

**NM2 - 1**

**BONDS**



# NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

**BILL RICHARDSON**

Governor

Joanna Prukop  
Cabinet Secretary

January 28, 2004

**Lori Wrotenbery**

Director

Oil Conservation Division

Clayton Carrell  
Peoples Energy Production - TX, L.P.  
909 Fannin, Suite 1300  
Houston, TX 77010

**RE: \$50,000 Bond for Centralized Surface Waste Management Facility  
Permit NM-02-0001 and NM-02-0008  
Peoples Energy Production - TX, L.P., Incorporated, Principal  
Safeco Insurance Company of America, Surety  
Section 31, Township 32 North, Range 8 West, and  
Section 26, Township 32 North, Range 9 West NMPM, San Juan Co. NM  
Bond No. 6247274**

Dear Mr. Carrell:

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

Sincerely,

Gail MacQuesten  
Assistant General Counsel

GM:mjk

Enclosures: Copy of Bond No. 6247274

xc with attachment:

Aztec OCD Office  
Sandra Nowakowski, Safeco Insurance Company of America, 10 S. Riverside Plaza,  
Suite 330, Chicago, IL 60606



# NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

**BILL RICHARDSON**

Governor

**Joanna Prukop**  
Cabinet Secretary

January 28, 2004

**Lori Wrotenberg**

Director

**Oil Conservation Division**

Mr. Lance Harmon  
Koch Exploration Company, LLC  
P.O. Box 2256  
Wichita, KS 67201

**RE: \$50,000 Blanket Bond for Centralized Surface Waste Management Facilities  
Permits NM-02-0001 and NM-02-0008  
Koch Exploration Company, LLC, Principal  
St. Paul Fire and Marine Insurance Company, Surety  
Bond No. 400JZ6303 and Rider**

Dear Mr. Lance Harmon:

The New Mexico Oil Conservation Division hereby approves the cancellation of the above-referenced Bond and Rider to the Centralized Surface Waste Management Facility.

Sincerely,

Gail MacQuesten  
Assistant General Counsel

GM:mjk

Enclosures: Copy of Bond No. 400JZ6303 and Rider

xc with attachment:  
Aztec OCD Office

Mr. Donald L. Johnson, Koch Exploration Company, LLC, P.O. Box 489, Aztec, NM 87410



# NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON

Governor

Betty Rivera

Cabinet Secretary

Lori Wrotenbery

Director

Oil Conservation Division

March 20, 2002

**CERTIFIED MAIL**

**RETURN RECEIPT NO. 7001-1940-0004-7923-3880**

Mr. Lance Harmon  
Koch Exploration Company, LLC  
P.O. Box 2256  
Wichita, KS 67201

**RE: \$50,000 Blanket Bond for Centralized Surface Waste Management Facilities  
Permits NM-02-0001 and NM-02-0008  
Koch Exploration Company, LLC, Principal  
St. Paul Fire and Marine Insurance Company, Surety  
Rider for Bond No. 400JZ6303**

Dear Mr. Lance Harmon:

The New Mexico Oil Conservation Division hereby approves the above-referenced Rider.

Sincerely,

David K. Brooks

Assistant General Counsel, EMNRD

DKB:mjk

Enclosure: Copy of Rider to Bond No. 400JZ6303

xc with enclosure:

Aztec OCD Office

Mr. Donald L. Johnson, Koch Exploration Company, LLC, P.O. Box 489, Aztec, NM 87410

## NAME CHANGE RIDER

This endorsement forms a part of Waste Management Facilities Bond  
Number 400JZ6303 dated the 15th day of August, 1998,  
issued by the St. Paul Fire and Marine Insurance Company, as Surety,  
on behalf of Koch Exploration Company, as Principal, in the  
penal sum of Fifty Thousand and no/100----- Dollars  
(\$ 50,000.00-----), and in favor of State of New Mexico.

In consideration of the premium charged for the attached bond, it is hereby agreed that the attached Bond be amended as follows:

It is hereby understood and agreed that the name of the Principal is changed:

FROM: Koch Exploration Company

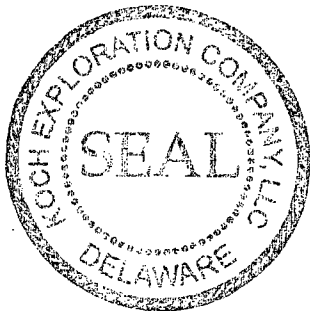
TO: Koch Exploration Company, LLC

### ALL OTHER TERMS REMAIN UNCHANGED.

Provided However, that the attached bond shall be subject to all its agreements, limitations and conditions except as herein expressly modified, and further that the liability of the Surety under the attached bond and the attached bond as amended by this rider shall not be cumulative.

This rider shall become effective as of the 1st day of January, 20 02

SIGNED, SEALED, AND DATED THIS 10th DAY OF January, 20 02



Koch Exploration Company, LLC  
Principal

By: [Signature]  
A. Brian Caldwell, Secretary

St. Paul Fire and Marine Insurance Company  
Surety

By: [Signature]  
Kathleen A. Snyder, Attorney-in-Fact

Seaboard Surety Company  
St. Paul Fire and Marine Insurance Company  
St. Paul Guardian Insurance Company  
St. Paul Mercury Insurance Company

United States Fidelity and Guaranty Company  
Fidelity and Guaranty Insurance Company  
Fidelity and Guaranty Insurance Underwriters, Inc.

Power of Attorney No. 22869

Certificate No. 1036978

**KNOW ALL MEN BY THESE PRESENTS:** That Seaboard Surety Company is a corporation duly organized under the laws of the State of New York, and that St. Paul Fire and Marine Insurance Company, St. Paul Guardian Insurance Company and St. Paul Mercury Insurance Company are corporations duly organized under the laws of the State of Minnesota, and that United States Fidelity and Guaranty Company is a corporation duly organized under the laws of the State of Maryland, and that Fidelity and Guaranty Insurance Company is a corporation duly organized under the laws of the State of Iowa, and that Fidelity and Guaranty Insurance Underwriters, Inc. is a corporation duly organized under the laws of the State of Wisconsin (*herein collectively called the "Companies"*), and that the Companies do hereby make, constitute and appoint

David W. Delker, Ida M. Volkland, Kathleen A. Snyder, Peggy A. Biby, Marilyn A. Dugan, Debra J. Thomas and  
Joyce M. Pinkley

Wichita

Kansas

of the City of \_\_\_\_\_, State \_\_\_\_\_, their true and lawful Attorney(s)-in-Fact, each in their separate capacity if more than one is named above, to sign its name as surety to, and to execute, seal and acknowledge any and all bonds, undertakings, contracts and other written instruments in the nature thereof on behalf of the Companies in their business of guaranteeing the fidelity of persons, guaranteeing the performance of contracts and executing or guaranteeing bonds and undertakings required or permitted in any actions or proceedings allowed by law.

IN WITNESS WHEREOF, the Companies have caused this instrument to be signed and sealed this 26th day of November, 2001.

Seaboard Surety Company  
St. Paul Fire and Marine Insurance Company  
St. Paul Guardian Insurance Company  
St. Paul Mercury Insurance Company

United States Fidelity and Guaranty Company  
Fidelity and Guaranty Insurance Company  
Fidelity and Guaranty Insurance Underwriters, Inc.



*John F. Phinney*  
JOHN F. PHINNEY, Vice President

*Thomas E. Huibregtse*  
THOMAS E. HUIBREGTSE, Assistant Secretary

State of Maryland  
City of Baltimore

On this 26th day of November, 2001, before me, the undersigned officer, personally appeared John F. Phinney and Thomas E. Huibregtse, who acknowledged themselves to be the Vice President and Assistant Secretary, respectively, of Seaboard Surety Company, St. Paul Fire and Marine Insurance Company, St. Paul Guardian Insurance Company, St. Paul Mercury Insurance Company, United States Fidelity and Guaranty Company, Fidelity and Guaranty Insurance Company, and Fidelity and Guaranty Insurance Underwriters, Inc.; and that the seals affixed to the foregoing instrument are the corporate seals of said Companies; and that they, as such, being authorized so to do, executed the foregoing instrument for the purposes therein contained by signing the names of the corporations by themselves as duly authorized officers.

In Witness Whereof, I hereunto set my hand and official seal.  
My Commission expires the 13th day of July, 2002.



*Rebecca Easley-Onokala*  
REBECCA EASLEY-ONOKALA, Notary Public



NEW MEXICO ENERGY, MINERALS  
& NATURAL RESOURCES DEPARTMENT

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

November 3, 1998

**CERTIFIED MAIL**  
**RETURN RECEIPT NO. P-326-936-481**

Ms. Melissa D. Evans  
Koch Exploration Company  
P.O. Box 2256  
Wichita, KS 67201

**RE: \$50,000 Blanket Bond for Centralized Surface Waste Management Facilities**  
**Permits NM-02-0001 and NM-02-0008**  
**Koch Exploration Company, Principal**  
**St. Paul Fire and Marine Insurance Company, Surety**  
**Bond No. 400JZ6303**

Dear Ms. Evans:

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

Sincerely,

Rand Carroll,  
Legal Counsel

RC:mjk

Enclosure: Copy of Bond No. 400JZ6303

xc with attachment:

Aztec OCD Office  
Mr. Michael Scates, Koch Exploration Company, P.O. Box 2256, Wichita, KS 67201

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. 400JZ6303  
(For Surety Company Use)

KNOW ALL MEN BY THESE PRESENTS:

That Koch Exploration Company, (an individual, partnership, or a corporation organized in the State of Kansas, with its principal office in the City of Wichita, State of Kansas, and authorized to do business in the State of New Mexico), as PRINCIPAL, and St. Paul Fire and Marine Insurance Company, a corporation organized and existing under the laws of the State of St. Paul, MN 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 Fifty Thousand and No/100 (\$50,000.00) 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 26, Township 32 North Range 9 West, NMPM, San Juan County, New Mexico. and Section 31, Township 32 North, Range 8 West, NMM, San Juan County, New Mexico

NOW, THEREFORE, this \$ 50,000.00 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 15th day of August, 1998

Koch Exploration Company

Principal

P.O. Box 2256  
Wichita, KS 67201

Mailing Address

By Melissa D. Evans

Signature

Melissa D. Evans

Title

Attorney-In-Fact

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

St. Paul Fire and Marine Insurance Company

Surety

385 Washington Street  
St. Paul, MN 55102

Mailing Address

By Diane Angers

Attorney-in-Fact

Diane Angers

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: Thomas M. Padilla  
New Mexico Resident Agent  
Thomas M Padilla

2001 San Mateo Blvd. NE, Albuquerque, NM 87190  
Address



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 15th day of August, 19 98,  
by MELISSA D. EVANS, an attorney-in-fact for Koch Exploration Company,  
a corporation, on behalf of said corporation.

My commission expires:

\_\_\_\_\_  
Date

\_\_\_\_\_  
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: \_\_\_\_\_

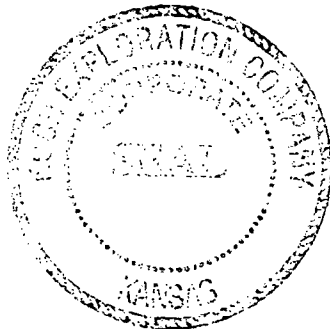
## POWER OF ATTORNEY

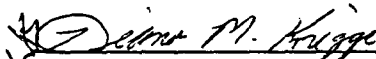
The undersigned corporation for itself and for its divisions and subordinate profit centers and operations, does hereby, effective today, nominate constitute and appoint Douglas P. Irvin, Melissa D. Evans, Debra J. Scarborough, James C. Pateidl and Janet L. Rehkop, each with the authority to act individually and without counter signature, as its agents' and attorneys (hereinafter referred to as "Agents") with the power and authority, for the undersigned and its divisions and subordinate profit centers and operations, to execute, deliver and apply the corporate seal to all form and manner of performance bonds, bid bonds, contract bonds, tax bonds, license bonds and all other form and manner of surety bonds, whether similar or dissimilar each with a penalty amount in no event exceeding \$2,000,000 (two million dollars).

This Power of Attorney will be effective until it is revoked by Koch Industries, Inc., Insurance Risk Management Department. The expiry of this Power of Attorney shall not impair nor invalidate any undertaking executed or entered into during its term.

WITNESS the execution hereof by the duly constituted officer of the undersigned on the 14<sup>th</sup> day of January, 1998.

KOCH EXPLORATION COMPANY



  
By: Diana Knigge, Vice President

CERTIFIED  
COPY NO.

For verification of authenticity of this Power of Attorney, you may telephone toll free 1-800-421-3880 and ask for the Power of Attorney Clerk. Please refer to the Certificate of Authority No. and the named individual(s).

F-14787

**GENERAL POWER OF ATTORNEY - CERTIFIED COPY**  
(Original on File at Home Office of Company. See Certification.)

2002-51

**KNOW ALL MEN BY THESE PRESENTS:** That **St. Paul Fire and Marine Insurance Company**, a corporation organized and existing under the laws of the State of Minnesota, having its principal office in the City of St. Paul, Minnesota, does hereby constitute and appoint:

**John T. Lockton III, James C. Pateidl, Michael C. Frost, David M. Lockton, Janet L. Rehkop, Melissa D. Evans, Patrick T. Pribyl, Douglas P. Irvin, Michael D. Whipps, Diane Angers, Kevin D. Kalish, Betty I. McCreight, individually, Prairie Village, Kansas**

its true and lawful attorney(s)-in-fact to execute, seal and deliver for and on its behalf as surety, any and all bonds and undertakings, recognizances, contracts of indemnity and other writings obligatory in the nature thereof, which are or may be allowed, required or permitted by law, statute, rule, regulation, contract or otherwise,

**NOT TO EXCEED IN PENALTY THE SUM OF FIFTY MILLION DOLLARS (\$50,000,000) EACH**

and the execution of all such instrument(s) in pursuance of these presents, shall be as binding upon said **St. Paul Fire and Marine Insurance Company**, as fully and amply, to all intents and purposes, as if the same had been duly executed and acknowledged by its regularly elected officers at its principal office.

This Power of Attorney is executed, and may be certified to and may be revoked, pursuant to and by authority of Article V.-Section 6(C), of the By-Laws adopted by the Shareholders of **ST. PAUL FIRE AND MARINE INSURANCE COMPANY** at a meeting called and held on the 28th day of April, 1978, of which the following is a true transcript of said Section 6 (C):

"The President or any Vice President, Assistant Vice President, Secretary or Service Center General Manager shall have power and authority

- (1) To appoint Attorneys-in-fact, and to authorize them to execute on behalf of the Company, and attach the Seal of the Company thereto, bonds and undertakings, recognizances, contracts of indemnity and other writings obligatory in the nature thereof, and
- (2) To appoint special Attorneys-in-fact, who are hereby authorized to certify to copies of any power-of-attorney issued in pursuance of this section and/or any of the By-Laws of the Company, and
- (3) To remove, at any time, any such Attorney-in-fact or Special Attorney-in-fact and revoke the authority given him."

Further, this Power of Attorney is signed and sealed by facsimile pursuant to resolution of the Board of Directors of said Company adopted at a meeting duly called and held on the 5th day of May, 1959, of which the following is a true excerpt:

"Now therefore the signatures of such officers and the seal of the Company may be affixed to any such power of attorney or any certificate 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 TESTIMONY WHEREOF, **St. Paul Fire and Marine Insurance Company** has caused this instrument to be signed and its corporate seal to be affixed by its authorized officer, this 30th day of November, A.D. 1990.

**ST. PAUL FIRE AND MARINE INSURANCE COMPANY**



STATE OF NEW JERSEY } ss.  
County of Somerset

*[Signature]*  
KENNETH J. RYAN, Secretary

On this **25th** day of **March**, 19 **97**, before me came the individual who executed the preceding instrument, to me personally known, and, being by me duly sworn, said that he/she is the therein described and authorized officer of **St. Paul Fire and Marine Insurance Company**; that the seal affixed to said instrument is the Corporate Seal of said Company; that the said Corporate Seal and his/her signature were duly affixed by order of the Board of Directors of said Company.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my Official Seal, at the township of Bedminster, New Jersey, the day and year first above written.



LINDA SMETHERS, Notary Public, Middlesex, NJ  
My Commission Expires December 16, 2001

**CERTIFICATION**

I, the undersigned officer of **St. Paul Fire and Marine Insurance Company**, do hereby certify that I have compared the foregoing copy of the Power of Attorney and affidavit, and the copy of the Section of the By-Laws of said Company as set forth in said Power of Attorney, with the **ORIGINALS ON FILE IN THE HOME OFFICE OF SAID COMPANY**, and that the same are correct transcripts thereof, and of the whole of the said originals, and that the said Power of Attorney has not been revoked and is now in full force and effect.



IN TESTIMONY WHEREOF, I have hereunto set my hand this

day of **AUG 15 1998**, 19

*[Signature]*  
MICHAEL W. ANDERSON, Secretary

Only a certified copy of Power of Attorney bearing the Certificate of Authority No. printed in red on the upper right corner is binding. Photocopies, carbon copies or other reproductions of this document are invalid and not binding upon the Company.

**ANY INSTRUMENT ISSUED IN EXCESS OF THE PENALTY AMOUNT STATED ABOVE IS TOTALLY VOID AND WITHOUT ANY VALIDITY.**