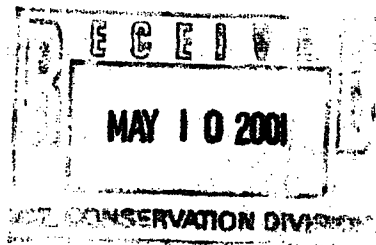




REKA ENERGY

May 8, 2001

State of New Mexico
Energy, Minerals and Natural Resources Department
Oil and Gas Division
1220 South Francis Drive
Santa Fe, New Mexico 87505
Attn: Ms. Dorothy Phillips
Bond Administrator



Re: \$50,000 Blanket Plugging Bond No 04128203
(Replacement for Bond No.)

Ladies and Gentlemen:

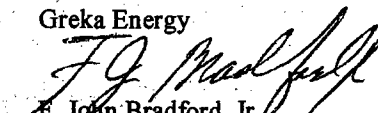
Enclosed for completion of your files is a copy of captioned bond made in favor of the State of New Mexico in the amount of \$50,000 in replacement of a similar bond that is currently being maintained in effect for Saba Energy of Texas, Inc.

As soon as this bond is approved by the State of New Mexico, we would appreciate your relinquishing the prior bond being maintained for Saba Energy of Texas, Inc. so that we may discontinue such coverage.

If any additional information is required, please advise as soon as possible.

Very truly yours,

Greka Energy



F. John Bradford, Jr.
Land Manager

cc: IMA
250 North Water
600 IMA Plaza
Wichita, Kansas 67202
Attn: Ms. Sandra J. Shryack

Before the OCD
Case 13363
OCD Ex. 14

3000 WILCREST, SUITE 220

HOUSTON, TEXAS 77042

TEL. 713 266 7993

FAX 713 266 0511

BEIJING

BOGOTA

CALGARY

JAKARTA

NEW YORK

SANTA MARIA

195793
~~187815~~

OGRID ASSIGNED 1
CALLED DISTRICT 1
API # Blaylit
ONGARD ✓
LETTER ✓
CARD ✓
LABEL ✓
RIDER ✓
IDN 24887

~~187815~~
26201

STATE OF NEW MEXICO

\$50,000 BLANKET PLUGGING BOND

BOND NO 4128203

File with the OIL CONSERVATION DIVISION, 1220 South St. Francis, Santa Fe, New Mexico 87505

KNOW ALL MEN BY THESE PRESENTS:

That Greka AM, Inc., (an individual) (a partnership) (a corporation organized in the State of Colorado, with its principal office in the City of Houston, State of Texas and authorized to do business in the State of New Mexico), as PRINCIPAL, and Fidelity and Deposit Company of Maryland, a corporation organized and existing under the laws of the State of Maryland and authorized to do business in the State of New Mexico, as SURETY, are firmly bound unto the State of New Mexico for the use and benefit of the Oil Conservation Division of the Energy, Minerals and Natural Resources Department of New Mexico (DIVISION) pursuant to NMSA 1978, Section 70-2-14, as amended, in the sum of **Fifty Thousand Dollars (\$50,000)** for the payment of which the 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 PRINCIPAL has commenced or may commence the drilling of wells to prospect for and produce oil or gas, carbon dioxide gas, helium gas or brine minerals or does own or may acquire, own or operate such well or such wells started by others, the identification and location of said wells being expressly waived by both PRINCIPAL and SURETY.

NOW, THEREFORE, if the 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 and orders of the of DIVISION in such a way as to confine the oil, gas, brine 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 30 days after receipt by the DIVISION of written notice of cancellation from the SURETY, the obligation of the SURETY shall terminate as to property or wells acquired, drilled, or started after said 30-day period but shall continue in effect, notwithstanding said notice, as to property or wells theretofore acquired, drilled or started.

Greka AM, Inc.

PRINCIPAL

3000 Wilcrest, Suite 220
Houston, Texas 77042-3655

Address

By Richard R. Lembcke

Signature
Richard R. Lembcke
Vice President

Title

Fidelity and Deposit Company of Maryland
SURETY

P.O. Box 1227, Baltimore, MD 21203

Address

Sandra J. Shryack
Attorney - In Fact, Sandra J. Shryack

If PRINCIPAL is a corporation, affix
corporate seal here.

Corporate surety affix
corporate seal here

ACKNOWLEDGMENT FORM FOR INDIVIDUALS AND PARTNERSHIPS

STATE OF _____)
 ss.
 COUNTY OF _____)

On this _____ day of _____, 20____, before me personally appeared _____, to me known to be the person (persons) 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.

 Notary Public

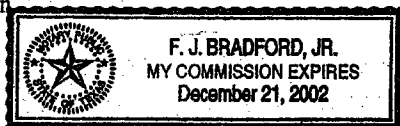
My Commission Expires _____

ACKNOWLEDGMENT FORM FOR CORPORATION

STATE OF Texas)
 ss.
 COUNTY OF Harris)

On this 1st day of May, 2001, before me personally appeared Richard R. Lembcke, to me personally known, who, being by me duly sworn, did say that he is Vice President of Greka AM, 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.



 Notary Public

My Commission Expires _____

ACKNOWLEDGMENT FORM FOR CORPORATE SURETY

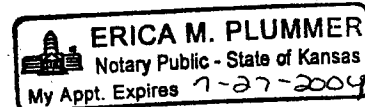
STATE OF Kansas)
 ss.
 COUNTY OF Sedgwick)

On this 2nd day of May, 2001, before me appeared Sandra J. Shryack, to me personally known, who, being by me duly sworn, did say that he is attorney-in-fact of Fidelity and Deposit Company of Maryland 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.

Erica M. Plummer
 Notary Public

7-27-2004
 My Commission Expires



Corporate surety attach power of attorney

APPROVED BY: 802
5-18-01

Power of Attorney
FIDELITY AND DEPOSIT COMPANY OF MARYLAND
COLONIAL AMERICAN CASUALTY AND SURETY COMPANY
HOME OFFICES: P.O. Box 1227, BALTIMORE, MD 21203-1227

Know ALL MEN BY THESE PRESENTS: That the FIDELITY AND DEPOSIT COMPANY OF MARYLAND, and the COLONIAL AMERICAN CASUALTY AND SURETY COMPANY, corporations of the State of Maryland, by F. L. BORLEIS, Vice-President, and T. C. JOHNSON, Assistant Secretary, in pursuance of authority granted by Article VI, Section 2, of the By-Laws of said Companies, which are set forth on the reverse side hereof and are hereby certified to be in full force and effect on the date hereof, does hereby nominate, constitute and appoint W. C. Cohen, Jr., Joseph C. Lukens, II, Scott T. Post, Richard K. Stone, Bret S. Burton, Jana M. Forrest, Patricia Brogan, Sandra J. Shryack and Erica M. Plummer, all of Wichita, Kansas, EACH its true and lawful agent and Attorney-in-Fact, to make, execute, seal and deliver, for, and on its behalf as surety, and as its act and deed: any and all bonds and undertakings EXCEPT bonds on behalf of Independent Executors, Community Survivors and Community Guardians; and the execution of such bonds or undertakings in pursuance of these presents, shall be as binding upon said Companies, as fully and amply, to all intents and purposes, as if they had been duly executed and acknowledged by the regularly elected officers of the Companies at their offices in Baltimore, Md. in their own proper persons. This power of attorney revokes that issued on behalf of W. C. Cohen, Jr., Joseph C. Lukens, II, Scott T. Post, Richard K. Stone, Bret S. Burton, Jana M. Forrest, Patricia Brogan, and Sandra J. Shryack, dated September 3, 1999.

The said Assistant Secretary does hereby certify that the extract set forth on the reverse side hereof is a true copy of Article VI, Section 2, of the respective By-Laws of said Companies, and is now in force.

IN WITNESS WHEREOF, the said Vice-President and Assistant Secretary have hereunto subscribed their names and affixed the Corporate Seals of the said FIDELITY AND DEPOSIT COMPANY OF MARYLAND, and the COLONIAL AMERICAN CASUALTY AND SURETY COMPANY, this 14th day of July, A.D. 2000.

ATTEST:

FIDELITY AND DEPOSIT COMPANY OF MARYLAND



T. C. Johnson

Assistant Secretary

By:

F. L. Borleis

Vice-President

COLONIAL AMERICAN CASUALTY AND SURETY COMPANY



T. C. Johnson

Assistant Secretary

By:

F. L. Borleis

Vice-President

State of Maryland
County of Harford

ss:

On this 14th day of July, A.D. 2000, before the subscriber, a Notary Public of the State of Maryland, duly commissioned and qualified, came F. L. Borleis, Vice-President and T. C. Johnson, Assistant Secretary of the FIDELITY AND DEPOSIT COMPANY OF MARYLAND, and the COLONIAL AMERICAN CASUALTY AND SURETY COMPANY, to me personally known to be the individuals and officers described in and who executed the preceding instrument, and they each acknowledged the execution of the same, and being by me duly sworn, severally and each for himself depose and saith, that they are the said officers of the Companies aforesaid, and that the seals affixed to the preceding instrument are the Corporate Seals of said Companies, and that the said Corporate Seals and their signatures as such officers were duly affixed and subscribed to the said instrument by the authority and direction of the said Corporations.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my Official Seal the day and year first above written.



Patricia A. Trombetti

Notary Public

My Commission Expires: October 9, 2002

EXTRACT FROM BY-LAWS OF THE FIDELITY AND DEPOSIT COMPANY OF MARYLAND

"Article VI, Section 2. The Chairman of the Board, or the President, or any Executive Vice-President, or any of the Senior Vice-Presidents or Vice-Presidents specially authorized so to do by the Board of Directors or by the Executive Committee, shall have power, by and with the concurrence of the Secretary or any one of the Assistant Secretaries, to appoint Resident Vice-Presidents, Assistant Vice-Presidents and Attorneys-in-Fact as the business of the Company may require, or to authorize any person or persons to execute on behalf of the Company any bonds, undertaking, recognizances, stipulations, policies, contracts, agreements, deeds, and releases and assignments of judgements, decrees, mortgages and instruments in the nature of mortgages,...and to affix the seals of the Company thereto."

EXTRACT FROM BY-LAWS OF THE COLONIAL AMERICAN CASUALTY AND SURETY COMPANY

"Article VI, Section 2. The Chairman of the Board, or the President, or any Executive Vice-President, or any of the Senior Vice-Presidents or Vice-Presidents specially authorized so to do by the Board of Directors or by the Executive Committee, shall have power, by and with the concurrence of the Secretary or any one of the Assistant Secretaries, to appoint Resident Vice-Presidents, Assistant Vice-Presidents and Attorneys-in-Fact as the business of the Companies may require, or to authorize any person or persons to execute on behalf of the Companies any bonds, undertaking, recognizances, stipulations, policies, contracts, agreements, deeds, and releases and assignments of judgements, decrees, mortgages and instruments in the nature of mortgages,...and to affix the seals of the Companies thereto."

CERTIFICATE

I, the undersigned, Assistant Secretary of the FIDELITY AND DEPOSIT COMPANY OF MARYLAND, and the COLONIAL AMERICAN CASUALTY AND SURETY COMPANY, do hereby certify that the original Power of Attorney of which the foregoing is a full, true and correct copy, is in full force and effect on the date of this certificate; and I do further certify that the Vice-President who executed the said Power of Attorney was one of the additional Vice-Presidents specially authorized by the Board of Directors to appoint any Attorney-in-Fact as provided in Article VI, Section 2, of the respective By-Laws of the FIDELITY AND DEPOSIT COMPANY OF MARYLAND, and the COLONIAL AMERICAN CASUALTY AND SURETY COMPANY.

This Power of Attorney and Certificate may be signed by facsimile under and by authority of the following resolution of the Board of Directors of the FIDELITY AND DEPOSIT COMPANY OF MARYLAND at a meeting duly called and held on the 10th day of May, 1990 and of the Board of Directors of the COLONIAL AMERICAN CASUALTY AND SURETY COMPANY at a meeting duly called and held on the 5th day of May, 1994.

RESOLVED: "That the facsimile or mechanically reproduced seal of the company and facsimile or mechanically reproduced signature of any Vice-President, Secretary, or Assistant Secretary of the Company, whether made heretofore or hereafter, wherever appearing upon a certified copy of any power of attorney issued by the Company shall be valid and binding upon the Company with the same force and effect as though manually affixed."

IN TESTIMONY WHEREOF, I have hereunto subscribed my name and affixed the corporate seals of the said Companies, this

2nd day of May, 2001.

S. D. Matis

Assistant Secretary