State of New Mexico Energy, Minerals and Natural Resources Department

Susana Martinez

Governor

John H. Bemis
Cabinet Secretary

Brett F. Woods, Ph.D. Deputy Cabinet Secretary Jami Bailey, Division Director Oil Conservation Division



May 22, 2012

Rice Environmental Consulting and Safety 122 W. Taylor Street Hobbs, NM 88240

Re: State of New Mexico

Contract No. 11-521-005355AB Purchase Order 52100-000033596

Plugging of 1 Well in Lea County, New Mexico

Smith No. 1 - 30-025-28478

formerly operated by Xeric Oil & Gas Corporation

LEXON INSURANCE COMPANY

LABOR AND MATERIAL PAYMENT BOND NO. 1062091

Dear Sir:

We are in receipt of Subcontractor/Supplier Waiver of Final Liens on the above referenced contract and therefore release the above-referenced Labor and Material Payment Bond.

Should you have questions, please feel free to call the undersigned at (505)-476-3450.

Very truly yours,

David K. Brooks

Assistant General Counsel

cc. E L Gonzales - OCD Hobbs

David K. BAPIL

Lexon Insurance Company 10002 Shelbyville Rd., Suite 100

Louisville, KY 40223

Accepted for Record Only

EC7 6-7-2012