

Form O & G 8-1  
Ad 1 6-17-77  
Re 11-01-89

STATE OF NEW MEXICO

ONE-WELL PLUGGING BOND

FOR CHAVES, EDDY, LEA, McKINLEY, RIO ARRIBA, ROOSEVELT,  
SANDOVAL, AND SAN JUAN COUNTIES ONLY

BOND NO. 58 96 12  
AMOUNT OF BOND \$95,000.00  
COUNTY Eddy

NOTE: For wells less than 5,000 feet deep, the minimum bond is \$5,000.00\*  
For wells 5,000 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 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 \$5,000.00 bond may be permitted to go to 5,500 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 Division, P. O. Box 2088, Santa Fe 87501

KNOW ALL MEN BY THESE PRESENTS:

That Navajo Refining Company, ~~XXXXXXXXXXXXXXXXXXXX~~  
(a corporation organized in the State of New Mexico, with its principal office in the city of Artesia, State of New Mexico, 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 Ninety-Five Thousand and no/100ths 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 (CO<sub>2</sub>) 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 (CO<sub>2</sub>) 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 one well not to exceed a depth of 9200 feet, to prospect for and produce oil or gas, or carbon dioxide (CO<sub>2</sub>) 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 (CO<sub>2</sub>) leases, or helium gas leases, or brine minerals, 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 being 1980' FNL and 660' FWL, Section 12, Township 18 ~~XXXXXX~~(South)  
(Here state exact legal footage description)

Range 27 (East) ~~XXXXXX~~, N.M.P.M., Eddy 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 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.

Signed and sealed this 22nd day of April, 1999.