

NEW MEXICO STATE LAND OFFICE – Oil, Gas, and Minerals Division
BOND FOR CONTRACT PERFORMANCE AND SURFACE OR IMPROVEMENT DAMAGE
Surface Improvement Damage Megabond

BOND NO. _____
(For use of Surety Company)

BOND NO. _____
(For use of State Land Office)

KNOW ALL PERSONS BY THESE PRESENTS

_____, as
Principal, and _____, as **Surety**, a corporation
organized, existing and doing business under and by virtue of the laws of the State of
_____ and authorized to transact a surety business in the State of New Mexico, are
held and firmly bound unto the New Mexico Commissioner of Public Lands in the sum 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 or as holder 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 or a 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 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 and of all state rights-of-way and easements heretofore or hereafter executed by the Commissioner and Principal, including the payment of royalties when due and compliance with all established mining plans; 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 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, 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, right-of-way or easement, including the failure to pay royalties when due or to comply with established mining plans, 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 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.

This bond is executed pursuant to the laws of the State of New Mexico, including Sections 19-8-24, 19-9-12, 19-10-26, 19-13-19, 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

SURETY

Address

Address

BY _____
Signature

BY _____
Attorney-in-Fact

Title

(Note: Principal, if corporation, affix Corporate seal here.)

(Note: Corporate surety, affix Corporate seal here.)

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

Signature, notary

(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 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 Signature notary
(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 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 Signature, notary
(Notary Seal)

Note: Corporate surety, attach power of attorney.

APPROVED this _____ day of _____, 20_____.

COMMISSIONER OF PUBLIC LANDS

NOTE: File before development or operations are commenced, with:

Commissioner of Public Lands Commissioner of Public Lands
New Mexico State Land Office, OGMD New Mexico State Land Office, OGMD
P.O. Box 1148 or 310 Old Santa Fe Trail
Santa Fe, New Mexico 87504-1148 Santa Fe, NM 87501-2708