

Form O & G SCB
Adopted 6-1-86

SINGLE WELL CASH BOND

Know all men by these presents that Sundance Services Inc.

(an individual) (a partnership) (a corporation) organized in the State of
New Mexico with its principal office at 1431 Main in the city of
Eunice, 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 Seven thousand five hundred 7,500.00
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 10,000 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:
(Well name and footage) Royalty Holding #4 in

Section 25 Township 21S Range 37E, NMPM, Lea
County, New Mexico.

The applicant has deposited on behalf of the Division \$7,500.00, 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.

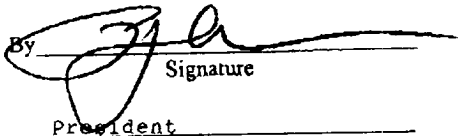
NOW THEREFORE, if the above applicant or its successors, assigns, heirs, or administrators or
any of them shall plug the above-described well when dry or abandoned, in accordance with the rules,
regulations, and orders of the Division, in such a manner as to confine the oil, gas, and water in the strata
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.

Sundance Services Inc.

Operator

1431 Main st. Eunice New Mexico 88231
Address City State Zip

By


Signature

President

Title

By Richard C. Jackson

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