



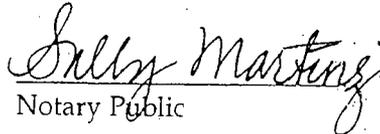
6. A copy of bond number OCD-782 is attached as Exhibit A to this affidavit.

THIS CONCLUDES MY AFFIDAVIT.



Dorothy Phillips.

SUBSCRIBED AND SWORN before me this 9<sup>th</sup> day of January 2008.



Notary Public

My Commission Expires:

3-24-2010

CMD :  
OG6CBBJ

ONGARD  
CAPTURE BLANKET BONDS

01/09/08 09:38:26  
OGODLP -TQ82

OGRID Identifier : 14070 Bond Idn : 249605 Bond Status : A  
Operator Name, Address : MARKS AND GARNER PRODUCTION LTD CO  
PO BOX 1089  
HOBBS, NM 88241

Bond Details- Type (Cash/Surety - C/S): C Bond Co Idn: 13 Amount: 50000.00  
Company OGRID Identifier: 36469  
Company Name, Address : WESTERN COMMERCE BANK  
PO BOX 700  
HOBBS, NM 88240

Limited as to future Liability (Y/N) : N If Limited, End Date :

Effective Date : 01-01-1900 Cancellation Date : 12-31-9999

Issuer Bond No : OCD-782

E6414: Press PF10 to scroll forward.

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

*Before the OCC  
Cases 14041 De Novo  
Marks & Garner  
OCD Ex. No. 1-A*

ocb  
182

STATE OF NEW MEXICO  
Energy, Minerals and Natural Resources Department  
Oil Conservation Division

**BLANKET CASH PLUGGING BOND**

Marks & Garner Production LTD., Co. ("OPERATOR"), a(n)  
Limited Liability Company, organized in the State of New Mexico,  
and authorized to do business in the State of New Mexico, whose mailing address is P.O. Box 70, Lovington, NM,  
88260 is hereby firmly bound to the Oil Conservation Division of the Energy, Minerals and Natural Resources  
Department (or successor agency) of the State of New Mexico ("the DIVISION"), in the sum of Fifty Thousand  
Dollars (\$50,000) upon the following conditions:

OPERATOR desires to drill, acquire, or assume operation of, wells to prospect for and/or produce oil or  
gas, carbon dioxide gas, helium gas or brine minerals on land owned by the State of New Mexico or on privately  
owned fee land within the State of New Mexico.

OPERATOR has deposited on behalf of the DIVISION the sum of Fifty Thousand Dollars (\$50,000) with  
Western Commerce Bank ("FINANCIAL INSTITUTION") in the account indicated on, and subject to the terms of,  
the Assignment attached to this bond. OPERATOR pledges this sum as financial assurance that it or its successors  
or personal representatives will cause to be properly plugged and abandoned all wells in the State of New Mexico  
now or hereafter owned or operated by it if dry, or when no longer productive or useful for other beneficial purpose,  
in accordance with all applicable rules and orders of the DIVISION, including but not limited to Division Rules 101  
[19.15.3.101 NMAC] and 202 [19.15.4.202 NMAC], as the same now exist or may be hereafter amended. If  
OPERATOR does not so properly plug and abandon said wells, upon order of the DIVISION after notice and  
hearing, the total sum of this bond shall be forfeited to the DIVISION, as provided in NMSA 1978 Section 70-2-  
14.B, as amended. If the principal sum of this bond is less than the actual cost incurred by the DIVISION in  
plugging and abandoning said wells in accordance with Rules 101 and 202 and any other applicable rules or orders,  
OPERATOR, its successors, heirs or personal representatives, shall be liable under the provisions of NMSA 1978,  
Sections 70-2-14 or 70-2-38 as amended (as applicable), for such deficiency, and the DIVISION may initiate action,  
as provided in said statutes, to recover same.

If OPERATOR or its successors, heirs, personal representatives or assigns cause all wells now or hereafter  
owned or operated by OPERATOR in the State of New Mexico to be properly plugged and abandoned in  
accordance with all applicable rules and orders of the DIVISION, as above described, this obligation shall be null  
and void, and the principal sum of the deposit securing this bond shall be released to OPERATOR or to its  
successors, heirs, or personal representatives.

Marks & Garner Production LTD., Co.

Return to:

Oil Conservation Division  
1220 South Saint Francis  
Santa Fe, NM 87505

PRINCIPAL  
By   
Signature  
Manager  
Title