

BLANKET CASH PLUGGING BOND

KNOW ALL MEN BY THESE PRESENTS THAT H. Dwane Parrish, Jr. and Rhonda K. Parrish  
(an individual), ~~(a partnership)~~ ~~(a corporation)~~ organized in the  
State of New Mexico, with its principal office in the city of  
Artesia, 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  
(\$50,000.00), 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 70-2-28 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.

H. Dwane Parrish, Jr.  
PRINCIPAL  
1309 S. 9th, Artesia, NM 88210  
Address  
By [Signature]  
Signature  
\_\_\_\_\_  
Title

Rhonda K. Parrish  
PRINCIPAL  
1309 S. 9th Artesia, NM 88210  
Address  
By [Signature]  
Signature  
\_\_\_\_\_  
Title

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

APPROVED

[Signature]  
Director

Case 14164  
Parrish, H. Dwane & Rhonda K.  
OCD Exhibit No. 2 C

ASSIGNMENT OF CASH COLLATERAL DEPOSIT

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

Date May 11, 1993

Pursuant to Section 70-2-14, NMSA (1978), or successor provisions, H. Dwane Parrish, Jr. and Rhonda K. Parrish (hereinafter referred to as "Operator") of 1309 S. 9th Artesia, NM 88210 (address) has deposited with the Western Bank

(name of state or national bank or savings association) of P.O. Drawer 500, Artesia, NM 88210 (address) herein termed financial institution), the sum of \$50,000.00 dollars in Certificate of

Deposit ~~or Savings Account~~ No. 19247. 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:

- a. 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.
- b. 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.
- c. 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  
Rhonda K. Parrish  
 Title

Warren Nell  
 Signature of Authorized Officer of  
 Financial Institution  
 Executive Vice President  
 Title

STATE OF NEW MEXICO )ss.  
COUNTY OF Eddy

On this 11th day of May, 1993, before me personally appeared H. Dwane & Rhonda K. Parrish, Jr. and Warren Nell to me known to be the person(s) 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.

My Commission Expires: 3-6-94

[Signature]  
 NOTARY PUBLIC

TIME CERTIFICATE OF DEPOSIT  
NOT NEGOTIABLE - NOT SUBJECT TO CHECK

THIS CERTIFICATE EVIDENCES A DEPOSIT IN THE NAME(S) OF: **H. Dwane Parrish, Jr. or Rhonda K. Parrish** Oc 10-432

1309 S. 9th  
Artesia, NM 88210

**Secures a plugging Bond**

Certificate Number **19247**  
Account Number **19247**  
Date **May 11, 1993**

IN THE AMOUNT OF **\*\*Fifty Thousand and No/100\*\*** DOLLARS \$ **\*\*50,000.00\*\***

TERM, MATURITY AND DESCRIPTION: This certificate has a term of **60 months**. It will (first) mature on **May 11, 1998**

The minimum balance is \$ **500.00**

INTEREST: Your deposit will earn interest at the rate of **4.96** % per year to the first maturity date. We calculate interest using the **365/366** days per year method. We will compound interest (accrue interest on interest) **simple**

We will pay interest **Deposit monthly to account # [REDACTED]**

The interest rate we will pay on automatic renewals of this certificate will be the same rate we offer on new certificates on the maturity date which have the same term, minimum balance, and other characteristics as this original certificate. You may call us on or shortly before the maturity date and we can tell you what the interest rate will be for the next renewal term.

**YOUR DEPOSIT WILL NOT EARN INTEREST AFTER THE MATURITY DATE UNDER THIS CERTIFICATE (UNLESS IT IS RENEWED).**

RENEWALS:  If checked, we will automatically renew this certificate on each succeeding maturity date. Each renewal term will be the same as the original term, beginning on the maturity date. We will not automatically renew this certificate (1) if you tell us not to do so, in writing, on or before the next maturity date, or (2) if you present this certificate to us for payment (or other disposition) on or within 10 calendar days after the maturity date if it has a term of more than 31 days, and one calendar day if it has a term of seven to 31 days.

SINGLE MATURITY:  If checked, we will not automatically renew this certificate. It will mature once on the maturity date.

**WESTERN BANK**  
201 S. 4TH ST., DRAWER 500  
ARTESIA, NEW MEXICO 88211-0500

BY *Ken [Signature]*

**PERSONAL ACCOUNTS:** You have requested and intend the type of account marked below.

Individual

Joint Account - With Survivorship (and not as tenants in common)

Multiple Depositors - No Survivorship (as tenants in common)

Trust Account

Subject To Separate Agreement  
Dated \_\_\_\_\_

Subject To Terms On This Form  
Beneficiaries Named Below

Pay-On-Death  
Beneficiaries Named Below

\_\_\_\_\_

**BENEFICIARIES OF TRUST OR PAY-ON-DEATH ACCOUNTS**

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

**NON-PERSONAL ACCOUNTS:** Depositor is a:

Partnership  Corporation

\_\_\_\_\_

Authorization dated \_\_\_\_\_

The **NUMBER OF ENDORSEMENTS** needed for withdrawal or any other purpose is: **1**

**BACKUP WITHHOLDING** - A certification that you are not subject to backup withholding is necessary for almost all accounts (except for persons who are exempt altogether). This certification is contained on the first copy of this form. Failure to provide this certification when required will cause us to withhold 20% of the interest earned (for payment to the IRS). Providing a false certification can result in serious federal penalties.

**ENDORSEMENTS - SIGN ONLY WHEN YOU REQUEST WITHDRAWAL**

X \_\_\_\_\_

X \_\_\_\_\_

X \_\_\_\_\_

983 BANKERS SYSTEMS, INC., ST. CLOUD, MN 56301 COMB. CD-SC (1) 12/13/89 READ OTHER SIDE FOR ADDITIONAL TERMS

**COLLATERAL RECEIPT: NON-NEGOTIABLE**

DEPOSITED BY **H. Dwane Parrish, Jr. or Rhonda K. Parrish** DATE **5/11/93** No **3921**

DESCRIPTION OF ISSUE	BOND OR CERTIFICATE NUMBER	SHARES OR PAR VALUE DEPOSITED	
1 Certificate of Deposit	19247	50,000.00	Matures 5/11/98
2			
3			
4			
5			
6			
7			

INSTRUCTIONS FOR RETURN OF COLLATERAL AND DISPOSITION OF COUPONS

**SECURES A PLUGGING BOND**

BANK NAME  
**WESTERN BANK, Drawer 500, Artesia, New Mexico 88210**

BY *Gail Pallock*

ORIGINAL