

CMD : ONGARD 02/02/04 15:03:19  
OG6CWBD CAPTURE SINGLE WELL BOND OGOI -TPGU

OGRID Identifier : 3693 API Well No : 30 25 4361  
Operator Name, Address : CARBON ENERGY INC  
520 N SHIPP  
HOBBS,NM 88240

Bond Idn : 95984 Bond Status : A Prop Idn : 2439  
Prop Name : AZTEC 28 STATE Well No : 003  
U/L Sec Township Range North/South East/West Lot Idn  
-----  
Surface Locn : M 28 20S 36E FTG 660 F S FTG 990 F W  
API County : 25  
Bond Details : Type (Cash/Surety - C/S) : S Bond Co Idn : 10 Amt : 5000  
Company OGRID Identifier : 26095  
Company Name, Address : HARTFORD ACCIDENT & INDEMNITY  
HARTFORD PLAZA  
HARTFORD,CT 06115  
Effective Date : 01-01-1900 Cancellation Date : 12-31-9999  
Issuer Bond No : 4397590  
E0043: Record found; Authority denied to MODIFY/ADD

PF01 HELP PF02 PF03 EXIT PF04 GoTo PF05 PF06 CONFIRM  
PF07 PF08 PF09 COMMENT PF10 NXTBOND PF11 PF12

Date: 2/2/2004 Time: 03:04:42 PM

Before the OCD  
Case 13337  
OCD Ex. 4

STATE OF NEW MEXICO  
ONE-WELL PLUGGING BOND

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

Revised 6-17-77

JAN 18 1980  
OIL CONSERVATION COMMISSION  
SANTA FE

BOND NO. 4397590  
(For Use of Surety Company)

AMOUNT OF BOND \$5,000.00

COUNTY Lea

NOTE: For wells less than 5,000 feet deep, the minimum bond is \$5,000.00\*  
For wells 5,000 feet 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 \$7,500.00 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 5,499 feet, and a well being drilled under a \$7,500.00 bond may be permitted to go to 10,500 feet.

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

KNOW ALL MEN BY THESE PRESENTS:

That CARBON ENERGY, INC., (An individual) (a partnership) --  
(a corporation organized in the State of New Mexico, with its principal office in the city of  
Hobbs, State of New Mexico, and authorized to do business  
in the State of New Mexico), as PRINCIPAL, and HARTFORD ACCIDENT & INDEMNITY COMPANY, a  
corporation organized and existing under the laws of the State of New Mexico,  
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 Commission of New Mexico, pursuant to Section 65-3-11, New  
Mexico Statutes Annotated, 1953 Compilation, as amended, in the sum of \*Five thousand and no/100\*\*\*\*\*  
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 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 one well not to exceed a depth of 4,250 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,  
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 660' from the South Line & 990' from the WES  
Line, SW $\frac{1}{4}$ /SW $\frac{1}{4}$  Section 28, Township 20 (Here state exact legal subdivision by 40-acre tract or lot)  
Lea County, New Mexico. (XXXX) (South), Range 36 (East) (XXXX) N.M.P.M.

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 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.

Before the OCD  
Case 13337  
OCD Ex. 6

**HARTFORD ACCIDENT AND INDEMNITY COMPANY**

Hartford, Connecticut

**POWER OF ATTORNEY**

Know all men by these Presents, That the HARTFORD ACCIDENT AND INDEMNITY COMPANY, a corporation duly organized under the laws of the State of Connecticut, and having its principal office in the City of Hartford, County of Hartford, State of Connecticut, does hereby make, constitute and appoint

JACK DANIELS, MIKE TINLEY and PAT CARGILE  
of HOBBS, NEW MEXICO,

its true and lawful Attorney(s)-in-Fact, with full power and authority to each of said Attorney(s)-in-Fact, in their separate capacity if more than one is named above, to sign, execute and acknowledge any and all bonds and undertakings and other writings obligatory in the nature thereof on behalf of the company in its business of guaranteeing the fidelity of persons holding places of public or private trust; guaranteeing the performance of contracts other than insurance policies; guaranteeing the performance of insurance contracts where surety bonds are accepted by states and municipalities, and executing or guaranteeing bonds and undertakings required or permitted in all actions or proceedings or by law allowed,

and to bind the HARTFORD ACCIDENT AND INDEMNITY COMPANY thereby as fully and to the same extent as if such bonds and undertakings and other writings obligatory in the nature thereof were signed by an Executive Officer of the HARTFORD ACCIDENT AND INDEMNITY COMPANY and sealed and attested by one other of such Officers, and hereby ratifies and confirms all that its said Attorney(s)-in-Fact may do in pursuance hereof.

This power of attorney is granted by and under authority of the following provisions:

(1) By-Laws adopted by the Stockholders of the HARTFORD ACCIDENT AND INDEMNITY COMPANY at a meeting duly called and held on the 10th day of February, 1943.

**ARTICLE IV**

SECTION 8. The President or any Vice-President, acting with any Secretary or Assistant Secretary, shall have power and authority to appoint, for purposes only of executing and attesting bonds and undertakings and other writings obligatory in the nature thereof, one or more Resident Vice-Presidents, Resident Assistant Secretaries and Attorneys-in-Fact and at any time to remove any such Resident Vice-President, Resident Assistant Secretary, or Attorney-in-Fact, and revoke the power and authority given to him.

SECTION 11. Attorneys-in-Fact shall have power and authority, subject to the terms and limitations of the power of attorney issued to them, to execute and deliver on behalf of the Company and to attach the seal of the Company thereto any and all bonds and undertakings, and other writings obligatory in the nature thereof, and any such instrument executed by any such Attorney-in-Fact shall be as binding upon the Company as if signed by an Executive Officer and sealed and attested by one other of such Officers.

(2) Excerpt from the Minutes of a meeting of the Board of Directors of the HARTFORD ACCIDENT AND INDEMNITY COMPANY duly called and held on the 11th day of June, 1976:

RESOLVED: Robert N. H. Sener, Assistant Vice-President and Thomas F. Delaney, Assistant Vice-President, shall each have as long as he holds such office the same power as any Vice-President under Sections 8, 7 and 8 of Article IV of the By-Laws of the Company.

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 HARTFORD ACCIDENT AND INDEMNITY COMPANY at a meeting duly called and held on the 6th day of August, 1976.

RESOLVED, That, whereas Robert N. H. Sener, Assistant Vice-President and Thomas F. Delaney, Assistant Vice-President, acting with any Secretary or Assistant Secretary, each have the power and authority, as long as he holds such office, to appoint by a power of attorney, for purposes only of executing and attesting bonds and undertakings and other writings obligatory in the nature thereof, one or more Resident Vice-Presidents, Assistant Secretaries and Attorneys-in-Fact;

Now, therefore, the signatures of such Officers and the seal of the Company may be affixed to any such power of attorney or to 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 Witness Whereof, the HARTFORD ACCIDENT AND INDEMNITY COMPANY has caused these presents to be signed by its Assistant Vice-President, and its corporate seal to be hereto affixed, duly attested by its Secretary, this 9th day of August, 1976.

Attest:

HARTFORD ACCIDENT AND INDEMNITY COMPANY

*Douglas H. Geer*  
Douglas H. Geer, Secretary



*Thomas F. Delaney*  
Thomas F. Delaney  
Assistant Vice-President

STATE OF CONNECTICUT, }  
ss.  
COUNTY OF HARTFORD, }

On this 9th day of August, A.D. 1976, before me personally came Thomas F. Delaney, to me known, who being by me duly sworn, did depose and say: that he resides in the County of Hartford, State of Connecticut; that he is the Assistant Vice-President of the HARTFORD ACCIDENT AND INDEMNITY COMPANY, the corporation described in and which executed the above instrument; that he knows the seal of the said corporation; that the seal affixed to the said instrument is such corporate seal; that it was so affixed by order of the Board of Directors of said corporation and that he signed his name thereto by like order.

STATE OF CONNECTICUT, }  
ss.  
COUNTY OF HARTFORD, }



*Gloria Mazotas*  
Gloria Mazotas, Notary Public  
My Commission Expires March 31, 1978

**CERTIFICATE**

I, the undersigned, Assistant Secretary of the HARTFORD ACCIDENT AND INDEMNITY COMPANY, a Connecticut Corporation, DO HEREBY CERTIFY that the foregoing and attached POWER OF ATTORNEY remains in full force and has not been revoked; and furthermore, that Article IV, Sections 8 and 11, of the By-Laws of the Company, and the Resolutions of the Board of Directors, set forth in the Power of Attorney, are now in force.

Signed and sealed at the City of Hartford. Dated the 15th day of January 1980



*John E. Lukens*  
John E. Lukens

**APPLICATION OF THE NEW MEXICO OIL CONSERVATION DIVISION,  
THROUGH THE SUPERVISOR OF DISTRICT I, FOR AN ORDER REQUIRING  
CARBON ENERGY INC. AND CARBON ENERGY TO BRING WELLS INTO  
COMPLIANCE WITH 19.15.4.201 NMAC, AUTHORIZING THE DIVISION TO  
PLUG SAID WELLS AND ORDERING A FORFEITURE OF THE APPLICABLE  
FINANCIAL ASSURANCES; LEA COUNTY, NEW MEXICO.**

**Affidavit of Jane Prouty**

**Jane Prouty, being first duly sworn on oath, states as follows:**

- Before the OCD**  
**Case 13337**  
**OCD Ex. 2**

6. I have researched the ONGARD records for production and injection information regarding well API # 30-025-04361 and well API #30-025-26637.

7. The last production shown in ONGARD for well API #30-025-04361 (Aztec 28 State #003) is for the month of June 1982.

8. The last production shown in ONGARD for well API #30-025-26637 (Shell State #001) is for the month of May 1989.

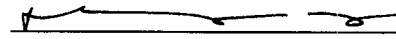
9. I researched the error files for reports on well API # 30-025-04361 and well API #30-025-26637, and found no record of any attempt to submit production or injection information for these wells in ONGARD.

THIS CONCLUDES MY AFFIDAVIT.



Jane Prouty

SUBSCRIBED AND SWORN before me this 26<sup>th</sup> day of August, 2004.

  
Notary Public

My Commission Expires:

4/2/07