SURETY RECLAMATION BOND FOR SALTWATER DISPOSAL EASEMENTS

File with:
New Mexico State Land Office
Oil, Gas and Minerals Division
310 Old Santa Fe Trail, Santa Fe, NM 87501
P.O. Box 1148, Santa Fe, NM 87504-1148

BOND NO.___________________
(For use of Surety Company)

BOND NO.___________________
(For use of NMSLO)

EFFECTIVE DATE: ____________
SWD EASEMENT NO.__________

KNOW ALL PERSONS BY THESE PRESENTS:

Grantee Name: ______________________________
Grantee’s Address: ___________________________
State in which Grantee is Organized: ___________

Surety Name:_______________________________
Surety Business Address: ______________________
State in which Surety is Organized: ____________

WHEREAS, Grantee, authorized to do business in the State of New Mexico, and Surety, authorized by the Superintendent of Insurance to do business in the State of New Mexico, pursuant to the Commissioner of Public Land’s authority to manage state trust land, easements and leases in Sections 19-2-1 and 19-2-2 NMSA 1978, are jointly and severally firmly bound to the State of New Mexico’s State Land Office (“NMSLO”), or its successor, for payment in the amount of two hundred and fifty thousand dollars ($250,000).

WHEREAS, Grantee holds a Salt Water Disposal Easement from NMSLO, and has installed or will install a salt water disposal well and associated improvements and equipment on the state trust land described in and covered by said NMSLO Salt Water Disposal Easement No. ______ (“SWD Easement”), located in Section _____, Township _______, Range_______, N.M.P.M., _________ County, New Mexico (“the Easement Land”).

WHEREAS, the construction and operation of Grantee’s salt water disposal well and associated improvements and equipment will cause surface and subsurface impacts to the Easement Land.

WHEREAS, Grantee and Surety expressly agree, under this Bond obligation, to cause and ensure compliance with all performance requirements of the SWD Easement, as well as the proper removal of improvements and equipment, remediation, reclamation and restoration of the Easement Land.
Land, including but not limited to the requirements of SWD Easement Paragraphs 11, 16 and 25, any and all performance requirements, costs, fees, annual and disposal rental payments, removal of all improvements and equipment, remediation, reclamation, and fines in the SWD Easement, 19.2.11 and 19.15.34 NMAC, and any other applicable rules or laws (“Obligations”). Grantee and Surety further expressly agree that the Obligations of this Bond also include any costs, fees (including reasonable attorney’s fees) incurred by NMSLO in enforcing any Obligations covered by this Bond, including the collection and forfeiture of this Bond. Additionally, Grantee and Surety expressly agree that the Obligations of this Bond do not include any damages to any surface lessee of the Easement Land or to livestock, range, water, crops, tangible improvements or surface improvements suffered by reason of Grantee’s operations on the Easement Land that are suffered by NMSLO or under any state lease, permit, right-of-way or easement heretofore or hereafter executed by the Commissioner of Public Lands.

WHEREAS, Grantee and Surety agree to complete or make good and sufficient recom pense, satisfaction or payment to NMSLO, for all Obligations under this Bond.

THEN AND IN THAT EVENT, this Bond and the Obligations shall be null and void; otherwise, and in default of complete compliance with any and all of said Obligations, this Bond shall remain in full force and effect.

PROVIDED, HOWEVER, that thirty (30) days after receipt by NMSLO’s Oil, Gas and Minerals Division of written notice of cancellation from the Surety, the obligation of the Surety shall terminate as to any Obligations placed and arising on or from the SWD Easement or Easement Land after the said 30-day period, but shall continue in effect, notwithstanding said notice, as to Obligations placed or arising on or from the SWD Easement or Easement Land before the 31st day after receipt of said notice; under such circumstances, the determination of what Obligations were placed and arising on or from the SWD Easement or Easement Land as of the 31st day after receipt of said notice shall be made exclusively by NMSLO. The liability of Surety on this Bond shall not expire upon the termination of the SWD Easement, but shall remain in full force and effect until released in writing by the Commissioner of Public Lands. The term of this bond shall be a minimum of five (5) years, unless released in writing earlier by the Commissioner of Public Lands.

Signed and sealed this ______ day of ______________, 20____.

PRINCIPAL Signature

-printed name and title-

Street Address

City, State and Zip Code

Note: If Principal is a corporation, affix corporate seal here.

SURETY Signature

-printed name and title-

Street Address

City, State and Zip Code

Note: If corporate surety, affix corporate seal here.

[Acknowledgements on the following pages.]
ACKNOWLEDGMENT FORM FOR NATURAL PERSONS:

STATE OF _________________________________)

COUNTY OF _________________________________)

On this _____ day of _____________, 20____, before me personally appeared
_______________________________ to me known to be the person(s) described in and who
executed the same as (his, her, their) free act and deed.

IN WITNESS WHEREOF, I have hereunto set my hand and seal on the day and year in this
certificate first above written.

____________________
My Commission Expires
(Notary Public
(printed name)
(Notary seal)
________________________
Notary signature
(Notary seal)

ACKNOWLEDGMENT FORM FOR CORPORATION:

STATE OF _________________________________)

COUNTY OF _________________________________)

On this _____ day of _____________, 20____, before me personally appeared
_______________________________, to me personally known, who, being by me duly
sworn, did say that s/he is _________________________________ of
_______________________________ and that this instrument was signed and
sealed on behalf of said corporation by authority of its board of directors, and acknowledged said
instrument to be the free act and deed of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and seal on the day and year in this
certificate first above written.

____________________
My Commission Expires
(Notary Public
(printed name)
(Notary seal)
________________________
Notary signature
(Notary seal)
ACKNOWLEDGMENT FORM FOR CORPORATE SURETY:

STATE OF ______________________________) ) ss.
COUNTY OF ______________________________)

On this _______day of ______________, 20_______, before me personally appeared
______________________________________ to me personally known, who, being by me duly
sworn, did say that s/he is ____________________________________________ of
________________________ and that this instrument was signed and sealed
on behalf of said corporation by authority of its board of directors, and acknowledged said
instrument to be the free act and deed of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and seal on the day and year in this
certificate first above written.

________________________
My Commission Expires

________________________
Notary Public printed name

________________________
Notary signature

(Notary seal)

(Note: Corporate surety attach power of attorney.)

APPROVED this _______day of ________________, 20_____.

________________________
COMMISSIONER OF PUBLIC LANDS