

OCD-236

BLANKET CASH PLUGGING BOND

KNOW ALL MEN BY THESE PRESENTS THAT NERDLIHC COMPANY, INC.
(~~an individual~~), (~~a partnership~~), (a corporation organized in the
State of California, with its principal office in the city of
Long Beach, State of California 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.

NERDLIHC COMPANY, INC.

By: Tom E. Knowlton
OPERATOR

Tom E. Knowlton, President

337 E. San Antonio Drive
ADDRESS

ATTEST:

By: Mary S. Hulbeal
(Seal)

Long Beach, California 90807
CITY, STATE AND ZIP

By: Tom E. Knowlton
Signature Title

Tom E. Knowlton, President

BEFORE EXAMINER STOGNER
OIL CONSERVATION DIVISION
OCD EXHIBIT NO. 3
CASE NO. 12344

CORPORATE ACKNOWLEDGMENT

NO. 202

State of California
County of Los Angeles } SS.

On this the 5th day of June 1990, before me,
Donna Jew
the undersigned Notary Public, personally appeared

Tom E. Knoster

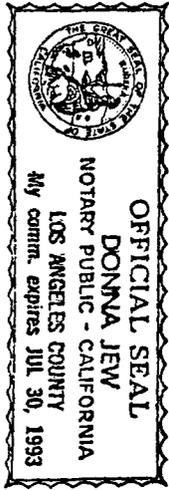
- personally known to me
- proved to me on the basis of satisfactory evidence to be the person(s) who executed the within instrument as

President

or on behalf of the corporation therein

named, and acknowledged to me that the corporation executed it.
WITNESS my hand and official seal.

Donna Jew
Notary's Signature



ATTENTION NOTARY: Although the information requested below is OPTIONAL, it could prevent fraudulent attachment of this certificate to another document.

THIS CERTIFICATE MUST BE ATTACHED TO THE DOCUMENT DESCRIBED AT RIGHT:
Title or Type of Document Blanket Cash Pledge Agreement
Number of Pages _____ Date of Document _____
Signer(s) Other Than Named Above _____

7100-010

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

June 15, 1990

GARREY CARRUTHERS
GOVERNOR

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87504
(505) 827-5800

**Nerdlihc Company, Inc.
337 San Antonio Drive
Suite 101
Long Beach, Ca. 90807**

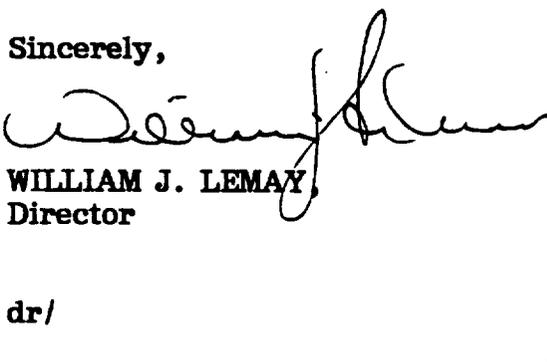
Attention: Tom E. Knowlton

**Re: \$50,000 Cash Blanket Plugging Bond
Nerdlihc Company, Inc., Operator
Bond No. OCD-236**

Dear Mr. Knowlton:

The Oil Conservation Division hereby approves the above-referenced blanket plugging bond effective this date.

Sincerely,


**WILLIAM J. LEMAY,
Director**

dr/

**cc: Oil Conservation Division
Hobbs, Artesia, Aztec**

NERDLIHC COMPANY, INC.



337 E. San Antonio Dr., Ste.101
Long Beach, California 90807

Telephone (213) 422-1271
Facsimile (213) 428-3334

June 5, 1990

6-4-90
OCD-236

State of New Mexico
Energy, Minerals and Natural Resources Department
Oil Conservation Division
P.O. Box 2088
Santa Fe, New Mexico 87504-2088

RE: Change of Operator Notification
Personal Bond Requirements

Gentlemen:

This is to notify you that Nerdlihc Company, Inc. is assuming all operating rights on existing wells formerly operated by Devcon Operations Company, Inc. in McKinley County, New Mexico. Therefore, in compliance with the requirements of the State of New Mexico, Nerdlihc Company, Inc. submits the following:

1. Fully completed and executed New Mexico Form O & G B-B form, "Blanket Cash Plugging Bond" and
2. Fully completed and executed New Mexico Form O & G CCD form, "Assignment of Cash Collateral Deposit" in the amount of \$50,000.00.

Upon your acceptance of the above, it is hereby requested you notify any and all governing parties of the above receipt and acceptance, in order for Nerdlihc Company, Inc. to become properly registered with the State of New Mexico as operator of properties shown on the attached State of New Mexico Energy, Minerals and Natural Resources Form C-104.

If you have any questions regarding the above, please contact the undersigned.

Thank you.

Very truly yours,

Tom E. Knowlton
Tom E. Knowlton
President

TEK:mh

Enclosures: Form O & G B-B

Assignment
6-4-90