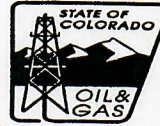




State of Colorado

**COPY**  
Oil and Gas Conservation Commission

1120 Lincoln Street, Suite 801, Denver, Colorado 80203: (303) 894-2100 Fax 894-2109



FOR OGCC USE ONLY

RECEIVED

APR -7 00

COGCC

**PERFORMANCE BOND**

BOND NO: RLB0001926

This bond is a perpetual instrument which shall remain in force and effect until all obligations have been met and the bond is released by the Colorado Oil and Gas Conservation Commission.

OGCC Oper. No:

FATS No:

KNOW ALL PERSONS BY THESE PRESENTS, That we, Mallard Operating Company, LLC of the County of Lakewood, in the State of Colorado as principals, and RLI Insurance Company, as surety, authorized to do business in the State of Colorado, are held hereby and firmly bound unto the State of Colorado, in the penal sum of (\$ 30,000.00), Thirty Thousand and no/100 Dollars, lawful money of the United States, for the faithful payment of which we hereby bind ourselves, our heirs, executors, administrators and assigns.

The condition of this obligation is that whereas the above bounden principals propose the following oil and gas operation on lands situated in the State of Colorado.

| Type of Bond                                       | Coverage                                       | Location  |
|--|--|---|
| <input checked="" type="checkbox"/> Plugging       | <input checked="" type="checkbox"/> Blanket    | Complete for Individual Bonds   |
| <input type="checkbox"/> Surface                   | <input type="checkbox"/> Individual            | Well Name and Number: _____   |
| <input type="checkbox"/> Seismic                   | <input type="checkbox"/> Plugging 1 well       | Owner of lands where off-site land-treatment facility is located: _____ |
| <input type="checkbox"/> E&P Waste Facility        | <input type="checkbox"/> Surface for 1 well    | QtrQtr, Sec, Twp, Rng, Meridian: _____                                  |
| <input type="checkbox"/> Downstream Gas Facilities | <input type="checkbox"/> Irrigated             | County: _____   |
|  | <input type="checkbox"/> Non-irrigated         |   |
|  | <input type="checkbox"/> Excess Inactive Wells |   |

NOW, THEREFORE, If the above bounden principals shall comply with all of the provisions of the laws of the State of Colorado and the rules, regulations and requirements of the Oil and Gas Conservation Commission of the State of Colorado, with reference to properly plugging of said well or wells; with reference to land damages and the restoration of the land, as nearly as possible, to its condition at the beginning of the lease; with reference to seismic operations the proper surface restoration and plugging of any shot holes, then this obligation is void; otherwise, the same shall be and remain in full force and effect.

Witness our hands, this 3rd day of April, 2000.

Principal: Mallard Operating Company, LLC  
Address: 1675 Carr Street, Suite 50-N  
City: Lakewood State: CO Zip: 80215  
Phone: (303) 237-7155

Signed: \_\_\_\_\_

Name Printed: DAVID A. NORBY

Witness our hands, this 3rd day of April, 2000.

Surety: RLI Insurance Company  
Address: 8 Greenway Plaza, Suite 400  
City: Houston State: TX Zip: 77083  
Phone: (713) 961-1300

Signed: \_\_\_\_\_

Name Printed: Roy C. Die, Attorney-in-Fact

Approved: \_\_\_\_\_  
Director, Oil and Gas Conservation Commission

Dated: \_\_\_\_\_

Bond Release

Approved: \_\_\_\_\_  
Director, Oil and Gas Conservation Commission

Release Date: \_\_\_\_\_





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

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RLB0001926

# POWER OF ATTORNEY

COGCO 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: ROY C. DIE 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:

**\$30,000.00**

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."

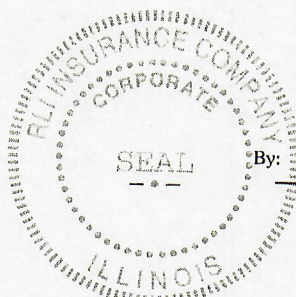
(Blue shaded areas above indicate authenticity)

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

ATTEST:

Camille J. Hensey  
Corporate Secretary

State of Illinois )  
County of Peoria ) SS



RLI INSURANCE COMPANY

By: Gerald D. Stephens  
Chairman, CEO

On this 3 day of April 2000 before me, a Notary Public, personally appeared Gerald D. Stephens and Camille J. Hensey, who being by me duly sworn, acknowledged that they signed the above Power of Attorney as Chairman, CEO and Corporate Secretary, respectively, of the said RLI INSURANCE COMPANY, and acknowledged said instrument to be the voluntary act and deed of said corporation.

Cynthia S. Dohm  
Notary Public

"OFFICIAL SEAL"  
CYNTHIA S. DOHM  
NOTARY PUBLIC, STATE OF ILLINOIS  
MY COMMISSION EXPIRES 02/24/02