

NM1 - 9

BONDS



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

July 28, 2003

Lori Wrotenbery

Director

Oil Conservation Division

Mr. H.C. Putman
Key Four Corners, Inc.
P.O. Box 900
Farmington, NM 87499

**RE: \$176,200 Surface Waste Management Facility Bond
Permit NM-01-0009
Key Four Corners, Inc.
RLI Insurance Company, Surety
Sec. 2, T-29-N, R-12-W, NMPM, San Juan County, New Mexico
Bond RLB0004486 and Rider No. 1**

Dear Mr. Butler:

The New Mexico Oil Conservation Division hereby approves the above-referenced Surety Bond Rider No. 1 for the Surface Waste Management Facility.

Sincerely,

A handwritten signature in cursive script that reads "David K. Brooks".

David K. Brooks,
Assistant General Counsel

DKB: mjk

Enclosures: Copy of Bond No. RLB0004486 and Rider No. 1

xc: OCD Aztec Office
Mike Talovich
Greg E. Chilson, RLI Insurance Company, 8 greenway Plaza, #400, Houston, TX 77046

RIDER No. 1

Attaching to and forming part of Surety Bond for Waste Management Facilities, Bond No. RLB0004486, executed May 1, 2002, on behalf of Key Four Corners, Inc. as Principal, in favor of the State of New Mexico as Oblige, in the amount of One Hundred Thirty Two Thousand One Hundred Fifty and No/100 Dollars (\$132,150.00).

It is understood and agreed that effective June 26, 2003, the above bond is increased by Forty Four Thousand Fifty and No/100 Dollars (\$44,050.00).

The total penal sum is amended to read One Hundred Seventy Six Thousand Two Hundred and No/100 Dollars (\$176,200.00).

All other conditions and terms to remain as originally written.

Signed, sealed and dated this 26th day of June, 2003.

Key Four Corners, Inc.

Principal

By: _____

RLI Insurance Company
8 Greenway Plaza, Suite 400
Houston, TX 77046

Surety

By: _____

Greg E. Chilson
Greg E. Chilson, Attorney-in-Fact



9025 North Lindbergh Dr. • Peoria, IL 61615
(309) 692-1000 or (800) 645-2402

RLB0004486

POWER OF ATTORNEY

RLI Insurance Company

Know All Men by These Presents:

That the RLI INSURANCE COMPANY, a corporation organized and existing under the laws of the State of Illinois, and authorized and licensed to do business in all states and the District of Columbia does hereby make, constitute and appoint: GREG E. CHILSON in the City of HOUSTON, State of TEXAS, as Attorney-in-Fact, with full power and authority hereby conferred upon him to sign, execute, acknowledge and deliver for and on its behalf as Surety and as its act and deed, all of the following classes of documents to-wit:

\$176,200.00

Indemnity, Surety and Undertakings that may be desired by contract, or may be given in any action or proceeding in any court of law or equity, policies indemnifying employers against loss or damage caused by the misconduct of their employees, official, bail and surety and fidelity bonds. Indemnity in all cases where indemnity may be lawfully given; and with full power and authority to execute consents and waivers to modify or change or extend any bond or document executed for this Company, and to compromise and settle any and all claims or demands made or existing against said Company.

The RLI INSURANCE COMPANY further certifies that the following is a true and exact copy of a Resolution adopted by the Board of Directors of RLI Insurance Company, and now in force to-wit:

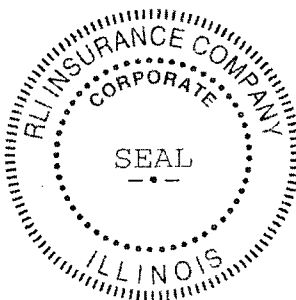
"All bonds, policies, undertakings, Powers of Attorney, or other obligations of the corporation shall be executed in the corporate name of the Company by the President, Secretary, any Assistant Secretary, Treasurer, or any Vice President, or by such other officers as the Board of Directors may authorize. The President, any Vice President, Secretary, any Assistant Secretary, or the Treasurer may appoint Attorneys-in-Fact or Agents who shall have authority to issue bonds, policies, or undertakings in the name of the Company. The corporate seal is not necessary for the validity of any bonds, policies, undertakings, Powers of Attorney, or other obligations of the corporation. The signature of any such officer and the corporate seal may be printed by facsimile."

(Blue shaded areas above indicate authenticity)

IN WITNESS WHEREOF, the RLI Insurance Company has caused these presents to be executed by its PRESIDENT with its corporate seal affixed this

ATTEST:

Camille J. Hensey
Corporate Secretary



By: Jonathan E. Michael
President

State of Illinois)
County of Peoria) SS

On this 26 day of June 2003 before me, a Notary Public, personally appeared Jonathan E. Michael and Camille J. Hensey, who being by me duly sworn, acknowledged that they signed the above Power of Attorney as President and Corporate Secretary, respectively, of the said RLI INSURANCE COMPANY, and acknowledged said instrument to be the voluntary act and deed of said corporation.

Cherie L. Montgomery
Notary Public



SPA026 (10/01)

Energy, Minerals and Natural Resources Department
Oil Conservation DivisionSurety Bond For Waste Management Facilities

(File with Oil Conservation Division, 1220 S. Saint Francis, Santa Fe, New Mexico 87505)

BOND NO. RLB0004486

(For Surety Company Use)

KNOW ALL MEN BY THESE PRESENTS:

That Key Four Corners, Inc., (an individual, partnership, or a corporation organized in the State of New Mexico, with its principal office in the City of Farmington, State of New Mexico, and authorized to do business in the State of New Mexico), as PRINCIPAL, and RLI Insurance Company, a corporation organized and existing under the laws of the State of Illinois and authorized to do business in the State of New Mexico as SURETY, are held 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 (the "Division") pursuant to NMSA 1978, Section 70-2-12 as amended, in the sum of One Hundred Thirty Two Thousand One Hundred Fifty (\$132,150.00---) Dollars for the payment of which PRINCIPAL and SURETY hereby bind themselves, their successors and assigns, jointly and severally.

The conditions of this obligation are such that:

WHEREAS, the above PRINCIPAL has heretofore or may hereafter enter into the collection, disposal, evaporation, remediation, reclamation, treatment or storage of produced water, drilling fluids, drill cuttings, completion fluids, contaminated soils, BS&W, tank bottoms, waste oil and/or other oil field related waste in Section 2, Township 29N, Range 12W, NMPM, San Juan County, New Mexico.

NOW, THEREFORE, this \$ 132,150.00 performance bond is conditioned upon substantial compliance with all applicable statutes of the State of New Mexico and all rules and orders of the Oil Conservation Commission and the Division. Upon clean-up of the facility site to standards of the Division, the Division will release this bond; otherwise, the principal amount of the bond is to be forfeited to the State of New Mexico.

Signed and sealed this 1st day of May, 2 002.Key Four Corners, Inc.

PRINCIPAL

P.O. Box 900, Farmington, NM 87499

Mailing Address

By Rox Tellabacum

Signature

Title

Division ManagerRLI Insurance Company

SURETY

8 Greenway Plaza, #400, Houston, TX 77046

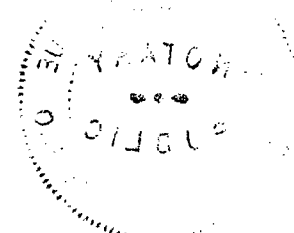
Mailing Address

By Greg E. Carlson

Attorney-in-Fact Greg E. Carlson

Note: If Principal is a corporation, affix corporate seal here.

Note: If corporate surety, affix corporate seal here.



STATE OF _____)
)SS.
COUNTY OF _____)

Notary Public

Notary Public

Notary Public

A circular notary seal for Deanne W. Levesque, a Notary Public in the State of New Mexico. The seal features the text "DEANNE W. LEVESQUE" at the top, "NOTARY PUBLIC" in the center, and "STATE OF NEW MEXICO" at the bottom, all enclosed within a dotted circular border.



9025 North Lindbergh Dr. • Peoria, IL 61615
(309) 692-1000 or (800) 645-2402

RLB0004486

POWER OF ATTORNEY

RLI Insurance Company

Know All Men by These Presents:

That the RLI INSURANCE COMPANY, a corporation organized and existing under the laws of the State of Illinois, and authorized and licensed to do business in all states and the District of Columbia does hereby make, constitute and appoint: GREG E. CHILSON

in the City of HOUSTON, State of TEXAS, as Attorney-in-Fact, with full power and authority hereby conferred upon him to sign, execute, acknowledge and deliver for and on its behalf as Surety and as its act and deed, all of the following classes of documents to-wit:

\$132,150.00

Indemnity, Surety and Undertakings that may be desired by contract, or may be given in any action or proceeding in any court of law or equity, policies indemnifying employers against loss or damage caused by the misconduct of their employees, official, bail and surety and fidelity bonds. Indemnity in all cases where indemnity may be lawfully given, and with full power and authority to execute consents and waivers to modify or change or extend any bond or document executed for this Company and to compromise and settle any and all claims or demands made or existing against said Company.

The RLI INSURANCE COMPANY further certifies that the following is a true and exact copy of a Resolution adopted by the Board of Directors of RLI Insurance Company, and now in force to-wit:

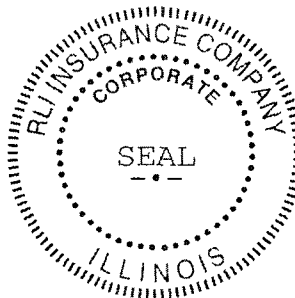
All bonds, policies, undertakings, Powers of Attorney, or other obligations of the corporation shall be executed in the corporate name of the Company by the President, Secretary, any Assistant Secretary, Treasurer, or any Vice President, or by such other officers as the Board of Directors may authorize. The President, any Vice President, Secretary, any Assistant Secretary, or the Treasurer may appoint Attorneys-in-Fact or Agents who shall have authority to issue bonds, policies, or undertakings in the name of the Company. The corporate seal is not necessary for the validity of any bonds, policies, undertakings, Powers of Attorney or other obligations of the corporation. The signature of any such officer and the corporate seal may be printed by facsimile.

(Blue shaded areas above indicate authenticity)

IN WITNESS WHEREOF, the RLI Insurance Company has caused these presents to be executed by its PRESIDENT with its corporate seal affixed this

ATTEST:

Camille J. Hensey
Corporate Secretary



RLI INSURANCE COMPANY

By:

Jonathan E. Michael
President

State of Illinois)
County of Peoria) SS

On this 1 day of May 2002 before me, a Notary Public, personally appeared Jonathan E. Michael and Camille J. Hensey, who being by me duly sworn, acknowledged that they signed the above Power of Attorney as President and Corporate Secretary, respectively, of the said RLI INSURANCE COMPANY, and acknowledged said instrument to be the voluntary act and deed of said corporation.

Cherie L. Montgomery
Notary Public



SPA026 (10/01)



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON

Governor
Betty Rivera
Cabinet Secretary

June 4, 2002

Lori Wrotenberg
Director
Oil Conservation Division

CERTIFIED MAIL

RETURN RECEIPT NO. 7001-1940-0004-7923-4160

Mr. Gene Butler
Key Four Corners, Inc.
6 Desta Drive
Suite 4400
Midland, Texas 79705

**RE: \$132,150 Surface Waste Management Facility Bond
Permit NM-01-0009
Key Four Corners, Inc.
RLI Insurance Company, Surety
Sec. 2, T-29-N, R-12-W, NMPM, San Juan County, New Mexico
Bond RLB0004486**

Dear Mr. Butler:

The New Mexico Oil Conservation Division hereby approves the above-referenced Surety Bond for the Surface Waste Management Facility.

Sincerely,

David K. Brooks,
Assistant General Counsel

DKB: mjk

Enclosures: Copy of Bond No. RLB0004486

xc: OCD Aztec Office
Mike Talovich
Ron Felabaum, Key Energy Service, P.O. Box 900, Farmington, NM 87499
Greg E. Chilson, RLI Insurance Company, 8 greenway Plaza, #400, Houston, TX 77046

Energy, Minerals and Natural Resources Department
Oil Conservation DivisionSurety Bond For Waste Management Facilities

(File with Oil Conservation Division, 1220 S. Saint Francis, Santa Fe, New Mexico 87505)

BOND NO. RLB0004486

(For Surety Company Use)

KNOW ALL MEN BY THESE PRESENTS:

That Key Four Corners, Inc., (an individual, partnership, or a corporation organized in the State of New Mexico, with its principal office in the City of Farmington, State of New Mexico, and authorized to do business in the State of New Mexico), as PRINCIPAL, and RLI Insurance Company, a corporation organized and existing under the laws of the State of Illinois and authorized to do business in the State of New Mexico as SURETY, are held 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 (the "Division") pursuant to NMSA 1978, Section 70-2-12 as amended, in the sum of One Hundred Thirty Two Thousand One Hundred Fifty (\$132,150.00---) Dollars for the payment of which PRINCIPAL and SURETY hereby bind themselves, their successors and assigns, jointly and severally.

The conditions of this obligation are such that:

WHEREAS, the above PRINCIPAL has heretofore or may hereafter enter into the collection, disposal, evaporation, remediation, reclamation, treatment or storage of produced water, drilling fluids, drill cuttings, completion fluids, contaminated soils, BS&W, tank bottoms, waste oil and/or other oil field related waste in Section 2, Township 29N, Range 12W, NMPM, San Juan County, New Mexico.

NOW, THEREFORE, this \$132,150.00 performance bond is conditioned upon substantial compliance with all applicable statutes of the State of New Mexico and all rules and orders of the Oil Conservation Commission and the Division. Upon clean-up of the facility site to standards of the Division, the Division will release this bond; otherwise, the principal amount of the bond is to be forfeited to the State of New Mexico.

Signed and sealed this 1st day of May, 2 002.Key Four Corners, Inc.

PRINCIPAL

P.O. Box 900, Farmington, NM 87499

Mailing Address

By Raul Jellabum

Signature

Title

Division Manager

Note: If Principal is a corporation, affix corporate seal here.

RLI Insurance Company

SURETY

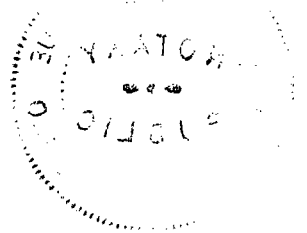
8 Greenway Plaza, #400, Houston, TX 77046

Mailing Address

By Greg E. Chilson

Attorney-in-Fact Greg E. Chilson

Note: If corporate surety, affix corporate seal here.



1. (For a natural person acting in his own right:)

STATE OF _____)
)SS.
 COUNTY OF _____)

The foregoing instrument was acknowledged before me this ____ day of _____, 2____,
 by _____

My commission expires:

 Date

 Notary Public

2. (For a partnership acting by one or more partners)

STATE OF _____)
)SS.
 COUNTY OF _____)

The foregoing instrument was acknowledged before me this ____ day of _____, 2____,
 by _____,
 _____, partner(s) on behalf of
 _____, a partnership.

My commission expires:

 Date

 Notary Public

3. (For a corporation or incorporated association)

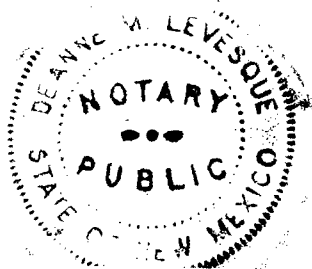
The foregoing instrument was acknowledged before me this 9th day of May, 2002
 by Ron Fellabaum, Division Manager
 a corporation, on behalf of said corporation.

My commission expires:

6/26/02
 Date

Deanne M. Levesque
 Notary Public

NOTE: When Lessor is a partnership, corporation or association, list all partners, officers and directors as may be applicable. This information may be provided below.





9025 North Lindbergh Dr. • Peoria, IL 61615
(309) 692-1000 or (800) 645-2402

RLB0004486

POWER OF ATTORNEY

RLI Insurance Company

Know All Men by These Presents:

That the RLI INSURANCE COMPANY, a corporation organized and existing under the laws of the State of Illinois, and authorized and licensed to do business in all states and the District of Columbia does hereby make, constitute and appoint: GREG E. CHILSON

in the City of HOUSTON, State of TEXAS, as Attorney-in-Fact, with full power and authority hereby conferred upon him to sign, execute, acknowledge and deliver for and on its behalf as Surety and as its act and deed, all of the following classes of documents to-wit:

\$132,150.00

Indemnity, Surety and Undertakings that may be desired by contract, or may be given in any action or proceeding in any court of law or equity, policies indemnifying employers against loss or damage caused by the misconduct of their employees, official, bail and surety and fidelity bonds. Indemnity in all cases where indemnity may be lawfully given, and with full power and authority to execute consents and waivers to modify or change or extend any bond or document executed for this Company, and to compromise and settle any and all claims or demands made or existing against said Company.

The RLI INSURANCE COMPANY further certifies that the following is a true and exact copy of a Resolution adopted by the Board of Directors of RLI Insurance Company, and now in force to-wit:

"All bonds, policies, undertakings, Powers of Attorney, or other obligations of the corporation shall be executed in the corporate name of the Company by the President, Secretary, any Assistant Secretary, Treasurer, or any Vice President, or by such other officers as the Board of Directors may authorize. The President, any Vice President, Secretary, any Assistant Secretary, or the Treasurer may appoint Attorneys-in-Fact or Agents who shall have authority to issue bonds, policies, or undertakings in the name of the Company. The corporate seal is not necessary for the validity of any bonds, policies, undertakings, Powers of Attorney, or other obligations of the corporation. The signature of any such officer and the corporate seal may be printed by facsimile."

(Blue shaded areas above indicate authenticity)

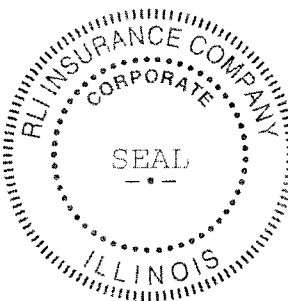
IN WITNESS WHEREOF, the RLI Insurance Company has caused these presents to be executed by its PRESIDENT with its corporate seal affixed this

ATTEST:

Camille J. Hensey

Corporate Secretary

State of Illinois)
County of Peoria) SS



By: Jonathan E. Michael
President

On this 1 day of May 2002 before me, a Notary Public, personally appeared Jonathan E. Michael and Camille J. Hensey, who being by me duly sworn, acknowledged that they signed the above Power of Attorney as President and Corporate Secretary, respectively, of the said RLI INSURANCE COMPANY, and acknowledged said instrument to be the voluntary act and deed of said corporation.

Cherie L. Montgomery
Notary Public



SPA026 (10/01)



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON

Governor
Betty Rivera
Cabinet Secretary

June 4, 2002

Lori Wrotenbery
Director
Oil Conservation Division

CERTIFIED MAIL

RETURN RECEIPT NO. 7001-1940-0004-7923-4177

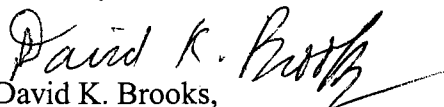
Ms. Cara D. Hancock
Gallagher – Inwest Lubbock
P.O. Box 53910
Lubbock, TX 79453

**RE: \$132,150 Surface Waste Management Facility Bond
Permit NM-01-0009
Key Four Corners, Inc.
RLI Insurance Company, Surety
Sec. 2, T-29-N, R-12-W, NMPM, San Juan County, New Mexico
Bond RLB0003354**

Dear Ms. Hancock:

The New Mexico Oil Conservation Division hereby approves the cancellation of the above-referenced Surety Bond and releases RLI Insurance Company of any liability.

Sincerely,


David K. Brooks,
Assistant General Counsel

DKB: mjk

Enclosures: Bond No. RLB0003354

xc: OCD Aztec Office
Mike Talovich, Key Energy Service, P.O. Box 900, Farmington, NM 87499
Ron Felabaum, Key Energy Service, P.O. Box 900, Farmington, NM 87499
Mr. Gene Butler, Key Four Corners, Inc., 6 Desta Drive, Suite 4400, Midland, Texas 79705
Greg E. Chilson, RLI Insurance Company, 8 greenway Plaza, #400, Houston, TX 77046



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON

Governor

Jennifer A. Salisbury

Cabinet Secretary

Lori Wrotenbery

Director

Oil Conservation Division

November 20, 2001

CERTIFIED MAIL

RETURN RECEIPT NO. 7099-3220-0000-2641

Mr. Mike Talovich
Key Four Corners, Inc.
P.O. Box 900
Farmington, New Mexico 87499

**RE: \$88,100 Surface Waste Management Facility Bond
Permit NM-01-0009
Key Four Corners, Inc.
RLI Insurance Company, Surety
Sec. 2, T-29-N, R-12-W, NMPM, San Juan County, New Mexico
Bond RLB0003354**

Dear Mr. Talovitch:

The New Mexico Oil Conservation Division hereby approves the above-referenced Surety Bond for the Surface Waste Management Facility.

Sincerely,

David K. Brooks,
Assistant General Counsel

DKB: mjk

Enclosures: Copy of Bond No. RLB0003354

xc: OCD Aztec Office
Greg E. Chilson, RLI Insurance Company, 8 greenway Plaza, #400, Houston, TX 77046
Ron Felabaum, Key Energy Service, P.O. Box 900, Farmington, NM 87499



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON

Governor

Jennifer A. Salisbury

Cabinet Secretary

Lori Wrotenbery

Director

Oil Conservation Division

May 31, 2000

CERTIFIED MAIL

RETURN RECEIPT NO. Z-559-573-293

Mr. Ron Fellabaum
Key Four Corners, Inc.
P.O. Box 900
Farmington, New Mexico 87499

**RE: \$44,050 Surface Waste Management Facility Bond
Permit NM-01-0009
Key Four Corners, Inc. DBA Big A Well Service, Principal
United Pacific Insurance Company, Surety
Sec. 2, T-29-N, R-12-W, NMPM
San Juan County, New Mexico
Rider to Bond No. U2723756**

Dear Mr. Fellabaum:

The New Mexico Oil Conservation Division hereby approves the above-referenced rider to the Surface Waste Management Facility Bond.

Sincerely,

Marilyn S. Hebert,
Legal Counsel

LH/mjk

Enclosure: Copy of bond No. U2723756 and rider

xc: OCD Aztec Office
Charles P. Recer, Reliance Surety Company, United Pacific Insurance Company
Gene Butler, Key Energy Service, 6 Desta Drive Suite 5900, Midland, TX 79705

Energy, Minerals and Natural Resources Department
Oil Conservation Division
Surety Bond For Waste Management Facilities
(File with Oil Conservation Division, 2040 South Pacheco Street, Santa Fe, New Mexico 87505)

BOND NO. U2723756
(For Surety Company Use)

KNOW ALL MEN BY THESE PRESENTS:

That KEY FOUR CORNERS, INC. DBA BIG A WELL SERVICE/SUNCO TRUCKING an individual, partnership, or a corporation organized in the State of NEW MEXICO, with its principal office in the City of FARMINGTON State of NEW MEXICO, and authorized to do business in the State of New Mexico), as PRINCIPAL, and UNITED PACIFIC INSURANCE COMPANY, a corporation organized and existing under the laws of the State of PENNSYLVANIA, and authorized to do business in the State of New Mexico with duly appointed resident agent in the State of New Mexico to execute this bond on behalf of the surety company, as SURETY, are held 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 (the "Division") pursuant to Section 70-2-12 NMSA, 1978, (1995 Relp.) as amended in the sum of TWENTY FIVE THOUSAND AND NO/100 (\$ 25,000.00) Dollars for the payment of which PRINCIPAL and SURETY hereby bind themselves, their successors and assigns, jointly and severally.

The conditions of this obligation are such that:

WHEREAS, the above principal has heretofore or may hereafter enter into the collection, disposal, evaporation, remediation, reclamation, treatment or storage of produced water, drilling fluids, drill cuttings, completion fluids, contaminated soils, BS&W, tank bottoms, waste oil and/or other oil field related waste in Section 2, Township 29 N. Range 12 W. NMPM, SAN JUAN County, New Mexico.

NOW, THEREFORE, this \$25,000.00 performance bond is conditioned upon substantial compliance with all applicable statutes of the State of New Mexico and all rules and orders of the Oil Conservation Commission, the Division, and upon clean-up of the facility site to standards of the Division; otherwise the principal amount of the bond to be forfeited to the State of New Mexico.

Signed and sealed this 17TH day of SEPTEMBER, 19 97.

KEY FOUR CORNERS, INC. DBA
BIG A WELL SERVICE/SUNCO TRUCKING

Principal

P. O. BOX 900

FARMINGTON, NEW MEXICO 87499

Mailing Address

By Rose Pellabourm Vice President
Signature Title

UNITED PACIFIC INSURANCE COMPANY

Surety

P. O. BOX 53910

LUBBOCK, TEXAS 79453

Mailing Address

By Howard Cowan
Attorney-in-Fact HOWARD COWAN

Note: If Principal is a corporation, affix corporate seal here.

Note: If corporate surety, affix corporate seal here.

Note: If corporate surety executes this bond by an attorney-in-fact not in New Mexico, the resident New Mexico agent shall countersign here below.

Countersigned by:

New Mexico Resident Agent

4317 Lead Ave SE
Address Alb., NM 87108

RECEIVED

OCT 28 1997

Environmental Bureau
Oil Conservation Division

1. (For a natural person acting in his own right:)

STATE OF _____)
)SS.
COUNTY OF _____)

The foregoing instrument was acknowledged before me this _____ day of _____, 19____,
by _____.

My commission expires:

Date

Notary Public

2. (For a partnership acting by one or more partners)

STATE OF _____)
)SS.
COUNTY OF _____)

The foregoing instrument was acknowledged before me this _____ day of _____, 19____,
by _____,
_____, partner(s) on behalf of
_____, a partnership.

My commission expires:

Date

Notary Public

3. (For a corporation or incorporated association)

The foregoing instrument was acknowledged before me this 19TH day of SEPTEMBER, 1997,
by KEY FOUR CORNERS INC,
a corporation, on behalf of said corporation.

My commission expires:

JANUARY 2, 2000
Date

M. J. D. Long
Notary Public

NOTE: When Lessor is a partnership, corporation or association, list all partners, officers and directors as may be applicable. This information may be provided below.

APPROVED BY:
OIL CONSERVATION DIVISION

By: [Signature]

RELIANCE SURETY COMPANY
UNITED PACIFIC INSURANCE COMPANY

RELIANCE INSURANCE COMPANY
RELIANCE NATIONAL INDEMNITY COMPANY

ADMINISTRATIVE OFFICE, PHILADELPHIA, PENNSYLVANIA

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that RELIANCE SURETY COMPANY is a corporation duly organized under the laws of the State of Delaware, and that RELIANCE INSURANCE COMPANY and UNITED PACIFIC INSURANCE COMPANY, are corporations duly organized under the laws of the Commonwealth of Pennsylvania and that RELIANCE NATIONAL INDEMNITY COMPANY is a corporation duly organized under the laws of the State of Wisconsin (herein collectively called "the Companies") and that the Companies by virtue of signature and seals do hereby make, constitute and appoint Howard Cowan, Kevin J. Dunn, Marla Hill., of Lubbock, Texas their true and lawful Attorney(s)-in-Fact, to make, execute, seal and deliver for and on their behalf, and as their act and deed any and all bonds and undertakings of suretyship and to bind the Companies thereby as fully and to the same extent as if such bonds and undertakings and other writings obligatory in the nature thereof were signed by an Executive Officer of the Companies and sealed and attested by one other of such officers, and hereby ratifies and confirms all that their said Attorney(s)-in-Fact may do in pursuance hereof.

This Power of Attorney is granted under and by the authority of Article VII of the By-Laws of RELIANCE SURETY COMPANY, RELIANCE INSURANCE COMPANY, UNITED PACIFIC INSURANCE COMPANY, and RELIANCE NATIONAL INDEMNITY COMPANY which provisions are now in full force and effect, reading as follows:

ARTICLE VII - EXECUTION OF BONDS AND UNDERTAKINGS

1. The Board of Directors, the President, the Chairman of the Board, any Senior Vice President, any Vice President or Assistant Vice President or other officer designated by the Board of Directors shall have power and authority to (a) appoint Attorney(s)-in-Fact and to authorize them to execute on behalf of the Company, bonds and undertakings, recognizances, contracts of indemnity and other writings obligatory in the nature thereof, and (b) to remove any such Attorney(s)-in-Fact at any time and revoke the power and authority given to them.

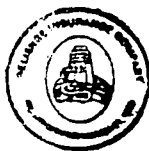
2. Attorney(s)-in-Fact shall have power and authority, subject to the terms and limitations of the Power of Attorney issued to them, to execute deliver on behalf of the Company, bonds and undertakings, recognizances, contracts of indemnity and other writings obligatory in the nature thereof. The corporate seal is not necessary for the validity of any bonds and undertakings, recognizances, contracts of indemnity and other writings obligatory in the nature thereof.

3. Attorney(s)-in-Fact shall have power and authority to execute affidavits required to be attached to bonds, recognizances, contracts of indemnity or other conditional or obligatory undertakings and they shall also have power and authority to certify the financial statement of the Company and to copies of the By-Laws of the Company or any article or section thereof.

This Power of Attorney is signed and sealed by facsimile under and by authority of the following resolution adopted by the Executive and Finance Committees of the Boards of Directors of Reliance Insurance Company, United Pacific Insurance Company and Reliance National Indemnity Company by Unanimous Consent dated as of February 28, 1994 and by the Executive and Financial Committee of the Board of Directors of Reliance Surety Company by Unanimous Consent dated as of March 31, 1994.

"Resolved that the signatures of such directors and officers and the seal of the Company may be affixed to any such Power of Attorney or any certificates relating thereto by facsimile, and any such Power of Attorney or certificate bearing such facsimile signatures or facsimile seal shall be valid and binding upon the Company and any such Power so executed and certified by facsimile signatures and facsimile seal shall be valid and binding upon the Company, in the future with respect to any bond or undertaking to which it is attached."

IN WITNESS WHEREOF, the Companies have caused these presents to be signed and their corporate seals to be hereto affixed, this June 6, 1996.



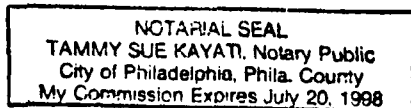
RELIANCE SURETY COMPANY
RELIANCE INSURANCE COMPANY
UNITED PACIFIC INSURANCE COMPANY
RELIANCE NATIONAL INDEMNITY COMPANY

David T. Akers

STATE OF Pennsylvania }
COUNTY OF Philadelphia } ss.

On this, June 6, 1996, before me, Tammy Sue Kayati, personally appeared David T. Akers, who acknowledged himself to be the Senior Vice President of the Reliance Surety Company, and the Vice President of Reliance Insurance Company, United Pacific Insurance Company, and Reliance National Indemnity Company and that as such, being authorized to do so, executed the foregoing instrument for the purpose therein contained by signing the name of the corporation by himself as its duly authorized officer.

In witness whereof, I hereunto set my hand and official seal.



Tammy Sue Kayati
Notary Public in and for the State of Pennsylvania
Residing at Philadelphia

I, Anita Zippert, Secretary of RELIANCE SURETY COMPANY, RELIANCE INSURANCE COMPANY, UNITED PACIFIC INSURANCE COMPANY, and RELIANCE NATIONAL INDEMNITY COMPANY do hereby certify that the above and foregoing is a true and correct copy of the Power of Attorney executed by said Companies, which is still in full force and effect.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seals of said Companies this 17TH day of SEPTEMBER 19 97.

Anita Zippert

Secretary





Reliance

RELIANCE SURETY COMPANY
Philadelphia, Pennsylvania

RELIANCE INSURANCE COMPANY
Philadelphia, Pennsylvania

UNITED PACIFIC INSURANCE COMPANY
Philadelphia, Pennsylvania

RELIANCE NATIONAL INDEMNITY COMPANY
Philadelphia, Pennsylvania

RIDER

To be attached to and form a part of

Type of Bond: License & Permit

Bond No. U 272 37 56

executed by Key Four Corners, Inc. DBA Big A Well Services/Sunco Trucking, as Principal,

and by UNITED PACIFIC COMPANY, as Surety,

in favor of State of New Mexico

and dated March 20, 2000

In consideration of the premium charged for the attached bond, it is hereby agreed to change:

From: \$25,000.00

To: \$44,050.00

The attached bond shall be subject to all its agreements, limitations and conditions except as herein expressly modified.

This rider is effective March 20, 2000

Signed and Sealed March 21, 2000

Principal Key Four Corners, Inc. DBA Big A Well
Services/Sunco Trucking

By: Tom H. Kelly RISK MANAGER
Title

UNITED PACIFIC COMPANY

By: Charles P. Recer Attorney-in-Fact

RIDER ACCEPTED (Please sign duplicate of this Rider and return to Surety)

By: [Signature]
Date 5/25/00

Reliance Surety Company

A Reliance Group Holdings Company

2323 Bryan Street

Suite 2424

Dallas, TX 75201-2657

214.999.1800

Fax: 214.954.1181



Reliance

April 28, 2000

Ms. Martyne Kieling
Oil Conservation Division
2040 S. Pacheco
Sante Fe, NM 87505

RE: Bond # U2723756: Big A Well Services/Sunco Trucking
Power-of-Attorney

Dear Ms. Kieling:

Please find enclosed a Power of Attorney to accompany the previously executed rider dated March 20, 2000. This rider increased the bond penalty of this bond from \$25,000 to \$40,050.

If you should need any further information or have questions, please contact the principal's agent or myself.

Yours truly,

Reliance Surety Company

Charles P. Recer
Bond Underwriter

Enc.

RELIANCE SURETY COMPANY
UNITED PACIFIC INSURANCE COMPANY

RELIANCE INSURANCE COMPANY
RELIANCE NATIONAL INDEMNITY COMPANY

ADMINISTRATIVE OFFICE, PHILADELPHIA, PENNSYLVANIA

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that RELIANCE SURETY COMPANY is a corporation duly organized under the laws of the State of Delaware, and that RELIANCE INSURANCE COMPANY and UNITED PACIFIC INSURANCE COMPANY, are corporations duly organized under the laws of the Commonwealth of Pennsylvania and that RELIANCE NATIONAL INDEMNITY COMPANY is a corporation duly organized under the laws of the State of Wisconsin (herein collectively called "the Companies") and that the Companies by virtue of signature and seals do hereby make, constitute and appoint Neal G. Clark, Michael T. Heidrick, Barbara Baker, Jaimie Morrison, David Layman, Charles P. Recer, Andrew P. Walters, M. Wagner, Deanna L. Fulton, Mistie Beck, Jan Sigler, Joel Hatton., of Dallas, Texas their true and lawful Attorney(s)-in-Fact, to make, execute, seal and deliver for and on their behalf, and as their act and deed any and all bonds and undertakings of suretyship and to bind the Companies thereby as fully and to the same extent as if such bonds and undertakings and other writings obligatory in the nature thereof were signed by an Executive Officer of the Companies and sealed and attested by one other of such officers, and hereby ratifies and confirms all that their said Attorney(s)-in-Fact may do in pursuance hereof.

This Power of Attorney is granted under and by the authority of Article VII of the By-Laws of RELIANCE SURETY COMPANY, RELIANCE INSURANCE COMPANY, UNITED PACIFIC INSURANCE COMPANY, and RELIANCE NATIONAL INDEMNITY COMPANY which provisions are now in full force and effect, reading as follows:

ARTICLE VII - EXECUTION OF BONDS AND UNDERTAKINGS

1. The Board of Directors, the President, the Chairman of the Board, any Senior Vice President, any Vice President or Assistant Vice President or other officer designated by the Board of Directors shall have power and authority to (a) appoint Attorney(s)-in-Fact and to authorize them to execute on behalf of the Company, bonds and undertakings, recognizances, contracts of indemnity and other writings obligatory in the nature thereof, and (b) to remove any such Attorney(s)-in-Fact at any time and revoke the power and authority given to them.

2. Attorney(s)-in-Fact shall have power and authority, subject to the terms and limitations of the Power of Attorney issued to them, to execute deliver on behalf of the Company, bonds and undertakings, recognizances, contracts of indemnity and other writings obligatory in the nature thereof. The corporate seal is not necessary for the validity of any bonds and undertakings, recognizances, contracts of indemnity and other writings obligatory in the nature thereof.

3. Attorney(s)-in-Fact shall have power and authority to execute affidavits required to be attached to bonds, recognizances, contracts of indemnity or other conditional or obligatory undertakings and they shall also have power and authority to certify the financial statement of the Company and to copies of the By-Laws of the Company or any article or section thereof.

This Power of Attorney is signed and sealed by facsimile under and by authority of the following resolution adopted by the Executive and Finance Committees of the Boards of Directors of Reliance Insurance Company, United Pacific Insurance Company and Reliance National Indemnity Company by Unanimous Consent dated as of February 28, 1994 and by the Executive and Financial Committee of the Board of Directors of Reliance Surety Company by Unanimous Consent dated as of March 31, 1994.

"Resolved that the signatures of such directors and officers and the seal of the Company may be affixed to any such Power of Attorney or any certificates relating thereto by facsimile, and any such Power of Attorney or certificate bearing such facsimile signatures or facsimile seal shall be valid and binding upon the Company and any such Power so executed and certified by facsimile signatures and facsimile seal shall be valid and binding upon the Company, in the future with respect to any bond or undertaking to which it is attached."

IN WITNESS WHEREOF, the Companies have caused these presents to be signed and their corporate seals to be hereto affixed, this April 6, 2000.



RELIANCE SURETY COMPANY
RELIANCE INSURANCE COMPANY
UNITED PACIFIC INSURANCE COMPANY
RELIANCE NATIONAL INDEMNITY COMPANY

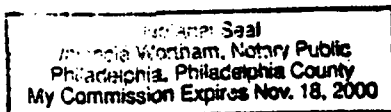
David T. Akers

STATE OF Pennsylvania
COUNTY OF Philadelphia

} ss.

On this, April 6, 2000, before me, Valencia Wortham, personally appeared David T. Akers, who acknowledged himself to be the Senior Vice President of the Reliance Surety Company, and the Vice President of Reliance Insurance Company, United Pacific Insurance Company, and Reliance National Indemnity Company and that as such, being authorized to do so, executed the foregoing instrument for the purpose therein contained by signing the name of the corporation by himself as its duly authorized officer.

In witness whereof, I hereunto set my hand and official seal.



Valencia Wortham

Notary Public in and for the State of Pennsylvania
Residing at Philadelphia

I, Anita Zippert, Secretary of RELIANCE SURETY COMPANY, RELIANCE INSURANCE COMPANY, UNITED PACIFIC INSURANCE COMPANY, and RELIANCE NATIONAL INDEMNITY COMPANY do hereby certify that the above and foregoing is a true and correct copy of the Power of Attorney executed by said Companies, which is still in full force and effect.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seals of said Companies this 20 day of March 2000.



Anita Zippert

Secretary



**NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT**

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

October 31, 1997

Key Four Corners, Inc.
P.O. Box 900
Farmington, New Mexico 87499

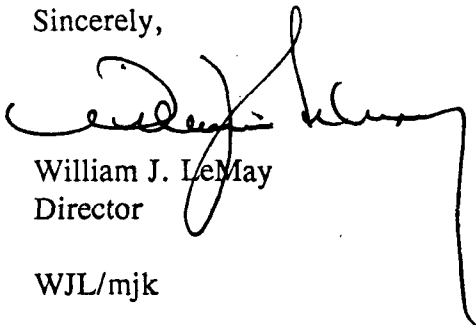
Attention: Ron Fellabaum

**RE: \$25,000 Surface Waste Management Facility Bond
Key Four Corners, Inc. DBA Big A Well Service, Principal
United Pacific Insurance Company, Surety
Sec. 2, T-29-N, R-12-W, NMPM
San Juan County, New Mexico
Bond No. U2723756**

Dear Mr. Fellabaum:

The New Mexico Oil Conservation Division hereby approves the above-referenced Surface Waste Management Facility Bond.

Sincerely,



William J. LeMay
Director

WJL/mjk

xc: OCD Aztec Office
United Pacific Insurance Company

Energy, Minerals and Natural Resources Department
Oil Conservation Division
Surety Bond For Waste Management Facilities
(File with Oil Conservation Division, 2040 South Pacheco Street, Santa Fe, New Mexico 87505)

BOND NO. U2723756
(For Surety Company Use)

KNOW ALL MEN BY THESE PRESENTS:

That KEY FOUR CORNERS, INC. DBA BIG A WELL SERVICE/SUNCO TRUCKING an individual, partnership, or a corporation organized in the State of NEW MEXICO, with its principal office in the City of FARMINGTON State of NEW MEXICO, and authorized to do business in the State of New Mexico), as PRINCIPAL, and UNITED PACIFIC INSURANCE COMPANY, a corporation organized and existing under the laws of the State of PENNSYLVANIA, and authorized to do business in the State of New Mexico with duly appointed resident agent in the State of New Mexico to execute this bond on behalf of the surety company, as SURETY, are held 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 (the "Division") pursuant to Section 70-2-12 NMSA, 1978, (1995 Relp.) as amended in the sum of TWENTY FIVE THOUSAND AND NO/100 (\$ 25,000.00) Dollars for the payment of which PRINCIPAL and SURETY hereby bind themselves, their successors and assigns, jointly and severally.

The conditions of this obligation are such that:

WHEREAS, the above principal has heretofore or may hereafter enter into the collection, disposal, evaporation, remediation, reclamation, treatment or storage of produced water, drilling fluids, drill cuttings, completion fluids, contaminated soils, BS&W, tank bottoms, waste oil and/or other oil field related waste in Section 2, Township 29 N, Range 12 W, NMPM, SAN JUAN County, New Mexico.

NOW, THEREFORE, this \$25,000.00 performance bond is conditioned upon substantial compliance with all applicable statutes of the State of New Mexico and all rules and orders of the Oil Conservation Commission, the Division, and upon clean-up of the facility site to standards of the Division; otherwise the principal amount of the bond to be forfeited to the State of New Mexico.

Signed and sealed this 17TH day of SEPTEMBER, 19 97.

KEY FOUR CORNERS, INC. DBA
BIG A WELL SERVICE/SUNCO TRUCKING

Principal

P. O. BOX 900
FARMINGTON, NEW MEXICO 87499

Mailing Address

By Rose Tellaborn Vice President
Signature Title

UNITED PACIFIC INSURANCE COMPANY

Surety

P. O. BOX 53910
LUBBOCK, TEXAS 79453

Mailing Address

By Howard Cowan
Attorney-in-fact HOWARD COWAN

Note: If Principal is a corporation, affix corporate seal here.

Note: If corporate surety, affix corporate seal here.

Note: If corporate surety executes this bond by an attorney-in-fact not in New Mexico, the resident New Mexico agent shall countersign here below.

Countersigned by:

[Signature]
New Mexico Resident Agent

4317 Lead Ave SE
Address Alb., NM 87108

RECEIVED

OCT 28 1997

Environmental Bureau
Oil Conservation Division

1. (For a natural person acting in his own right:)

STATE OF _____)
)SS.
COUNTY OF _____)

The foregoing instrument was acknowledged before me this _____ day of _____, 19____,
by _____.

My commission expires:

Date

Notary Public

2. (For a partnership acting by one or more partners)

STATE OF _____)
)SS.
COUNTY OF _____)

The foregoing instrument was acknowledged before me this _____ day of _____, 19____,
by _____,
_____, partner(s) on behalf of
_____, a partnership.

My commission expires:

Date

Notary Public

3. (For a corporation or incorporated association)

The foregoing instrument was acknowledged before me this 19TH day of SEPTEMBER, 1997,
by KEY FOUR CORNERS INC,
a corporation, on behalf of said corporation.

My commission expires:

JANUARY 2, 2000
Date

M. J. D. Long
Notary Public

NOTE: When Lessor is a partnership, corporation or association, list all partners, officers and directors as may be applicable. This information may be provided below.

APPROVED BY:
OIL CONSERVATION DIVISION

By: _____

RELIANCE SURETY COMPANY
UNITED PACIFIC INSURANCE COMPANY

RELIANCE INSURANCE COMPANY
RELIANCE NATIONAL INDEMNITY COMPANY

ADMINISTRATIVE OFFICE, PHILADELPHIA, PENNSYLVANIA

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that RELIANCE SURETY COMPANY is a corporation duly organized under the laws of the State of Delaware, and that RELIANCE INSURANCE COMPANY and UNITED PACIFIC INSURANCE COMPANY, are corporations duly organized under the laws of the Commonwealth of Pennsylvania and that RELIANCE NATIONAL INDEMNITY COMPANY is a corporation duly organized under the laws of the State of Wisconsin (herein collectively called "the Companies") and that the Companies by virtue of signature and seals do hereby make, constitute and appoint Howard Cowan, Kevin J. Dunn, Marla Hill, of Lubbock, Texas their true and lawful Attorney(s)-in-Fact, to make, execute, seal and deliver for and on their behalf, and as their act and deed any and all bonds and undertakings of suretyship and to bind the Companies thereby as fully and to the same extent as if such bonds and undertakings and other writings obligatory in the nature thereof were signed by an Executive Officer of the Companies and sealed and attested by one other of such officers, and hereby ratifies and confirms all that their said Attorney(s)-in-Fact may do in pursuance hereof.

This Power of Attorney is granted under and by the authority of Article VII of the By-Laws of RELIANCE SURETY COMPANY, RELIANCE INSURANCE COMPANY, UNITED PACIFIC INSURANCE COMPANY, and RELIANCE NATIONAL INDEMNITY COMPANY which provisions are now in full force and effect, reading as follows:

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RELIANCE SURETY COMPANY
RELIANCE INSURANCE COMPANY
UNITED PACIFIC INSURANCE COMPANY
RELIANCE NATIONAL INDEMNITY COMPANY

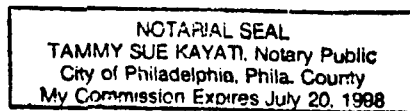
David T. Akers

STATE OF Pennsylvania
COUNTY OF Philadelphia

} ss.

On this, June 6, 1996, before me, Tammy Sue Kayati, personally appeared David T. Akers, who acknowledged himself to be the Senior Vice President of the Reliance Surety Company, and the Vice President of Reliance Insurance Company, United Pacific Insurance Company, and Reliance National Indemnity Company and that as such, being authorized to do so, executed the foregoing instrument for the purpose therein contained by signing the name of the corporation by himself as its duly authorized officer.

In witness whereof, I hereunto set my hand and official seal.



Tammy Sue Kayati
Notary Public in and for the State of Pennsylvania
Residing at Philadelphia

I, Anita Zippert, Secretary of RELIANCE SURETY COMPANY, RELIANCE INSURANCE COMPANY, UNITED PACIFIC INSURANCE COMPANY, and RELIANCE NATIONAL INDEMNITY COMPANY do hereby certify that the above and foregoing is a true and correct copy of the Power of Attorney executed by said Companies, which is still in full force and effect.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seals of said Companies this 17th day of SEPTEMBER 19 97.



Anita Zippert
Secretary