

New Mexico State Land Office – Oil, Gas, and Minerals Division
IRREVOCABLE LETTER OF CREDIT -- FOREIGN BANK
ONLINE VERSION

Date _____

Commissioner of Public Lands
New Mexico State Land Office
Oil, Gas, & Minerals Division
Post Office Box 1148
Santa Fe, New Mexico 87504-1148

Letter of Credit No _____

Initial Expiration Date _____

On behalf of _____ (*lessee/operator name*)

(*Address*) _____ **“Obligor”**

we, _____ (*bank name*)

(*Address*) _____ **“Bank”**

issue this irrevocable Letter of Credit (LOC) for the full amount of \$ _____ for the benefit of the New Mexico Commissioner of Public Lands (Commissioner). By this LOC we agree that, immediately upon receipt of written demand, whether in original form or by facsimile copy pursuant to the requirements set out in **“documentary requirements”** BELOW, from the Commissioner for all or a portion of the credit granted by this LOC, we will pay the sum or sums demanded to the Commissioner as directed by him. This irrevocable LOC is made and issued pursuant to the Uniform Commercial Code, and is accepted in lieu of the bond requirements set out in New Mexico State Land Office Rule 100.23 _____ (*Indicate section A, B, or C.*)

term: This LOC becomes effective on _____ (*date*), and shall remain in effect for exactly one year after that date.

renewal: At least 90 days prior to the expiration of any one-year term of this LOC, the Commissioner must receive written notice by registered mail or by courier service from the Bank that it intends not to renew this LOC; and in the absence of such notice, this LOC shall automatically be renewed, extended, or fully replaced without amendment with an identical LOC for another one-year term.

Upon receipt of notice of non-renewal from the Bank, the Commissioner may, before expiration of the term of this LOC, draw upon the Bank up to the amount of this LOC, provided that such draft is accompanied by a statement of the Commissioner on his letterhead that the Obligor has, at that time, failed to provide a satisfactory replacement bond.

documentary requirements: This LOC may be drawn upon by the Commissioner in whole or in part at any time during its term to secure payment for surface improvement damages and performance under the lease as described in New Mexico State Land Office Rule 100.23 _____ (*Indicate section A,B, or C.*) Any such drawing by the Commissioner shall be effected by a demand letter from the Commissioner on his letterhead stating that the Obligor has defaulted and that the amount demanded is in partial or full satisfaction of that default.

Drawing may be effected personally, by courier service or by facsimile. If drawing is being effected by facsimile, the Commissioner’s demand letter will be accepted in lieu of an original, provided the letter is immediately preceded or followed by a confirming call from the Commissioner or his designated agent, and provided that the facsimile copy bears either a header or a transmittal page identifying the source as the New Mexico State Land Office. Facsimile presentment must be made to the following number: _____ (*faxline number.*)

adjustments: No partial drawing by the Commissioner against this LOC shall extinguish the Bank's obligation to pay any remaining balance upon demand properly made. The outstanding obligation of this LOC shall be reduced by any partial drawing against the credit, provided that the Bank shall promptly notify the Commissioner in writing of the post-drawing balance following any such drawing and consequent adjustments.

surrender: If, upon demand by the Commissioner, the Bank tenders the full amount represented by this LOC as properly adjusted, the Commissioner shall, upon the request of the Bank, surrender this original LOC and all written adjustments and amendments to the Bank. Similarly, the Commissioner shall surrender this original LOC and all proper written adjustments and amendments upon request at the expiration of this LOC. The Bank otherwise guarantees that the amount represented by this LOC shall in no way be reduced during the original or any subsequent term without the

Commissioner's written approval.

additional terms:

- If the Bank at any time becomes unable to fulfill the terms of this LOC, the Bank shall immediately give written notice to the Commissioner.
- The terms used in this LOC, and any disputes that might arise about this LOC, are all governed by New Mexico law.
- If a dispute about this LOC is litigated, it must be done in the First Judicial Court of Santa Fe County, New Mexico.
- Any change in this LOC has to be made in writing and must be signed by both the Bank and the Commissioner.
- If the Commissioner chooses not to enforce a term of this LOC, that does not mean the right to enforce that term later has been lost.
- Any notice required to be sent to the Commissioner must be sent to:

Commissioner of Public Lands
 State Land Office
 Oil Gas & Minerals Division
 P.O. Box 1148
 Santa Fe, New Mexico 87504-1148

Street Address: 310 Old Santa Fe Trail
 Santa Fe, NM 87501-2708

Name of Bank _____ Date

by: _____ as: _____
Print name of authorized signing Bank officer Title

Signature _____

Acknowledgment in a Representative Capacity

State of _____
 _____ ss
 County of _____

This Acceptance was acknowledged before me this _____ day of _____, 20____

by _____ as _____
Print name of authorized signing Bank officer Title

of _____
Financial Institution

Signature of Notarial Officer

(Notary Seal)

My Commission expires _____