LAND OFFICE USE ONLY
Lessee: _____
Lease No.: _____
Bond No.:_____

NEW MEXICO STATE LAND OFFICE

BOND FOR PERFORMANCE AND SURFACE OR IMPROVEMENT DAMAGE OF MINERAL LEASE

KNOW ALL MEN BY THESE PRESENTS:

That _____ as Principal, and _____ a corporation organized, existing and doing business under and by virtue of the laws of the state of _____ and authorized to do business in the State of New Mexico, as Surety:

In OBLIGATION 1: Are held and firmly bound unto the State of New Mexico, for the use and benefit of the Commissioner of Public Lands in the sum of _____ Dollars (_____), for the purpose named in WHEREAS 1 and CONDITION 1 below, for the payment of which, well and truly to be made, we bind ourselves, our heirs, successors and assigns, and each and every one of them and us jointly and severally firmly by these presents;

And in OBLIGATION 2: Are held and firmly bound unto the State of New Mexico, for the use and benefits of holders of State purchase contracts or holders of deeds for state lands, with minerals reserved, in the further sum of _____ Dollars (_____)for the payment of which, well and truly to be made, we bind ourselves, our heirs, successors and assigns, and each and every one of them and us jointly and severally, firmly by these presents.

Signed with our hands and sealed with our seals, this _____

The conditions of the foregoing obligations are such that:

WHEREAS 1, the said principal has entered into a mining lease with the State of New Mexico through its Commissioner of Public Lands, said lease being designated in the Office of the Commissioner of Public Lands as _____, the original of which is in the files of the State Land Office.

CONDITION 1:

NOW THEREFORE, if the said principal in all respects shall comply with all and singular the terms, provisions and conditions of the said lease;

THEN, THEREFORE, Obligation 1 shall be null and void; otherwise and in default of complete compliance with any and all of said obligations the same shall remain in full force and effect.

WHEREAS 2, all or part of the lands embraced in said lease has been leased for surface purposes or sold, with minerals reserved to the State of New Mexico, to a purchaser who holds either a limited patent from the State of New Mexico or a state purchase contract, entitling the holder of said contract to such limited patent upon complete payment, as shown by the official records of the Commissioner of Public Lands;

CONDITION 2:

AND, FURTHER, if the said principal in all respects shall make good and sufficient recompense, satisfaction and/or payment unto the holder, or his successors in interest of any said surface lease, state purchase contract or any said limited patent for State Lands for all damages to the livestock, water, crops or tangible improvements on such lands as may be suffered by such holder, or his successors in interest, by reason of such mining development, use or occupancy of such lands by the said lessee, or principal, during the entire period of such mining operations, or for such damages as a court of competent jurisdiction may determine and fix in any action brought on this bond.

THEN, THEREFORE, Obligation 2 shall be null and void; otherwise and if default of complete compliance with any and all of said obligations, the same shall remain in full force and effect.

The intentions of the parties hereto are in effect the creation of two bonds with the same parties and same date but with different obligations and conditions, in one instrument, for the sake of simplicity and convenience, as much as though such undertaking were actually separate bonds; the fulfillment or release of one obligation does not release the other and two obligations exist only when a sum is named in both obligations. When no sum is named, in Obligation 2, that part of this instrument pertaining to Obligation 2 is to be disregarded.

_____
Principal

_____
Principal

BY_____
Surety

COUNTERSIGNED BY:

_Not Required_____
Resident Agent

_____, New Mexico

ACKNOWLEDGMENT IN AN INDIVIDUAL CAPACITY

State of _____

County of _____

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

_____ (name(s) of person(s))

_____
Signature of Notarial Officer

Printed Name: _____
(Notary)

(Seal)

My commission expires: _____

ACKNOWLEDGMENT IN A REPRESENTATIVE CAPACITY

State of _____

County of _____

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

_____ (name(s) of person(s))

as _____ (type of authority, e.g., officer, trustee, etc.) of

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

_____
Signature of Notarial Officer

Printed Name: _____
(Notary)

(Seal)

My commission expires: _____

NEW MEXICO STATE LAND OFFICE
INSTRUCTION SHEET FOR FILING A MINERAL LEASE SURETY

The following options are available to the principal/lessee:

1. **Corporate Surety Bond**
   An authorized officer of corporation and the surety company execute Bond Form and return to State Land Office.

2. **Cash Damage Bond** (a) **or** (b)
   (a) Deposit in the Office of the Commissioner of Public Lands the required surety amount. Bond Form shall be used, eliminating only those portions provided for corporate surety companies. The form will be filed with the appropriate remittance. No interest will be earned by the remitter.

   (b) Deposit in a solvent State of New Mexico savings institution the appropriate amount required. Complete the Bond Form, eliminating those portions provided for corporate surety companies. Obtain signatures from authorized officers of corporation and savings institution, execute Cash Collateral form and return to State Land Office with appropriate remittance. Interest will be earned by remitter. The State Land Office will not accept any type of bond or surety that specifies an expiration date.

LEASE TYPE	PERFORMANCE BOND	SURFACE DAMAGE BOND
GENERAL MINING Rule 2	$2,000.00 each lease Under Rule 2, Megabond is not eligible for surety of royalties or reclamation	$5,000.00 each lease
POTASH Rule 3	$500.00 per partial or full section	After Production Commences: Performance and Damage $10,000.00
SALT Rule 4	$500.00 each lease $1,000.00 blanket bond	
SAND & GRAVEL **CALICHE** Both Covered in Rule 5	$2,000.00 each lease	$5,000.00 each lease
COAL Rule 6	Exploration Surety: $15.00 per acre	$20,000.00 each lease
GEOTHERMAL Rule 7	$2,000.00 each lease	$5,000.00 each lease

$25,000.00 Megabond, with the approval of the Commissioner, will cover surface damage obligation and the performance of the lessee under one or more state leases or permits, for oil and gas, coal or geothermal resources and of all state rights of way and easements, except where noted above.

NOTE: The minimum bonding amount shown above for each lease category will be acceptable by the Commissioner unless and until it is determined that such amount is inadequate in a given case, or a greater amount is required in a given region.