

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

¹ Operator Name and Address Devon Energy Production Company, L.P. 20 North Broadway, Suite 1500 Oklahoma City, Oklahoma 73102-8260		Walter M. Frank Senior Operations Engineer (405) 552-4595	² OGRID Number 6137
³ Property Code 26238		⁵ Property Name PENLON "22I" STATE	⁴ API Number 30-015-31259
			⁶ Well No. 1

⁷ Surface Location

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

⁸ 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

⁹ Proposed Pool 1

AVALON (MORROW)

¹⁰ Proposed Pool 2

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

Minimum WOC time 18 hrs. ²¹ Proposed Casing and Cement Program

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

²² 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.

²³ I hereby certify that the information given above is true and complete to the best of my knowledge and belief. Signature: <u>Candace R. Graham</u> Printed name: Candace R. Graham Title: Engineering Tech. Date: July 7, 2000		OIL CONSERVATION DIVISION Approved by: ORIGINAL SIGNED BY TIM W. GUM DISTRICT II SUPERVISOR Title: Approval Date: JUL 17 2000 Expiration Date: JUL 17 2001 Conditions of Approval: Attached <input type="checkbox"/> Notify OCD at SPUD & TIME to witness cementing the 8 5/8" casing.	
Phone: (405) 235-3611, X4520			

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

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

DISTRICT III
1000 Rio Brazos Rd.
Aztec, NM 87410

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

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

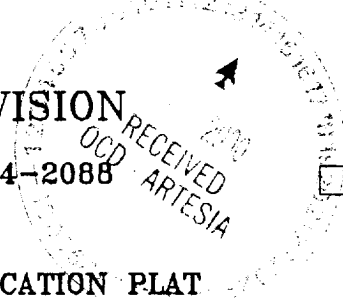
Form C-102
Revised 02-10-94

Instructions on back

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

OIL CONSERVATION DIVISION

P. O. Box 2088
Santa Fe, New Mexico 87504-2088



☐ AMENDED REPORT

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

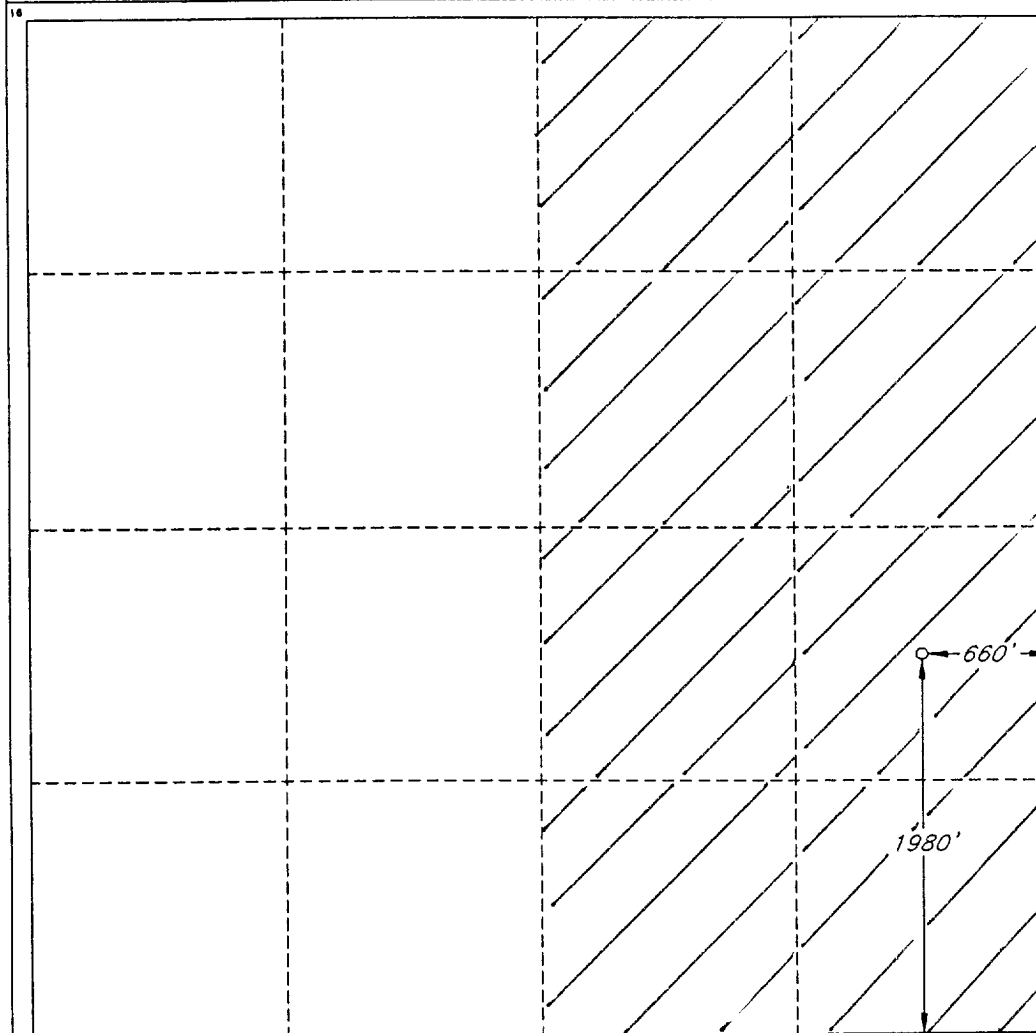
UL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County
I	22	20 SOUTH	27 EAST, N.M.P.M.		1980'	SOUTH	660'	EAST	EDDY

"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.
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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

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

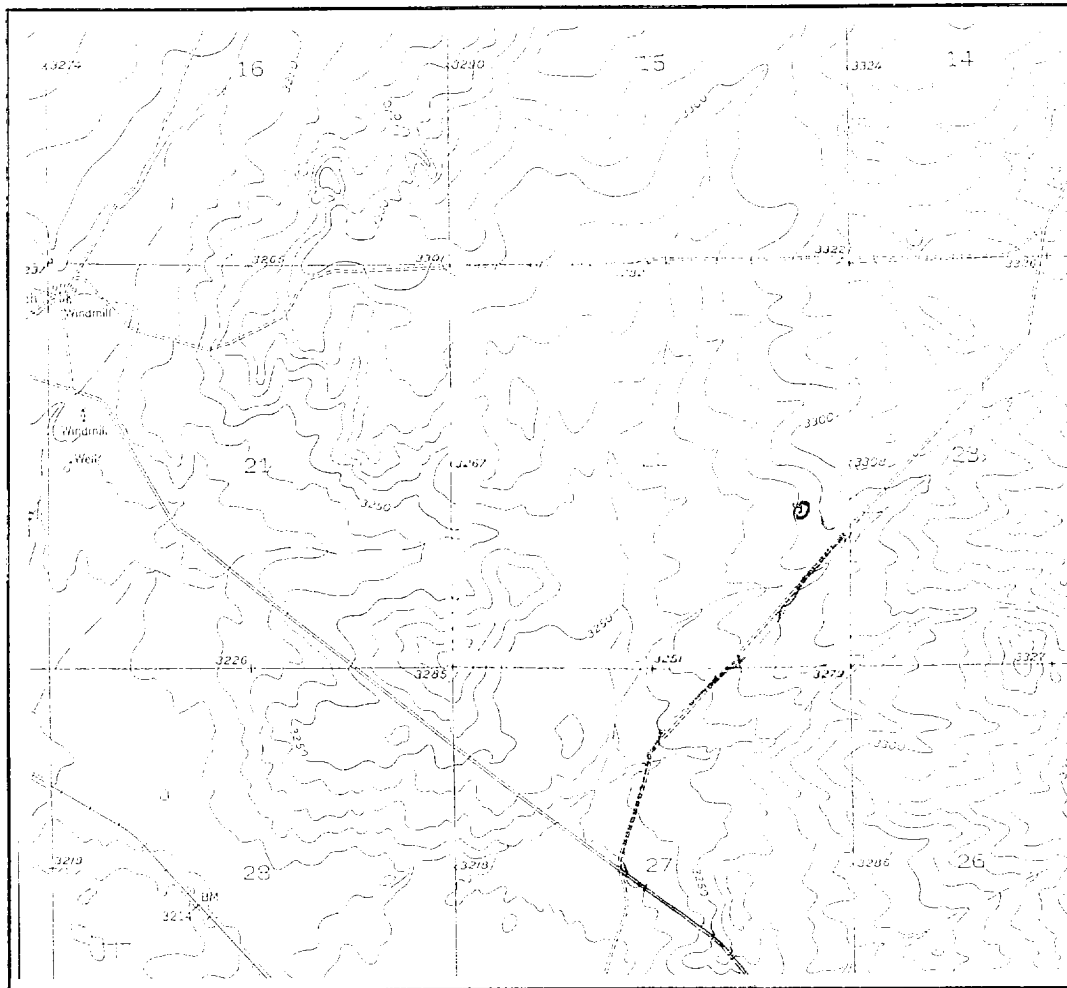
Certificate No.

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 "22I" 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

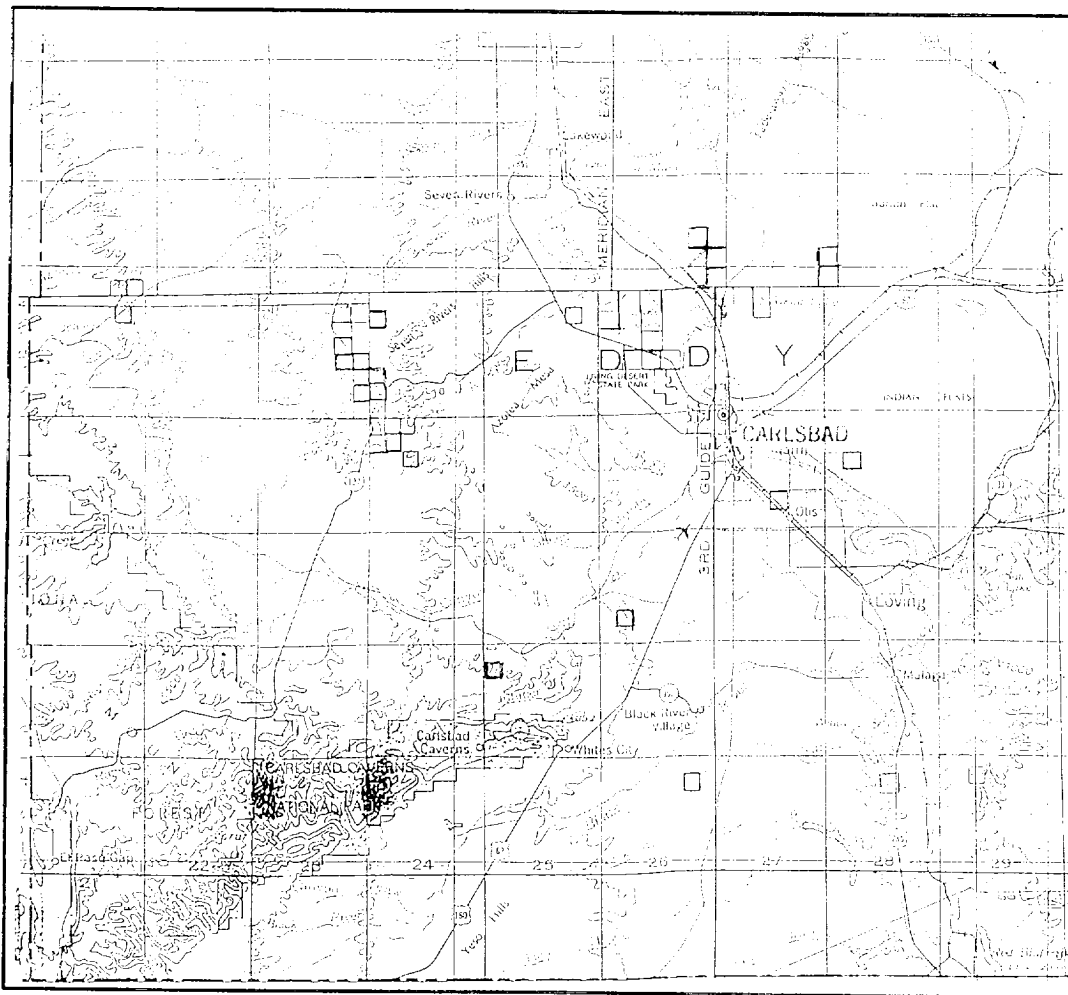
Surveying & Mapping for the Oil & Gas Industry

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

VICINITY MAP



SECTION 22 TWP 20-S RGE 27-E
 SURVEY NEW MEXICO PRINCIPAL MERIDIAN
 COUNTY EDDY STATE NM
 DESCRIPTION 1980' FSL & 660' FEL

OPERATOR DEVON ENERGY PRODUCTION COMPANY, L.P.
 LEASE PENLON "221" STATE #1

DISTANCE & DIRECTION FROM NORTH LOOP & COUNTY
ROAD 206 NORTH OF CARLSBAD, GO NORTHERLY 1.9
MILES ON PAVED COUNTY ROAD 206, THENCE NORTH-
WESTERLY 3.0 MILES ON PAVED COUTNY ROAD 34,
THENCE NORTHEAST 0.8 MILE ON LEASE ROAD &
ABANDONED LEASE ROAD TO A POINT ±550' SOUTHEAST
OF LOCATION.



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 plat 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) 767-1553

Well name: **Penlon State #1**
 Operator: **Devon Energy Corporation (Nevada)**
 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:	Penlon State #1
Operator:	Devon Energy Corporation (Nevada)
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.

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

Well name: **Penlon State #1**
 Operator: **Devon Energy Corporation (Nevada)**
 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)

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

Non-directional string.

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 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 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

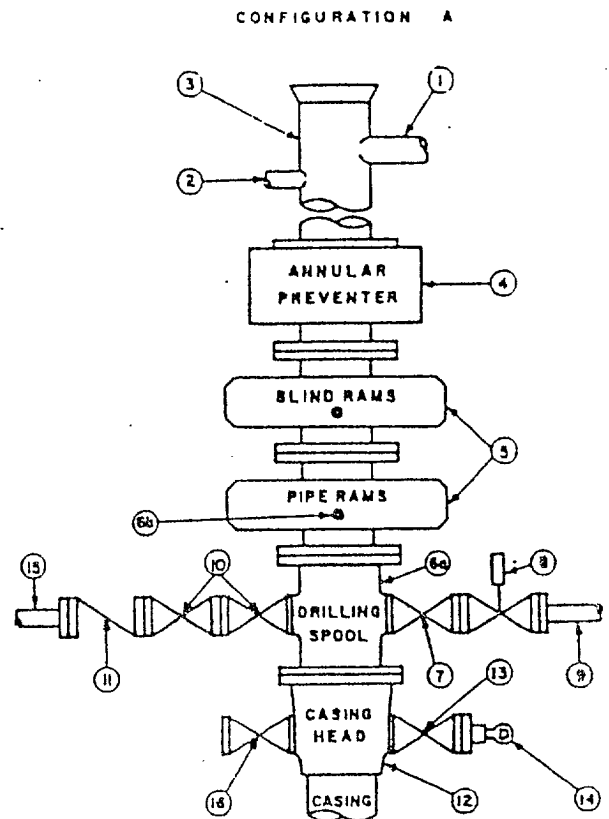
3,000 psi Working Pressure

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"/> Plug <input type="checkbox"/>	2-1/16"	
11	Check valve	2-1/16"	
12	Casing head		
13	Valve Gate <input type="checkbox"/> Plug <input type="checkbox"/>	1-13/16"	
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:

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

MEC TO FURNISH:

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

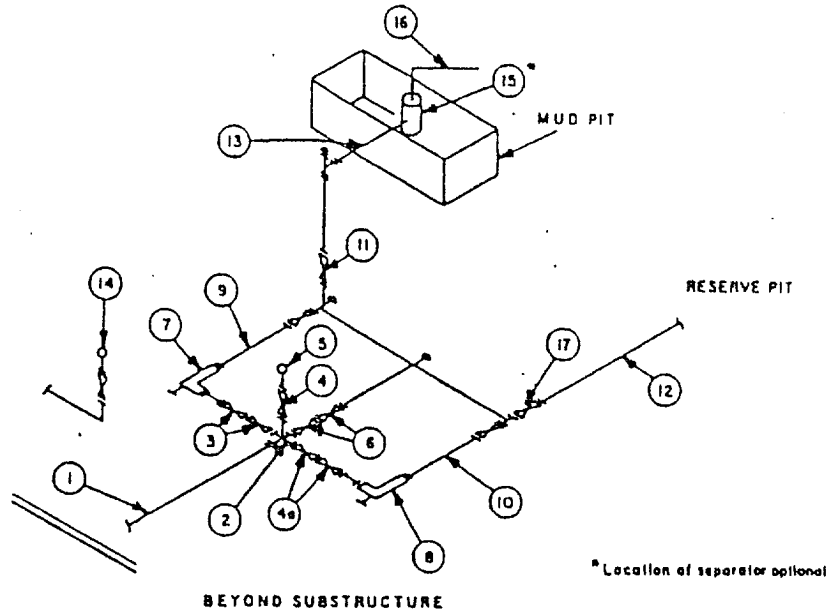
GENERAL NOTES:

1. Deviations from this drawing may be made only with the express permission of MEC's Drilling Manager.
2. 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 choke. Valves must be full opening and suitable for high pressure mud service.
3. Controls to be of standard design and each marked, showing opening and closing position.
4. 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.
5. All valves to be equipped with handwheels or handles ready for immediate use.
6. Choke lines must be suitably anchored.

7. Handwheels and extensions to be connected and ready for use.
8. Valves adjacent to drilling spool to be kept open. Use outside valves except for emergency.
9. All seamless steel control piping (3000 psi working pressure) to have flexible joints to avoid stress. Hoses will be permitted.
10. Casinghead connections shall not be used except in case of emergency.
11. 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

1. All connections in choke manifold shall be welded, studded, flanged or Cameron clamp of comparable rating.
2. All flanges shall be API 6B or 6BX and ring gaskets shall be API RX or BX. Use only BX for 10 MWP.
3. All lines shall be securely anchored.
4. Chokes shall be equipped with tungsten carbide seats and needles, and replacements shall be available.
5. 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.
6. 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.
7. 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



BRUCE KING
GOVERNOR

October 21, 1993



ANITA LOCKWOOD
CABINET SECRETARY

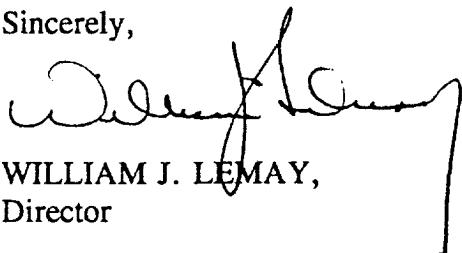
Devon Energy Corporation (Nevada)
1500 Mid-America Tower
20 N. Broadway
Oklahoma City, Ok. 73102

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

WILLIAM J. LEMAY - 408 Galisteo
Forestry and Resources Conservation Division
P.O. Box 1948 87504-1948
827-5830

Park and Recreation Division
P.O. Box 1948 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)

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

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

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 (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 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.