



## ***Far West Insurance Company, In Liquidation***

5230 Las Virgenes Road  
Calabasas, California 91302

### **NOTICE**

Name

Street Address

City, State, Zip Code

TO All Policyholders, Principals, Obligees and Agents of  
Far West Insurance Company, a Nebraska Insurer

This Notice does not apply to Bail Agents or Bail Bond transactions. A separate Notice will be mailed concerning Bail Bonds.

Please be advised that Far West Insurance Company ("Far West") became the subject of an Order of Liquidation, Declaration of Insolvency, and Injunction entered by the District Court of Lancaster County, Nebraska on Friday, November 9, 2001 under case number CI 01-4133 ("Order"). The Court found that Far West is insolvent and appointed L. Tim Wagner, Director of Insurance of the State of Nebraska, as Liquidator of Far West (the "Liquidator") to liquidate the business of Far West. The Liquidation will be administered at the offices of Far West by the Special Deputy Liquidator. All communications should be directed to Claimant Services at the address and phone number set forth below.

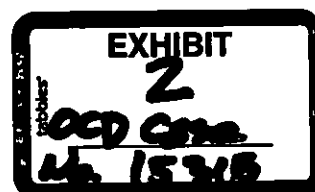
#### **Cancellation of All Policies, including Bonds and Other Non-Cancelable Business**

By issuance of the Order, pursuant to Neb. Rev. Stat. 44-4818 (Reissue 1998) and 44-4819 (Reissue 1998), all policies, including bonds and other non-cancelable business in effect at the time of the issuance of the Order shall continue in force until the earliest of:

- (1) Sunday, December 9, 2001 at 11:59 P.M. CST (which is 30 days from entry of the Order);
- (2) The expiration of the policy or bond coverage;
- (3) The date when the insured has replaced the insurance or bond coverage with equivalent insurance with another insurer or otherwise terminated the bond or policy.

In sum, all bonds and policies will be canceled as a matter of statutory law, no later than December 9, 2001 at 11:59 P.M. CST

If your bond was issued by a co-surety in addition to Far West Insurance Company, or your bond or policy contains additional provisions providing for the liability of another company by reason of endorsement, you are instructed to contact that company or those companies in regard to their liability, if any, to you under the terms of that bond or policy. Otherwise, we urge you to attempt to obtain replacement insurance coverage or replacement surety bonds immediately.



You may wish to contact your state insurance guaranty association to determine whether your insurance policy or surety bond is considered a covered claim by your guaranty association.

Due to the Order, Far West Insurance Company will no longer defend or pay for the defense of its insureds and principals and, therefore, any insured or principal involved in such litigation should make arrangements to employ independent counsel to defend any legal action which would otherwise be covered under a Far West policy or bond. The Liquidator will soon implement a claims process and adopt a Proof of Claim form. All insureds, principals, obligees and agents of Far West, as well as known claimants and persons reasonably expected to present claims will be provided a Proof of Claim form for filing claims once this process has been implemented. Please keep the Liquidator informed of any address changes. The bar date (last day to file a timely Proof of Claim) is **September 30, 2002**.

During the interim any inquiries may be directed to Claimant Services at 5230 Las Virgenes Road, Calabasas, California 91302, toll free number (866) 789-8119 or direct telephone number (818) 871-3614. Additionally, Far West Insurance Company's Web Site ([www.farwestbonds.com](http://www.farwestbonds.com)) is a source for news regarding the ongoing liquidation process, and contains additional information regarding your legal rights and obligations concerning the liquidation.

#### **NOTICE TO ALL INSURANCE AGENTS**

Every person who receives notice of this Order pursuant to Neb. Rev. Stat. §44-4822 (Reissue 1998) and who represents Far West as an agent shall, **within fifteen days of such notice**, absent written waiver of this requirement by the Liquidator, give written notice of this Order by first class mail to the last address contained in the agent's records to each policyholder, principal, or any other person named in any policy or bond issued through the agent by Far West if such agent has a record of the address of the policyholder or other person. Such written notice shall include the name and address of the insurer, the name and address of the agent, identification of the policy or bond impaired, and the nature of the impairment, including termination of coverage as provided by Neb. Rev. Stat. §44-4819 (Reissue 1998) as listed above.

Each agent obligated to give notice pursuant to this paragraph shall file a report of compliance with the Liquidator. The report shall consist of a copy of the letter sent to the agent's client along with a list of those client's names, addresses, and Far West bond numbers or policy numbers. These documents should be addressed as "Far West Insurance Company Report of Compliance" and be sent to the attention of the Liquidator at 5230 Las Virgenes Rd., Calabasas, CA 91302.

Notice by a general agent satisfies the notice requirement of this paragraph for any agents under contract to him or her. Any agent failing to give notice or file a report of compliance as required by Neb. Rev. Stat. §44-4823 (Reissue 1998) for whom the Liquidator has not waived such requirement may be subject to payment of a civil penalty of not more than \$1,000 and may have his or her license suspended.

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# NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON

Governor  
Betty Rivera  
Cabinet Secretary

May 20, 2002

Lori Wrotenbery  
Director  
Oil Conservation Division

Glenn A. Devilbliss  
5495 U.S. Hwy 64  
NBU 3002  
Farmington, NM 87401

## VIA CERTIFIED MAIL

## SECOND NOTICE OF BOND CANCELLATION

Re: Far West Insurance Company bonds  
Bond No. 9009394  
Bond Type: \$5,000 single well  
Principal: Glenn A. Devilbliss

Dear Mr. Devilbliss:

On February 6, 2002 you were notified by this office that Far West Insurance Company, the surety on your well-plugging bond with the State of New Mexico, has been placed in receivership and that your referenced bond has been cancelled.

You were further directed to replace the referenced bond with financial assurance, either in the form of a bond issued by an acceptable surety, cash collateral account or letter of credit, within thirty (30) days of the date of that notice. We have received no response.

The New Mexico Oil and Gas Act (NMSA Section 70-2-14) provides:

Each person, firm, corporation or association who operates any oil, gas or service well within the state shall, as a condition precedent to drilling or producing the well, furnish financial assurance in the form of an irrevocable letter of credit or a cash or surety bond to the oil conservation division running to the benefit of the state and conditioned that the well be plugged and abandoned in compliance with the rules of the oil conservation division.

OCD Rule 101 provides:

Any person, firm, corporation, or association who has drilled or acquired, is drilling, or proposes to drill or acquire any oil, gas or service well on

privately owned or state owned lands within this state shall furnish to the Division, and obtain approval thereof, a surety bond running to the State of New Mexico, in a form prescribed by the Division; and conditioned that the well be plugged and abandoned in compliance with the rules and regulations of the Division.

Far West's cancellation of the bond you previously furnished places you **in violation of this rule** unless and until you furnish a replacement financial assurance. Continued disregard of notices concerning this matter will necessitate institution of enforcement action by the Division, which may lead to shutting in your well(s) and/or assessment of civil penalties.

Inquiries should be directed to Dorothy Phillips, Bond Administrator, Oil Conservation Division, 1220 S. St. Francis Drive, Santa Fe, NM 87505; telephone (505)-476-3461.

Your prompt attention to this matter is earnestly solicited.

Very truly yours,



David K. Brooks  
Assistant General Counsel