



**Commissioner of Public Lands
State of New Mexico**

DAMAGE BOND FOR FRESH WATER 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

Account No. _____
Financial Institution _____

BOND NO. _____
(For use of NMSLO)
EFFECTIVE DATE: _____

EASEMENT NO. _____

KNOW ALL PERSONS BY THESE PRESENTS:

Grantee Name: _____
Grantee's Mailing Address: _____
State in which Grantee is Organized: _____

Financial Institution Name: _____
Financial Institution Mailing Address: _____
State in which Financial Institution is Organized: _____

WHEREAS, Grantee, authorized to do business in the State of New Mexico, and Financial Institution, authorized by federally insured state or national banks or savings associations in the state of New Mexico 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
Thousand Dollars and Zero cents (\$,000.00).

WHEREAS, Grantee holds a Water Easement No. ____ ("Easement") from NMSLO, and has installed _____ wells and associated improvements and equipment on the State Trust Land described in and covered by said Easement, located in Section __, Township __, Range __, N.M.P.M., _____ County, New Mexico ("the Easement Land"). The construction and operation of Grantee's well(s), associated improvements and equipment will cause surface and subsurface impacts to the Easement Land.

WHEREAS, Grantee and Financial Institution expressly agree, under this Bond obligation, to cause and ensure compliance with all performance requirements of the Easement, including the proper removal of improvements and equipment, plugging and abandoning of any or all wells, remediation, reclamation and restoration of the Easement Land, and also including the requirements of Easement Paragraphs 11, 16 and 23, any and all costs, fees, annual and per barrel rental payments, and fines in the Easement, 19.2.12 NMAC, and any other applicable rules or laws ("Obligations"). Grantee and Financial Institution 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. In the event the Financial Institution disputes the Commissioner's demand for payment under this bond Financial Institution shall provide notice of the dispute to the Commissioner within 30 days of the demand. Actions involving this bond shall only be brought in the First Judicial District Court of New Mexico, under the laws of the State of New Mexico. Provided however, that execution of this bond shall not require any action in court by the Commissioner. Additionally, Grantee and Surety expressly agree that the Obligations of this Bond 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 Financial Institution agree to complete or make good and sufficient recompense, satisfaction or payment to NMSLO, for all Obligations under this Bond provided however Financial Institutions obligations under this Bond shall extend only to the maximum amount of the 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 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 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 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 Easement, but shall remain in full force and effect until released in writing by the Commissioner of Public Lands.

Signed and sealed this _____ day of _____, 20____.

PRINCIPAL Signature

Financial Institution Signature

Printed Name and Title

Printed Name and Title

Street Address

Street Address

City, State and Zip Code

City, State and Zip Code

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

Note: If corporate surety, affix corporate seal here.

[Acknowledgements on subsequent pages]

ACKNOWLEDGMENT FORM FOR NATURAL PERSONS:

STATE OF _____)
) ss.
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 signature
(Notary seal)

**ACKNOWLEDGMENT FORM FOR CORPORATION, PARTNERSHIP,
OR LIMITED LIABILITY COMPANY**

STATE OF _____)
) ss.
COUNTY OF _____)

This Instrument was acknowledged before me on this _____ day of _____
20__ by _____ as _____
(Name of Person Signing Instrument) (Capacity, e.g. President, Partner, Manager, Member)
of _____, signed and sealed on behalf of said
(Name of Corporation, Partnership, Limited Liability Company)
entity by appropriate authority on behalf of said corporation, partnership or limited liability
company.

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 name Notary signature
(Notary seal)

ACKNOWLEDGMENT FORM FOR FINANCIAL INSTITUTION:

STATE OF _____)
) ss.
COUNTY OF _____)

This Instrument was acknowledged before me on this _____ day of _____,
20____ by _____, as Attorney-in-Fact for _____.
(Name of Attorney-in-Fact) (Name of Financial Institution)

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 name Notary signature
(Notary seal)

(Note: Financial Institution attach power of attorney.)

ACKNOWLEDGED this _____ day of _____, 20_____.

COMMISSIONER OF PUBLIC LANDS

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