

**NM1 - 10A**

**BONDS**

**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 JFI Landfarm, L.L.C. (an individual, partnership, or a corporation organized in the State of New Mexico, with its principal office in the City of Bloomfield, State of N.M. 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 Twenty five Thousand Dollars (\$ 25,000.00) 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 2, Township 29 North, Range 12 West, NMPM, San Juan County, New Mexico.

NOW, THEREFORE, this \$ 25,000.00 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 \$ 25,000.00 (Twenty five thousand 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, JFJ Landfarm L.L.C., (hereinafter "Principal"), of 2040 W. Broadway Bloomfield, N.M. 87413 (address) has deposited with the Citizens Bank (name of the financial institution, which must be a federally insured bank or savings institution within the state of New Mexico) of P.O. Box 4140, Farmington N.M. 87499-4140 (address) (hereinafter "Financial Institution"), the sum of Twenty five thousand dollars (\$ 25,000.00) dollars in Certificate of Deposit or savings account No. 0193508923. 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, without further consent by the Principal, 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 30th day of July, 2002.

By Principal JFJ Landfarm L.L.C.

By Financial Institution Citizens Bank

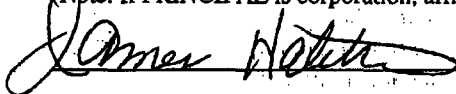
James Hatcher

Robert J. Fate, Vice President

Title

Title

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



2040 W. Broadway, Bloomfield, NM

500 W. Broadway, Farmington, NM 87401

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 OR PARTNERSHIP

STATE OF New Mexico )  
 )SS.  
 COUNTY OF San Juan )

The foregoing instrument was acknowledged before me this 30th day of July, 2002, by  
James Hatcher

officer or partner(s) of JFJ Landfarm L.L. C., a  
 corporation, a partnership on behalf of said corporation or partnership.

My commission expires: 4/20/2004

Date

Notary Public

NOTE: When Principal is a partnership, corporation of association, list all partners, officers and directors as may be applicable. This information may be provided below.

## ACKNOWLEDGMENT FORM FOR FINANCIAL INSTITUTION

STATE OF New Mexico )  
 )SS.  
 COUNTY OF San Juan )

The foregoing instrument was acknowledged before me this 30th day of July, 2002, by  
Robert J. Fate title Vice President on behalf of  
Citizens Bank, financial institution.

My commission expires: 4/20/2004

Notary Public

C/D ACCOUNT 01 935089 03

JFJ LANDFARM, LLC

BRANCH 01 DFF 00

SS 04-3702715

HDME 000 0000

BUS 000 0000

DLY RATE 1.4041

PRM TIME  
CD #

TYPE

2040 W BROADWAY  
BLOOMFIELD

NM 87413

CURRENT BALANCE	MATURITY DATE	ORIGINAL AMOUNT	PENALTY	PAYOFF	RATE
25,000.00	07/29/2003	25,000.00	42.71	24,958.69	2.0500

12 MONTHS

LAST MAINT  
07/30/2002

HOLD AMT  
25,000.00

DT NXT INT  
AMT NXT INT

07/29/2003  
512.50

MATURITY  
ADD-ON

07/29/2002

DT LST INT  
AMT LST INT  
MEMO POST

ENTER OPTION \_\_\_\_\_

HLD SIG

07/30/02 102 12.21 PAX 000000001

INDUSTRIAL 200

OLHLDSTP01 U.10100

STOP PAYMENT/HOLD

SEQ ACCT NUM

AMOUNT

PAY TO/CK #/CK DT

REASON

DT ON

DT OFF

1 193508923 H 25,000.00

CASH BOND/WASTE MGMT

07/30/2002 00/00/0000

ENTER ADD, DEL, OR (ENTER)

# TRANSACTION REPORT

P. 01

JUL-30-2002 TUE 02:29 PM

FOR:

RECEIVE

DATE	START	SENDER	RX TIME	PAGES	TYPE	NOTE	M#	DP
JUL-30	02:26 PM	6503554517	2' 34"	6	RECEIVE	OK		

\*\*\*\*\*

# Industrial Ecosystems Inc.

To: Martyne Kieling

Fax: 505 476 3462

From: James Hatcher

Date: 7/30/02

Re: JFJ Landfarms L.L.C.

Pages: 6

CC:

☐ Urgent

☐ For Review

☐ Please Comment

☐ Please Reply

☐ Please Recycle





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

Cash Bond For Waste Management Facilities

KNOW ALL MEN BY THESE PRESENTS:

That Tierra Environmental Co. Inc., (an individual, partnership, or a corporation organized in the State of New Mexico, with its principal office in the City of Albuc, State of New Mexico, and authorized to do business in the State of New Mexico), (hereinafter "Principal") is held 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 (hereinafter "Division") in the sum of Eight thousand (\$ 8,000 ) Dollars.

The conditions of this obligation are such that:

The above 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 and/or other oil field related waste in Section 2, Township 29N, Range 12W, NMPM, Sandoz County, New Mexico.

NOW, THEREFORE, this \$ 8,000 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 State of New Mexico.

The Principal has deposited funds on behalf of the Division in the amount of \$ 8,000 (Eight thousand 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 its executors, assigns, heirs and administrators will abide by the laws 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 Principal, its successors, assigns, heirs, or administrators 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 funds securing this bond 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, Tierra Environmental Co Inc (hereinafter "Principal") of P.O. Drawer 15250 Farmington, Nm (address) has deposited with the Citizens Bank (name of the financial institution, which must be a federally insured bank or savings institution within the State of New Mexico) of 500 W. Broadway, Farmington (address) (hereinafter "Financial Institution"), the sum of Eight thousand (\$ 8,000) dollars in Certificate of Deposit or savings account No. 016954 223. 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 funds 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 funds and has only the right to interest, if any, thereon, and to return of the funds upon written order of the Division.
- 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 the Principal's business is made upon the Financial Institution.

Signed and sealed this 5<sup>th</sup> day of September, 2000.

[Signature]  
Signature of Principal, personally or by  
authorized officer

Vice President  
Title

(Note: If Principal is corporation, affix corporate seal here.)

P.O. Drawer 15250  
Farmington, Nm 87401  
Mailing Address

[Signature]  
Signature of authorized officer of Financial  
Institution

Assistant Vice President  
Title

500 W. Broadway  
Farmington, Nm 87401  
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:

\_\_\_\_\_

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

ACKNOWLEDGMENT FORM FOR CORPORATION OR PARTNERSHIP

STATE OF New Mexico )  
SS.  
COUNTY OF San Juan )

The foregoing instrument was acknowledged before me this 5<sup>th</sup> day of September, 2000,  
by Dorothy Nobis

officer or partner(s) of Tierra Environmental Co Inc.  
a corporation, a partnership on behalf of said corporation or partnership

My commission expires:

1-21-2001  
Date

Shelby Motley  
Notary Public

NOTE: When Principal is a partnership, corporation or association, list all partners, officers and directors as may be applicable. This information may be provided below.

ACKNOWLEDGMENT FORM FOR FINANCIAL INSTITUTION

STATE OF New Mexico )  
SS.  
COUNTY OF San Juan )

The foregoing instrument was acknowledged before me this 5<sup>th</sup> day of September, 2000,  
by Delaine Berry title A.V.P. on behalf of

CITIZENS BANK financial institution.

My commission expires:

1-21-2001  
Date

Shelby Motley  
Notary Public

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

Cash Bond For Waste Management Facilities

KNOW ALL MEN BY THESE PRESENTS:

That Tierra Environmental Co. Inc, (an individual, partnership, or a corporation organized in the State of New Mexico, with its principal office in the City of Artes, State of New Mexico, and authorized to do business in the State of New Mexico), (hereinafter "Principal") is held 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 (hereinafter "Division") in the sum of Twenty-five thousand (\$25,000) Dollars.

The conditions of this obligation are such that:

The above 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 and/or other oil field related waste in Section 2, Township 29N, Range 12W, NMPM, San Juan County, New Mexico.

NOW, THEREFORE, this \$ 25,000 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 State of New Mexico.

The Principal has deposited funds on behalf of the Division in the amount of \$ 25,000 (Twenty-five thousand 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 its executors, assigns, heirs and administrators will abide by the laws 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 Principal, its successors, assigns, heirs, or administrators 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 funds securing this bond 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**

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- 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 funds 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 funds and has only the right to interest, if any, thereon, and to return of the funds upon written order of the Division.
- 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 the Principal's business is made upon the Financial Institution.

Signed and sealed this 22<sup>nd</sup> day of August, 2000.

[Signature]  
Signature of Principal, personally or by  
authorized officer

Vice President  
Title

(Note: If Principal is corporation, affix corporate seal here.)

PO Drawer 15250

Farmington, n.m. 87401  
Mailing Address

[Signature]  
Signature of authorized officer of Financial  
Institution

AC, E Branch Manager  
Title

500 W. Broadway  
Farmington NM 87401  
Mailing Address

ACKNOWLEDGMENT FORM FOR NATURAL PERSONS

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

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

My commission expires: \_\_\_\_\_

\_\_\_\_\_ Date

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

ACKNOWLEDGMENT FORM FOR CORPORATION OR PARTNERSHIP

STATE OF New Mexico )  
COUNTY OF San Juan ) SS.

The foregoing instrument was acknowledged before me this 22 day of August, 2000  
by Dorothy J. Noble

officer or partner(s) of Sigma Environmental Co. Inc  
a corporation, a partnership on behalf of said corporation or partnership

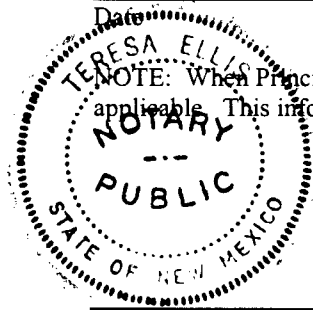
My commission expires: \_\_\_\_\_

March 28, 2001

Teresa Ellis

Notary Public

NOTE: When Principal is a partnership, corporation or association, list all partners, officers and directors as may be applicable. This information may be provided below.



ACKNOWLEDGMENT FORM FOR FINANCIAL INSTITUTION

STATE OF New Mexico )  
COUNTY OF San Juan ) SS.

The foregoing instrument was acknowledged before me this 22 day of August, 2000  
by Dan Hodges

title Ac. E Branch Manager on behalf of

Citizens Bank financial institution.

My commission expires: \_\_\_\_\_

March 28, 2001

Teresa Ellis

Notary Public

