



State of Colorado Oil and Gas Conservation Commission

1120 Lincoln Street, Suite 601, Denver, Colorado 80203: (303) 864-2100 Fax 894-2109



FOR REUSE ONLY

AUG - 9 1999

PERFORMANCE BOND

BOND NO: RLB0001273 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, Advantage Resources, Inc. of the County of Denver 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 (\$ 5,000.00 Five 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 type="checkbox"/> Blanket	Complete for Individual Bonds
<input type="checkbox"/> Surface	<input checked="" type="checkbox"/> Individual	Well Name and Number: <u>Sheffler 4-27</u>
<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	Oil/Gl., Sec. Twp., Rng., Meridian: <u>Sec. 27, T12N, R56W</u>
<input type="checkbox"/> Downstream Gas Facilities	<input type="checkbox"/> Irrigated	County: <u>Weld</u>
	<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 6 day of August, 1999

Principal: Advantage Resources, Inc.
Address: 1775 Sherman Street, Suite 1900
City: Denver State: CO Zip: 80203
Phone: (303) 831-1912

Signed: _____

Name Printed: _____

Witness our hands, this 6 day of August, 1999

Surety: RLI Insurance Company
Address: 8 Greenway Plaza, Suite 400
City: Houston State: TX Zip: 77046
Phone: _____

Signed: _____

Name Printed: Greg E. Chilson, Attorney-in-Fact

Approved: _____
Director, Oil and Gas Conservation Commission

Dated: _____

Bond Release

Approved: _____

Director, Oil and Gas Conservation Commission

Release Date: _____



00836380



8026 North Lindbergh Dr. - Peoria, IL 61616

(800) 862-1000 or (800) 846-2402

AUG - 9 1999

RL000012/3

POWER OF ATTORNEY

RLI Insurance Company

Know All Men by These Presents:

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

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

*****\$5,000.00*****

Indemnity bonds and undertakings that may be required by contract, or may be given in any action or proceeding, and all other bonds, policies and undertakings insuring employers against loss or damage caused by the misconduct of their employees or officials, and all other bonds, policies and undertakings insuring in all cases where indemnity may be lawfully given, and with full power to execute, consent and waive to it, duty or change or extend any bond or document executed for the Company, and to execute, consent and waive to it, duty or change or extend any bond or document executed for the Company, and to execute, consent and waive to it, duty or change or extend any bond or document executed for the 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:

Resolved, that the President, Secretary, any Assistant Secretary, Treasurer, or any Vice President, or any other officer, or any Attorney-in-Fact, or Agents, who shall have authority to issue bonds, policies, or undertakings, in the name of the Company, and to execute, consent and waive to it, duty or change or extend any bond or document executed for the Company, and to execute, consent and waive to it, duty or change or extend any bond or document executed for the Company, and to execute, consent and waive to it, duty or change or extend any bond or document executed for the Company.

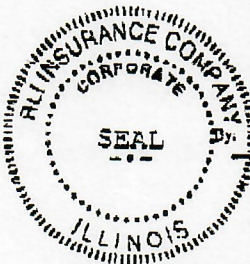
(Blue shaded areas above indicate authenticity)

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. Hensley
Corporate Secretary

State of Illinois)
County of Peoria) SS



RLI INSURANCE COMPANY

Gerald D. Stephens
Chairman, CEO

On this 6 day of August-1999 before me, a Notary Public, personally appeared Gerald D. Stephens and Camille J. Hensley, 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

SPA023 (3/99)