

Shawley -
Gladstone

McGarrity #1

API 30.025 22245

Form O & G ACN
Adopted 6-1-86

SINGLE WELL CASH BOND

OCD-476

Know all men by these presents that Gladstone Resources, Inc. (~~XXXXXX~~) (a corporation organized in the State of New York with its principal office at 1285 Avenue of the Americas, 35th Floor in the city of New York, State of New York) and authorized to do business in the State of New Mexico) is held and firmly bound to the Oil Conservation Division of the State of New Mexico (or its successor agency) in the sum of \$ 5000 (Five Thousand Dollars), lawful money of the United States.

THE CONDITIONS OF THIS OBLIGATION ARE SUCH THAT:

The above applicant/operator desires to drill a well or purchase or operate an existing well, the depth of which does not exceed 5000 feet, to prospect for and produce oil, gas, or carbon dioxide resources on land owned by private individuals or the State of New Mexico, the particular identification and footage location of said well being as follows: McGarrity No. 1, Unit N. 660' FSL & 2310' FWL in Section 6, Township 20S, Range 38E, NMPM, Lea County, New Mexico.

The applicant has deposited on behalf of the Division \$ 5000, in the manner indicated on the attachment to this bond being the principal sum intended to be secured. Applicant pledges this sum as a guarantee that it, its executors, assigns, heirs or administrators shall plug the well described above if dry, or when abandoned, in accordance with the rules and orders of the Oil Conservation Division of the State 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 same from escaping to other strata. If the applicant does not so properly plug and abandon said well upon order of the Division, the total sum of the bond shall be forfeited to the Division, and such amount as is necessary may be used to properly plug said well. If the principal sum of this bond is less than the actual cost incurred by the Division in plugging said well, the applicant, its successors, assigns, heirs or administrators shall be liable under the provisions of Section 70-2-38 NMSA (1978) of the Oil and Gas Act, and the Division may take action, including the filing of legal proceedings, to recover any amounts expended over and above the principal sum of the bond.

NOW THEREFORE, if the above applicant or its successors, assigns, heirs, or administrators or any of them shall plug the above-described well when dry or abandoned, in accordance with the rules, regulations, and orders of the Division, in such a manner as to confine the oil, gas, and water in the strata in which they naturally occur, and to prevent them from escaping into other strata, and further to clean up the surface location of said well, then therefore, this obligation shall be null and void and the principal sum shall be paid to the applicant, or its successors, heirs, or administrator, otherwise it shall remain in full force and effect.

Gladstone Resources, Inc.
PRINCIPAL

1285 Avenue of the Americas, 35th Floor, NY, NY 10019-6028

Address

John J. Mahar
Signature

President
Title

By

John J. Mahar

BEFORE EXAMINER STOGNER

OIL CONSERVATION DIVISION

OCD EXHIBIT NO. 13

CASE NO. 12946

(If Principal, if corporation, 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 NEW YORK)
COUNTY OF Queens) ss.

On this 28th day of FEBRUARY, 1994, before me personally appeared JOHN S. MAHAR, to me personally known who, being by me duly sworn, did say that he is President of GLASSBORO RESOURCES, 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.

SABDAR ALLY
NOTARY PUBLIC, State of New York

My Commission expires _____

No. 01AL483/172
Qualified in Queens County
Commission Expires Feb. 28, 1996

Notary Public

APPROVED BY:

OIL CONSERVATION DIVISION OF NEW MEXICO

By [Signature]

Date _____

Chaves, Eddy, Lea, McKinley, Rio Arriba, Roosevelt, Sandoval, and San Juan Counties, New Mexico:

Projected Depth of Proposed Well or Actual Depth of Existing Well	Amount of Bond
Less than 5,000 feet	\$ 5,000
5,000 feet to 10,000 feet	\$ 7,500
More than 10,000 feet	\$10,000

All Other Counties in the State:

Projected Depth of Proposed Well or Actual Depth of Existing Well	Amount of Bond
Less than 5,000 feet	\$ 7,500
5,000 feet to 10,000 feet	\$10,000
More than 10,000 feet	\$12,500

ASSIGNMENT OF CASH COLLATERAL DEPOSIT

(Must be a federally-insured bank or savings institution
authorized to do business in New Mexico)

Date November 23, 1993

Pursuant to Section 70-2-14, NMSA (1978), or successor provisions, Gladstone Resources, Inc. (hereinafter referred to as "operator") of 1285 Avenue of the Americas, 35th Floor, NY, NY 10019 (address) has deposited with the Lea County State Bank (name of state or national bank or savings association) of 1017 N. Turner, Hobbs, NM 88240 (address) (herein termed financial institution), the sum of \$5,000 dollars in Certificate of Deposit or savings account No. 083186. Operator hereby assigns and conveys all right, title and interest in the deposited sum to the financial institution in trust for the Oil Conservation Division of the Energy and Minerals Department or successor agency of the State of New Mexico. Operator and the financial institution agree that as to the deposited sum or fund:

- The Oil Conservation Division acquires by this assignment the entire beneficial interest in the fund, with the right to order the trustee in writing to distribute the fund to persons determined by the division to be entitled thereto, including the Division itself, in amounts determined by the Division, or to the operator upon sale or proper plugging of the well covered by this bond.
- Operator retains no legal or beneficial interest in the fund and has only the right to interest, if any, thereon, and to return of the fund upon written order of the Division.
- The financial institution agrees that the fund may not be assigned, transferred, pledged or distributed except upon written order of the Division or a court of competent jurisdiction made in a proceeding in which the Division is a party. The financial institution waives all statutory or common law liens or rights of set-off against the fund.

Operator agrees that the financial institution may deduct from interest due operator any attorney fees incurred by the financial institution if claim or demand via writ, summons or other process arising from operator's business is made upon the financial institution.

[Signature]
Signature of Operator,
Personally or by Authorized Officer
President
Gladstone Resources, Inc.
Title

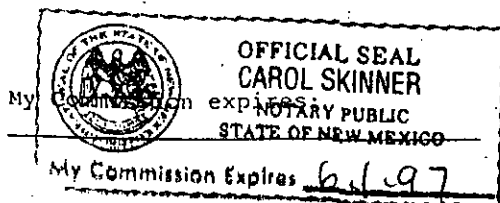
[Signature]
Signature of Authorized Officer of
Financial Institution
Assistant Vice President
Lea County State Bank
Title

STATE OF NEW MEXICO

COUNTY OF Lea) ss.

On this 24th day of November, 1993, before me personally appeared Virginia Duncan and , to me known to be the person (persons) described in and who executed the foregoing instrument and acknowledged that the (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.



[Signature]
NOTARY PUBLIC Carol Skinner

ASSIGNMENT OF CASH COLLATERAL DEPOSIT

STATE OF NEW YORK

COUNTY OF Quincy

On this 28th day of FEBRUARY 1994, before me
personally appeared JOHN J. MAHAR ~~and~~

_____, to me known to be the person
(persons) described in and who executed the foregoing instrument and
Acknowledged that the (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.

SABDAR ALLY.
NOTARY PUBLIC, State of New York
No. 01AL4837172
Qualified In Queens County
Commission Expires Feb. 28, 1994
My Commission expires:

NOTARY PUBLIC