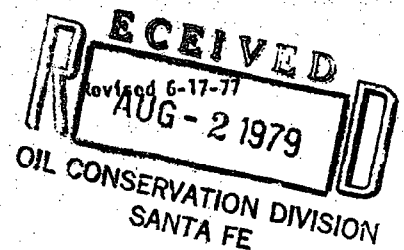


STATE OF NEW MEXICO  
ONE-WELL PLUGGING BOND



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

BOND NO. AE-71346-25  
(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 Hulen H. Lemon, (An individual) (a ~~partnership~~  
(a corporation organized in the State of TEXAS, with its principal office in the city of MIDLAND, State of TEXAS, and authorized to do business in the State of New Mexico), as PRINCIPAL, and AMERICAN EMPLOYERS' INSURANCE COMPANY, a corporation organized and existing under the laws of the State of MASSACHUSETTS, 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

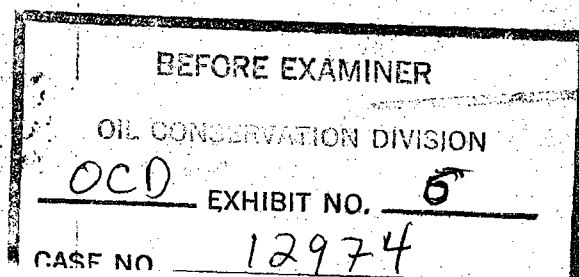
WHEREAS, The above principal, individually, or in association with one or more other parties, has commenced or may commence the drilling of one well not to exceed a depth of 4500' feet, to prospect for and produce oil or gas, or carbon dioxide (CO<sub>2</sub>) gas or helium gas, or does own or may acquire, 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 1977' FSL and 1977' FEL

(Here state exact legal subdivision by 40-acre tract or lot)

Section 30, Township 9 (~~North~~) (South), Range 33 (East) (~~West~~) N.M.P.M.  
LEA 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 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.



Hulen Lemon  
PRINCIPAL

~~AMERICAN EMPLOYERS' INSURANCE COMPANY~~  
~~SURETY~~

P. O. Box 485 Midland, Texas  
Address

P. O. Box 231, MIDLAND, TEXAS 79702  
Address

By Hulen H. Lemon Hulen H. Lemon  
Signature

By John Johnson Jr.  
Attorney-in Fact John Johnson Jr.

owner  
Title

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

(Note: Corporate surety affix corporate seal here.)

#### ACKNOWLEDGMENT FORM FOR NATURAL PERSONS

STATE OF Texas )  
COUNTY OF Midland ) ss.

On this 25 day of July, 1979, before me personally appeared Hulen Lemon, 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.

Roland Hale  
Notary Public

My Commission expires 10-31-80

#### ACKNOWLEDGMENT FORM FOR CORPORATION

STATE OF \_\_\_\_\_ )  
COUNTY OF \_\_\_\_\_ ) ss.

On this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_, before me personally appeared \_\_\_\_\_, to me personally known who, being by me duly sworn, did say that he is \_\_\_\_\_ of \_\_\_\_\_ 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 \_\_\_\_\_

#### ACKNOWLEDGMENT FORM FOR CORPORATE SURETY

STATE OF TEXAS )  
COUNTY OF MIDLAND ) ss.

On this 25th day of July, 1979 before me appeared \_\_\_\_\_, to me personally known, who, being by me duly sworn, did say that he is JOHN Johnson Jr. Attorney in fact of American Employers' Insurance Co. 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.

Darla Grant  
Notary Public

My Commission expires Sept 30, 1980

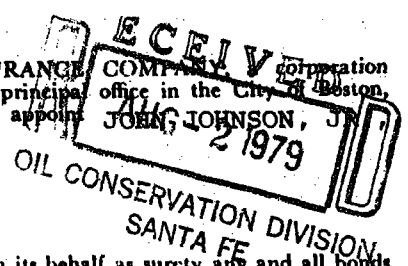
(Note: Corporate surety attach power of attorney.)

APPROVED BY:  
OIL CONSERVATION COMMISSION OF NEW MEXICO

By [Signature]  
Date \_\_\_\_\_

# POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that the AMERICAN EMPLOYERS' INSURANCE COMPANY, a corporation duly organized and existing under the laws of the Commonwealth of Massachusetts, and having its principal office in the City of Boston, Mass., hath made, constituted and appointed, and does by these presents make and constitute and appoint **JOHN G. JOHNSON, JR.** and **E. SIKES JOHNSON** both of Midland, Texas



and each of them its true and lawful Attorney-in-Fact, to make, execute, seal and deliver for and on its behalf as surety any and all bonds or undertakings required in amounts not exceeding FIVE HUNDRED THOUSAND AND NO/100 (\$500,000.00) DOLLARS

and the execution of such bonds or undertakings in pursuance of these presents, shall be binding upon said Company as fully and amply, to all intents and purposes, as if such bonds were signed by the President, sealed with the corporate seal of the Company, and duly attested by its Secretary, hereby ratifying and confirming all the acts of said Attorney-in-Fact pursuant to the power herein given. This Power of Attorney is made and executed pursuant to and by authority of the following resolutions adopted by the Board of Directors of the AMERICAN EMPLOYERS' INSURANCE COMPANY at a meeting duly called and held on the Twenty-seventh day of July, 1972:

Resolved: That the President, or any Vice-President, or any Assistant Vice-President, may execute for and in behalf of the company any and all bonds, recognizances, contracts of indemnity, and all other writings obligatory in the nature thereof, the same to be attested when necessary and the seal of the company affixed thereto by the Secretary, or any Assistant Secretary; and that the President, or any Vice-President, or Assistant Vice-President, may appoint and authorize an Attorney-in-Fact to execute on behalf of the company any and all such instruments and affix the seal of the company thereto; and that the President, or any Vice-President, or any Assistant Vice-President, may at any time remove, any such Attorney-in-Fact and revoke all power and authority given to any such Attorney-in-Fact.

Resolved: That Attorneys-in-Fact may be given full power and authority to execute for and in the name and on behalf of the company any and all bonds, recognizances, contracts of indemnity, and all 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 the President and sealed and attested by the Secretary, and, further, Attorneys-in-Fact are hereby authorized to verify any affidavit required to be attached to bonds, recognizances, contracts of indemnity, and all other writings obligatory in the nature thereof, and are also authorized and empowered to certify to a copy of any of the by-laws of the company as well as any resolution of the Directors having to do with the execution of bonds, recognizances, contracts of indemnity, and all other writings obligatory in the nature thereof, and to certify copies of the Power of Attorney or with regard to the powers of any of the officers of the company or of Attorneys-in-Fact.

This power of attorney is signed and sealed by facsimile under the authority of the following Resolution adopted by the Directors of the AMERICAN EMPLOYERS' INSURANCE COMPANY at a meeting duly called and held on the Twenty-seventh day of July, 1972:

"Resolved: That the signature of the President, or any Vice-President, or any Assistant Vice-President, and the signature of the Secretary or any Assistant Secretary and the Company Seal may be affixed by facsimile to any power of attorney or to any certificate relating thereto appointing Attorneys-in-Fact for purposes only of executing and attesting any bond, undertaking, recognition or other written obligation in the nature thereof, and any such signature and seal where so used, being hereby adopted by the company as the original signature of such officer and the original seal of the company, to be valid and binding upon the company with the same force and effect as though manually affixed."

IN WITNESS WHEREOF, the AMERICAN EMPLOYERS' INSURANCE COMPANY, has caused these presents to be signed by its Vice-President and its corporate seal to be hereto affixed, duly attested by its Secretary this **fourth** day of **August** 19 **75**.



Attest: J. Marshall Leydon Secretary

AMERICAN EMPLOYERS' INSURANCE COMPANY

By John G. Thompson Vice-President

COMMONWEALTH OF MASSACHUSETTS  
COUNTY OF SUFFOLK SS.

On this **fourth** day of **August**, 1975, before me personally came John G. Thompson, Vice-President, and J. Marshall Leydon, Secretary of the AMERICAN EMPLOYERS' INSURANCE COMPANY, to me personally known to be the individuals and officers described in and who executed the preceding instrument, and they acknowledged the execution of the same, and being by me duly sworn, severally and each for himself depose and sayeth, that they are the said officers of the Company aforesaid, and that the seal affixed to the preceding instrument is the corporate seal of said Company and that the said corporate seal and their signatures as such officers were duly affixed and subscribed to the said instrument by the authority and direction of the said Company.



Julius Szentendry  
Julius Szentendry — Notary Public  
(My Commission expires February 27, 1981)

## CERTIFICATE

I, the undersigned, Assistant Secretary of the AMERICAN EMPLOYERS' INSURANCE COMPANY, a Massachusetts Corporation, do hereby certify that the foregoing power of attorney is in full force and has not been revoked; and furthermore, that 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 Boston. Dated this **24<sup>th</sup>** day of **July** 19 **79**.



James J. G.  
Assistant Secretary