

SURETY

STOGNER

ON DIVISION

NO. 7

12949

XL Specialty Insurance Company
2455 Corporate West Drive
Lisle, IL 60532

Surety Bond Rider

Date: January 15, 2002

To: State of New Mexico
Oil Conservation Division
2040 S. Pacheco
Sante Fe, NM 87505

RE: Bond Principal: Skyline Energy
Obligee: State of New Mexico
Bond Number: SB0040746
Bond Amount: \$10,000
Type of Bond: One-well Plugging Bond

02 FEB 11 AM 9:10

OIL CONSERVATION DIV

The purpose of this Rider is to:

(X) CHANGE SURETY COMPANY

Effective January 29, 2002, XL Specialty Insurance Company (XL) replaces CGU Insurance Company, General Accident Insurance Company, Pennsylvania General Insurance Company, Commercial Union Insurance Company (CGU) their successors and assigns as surety on the above referenced bond and accordingly, agrees to be bound by the terms of the above referenced bond and to perform all of CGU's obligations thereunder as if the above referenced bond had originally been issued by XL. Upon the receipt of this Surety Bond Rider, CGU shall have no further obligation or liability under the referenced bond.

() CONTINUATION CERTIFICATE

This certificate extends the life of the bond to _____, It is executed upon the express condition that the surety's liability under said bond, together with this and all previous continuation certificates, shall not be cumulative and shall in no event exceed the amount specifically set forth in said bond or any existing certificate changing the amount of said bond.

Signed, sealed and dated January 29, 2002

XL Specialty Insurance Company

By: Jeraldine Gentry

Jeraldine Gentry, Attorney-in-Fact

NOW ALL MEN BY THESE PRESENTS: That the XL SPECIALTY INSURANCE COMPANY, a corporation organized and existing by virtue of the laws of the State of Illinois ("Company" or "Corporation"), does hereby nominate, constitute and appoint: **Bradley S. Babcock, Kenneth J. Bohanon, Jeraldine Gentry**, its true and lawful attorney(s)-in-fact to make, execute, attest, seal and deliver for and on its behalf, as surety, and as its act and deed, where required, any and all bonds, undertakings, recognizances and written obligations in the nature thereof, the penal sum of no one of which is in any event to exceed \$Unlimited.00.

Such bonds and undertakings, when duly executed by the aforesaid Attorney(s)-in-fact shall be binding upon the said Company as fully and to the same extent as if such bonds and undertakings were signed by the President and Secretary of the Company and sealed with its corporate seal.

This Power of Attorney is granted and is signed by facsimile under and by the authority of the following Resolution adopted by the Board of Directors of the Company on the 5th day of December, 1988:

"RESOLVED, That the President, or any Vice President of the Company or any person designed by any one of them is hereby authorized to execute Powers of Attorney qualifying the attorney named in the given Power of Attorney to execute in behalf of the Company, bonds undertakings and all contracts of suretyship, and that any Secretary or any Assistant Secretary of the Company be, and that each or any of them hereby is authorized to attest the execution of any such Power of Attorney, and to attach thereto the Seal of the Company.

FURTHER RESOLVED, That the signature of such officers and the Seal of the Company may be affixed to any such Power of Attorney or to any certificate relating thereto by facsimile, and any such Power of Attorney or certificate bearing such facsimile signatures or facsimile seal shall be thereafter valid and binding upon the Company with respect to any bond, undertaking or contract of suretyship to which it is attached."

Bonds executed under this Power of Attorney may be executed under facsimile signature and seal pursuant to the following Resolution adopted by the Board of Directors of the Company on August 7, 1997:

"RESOLVED, That the signature of Stanley A. Galanski, as President of this Corporation, and the seal of this Corporation may be affixed or printed on any and all bonds, undertakings, recognizances, or other written obligations thereof, on any revocation of any Power of Attorney, or on any certificate relating thereto, by facsimile, and any Power of Attorney, any revocation of any Power of Attorney, bonds, undertakings, recognizances, certificate or other written obligation, bearing such facsimile signature or facsimile seal shall be valid and binding upon the Corporation."

N WITNESS WHEREOF, the XL SPECIALTY INSURANCE COMPANY has caused its corporate seal to be hereunto affixed, and these presents to be signed by its duly authorized officers this February 16th, 2001.

Stanley A. Galanski

BY:

PRESIDENT

Jeraldine Gentry

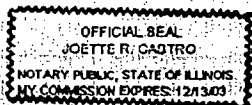
SECRETARY



Attest:

STATE OF ILLINOIS
COUNTY OF COOK

On this 16th day of February, 2001, before me personally came Stanley A. Galanski to me known, who, being duly sworn, did depose and say: that he is President of the Corporation described in and which executed the above instrument; that he knows the seal of said Corporation; that the seal affixed to the aforesaid instrument is such corporate seal and was affixed thereto by order and authority of the Board of Directors of said Company; and that he executed the said instrument by like order and



STATE OF ILLINOIS
COUNTY OF COOK

I, Ben M. Llaneta, Secretary of the XL SPECIALTY INSURANCE COMPANY a corporation of the State of Illinois, do hereby certify that the above and foregoing is a full, true and correct copy of Power of Attorney issued by said Company, and that I have compared same with the original and that it is a correct transcript therefrom and of the whole of the original and that the said Power of Attorney is still in full force and effect and has not been revoked.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of said Company, at the City of Schaumburg, this 29 day of January 20 02

SECRETARY



Jeraldine Gentry

This Power of Attorney may not be used to execute any bond with an inception date after

February 16, 2005

This document is printed on a red background

For verification of the authenticity of this Power of Attorney you may call, 1-800-288-2360 and ask for the Power of Attorney supervisor. Please refer to the Power of Attorney number, the above named individual(s) and details of the bond to which the power is attached. In Pennsylvania, Dial 215-625-3037.