

BLANKET CASH PLUGGING BOND

OCD 413

KNOW ALL MEN BY THESE PRESENTS THAT BC&D Oil & Gas Corporation
(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 is held and firmly bound to the Oil Conservation Division of
the State of New Mexico (or its successor agency) in the sum of Fifty Thousand Dollars
(\$50,000), lawful money of the United States.

The conditions of this obligation are such that:

The above applicant/operator desires to drill or purchase wells to prospect for and
produce oil, gas, or carbon dioxide resources on land owned by private individuals or the
State of New Mexico;

The applicant has deposited on behalf of the Division fifty thousand dollars
(\$50,000), being the principal sum intended to be secured, in the manner indicated on the
attachment to this bond. Applicant pledges this sum as a guarantee that it, its
executors, assigns, heirs or administrators shall plug the wells owned or operated by him
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 a 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 wells 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 wells. If the principal
sum of this bond is less than the actual cost incurred by the Division in plugging said
wells, 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 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 wells owned or operated by it 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 wells, NOW THEREFORE, this obligation shall be null and void and
the principal sum shall be paid to the applicant, or its successors, heirs, or
administrators.

PROVIDED HOWEVER, that upon thirty days notice from the Division to the applicant of
intention to cancel this bond, the obligation shall terminate as to property or wells
acquired, drilled, or spudded after said thirty day period.

OPERATOR

ADDRESS

CITY, STATE AND ZIP
BC&D Oil & Gas Corporation

By Crawford Culp President
Signature Title
Crawford Culp, President

BC & D Operating Inc.
Case 13874
OCD Ex. No. 5

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 Mexico)
COUNTY OF Lea) ss.

On this 29th day of January, 1993, before me personally appeared Crawford Culp, to me personally known who, being by me duly sworn, did say that he is President of BC&D Oil and Gas Corporation 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.

11/5/95
My Commission expires

NORMA FAUGHT Notary Public

APPROVED BY:

OIL CONSERVATION DIVISION OF NEW MEXICO

By [Signature]

Date _____