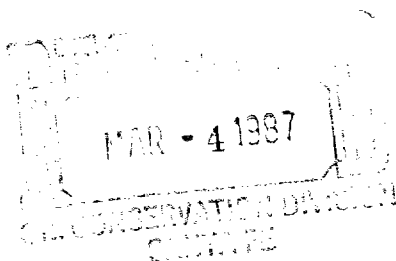




The Travelers Companies
Two NorthPark East
P.O. Box 660055
Dallas, TX 75266-0055



Daniel L. Wolfe
Manager
Surety Department

Dallas Office

February 19, 1987

State of New Mexico
Energy and Minerals Department
P.O. Box 2086
State Board Office Building
Santa Fe, New Mexico 87501

Attn: Mr. Jeffery Taylor

Re: Case 9075, Texas Rose Petroleum, Inc.
Quinlan Ranch Well #1
Located in Unit B of Section 29
Township 32 North, Range 3 East,
Rio Arriba County
Plugging Bond #981F609A

Dear Mr. Taylor:

The Travelers Indemnity Company acknowledges receipt of your letter advising us of the hearing set for Wednesday, February 18, 1987. Please advise us of the procedure we need to follow to get this matter delayed in order that we can investigate this matter with our principal, Texas Rose Petroleum, Inc.

We would appreciate whatever assistance you can be in this matter.

Sincerely yours,
THE TRAVELERS INDEMNITY COMPANY

Joseph C. Newton
Senior Account Analyst

JCN/df



STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
AZTEC DISTRICT OFFICE

*Colp...
B...*

TONEY ANAYA
GOVERNOR

1000 RIO BRAZOS ROAD
AZTEC, NEW MEXICO 87410
(505) 334-6178

September 18, 1986

Mr. Jeff Taylor
Oil Conservation Div.
P.O. Box 2088
Santa Fe, NM 87504-2088

Re: Texas Rose Petroleum
Quinlan Ranch #1 B-29-32N-3E

Dear Jeff:

The referenced well was drilled by Hanson Oil Co. in 1980 and was known as the Chama Butte #1. The well was subsequently plugged and abandoned by Hanson and P&A was approved 8-5-80.

We received an intent to re-enter the well from Texas Rose Petroleum on 3-6-85. We have received no more reports from Texas Rose. A recent field inspection reveals the well has been re-entered, presumably by Texas Rose. Please docket a case calling for Texas Rose Petroleum, the Travelers Insurance Companies and all other interested parties to appear and show cause why the Quinlan Ranch #1, should not be re-plugged and abandoned in accordance with a Division approved plugging program.

The well is located on an unsurveyed tract 9040' bearing south 44° 25'.05" east of mile post 202 + 5.10' on the Colorado New Mexico boundary.

Yours truly,

Charles Gholson
Oil & Gas Inspector

CG/dj

xc: Well File



STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
AZTEC DISTRICT OFFICE

TONEY ANAYA
GOVERNOR

1000 RIO BRAZOS ROAD
AZTEC, NEW MEXICO 87410
(505) 334-6178

September 18, 1986

Mr. Jeff Taylor
Oil Conservation Div.
P.O. Box 2088
Santa Fe, NM 87504-2088

Case 9075

Re: Texas Rose Petroleum
Quinlan Ranch #1 B-29-32N-3E

Dear Jeff:

The referenced well was drilled by Hanson Oil Co. in 1980 and was known as the Chama Butte #1. The well was subsequently plugged and abandoned by Hanson and P&A was approved 8-5-80.

We received an intent to re-enter the well from Texas Rose Petroleum on 3-6-85. We have received no more reports from Texas Rose. A recent field inspection reveals the well has been re-entered, presumably by Texas Rose. Please docket a case calling for Texas Rose Petroleum, the Travelers Insurance Companies and all other interested parties to appear and show cause why the Quinlan Ranch #1, should not be re-plugged and abandoned in accordance with a Division approved plugging program.

The well is located on an unsurveyed tract 9040' bearing south 44° 25'.05" east of mile post 202 + 5.10' on the Colorado New Mexico boundary.

Yours truly,

Charles Gholson
Oil & Gas Inspector

CG/dj

xc: Well File



STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

February 25, 1985

TONY ANAYA
GOVERNOR

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

Texas Rose Petroleum Inc.
16970 Dallas Parkway
Suite 702
Dallas, Texas 75248

Case 9075

Re: \$50,000 Blanket Plugging Bond
Texas Rose Petroleum, Inc., Principal
The Travelers Indemnity Co., Surety
Bond No. 981F609A

Gentlemen:

The Oil Conservation Division hereby approves the above-referenced blanket plugging bond effective February 21, 1985.

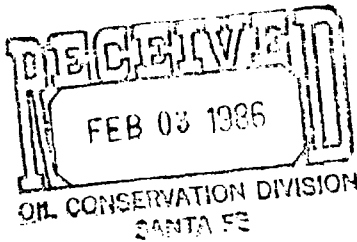
Sincerely,

R. L. STAMETS,
Director

dr/

cc: Oil Conservation Division
Hobbs, Artesia, Aztec

The Travelers Indemnity Co.
P. O. Box 660055
Dallas, Texas 75266-0055



THE TRAVELERS
THE TRAVELERS INDEMNITY COMPANY
Hartford, Connecticut

NOTICE OF CANCELLATION

January 30, 1986

State of New Mexico
Energy & Minerals Dept.
Oil Conservation Division
P. O. Box 2088
State Land Office Building
Santa Fe, New Mexico 87501

*Computer
Cable
2-3-86*

Bond No. 981F609A
Principal Texas Rose Petroleum, Inc.

On the 4th day of February, 1985, THE TRAVELERS INDEMNITY COMPANY, as Surety, executed a(n) \$50,000 Blanket Plugging bond in the penalty of Fifty Thousand and No/100-- Dollars (\$ 50,000.00--), on behalf of Texas Rose Petroleum, Inc. of Dallas, Texas as Principal, in favor of State of New Mexico, as Oblige. The bond, by its terms, provides that the Surety may terminate its liability by giving notice of its election to do so to the Oblige. In accordance with the terms of the bond we hereby elect to terminate our liability and shall, as of the 2nd day of March, 1986 consider ourselves released from all liability by reason of any default committed thereafter by the Principal.

Below is an Acknowledgement which we would appreciate your signing and returning.

cc: Collier Cobb & Assoc. of Dallas
Texas Rose Petroleum, Inc.

THE TRAVELERS INDEMNITY COMPANY

By: *Donna Nelson*
Donna Nelson, Attorney-in-Fact

Please detach and return to
THE TRAVELERS INDEMNITY COMPANY
at the following address:

P. O. Box 660055

Dallas, Texas 75266-0555

Principal Texas Rose Petroleum Inc.

Bond No. 981F609A

ACKNOWLEDGEMENT

Your Notice of Cancellation has been received. We have arranged to cancel the bond effective the

day of _____, 19____.

Date: _____, 19____.

By: _____

STATE OF NEW MEXICO

\$50,000.00 BLANKET PLUGGING BOND

BOND NO.

781F609A
(See Use of Surety Company)

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

KNOW ALL MEN BY THESE PRESENTS:

That TEXAS ROSE PETROLEUM, INC., (An individual (partnership)
(a corporation organized in the State of Texas, with its principal office in the city of
Dallas, State of Texas, and authorized to do business in
the State of New Mexico), as PRINCIPAL, and THE TRAVELERS INDEMNITY COMPANY, a
corporation organized and existing under the laws of the State of Connecticut, 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 65-3-11, New Mexico Statutes
Annotated, 1953 Compilation, as amended, in the sum of Fifty Thousand Dollars (\$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 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 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 carbon dioxide (CO₂) gas 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 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, 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.

TEXAS ROSE PETROLEUM, INC.
PRINCIPAL
16970 Dallas Parkway, Suite 702
Dallas, Texas 75248
By [Signature]
Vice President Coughlin
Title

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

THE TRAVELERS INDEMNITY COMPANY
SURETY
P. O. Box 660055
Dallas, Texas 75266-0055
By [Signature]
Attorney-in-Fact Linda O'Nale

(Note: Corporate surety affix corporate seal here.)

ACKNOWLEDGEMENT FORM FOR NATURAL PERSONS

STATE OF TEXAS
COUNTY OF DALLAS ss.
On this 19 day of FEBRUARY, 19 85, before me personally appeared
DAVID ELLIS, 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.
NOVEMBER 1985
My Commission expires

ACKNOWLEDGEMENT FORM FOR CORPORATION

STATE OF Texas
COUNTY OF Dallas ss.
On this 4th day of February, 19 85, before me personally appeared
DAVID L. ELLIS, to me personally known who, being by me
duly sworn, did say that he is CHAIRMAN of
Texas Rose Petroleum, 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.
November 1985
My Commission expires

ACKNOWLEDGEMENT FORM FOR CORPORATE SURETY

STATE OF Texas
COUNTY OF Dallas ss.
On this 4th day of February, 19 85, before
me appeared Linda O'Nale, to me personally known, who,
being by me duly sworn, did say that he is Attorney-in-Fact
The Travelers Indemnity 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.
11-9-87
My Commission expires
(Note: Corporate surety attach power of attorney.)

APPROVED BY:

OIL CONSERVATION DIVISION OF NEW MEXICO

By [Signature]
Date _____

The Travelers Indemnity Company

Hartford, Connecticut

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS:

That THE TRAVELERS INDEMNITY COMPANY, a corporation of the State of Connecticut, does hereby make, constitute and appoint

Jerry P. Rose, Linda O'Nale, Robert L. Stoeck, Juanda J. Holmes, Richard D. Hansen, Jr.,
all of Dallas, Texas, EACH _____

its true and lawful Attorney(s)-in-Fact, with full power and authority, for and on behalf of the Company as surety, to execute and deliver and affix the seal of the Company thereto, if a seal is required, bonds, undertakings, recognizances, consents of surety or other written obligations in the nature thereof, as follows:

Any and all bonds, undertakings, recognizances, consents of surety
or other written obligations in the nature thereof _____

and to bind THE TRAVELERS INDEMNITY COMPANY thereby, and all of the acts of said Attorney(s)-in-Fact, pursuant to these presents, are hereby ratified and confirmed.

This appointment is made under and by authority of the following by-laws of the Company which by-laws are now in full force and effect:

ARTICLE IV, SECTION 14. The Chairman of the Board, the President, the Chairman of the Finance Committee, any Executive Vice President, any Senior Vice President, any Vice President, any Second Vice President, the Corporate Secretary or any Department Secretary may appoint attorneys-in-fact or agents with power and authority, as defined or limited in their respective powers of attorney, for and on behalf of the Company to execute and deliver, and affix the seal of the Company thereto, bonds, undertakings, recognizances, consents of surety or other written obligations in the nature thereof and any of said officers may remove any such attorney-in-fact or agent and revoke the power and authority given to him.

ARTICLE IV, SECTION 16. Any bond, undertaking, recognizance, consent of surety or written obligation in the nature thereof shall be valid and binding upon the Company when signed by the Chairman of the Board, the President, the Chairman of the Finance Committee, any Executive Vice President, any Senior Vice President, any Vice President or any Second Vice President and duly attested and sealed, if a seal is required, by the Corporate Secretary or any Department Secretary or any Assistant Corporate Secretary or any Assistant Department Secretary, or shall be valid and binding upon the Company when duly executed and sealed, if a seal is required, by a duly authorized attorney-in-fact or agent, pursuant to and within the limits of the authority granted by his or her power of attorney.

This power of attorney is signed and sealed by facsimile under and by the authority of the following Resolution adopted by the Directors of THE TRAVELERS INDEMNITY COMPANY at a meeting duly called and held on the 30th day of November, 1959:

VOTED: That the signature of any officer authorized by the By-Laws and the Company seal may be affixed by facsimile to any power of attorney or special power of attorney or certification of either given for the execution of any bond, undertaking, recognizance or other written obligation in the nature thereof; such signature and seal, when so used being hereby adopted by the Company as the original signature of such officer and the original seal of the Company, to be valid and binding upon the Company with the same force and effect as though manually affixed.

This power of attorney revokes that dated October 23, 1973 on behalf of
Jerry P. Rose, Bill Cadenhead, Linda O'Nale, Kenneth H. Polson _____

IN WITNESS WHEREOF, THE TRAVELERS INDEMNITY COMPANY has caused these presents to be signed by its proper officer and its corporate seal to be hereunto affixed this 5th day of October 19 82.



THE TRAVELERS INDEMNITY COMPANY

By

D. L. Santa

Secretary, Surety

State of Connecticut, County of Hartford—ss:

On this 5th day of October in the year 1982 before me personally came D. L. Banta to me known, who, being by me duly sworn, did depose and say: that he resides in the State of Connecticut; that he is Secretary (Surety) of THE TRAVELERS INDEMNITY COMPANY, the corporation described in and which executed the above instrument; that he knows the seal of said corporation; that the seal affixed to said instrument is such corporate seal; that it was so affixed by authority of his office under the by-laws of said corporation, and that he signed his name thereto by like authority.



Gloria D. Seekins

Notary Public

My commission expires April 1, 1983

CERTIFICATION

I, Paul D. Tubach, Assistant Secretary (Surety) of THE TRAVELERS INDEMNITY COMPANY, certify that the foregoing power of attorney, the above quoted Sections 14. and 16. of Article IV of the By-Laws and the Resolution of the Board of Directors of November 30, 1959 have not been abridged or revoked and are now in full force and effect.

Signed and Sealed at Hartford, Connecticut, this 4th day of February 19 85 .



Paul D. Tubach

Assistant Secretary, Surety

STATE OF NEW MEXICO

ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION



February 9, 1987

GARREY CARRUTHERS
GOVERNOR

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
(505) 827-5000

CERTIFIED - RETURN
RECEIPT REQUESTED

Texas Rose Petroleum, Inc.
16970 Dallas Parkway
Suite 702
Dallas, Texas 75248

The Travelers Indemnity Co.
P. O. Box 660055
Dallas, Texas 75266-0055

Re: Quinlan Ranch Well No. 1,
located in Unit B of Section
29, Township 32 North, Range
3 East, Rio Arriba County
Plugging Bond

Gentlemen:

Enclosed is a copy of the docket of the Examiner hearing to be held on Wednesday, February 18, 1987, at 8:15 a.m. in the Oil Conservation Division Conference Room, State Land Office Building, Santa Fe, New Mexico. Case 9075 concerns the above captioned subject matter.

Sincerely,

JEFFREY TAYLOR
General Counsel

JT/fd
enc.