

OIL CONSERVATION DIVISION

CASE NO.
14294

EXHIBIT
2

APPLICATION OF THE NEW MEXICO OIL CONSERVATION DIVISION, THROUGH THE ENFORCEMENT AND COMPLIANCE MANAGER, FOR A COMPLIANCE ORDER AGAINST YESO ENERGY, INC. FINDING THAT THE OPERATOR IS IN VIOLATION OF 19.15.7.24 NMAC, 19.15.8.9 NMAC AND 19.15.25.8 NMAC, REQUIRING OPERATOR TO PROPERLY PLUG AND ABANDON ALL ITS WELLS BY A DATE CERTAIN, AND IN THE EVENT OF NON-COMPLIANCE AUTHORIZING THE DIVISION PLUG AND ABANDON THE WELLS AND FORFEIT THE APPLICABLE FINANCIAL ASSURANCE, EDDY, LEA AND CHAVES COUNTIES, NEW MEXICO.

AFFIDAVIT OF DOROTHY PHILLIPS

Dorothy Phillips, being first duly sworn on oath, states as follows:

- Case 14294**
Yeso Energy, Inc.
OCD Exhibit 2

3. I was asked to research the financial assurances posted by Yeso Energy, Inc., OGRID 221710, for the wells it operates.

4. OCD records identify Yeso Energy, Inc. as the operator of record for the following wells in New Mexico:

Connie C State #001, 30-015-25366, G-25-19S-28E
Connie C State #002, 30-015-02301, H-25-19S-28E
Connie C State #003, 30-015-25587, K-25-19S-28E
Connie C State #004, 30-015-25648, B-25-19S-28E
Connie C State #017, 30-015-02302, D-25-19S-28E
Dalton Federal #001, 30-015-25259, H-29-17S-29E
Dow B 28 Federal #001, 30-015-28676, P-28-17S-31E (pool 74605)
Dow B 28 Federal #001, 30-015-28676, P-28-17S-31E (pool 96591)
Gulf McKay Federal #001, 30-025-25471, N-34-18S-32E
Laguna Grande #001, 30-015-21636, I-28-23S-29E
Lambchop 20 #1, 30-015-27220, B-20-24S-25E
Morgan Federal #001, 30-005-20667, 3-6-10S-30E
Shirley Kay State #001, 30-015-25855, B-32-19S-31E

5. The records of the OCD identify the following financial assurances posted by Yeso Energy, Inc to secure the plugging and abandonment of the wells it operates:

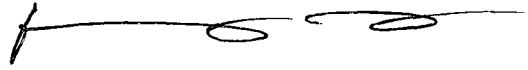
- a. Blanket surety bond No. B001414, \$50,000;
- b. Single well surety bond No. B001614, \$5,000 for the Shirley K State #001;
- c. Single well surety bond No. B001616, \$5,000 for the Connie C State #004; and
- d. Single well surety bond No. B001615, \$5,000 for the Connie C State #003.

6. The financial assurances identified above are posted through U.S. Specialty Insurance Company, 13403 Northwest Freeway, Houston, TX 77040.

7. According to OCD records, the financial assurances identified above remain in full force and effect.

8. Copies of the financial assurances identified above are attached to this affidavit as Exhibits A, B, C and D.

THIS CONCLUDES MY AFFIDAVIT



Dorothy Phillips

SUBSCRIBED AND SWORN before me this 4th day of March 2009.



Notary Public

My Commission Expires:

3-24-2010

STATE OF NEW MEXICO

\$50,000 BLANKET PLUGGING BOND

BOND NO. B001414

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

KNOW ALL MEN BY THESE PRESENTS:

That Yeso Energy, Inc. (an individual) (a general partnership) (a corporation, limited liability company or limited partnership organized in the State of New Mexico, and authorized to do business in the State of New Mexico), as PRINCIPAL, and U.S. Specialty Insurance Company, a corporation organized and existing under the laws of the State of Texas 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 (or successor agency) (the 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 and their successors, 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 a well or wells to prospect for and/or produce oil or gas, carbon dioxide gas, helium gas or brine minerals on privately owned or state owned lands within the State of New Mexico, or does own or operate, or may acquire, own or operate such a well or such wells, 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 cause all of said wells to be properly plugged and abandoned when dry or when no longer productive or useful for other beneficial purpose, in accordance with the rules and orders of the of DIVISION, including but not limited to Rules 101 [19.15.3.101 NMAC] and 202 [19.15.4.202 NMAC], as such rules now exist or may hereafter be amended;

THEN AND IN THAT EVENT, 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.

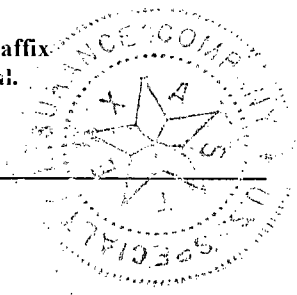
PROVIDED HOWEVER, that 30 days after receipt by the DIVISION of written notice of cancellation from the SURETY, the obligation of the SURETY shall terminate as to wells acquired, drilled or started, or of which PRINCIPAL assumes operation, after said 30-day period, but shall continue in effect, notwithstanding said notice, as to wells theretofore acquired, drilled, started or operated.

Yeso Energy, Inc.
PRINCIPAL
P.O. Box 2248, Roswell, NM 88202
Address
By [Signature]
Signature
Title

U.S. Specialty Insurance Company
SURETY
13403 Northwest Freeway,
Houston, Texas 77040
Address
By [Signature]
Attorney - In-Fact W. Russell Brown, Jr.

If PRINCIPAL is a corporation, affix corporate seal here.

Corporate surety affix corporate seal here.



ACKNOWLEDGMENT FORM FOR INDIVIDUAL

STATE OF _____)
 COUNTY OF _____) ss.

This instrument was acknowledged before me on _____, 20____ by _____
 (Name of Individual)

 Notary Public

SEAL

My Commission Expires _____

✓ ACKNOWLEDGMENT FORM FOR PARTNERSHIP, CORPORATION OR LIMITED LIABILITY COMPANY

STATE OF New Mexico)
 COUNTY OF CHAVES) ss.

This instrument was acknowledged before me on 1-18, 2005 by HOYT E. LEE
 (Name of Person Signing Instrument)

as President of Yaso Energy, Inc.
 (Capacity, e.g., partner, president, manager, member) (Name of partnership, corporation or limited liability company)

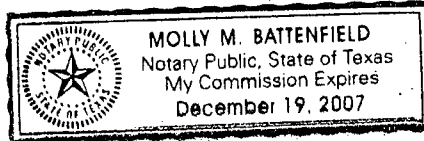
Betty L. Frost
 Notary Public

SEAL

Sept 27th 2007
 My Commission Expires

ACKNOWLEDGMENT FORM FOR CORPORATE SURETY

STATE OF Texas)
 COUNTY OF Harris) ss.



This instrument was acknowledged before me on 12/22, 2004 by W. Russell Brown, Jr.
 (Name of Attorney in fact)

as Attorney-in-Fact for U.S. Specialty Insurance Company
 (Name of corporate surety)

Shelly Battenfield
 Notary Public

SEAL

December 19, 2007
 My Commission Expires

Corporate surety attach power of attorney

APPROVED BY:

OIL CONSERVATION DIVISION OF NEW MEXICO

By David K. Brooks
 Date 4/12/05

POWER OF ATTORNEY

PA001414

(To be used with bonds issued on behalf of U. S. SPECIALTY INSURANCE COMPANY)

Know All Men by These Presents That, U. S. SPECIALTY INSURANCE COMPANY (the "Company"), a corporation duly organized and existing under the laws of the State of Texas, and having its principal office in Houston, Harris County, Texas, does by these presents make, constitute and appoint

Edwin H. Frank III, W. Russell Brown, Jr.

its true and lawful Attorney-in-fact, with full power and authority hereby conferred in its name, place and stead, to execute, acknowledge and deliver any and all bonds, recognizances, undertakings or other instruments or contracts of suretyship to include riders, amendments, and consents of surety, providing the bond penalty does not exceed Three Million Dollars (\$3,000,000) and to bind the Company thereby as fully and to the same extent as if such bonds were signed by the Executive Vice President, sealed with the corporate seal of the Company and duly attested by its Secretary, hereby ratifying and confirming that the said Attorney-in-Fact may do in the premises. Said appointment is made under and by authority of the following resolutions of the Board of Directors of the U. S. Specialty Insurance Company:

Be it Resolved, that the President, any Vice-President, any Assistant Vice-President, any Secretary or any Assistant Secretary shall be and is hereby vested with full power and authority to appoint any one or more suitable persons as Attorney(s)-in-Fact to represent and act for and on behalf of the Company subject to the following provisions:

Attorney-in-Fact may be given full power and authority for and in the name of and of behalf of the Company, to execute, acknowledge and deliver, any and all bonds, recognizances, contracts, agreements or indemnity and other conditional or obligatory undertakings and any and all notices and documents canceling or terminating the Company's liability thereunder, and any such instruments so executed by any such Attorney-in-Fact shall be binding upon the Company as if signed by the President and sealed and effected by the Corporate Secretary.

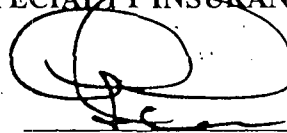
Be it Resolved, that the signature of any authorized officer and seal of the Company heretofore or hereafter affixed to any power of attorney or any certificate relating thereto by facsimile, and any power of attorney or certificate bearing facsimile signature or facsimile seal shall be valid and binding upon the Company with respect to any bond or undertaking to which it is attached. (Adopted by unanimous written consent in lieu of meeting on July 7, 2003.)

In Witness Whereof, U. S. SPECIALTY INSURANCE COMPANY has caused these presents to be signed by its Executive Vice President, and its corporate seal to be hereto affixed this 13th of December, 2004.

Corporate Seal

U. S. SPECIALTY INSURANCE COMPANY

By



Edward H. Ellis, Jr., Executive Vice President

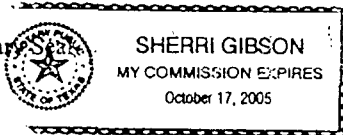
State of Texas

County of Harris

ss:

On this 13th of December, 2004 before me personally came Edward H. Ellis, Jr., to me known, who, being by me duly sworn, did depose and say, that he resides in Houston, Texas, that he is Executive Vice President of U. S. SPECIALTY INSURANCE COMPANY, the company described in and which executed the above instrument; that he knows the seal of said Company; that the seal affixed to said instrument is such corporate seal; that it was so affixed by order of the Board of Directors of said Company; and that he signed his name thereto by like order.

Notary



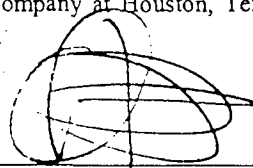
Notary Public

My commission expires 10-17-15

I, Christopher L. Martin, Secretary of U. S. SPECIALTY INSURANCE COMPANY, do hereby certify that the above and foregoing is a true and correct copy of a Power of Attorney, executed by said Company, which is still in full force and effect; furthermore, the resolutions of the Board of Directors, set out in the Power of Attorney are in full force and effect.

In Witness Whereof, I have hereunto set my hand and affixed the seal of said Company at Houston, Texas this 22nd day of December, 2004.

Corporate Seal



Christopher L. Martin, Secretary

**Important Notice Regarding
Terrorism Risk Insurance Act of 2002**

In accordance with the Terrorism Risk Insurance Act of 2002 (the "Act"), this disclosure notice is provided for surety bonds on which U.S. Specialty Insurance Company is the issuing surety.

The premium attributable to any bond coverage for "acts of terrorism" as defined in Section 102(1) of the Act is Zero Dollars (\$0.00).

The United States will reimburse the Issuing Sureties for ninety percent (90%) of any covered losses from terrorist acts certified under the Act exceeding the applicable surety deductible.

The actual coverage provided by your bond for acts of terrorism, as is true for all coverages, is limited by the terms, conditions, exclusions, penalties, limits, other provisions of your bond and the underlying contract, any endorsements to the bond and generally applicable rules of law. This Important Notice Regarding Terrorism Insurance Risk Act of 2002 is for informational purposes only and does not create coverage nor become a part or condition of the attached document.

The rest of this page is intentionally left blank.

STATE OF NEW MEXICO

ONE-WELL PLUGGING BOND

For CHAVES, EDDY, LEA, MCKINLEY, RIO ARRIBA, ROOSEVELT,
SANDOVAL, AND SAN JUAN COUNTIES ONLY

BOND NO. B001614
AMOUNT OF BOND \$5,000.00
COUNTY Eddy

NOTE: For wells less than 5,000 feet deep, the minimum bond is **\$5,000.00***
For wells 5,000 to 10,000 feet deep, the minimum bond is **\$7,500.00***
For wells more than 10,000 feet deep, the minimum bond is **\$10,000.00**

*Under certain conditions, a well being drilled under a \$5,000.00 or \$7,500.00 bond may be permitted to be drilled as much as 500 feet deeper than the normal maximum depth, e.g., a well being drilled under a \$5,000.00 bond may be permitted to go to 5,500 feet and a well being drilled under a \$7,500.00 bond may be permitted to go to 10,500 feet. (See Rule 101)

File with Oil Conservation Division, 1220 South Saint Francis, Santa Fe, NM 87505

KNOW ALL MEN BY THESE PRESENTS:

That Yeso Energy, Inc., (an individual) (a general partnership) (a corporation, limited liability company or limited partnership organized in the State of New Mexico, and authorized to do business in the State of New Mexico), as PRINCIPAL, and U.S. Specialty Insurance Company, a corporation organized and existing under the laws of the State of Texas 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 (or successor agency) (the DIVISION), pursuant to NMSA 1978, Section 70-2-14, as amended, in the sum of Five Thousand and no/100, 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 one well to a depth not to exceed 5,000 feet, to prospect for and/or produce oil or gas, carbon dioxide gas, helium gas or brine minerals, or does own or operate, or may acquire, own or operate such well, the identification and location of said well being:

Shirley K St. #1, located 660' feet from the South (North/South)
(Name of well)
line and 1980' feet from the East (East/West) line of Section 32 Township 19 (~~NORTH~~)
(South), Range 31 (East) (~~West~~), NMPM, Eddy County, New Mexico.

NOW, THEREFORE, if the PRINCIPAL and SURETY or either of them, or their successors or assigns or any of them, shall cause said well to be properly plugged and abandoned when dry or when no longer productive or useful for other beneficial purpose, in accordance with the rules and orders of the DIVISION, including but not limited to Rules 101 [19.15.3.101 NMAC] and 202 [19.15.4.202 NMAC], as such rules now exist or may hereafter be amended;

THEN AND IN THAT EVENT, 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.

Yeso Energy, Inc.
PRINCIPAL

PO Box 8280, Roswell, NM 88202-8280

Address
By ✓ H.E. Lee
Signature

✓ Pres.
Title

If PRINCIPAL is a corporation, affix
corporate seal here.

U.S. Specialty Insurance Company
SURETY

13403 Northwest Freeway, Houston, Texas 77056

W. Russell Brown, Jr.
Address
Attorney-In-Fact

W. Russell Brown, Jr.

Corporate surety affix
corporate seal here.

Case 14294
Yeso Energy, Inc.
OCD Exhibit 2-B

ACKNOWLEDGMENT FORM FOR INDIVIDUAL

STATE OF _____)
 COUNTY OF _____) ss.

This instrument was acknowledged before me on _____, 20____ by _____
 (Name of Individual)

 Notary Public

SEAL

 My Commission Expires

ACKNOWLEDGMENT FORM FOR PARTNERSHIP, CORPORATION OR LIMITED LIABILITY COMPANY

STATE OF NEW MEXICO)
 COUNTY OF EDDY) ss.

This instrument was acknowledged before me on 4/26, 2005 by H. E. Gene Lee
 (Name of Person Signing Instrument)
 as President of YESO ENERGY, INC., a New Mexico corporation
 (Capacity: e.g., partner, president, manager, member) (Name of partnership, corporation or limited liability company)

Sue C. Pemberton
 Notary Public

SEAL

October 29, 2008
 My Commission Expires

ACKNOWLEDGMENT FORM FOR CORPORATE SURETY

STATE OF Texas)
 COUNTY OF Harris) ss.

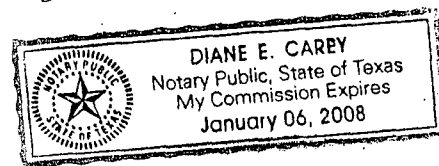
This instrument was acknowledged before me on April 26, 2005 by W. Russell Brown, Jr.
 (Name of Attorney in fact)
 as Attorney-in-Fact for U.S. Specialty Insurance Company
 (Name of corporate surety)

Joe E. Cg
 Notary Public

SEAL

January 6, 2008
 My Commission Expires

Corporate Surety attach Power of Attorney



APPROVED BY:

OIL CONSERVATION DIVISION OF NEW MEXICO

By David K. Brooks
 Date 6/1/05

POWER OF ATTORNEY

PA001614

(To be used with bonds issued on behalf of U. S. SPECIALTY INSURANCE COMPANY)

Know All Men by These Presents That, U. S. SPECIALTY INSURANCE COMPANY (the "Company"), a corporation duly organized and existing under the laws of the State of Texas, and having its principal office in Houston, Harris County, Texas, does by these presents make, constitute and appoint

Edwin H. Frank III, W. Russell Brown, Jr.

its true and lawful Attorney-in-fact, with full power and authority hereby conferred in its name, place and stead, to execute, acknowledge and deliver **any and all bonds, recognizances, undertakings or other instruments or contracts of suretyship to include riders, amendments, and consents of surety, providing the bond penalty does not exceed Three Million Dollars (\$3,000,000)** and to bind the Company thereby as fully and to the same extent as if such bonds were signed by the Executive Vice President, sealed with the corporate seal of the Company and duly attested by its Secretary, hereby ratifying and confirming that the said Attorney-in-Fact may do in the premises. Said appointment is made under and by authority of the following resolutions of the Board of Directors of the U. S. Specialty Insurance Company:

Be it Resolved, that the President, any Vice-President, any Assistant Vice-President, any Secretary or any Assistant Secretary shall be and is hereby vested with full power and authority to appoint any one or more suitable persons as Attorney(s)-in-Fact to represent and act for and on behalf of the Company subject to the following provisions:

Attorney-in-Fact may be given full power and authority for and in the name of and of behalf of the Company, to execute, acknowledge and deliver, any and all bonds, recognizances, contracts, agreements or indemnity and other conditional or obligatory undertakings and any and all notices and documents canceling or terminating the Company's liability thereunder, and any such instruments so executed by any such Attorney-in-Fact shall be binding upon the Company as if signed by the President and sealed and effected by the Corporate Secretary.

Be it Resolved, that the signature of any authorized officer and seal of the Company heretofore or hereafter affixed to any power of attorney or any certificate relating thereto by facsimile, and any power of attorney or certificate bearing facsimile signature or facsimile seal shall be valid and binding upon the Company with respect to any bond or undertaking to which it is attached. (Adopted by unanimous written consent in lieu of meeting on July 7, 2003.)

In Witness Whereof, U. S. SPECIALTY INSURANCE COMPANY has caused these presents to be signed by its **Executive Vice President**, and its corporate seal to be hereto affixed this 15th day of March, 2005.

Corporate Seal

U. S. SPECIALTY INSURANCE COMPANY
By

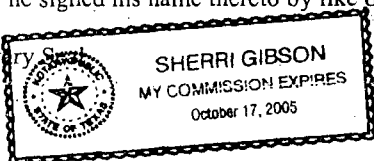
State of Texas

County of Harris ss:

Edward H. Ellis, Jr., Executive Vice President

On this 15th day of March, 2005 before me personally came Edward H. Ellis, Jr., to me known, who, being by me duly sworn, did depose and say, that he resides in Houston, Texas, that he is Executive Vice President of U. S. SPECIALTY INSURANCE COMPANY, the company described in and which executed the above instrument; that he knows the seal of said Company; that the seal affixed to said instrument is such corporate seal; that it was so affixed by order of the Board of Directors of said Company; and that he signed his name thereto by like order.

Notary Seal



Sherrri Gibson, Notary Public

My commission expires 10-17-05

I, Christopher L. Martin, Secretary of U. S. SPECIALTY INSURANCE COMPANY, do hereby certify that the above and foregoing is a true and correct copy of a Power of Attorney, executed by said Company, which is still in full force and effect; furthermore, the resolutions of the Board of Directors, set out in the Power of Attorney are in full force and effect.

In Witness Whereof, I have hereunto set my hand and affixed the seal of said Company at Houston, Texas this 26th day of April, 2005.

Corporate Seal

Christopher L. Martin, Secretary

**Important Notice Regarding
Terrorism Risk Insurance Act of 2002**

In accordance with the Terrorism Risk Insurance Act of 2002 (the "Act"), this disclosure notice is provided for surety bonds on which U.S. Specialty Insurance Company is the issuing surety.

The premium attributable to any bond coverage for "acts of terrorism" as defined in Section 102(1) of the Act is Zero Dollars (\$0.00).

The United States will reimburse the Issuing Sureties for ninety percent (90%) of any covered losses from terrorist acts certified under the Act exceeding the applicable surety deductible.

The actual coverage provided by your bond for acts of terrorism, as is true for all coverages, is limited by the terms, conditions, exclusions, penalties, limits, other provisions of your bond and the underlying contract, any endorsements to the bond and generally applicable rules of law. This Important Notice Regarding Terrorism Insurance Risk Act of 2002 is for informational purposes only and does not create coverage nor become a part or condition of the attached document.

YOU SHOULD KNOW THAT COVERAGE PROVIDED BY THIS POLICY, IF WRITTEN, FOR LOSSES CAUSED BY CERTIFIED ACTS OF TERRORISM, WILL BE EXCLUDED IF THE U.S. GOVERNMENT FAILS TO ENACT AN EXTENSION TO TRIA OR ENACTS CHANGES TO TRIA THAT SUBSTANTIALLY CHANGE THE RISK OF LOSS THAT AN INSURER OR POLICYHOLDER HAS ASSUMED.

The rest of this page is intentionally left blank.

Bond No. B001614R05-16-05

SURETY RIDER

To be attached to and form a part of Bond No. B001614 on behalf of
Yeso Energy, Inc. as principal and executed by U.S. Specialty
Insurance Company, as surety.

Effective date of bond: 04/29/05

Effective date of change: 04/29/05

In consideration of the mutual agreement herein contained, the principal and the surety hereby consent to the following changes:

The legal description changed from:

Shirley K St. #1, located 660' feet from the South line and 1980' feet from the East line of Section 32, Township 19 South, Range 31 East, NMPM, Eddy County, New Mexico.

TO:

Shirley K St. #1, located 660' feet from the North line and 1980' feet from the East line of Section 32, Township 19 South, Range 31 East, NMPM, Eddy County, New Mexico

Nothing herein contained shall vary, alter, or extend any provision or condition of this bond except as herein expressly stated.

SIGNED, SEALED AND DATED THIS: April 29, 2005

Yeso Energy, Inc.

Name of Principal

W. E. Gene Lee

Signature

W. E. Gene Lee, Pres.

Name and title of person
executing for Principal

U.S. Specialty Insurance Company

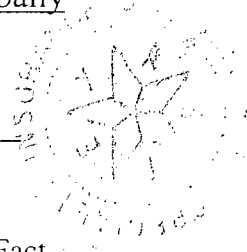
Name of Surety

W. Russell Brown, Jr.

Signature

W. Russell Brown, Jr. Attorney-in-Fact

Name and title of person
executing for Surety



**Important Notice Regarding
Terrorism Risk Insurance Act of 2002**

In accordance with the Terrorism Risk Insurance Act of 2002 (the "Act"), this disclosure notice is provided for surety bonds on which U.S. Specialty Insurance Company is the issuing surety.

The premium attributable to any bond coverage for "acts of terrorism" as defined in Section 102(1) of the Act is Zero Dollars (\$0.00).

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The actual coverage provided by your bond for acts of terrorism, as is true for all coverages, is limited by the terms, conditions, exclusions, penalties, limits, other provisions of your bond and the underlying contract, any endorsements to the bond and generally applicable rules of law. This Important Notice Regarding Terrorism Insurance Risk Act of 2002 is for informational purposes only and does not create coverage nor become a part or condition of the attached document.

YOU SHOULD KNOW THAT COVERAGE PROVIDED BY THIS POLICY, IF WRITTEN, FOR LOSSES CAUSED BY CERTIFIED ACTS OF TERRORISM, WILL BE EXCLUDED IF THE U.S. GOVERNMENT FAILS TO ENACT AN EXTENSION TO TRIA OR ENACTS CHANGES TO TRIA THAT SUBSTANTIALLY CHANGE THE RISK OF LOSS THAT AN INSURER OR POLICYHOLDER HAS ASSUMED.

The rest of this page is intentionally left blank.

POWER OF ATTORNEY

PA001614

(To be used with bonds issued on behalf of U. S. SPECIALTY INSURANCE COMPANY)

Know All Men by These Presents That, **U. S. SPECIALTY INSURANCE COMPANY** (the "Company"), a corporation duly organized and existing under the laws of the State of Texas, and having its principal office in Houston, Harris County, Texas, does by these presents make, constitute and appoint

Edwin H. Frank III, W. Russell Brown, Jr.

its true and lawful Attorney-in-fact, with full power and authority hereby conferred in its name, place and stead, to execute, acknowledge and deliver **any and all bonds, recognizances, undertakings or other instruments or contracts of suretyship to include riders, amendments, and consents of surety, providing the bond penalty does not exceed Three Million Dollars (\$3,000,000)** and to bind the Company thereby as fully and to the same extent as if such bonds were signed by the Executive Vice President, sealed with the corporate seal of the Company and duly attested by its Secretary, hereby ratifying and confirming that the said Attorney-in-Fact may do in the premises. Said appointment is made under and by authority of the following resolutions of the Board of Directors of the U. S. Specialty Insurance Company:

Be it Resolved, that the President, any Vice-President, any Assistant Vice-President, any Secretary or any Assistant Secretary shall be and is hereby vested with full power and authority to appoint any one or more suitable persons as Attorney(s)-in-Fact to represent and act for and on behalf of the Company subject to the following provisions:

Attorney-in-Fact may be given full power and authority for and in the name of and of behalf of the Company, to execute, acknowledge and deliver, any and all bonds, recognizances, contracts, agreements or indemnity and other conditional or obligatory undertakings and any and all notices and documents canceling or terminating the Company's liability thereunder, and any such instruments so executed by any such Attorney-in-Fact shall be binding upon the Company as if signed by the President and sealed and effected by the Corporate Secretary.

Be it Resolved, that the signature of any authorized officer and seal of the Company heretofore or hereafter affixed to any power of attorney or any certificate relating thereto by facsimile, and any power of attorney or certificate bearing facsimile signature or facsimile seal shall be valid and binding upon the Company with respect to any bond or undertaking to which it is attached. (Adopted by unanimous written consent in lieu of meeting on July 7, 2003.)

In Witness Whereof, **U. S. SPECIALTY INSURANCE COMPANY** has caused these presents to be signed by its **Executive Vice President**, and its corporate seal to be hereto affixed this 15th day of March, 2005.

Corporate Seal

U. S. SPECIALTY INSURANCE COMPANY

By

State of Texas

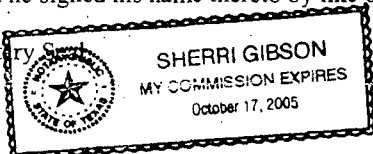
County of Harris

ss:

Edward H. Ellis, Jr., Executive Vice President

On this 15th day of March, 2005 before me personally came Edward H. Ellis, Jr., to me known, who, being by me duly sworn, did depose and say, that he resides in Houston, Texas, that he is Executive Vice President of U. S. SPECIALTY INSURANCE COMPANY, the company described in and which executed the above instrument; that he knows the seal of said Company; that the seal affixed to said instrument is such corporate seal; that it was so affixed by order of the Board of Directors of said Company; and that he signed his name thereto by like order.

Notary Seal



Sherri Gibson, Notary Public

My commission expires 10-17-05

I, Christopher L. Martin, Secretary of U. S. SPECIALTY INSURANCE COMPANY, do hereby certify that the above and foregoing is a true and correct copy of a Power of Attorney, executed by said Company, which is still in full force and effect; furthermore, the resolutions of the Board of Directors, set out in the Power of Attorney are in full force and effect.

In Witness Whereof, I have hereunto set my hand and affixed the seal of said Company at Houston, Texas this 10th day of May, 2005.

Corporate Seal

Christopher L. Martin, Secretary

STATE OF NEW MEXICO

ONE-WELL PLUGGING BOND

For CHAVES, EDDY, LEA, MCKINLEY, RIO ARRIBA, ROOSEVELT,
SANDOVAL, AND SAN JUAN COUNTIES ONLY

BOND NO. B001616
AMOUNT OF BOND \$5,000.00
COUNTY Eddy

NOTE: For wells less than 5,000 feet deep, the minimum bond is **\$5,000.00***
For wells 5,000 to 10,000 feet deep, the minimum bond is **\$7,500.00***
For wells more than 10,000 feet deep, the minimum bond is **\$10,000.00**

*Under certain conditions, a well being drilled under a \$5,000.00 or \$7,500.00 bond may be permitted to be drilled as much as 500 feet deeper than the normal maximum depth, e.g., a well being drilled under a \$5,000.00 bond may be permitted to go to 5,500 feet and a well being drilled under a \$7,500.00 bond may be permitted to go to 10,500 feet. (See Rule 101)

File with Oil Conservation Division, 1220 South Saint Francis, Santa Fe, NM 87505

KNOW ALL MEN BY THESE PRESENTS:

That Yeso Energy, Inc., (an individual) (a general partnership) (a corporation, limited liability company or limited partnership organized in the State of New Mexico, and authorized to do business in the State of New Mexico), as PRINCIPAL, and U.S. Specialty Insurance Company, a corporation organized and existing under the laws of the State of Texas 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 (or successor agency) (the DIVISION), pursuant to NMSA 1978, Section 70-2-14, as amended, in the sum of Five Thousand and no/100, 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 one well to a depth not to exceed 5,000 feet, to prospect for and/or produce oil or gas, carbon dioxide gas, helium gas or brine minerals, or does own or operate, or may acquire, own or operate such well, the identification and location of said well being:

Connie C State #4, located 990' feet from the North (North/South)
(Name of well)
line and 1980' feet from the East (East/West) line of Section 25 Township 19 (~~XXXXXX~~)
(South), Range 28 (East) (~~West~~), NMPM, Eddy County, New Mexico.

NOW, THEREFORE, if the PRINCIPAL and SURETY or either of them, or their successors or assigns or any of them, shall cause said well to be properly plugged and abandoned when dry or when no longer productive or useful for other beneficial purpose, in accordance with the rules and orders of the DIVISION, including but not limited to Rules 101 [19.15.3.101 NMAC] and 202 [19.15.4.202 NMAC], as such rules now exist or may hereafter be amended;

THEN AND IN THAT EVENT, 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.

Yeso Energy, Inc.
PRINCIPAL

PO Box 8280, Roswell, NM 88202-8280

Address

By ✓ J. E. Lea Lee
Signature

✓ Pres.

Title

If PRINCIPAL is a corporation, affix
corporate seal here.

U.S. Specialty Insurance Company
SURETY

13403 Northwest Freeway, Houston, Texas 77056

Address

W. Russell Brown, Jr.
Attorney-In-Fact

W. Russell Brown, Jr.

Corporate surety affix
corporate seal here.

Case 14294
Yeso Energy, Inc.
OCD Exhibit 2-C

ACKNOWLEDGMENT FORM FOR INDIVIDUAL

STATE OF _____)
) ss.
 COUNTY OF _____)

This instrument was acknowledged before me on _____, 20__ by _____
 (Name of Individual)

 Notary Public

SEAL

 My Commission Expires

ACKNOWLEDGMENT FORM FOR PARTNERSHIP, CORPORATION OR LIMITED LIABILITY COMPANY

STATE OF NEW MEXICO)
) ss.
 COUNTY OF EDDY)

This instrument was acknowledged before me on 4/26, 2005 by H. E. Gene Lee
 (Name of Person Signing Instrument)

as President of YESO ENERGY, INC., a New Mexico corporation
 (Capacity, e.g., partner, president, manager, member) (Name of partnership, corporation or limited liability company)

Sue C. Pemberton
 Notary Public

SEAL

October 29, 2008
 My Commission Expires

ACKNOWLEDGMENT FORM FOR CORPORATE SURETY

STATE OF Texas)
) ss.
 COUNTY OF Harris)

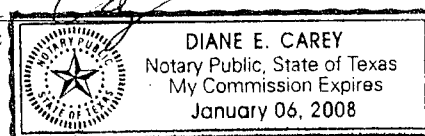
This instrument was acknowledged before me on April 26, 2005 by W. Russell Brown, Jr.
 (Name of Attorney in fact)

as Attorney-in-Fact for U.S. Specialty Insurance Company
 (Name of corporate surety)

Diane E. Carey
 Notary Public

SEAL

January 6, 2008
 My Commission Expires



Corporate Surety attach Power of Attorney

APPROVED BY:

OIL CONSERVATION DIVISION OF NEW MEXICO

By *David K. Brooks*Date 5/5/05

**Important Notice Regarding
Terrorism Risk Insurance Act of 2002**

In accordance with the Terrorism Risk Insurance Act of 2002 (the "Act"), this disclosure notice is provided for surety bonds on which U.S. Specialty Insurance Company is the issuing surety.

The premium attributable to any bond coverage for "acts of terrorism" as defined in Section 102(1) of the Act is Zero Dollars (\$0.00).

The United States will reimburse the Issuing Sureties for ninety percent (90%) of any covered losses from terrorist acts certified under the Act exceeding the applicable surety deductible.

The actual coverage provided by your bond for acts of terrorism, as is true for all coverages, is limited by the terms, conditions, exclusions, penalties, limits, other provisions of your bond and the underlying contract, any endorsements to the bond and generally applicable rules of law. This Important Notice Regarding Terrorism Insurance Risk Act of 2002 is for informational purposes only and does not create coverage nor become a part or condition of the attached document.

YOU SHOULD KNOW THAT COVERAGE PROVIDED BY THIS POLICY, IF WRITTEN, FOR LOSSES CAUSED BY CERTIFIED ACTS OF TERRORISM, WILL BE EXCLUDED IF THE U.S. GOVERNMENT FAILS TO ENACT AN EXTENSION TO TRIA OR ENACTS CHANGES TO TRIA THAT SUBSTANTIALLY CHANGE THE RISK OF LOSS THAT AN INSURER OR POLICYHOLDER HAS ASSUMED.

The rest of this page is intentionally left blank.

POWER OF ATTORNEY

PA001616

(To be used with bonds issued on behalf of U. S. SPECIALTY INSURANCE COMPANY)

Know All Men by These Presents That, U. S. SPECIALTY INSURANCE COMPANY (the "Company"), a corporation duly organized and existing under the laws of the State of Texas, and having its principal office in Houston, Harris County, Texas, does by these presents make, constitute and appoint

Edwin H. Frank III, W. Russell Brown, Jr.

its true and lawful Attorney-in-fact, with full power and authority hereby conferred in its name, place and stead, to execute, acknowledge and deliver any and all bonds, recognizances, undertakings or other instruments or contracts of suretyship to include riders, amendments, and consents of surety, providing the bond penalty does not exceed Three Million Dollars (\$3,000,000) and to bind the Company thereby as fully and to the same extent as if such bonds were signed by the Executive Vice President, sealed with the corporate seal of the Company and duly attested by its Secretary, hereby ratifying and confirming that the said Attorney-in-Fact may do in the premises. Said appointment is made under and by authority of the following resolutions of the Board of Directors of the U. S. Specialty Insurance Company:

Be it Resolved, that the President, any Vice-President, any Assistant Vice-President, any Secretary or any Assistant Secretary shall be and is hereby vested with full power and authority to appoint any one or more suitable persons as Attorney(s)-in-Fact to represent and act for and on behalf of the Company subject to the following provisions:

Attorney-in-Fact may be given full power and authority for and in the name of and of behalf of the Company, to execute, acknowledge and deliver, any and all bonds, recognizances, contracts, agreements or indemnity and other conditional or obligatory undertakings and any and all notices and documents canceling or terminating the Company's liability thereunder, and any such instruments so executed by any such Attorney-in-Fact shall be binding upon the Company as if signed by the President and sealed and effected by the Corporate Secretary.

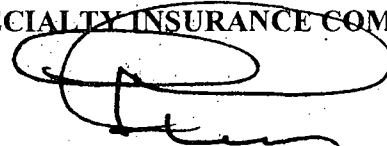
Be it Resolved, that the signature of any authorized officer and seal of the Company heretofore or hereafter affixed to any power of attorney or any certificate relating thereto by facsimile, and any power of attorney or certificate bearing facsimile signature or facsimile seal shall be valid and binding upon the Company with respect to any bond or undertaking to which it is attached. (Adopted by unanimous written consent in lieu of meeting on July 7, 2003.)

In Witness Whereof, U. S. SPECIALTY INSURANCE COMPANY has caused these presents to be signed by its Executive Vice President, and its corporate seal to be hereto affixed this 15th day of March, 2005.

Corporate Seal

U. S. SPECIALTY INSURANCE COMPANY

By



State of Texas

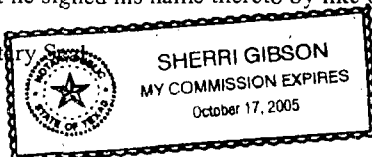
County of Harris

ss:

Edward H. Ellis, Jr., Executive Vice President

On this 15th day of March, 2005 before me personally came Edward H. Ellis, Jr., to me known, who, being by me duly sworn, did depose and say, that he resides in Houston, Texas, that he is Executive Vice President of U. S. SPECIALTY INSURANCE COMPANY, the company described in and which executed the above instrument; that he knows the seal of said Company; that the seal affixed to said instrument is such corporate seal; that it was so affixed by order of the Board of Directors of said Company; and that he signed his name thereto by like order.

Notary



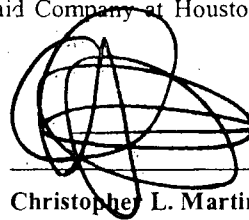
Notary Public

My commission expires 10-17-05

I, Christopher L. Martin, Secretary of U. S. SPECIALTY INSURANCE COMPANY, do hereby certify that the above and foregoing is a true and correct copy of a Power of Attorney, executed by said Company, which is still in full force and effect; furthermore, the resolutions of the Board of Directors, set out in the Power of Attorney are in full force and effect.

In Witness Whereof, I have hereunto set my hand and affixed the seal of said Company at Houston, Texas this 26th day of April, 2005.

Corporate Seal



Christopher L. Martin, Secretary

STATE OF NEW MEXICO

ONE-WELL PLUGGING BOND

For CHAVES, EDDY, LEA, MCKINLEY, RIO ARRIBA, ROOSEVELT,
SANDOVAL, AND SAN JUAN COUNTIES ONLY

BOND NO. B001615
AMOUNT OF BOND \$5,000.00
COUNTY Eddy

NOTE: For wells less than 5,000 feet deep, the minimum bond is **\$5,000.00***
For wells 5,000 to 10,000 feet deep, the minimum bond is **\$7,500.00***
For wells more than 10,000 feet deep, the minimum bond is **\$10,000.00**

*Under certain conditions, a well being drilled under a \$5,000.00 or \$7,500.00 bond may be permitted to be drilled as much as 500 feet deeper than the normal maximum depth, e.g., a well being drilled under a \$5,000.00 bond may be permitted to go to 5,500 feet and a well being drilled under a \$7,500.00 bond may be permitted to go to 10,500 feet. (See Rule 101)

File with Oil Conservation Division, 1220 South Saint Francis, Santa Fe, NM 87505

KNOW ALL MEN BY THESE PRESENTS:

That Yeso Energy, Inc., (an individual) (a general partnership) (a corporation, limited liability company or limited partnership organized in the State of New Mexico, and authorized to do business in the State of New Mexico), as PRINCIPAL, and U.S. Specialty Insurance Company, a corporation organized and existing under the laws of the State of Texas 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 (or successor agency) (the DIVISION), pursuant to NMSA 1978, Section 70-2-14, as amended, in the sum of Five Thousand and no/100, 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 one well to a depth not to exceed 5,000 feet, to prospect for and/or produce oil or gas, carbon dioxide gas, helium gas or brine minerals, or does own or operate, or may acquire, own or operate such well, the identification and location of said well being:

Connie C State #3, located 1930' feet from the North (North/South)
(Name of well)
line and 1650' feet from the West (East/West) line of Section 25 Township 19 (~~XX~~)
(South), Range 28 (East) (~~West~~), NMPM, Eddy County, New Mexico.

NOW, THEREFORE, if the PRINCIPAL and SURETY or either of them, or their successors or assigns or any of them, shall cause said well to be properly plugged and abandoned when dry or when no longer productive or useful for other beneficial purpose, in accordance with the rules and orders of the DIVISION, including but not limited to Rules 101 [19.15.3.101 NMAC] and 202 [19.15.4.202 NMAC], as such rules now exist or may hereafter be amended;

THEN AND IN THAT EVENT, 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.

Yeso Energy, Inc.
PRINCIPAL

PO Box 6260, Roswell, NM 88202-8260
Address
By [Signature]
Signature
[Signature]
Title

If PRINCIPAL is a corporation, affix corporate seal here.

U.S. Specialty Insurance Company
SURETY

13403 Northwest Freeway, Houston, Texas 77056
Address
[Signature]
Attorney-In-Fact
W. Russell Brown, Jr.

Corporate surety affix corporate seal here.

Case 14294
Yeso Energy, Inc.
OCD Exhibit 2-D

ACKNOWLEDGMENT FORM FOR INDIVIDUAL

STATE OF _____)
 COUNTY OF _____) ss.

This instrument was acknowledged before me on _____, 20____ by _____
 (Name of Individual)

 Notary Public

SEAL

 My Commission Expires

ACKNOWLEDGMENT FORM FOR PARTNERSHIP, CORPORATION OR LIMITED LIABILITY COMPANY

STATE OF NEW MEXICO)
 COUNTY OF EDDY) ss.

This instrument was acknowledged before me on 4/26, 2005 by H. E. Gene Lee
 (Name of Person Signing Instrument)
 as President of YESO ENERGY, INC.; a New Mexico corporation
 (Capacity, e.g., partner, president, manager, member) (Name of partnership, corporation or limited liability company)

Diane E. Carey
 Notary Public

SEAL

October 29, 2008
 My Commission Expires

ACKNOWLEDGMENT FORM FOR CORPORATE SURETY

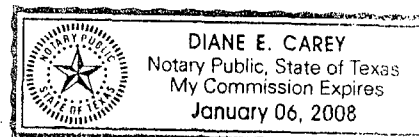
STATE OF Texas)
 COUNTY OF Harris) ss.

This instrument was acknowledged before me on April 26, 2005 by W. Russell Brown, Jr.
 (Name of Attorney in fact)
 as Attorney-in-Fact for U.S. Specialty Insurance Company
 (Name of corporate surety)

Diane E. Carey
 Notary Public

SEAL

January 6, 2008
 My Commission Expires



Corporate Surety attach Power of Attorney

APPROVED BY:

OIL CONSERVATION DIVISION OF NEW MEXICO

By David K. BrooksDate 12/6/05

POWER OF ATTORNEY

PA001615

(To be used with bonds issued on behalf of U. S. SPECIALTY INSURANCE COMPANY)

Know All Men by These Presents That, **U. S. SPECIALTY INSURANCE COMPANY** (the "Company"), a corporation duly organized and existing under the laws of the State of Texas, and having its principal office in Houston, Harris County, Texas, does by these presents make, constitute and appoint

Edwin H. Frank III, W. Russell Brown, Jr.

its true and lawful Attorney-in-fact, with full power and authority hereby conferred in its name, place and stead, to execute, acknowledge and deliver any and all bonds, recognizances, undertakings or other instruments or contracts of suretyship to include riders, amendments, and consents of surety, providing the bond penalty does not exceed Three Million Dollars (\$3,000,000) and to bind the Company thereby as fully and to the same extent as if such bonds were signed by the Executive Vice President, sealed with the corporate seal of the Company and duly attested by its Secretary, hereby ratifying and confirming that the said Attorney-in-Fact may do in the premises. Said appointment is made under and by authority of the following resolutions of the Board of Directors of the U. S. Specialty Insurance Company:

Be it Resolved, that the President, any Vice-President, any Assistant Vice-President, any Secretary or any Assistant Secretary shall be and is hereby vested with full power and authority to appoint any one or more suitable persons as Attorney(s)-in-Fact to represent and act for and on behalf of the Company subject to the following provisions:

Attorney-in-Fact may be given full power and authority for and in the name of and of behalf of the Company, to execute, acknowledge and deliver, any and all bonds, recognizances, contracts, agreements or indemnity and other conditional or obligatory undertakings and any and all notices and documents canceling or terminating the Company's liability thereunder, and any such instruments so executed by any such Attorney-in-Fact shall be binding upon the Company as if signed by the President and sealed and effected by the Corporate Secretary.

Be it Resolved, that the signature of any authorized officer and seal of the Company heretofore or hereafter affixed to any power of attorney or any certificate relating thereto by facsimile, and any power of attorney or certificate bearing facsimile signature or facsimile seal shall be valid and binding upon the Company with respect to any bond or undertaking to which it is attached. (Adopted by unanimous written consent in lieu of meeting on July 7, 2003.)

In Witness Whereof, **U. S. SPECIALTY INSURANCE COMPANY** has caused these presents to be signed by its **Executive Vice President**, and its corporate seal to be hereto affixed this 15th day of March, 2005.

Corporate Seal

U. S. SPECIALTY INSURANCE COMPANY
By



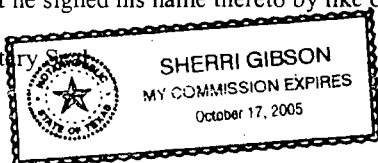
Edward H. Ellis, Jr., Executive Vice President


State of Texas

County of Harris ss:

On this 15th day of March, 2005 before me personally came Edward H. Ellis, Jr., to me known, who, being by me duly sworn, did depose and say, that he resides in Houston, Texas, that he is Executive Vice President of U. S. SPECIALTY INSURANCE COMPANY, the company described in and which executed the above instrument; that he knows the seal of said Company; that the seal affixed to said instrument is such corporate seal; that it was so affixed by order of the Board of Directors of said Company; and that he signed his name thereto by like order.

Notary Seal



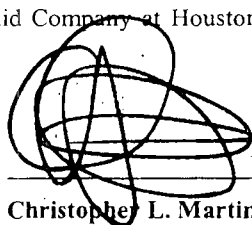
 Notary Public

My commission expires 10-17-05

I, Christopher L. Martin, Secretary of U. S. SPECIALTY INSURANCE COMPANY, do hereby certify that the above and foregoing is a true and correct copy of a Power of Attorney, executed by said Company, which is still in full force and effect; furthermore, the resolutions of the Board of Directors, set out in the Power of Attorney are in full force and effect.

In Witness Whereof, I have hereunto set my hand and affixed the seal of said Company at Houston, Texas this 26th day of April, 2005.

Corporate Seal



Christopher L. Martin, Secretary

**Important Notice Regarding
Terrorism Risk Insurance Act of 2002**

In accordance with the Terrorism Risk Insurance Act of 2002 (the "Act"), this disclosure notice is provided for surety bonds on which U.S. Specialty Insurance Company is the issuing surety.

The premium attributable to any bond coverage for "acts of terrorism" as defined in Section 102(1) of the Act is Zero Dollars (\$0.00).

The United States will reimburse the Issuing Sureties for ninety percent (90%) of any covered losses from terrorist acts certified under the Act exceeding the applicable surety deductible.

The actual coverage provided by your bond for acts of terrorism, as is true for all coverages, is limited by the terms, conditions, exclusions, penalties, limits, other provisions of your bond and the underlying contract, any endorsements to the bond and generally applicable rules of law. This Important Notice Regarding Terrorism Insurance Risk Act of 2002 is for informational purposes only and does not create coverage nor become a part or condition of the attached document.

YOU SHOULD KNOW THAT COVERAGE PROVIDED BY THIS POLICY, IF WRITTEN, FOR LOSSES CAUSED BY CERTIFIED ACTS OF TERRORISM, WILL BE EXCLUDED IF THE U.S. GOVERNMENT FAILS TO ENACT AN EXTENSION TO TRIA OR ENACTS CHANGES TO TRIA THAT SUBSTANTIALLY CHANGE THE RISK OF LOSS THAT AN INSURER OR POLICYHOLDER HAS ASSUMED.

The rest of this page is intentionally left blank.

Bond No. B001615R05-16-05

SURETY RIDER

To be attached to and form a part of Bond No. B001615 on behalf of
Yeso Energy, Inc., as principal and executed by
U.S. Specialty Insurance Company, as surety.

Effective date of bond: 04/29/05

Effective date of change: 04/29/05

In consideration of the mutual agreement herein contained, the principal and the surety hereby consent to the following changes:

The legal description changed from:

Connie C State #3 1390' FNL and 1650' FWL of Section 25,
Township 19 South, Range 28 East, Eddy County, New Mexico

TO:

**Connie C State #3 1650' FSL and 1930' FWL of Section 25,
Township 19 South, Range 28 East, Eddy County, New Mexico**

Nothing herein contained shall vary, alter, or extend any provision or condition of this bond except as herein expressly stated.

SIGNED, SEALED AND DATED THIS: April 29, 2005

Yeso Energy, Inc.

Name of Principal

✓ H.E. Gene Lee

Signature

✓ H.E. Gene Lee, President

Name and title of person
executing for Principal

U.S. Specialty Insurance Company

Name of Surety

W. Russell Brown, Jr.

Signature

W. Russell Brown, Jr. Attorney-in-Fact

Name and title of person
executing for Surety

POWER OF ATTORNEY

PA001615R05-16-05

(To be used with bonds issued on behalf of U. S. SPECIALTY INSURANCE COMPANY)

Know All Men by These Presents That, U. S. SPECIALTY INSURANCE COMPANY (the "Company"), a corporation duly organized and existing under the laws of the State of Texas, and having its principal office in Houston, Harris County, Texas, does by these presents make, constitute and appoint

Edwin H. Frank III, W. Russell Brown, Jr.

its true and lawful Attorney-in-fact, with full power and authority hereby conferred in its name, place and stead, to execute, acknowledge and deliver any and all bonds, recognizances, undertakings or other instruments or contracts of suretyship to include riders, amendments, and consents of surety, providing the bond penalty does not exceed Three Million Dollars (\$3,000,000) and to bind the Company thereby as fully and to the same extent as if such bonds were signed by the Senior Vice President, sealed with the corporate seal of the Company and duly attested by its Assistant Corporate Secretary, hereby ratifying and confirming all that the said Attorney-in-Fact may do in the premises. Said appointment is made under and by authority of the following resolutions of the Board of Directors of U. S. Specialty Insurance Company:

Be it Resolved, that the President, any Vice-President, any Assistant Vice-President, any Secretary or any Assistant Secretary shall be and is hereby vested with full power and authority to appoint any one or more suitable persons as Attorney(s)-in-Fact to represent and act for and on behalf of the Company subject to the following provisions:

Attorney-in-Fact may be given full power and authority for and in the name of and of behalf of the Company, to execute, acknowledge and deliver, any and all bonds, recognizances, contracts, agreements or indemnity and other conditional or obligatory undertakings and any and all notices and documents canceling or terminating the Company's liability thereunder, and any such instruments so executed by any such Attorney-in-Fact shall be binding upon the Company as if signed by the President and sealed and effected by the Corporate Secretary.

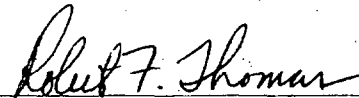
Further resolved, that the signature of any authorized officer and seal of the Company heretofore or hereafter affixed to any power of attorney or any certificate relating thereto by facsimile, and any power of attorney or certificate bearing facsimile signature or facsimile seal shall be valid and binding upon the Company with respect to any bond or undertaking to which it is attached. (Adopted by unanimous written consent in lieu of meeting on July 7, 2003.)

In Witness Whereof, U. S. SPECIALTY INSURANCE COMPANY has caused these presents to be signed by its Senior Vice President, and its corporate seal to be hereto affixed this 19th day of October, 2005.

Corporate Seal

U. S. SPECIALTY INSURANCE COMPANY

By



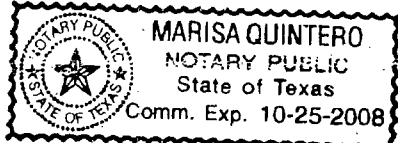
Robert F. Thomas, Senior Vice President

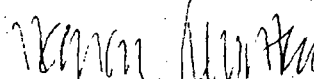
State of Texas

County of Harris ss:

On this 19th day of October, 2005 before me personally came Robert F. Thomas, to me known, who, being by me duly sworn, did depose and say, that he resides in Houston, Texas, that he is Senior Vice President of U. S. SPECIALTY INSURANCE COMPANY, the company described in and which executed the above instrument; that he knows the seal of said Company; that the seal affixed to said instrument is such corporate seal; that it was so affixed by order of the Board of Directors of said Company, and that he signed his name thereto by like order.

Notary Seal



 Notary Public
My commission expires 10/25/08

I, Debra M. Green, Assistant Corporate Secretary of U. S. SPECIALTY INSURANCE COMPANY, do hereby certify that the above and foregoing is a true and correct copy of a Power of Attorney, executed by said Company, which is still in full force and effect; furthermore, the resolutions of the Board of Directors, set out in the Power of Attorney are in full force and effect.

In Witness Whereof, I have hereunto set my hand and affixed the seal of said Company at Houston, Texas this 29th day of April, 20 05

Corporate Seal



Debra M. Green, Assistant Corporate Secretary