



NEW MEXICO STATE LAND OFFICE

Principal Bond # _____

NM SLO Internal Bond _____

DAMAGE AND PERFORMANCE BOND SALT WATER DISPOSAL EASEMENT

\$10,000.00 SW # _____

KNOW ALL MEN BY THESE PRESENTS:

That _____, as Principal,
and _____, of _____
_____, a corporation organized, existing
and doing business under and by virtue of laws of the State of New Mexico, as Surety, are held
and firmly bound unto the New Mexico Commissioner of Public Lands in the sum of Ten
Thousand Dollars (\$10,000) for the following uses:

1. For the use and benefit of the Commissioner, to secure the performance of said
Principal as the Grantee under a Salt Water Disposal Easement 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 the Salt Water Disposal Easement held by Principal, or for damages to
surface improvements located thereon, suffered by reason of Principal's operations under the Salt
Water Disposal Easement.

For payment of said sum, well and truly to be made, Principal and Surety bind themselves,
their heirs, successors and assigns, and each and every one of them jointly and severally, firmly
by these presents.

The conditions of the foregoing obligations are such that:

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 its Salt Water Disposal Easement,
including the payment of fees when due; 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 its Salt Water Disposal Easement and for damages to livestock, water,

crops, buildings, fences, pipelines, powerlines, or other tangible improvements of any kind located thereon suffered by reason of Principal's operations under such Salt Water Disposal Easement or for such damages as a court of competent jurisdiction may determine and fix in any action brought on this bond;

THEN, the obligation to pay the sum of Ten Thousand Dollars (\$10,000) shall be null and void.

If, however, Principal shall default or otherwise fail in performance under such Salt Water Disposal Easement, including the failure to pay fees when due, 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 the Salt Water Disposal 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.

It is expressly understood and provided that said surface lessee and/or holder and owner of any prior surface right as designated herein, are hereby made obligees hereunder the same as if their names were written herein as such, and they, or each of them, may proceed or sue hereon, and it is further expressly understood and provided that the aggregate liability of the Surety for any claim or claims hereunder shall in no event exceed the specified total sum of this obligation.

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

PRINCIPAL

SURETY

Address

Address

By: _____
Signature

By: _____
Signature

Title

Title

ACKNOWLEDGMENT IN AN INDIVIDUAL CAPACITY

State of _____

County of _____

This instrument was acknowledged before me on _____ (date) by

_____ (name).

(Signature of notarial officer)

(seal)

My commission expires: _____

- OR -

ACKNOWLEDGMENT IN A REPRESENTATIVE CAPACITY

State of _____

County of _____

This instrument was acknowledged before me on _____ (date) by

_____ (name) as

_____ (title) of

_____ (name of party on behalf of whom instrument
is executed).

(Signature of notarial officer)

(seal)

My commission expires: _____

ACKNOWLEDGMENT FORM FOR CORPORATE SURETY

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 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.

(Signature of notarial officer)

(seal)

My commission expires: _____

Note: Corporate surety, attach power of attorney.

APPROVAL Date: _____

COMMISSIONER OF PUBLIC LANDS

NOTE: Before development or operations are commenced file with:

Commissioner of Public Lands
Oil, Gas and Minerals / Water Bureau
New Mexico State Land Office
P.O. Box 1148
Santa Fe, New Mexico 87504-1148