

NEW MEXICO STATE LAND OFFICE
RULE 5 MINERAL LEASE
DAMAGE AND PERFORMANCE BOND

LAND OFFICE USE ONLY

Lessee: _____

Lease No.: _____

Bond No.: _____

_____ as Principal, is an individual or is _____ (select: individual, partnership, corporation, limited liability company, or other as specified) that is organized, existing and doing business under the laws of the State of _____ and authorized to do business in the State of New Mexico; and _____, a corporation organized, existing, and doing business under the laws of the State of _____, and authorized to do business in the State of New Mexico, as Surety, are held and firmly bound to the Commissioner of Public Lands of the State of New Mexico and the New Mexico State Land Office, in the sum of \$ _____, for the following uses:

1. For the use and benefit of the Commissioner and New Mexico State Land Office, and State Land Office surface lessees, patentees, and contract purchasers, and their successors and assigns, to pay for damages to the surface of lands subject to a New Mexico State Land Office mineral lease held by Principal, or for damages to livestock, water, crops, or surface improvements thereon, suffered by reason of Principal's operations, or the operations of any person or entity to whom Principal has subleased, assigned, farmed out, or otherwise conveyed its interest in a New Mexico State Land Office mineral lease;
2. For the use and benefit of the Commissioner and New Mexico State Land Office, to secure the performance of the Principal as lessee under one or more New Mexico State Land Office mineral leases, including but not limited to the payment of rent and royalties, submission of and compliance with reclamation plans, and the fulfillment of other lease obligations.

For the payment of said sum, 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 heirs, executors, administrators, successors, or assigns shall perform and keep all terms, covenants, conditions, and requirements of all New Mexico State Land Office mineral leases, including payment of rent and royalties and submission of and compliance with reclamation plans, and;
2. If Principal or its heirs, executors, administrators, successors, or assigns shall in all respects make good and sufficient recompense, satisfaction, or payment to the Commissioner of Public Lands and New Mexico State Land Office for damages to the surface of lands subject to a New Mexico State Land Office mineral lease held by Principal, and for damages to livestock, water, crops, and surface improvements located thereon, suffered by reason of Principal's operations, or the operations of any person or entity to whom Principal has subleased, assigned, farmed out, or otherwise conveyed its interest in a New Mexico State Land Office mineral lease;

Then, the obligation to pay the sum of \$ _____ shall be null and void.

If, however, Principal shall default or otherwise fail in performance under such New Mexico State Land Office mineral lease, including the failure to pay rental or royalty or to submit and comply with reclamation plans, or if Principal shall fail to make good and sufficient recompense, satisfaction, or payment to the Commissioner and New Mexico State Land Office for damages to the surface of the above designated lands or to livestock, water, crops, and surface 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 subject New Mexico State Land Office mineral lease or any renewal or extension thereof of which Principal or its heirs, executors, administrators, successors, and assigns has 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; for the avoidance of doubt, the Commissioner may recover fees at a reasonable rate regardless of whether the Commissioner's attorneys are employees of the State of New Mexico or contract counsel.

This bond is executed pursuant to the laws and rules of the State of New Mexico, including Section 19-8-24 NMSA 1978 and 19.2.5.12 NMAC.

SIGNED AND SEALED this _____ day of _____, 20_____.

PRINCIPAL

SURETY

Address

Address

By _____
Signature

By _____
Attorney-in-Fact Signature

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

(Note: Corporate surety affix corporate seal here.)

(Notary acknowledgements on 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 _____ 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 s/ he is _____ of _____ and that the foregoing 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 s/ he is _____ of _____ and that the foregoing 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 signature (Notary Seal)

(Note: Corporate surety attach power of attorney.)

APPROVED _____
(date)

COMMISSIONER OF PUBLIC LANDS

NOTE: BEFORE development or operations are commenced, file with Commissioner of Public Lands

*New Mexico State Land Office
Oil Gas & Minerals Division
P.O. Box 1148
Santa Fe, New Mexico 87504-1148*