

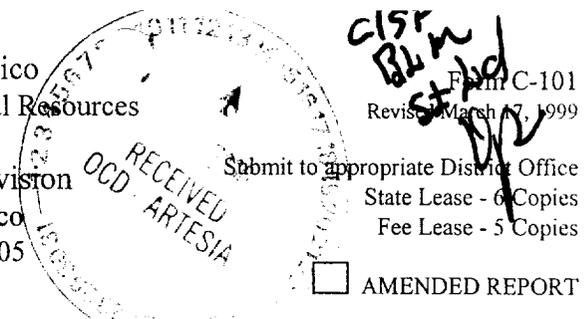
District I  
1625 N. French Dr., Hobbs, NM 88240  
District II  
811 South First, Artesia, NM 88210  
District III  
1000 Rio Brazos Road, Aztec, NM 87410  
District IV  
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico  
Energy Minerals and Natural Resources

Oil Conservation Division  
2040 South Pacheco  
Santa Fe, NM 87505

Form C-101  
Revised March 17, 1999

Submit to appropriate District Office  
State Lease - 6 Copies  
Fee Lease - 5 Copies



AMENDED REPORT

**APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE**

<sup>1</sup> Operator Name and Address <b>Devon Energy Production Company, L.P.</b> <b>20 North Broadway, Suite 1500</b> <b>Oklahoma City, Oklahoma 73102-8260</b>		Walter M. Frank Senior Operations Engineer (405) 552-4595		<sup>2</sup> OGRID Number <b>6137</b>	
<sup>3</sup> Property Code <b>26238</b>		<sup>5</sup> Property Name <b>PENLON "22I" STATE</b>		<sup>3</sup> API Number <b>30-015-31259</b>	
				<sup>6</sup> Well No. <b>1</b>	

<sup>7</sup> Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
<b>I</b>	<b>22</b>	<b>20S</b>	<b>27E</b>		<b>1980'</b>	<b>SOUTH</b>	<b>660'</b>	<b>EAST</b>	<b>EDDY</b>

<sup>8</sup> Proposed Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
<sup>9</sup> Proposed Pool 1 <b>AVALON (MORROW)</b>					<sup>10</sup> Proposed Pool 2				

<sup>11</sup> Work Type Code <b>N</b>	<sup>12</sup> Well Type Code <b>G</b>	<sup>13</sup> Cable/Rotary <b>R</b>	<sup>14</sup> Lease Type Code <b>S</b>	<sup>15</sup> Ground Level Elevation <b>GL 3276'</b>
<sup>16</sup> Multiple <b>No</b>	<sup>17</sup> Proposed Depth <b>11,200'</b>	<sup>18</sup> Formation <b>MORROW</b>	<sup>19</sup> Contractor <b>Unknown at this time</b>	<sup>20</sup> Spud Date <b>AUGUST, 2000</b>

**Minimum WOC time 18 hrs.** <sup>21</sup> Proposed Casing and Cement Program

Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC
<b>17 1/2"</b>	<b>13 3/8"</b>	<b>48# H-40</b>	<b>500'</b>	<b>475</b>	<b>surface</b>
<b>12 1/4"</b>	<b>8 5/8"</b>	<b>32# J-55</b>	<b>2200'</b>	<b>1000</b>	<b>surface</b>
<b>8 3/4"</b>	<b>5 1/2"</b>	<b>17# L-80 &amp; 15.5# J-55</b>	<b>11,200'</b>	<b>1100</b>	<b>6500'</b>

<sup>22</sup> Describe the proposed program. If this application is to DEEPEN or PLUG BACK, give the data on the present productive zone and proposed new productive zone. Describe the blowout prevention program, if any. Use additional sheets if necessary.

**Devon plans to drill this well to a total depth of 11,200 feet and complete it as a Morrow development well. If it is deemed non-commercial then it will be plugged and abandoned in accordance with the rules and regulations established by the New Mexico OCD.**  
**Blowout prevention equipment will be installed while drilling the intermediate and production holes.**  
**Attached are C102 plat, maps, BOP equipment and casing design sheets, and proof of bond.**

<sup>23</sup> I hereby certify that the information given above is true and complete to the best of my knowledge and belief. Signature: <i>Candace R. Graham</i> Printed name: <b>Candace R. Graham</b> Title: <b>Engineering Tech.</b> Date: <b>July 7, 2000</b>	<b>OIL CONSERVATION DIVISION</b>	
	Approved by: <b>ORIGINAL SIGNED BY TIM W. GUM</b> B6A <b>DISTRICT II SUPERVISOR</b>	
	Title:	Approval Date: <b>JUL 17 2000</b> Expiration Date: <b>JUL 17 2001</b>
	Phone: <b>(405) 235-3611, X4520</b>	Conditions of Approval: Attached <input type="checkbox"/> <b>Notify OCD at SPUD &amp; TIME to witness cementing the 8 3/4" casing.</b>

**DISTRICT I**  
 P. C. Box 1980  
 Hobbs, NM 88241-1980

State of New Mexico  
 Energy, Minerals, and Natural Resources Department

Form C-102  
 Revised 02-10-94  
 Instructions on back

**DISTRICT II**  
 P. O. Drawer DD  
 Artesia, NM 88211-0719

**OIL CONSERVATION DIVISION**  
 P. O. Box 2088  
 Santa Fe, New Mexico 87504-2088

Submit to the Appropriate  
 District Office  
 State Lease - 4 copies  
 Fee Lease - 3 copies

**DISTRICT III**  
 1000 Rio Brazos Rd.  
 Aztec, NM 87410



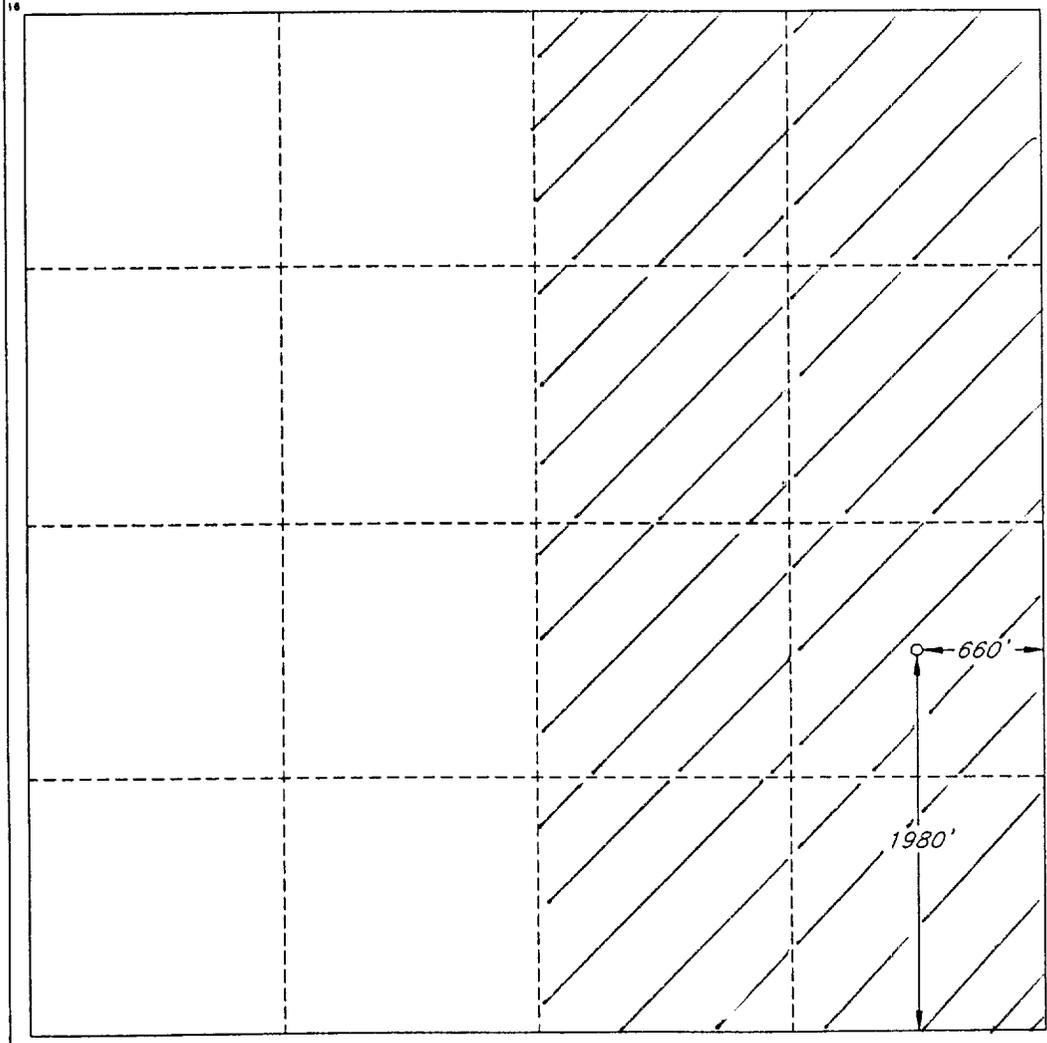
AMENDED REPORT

**DISTRICT IV**  
 P. O. Box 2088  
 Santa Fe, NM 87507-2088

**WELL LOCATION AND ACREAGE DEDICATION PLAT**

1 API Number		2 Pool Code		3 Pool Name AVALON (MORROW)					
4 Property Code		5 Property Name PENLON '22I' STATE						6 Well Number 1	
7 OGRID No. 6137		8 Operator Name DEVON ENERGY PRODUCTION COMPANY, L.P.						9 Elevation 3276'	
10 SURFACE LOCATION									
UL or lot no. I	Section 22	Township 20 SOUTH	Range 27 EAST, N.M.P.M.	Lot Ida	Feet from the 1980'	North/South line SOUTH	Feet from the 660'	East/West line EAST	County EDDY
"BOTTOM HOLE LOCATION IF DIFFERENT FROM SURFACE									
UL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County
12 Dedicated Acres 320		13 Joint or Infill		14 Consolidation Code		15 Order No.			

NO ALLOWABLE WELL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION



**OPERATOR CERTIFICATION**  
 I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Signature  
*Candace R. Graham*  
 Printed Name  
 Candace R. Graham

Title  
 Engineering Tech.

Date  
 July 7, 2000

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**SURVEYOR CERTIFICATION**  
 I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

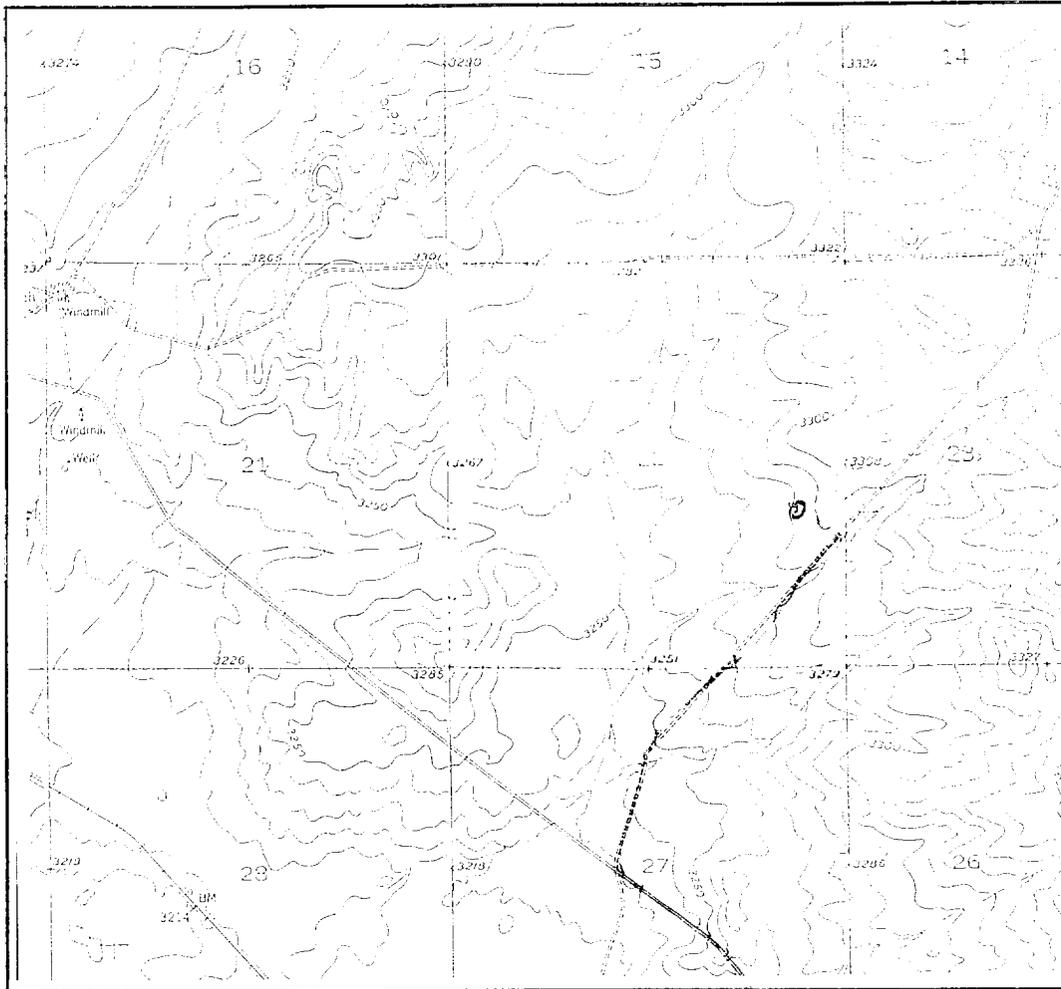
Date of Survey  
 JUNE 29, 2000

Signature and Seal of Professional Surveyor

Certificate No.  
 V. L. BEZNER R.P.S. #7920

JOB #70206 / 75 SE / J.C.P.

# LOCATION & ELEVATION VERIFICATION MAP



SCALE : 1" = 2000'

CONTOUR INTERVAL 10'

SECTION 22 TWP 20-S RGE 27-E  
 SURVEY NEW MEXICO PRINCIPAL MERIDIAN  
 COUNTY EDDY STATE NM  
 DESCRIPTION 1980' FSL & 660' FEL  
 ELEVATION 3276  
 OPERATOR DEVON ENERGY PRODUCTION COMPANY, L.P.  
 LEASE PENLON "22" STATE #1

U.S.G.S. TOPOGRAPHIC MAP  
LAKE McMILLAN SOUTH, NEW MEXICO

SCALED LAT. N 32°33'25"  
 LONG. W 104°15'43"



This location has been very carefully staked on the ground according to the best official survey records, maps, and other data available to us.  
 Review this plot and notify us immediately of any possible discrepancy.

## TOPOGRAPHIC LAND SURVEYORS

*Surveying & Mapping for the Oil & Gas Industry*

1307 N. HOBART  
 PAMPA, TX. 79065  
 (800) 658-6382

6709 N. CLASSEN BLVD.  
 OKLAHOMA CITY, OK. 73116  
 (800) 654-3219

2903 N. BIG SPRING  
 MIDLAND, TX. 79705  
 (800) 767-1653



Well name:	<b>Penlon State #1</b>
Operator:	<b>Devon Energy Corporation (Nevada)</b>
String type:	Production
Location:	Secion 22, T20S, R27E

**Design parameters:**

**Collapse**

Mud weight: 6.800 ppg  
Design is based on evacuated pipe.

**Minimum design factors:**

**Collapse:**

Design factor 1.125

**Burst:**

Design factor 1.00

**Environment:**

H2S considered? No  
Surface temperature: 75 °F  
Bottom hole temperature: 165 °F  
Temperature gradient: 0.80 °F/100ft  
Minimum section length: 500 ft

**Burst**

Max anticipated surface pressure: 3,956 psi  
Internal gradient: 0.000 psi/ft  
Calculated BHP 3,956 psi  
  
Annular backup: 9.60 ppg

**Tension:**

8 Round STC: 1.80 (J)  
8 Round LTC: 1.80 (J)  
Buttress: 1.60 (J)  
Premium: 1.50 (J)  
Body yield: 1.50 (B)

Non-directional string.

**Packer fluid details:**

Fluid density: 8.400 ppg  
Packer depth: 10,500 ft

Tension is based on buoyed weight.

Neutral point: 10,106 ft

Run Seq	Segment Length (ft)	Size (in)	Nominal Weight (lbs/ft)	Grade	End Finish	True Vert Depth (ft)	Measured Depth (ft)	Drift Diameter (in)	Internal Capacity (ft³)
3	2500	5.5	17.00	L-80	LT&C	2500	2500	4.767	86.2
2	6500	5.5	15.50	J-55	LT&C	9000	9000	4.825	203.8
1	2200	5.5	17.00	L-80	LT&C	11200	11200	4.767	75.8

Run Seq	Collapse Load (psi)	Collapse Strength (psi)	Collapse Design Factor	Burst Load (psi)	Burst Strength (psi)	Burst Design Factor	Tension Load (Kips)	Tension Strength (Kips)	Tension Design Factor
3	883	5624	6.37	3956	7740	1.96	162	338	2.09 J
2	3179	3957	1.24	3800	4810	1.27	120	217	1.82 J
1	3956	6290	1.59	3395	7740	2.28	19	338	17.98 J

Prepared W.M. Frank  
by: Devon Energy

Phone: (405) 552-4595  
FAX: (405) 552-4621

Date: July 7,2000  
Oklahoma City, Oklahoma

**Remarks:**

Collapse is based on a vertical depth of 11200 ft, a mud weight of 6.8 ppg The casing is considered to be evacuated for collapse purposes. Collapse strength is based on the Westcott, Dunlop & Kemler method of biaxial correction for tension.

Burst strength is not adjusted for tension.

*Engineering responsibility for use of this design will be that of the purchaser.*

Well name:	<b>Penion State #1</b>
Operator:	<b>Devon Energy Corporation (Nevada)</b>
String type:	Surface
Location:	Secion 22, T20S, R27E

**Design parameters:**

**Collapse**

Mud weight: 8.400 ppg  
Design is based on evacuated pipe.

**Minimum design factors:**

**Collapse:**

Design factor 1.125

**Burst:**

Design factor 1.00

**Environment:**

H2S considered? No  
Surface temperature: 75 °F  
Bottom hole temperature: 80 °F  
Temperature gradient: 1.00 °F/100ft  
Minimum section length: 500 ft  
Minimum Drift: 2.559 in

**Burst**

Max anticipated surface pressure: 260 psi  
Internal gradient: 0.000 psi/ft  
Calculated BHP 260 psi  
  
Annular backup: 8.40 ppg

**Tension:**

8 Round STC: 1.80 (J)  
8 Round LTC: 1.80 (J)  
Buttress: 1.60 (J)  
Premium: 1.50 (J)  
Body yield: 1.50 (B)

Non-directional string.

Tension is based on buoyed weight.  
Neutral point: 438 ft

**Re subsequent strings:**

Next setting depth: 2,200 ft  
Next mud weight: 8.400 ppg  
Next setting BHP: 960 psi  
Fracture mud wt: 10.000 ppg  
Fracture depth: 500 ft  
Injection pressure 260 psi

Run Seq	Segment Length (ft)	Size (in)	Nominal Weight (lbs/ft)	Grade	End Finish	True Vert Depth (ft)	Measured Depth (ft)	Drift Diameter (in)	Internal Capacity (ft³)
1	500	13.375	48.00	H-40	ST&C	500	500	12.59	46.9
Run Seq	Collapse Load (psi)	Collapse Strength (psi)	Collapse Design Factor	Burst Load (psi)	Burst Strength (psi)	Burst Design Factor	Tension Load (Kips)	Tension Strength (Kips)	Tension Design Factor
1	218	740	3.39	260	1730	6.66	21	322	15.31 J

Prepared W.M. Frank  
by: Devon Energy

Phone: (405) 552-4595  
FAX: (405) 552-4621

Date: July 7,2000  
Oklahoma City, Oklahoma

Remarks:

Collapse is based on a vertical depth of 500 ft, a mud weight of 8.4 ppg The casing is considered to be evacuated for collapse purposes.  
Collapse strength is based on the Westcott, Dunlop & Kemler method of biaxial correction for tension.

Burst strength is not adjusted for tension.

Well name:	<b>Penlon State #1</b>
Operator:	<b>Devon Energy Corporation (Nevada)</b>
String type:	Intermediate
Location:	Secion 22, T20S, R27E

**Design parameters:**

**Collapse**

Mud weight: 8.400 ppg  
 Design is based on evacuated pipe.

**Minimum design factors:**

**Collapse:**

Design factor 1.125

**Burst:**

Design factor 1.00

**Environment:**

H2S considered? No  
 Surface temperature: 75 °F  
 Bottom hole temperature: 97 °F  
 Temperature gradient: 1.00 °F/100ft  
 Minimum section length: 500 ft  
 Minimum Drift: 2.559 in

**Burst**

Max anticipated surface pressure: 1,143 psi  
 Internal gradient: 0.000 psi/ft  
 Calculated BHP 1,143 psi  
 Annular backup: 8.40 ppg

**Tension:**

8 Round STC: 1.80 (J)  
 8 Round LTC: 1.80 (J)  
 Buttress: 1.60 (J)  
 Premium: 1.50 (J)  
 Body yield: 1.50 (B)

Non-directional string.

Tension is based on buoyed weight.  
 Neutral point: 1,925 ft

**Re subsequent strings:**

Next setting depth: 11,500 ft  
 Next mud weight: 9.800 ppg  
 Next setting BHP: 5,855 psi  
 Fracture mud wt: 10.000 ppg  
 Fracture depth: 2,200 ft  
 Injection pressure 1,143 psi

Run Seq	Segment Length (ft)	Size (in)	Nominal Weight (lbs/ft)	Grade	End Finish	True Vert Depth (ft)	Measured Depth (ft)	Drift Diameter (in)	Internal Capacity (ft³)
1	2200	8.625	32.00	J-55	LT&C	2200	2200	7.875	139.8
Run Seq	Collapse Load (psi)	Collapse Strength (psi)	Collapse Design Factor	Burst Load (psi)	Burst Strength (psi)	Burst Design Factor	Tension Load (Kips)	Tension Strength (Kips)	Tension Design Factor
1	960	2530	2.64	1143	3930	3.44	62	417	6.77 J

Prepared by: W.M. Frank  
 Devon Energy

Phone: (405) 552-4595  
 FAX: (405) 552-4621

Date: July 7,2000  
 Oklahoma City, Oklahoma

Remarks:

Collapse is based on a vertical depth of 2200 ft, a mud weight of 8.4 ppg. The casing is considered to be evacuated for collapse purposes. Collapse strength is based on the Westcott, Dunlop & Kemler method of biaxial correction for tension.

Burst strength is not adjusted for tension.

*Engineering responsibility for use of this design will be that of the purchaser.*

# MINIMUM BLOWOUT PREVENTER REQUIREMENTS

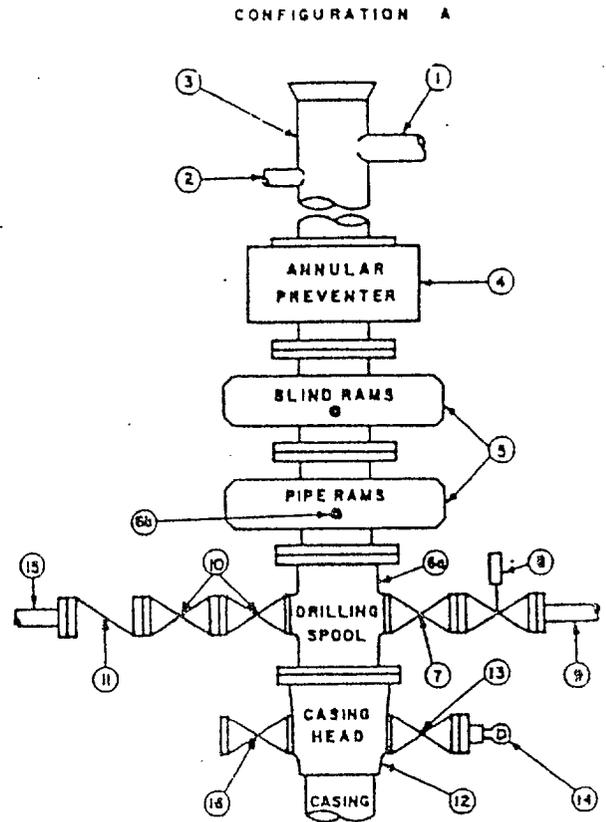
3,000 psi Working Pressure

3 MWP

## STACK REQUIREMENTS

No.	Item	Min. I.D.	Min. Nominal
1	Flowline		
2	Fill up line		2"
3	Drilling nipple		
4	Annular preventer		
5	Two single or one dual hydraulically operated rams		
6a	Drilling spool with 2" min. kill line and 3" min choke line outlets		
6b	2" min. kill line and 3" min. choke line outlets in ram. (Alternate to 6a above.)		
7	Valve		
	Gate <input type="checkbox"/>		
	Plug <input type="checkbox"/>	3-1/8"	
8	Gate valve—power operated	3-1/8"	
9	Line to choke manifold		3"
10	Valves		
	Gate <input type="checkbox"/>	2-1/16"	
	Plug <input type="checkbox"/>		
11	Check valve	2-1/16"	
12	Casing head		
13	Valve		
	Gate <input type="checkbox"/>	1-13/16"	
	Plug <input type="checkbox"/>		
14	Pressure gauge with needle valve		
15	Kill line to rig mud pump manifold		2"

OPTIONAL			
16	Flanged valve	1-13/16"	



### CONTRACTOR'S OPTION TO FURNISH:

- All equipment and connections above bradenhead or casinghead. Working pressure of preventers to be 3,000 psi, minimum.
- Automatic accumulator (80 gallon, minimum) capable of closing BOP in 30 seconds or less and, holding them closed against full rated working pressure.
- BOP controls, to be located near drillers position.
- Kelly equipped with Kelly cock.
- Inside blowout preventer or its equivalent on derrick floor at all times with proper threads to fit pipe being used.
- Kelly saver-sub equipped with rubber casing protector at all times.
- Plug type blowout preventer tester.
- Extra set pipe rams to fit drill pipe in use on location at all times.
- Type RX ring gaskets in place of Type R.

### MEC TO FURNISH:

- Bradenhead or casinghead and side valves.
- Wear bushing, if required.

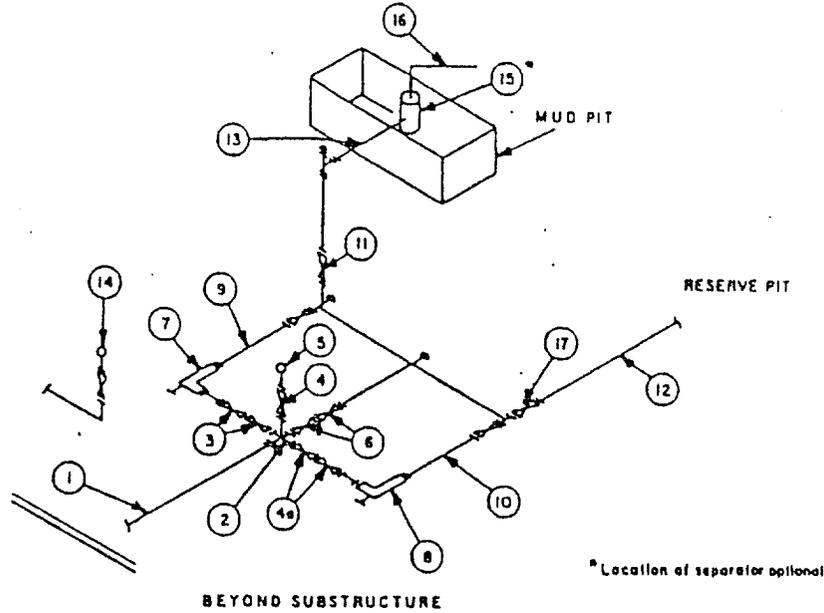
### GENERAL NOTES:

- Deviations from this drawing may be made only with the express permission of MEC's Drilling Manager.
- All connections, valves, fittings, piping, etc., subject to well or pump pressure must be flanged (suitable clamp connections acceptable) and have minimum working pressure equal to rated working pressure of preventers up through chokes. Valves must be full opening and suitable for high pressure mud service.
- Controls to be of standard design and each marked, showing opening and closing position.
- Chokes will be positioned so as not to hamper or delay changing of choke beans. Replaceable parts for adjustable choke, other bean sizes, retainers, and choke wrenches to be conveniently located for immediate use.
- All valves to be equipped with handwheels or handles ready for immediate use.
- Choke lines must be suitably anchored.

- Handwheels and extensions to be connected and ready for use.
- Valves adjacent to drilling spool to be kept open. Use outside valves except for emergency.
- All seamless steel control piping (3000 psi working pressure) to have flexible joints to avoid stress. Hoses will be permitted.
- Casinghead connections shall not be used except in case of emergency.
- Do not use kill line for routine fill-up operations.

**MINIMUM CHOKE MANIFOLD**  
3,000, 5,000 and 10,000 PSI Working Pressure

3 MWP - 5 MWP - 10 MWP



MINIMUM REQUIREMENTS										
No.		3,000 MWP			5,000 MWP			10,000 MWP		
		I.D.	NOMINAL	RATING	I.D.	NOMINAL	RATING	I.D.	NOMINAL	RATING
1	Line from drilling spool		3"	3,000		3"	5,000		3"	10,000
2	Cross 3"x3"x3"x2"			3,000			5,000			
	Cross 3"x3"x3"x3"									10,000
3	Valves(1) Gate <input type="checkbox"/> Plug <input type="checkbox"/> (2)	3-1/8"		3,000	3-1/8"		5,000	3-1/8"		10,000
4	Valve Gate <input type="checkbox"/> Plug <input type="checkbox"/> (2)	1-13/16"		3,000	1-13/16"		5,000	1-13/16"		10,000
4a	Valves(1)	2-1/16"		3,000	2-1/16"		5,000	3-1/8"		10,000
5	Pressure Gauge			3,000			5,000			10,000
6	Valves Gate <input type="checkbox"/> Plug <input type="checkbox"/> (2)	3-1/8"		3,000	3-1/8"		5,000	3-1/8"		10,000
7	Adjustable Choke(3)	2"		3,000	2"		5,000	2"		10,000
8	Adjustable Choke	1"		3,000	1"		5,000	2"		10,000
9	Line		3"	3,000		3"	5,000		3"	10,000
10	Line		2"	3,000		2"	5,000		3"	10,000
11	Valves Gate <input type="checkbox"/> Plug <input type="checkbox"/> (2)	3-1/8"		3,000	3-1/8"		5,000	3-1/8"		10,000
12	Lines		3"	1,000		3"	1,000		3"	2,000
13	Lines		3"	1,000		3"	1,000		3"	2,000
14	Remote reading compound standpipe pressure gauge			3,000			5,000			10,000
15	Gas Separator		2'x5'			2'x5'			2'x5'	
16	Line		4"	1,000		4"	1,000		4"	2,000
17	Valves Gate <input type="checkbox"/> Plug <input type="checkbox"/> (2)	3-1/8"		3,000	3-1/8"		5,000	3-1/8"		10,000

(1) Only one required in Class 3M.

(2) Gate valves only shall be used for Class 10M.

(3) Remote operated hydraulic choke required on 5,000 psi and 10,000 psi for drilling.

**EQUIPMENT SPECIFICATIONS AND INSTALLATION INSTRUCTIONS**

- All connections in choke manifold shall be welded, studded, flanged or Cameron clamp of comparable rating.
- All flanges shall be API 6B or 6BX and ring gaskets shall be API RX or BX. Use only BX for 10 MWP.
- All lines shall be securely anchored.
- Chokes shall be equipped with tungsten carbide seats and needles, and replacements shall be available.
- Choke manifold pressure and standpipe pressure gauges shall be available at the choke manifold to assist in regulating chokes. As an alternate with automatic chokes, a choke manifold pressure gauge shall be located on the rig floor in conjunction with the standpipe pressure gauge.
- Line from drilling spool to choke manifold should be as straight as possible. Lines downstream from chokes shall make turns by large bends or 90° bends using bull plugged tees.
- Discharge lines from chokes, choke bypass and from top of gas separator should vent as far as practical from the well.

State of New Mexico  
ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT  
Santa Fe, New Mexico 87505



October 21, 1993

BRUCE KING  
GOVERNOR

ANITA LOCKWOOD  
CABINET SECRETARY

Devon Energy Corporation (Nevada)  
1500 Mid-America Tower  
20 N. Broadway  
Oklahoma City, Ok. 73102

Re: \$50,000 Blanket Plugging Bond  
Devon Energy Corporation (Nevada), Principal  
Aetna Casualty & Surety Company, Surety  
Bond No. 30 S 100753026-11

Gentlemen:

The Oil Conservation Division hereby approves the above-referenced plugging bond effective October 15, 1993.

Sincerely,

WILLIAM J. LEMAY,  
Director

dr/

cc: Oil Conservation Division  
Hobbs, Artesia, Aztec

Hilb, Rogal and Hamilton Co.  
125 Park avenue  
Oklahoma City, Ok. 73102

**RECEIVED**

VILLALBA BOND KING - 408 Galisteo

Forestry and Resources Conservation Division  
P.O. Box 1948 87504-1948  
827-5830

Park and Recreation Division  
P.O. Box 1147 87504-1147  
827-7465  
OCT 25 1993

2040 South Pacheco

Office of the Secretary  
827-5950

Administrative Services  
827-5925

Energy Conservation & Management  
827-5900

Mining and Minerals  
827-5970

LAND OFFICE BUILDING - 310 Old Santa Fe Trail

Oil Conservation Division  
P.O. Box 2088 87504-2088  
827-5800

LAND DEPARTMENT

STATE OF NEW MEXICO  
\$50,000.00 BLANKET PLUGGING BOND

BOND NO. 30 S 100753026-11  
(For Use of Surety Company)

Replaces USF&G 56-0130-11003-82-1

Note: File with Oil Conservation Commission, P. O. Box 2083, Santa Fe 87501

KNOW ALL MEN BY THESE PRESENTS:

That Devon Energy Corporation (Nevada)  
(a corporation organized in the State of Nevada, (An individual) (a partnership)  
Oklahoma City State of Oklahoma, with its principal office in the city of  
the State of New Mexico), as PRINCIPAL, and Aetna Casualty & Surety Company, and authorized to do business in  
corporation organized and existing under the laws of the State of Connecticut, a  
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 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 (CO<sub>2</sub>) 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 (CO<sub>2</sub>) 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 (CO<sub>2</sub>) 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 (CO<sub>2</sub>) 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 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.

PROVIDED, HOWEVER, That thirty (30) days after receipt by the Oil Conservation Commission 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.