

NEW MEXICO STATE LAND OFFICE
MEGABOND FOR CONTRACT PERFORMANCE AND SURFACE
OR IMPROVEMENT DAMAGE

File with:

New Mexico State Land Office
Oil Gas 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)

_____, as Principal, and _____,
as Surety, a corporation organized, existing and doing business under and by virtue of the laws of the State
of _____, with its principal office located at: _____
[address] and authorized by the New Mexico Superintendent of Insurance to transact a surety business in
the State of New Mexico, pursuant to the Commissioner of Public Land's authority to manage state trust
land 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
Twenty-five Thousand Dollars (\$25,000) for the following uses:

1.For the use and benefit of the Commissioner, to secure the performance of said Principal as lessee
under one or more state leases or permits for minerals, oil and gas, coal or geothermal resources, under a
commercial instrument, or under one or more state rights-of-way or easements which Principal has
heretofore executed or may hereafter execute with the Commissioner; and

2.For the use and benefit of the Commissioner, state surface lessees, state land contract purchasers,
state patentees, and their successors and assigns, to pay for damages to the surface of lands subject to a
state lease or permit for minerals, oil and gas, coal or geothermal resources, subject to a commercial
instrument, state right-of-way or easement held by Principal, or for damages to surface improvements
located thereon, suffered by reason of Principal's operations under a state lease or permit for minerals, oil
and gas, coal or geothermal resources, or under a commercial instrument, state right-of-way or easement.

For the payment of said sum, well and truly to be made, Principal and Surety bind themselves, their
heirs, executors, administrators, successors and assigns, jointly and severally.

The conditions of the foregoing obligations are:

1.If the above bound Principal or its successors or assigns shall well and truly perform and keep all
terms, covenants, conditions, and requirements of all state leases for minerals, oil and gas, coal or
geothermal resources, of all commercial instruments, and of all state rights-of-way and easements
heretofore or hereafter executed by the Commissioner and Principal, including the payment of rent and
royalties when due; compliance with all established mining plans, closure plans and reclamation plans;
and also including the removal of improvements (if required) and restoration of disturbances to state trust
land caused by Principal's activities, and

2.If Principal or its successors or assigns shall in all respects make good and sufficient recompense,
satisfaction or payment to the Commissioner of Public Lands for damages to the surface of lands subject
to a state lease or permit for minerals, oil and gas, coal or geothermal resources, a commercial instrument,
or a state right-of-way or easement held by Principal and for damages to livestock, water, crops, tangible
improvements or surface improvements of any kind located thereon suffered by reason of Principal's

operations under such state lease, permit, commercial instrument, right-of-way or easement heretofore or hereafter executed by the Commissioner and Principal;

THEN, the obligation to pay the sum of Twenty-five Thousand Dollars (\$25,000) shall be null and void.

If, however, Principal shall default or otherwise fail in performance under such state lease, permit, commercial instrument, right-of-way or easement, including the failure to pay rent and royalties when due or to comply with established mining plans, closure plans and reclamation plans; and also including the failure to remove improvements (if required) and to restore disturbances to state trust land caused by Principal's activities; or if Principal shall fail or refuse to make good and sufficient recompense, satisfaction or payment to the Commissioner for damages to the surface of the above designated lands or to improvements located thereon, then the obligation to pay said sum shall remain in full force and effect.

The liability of Surety upon this bond shall not expire upon the termination of any state lease or permit or any renewal or extension thereof for minerals, oil and gas, coal or geothermal resources or any state commercial instrument, right-of-way or easement or any renewal or extension thereof which Principal or its successors or assigns has heretofore executed or may hereafter execute with the Commissioner, but shall be and remain in full force and effect until released in writing by the Commissioner of Public Lands.

Principal and Surety further agree that in the event an action is brought on this bond and a court of competent jurisdiction determines Principal or Surety is in breach of the agreements contained in this bond, Principal or Surety or both of them shall pay to the Commissioner the costs associated with the recovery of the amounts due hereunder, including reasonable attorneys' fees. 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.

This bond is executed pursuant to the laws of the State of New Mexico, including Sections 19-1-1 and 19-1-2, 19-7-18, 19-8-24, 19-9-12, 19-10-1 et seq., 19-13-18, and 46-6-1 through -9, NMSA 1978.

The premium for which this bond is written is _____ Dollars (\$_____).

In witness whereof we hereunto set our hands this _____ day of _____, 20_____.

PRINCIPAL Signature

SURETY 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
[Acknowledgement on the following page.]

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 name _____
(Notary seal)

ACKNOWLEDGMENT FORM FOR CORPORATION:

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 name _____
(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 seal)

Notary Public name

Notary signature

(Note: Corporate surety attach power of attorney.)

APPROVED this _____ day of _____, 20_____.

COMMISSIONER OF PUBLIC LANDS

NOTE: File with Commissioner of Public Lands, New Mexico State Land Office, Oil Gas Minerals Division, 310 Old Santa Fe Trail, Santa Fe, New Mexico 98501, P.O. Box 1148, Santa Fe, New Mexico 87504-1148 before development or operations are commenced.