

STATE OF NEW MEXICO

\$50,000 BLANKET PLUGGING BOND

BOND NO. 58 54 63  
(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 K.W. Chen, DBA:  
I.T. Properties, (An individual) (a partnership)  
(a corporation organized in the State of \_\_\_\_\_ with its principal  
office in the city of Arlington State of Texas, and authorized  
to do business in the state of New Mexico), as PRINCIPAL, and Gulf  
Insurance Company, a corporation organized and existing under the laws of  
the State of Missouri, and authorized to do business in the state  
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 herefore 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 wells, 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 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 thirty (30) day period but  
shall continue in effect, notwithstanding said notice, as to property or wells  
theretofore acquired, drilled or started.

BEFORE EXAMINER <del>ARMEN</del>	
OIL CONSERVATION DIVISION	
OCD	EXHIBIT NO. <u>2</u>
CASE NO.	<u>12459</u>



K.W. Chen, DBA:

I.T. Properties

PRINCIPAL

3502 Yachtclub Ct. Arlington, Texas  
Address 76016

BY: [Signature]

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

Gulf Insurance Company

SURETY

P.O. Box 1771 Dallas, Texas 75221-1771  
Address

BY: Joyce Myers

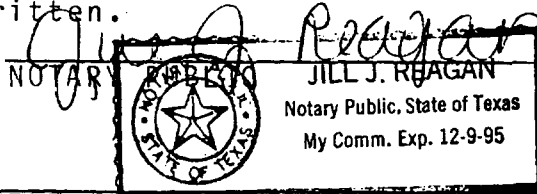
Attorney-in-Fact  
(Note: Corporate surety affix  
corporate seal here)

ACKNOWLEDGMENT FORM FOR NATURAL PERSONS

State of Texas ) ss  
County of Tarrant )  
On this 14th day of November 19 92 before me personally  
appeared 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.

12-9-95  
My Commission Expires



ACKNOWLEDGEMENT FORM FOR CORPORATION

State of \_\_\_\_\_ ) ss  
County of \_\_\_\_\_ )  
On this \_\_\_\_\_ day of \_\_\_\_\_ 19 \_\_\_\_\_, before me personally  
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 ledged 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

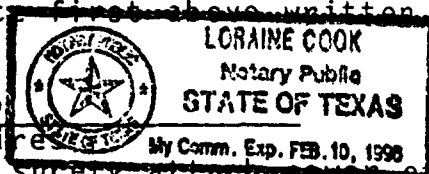
My Commission expires

ACKNOWLEDGEMENT FORM FOR CORPORATE SURETY

State of Texas ) ss  
County of Tarrant )  
On this 13th day of November 19 92, before me  
appeared Joyce Myers 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.

2-10-96  
My Commission expires  
(Note: Corporate surety attach power of attorney)



Loraine Cook  
NOTARY PUBLIC

APPROVED BY:  
OIL CONSERVATION COMMISSION ON NEW MEXICO

BY William J. LeMay  
DATE 11/17/92



# POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS:

That GULF INSURANCE COMPANY, a corporation of the State of Missouri, hereinafter called "Company," does hereby appoint

JOYCE MYERS OR BILL BURK OR BRENDA HILL OR PHILLIP E. LUEBBEHUSEN OR  
GARY RAY

FT. WORTH, TEXAS

its true and lawful Attorney-in-fact to make, execute, seal and deliver on its behalf, as surety, any and all bonds and undertakings of suretyship, not to exceed \$250,000.00 or any bond where the penalty is not stated in the bond form. No authority is granted where the attorney in fact is a party at interest in the bond.

The execution of such bonds or undertakings in pursuance of these presents shall be as binding upon the Company as if they had been executed and acknowledged by the regularly elected officers of the Company.

This Power of Attorney is issued pursuant to and by authority of the following resolution of the Board of Directors of the Company, adopted effective July 1, 1983, and now in full force and effect:

"Resolved that the President, or any Senior Vice President, or any Vice President, or the Secretary, or any Assistant Secretary may appoint Attorneys-in-fact in any state, territory or federal district to represent this Company and to act on its behalf within the scope of the authority granted to them, in writing, which authority may include the power to make, execute, seal and deliver on behalf of this Company, as surety, and as its act and deed, any and all bonds and undertakings of suretyship and other documents that the ordinary course of surety business may require, including authority to appoint agents for the service of process in any jurisdiction, state or federal, and authority to attest to the signature of the President, or any Senior Vice President, or any Vice President, or the Secretary, or any Assistant Secretary and to verify any affidavit or other statement relating to the foregoing, and to certify to a copy of any of the bylaws of the Company and to any resolutions adopted by its Board of Directors; and any such Attorney-in-fact may be removed and the authority granted him revoked by the President, or any Senior Vice President, or any Vice President, or the Secretary, or any Assistant Secretary, or by the Board of Directors."

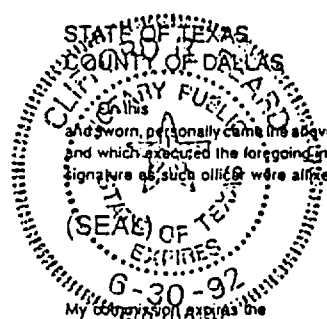
This Power of Attorney and Certificate are signed and sealed by facsimile under and by authority of the following resolution of the Board of Directors of the Company, adopted effective July 1, 1983, and now in full force and effect:

"Resolved that the signature of the President, or of any Senior Vice President, or of any Vice President, or of the Secretary, or of any Assistant Secretary, and the seal of the Company may be affixed by facsimile to any power of attorney or to any certificate relating thereto appointing Attorneys-in-fact for purposes only of executing and attesting bonds and undertakings and other writings obligatory in the nature thereof, including any such power of attorney and certificate revoking the authority of the foregoing Attorneys-in-fact, as well as for the appointment of agents for the service of process in any jurisdiction, state or federal, including any such power of attorney and certificate revoking the authority of such agents; and any such power of attorney or certificate bearing such facsimile signature or facsimile seal shall be valid and binding upon the Company and any such power of attorney or certificate so executed and certified by such facsimile signature and facsimile seal shall be valid and binding upon the Company at the time any such power of attorney and certificate are executed and in the future with respect to any bond or undertaking to which they are attached."

Witness the hand of the Company has caused this Power of Attorney to be signed and its corporate seal to be affixed by its authorized officer this 17th day of March, 1992



By OK [Signature]  
Sr. Vice President



17th day of March, 1992, before me, a Notary Public of the State and County aforesaid, residing therein, duly commissioned and sworn, personally came the above named officer of GULF INSURANCE COMPANY, who being by me first duly sworn according to law, did depose and say that he is that officer of the company described in and which executed the foregoing instrument; that he knows the seal of said company; that the seal affixed to such instrument is the corporate seal of said company; and that the corporate seal and his signature as such officer were affixed and subscribed to the said instrument by the authority and direction of said company.

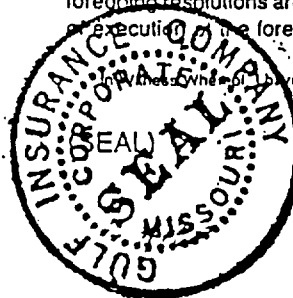
Clifford R. Beard  
Notary Public  
19 92

30th day of June

## CERTIFICATE

I, the undersigned, do hereby certify that the original Power of Attorney of which the foregoing is a true and correct copy is in full force and effect, and the foregoing resolutions are true and correct transcripts from the records of GULF INSURANCE COMPANY and that the above named officer was on the date of execution of the foregoing Power of Attorney authorized to execute this Power of Attorney.

Witness the hand of the Company hereunto subscribed my name and affixed the corporate seal of Gulf Insurance Company this 13th day of November, 1992



[Signature]  
Vice President

PRINCIPAL: K.W. CHEN, dba I.T. PROPERTIES 06-10882

SURETY: Gulf Insurance

BOND NO.: 58 54 63 100 ~~10242~~ 10242

TYPE: \$50,000 Blanket Plugging Bond

APPROVED: November 17, 1992 01-1000

CANCELLED:

WELL LOCATION: