

OIL CONSERVATION DIVISION
REGISTEREDForm O & G ACD
Adopted 6-1-86

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SINGLE WELL CASH BOND

Know all men by these presents that PRIMERO OPERATING INC.
~~(an individual or partnership)~~ (a corporation organized
 in the State of New Mexico with its principal office at 106 N. Penn.
Roswell, 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 \$5,000 (Five Thousand and No/100), lawful money of
 the United States.

THE CONDITIONS OF THIS OBLIGATION ARE SUCH THAT:

The above applicant/operator desires to drill a well or purchase or operate an
 existing well, the depth of which does not exceed 5,000 feet, to
 prospect for and produce oil, gas, or carbon dioxide resources on land owned by
 private individuals or the State of New Mexico, the particular identification and
 footage location of said well being as follows: 1650 FSL & 2310 FSL
Toltec #2 in Section 22, Township
10S, Range 27E, NMPM, Chaves County, New Mexico.

The applicant has deposited on behalf of the Division \$5,000.00, in the manner
 indicated on the attachment to this bond being the principal sum intended to be
 secured. Applicant pledges this sum as a guarantee that it, its executors, assigns,
 heirs or administrators shall plug the well described above 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 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 well 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 well. If the principal sum of this bond is less
 than the actual cost incurred by the Division in plugging said well, 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, including the filing of legal proceedings, 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 above-described well 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 well, then therefore, this obligation shall be
 null and void and the principal sum shall be paid to the applicant, or its successors,
 heirs, or administrator, otherwise it shall remain in full force and effect.

PRIMERO OPERATING INC.OPERATORPO BOX 1433, ROSWELL, NM 88202AddressBy PSignaturePhelps White, PresidentTitle

By _____

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