

STATE OF NEW MEXICO

Revised 6-17-77

\$50,000.00 BLANKET PLUGGING BOND

BOND NO. 3S 568 862 00
(For Use of Surety Company)

(Note: File with Oil Conservation Commission, P. O. Box 2088, Santa Fe 87501)

KNOW ALL MEN BY THESE PRESENTS:

That M & G Oil, Inc. (An individual ~~to a partnership~~)
(a corporation organized in the State of New Mexico, with its principal office in the city of Crossroads, State of New Mexico, and authorized to do business in the State of New Mexico), as PRINCIPAL, and LUMBERMENS MUTUAL CASUALTY COMPANY, a 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 Commission 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 (CO₂) 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 (CO₂) 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 (CO₂) gas or helium gas, or does own or may acquire, own or operate such wells, or such wells started by others on land embraced in said State oil and gas leases, or carbon dioxide (CO₂) gas leases, or helium gas leases, and on lands patented by the United States of America to private individuals, and on lands otherwise owned by private individuals, the identification and location of said wells 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 Commission 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 Commission 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.

REPORT BY MINING DIVISION

OIL CONSERVATION COMMISSION

OCD 7
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OIL CONSERVATION
SANTA FEF & S BOND DEPT.
RECEIVED

JUN 11 1984

M & G Oil, Inc.

PRINCIPAL

P.O. Box 957, Crossroads, NM 88114

Address

LUMBERMENS' MUTUAL CASUALTY COMPANY
SURETY

c/o Daniels Insurance, Inc., Box 1256, Hobbs,

Address

NM 88240

By

Kathleen Bourque
Attorney in Fact

Kathleen Bourque

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

(Note: Corporate surety affix corporate seal here.)

STATE OF California }
COUNTY OF Los Angeles } ss:

I, Sol S. Aumentado

hereby certify that Kathleen Bourque a Notary Public in and for the state and county aforesaid, do
LUMBERMENS' MUTUAL CASUALTY COMPANY of the

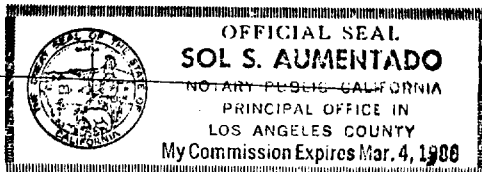
who is personally known to me, appeared before me this day and acknowledged that he signed, sealed and delivered the foregoing instrument as his free and voluntary act as Attorney-in-Fact

of the LUMBERMENS' MUTUAL CASUALTY COMPANY
and as the free and voluntary act of the LUMBERMENS' MUTUAL CASUALTY COMPANY

Given under my hand and Notarial Seal this 13th day of June

A.D. 1984

My commission expires



NOTARIAL JURAT
FK 230 9-82 5M

Notary Public

PRINTED IN U.S.A.

On this W. M. Groesbeck

duly sworn, did say that he is Vice President of
M & G Oil, Inc.

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.

June 29, 1986

My Commission expires

Notary Public

ACKNOWLEDGMENT FORM FOR CORPORATE SURETY

STATE OF _____)
COUNTY OF _____) ss.

On this _____ day of _____, 19____, before me appeared _____, to me personally known, who, being by me duly sworn, did say that he is _____ of _____ 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.

Notary Public

My Commission expires

(Note: Corporate surety attach power of attorney.)

APPROVED BY:

OIL CONSERVATION COMMISSION OF NEW MEXICO

By

Date

LUMBERMENS MUTUAL CASUALTY COMPANY

Home Office: Long Grove, IL 60049



POWER OF ATTORNEY

Know All Men By These Presents:

That the Lumbermens Mutual Casualty 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 ***** Kathleen Bourque 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, 1985, 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 Lumbermens Mutual Casualty Company.

The execution of such bonds and undertakings in pursuance of these presents shall be as binding upon the said Lumbermens Mutual Casualty 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, 1985.

This Power of Attorney is executed by authority of a resolution adopted by the Board of Directors of said Lumbermens Mutual Casualty Company on May 19, 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 or Assistant 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 19th 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 19, 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 Lumbermens Mutual Casualty Company has caused this instrument to be signed and its corporate seal to be affixed by its authorized officers, this 26th day of January, 19 84.

Attested and Certified:

LUMBERMENS MUTUAL CASUALTY COMPANY

R.H. Johnson, Secretary



By

G.H. Kasbohm, Vice President

STATE OF ILLINOIS } ss
COUNTY OF LAKE }

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 Lumbermens Mutual Casualty 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, Notary Public

My commission expires: November 18, 1984

CERTIFICATION

I, Sven L. Johanson, Secretary of the Lumbermens Mutual Casualty Company, do hereby certify that the attached Power of Attorney dated January 26, 1984 on behalf of Kathleen Bourque of

Los Angeles, California***** is a true and correct copy and that the same has been in full force and effect since the date thereof and is in full force and effect on the date of this certificate; and I do further certify that the said G.H. Kasbohm and R.H. Johnson who executed the Power of Attorney as Vice President and Secretary respectively were on the date of the execution of the attached power of Attorney the duly elected Vice President and Secretary of the Lumbermens Mutual Casualty Company.

IN TESTIMONY WHEREOF, I have hereunto subscribed my name and affixed the corporate seal of the Lumbermens Mutual Casualty Company on this 13th day of June, 19 84.



Sven L. Johanson

Sven L. Johanson, Secretary

This Power of Attorney limits the acts of those named therein to the bonds and undertakings specifically named therein, and they have no authority to bind the Company except in the manner and to the extent herein stated.