

J.K. EDWARDS ASSOCIATES, INC.

OIL & GAS PROPERTIES

1401 17TH STREET / SUITE 1400

DENVER, COLORADO 80202

303/298-1400 FAX 303/298-0757

June 6, 1995

Ms. Diane Richardson
New Mexico Oil Conservation Division
2040 S Pacheco Street
Santa Fe, New Mexico 87505

RE: State of New Mexico One-Well Plugging Bond
Fawkes #1 Well
Section 18, T29N-R13W
Our WAW PC Prospect
San Juan County, New Mexico

Dear Ms. Richardson:

Pursuant to instructions from Dorothy in the NMOCD Aztec District Office, enclosed please find a copy of our bond for the referenced well.

Please advise if you should require additional information.

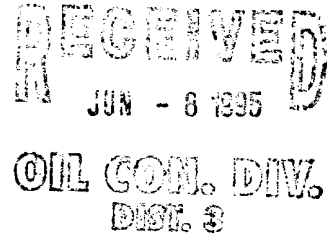
Sincerely,



Ann L. Feldman
Assistant to the President

:alf
Enclosure

cc: NMOCD Aztec District Office
Oil & Gas Asset Clearinghouse
Merrion Oil & Gas Corporation



STATE OF NEW MEXICO
ONE-WELL PLUGGING BOND

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

BOND NO. B05264
AMOUNT OF BOND \$5,000.00
COUNTY San Juan

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 J.K. Edwards Associates, Inc., ~~(a corporation organized in the State of New Mexico)~~
(a corporation organized in the State of Colorado, with its principal office in the city
of Denver, State of Colorado, and authorized to do business
in the State of New Mexico), as PRINCIPAL, and Underwriters Indemnity Company,
a corporation organized and existing under the laws of the State of
Texas, 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 \$5,000.00 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 lease, 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 may 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 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 972'
feet, 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 well started by others on land embraced in said State oil
and gas leases, or carbon dioxide (CO₂) 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
Fawkes No. 1, Section 18, Township 29 (North) ~~(South)~~

(Here state exact legal footage description)
Range 13 ~~(East)~~ (West), N.M.P.M., San Juan 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.

J.K. Edwards Associates, Inc. PRINCIPAL Underwriters Indemnity Company SURETY

1401-17th St., #1400, Denver, CO 80210 8 Greenway Plaza, #400, Houston, TX 77046

By: [Signature] Address: [Signature]
Title: President Roy C. Die Attorney-In-Fact

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

ACKNOWLEDGEMENT FORM FOR NATURAL PERSONS

STATE OF _____ COUNTY OF _____ ss. _____

On this _____ day of _____, 19____, before me personally appeared _____, 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.

Notary Public _____ My Commission Expires _____

ACKNOWLEDGEMENT FORM FOR CORPORATION

STATE OF COLORADO COUNTY OF DENVER ss. _____

On this 18th day of May, 1995, before me personally appeared J. KEITH EDWARDS, President of J. KEITH EDWARDS ASSOCIATES, 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.

Notary Public _____ My Commission Expires 7/9/95

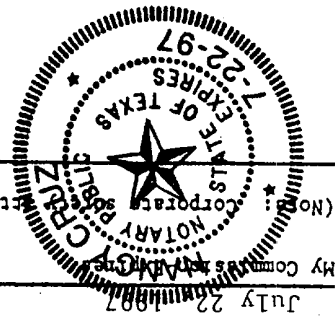
ACKNOWLEDGEMENT FORM FOR CORPORATE SURETY

STATE OF TEXAS COUNTY OF HARRIS ss. _____

On this 18th day of May, 1995, before me appeared Roy C. Die Attorney-In-Fact, to me personally known, who, being by me duly sworn, did say that he is of Underwriters 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.

Notary Public _____ My Commission Expires July 22, 1997

(Note: Corporate surety affix corporate seal here.) (Note: Corporate surety affix corporate seal here.)



APPROVED BY: _____

OIL CONSERVATION DIVISION OF NEW MEXICO

By: _____ Date: _____

GENERAL POWER OF ATTORNEY

CERTIFIED COPY

KNOW ALL MEN BY THESE PRESENTS: That **UNDERWRITERS INDEMNITY COMPANY**, a corporation organized and existing under the laws of the State of Texas, and having its principal office in the City of Houston, Texas, does hereby constitute and appoint:

ROY C. DIE

its true and lawful attorney-in-fact to execute, seal and deliver for and on its behalf as surety, any and all bonds and undertakings, recognizances, 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, in an amount not to exceed:

*******FIFTY THOUSAND AND NO/100 DOLLARS*******

and the execution of all such instrument(s) in pursuance of these presents, shall be binding upon said **UNDERWRITERS INDEMNITY 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 V, Section 6(C) of the By-Laws adopted by the Board of Directors of **UNDERWRITERS INDEMNITY COMPANY**, at a meeting called and held on the 23rd day of January 1985, of which the following is a true transcript of said Section 6(C):

- "The President or any Vice President, Assistant Vice President, Secretary or Resident 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, recognizances, contracts of indemnity and other writings obligatory in the nature thereof, and
 - (2) to appoint special Attorneys-in-fact, who are hereby authorized to certify to copies of any power-of-attorney issued in pursuance of this section and/or any of the By-laws of the Company, and
 - (3) to remove, at any time, any such Attorney-in-fact or Special Attorney-in-fact and revoke the authority given to him."

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 23rd day of January, 1985, 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, **UNDERWRITERS INDEMNITY COMPANY** has caused this instrument to be signed and its corporate seal to be affixed by its authorized officer, E.H. Frank, III, on this the third day of September, 1991.



E.H. Frank III

President

STATE OF TEXAS
COUNTY OF HARRIS

On this the 3rd day of September, 1991, before me came the individual who executed the preceding instrument, to me personally known, and, being duly sworn, said that he is the therein described and authorized officer of **UNDERWRITERS INDEMNITY 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 Houston, Texas, the day and year first above written.



Mary Williams

NOTARY PUBLIC, Harris County, Texas

CERTIFICATION

I, the undersigned officer of **UNDERWRITERS INDEMNITY 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, 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 18th day of May, 19 95



Greg E. Chilson

Assistant Secretary

Only a certified copy of Power of Attorney bearing the Certificate of Authority No. printed in red on the upper right corner is binding. Photocopies, carbon copies or other reproductions of this document are invalid and not binding upon the Company.

ANY INSTRUMENT ISSUED IN EXCESS OF THE PENALTY AMOUNT STATED ABOVE IS TOTALLY VOID AND WITHOUT VALIDITY.