

MODEL FORM FOR A PERFORMANCE BOND (CORPORATE SURETY BOND)

Bond #LPM8756569

PERFORMANCE BOND

KNOW ALL MEN BY THESE PRESENTS:

THAT WE, Locin Oil Corporation, as Principal, and Fidelity and Deposit Company of Maryland, a corporation duly incorporated under the laws of the State of Maryland, and authorized to do business in the State of Texas, as Surety, are held and firmly bound unto the U.S. Department of the Interior, National Park Service ("NPS"), Director, Intermountain Region ("regional director") in the sum of Two Hundred Thousand & 00/100 (\$200,000.00) for the payment of which we hereby bind ourselves, our heirs, executors and administrators, jointly and severally by these presents.

THE CONDITIONS OF THIS BOND ARE SUCH that the Principal has submitted to the NPS a plan of operations to conduct Oil and gas exploration & production in Padre Island National Seashore Park, Texas, in accordance with the requirements of 36 C.F.R. Part 9, Subpart B. Upon NPS approval of the plan of operations, the Principal shall faithfully comply with all terms and conditions of the plan, or any revision, amendments, or modifications thereto [hereinafter "approved plan of operations"], including all applicable federal, state, and local laws. The Principal and Surety shall be held jointly and severally liable for any and all damages to federally owned or controlled lands, waters, or resources resulting from the Principal's failure to comply with the terms and conditions of the approved plan of operations. If, at any time during operations, reasonable efforts to secure the Principal's compliance with any provision of the approved plan of operations fail, the regional director may attach any or all of the bond amount necessary to remediate or reclaim federally owned or controlled lands, waters, or resources damaged by the Principal's failure to comply with the terms and conditions of the approved plan of operations. The regional director may also require that the Surety perform reclamation in accordance with the approved plan of operations. Surety hereby waives notice for revisions, amendments or other modifications to the approved plan of operations covered by the bond. The Principal and Surety agree to hold the United States and its departments, agencies, and employees harmless from any damages or liabilities incurred by reason of his/her engaging in said business.

NOW, THEREFORE, notwithstanding any other provision of law or regulations, until such time as the regional director has notified the Principal that it has successfully reclaimed the area of operations and has performed all other duties and responsibilities as described in the approved plan of operations, for a oil and gas exploration & production at PINS* Park in, Texas according to the requirements of 36 C.F.R. Part 9, Subpart B, and has protected the United States and its departments, agencies, and employees from any damage or liability claim as herein before stated, this obligation shall remain in full force and effect.

*Padre Island National Seashore

This bond may be terminated as to future acts of the Principal upon written notice by the Surety. Written notice shall be given at least sixty (60) days prior to termination. Said notice shall be sent to superintendent, Attention: Colin W. Campbell, U.S. Dept. of the Interior, National Park Service, Padre Island National Service by certified mail.

Padre Island Nat'l Seashore, 20301 Park Road 22, Corpus Christi, TX 78481.

This agreement supplements, and is not in lieu of, the terms, conditions, duties and responsibilities contained in 36 C.F.R. Part 9, Subpart B, or in any other federal, state, or local

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law or regulation. This agreement shall not limit any claims or causes of action against the Principal or Surety otherwise available to the United States under any other federal law or regulation to protect, reclaim, or remediate federally owned or controlled lands, waters, or resources in Padre Island National Seashore, Texas. This bond becomes effective on the 17th day of June, 2004, and is continuous in nature until terminated.

SIGNED:

Locin Oil Corporation, 25231 Grogan's Mill Rd., S-500, The Woodlands, TX 77380

Principal

Date

June 17, 2004

Fidelity and Deposit Company of Maryland, 1400 American Lane, Tower I, Schaumburg, IL 60196-1056

Surety

Sandra J. Shryack, Attorney-in-Fact

Date

June 17, 2004

Power of Attorney
FIDELITY AND DEPOSIT COMPANY OF MARYLAND
COLONIAL AMERICAN CASUALTY AND SURETY COMPANY

KNOW ALL MEN BY THESE PRESENTS: That the FIDELITY AND DEPOSIT COMPANY OF MARYLAND, and the COLONIAL AMERICAN CASUALTY AND SURETY COMPANY, corporations of the State of Maryland, by PAUL C. ROGERS, Vice President, and T. E. SMITH, Assistant Secretary, in pursuance of authority granted by Article VI, Section 2, of the By-Laws of said Companies, which are set forth on the reverse side hereof and are hereby certified to be in full force and effect on the date hereof, does hereby nominate, constitute and appoint **W. C. COHEN, JR., Scott T. POST, Richard K. STONE, Bret S. BURTON, Jana M. FORREST, Sandra J. SHRYACK, Emily R. TERHUNE, Tim H. HEFFEL and Erica M. PLUMMER, all of Wichita, Kansas, EACH** its true and lawful agent and Attorney-in-Fact, to make, execute, seal and deliver, for, and on its behalf as surety, and as its act and deed: **any and all bonds and undertakings** and the execution of such bonds or undertakings in pursuance of these presents, shall be as binding upon said Companies, as fully and amply, to all intents and purposes, as if they had been duly executed and acknowledged by the regularly elected officers of the Company at its office in Baltimore, Md., in their own proper persons. This power of attorney revokes that issued on behalf of W. C. COHEN, JR., Scott T. POST, Richard K. STONE, Bret S. BURTON, Jana M. FORREST, Sandra J. SHRYACK, Emily R. TERHUNE, Tim H. HEFFEL, dated March 14, 2003.

The said Assistant Secretary does hereby certify that the extract set forth on the reverse side hereof is a true copy of Article VI, Section 2, of the By-Laws of said Companies, and is now in force.

IN WITNESS WHEREOF, the said Vice-President and Assistant Secretary have hereunto subscribed their names and affixed the Corporate Seals of the said FIDELITY AND DEPOSIT COMPANY OF MARYLAND, and the COLONIAL AMERICAN CASUALTY AND SURETY COMPANY, this 11th day of August, A.D. 2003.

ATTEST:

FIDELITY AND DEPOSIT COMPANY OF MARYLAND
COLONIAL AMERICAN CASUALTY AND SURETY COMPANY



T. E. Smith

Assistant Secretary

By:

Paul C. Rogers

Vice President

State of Maryland }
City of Baltimore } ss:

On this 11th day of August, A.D. 2003, before the subscriber, a Notary Public of the State of Maryland, duly commissioned and qualified, came PAUL C. ROGERS, Vice President, and T. E. SMITH, Assistant Secretary of the FIDELITY AND DEPOSIT COMPANY OF MARYLAND, and the COLONIAL AMERICAN CASUALTY AND SURETY COMPANY, to me personally known to be the individuals and officers described in and who executed the preceding instrument, and they each acknowledged the execution of the same, and being by me duly sworn, severally and each for himself depose and saith, that they are the said officers of the Companies aforesaid, and that the seals affixed to the preceding instrument is the Corporate Seals of said Companies, and that the said Corporate Seals and their signatures as such officers were duly affixed and subscribed to the said instrument by the authority and direction of the said Corporations.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my Official Seal the day and year first above written.



Dennis R. Hayden

Notary Public

My Commission Expires: February 1, 2005