State of New Mexico Energy, Minerals and Natural Resources Department Oil Conservation Division

<u>Irrevocable Letter of Credit</u> (5-Year - Automatically Renewable)

File with Oil Conservation Division, 1220 South St. Francis, Santa Fe, New Mexico 87505

LETTER OF CREDIT NO.	API Number 30-0
Effective Date:, 20	
	[Name of FINANCIAL
irrevocable Letter of Credit for the use and bene Minerals and Natural Resources Department (or s DIVISION), pursuant to NMSA 1978, Section 70-2-	king association, as ISSUER, hereby establishes this fit of the Oil Conservation Division of the Energy, successor agency) of the State of New Mexico (the 14, as amended, for an aggregate amount not to exceed tollars (\$) in United States dollars (Face
Amount) effective on the date indicated a	
	,as APPLICANT.
financial assurance for the APPLICANT pursuant to	d that this letter of credit be issued to the DIVISION as a statutory and regulatory requirements of the State of as amended, and in 19.15.8.9 NMAC and 19.15.8.11
assurance for the compliance by the APPLICANT v and with all rules and orders of the Oil Conservation to cause wells in the State of New Mexico now or he plugged and abandoned, if dry, or when no long	cable for the term hereof, and is furnished as financial with all applicable statutes of the State of New Mexico in Commission and DIVISION, including requirements ereafter owned or operated by Applicant to be properly ter productive or useful for a beneficial purpose, in on, including but not limited to 19.15.8.9 NMAC and the hereafter amended.
from the effective date of the Letter of Credit]; uby the DIVISION. Upon the expiration date, this I additional term of five years commencing on such expears each upon the occurrence of each subsequent least thirty days prior to any scheduled expiration d mail, return receipt requested, to the DIVISION. This	Inot less than five (5) years nless sooner released by written notice to the ISSUER Letter of Credit shall be automatically renewed for an appration date, and likewise for successive terms of five scheduled expiration date, unless the ISSUER has, at ate, mailed written notice of non-renewal, by certified s Letter of Credit may be forfeited and collected by the assurance at least 30 days before the expiration date
the form of Exhibit A, specifying Letter of Credit N ISSUER at certificate in the form of Exhibit B, signed by the authorized representative. At the Division's sole electric contents of the contents o	lit are available against the DIVISION's sight draft, in No, delivered to the office of the[address], accompanied by a ne Director of the DIVISION or the Director's duly ction, the DIVISION may present sight drafts for less o time so long as this letter of credit remains in force, shall not exceed the Face Amount.
Paragraph 4, above, on or before the expiration or	VISION's sight draft(s) and certificate(s) as provided in termination of this Letter of Credit, the ISSUER shall, up to an aggregate amount not to exceed the Face

Amount of this Letter of Credit, available to the DIVISION no later than 5 p.m. in Santa Fe, NM on the

second business day following the ISSUER's receipt of the sight draft and certificate, and in such a manner as the DIVISION may specify.

6. The ISSUER shall give prompt notice to the APPLICANT and to the DIVISION of any notice received or action filed alleging the insolvency or bankruptcy of the ISSUER, or alleging any violations of regulatory requirements that could result in suspension or revocation of the ISSUER's charter or license to do business.

7. 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, by International Chamber of Commerce Publication No. 600, entitled "Uniform Customs and Practice for Documentary Credits" (most recent revision).

8. All communications regarding this Letter of Credit shall be addressed to the ISSUER

at[address], r	referencing Letter of Credit No) .	
	Very truly yours,	•	
	ISSUER		
	By(Name, ty	ped or printed)	
		d Signature)	
	Title		
	Effective Date	, 20	
State of			
This instrument was acknowledged before me	on thisday of	,	
20by		(Title)	
of(ISSU	JER).		
My Commission Expires:	Not	ary Public	

NOTICE: The attached exhibits <u>must be initialed</u> by the party signing this letter of credit for the Financial Institution. If this letter of credit is executed by an officer other than the President, a Vice President, or a branch manager, it must be accompanied by a certified resolution of the Board of Directors of the Financial Institution, certifying to the authority of the signing officer to execute letters of credit in at least the Face Amount.

EXHIBIT A - SIGHT DRAFT

to

Let	ter of Credit No
Date	
PAY TO THE ORDER OF DEPARTMENT	ENERGY, MINERALS & NATURAL RESOURCES
(\$)	DOLLARS
TO: (Name of ISSUER) and (Address – Must be physical	address) New Mexico Energy Minerals and
	Natural Resources Department Oil Conservation Division 1220 South St. Francis Santa Fe, New Mexico 87505
	By:
	Date
Initials of Representative of Financial Institution	

EXHIBIT B

to

Letter of Credit No. _____

Ι,	, a duly authorized rep	resentative of the
New Mexico Oil Conservation Division, her	reby certify that: (1) the	drawing in the
amount of	Dollars (\$	_), by sight draft
accompanying this certificate, under Letter of	of Credit No.	dated
issued by you, is dul	ly authorized in accordan	ce with the New
Mexico Oil and Gas Act (NMSA 1978, Secti	ons 70-2-1 through 70-2-	38, as amended)
and applicable rules of the New Mexico Oil Co	onservation Division; (2) t	he amount of the
sight draft, together with any amounts previou	sly drawn under the Lette	er of Credit, does
not exceed the Face Amount of the Letter	of Credit; and (3) the M	New Mexico Oil
Conservation Division has directed the forfeitu	re of the Letter of Credit.	
	New Mexico Oil Conse	ervation Division
	Ву:	
	Date	
Initials of Representative of Financial Institution		