

**Energy, Minerals and Natural Resources Department  
Oil Conservation Division**

**Cash Bond For Waste Management Facilities**

**(File with Oil Conservation Division, 1220 South Saint Francis, Santa Fe, New Mexico 87505)**

KNOW ALL MEN BY THESE PRESENTS:

That \_\_\_\_\_ (an individual, partnership, or a corporation organized in the State of \_\_\_\_\_, with its principal office in the City of \_\_\_\_\_, State of \_\_\_\_\_ and authorized to do business in the State of New Mexico), as PRINCIPAL is firmly bound unto the State of New Mexico, for the use and benefit of the Oil Conservation Division of the Energy, Minerals and Natural Resources Department (DIVISION) in the sum of \_\_\_\_\_ (\$ \_\_\_\_\_ .00) Dollars.

The conditions of this obligation are such that:

The PRINCIPAL has heretofore or may hereafter enter into the collection, disposal, evaporation, remediation, reclamation, treatment or storage of produced water, drilling fluids, drill cuttings, completion fluids, contaminated soils, BS&W, tank bottoms, waste oil or other oil field related waste in Section \_\_\_\_\_, Township \_\_\_\_\_, Range \_\_\_\_\_, NMPM, \_\_\_\_\_ County, New Mexico.

NOW, THEREFORE, this \$ \_\_\_\_\_ bond is conditioned upon substantial compliance with all applicable statutes of the State of New Mexico and all rules and orders of the DIVISION and the Oil Conservation Commission, and upon clean-up of the facility site to standards of the DIVISION; otherwise the bond is to be forfeited to the Division.

The PRINCIPAL has deposited funds on behalf of the DIVISION in the amount of \$ \_\_\_\_\_ .00 ( \_\_\_\_\_ dollars) in the manner indicated on page 2 of this instrument, **Assignment of Cash Collateral Deposit**, to secure this bond. The PRINCIPAL pledges the funds as a guarantee that it, its executors, assigns, heirs and administrators will abide by the Statutes of the State of New Mexico and the rules and orders of the DIVISION in operating the waste management facility described herein, and that it will properly reclaim the facility site upon cessation of operations. If the PRINCIPAL does not properly reclaim and restore the facility site, and otherwise abide by the rules and orders of the DIVISION, this bond shall be forfeited in full and such funds as necessary applied to the cost of reclaiming the facility site. If the amount of the bond is less than the actual cost incurred by the DIVISION in reclaiming the facility site, the DIVISION may institute legal action against the PRINCIPAL to recover any amounts expended over and above the amount of the bond.

NOW THEREFORE, if the above PRINCIPAL or its successors, assigns, heirs, administrators or any of them shall properly reclaim and restore the above-described facility site upon cessation of operations and otherwise abide by the rules and orders of the Division, then therefore, this obligation shall be null and void and the principal sum hereof shall be paid to the PRINCIPAL, or its successors, heirs, or administrator; otherwise it shall remain in full force and effect.

**Assignment of Cash Collateral Deposit For Bond for Waste Management Facility**

Pursuant to Rule 711 of the Rules of the Oil Conservation Division, or successor provisions, \_\_\_\_\_, (hereinafter "Principal"), of \_\_\_\_\_ (address) has deposited with the \_\_\_\_\_ (name of the financial institution, which must be a federally insured bank or savings institution within the state of New Mexico) of \_\_\_\_\_ (address) (hereinafter "Financial Institution"), the sum of \_\_\_\_\_ (\$ \_\_\_\_\_ .00) dollars in Certificate of Deposit or savings account No. \_\_\_\_\_. The Principal hereby assigns and conveys all right, title and interest in the deposited funds to the Financial Institution in trust for the Oil Conservation Division of the Energy, Minerals and Natural Resources Department (hereinafter "Division") or successor agency of the State of New Mexico. The Principal and the Financial Institution agree that as to the deposited funds:

- a. The funds deposited pursuant to the terms of this Assignment are to serve as a cash bond covering a waste management facility operated by the Principal.
- b. The Division acquires by this Assignment the entire beneficial interest in the funds with the right to order the Financial Institution, in writing, to distribute the fund to persons determined by the Division to be entitled thereto, including the Division itself, in amounts determined by the Division, or to the Principal upon sale of the facility covered by this Assignment provided all applicable Division orders and rules have been complied with regarding the waste management facility.
- c. The Principal retains no legal or beneficial interest in the fund and has only the right to interest, if any, thereon, and to return of the fund upon written order of the Division in the event the Principal properly reclaims the facility site and otherwise abides by the rules and order of the Division and the Oil Conservation Commission.
- d. The Financial Institution agrees that the funds may not be assigned, transferred pledged or distributed except upon written order of the Division or a court of competent jurisdiction made in a proceeding in which the Division is a party. The Financial Institution waives all statutory or common law liens or rights of set-off against the funds.

The Principal agrees that the Financial Institution may deduct from interest due the Principal any attorney fees incurred by the Financial Institution if claim or demand via writ, summons or other process arising from Principal's business is made upon the Financial Institution.

Signed this \_\_\_\_\_ day of \_\_\_\_\_, 2\_\_\_\_\_.

\_\_\_\_\_  
Signature of PRINCIPAL, personally or by authorized officer

\_\_\_\_\_  
Signature of authorized officer of Financial Institution

\_\_\_\_\_  
Title  
(Note: If PRINCIPAL is corporation, affix corporate seal here.)

\_\_\_\_\_  
Title

\_\_\_\_\_  
Mailing Address

\_\_\_\_\_  
Mailing Address

**ACKNOWLEDGMENT FORM FOR NATURAL PERSONS**

STATE OF \_\_\_\_\_ )  
 )SS.  
COUNTY OF \_\_\_\_\_ )

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 2\_\_\_\_, by

\_\_\_\_\_.

My commission expires:

\_\_\_\_\_ Date \_\_\_\_\_ Notary Public

**ACKNOWLEDGMENT FORM FOR CORPORATION, INCORPORATED ASSOCIATION OR PARTNERSHIP**

STATE OF \_\_\_\_\_ )  
 )SS.  
COUNTY OF \_\_\_\_\_ )

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 2\_\_\_\_, by

\_\_\_\_\_ as (title) \_\_\_\_\_

of \_\_\_\_\_, a corporation, incorporated association, or partnership.

My commission expires:

\_\_\_\_\_ Date \_\_\_\_\_ Notary Public

**ACKNOWLEDGMENT FORM FOR FINANCIAL INSTITUTION**

STATE OF \_\_\_\_\_ )  
 )SS.  
COUNTY OF \_\_\_\_\_ )

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 2\_\_\_\_, by

\_\_\_\_\_ as (title) \_\_\_\_\_ on behalf of

\_\_\_\_\_ financial institution.

My commission expires:

\_\_\_\_\_ Date \_\_\_\_\_ Notary Public