

MAR 20 1988

STATE OF NEW MEXICO

\$50,000.00 BLANKET PLUGGING BOND

BOND NO. 3SE 438 800 00  
(Per Order of Surety Company)

File with Oil Conservation Division, P.O.Box 2088, Santa Fe 87501

KNOW ALL MEN BY THESE PRESENTS:

That GEO ENGINEERING INC, (An individual) (a partnership)  
(a corporation organized in the State of NEW MEXICO, with its principal office in the city of  
SOCORRO, State of NEW MEXICO, and authorized to do business in  
the State of New Mexico), as PRINCIPAL, and AMERICAN MANUFACTURERS MUTUAL INSURANCE COMPANY  
corporation organized and existing under the laws of the State of ILLINOIS, and authorized  
to do business in the State of New Mexico, as SURETY, are held firmly bound unto the State of New Mexico, for the use  
and benefit of the Oil Conservation Division of New Mexico pursuant to Section 65-3-11, New Mexico Statutes  
Annotated, 1953 Compilation, as amended, in the sum of Fifty Thousand Dollars (\$50,000.00) lawful money of the United  
States, for the payment of which, well and truly to be made, said PRINCIPAL and SURETY hereby bind themselves, their  
successors and assigns, jointly and severally, firmly by these presents.

The conditions of this obligation are such that:

WHEREAS, The above principal has heretofore or may hereafter enter into oil and gas leases, or carbon dioxide (CO<sub>2</sub>) gas leases, or  
helium gas leases with the State of New Mexico; and

WHEREAS, The above principal has heretofore or may hereafter enter into oil and gas leases, or carbon dioxide (CO<sub>2</sub>) gas leases, or  
helium gas leases on lands patented by the United States of America to private individuals, and on lands otherwise owned by private  
individuals; and

WHEREAS, The above principal, individually, or in association with one or more other parties, has commenced or may commence  
the drilling of wells to prospect for and produce oil or gas, or carbon dioxide (CO<sub>2</sub>) gas or helium gas, or does own or may acquire, own or  
operate such well, or such wells started by others on land embraced in said State oil and gas leases, or carbon dioxide (CO<sub>2</sub>) gas leases, or  
helium gas leases, and on land patented by the United States of America to private individuals, and on land otherwise owned by private  
individuals, the identification and location of said well being expressly waived by both principal and surety hereto.

NOW, THEREFORE, If the above bounden principal and surety or either of them or their successors or assigns, or any of them, shall  
plug all of said wells when dry or when abandoned in accordance with the rules, regulations, and orders of the Oil Conservation Division  
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 them from escaping into  
other strata;

THEN, THEREFORE, This obligation shall be null and void; otherwise and in default of complete compliance with any and all of said  
obligations, the same shall remain in full force and effect.

PROVIDED, HOWEVER, That thirty (30) days after receipt by the Oil Conservation Division of New Mexico of written notice of  
cancellation from the surety, the obligation of the surety hereunder shall terminate as to property or wells acquired, drilled, or started after  
said thirty (30) day period but shall continue in effect, notwithstanding said notice, as to property or wells theretofore acquired, drilled or  
started.

BEFORE EXAMINER CATANACH	
OIL CONSERVATION DIVISION	
<u>OLD</u>	EXHIBIT NO. <u>3</u>
CASE NO.	<u>11813</u>

GEO ENGINEERING INC

PRINCIPAL  
Socorro,  
BOX 1417 , New Mexico 87801

Address

By

*J M Saw*  
Signature

Title

AMERICAN MANUFACTURERS  
MUTUAL INSURANCE COMPANY

SURETY

City of Industry,  
17800 Castleton Street, California 91748

Address

By

*Lorraine M. Wilson*  
Attorney-in-Fact Lorraine M. Wilson

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

(Note: Corporate surety 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 Mexico )  
COUNTY OF Santa Fe ) ss.

On this 28<sup>th</sup> day of March, 1986, before me personally appeared J M Saw, to me personally known who, being by me duly sworn, did say that he is an Officer of GEO Engineering 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.

Oct 28, 1989


My Commission expires \_\_\_\_\_

*Deona Richardson*  
Notary Public

#### ACKNOWLEDGEMENT FORM FOR CORPORATE SURETY

STATE OF CALIFORNIA )  
COUNTY OF Los Angeles ) ss.

On this 17th day of January, 1986, before me appeared Lorraine M. Wilson, to me personally known, who, being by me duly sworn, did say that he is Attorney-In-Fact of AMERICAN MANUFACTURERS MUTUAL INSURANCE COMPANY 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.  
  
KATHRYN E. POSTEL  
NOTARY PUBLIC - CALIFORNIA  
PRINCIPAL OFFICE IN  
LOS ANGELES COUNTY  
My Commission expires \_\_\_\_\_  
(Note: Corporate seal must be affixed here.)

*Kathryn E. Postel*  
Notary Public  
Kathryn E. Postel

APPROVED BY:

OIL CONSERVATION DIVISION OF NEW MEXICO

By

Date

# AMERICAN MANUFACTURERS MUTUAL INSURANCE COMPANY

Home Office: Long Grove, IL 60049



## POWER OF ATTORNEY

### Know All Men By These Presents:

That the American Manufacturers Mutual Insurance Company, a corporation organized and existing under the laws of the State of Illinois, and having its principal office in Long Grove, Illinois, does hereby appoint \*\*\*\*\*

Loraine M. Wilson of Los Angeles, California\*\*\*\*\*

its true and lawful agent(s) and attorney(s)-in-fact, to make, execute, seal, and deliver during the period beginning with the date of issuance of this power and ending December 31, 1989, unless sooner revoked for and on its behalf as surety, and as its act and deed: Any and all bonds and undertakings provided the amount of no one bond or undertaking exceeds ONE MILLION DOLLARS (\$1,000,000.00)\*\*\*\*\*

EXCEPTION: NO AUTHORITY is granted to make, execute, seal and deliver any bond or undertaking which guarantees the payment or collection of any promissory note, check, draft or letter of credit.

This authority does not permit the same obligation to be split into two or more bonds in order to bring each such bond within the dollar limit of authority as set forth herein.

This appointment may be revoked at any time by the American Manufacturers Mutual Insurance Company.

The execution of such bonds and undertakings in pursuance of these presents shall be as binding upon the said American Manufacturers Mutual Insurance Company as fully and amply to all intents and purposes, as if the same had been duly executed and acknowledged by its regularly elected officers at its principal office in Long Grove, Illinois.

THIS APPOINTMENT SHALL CEASE AND TERMINATE WITHOUT NOTICE AS OF DECEMBER 31, 1989.

This Power of Attorney is executed by authority of a resolution adopted by the Board of Directors of said American Manufacturers Mutual Insurance Company on May 20, 1981 at Long Grove, Illinois, a true and accurate copy of which is hereinafter set forth and is hereby certified to by the undersigned Secretary as being in full force and effect:

"VOTED, That the Chairman of the Board, the Chairman, the President, or any Vice President, or their appointees designated in writing and filed with the Secretary, or the Secretary shall have the power and authority to appoint agents and attorneys-in-fact, and to authorize them to execute on behalf of the Company, and attach the seal of the Company thereto, bonds and undertakings, recognizances, contracts of indemnity and other writings, obligatory in the nature thereof, and any such officers of the Company may appoint agents for acceptance of process."

This Power of Attorney is signed, sealed and certified by facsimile under and by authority of the following resolution adopted by the Board of Directors of the Company at a meeting duly called and held on the 20th day of May, 1981:

"VOTED, That the signature of the Chairman of the Board, the Chairman, the President, any Vice President, or their appointees designated in writing and filed with the Secretary, and the signature of the Secretary, the seal of the Company, and certifications by the Secretary, may be affixed by facsimile on any power of attorney or bond executed pursuant to resolution adopted by the Board of Directors on May 20, 1981 and any such power so executed, sealed and certified with respect to any bond or undertaking to which it is attached, shall continue to be valid and binding upon the Company."

In Testimony Whereof, the American Manufacturers Mutual Insurance Company has caused this instrument to be signed and its corporate seal to be affixed by its authorized officers, this 20th day of September, 19 85.

Attested and Certified:



AMERICAN MANUFACTURERS MUTUAL INSURANCE COMPANY

*R. H. Johnson*

By

*G. H. Kasbohm*

R. H. Johnson, Secretary

G. H. Kasbohm, Vice President

STATE OF ILLINOIS  
COUNTY OF LAKE ss

I, Olga W. Bennett, a Notary Public, do hereby certify that G. H. Kasbohm and R. H. Johnson personally known to me to be the same persons whose names are respectively as Vice President and Secretary of the American Manufacturers Mutual Insurance Company, a Corporation of the State of Illinois, subscribed to the foregoing instrument, appeared before me this day in person and severally acknowledged that they being thereunto duly authorized signed, sealed with the corporate seal and delivered the said instrument as the free and voluntary act of said corporation and as their own free and voluntary act for the uses and purposes therein set forth.



*Olga W. Bennett*

Olga W. Bennett, Notary Public  
PRINTED IN U.S.A.

My commission expires: November 18, 1988  
FN 362-2 7-85 1M

Power of Attorney—Term

(OVER)



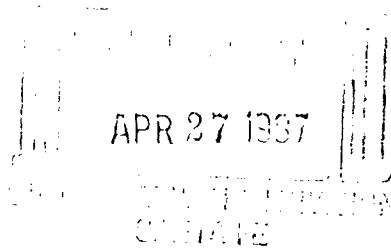
STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION  
AZTEC DISTRICT OFFICE

GARREY CARRUTHERS  
GOVERNOR

1000 RIO BRAZOS ROAD  
AZTEC, NEW MEXICO 87410  
(505) 334-6178

April 23, 1987

Geo-Engineering, Inc.  
P.O. Box 2966  
Santa Fe, NM 87504



Re: State #'s 35, 37, 38, and 43

Gentlemen:

On January 21, 1987, I received permits from you to drill the referenced wells. I returned the permits to you unapproved because of reporting problems on existing wells, you either drilled these wells prior to submitting your permits or after receiving the unapproved permits back. This is a very serious violation of our rules and regulations. The #37 was completed as an injection well and an attempt was made to inject without the proper notification to this office.

You are hereby directed to file the appropriate reports of drilling activity on these wells.

This matter and your lack of response to our last correspondence concerning reporting errors are being referred to our attorney for legal action.

Sincerely,

Frank T. Chavez  
District Supervisor

FTC/dj

xc: Bill LeMay  
Jeff Taylor  
Morris Jones  
Well Files



**Lumbermens Mutual Casualty Company • American Motorists Insurance Company  
American Manufacturers Mutual Insurance Company • American Protection Insurance Company**

17800 Castleton St. • City of Industry, CA • 91748-1707  
Mailing Address: P.O. Box 925 • La Puente, CA • 91747-0925 • 818|369-7700

April 13, 1987

State of New Mexico  
Energy & Minerals Department  
Oil Conservation Division  
P.O. Box 2088  
State Land Office Bldg.  
Santa Fe, NM 87501

*Computer checked  
4-20-87*

Bond No. : 3SE 438 800-00  
Type of Bond : BLANKET PLUGGING BOND  
Principal : GEO ENGINEERING  
Address : Box 1417  
Socorro, NM 87801

Gentlemen:

The undersigned company which became surety upon this bond effective 1/14/86 in your favor hereby notifies you that it desires to cancel and terminate its liability.

Such cancellation will be effective 30 days after the receipt of this notice which is given to you in accordance with the cancellation provision in said bond.

Thank you,

*Loraine M. Wilson*

Loraine M. Wilson, Attorney-in-Fact  
AMERICAN MANUFACTURERS MUTUAL INSURANCE COMPANY

**\*\* IN ORDER TO PROPERLY PROCESS CANCELLATION, PLEASE ACKNOWLEDGE RECEIPT OF THIS CANCELLATION ON ATTACHED COPY AND RETURN IN THE ENCLOSED SELF-ADDRESSED ENVELOPE. THANK YOU.**

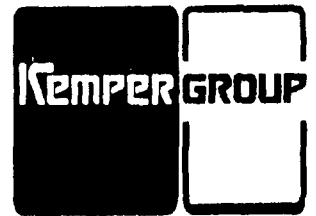
DATE RECEIVED: \_\_\_\_\_

State of New Mexico  
(Obligee)

By: \_\_\_\_\_

cc: Principal  
LMW:mm  
LA 888 F&S

3SE 438 800-00



Lumbermens Mutual Casualty Company • American Motorists Insurance Company

American Manufacturers Mutual Insurance Company • American Protection Insurance Company

17800 Castleton St. • City of Industry, CA • 91748-1707

Mailing Address: P.O. Box 925 • La Puente, CA • 91747-0925 • 818/369-7700

April 13, 1987

State of New Mexico  
Energy & Minerals Department  
Oil Conservation Division  
P.O. Box 2088  
State Land Office Bldg.  
Santa Fe, NM 87501

Bond No. : 3SE 438 800-00  
Type of Bond : BLANKET PLUGGING BOND  
Principal : GEO ENGINEERING  
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Such cancellation will be effective 30 days after the receipt of this notice which is given to you in accordance with the cancellation provision in said bond.

Thank you,

\_\_\_\_\_  
Lorraine M. Wilson, Attorney-in-Fact  
AMERICAN MANUFACTURERS MUTUAL INSURANCE COMPANY

\*\* IN ORDER TO PROPERLY PROCESS CANCELLATION, PLEASE ACKNOWLEDGE RECEIPT OF THIS CANCELLATION ON ATTACHED COPY AND RETURN IN THE ENCLOSED SELF-ADDRESSED ENVELOPE. THANK YOU.

DATE RECEIVED: \_\_\_\_\_

\_\_\_\_\_  
State of New Mexico  
(Obligee)

By: \_\_\_\_\_

cc: Principal  
LMW:mm  
LA 888 F&S

3SE 438 800-00

1250W2

STATE OF NEW MEXICO

# ENERGY AND MINERALS DEPARTMENT

OIL CONSERVATION DIVISION



GARREY CARRUTHERS  
GOVERNOR

Apr 1 21, 1987

POST OFFICE BOX 2088  
STATE LAND OFFICE BUILDING  
SANTA FE, NEW MEXICO 87501  
(505) 827-5800

Kemper Group  
P. O. Box 925  
La Puente, Ca. 91747-0925

Attention: Lisa Johnson

Re: \$50,000 Blanket Plugging Bond  
GeoEngineering Inc., Principal  
American Manufacturers Mutual Ins., Surety  
Bond No. 3SE 438 800 00

Gentlemen:

Receipt of your request for cancellation of the above-captioned bond is hereby acknowledged.

The bond executed by your company is cancelled May 20, 1987, as to any property or wells acquired, started, or drilled after that date.

It should be noted, however, that the subject bond will remain in effect as to any property or wells acquired, started, or drilled prior to May 20, 1987.

Sincerely,

A handwritten signature in dark ink, appearing to read "William J. LeMay".

WILLIAM J. LeMAY,  
Director

cc: Oil Conservation Division  
Hobbs, Artesia, Aztec

Geo Engineering, Inc.  
P. O. Box 1417  
Socorro, New Mexico 87801

STATE OF NEW MEXICO

# ENERGY AND MINERALS DEPARTMENT

OIL CONSERVATION DIVISION



April 21, 1987

GARREY CARRUTHERS  
GOVERNOR

POST OFFICE BOX 2088  
STATE LAND OFFICE BUILDING  
SANTA FE, NEW MEXICO 87501  
(505) 827-5800

Geo Engineering Inc.  
P. O. Box 1417  
Socorro, New Mexico 87801

Re: \$50,000 Blanket Plugging Bond  
Geo Engineering, Inc., Principal  
Bond No. 3SE 438 800 00

Gentlemen:

Enclosed please find a copy of our letter cancelling the above-referenced blanket plugging bond as to future liability. Our records show a great number of wells still outstanding on this bond.

Please advise us when we might expect a replacement bond or whether you will be transferring these wells to another bonded operator.

Your assistance with this will be greatly appreciated.

Sincerely,

DIANE RICHARDSON  
Administrator  
Bonding Department



OIL CONSERVATION DIVISION

BLANKET BOND CANCELLATIONS

Operator's Name Geo Engineering Inc.  
Code No. 310260  
Request received 4-20, 19 87.

1. Submit OCBNDSRC from LIBRARY 15. Job will search STAT FILE and DRILLING FILE. If nothing is found proceed to Step 2.
2. Check current SWD LISTING (Area-Operator).  
List all wells and Status, Last produced date.

FINDINGS: (NOTE below or use attachments if necessary)

*Wells  
CFL-5-20-87*

The above items have been checked

By Patricia Ortiz

Date 4-21-87



TONEY ANAYA  
GOVERNOR

STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION

April 1, 1986

50 YEARS



1935 - 1985

POST OFFICE BOX 2088  
STATE LAND OFFICE BUILDING  
SANTA FE, NEW MEXICO 87501  
(505) 827-5800

Mr. Robert Eggert  
Daniels Insurance  
4157 Montgomery, N.E.  
Albuquerque, New Mexico 87109

Re: \$50,000 Blanket Plugging Bond  
Geo Engineering Inc., Principal  
American Manufacturers Mutual Insurance,  
Surety; Bond No. 3SE 438 800 00

Dear Mr. Eggert:

Enclosed please find a copy of the above-captioned  
blanket plugging bond which has been signed by  
Jim Law and notarized by me.

I mentioned the papers you were needing and  
he said they would be taken care of. Hope you  
have gotten this all straightened out by now.

Thank you for your help.

Sincerely,

DIANE RICHARDSON  
Administrator  
Bonding Department



TONY ANAYA  
GOVERNOR

STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION

March 18, 1986

50 YEARS



1935 - 1985

POST OFFICE BOX 2088  
STATE LAND OFFICE BUILDING  
SANTA FE, NEW MEXICO 87501  
(505) 827-5800

Mr. Robert Eggert  
Daniels Insurance  
4157 Montgomery, N.E.  
Albuquerque, New Mexico 87109

Re: \$50,000 Blanket Plugging Bond  
Geo-Engineering Inc., Principal  
American Manufacturing, Surety  
Bond No. 30SE438800

Dear Mr. Eggert:

At the request of Jim Law, of Geo-Engineering, I telephoned you on January 14, 1986, and accepted a verbal confirmation from you that a blanket plugging bond was being issued for Geo-Engineering Inc. and would be in my office in about ten days. On March 12th I telephoned you to see when we might expect the bond and was informed that you were having difficulties getting Mr. Jim Woods to return the signed bond and obtaining the premium money for this bond.

On March 12th you advised me that you were going to contact Mr. Woods again regarding this bond and would let me know when I could expect to receive this bond in my office.

As I haven't heard anything further from you, I would appreciate your letting me know the status of this bond.

Sincerely,

DIANE RICHARDSON  
Administrator  
Bonding Department

50 YEARS



TONEY ANAYA  
GOVERNOR

STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION



1935 - 1985

POST OFFICE BOX 2088  
STATE LAND OFFICE BUILDING  
SANTA FE, NEW MEXICO 87501  
(505) 827-5800

March 31, 1986

American Manufacturers Insurance  
17800 Castleton Street  
City of Industry, California 91748

Re: \$50,000 Blanket Plugging Bond  
Geo Engineering Inc., Principal  
American Manufacturers Mutual Insurance Co.,  
Surety; Bond No. 3SE 438 800 00

Gentlemen:

The Oil Conservation Division hereby approves the above-referenced blanket plugging bond effective January 14, 1986.

Sincerely,

A handwritten signature in dark ink, appearing to read "R. L. Stamets", written over a horizontal line.

R. L. STAMETS,  
Director

dr/

cc: Oil Conservation Division  
Hobbs, Artesia, Aztec

Geo Engineering Inc.  
Box 1417  
Socorro, New Mexico 87801

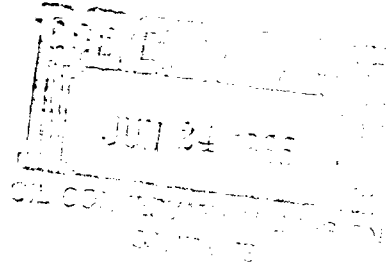


STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION

TONY ANAYA  
GOVERNOR

June 10, 1985

POST OFFICE BOX 2088  
STATE LAND OFFICE BUILDING  
SANTA FE, NEW MEXICO 87501  
(505) 827-5800



Mr. James R. Woods  
GeoEngineering  
200 Court Street  
Socorro, New Mexico 87801

Re: \$50,000 Blanket Plugging Bond  
GeoEngineering, Inc., Principal  
United States Fidelity and Guaranty  
Company, Surety  
Bonbd No. 01-0130-11235-83-3

Dear Mr. Woods:

Enclosed please find a copy of our letter which cancels the above-captioned blanket plugging bond as to future liability. Our records show that there are still quite a few wells outstanding on this bond.

Please advise just as soon as possible whether you will be getting a replacement bond or transferring these wells to another bonded operator.

Thank you.

Sincerely,

DIANE RICHARDSON  
Administrative Secretary

*we will be getting a  
replacement bond as soon as possible*