

BEFORE EXAMINER STOGNER

OIL CONSERVATION DIVISION

OCD

EXISTING NO. 5

PAGE NO.

12770

Form O & G

Adopted 6-17-77

Revised 10-20-89

State of New Mexico  
\$50,000 Blanket Plugging Bond

Bond No. 000953560

File with Oil Conservation Division, 2040 South Pacheco, Santa Fe, New Mexico 87505

KNOW ALL MEN BY THESE PRESENTS:

That Secondary Oil Corporation - New Mexico , (an individual) (a partnership) (a corporation organized in the state of Texas, with its principal office in the city of Marble Falls, State of Texas, and authorized to do business in the State of New Mexico), as Principal, and International Fidelity Insurance Company, a corporation organized and existing under the laws of the state of New Jersey, 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 and XX/100 \*\*\* (\$50,000.00) 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 any 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 eitherwise owned by private individuals; and

WHEREAS, The above principal, individually, or in association with one or more either 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, 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 the 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 confirm the oil, gas, brine and water in the states in which they are found, and to prevent them from escaping into other states;

NOW, THEREFORE, This obligation shall be null and void; otherwise and in default of complete compliance with any and all of the 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 notices 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.

Secondary Oil Corporation - New Mexico  
Principal  
P.O. Box 708  
Marble Falls, TX 78654

Address

By: [Signature]

Title

International Fidelity Insurance Company  
Surety  
1309 Broadway  
Little Rock, AR 72202

Address

By: [Signature]

Donna D. Herring  
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 \_\_\_\_\_  
County of \_\_\_\_\_

On this \_\_\_\_\_ day of \_\_\_\_\_, 19 \_\_\_\_\_, before me personally appeared \_\_\_\_\_, to me known to be 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 this day and year in this certificate first above written.

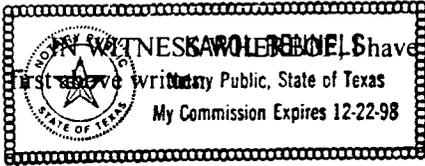
\_\_\_\_\_  
Notary Public

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

ACKNOWLEDGMENT FORM FOR CORPORATION

State of Texas  
County of Burnet

On this 5th day of June, 19 96, before as personally appeared Bruce Penrod, to me personally known who, being by me duly sworn, did say that he is President of Secondary Oil Corporation - NM and that the foregoing instrument was signed and sealed on behalf of said corporation by authority or 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.

*Karol Remels*  
Notary Public

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

ACKNOWLEDGMENT FORM FOR CORPORATE SURETY

State of Arkansas  
County of Pulaski

On this 31st day of May, 1996, before me appeared Donna D. Herring, to me personally known, who, being, by me duly sworn, did say that he/she is Attorney-in-Fact of International Fidelity 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.

*Donna D. Herring*  
Notary Public

12-05-06  
My Commission Expires

(Note: Corporate surety attach power of attorney)

Approved By:

Oil Conservation Division of New Mexico

By: *William J. ...* M.E.S.

Date: 6/16/96

# POWER OF ATTORNEY

## INTERNATIONAL FIDELITY INSURANCE COMPANY

HOME OFFICE: ONE NEWARK CENTER, 20TH FLOOR  
NEWARK, NEW JERSEY 07102-5207

BOND NO. 000953560

KNOW ALL MEN BY THESE PRESENTS: That INTERNATIONAL FIDELITY INSURANCE COMPANY, a corporation organized and existing under the laws of the State of New Jersey, and having its principal office in the City of Newark, New Jersey, does hereby constitute and appoint

DONNA D. HERRING, THERESA PARKER

LITTLE ROCK, AR.

its true and lawful attorney(s)-in-fact to execute, seal and deliver for and on its behalf as surety, any and all bonds and undertakings, contracts of indemnity and other writings obligatory in the nature thereof, which are or may be allowed, required or permitted by law, statute, rule, regulation, contract or otherwise, and the execution of such instrument(s) in pursuance of these presents, shall be as binding upon the said INTERNATIONAL FIDELITY INSURANCE COMPANY, as fully and amply, to all intents and purposes, as if the same had been duly executed and acknowledged by its regularly elected officers at its principal office.

This Power of Attorney is executed, and may be certified to and may be revoked, pursuant to and by authority of Article 3-Section 3, of the By-Laws adopted by the Board of Directors of INTERNATIONAL FIDELITY INSURANCE COMPANY at a meeting called and held on the 7th day of February, 1974.

The President or any Vice President, Executive Vice President, Secretary or Assistant Secretary, shall have power and authority

- (1) To appoint Attorneys-in-fact, and to authorize them to execute on behalf of the Company, and attach the Seal of the Company thereto, bonds and undertakings, contracts of indemnity and other writings obligatory in the nature thereof and,
- (2) To remove, at any time, any such Attorney-in-fact and revoke the authority given.

Further, this Power of Attorney is signed and sealed by facsimile pursuant to resolution of the Board of Directors of said Company adopted at a meeting duly called and held on the 29th day of April, 1982 of which the following is a true excerpt:

Now therefore the signatures of such officers and the seal of the Company may be affixed to any such power of attorney or any certificate relating thereto by facsimile, and any such power of attorney or certificate bearing such facsimile signatures or facsimile seal shall be valid and binding upon the Company and any such power so executed and certified by facsimile signatures and facsimile seal shall be valid and binding upon the Company in the future with respect to any bond or undertaking to which it is attached.

IN TESTIMONY WHEREOF, INTERNATIONAL FIDELITY INSURANCE COMPANY has caused this instrument to be signed and its corporate seal to be affixed by its authorized officer, this 1st day of May, A.D. 1991.

INTERNATIONAL FIDELITY INSURANCE COMPANY

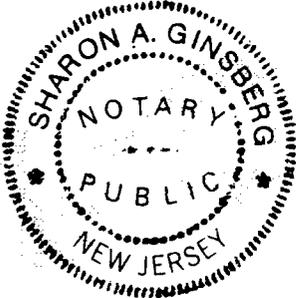


STATE OF NEW JERSEY  
County of Essex

*James R. Herring*  
Executive Vice President

On this 1st day of June 1992, before me came the individual who executed the preceding instrument, to me personally known, and, being by me duly sworn, said that he is the therein described and authorized officer of the INTERNATIONAL FIDELITY INSURANCE COMPANY; that the seal affixed to said instrument is the Corporate Seal of said Company; that the said Corporate Seal and his signature were duly affixed by order of the Board of Directors of said Company.

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



*Sharon A. Ginsberg*  
A NOTARY PUBLIC OF NEW JERSEY  
My Commission Expires Sept. 8, 1998

CERTIFICATION

I, the undersigned officer of INTERNATIONAL FIDELITY INSURANCE COMPANY do hereby certify that I have compared the foregoing copy of the Power of Attorney and affidavit, and the copy of the Section of the By-Laws of said Company as set forth in said Power of Attorney, with the ORIGINALS ON FILE IN THE HOME OFFICE OF SAID COMPANY, and that the same are correct transcripts thereof, and of the whole of the said originals, and that the said Power of Attorney has not been revoked and is now in full force and effect

IN TESTIMONY WHEREOF, I have hereunto set my hand this 31st day of May 1996

*Maria A. Branco*