



STATE OF COLORADO
STATE BOARD OF LAND COMMISSIONERS
1127 Sherman Street, Suite #300, Denver, CO 80203
Phone: (303) 866-3454

TYPE: Single
(Single, Lease, Blanket)

BOND FOR SURFACE RESTORATION NO.

RLB0014214

FOR USE WITH COLORADO LEASE NO.

1712.11

1. The oil and gas, disposal well and/or gas storage lease has been entered into by the State of Colorado through its STATE BOARD OF LAND COMMISSIONERS, as Lessor, and Western Operating Company, as Lessee, and the leased land contains the site for the following well(s) located in the County of Logan, State of Colorado:

<u>WELL NAME</u>	<u>QUARTER/QUARTER</u>	<u>TOWNSHIP</u>	<u>RANGE</u>	<u>SECTION</u>
Western Operating State #1	SE/NW/NE	11N	53W	16

2. It is the intention of Lessee and/or its designee to commence drilling operations or operate a well at the above location(s) and to restore the surface of the leased land as required under the lease and this bond.

3. Lessee, and/or its designee, Western Operating Company as Principal, and RLI Insurance Company as Surety, agree to be held and firmly bound to Lessor in the sum of Five Thousand and No/100----- Dollars (\$5,000.00-----), to be paid to the State Board of Land Commissioners, to secure compliance with the provisions and obligations of the lease and this bond.

4. This bond will remain in effect until: (a) the lease expires and (b) the surface of the leased land is fully restored pursuant to the requirements of the lease and (c) Lessee submits to Lessor a verified release from the owner of the surface of the leased land releasing Lessee and Lessor from any and all claims for damages arising from Lessee's operations. The restoration shall be completed and the release submitted within 60 days of plugging and abandonment operations.

5. If restoration is not completed and the release for damages is not submitted within those 60 days, the entire amount of this bond shall be forfeited to Lessor. Lessor is then authorized to make all necessary arrangements for the restoration and cleanup of the leased land and settlement for damages to the surface from the monies forfeited. The unused balance of the monies, if any, shall be returned to the surety.

6. The surety shall immediately pay to Lessor the full amount of the bond upon receipt of a notice by certified mail from Lessor that Lessee has failed to perform any provision of the lease or of this bond.

Signed and sealed this 25th day of January, 2012.

PRINCIPAL Western Operating Company

By [Signature]

**RECEIVED
MINERALS SECTION**

TYPE OF INSTRUMENT

By _____
Minerals Section

Date _____

X SURETY BOND RLI Insurance Company

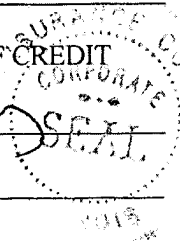
____ CASH \$

____ CERTIFICATE OF DEPOSIT

____ IRREVOCABLE LETTER OF CREDIT

By [Signature]
Robbie Duxbury

Title Attorney-in-Fact



BOND TERMINATION INFORMATION

STATE BOARD OF LAND COMMISSIONERS

Recommended by:

Approved by:

Minerals Section

Timothy J. Kelly, Minerals Leasing Manager

Effective Date _____

SLB 230
Rev. 05/00



RLB0014214

RLI Surety
A division of RLI Insurance Company

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: ROBBIE DUXBURY 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, 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 PRESIDENT with its corporate seal affixed this

ATTEST:

Jean M. Stephenson
CORPORATE SECRETARY

State of Illinois)
County of Peoria) SS



Michael J. Stone
PRESIDENT

On this 25 day of Jan. 2012 before me, a Notary Public, personally appeared Michael J. Stone and Jean M. Stephenson, who being by me duly sworn, acknowledged that they signed the above Power of Attorney as President and Corporate Secretary, respectively, of the said RLI INSURANCE COMPANY, and acknowledged said instrument to be the voluntary act and deed of said corporation.

Jacqueline M. Bockler
Notary Public



SPA027 (03/11)