

BLANKET CASH PLUGGING BOND

000-236

KNOW ALL MEN BY THESE PRESENTS THAT NERDLIHC COMPANY, INC.
(an individual), (a partnership), (a corporation organized in the
State of California, with its principal office in the city of
Long Beach, State of California and authorized to do business
in the State of New Mexico is held and firmly bound to the Oil Conservation Division of
the State of New Mexico (or its successor agency) in the sum of Fifty Thousand Dollars
(\$50,000), lawful money of the United States.

The conditions of this obligation are such that:

The above applicant/operator desires to drill or purchase wells to prospect for and
produce oil, gas, or carbon dioxide resources on land owned by private individuals or the
State of New Mexico;

The applicant has deposited on behalf of the Division fifty thousand dollars
(\$50,000), being the principal sum intended to be secured, in the manner indicated on the
attachment to this bond. Applicant pledges this sum as a guarantee that it, its
executors, assigns, heirs or administrators shall plug the wells owned or operated by him
if dry, or when abandoned, in accordance with the rules and orders of the Oil
Conservation Division of the State of New Mexico in such a way as to confine the oil,
gas, and water in the strata in which they are found, and to prevent same from escaping
to other strata. If the applicant does not so properly plug and abandon said wells upon
order of the Division, the total sum of the bond shall be forfeited to the Division, and
such amount as is necessary may be used to properly plug said wells. If the principal
sum of this bond is less than the actual cost incurred by the Division in plugging said
wells, the applicant, its successors, assigns, heirs, or administrators shall be liable
under the provisions of Section 70-2-38 NMSA 1978 of the Oil and Gas Act, and the
Division may take action to recover any amounts expended over and above the principal sum
of the bond.

NOW THEREFORE, if the above applicant or its successors, assigns, heirs, or
administrators or any of them shall plug the wells owned or operated by it when dry or
abandoned, in accordance with the rules, regulations, and orders of the Division, in such
a manner as to confine the oil, gas, and water in the strata in which they naturally
occur, and to prevent them from escaping into other strata, and further to clean up the
surface location of said wells, NOW THEREFORE, this obligation shall be null and void and
the principal sum shall be paid to the applicant, or its successors, heirs, or
administrators.

PROVIDED HOWEVER, that upon thirty days notice from the Division to the applicant of
intention to cancel this bond, the obligation shall terminate as to property or wells
acquired, drilled, or spudded after said thirty day period.

NERDLIHC COMPANY, INC.

By: Tom E. Knowlton

OPERATOR

Tom E. Knowlton, President

337 E. San Antonio Drive

ADDRESS

ATTEST:

By: Mary L. Hulebail

(Seal)

Long Beach, California 90807

CITY, STATE AND ZIP

By: Tom E. Knowlton

Signature

Title

Tom E. Knowlton, President

BEFORE EXAMINER STOENNER

OIL CONSERVATION DIVISION

OCD

EXHIBIT NO. 3

CASE NO. 12344

CORPORATE ACKNOWLEDGMENT

NO. 202

State of California

County of Los Angeles

} SS.

On this the 5th day of June, 1990, before me,

Donna Jew

the undersigned Notary Public, personally appeared

Tom E. Knowlton

☐ personally known to me

☒ proved to me on the basis of satisfactory evidence

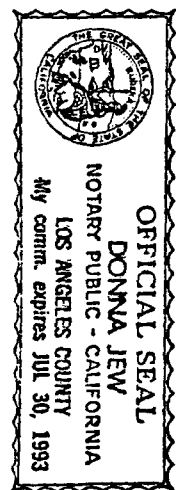
to be the person(s) who executed the within instrument as

President

or on behalf of the corporation therein

named, and acknowledged to me that the corporation executed it.

WITNESS my hand and official seal.



Notary's Signature

Donna Jew

ATTENTION NOTARY: Although the information requested below is **OPTIONAL**, it could prevent fraudulent attachment of this certificate to another document.

THIS CERTIFICATE
MUST BE ATTACHED
TO THE DOCUMENT
DESCRIBED AT RIGHT:

Title or Type of Document Blanket Cash Pledgeing Bond

Number of Pages _____ Date of Document _____

Signer(s) Other Than Named Above _____

7100-010

© NATIONAL NOTARY ASSOCIATION • 8286 Pennell Ave. • P.O. Box 7184 • Caroga Park, CA 91304-7184

ASSIGNMENT OF CASH COLLATERAL DEPOSIT

(Must be a federally-insured bank or savings institution
within the State of New Mexico)

Date June 5, 1990

OCD - 236

Pursuant to Section 70-2-14, NMSA (1978), or successor provisions, NERDLIHC COMPANY, INC. (hereinafter referred to as "operator") of 337 E. San Antonio Dr., Long Beach, CA 90807 (address) has deposited with the United New Mexico Bank (name of state or national bank or savings association) of Santa Fe, New Mexico (address) (herein termed financial institution), the sum of \$50,000.00 dollars in Certificate of Deposit or savings account No. 32200803. Operator hereby assigns and conveys all right, title and interest in the deposited sum to the financial institution in trust for the Oil Conservation Division of the Energy and Minerals Department or successor agency of the State of New Mexico. Operator and the financial institution agree that as to the deposited sum or fund:

- The Oil Conservation Division acquires by this assignment the entire beneficial interest in the fund, with the right to order the trustee 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, or to the operator upon sale or proper plugging of the well covered by this bond.
- Operator retains no legal or beneficial interest in the fund and has only the right to interest, if any, thereon, and to return of the fund upon written order of the Division.
- The financial institution agrees that the fund may not be assigned, transferred, pledged or distributed except upon written order of the Division or a court of competent jurisdiction made in a proceeding in which the Division is a party. The financial institution waives all statutory or common law liens or rights of set-off against the fund.

Operator agrees that the financial institution may deduct from interest due operator any attorney fees incurred by the financial institution if claim or demand via writ, summons or other process arising from operator's business is made upon the financial institution.

NERDLIHC COMPANY, INC.

By: Owen M. Lopez
Signature of Operator,
Personally or by Authorized Officer

[Signature]
Signature of Authorized Officer of
Financial Institution

Registered Agent
Title

Senior Vice President
Title

STATE OF NEW MEXICO

COUNTY OF Santa Fe) ss.

On this 5th day of June, 1990, before me personally appeared Owen M. Lopez ~~XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX~~, to me known to be the person ~~XXXXXX~~ described in and who executed the foregoing instrument and acknowledged that they executed the same as 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.

My Commission expires:
September 25, 1990

[Signature]
NOTARY PUBLIC

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

GARREY CARRUTHERS
GOVERNOR

June 15, 1990

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

Nerdlihc Company, Inc.
337 San Antonio Drive
Suite 101
Long Beach, Ca. 90807

Attention: Tom E. Knowlton

Re: \$50,000 Cash Blanket Plugging Bond
Nerdlihc Company, Inc., Operator
Bond No. OCD-236

Dear Mr. Knowlton:

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

Sincerely,


WILLIAM J. LEMAY,
Director

dr/

cc: Oil Conservation Division
Hobbs, Artesia, Aztec



NERDLIHC COMPANY, INC.

337 E. San Antonio Dr., Ste.101
Long Beach, California 90807

Telephone (213) 422-1271
Facsimile (213) 428-3334

June 5, 1990

Handwritten: 6-4-90
OCD-236

State of New Mexico
Energy, Minerals and Natural Resources Department
Oil Conservation Division
P.O. Box 2088
Santa Fe, New Mexico 87504-2088

RE: Change of Operator Notification
Personal Bond Requirements

Gentlemen:

This is to notify you that Nerdlihc Company, Inc. is assuming all operating rights on existing wells formerly operated by Devcon Operations Company, Inc. in McKinley County, New Mexico. Therefore, in compliance with the requirements of the State of New Mexico, Nerdlihc Company, Inc. submits the following:

1. Fully completed and executed New Mexico Form O & G B-B form, "Blanket Cash Plugging Bond" and
2. Fully completed and executed New Mexico Form O & G CCD form, "Assignment of Cash Collateral Deposit" in the amount of \$50,000.00.

Upon your acceptance of the above, it is hereby requested you notify any and all governing parties of the above receipt and acceptance, in order for Nerdlihc Company, Inc. to become properly registered with the State of New Mexico as operator of properties shown on the attached State of New Mexico Energy, Minerals and Natural Resources Form C-104.

If you have any questions regarding the above, please contact the undersigned.

Thank you.

Very truly yours,

Handwritten signature of Tom E. Knowlton
Tom E. Knowlton
President

TEK:mh

Enclosures: Form O & G B-B

Handwritten: 6-4-90