

Payment Bond # 1001001232

WITNESSETH: This Surety Bond is given by VERDE ENERGY USA ILLINOIS, LLC. 101 Merritt 7, 2nd Floor Norwalk, CT 06851 as Principal, and U.S. Specialty Insurance Company 601 S. Figueroa Street Suite 1600 Los Angeles, CA 90017, as jointly and severally bound unto Shell Energy North America, as Obligee, in the amount of Five Hundred Thousand Dollars (USD \$500,000.00) , for the payment of which the Principal and Surety bind themselves, their heirs, executors, administrators, successors, assigns or other legal initiatives.

WHEREAS, the Principal, has filed an application with the Illinois Commerce Commission for a certificate to operate as an alternative gas supplier ("AGS") as provided by the Illinois Public Utilities Act ("Act").

WHEREAS, the Principal, as a condition for obtaining a certificate to operate as an AGS in the State of Illinois, has agreed to reimburse obligations of the applicant to unaffiliated companies arising from the acquisition of natural gas that can be delivered to retail customers in the State of Illinois.

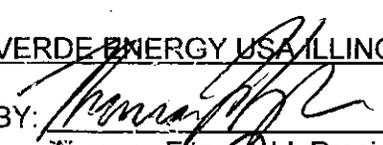
NOW, THEREFORE, the condition of this obligation is such that if the Principal shall fulfill its contractual obligations of the applicant to unaffiliated companies arising from the acquisition of natural gas that can be delivered to retail customers in the State of Illinois, within the time ordered by the Illinois Commerce Commission, all additional costs Principal's Wholesale suppliers incur to acquire natural gas as a result of Principal's failure to comply with Principal's contractual obligation to those wholesale supplier(s), then this obligation shall be null and void with respect to and to the extent of such amounts that are timely paid; otherwise, this obligation shall remain in full force and effect.

This bond is subject to the following terms, limitations and conditions:

1. Notwithstanding anything herein to the contrary, the term of this bond shall become effective commencing January 3, 2014 and expire January 2, 2015.
2. Obligee shall apply any amounts paid on this bond against the amounts Principal's Wholesale Supplier(s) owe Obligee, in accordance with an Order of the Illinois Commerce Commission or a court of competent jurisdiction that finds Principal owes such amounts to Principal's Wholesale Supplier(s).
3. The maximum amount of the liability of Surety by virtue of this obligation will be no more than \$500,000.00. In no event shall the bond amount (penalty) be cumulative from year to year, or exceed the amount so stated above.
4. This bond is binding on surety and its successors, assigns, and legal representatives.

In witness therefore, said Principal and said Surety have caused these presents to be duly signed and sealed this 30th day of December 2013 by:

VERDE ENERGY USA ILLINOIS, LLC., PRINCIPAL

BY: 

Thomas Fitzgerald, President / CEO

U.S. SPECIALTY INSURANCE COMPANY, SURETY

BY: 

Anthony Basciano, Attorney in Fact

POWER OF ATTORNEY

AMERICAN CONTRACTORS INDEMNITY COMPANY U.S. SPECIALTY INSURANCE COMPANY

KNOW ALL MEN BY THESE PRESENTS: That American Contractors Indemnity Company, a California corporation, and U.S. Specialty Insurance Company, a Texas corporation (collectively, the "Companies"), do by these presents make, constitute and appoint: **Anthony Baseiano, Kenneth H. Furst, Jason Schiciano or Marc J. Spar of Yonkers, New York**

its true and lawful Attorney(s)-in-fact, each in their separate capacity if more than one is named above, with full power and authority hereby conferred in its name, place and stead, to execute, acknowledge and deliver any and all bonds, recognizances, undertakings or other instruments or contracts of suretyship to include riders, amendments, and consents of surety, providing the bond penalty does not exceed *****Fifty Million***** Dollars (\$ **50,000,000.00**).

This Power of Attorney shall expire without further action on March 18, 2015. This Power of Attorney is granted under and by authority of the following resolutions adopted by the Boards of Directors of the Companies:

Be it Resolved, that the President, any Vice-President, any Assistant Vice-President, any Secretary or any Assistant Secretary shall be and is hereby vested with full power and authority to appoint any one or more suitable persons as Attorney(s)-in-Fact to represent and act for and on behalf of the Company subject to the following provisions:

Attorney-in-Fact may be given full power and authority for and in the name of and on behalf of the Company, to execute, acknowledge and deliver, any and all bonds, recognizances, contracts, agreements or indemnity and other conditional or obligatory undertakings, including any and all consents for the release of retained percentages and/or final estimates on engineering and construction contracts, and any and all notices and documents canceling or terminating the Company's liability thereunder, and any such instruments so executed by any such Attorney-in-Fact shall be binding upon the Company as if signed by the President and sealed end effected by the Corporate Secretary.

Be it Resolved, that the signature of any authorized officer and seal of the Company heretofore or hereafter affixed to any power of attorney or any certificate relating thereto by facsimile, and any power of attorney or certificate bearing facsimile signature or facsimile seal shall be valid and binding upon the Company with respect to any bond or undertaking to which it is attached.

IN WITNESS WHEREOF, The Companies have caused this instrument to be signed and their corporate seals to be hereto affixed, this 3rd day of October, 2011.

AMERICAN CONTRACTORS INDEMNITY COMPANY U.S. SPECIALTY INSURANCE COMPANY

Corporate Seals



By:

[Signature]
Daniel P. Aguilar, Vice President

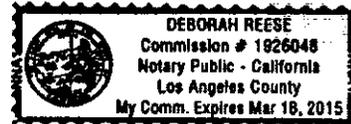
State of California

County of Los Angeles SS:

On this 3rd day of October, 2011, before me, Deborah Reese, a notary public, personally appeared Daniel P. Aguilar, Vice President of American Contractors Indemnity Company and U.S. Specialty Insurance Company who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct. WITNESS my hand and official seal.

Signature *Deborah Reese* (Seal)



I, Jeannie Lee, Assistant Secretary of American Contractors Indemnity Company and U.S. Specialty Insurance Company, do hereby certify that the above and foregoing is a true and correct copy of a Power of Attorney, executed by said Companies, which is still in full force and effect; furthermore, the resolutions of the Boards of Directors, set out in the Power of Attorney are in full force and effect.

In Witness Whereof, I have hereunto set my hand and affixed the seals of said Companies at Los Angeles, California this DEC 30 2013 day of _____.

Corporate Seals



[Signature]
Jeannie Lee, Assistant Secretary

Bond No. 1001001232
Agency No. 16566

To inquire about this bond, please write to us at surety-bond-inquiry@hcc.com

Individual Acknowledgement

State of _____ }
County of _____ } ss.

On this _____ day of _____, 20____, before me personally came

_____ to me known, and known to me to be the individual described in and who executed the foregoing instrument, and acknowledged to me that he executed the same.

My commission expires _____ Notary Public

Firm Acknowledgement

State of _____ }
County of _____ } ss.

On this _____ day of _____, 20____, before me personally came

_____ to me known and known to me

to be a member of the firm of _____ described in and who executed the foregoing instrument, and he thereupon acknowledged to me that he executed the same as and for the act and deed of said firm.

My commission expires _____ Notary Public

Corporation Acknowledgement

State of CONNECTICUT }
County of FAIRFIELD } ss. NORWALK

On this 30 day of DECEMBER, 2013, before me personally came

THOMAS FITZGERALD to me known,

who being by me duly sworn, did depose and say that he is the PRESIDENT / CEO

of VERDE ENERGY USA ILLINOIS, LLC the corporation described in and which executed the above instrument; that he knows the seal of said corporation; the the seal affixed to said instrument is such corporate seal; that it was so affixed by order of the Board of Directors of said corporation, and that he signed his name thereto by like order.

My commission expires 8/31/2014

Melania Fitzgerald
Notary Public
MELANIA FITZGERALD
NOTARY PUBLIC OF CONNECTICUT
My Commission Expires 8/31/2016

Surety Acknowledgement

State of New York }
County of Bronx } ss.

On this 30th day of December, 2013, before me personally came

Anthony Basciano to me known, who, being by me duly sworn, did depose and say that

he is attorney-in-fact of U.S. Specialty Insurance Company the corporation described in and which executed the above instrument; that he knows the corporate seal of said corporation; that the seal affixed to the within instrument is such corporate seal, and that he signed the said instrument and affixed the said seal as Attorney-in-Fact by authority of the Board of Directors of said corporation and by authority of this office under the Standing Resolutions thereof.

My commission expires 8/8/2015

Jose Arevalo
Notary Public

JOSE AREVALO
Notary Public - State of New York
NO. 01AR6245794
Qualified in Bronx County
My Commission Expires Aug 8, 2015

U.S. SPECIALTY INSURANCE COMPANY
STATUTORY STATEMENT OF ADMITTED ASSETS,
LIABILITIES, CAPITAL AND SURPLUS (1)
December 31, 2012

Admitted Assets

Investments:	
Fixed Maturities, at amortized cost	1,743,977,041
Common stocks	25,952,616
Cash and short term investments	117,828,203
Receivable for securities	277,405
<i>Total cash and Invested assets:</i>	1,888,035,265
Accrued interest income	19,078,595
Premium receivable	80,824,398
Recoverable from reinsurers	16,789,804
Net deferred tax asset	42,975,027
Furniture and equipment	126,784
Receivable from parent, subsidiaries and affiliates	8,142,119
	167,936,727
<i>Total admitted assets</i>	2,055,971,992

Liabilities and Capital and Surplus

Liabilities:	
Unpaid loss and loss adjustment expense	961,980,720
Commission payable	8,744,187
Accrued expenses	3,772,139
Taxes, licenses, and fees	1,985,003
Federal income tax	8,088,018
Unearned premiums	274,481,798
Advance premium	10,809,796
Dividends to policyholders	109,311
Ceded reinsurance balance payable	46,155,608
Funds held under reinsurance treaties	13,239,225
Amounts withheld or retained for others	103,645,655
Provision for reinsurance	2,900,915
Payable to parent, subsidiaries and affiliates	2,251,540
Payable for securities	65,295,480
<i>Total liabilities</i>	1,503,459,395
Capital and Surplus:	
Capital Stock	4,200,000
Additional paid-in and contributed capital	187,551,259
Unassigned surplus	360,761,338
	552,512,597
<i>Total liabilities and capital and surplus</i>	2,055,971,992

(1) - In accordance with the statutory financial statements as filed on March 1, 2013.

I, Stephen P. MacDonough, Chief Financial Officer of U.S. Specialty Insurance Company, hereby certify that to the best of my knowledge and belief, the foregoing is a full and true Statutory Statement of Admitted Assets, Liabilities and Capital and Surplus of the Company as of December 31, 2012, prepared in conformity with accounting practices prescribed or permitted by the Texas Department of Insurance. The foregoing statement should not be taken as a complete statement of financial condition of the Company. Such a statement is available upon written request at the Company's home office located at 13403 Northwest Freeway, Houston, Texas 77040.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of the Corporation at Houston, Texas.



Stephen P. MacDonough
Chief Financial Officer