-well plugging bond effective this
date.

Sincerely,

JOE D. RAMEY,
Director

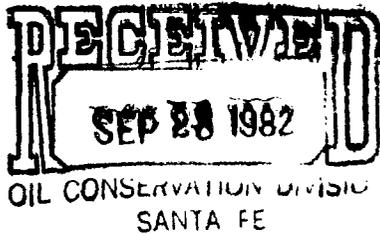
dr/

cc: Oil Conservation Division
Aztec, New Mexico

(28)

ONE-WELL PLUGGING BOND

FOR ALL COUNTIES EXCEPT:
CHAVES, EDDY, LEA, MCKINLEY, RIO ARRIBA, ROOSEVELT,
SANDOVAL, AND SAN JUAN



BOND NO. 9621808
(For Use of Surety Company)
AMOUNT OF BOND \$7,500.00
COUNTY Sandoval

NOTE: For wells less than 5,000 feet deep, the minimum bond is \$7,500.00*
For wells 5,000 feet to 10,000 feet deep, the minimum bond is \$10,000.00*
For wells more than 10,000 feet deep, the minimum bond is \$12,500.00

*Under certain conditions, a well being drilled under a \$7,500 or \$10,000.00 bond may be permitted to be drilled as much as 500 feet deeper than the normal maximum depth, i.e., a well being drilled under a \$7,500.00 bond may be permitted to go to 5,499 feet, and a well being drilled under a \$10,000.00 bond may be permitted to go to 10,500 feet.

File with Oil Conservation Commission, P. O. Box 2088, Santa Fe 87501

KNOW ALL MEN BY THESE PRESENTS:

That Lobo Production, R.E. Lauritsen, Gary Roberts d/b/a, (An individual) (a partnership) (a corporation organized in the State of New Mexico, with its principal office in the city of Farmington, State of New Mexico, and authorized to do business in the State of New Mexico), as PRINCIPAL, and Fidelity and Deposit Company of Maryland, a corporation organized and existing under the laws of the State of Maryland, and authorized to do business in the State of New Mexico, as SURETY, are held firmly bound unto the State of New Mexico, for the use and benefit of the Oil Conservation Commission of New Mexico pursuant to Section 65-3-11, New Mexico Statutes Annotated, 1953 Compilation, as amended, in the sum of Seven Thousand Five Hundred and no/100-- Dollars lawful money of the United States, for the payment of which, well and truly to be made, said 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 above principal has heretofore or may hereafter enter into oil and gas leases, or carbon dioxide (CO₂) gas leases, or helium gas leases with the State of New Mexico; and

WHEREAS, The above principal has heretofore or may hereafter enter into oil and gas leases, or carbon dioxide (CO₂) gas leases, or helium gas leases on lands patented by the United States of America to private individuals, and on lands otherwise owned by private individuals; and

WHEREAS, The above principal, individually, or in association with one or more other parties, has commenced or may commence the drilling of one well not to exceed a depth of 5600 ft. feet, to prospect for and produce oil or gas, or carbon dioxide (CO₂) gas or helium gas, or does own or may acquire, own or operate such well, or such well started by others on land embraced in said State oil and gas leases, or carbon dioxide (CO₂) leases, or helium gas leases, and on land patented by the United States of America to private individuals, and on land otherwise owned by private individuals, the identification and location of said well being #1 Gulf State -36 850' from the N. Line FNL and 300' from the E Line FEL NE of NE Section 36, Township 23N (North) (South), Range 6W (East) (West), N.M.P.M. Sandoval County, New Mexico. (Here state exact legal subdivision by 40-acre tract or lot)

NOW, THEREFORE, If the above bounden principal and surety or either of them or their successors or assigns, or any of them, shall plug said well when dry or when abandoned in accordance with the rules, regulations, and orders of the Oil Conservation Commission of New Mexico in such way as to confine the oil, gas, and water in the strata in which they are found, and to prevent them from escaping into other strata;

THEN, THEREFORE, 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.

39

Lobo Production, a ~~limited~~ partnership
PRINCIPAL

Fidelity and Deposit Company
SURETY

P.O. Box 832, Northridge Unit #1
Farmington, N.M. Address

Baltimore, Maryland
Address

By R.E. Lauritsen
R.E. Lauritsen, Signature Partner
Gary Roberts
Gary Roberts, Signature Partner

By Charles Harrington
Charles Harrington, Attorney-in-Fact

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

(Note: Corporate surety affix corporate seal here.)

ACKNOWLEDGMENT FORM FOR NATURAL PERSONS

STATE OF New Mexico)
COUNTY OF San Juan) ss.

On this 21st day of September, 19 82, before me personally appeared Gary Roberts and R.E. Lauritsen, to me known to be the person (persons) described in and who executed the foregoing instrument and acknowledged that he (they) executed the same as his (their) free act and deed.

IN WITNESS WHEREOF, I have hereunto set my hand and seal on the day and year in this certificate first above written.

Mary Jane Gould
Notary Public

11/19/84
My Commission expires

ACKNOWLEDGMENT FORM FOR CORPORATION

STATE OF _____)
COUNTY OF _____) ss.

On this _____ day of _____, 19____, before me personally appeared _____, to me personally known who, being by me duly sworn, did say that he is _____ of _____ and that the foregoing instrument was signed and sealed on behalf of said corporation by authority of its board of directors, and acknowledged said instrument to be the free act and deed of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and seal on the day and year in this certificate first above written.

Notary Public

My Commission expires

ACKNOWLEDGMENT FORM FOR CORPORATE SURETY

STATE OF New Mexico)
COUNTY OF San Juan) ss.

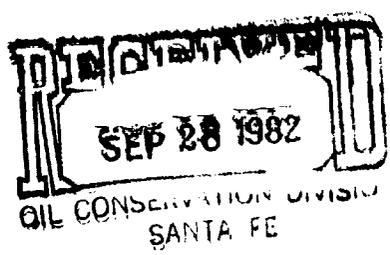
On this 21st day of September, 1982, before me appeared Charles Harrington, to me personally known, who, being by me duly sworn, did say that he is Attorney-In-Fact of Fidelity and Deposit Company and that the foregoing instrument was signed and sealed on behalf of said corporation by authority of its board of directors, and acknowledged said instrument to be the free act and deed of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and seal on the day and year in this certificate first above written.

Mary Jane Gould
Notary Public

11/19/84
My Commission expires

(Note: Corporate surety attach power of attorney.)



APPROVED BY:
OIL CONSERVATION COMMISSION OF NEW MEXICO
By Joe D. [Signature]
Date _____

Power of Attorney
FIDELITY AND DEPOSIT COMPANY OF MARYLAND

HOME OFFICE: BALTIMORE, MD.

KNOW ALL MEN BY THESE PRESENTS: That the FIDELITY AND DEPOSIT COMPANY OF MARYLAND, a corporation of the State of Maryland, by RICHARD H. SCHUERHOLZ, Vice-President, and J. K. BURKLEY, JR., Assistant Secretary, in pursuance of authority granted by Article VI, Section 2, of the By-Laws of said Company, which reads as follows:

SEC. 2. The President, or any Executive Vice-President, or any of the Senior Vice-Presidents or Vice-Presidents specially authorized so to do by the Board of Directors or by the Executive Committee, shall have power, by and with the concurrence of the Secretary or any one of the Assistant Secretaries, to appoint Resident Vice-Presidents, Assistant Vice-Presidents and Attorneys-in-Fact as the business of the Company may require, or to authorize any person or persons to execute on behalf of the Company any bonds, undertakings, recognizances, stipulations, policies, contracts, agreements, deeds, and releases and assignments of judgments, decrees, mortgages and instruments in the nature of mortgages, and also all other instruments and documents which the business of the Company may require, and to affix the seal of the Company thereto.

does hereby nominate, constitute and appoint Charles Harrington, Joe G. Watson and Roy Lyman Owen, all of Farmington, New Mexico, EACH.....

its true and lawful agent and Attorney-in-Fact, to make, execute, seal and deliver, for, and on its behalf as surety, and as its act and deed: any and all bonds and undertakings, each in a penalty not to exceed the sum of FIVE HUNDRED THOUSAND DOLLARS (\$500,000).....

And the execution of such bonds or undertakings in pursuance of these presents, shall be as binding upon said Company, as fully and amply, to all intents and purposes, as if they had been duly executed and acknowledged by the regularly elected officers of the Company at its office in Baltimore, Md., in their own proper persons. This power of attorney revokes that issued on behalf of Charles Harrington, etal, dated, August 24, 1981.

The said Assistant Secretary does hereby certify that the foregoing is a true copy of Article VI, Section 2, of the By-Laws of said Company, and is now in force.

IN WITNESS WHEREOF, the said Vice-President and Assistant Secretary have hereunto subscribed their names and affixed the Corporate Seal of the said FIDELITY AND DEPOSIT COMPANY OF MARYLAND, this 22nd day of September, A.D. 1981

FIDELITY AND DEPOSIT COMPANY OF MARYLAND

ATTEST:



Handwritten signature of Richard H. Schuerholz, Assistant Secretary

By [Handwritten signature] Vice-President

STATE OF MARYLAND }
CITY OF BALTIMORE }
On this 22nd day of

September, A.D. 1981, before the subscriber, a Notary Public of the State of Maryland, in and for the City of Baltimore, duly commissioned and qualified, came the above-named Vice-President and Assistant Secretary of the FIDELITY AND DEPOSIT COMPANY OF MARYLAND, to me personally known to be the individuals and officers described in and who executed the preceding instrument, and they each acknowledged the execution of the same, and being by me duly sworn, severally and each for himself depose and saith, that they are the said officers of the Company aforesaid, and that the seal affixed to the preceding instrument is the Corporate Seal of said Company, and that the said Corporate Seal and their signatures as such officers were duly affixed and subscribed to the said instrument by the authority and direction of the said Corporation.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my Official Seal, at the City of Baltimore, the day and year first above written.



[Handwritten signature]
Notary Public Commission Expires July 1, 1982

CERTIFICATE

I, the undersigned, Assistant Secretary of the FIDELITY AND DEPOSIT COMPANY OF MARYLAND, do hereby certify that the original Power of Attorney of which the foregoing is a full, true and correct copy, is in full force and effect on the date of this certificate; and I do further certify that the Vice-President who executed the said Power of Attorney was one of the additional Vice-Presidents specially authorized by the Board of Directors to appoint any Attorney-in-Fact as provided in Article VI, Section 2 of the By-Laws of the FIDELITY AND DEPOSIT COMPANY OF MARYLAND.

This Certificate may be signed by facsimile under and by authority of the following resolution of the Board of Directors of the FIDELITY AND DEPOSIT COMPANY OF MARYLAND at a meeting duly called and held on the 16th day of July, 1969.

RESOLVED: "That the facsimile or mechanically reproduced signature of any Assistant Secretary of the Company, whether made heretofore or hereafter, wherever appearing upon a certified copy of any power of attorney issued by the Company, shall be valid and binding upon the Company with the same force and effect as though manually affixed."

IN TESTIMONY WHEREOF, I have hereunto subscribed my name and affixed the corporate seal of the said Company, this 21st day of Sept, 1981

[Handwritten signature]
Assistant Secretary