

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

LETTER OF CREDIT

- SINGLE WELL PLUGGING [19.15.8.9(C)(1); 19.15.8.9(D)(1) NMAC]
- BLANKET PLUGGING [19.15.8.9(C)(2) NMAC; 19.15.8.9(D)(2) NMAC]
- RECYCLING FACILITY OR CONTAINMENT [19.15.34.15 NMAC]
- SURFACE WASTE MANAGEMENT FACILITY [19.15.36.11 NMAC]
- WQCC DISCHARGE PERMIT (INCLUDING CLASS I, III, and V INJECTION WELLS)
[20.6.2.3107.A(11) NMAC; 20.6.2.5006 NMAC; 20.6.2.5210.B(17) NMAC; 20.6.2.5320
NMAC; 20.6.2.5342(A)(1) NMAC; 20.6.2.5361(A)(3) NMAC; 20.6.2.5362(A)(3)
NMAC; 20.6.2.5363 NMAC]
- ABATEMENT PLAN [19.15.30.11(C) NMAC; 20.6.2.4104(C) NMAC]

BOND NUMBER _____

BOND AMOUNT _____

FINANCIAL INSTITUTION _____

OPERATOR/PRINCIPAL _____

OGRID NUMBER _____

WELL/FACILITY _____

TYPE OF WELL []Active []Inactive []Approved Temporary Abandonment

WELL DEPTH _____

LOCATION Section [] Township [] Range []

County []

API/ PERMIT NUMBER _____

expiration of the specified term unless Financial Institution provides written notification of non-renewal to OCD no later than: (a) for single well or blanket plugging or abatement plan, thirty (30) days; (b) for recycling facilities or containments, ninety (90) days; or (c) for surface waste management facilities, one hundred twenty (120) days, prior to the expiration date of the specified term.

8. This Letter of Credit shall be forfeited to OCD if Operator/Principal fails to furnish financial assurance and obtain OCD approval no later than: (a) for single well or blanket plugging or abatement plan, thirty (30) days; (b) for recycling facilities or containments, ninety (90) days; or (c) for surface waste management facilities, one hundred twenty (120) days, prior to the expiration date of the specified term.

9. This Letter of Credit shall be forfeited in accordance with the applicable procedures if OCD determines that Operator/Principal failed to comply with an obligation hereunder.

10. OCD reserves the right to demand reimbursement from Operator/Principal or its successors, heirs, or personal representatives if this Letter of Credit is less than the actual cost incurred by OCD to plug and abandon a well or close a facility, including remediation, reclamation, and restoration, as applicable, in accordance with the Oil and Gas Act, NMSA 1978, § 70-2-1 et seq.

11. Financial Institution shall give prompt notice to OCD and Operator/Principal of any notice received or action filed alleging the insolvency or bankruptcy of Financial Institution or alleging any violation of a regulatory requirement that could result in the suspension or revocation of Financial Institution's charter or license to do business.

12. This Letter of Credit shall be governed by the laws of the State of New Mexico, and to the extent not inconsistent with such laws, the most recent version of the Uniform Customs & Practices for Documentary Credits issued by the International Chamber of Commerce.

13. All notices and communications regarding this Letter of Credit shall be sent by certified mail – return receipt requested to:

EXHIBIT A

SIGHT DRAFT

TO: _____

PAY TO THE ORDER OF: OIL CONSERVATION DIVISION, ENERGY, MINERALS &
NATURAL RESOURCES DEPARTMENT

THE AMOUNT OF: _____ DOLLARS (\$ _____)

AT THE FOLLOWING ADDRESS: Oil Conservation Division
New Mexico Energy, Minerals, and
Natural Resources Department
1220 South St. Francis
Santa Fe, New Mexico 87505

By: _____ Date: _____

EXHIBIT B

CERTIFICATE

_____, a duly authorized representative of the Oil Conservation Division of the New Mexico Energy, Minerals and Natural Resources Department (“OCD”), certifies that (1) the sight draft for _____ Dollars (\$ _____) under Letter of Credit No. _____ (“Letter of Credit”) issued by _____ on _____, is duly authorized by the Oil and Gas Act, NMSA 1978, Section 70-2-1 et seq., and OCD’s rules; (2) the sum of the sight draft and any other amounts previously drawn under the Letter of Credit do not exceed its face amount; and (3) OCD has directed the forfeiture of the Letter of Credit.

By: _____ Date: _____