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BONDS



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop
Cabinet Secretary

January 23, 2003

Lori Wrotenbery

Director

Oil Conservation Division

CERTIFIED MAIL

RETURN RECEIPT NO. 7001-1940-0004-3929-8898

Mr. Tony Schmitz
T-n-T Environmental, Inc.
HCR 74 P.O. Box 113
Lyndrith, New Mexico 87029

**RE: \$5,250.14 Cash Bond and Assignment for
Commercial Surface Waste Management Facility Permit NM-01-0008
T-n-T Environmental, Inc., Principal
Four Corners Community Bank, Surety
SE/4 Section 7 and SW/4 Section 8 (evaporation ponds), and the
SW/4 SE/4 and SE/4 SW/4 Section 5 and the NE/4 NW/4 Section 8 (landfarm),
Township 25 North, Range 3 West, NMPM, Rio Arriba County, New Mexico
Certificate Of Deposit No. 651**

Dear Mr. Schmitz:

The New Mexico Oil Conservation Division hereby approves the above-referenced Commercial Surface Waste Management Facility cash bond and assignment of cash collateral deposit. T-n-T Environmental now has a total of \$148,690 in cash bonds for the above permitted facility

Sincerely,

David K. Brooks
Assistant General Counsel, EMNRD

DKB:mjk

Enclosure: Copy of cash bond and assignment of cash collateral deposit

xc with attachment:

Aztec OCD Office
Sheila Schauer, Four Corners Community Bank

**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 T-N-T Environmental, Inc. (an individual, partnership, or a corporation organized in the State of New Mexico, with its principal office in the City of Lindrith, State of New Mexico 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 ~~Five thousand two hundred fifty~~ (\$ 5,250.14 ~~XX0~~) Dollars.
& 14/100**

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 5, 7, 8 Township 25N, Range 3W, NMPM, Rio Arriba County, New Mexico.

NOW, THEREFORE, this \$ 5,250.14 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 \$ 5,250.00 (~~Five thousand two hundred~~ Fifty & 14/100 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, T-N-T Environmental, Inc., (hereinafter "Principal"), of HCR 74 Box 113, Lindrith, NM (address) has deposited with the Four Corners Community Bank (name of the financial institution, which must be a federally insured bank or savings institution within the state of New Mexico) of New Mexico (address) (hereinafter "Financial Institution"), the sum of ****Five thousand two hundred fifty & (\$5,250.14 .00)** dollars in Certificate of Deposit or savings account No. 14/100**. 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 26th day of November, 2 002.



Signature of PRINCIPAL, personally or by authorized officer



Signature of authorized officer of Financial Institution

President

President

Title

Title

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

HCR 74 Box 113, Lindrith, NM

500 W. Main St., Suite 101
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 Rio Arriba)

The foregoing instrument was acknowledged before me this 26th day of November, 2002, by Tony Lee Schmitz

_____ officer or partner(s) of T-N-T Environmental, Inc.,
a corporation, a partnership on behalf of said corporation or partnership.

My commission expires:

05-02-04

_____ Date

Lois Schell
_____ 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 26th day of November, 2002, by Sheila Schauer title President on behalf of

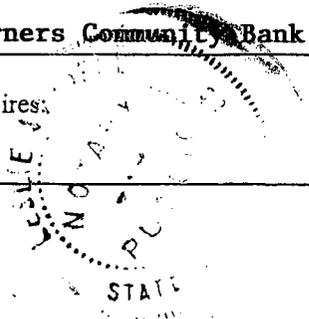
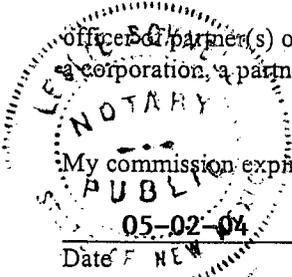
Four Corners Community Bank, financial institution.

My commission expires:

05-02-04

_____ Date

Lois Schell
_____ Notary Public





NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor
Joanna Prukop
Cabinet Secretary

January 15, 2003

Lori Wrotenbery
Director
Oil Conservation Division

CERTIFIED MAIL
RETURN RECEIPT NO. 7001-1940-0004-3929-8294

Mr. Tony Schmitz
T-n-T Environmental, Inc.
HCR 74 P.O. Box 113
Lyndrith, New Mexico 87029

**RE: \$31,922.78 Cash Bond and Assignment for
Commercial Surface Waste Management Facility Permit NM-01-0008
T-n-T Environmental, Inc., Principal
Four Corners Community Bank, Surety
SE/4 Section 7 and SW/4 Section 8 (evaporation ponds), and the
SW/4 SE/4 and SE/4 SW/4 Section 5 and the NE/4 NW/4 Section 8 (landfarm),
Township 25 North, Range 3 West, NMPM, Rio Arriba County, New Mexico
Certificate Of Deposit No. 651**

Dear Mr. Schmitz:

The New Mexico Oil Conservation Division hereby approves the above-referenced Commercial Surface Waste Management Facility cash bond and assignment of cash collateral deposit. T-n-T Environmental now has a total of \$143,439.86 in cash bonds for the above permitted facility. An additional \$5,250.14 is needed to have the full \$148,690 required by permit NM-01-0008.

Sincerely,

Handwritten signature of David K. Brooks in cursive.

David K. Brooks
Assistant General Counsel, EMNRD

DKB:mjk

Enclosure: Copy of cash bond and assignment of cash collateral deposit

xc with attachment:

Aztec OCD Office
Sheila Schauer, Four Corners Community Bank

**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 T-N-T ENVIRONMENTAL, INC. (an individual, partnership, or a corporation organized in the State of New Mexico, with its principal office in the City of Lindrith, State of New Mexico 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 *Thirty one thousand nine hundred ~~(\$31,922.78 .00)~~ twenty two & 78/100** 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 5,7,8, Township 25N, Range 3W, NMPM, Rio Arriba County, New Mexico.

NOW, THEREFORE, this \$ 31,922.78 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 \$31,922.78 (Thirty one thousand nine hundred twenty two & 78/100 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, T-N-T Environmental, Inc. _____, (hereinafter "Principal"), of HCR 74 Box 113, Lindrith, NM _____ (address) has deposited with the Four Corners Community Bank _____ 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 ~~twenty two & 78/100~~ ^{Thirty one thousand nine hundred} (\$ ~~31,922.78~~ ^{31,922.78}) dollars in Certificate of Deposit or savings account No. ~~_____~~ ⁶⁵¹. 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 27th day of September, 2002.

By Principal 

By Financial Institution 

PRESIDENT
Title

President
Title

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

HCR 74 Box 113, Lindrith, NM

500 W. Main St., Suite 101
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 Rio Arriba)

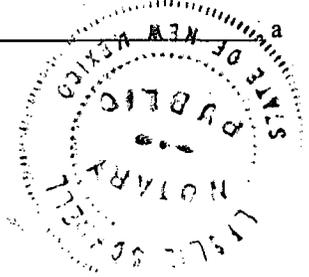
The foregoing instrument was acknowledged before me this 27th day of September, 2002, by Tony Lee Schmitz

officer or partner(s) of T-N-T Environmental, Inc.
corporation, a partnership on behalf of said corporation or partnership.

My commission expires:

05-02-04
Date

Leslie Schell
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 27th day of September, 2002, by Sheila Schauer title President on behalf of Four Corners Community Bank, financial institution.

My commission expires:

05-02-04
Date

Leslie Schell
Notary Public





NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON

Governor

Jennifer A. Salisbury

Cabinet Secretary

Lori Wrotenbery

Director

Oil Conservation Division

June 14, 2001

CERTIFIED MAIL

RETURN RECEIPT NO. 7099-3220-0000-5051-2405

Mr. Tony Schmitz
T-n-T Environmental, Inc.
HCR 74 P.O. Box 115
Lyndrith, New Mexico 87029

**RE: \$74,345 Surety Bond for Commercial Surface Waste Management Facility
Permit WM-1-008
T-n-T Environmental, Inc., Principal
Four Corners Community Bank, Surety
SE/4 Section 7 and SW/4 Section 8 (evaporation ponds), and the
SW/4 SE/4 and SE/4 SW/4 Section 5 and the NE/4 NW/4 Section 8 (landfarm),
Township 25 North, Range 3 West, NMPM, Rio Arriba County, New Mexico
Certificate Of Deposit No. 247**

Dear Mr. Schmitz:

The New Mexico Oil Conservation Division hereby approves the above-referenced Commercial Surface Waste Management Facility cash bond and assignment of cash collateral deposit.

Sincerely,

David K. Brooks

Assistant General Counsel, EMNRD

DKB:mjk

Enclosure: Copy of cash bond and assignment of cash collateral deposit

xc with attachment:

Aztec OCD Office

Sheila Schauer, Four Corners Community Bank



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Jennifer A. Salisbury
Cabinet Secretary

June 14, 2001

Lori Wrotenbery
Director
Oil Conservation Division

CERTIFIED MAIL
RETURN RECEIPT NO. 7099-3220-0000-5051-2412

Mr. Tony Schmitz
T-n-T Environmental, Inc.
HCR 74 P.O. Box 115
Lyndrith, New Mexico 87029

**RE: \$60,000 Surety Bond for Commercial Surface Waste Management Facility
Permit WM-1-008
T-n-T Environmental, Inc., Principal
Four Corners Community Bank, Surety
SE/4 Section 7 and SW/4 Section 8 (evaporation ponds), and the
SW/4 SE/4 and SE/4 SW/4 Section 5 and the NE/4 NW/4 Section 8 (landfarm),
Township 25 North, Range 3 West, NMPM, Rio Arriba County, New Mexico
Certificate Of Deposit No. 91**

Dear Mr. Schmitz:

The OCD has received and approved a replacement certificate of for T-n-T Environmental, Inc. for the 711 Waste Management Facility (Permit WM-1-0008) and hereby approves the cancellation of the above-referenced financial assurance.

Sincerely,

A handwritten signature in cursive script that reads "David K. Brooks".

David K. Brooks
Assistant General Counsel, EMNRD

DKB:mjk

Enclosure: Original cash bond and assignment of cash collateral deposit

xc with attachment:

Aztec OCD Office
Sheila Schauer, Four Corners Community Bank



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Betty Rivera
Cabinet Secretary

February 20, 2002

Lori Wrotenbery
Director
Oil Conservation Division

CERTIFIED MAIL
RETURN RECEIPT NO. 7099-3220-0000-5051-2269

Mr. Tony Schmitz
T-n-T Environmental, Inc.
HCR 74 P.O. Box 113
Lyndrith, New Mexico 87029

**RE: \$37,172 Cash Bond and Assignment for
Commercial Surface Waste Management Facility Permit NM-01-0008
T-n-T Environmental, Inc., Principal
Four Corners Community Bank, Surety
SE/4 Section 7 and SW/4 Section 8 (evaporation ponds), and the
SW/4 SE/4 and SE/4 SW/4 Section 5 and the NE/4 NW/4 Section 8 (landfarm),
Township 25 North, Range 3 West, NMPM, Rio Arriba County, New Mexico
Certificate Of Deposit No. 367**

Dear Mr. Schmitz:

The New Mexico Oil Conservation Division hereby approves the above-referenced Commercial Surface Waste Management Facility cash bond and assignment of cash collateral deposit. T-n-T Environmental now has a total of \$111,517 in cash bonds for the above permitted facility. An additional \$37,172 will be due on August 6, 2002.

Sincerely,

David K. Brooks
Assistant General Counsel, EMNRD

DKB:mjk

Enclosure: Copy of cash bond and assignment of cash collateral deposit

xc with attachment:

Aztec OCD Office
Hazel Jackson, Four Corners Community Bank

**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 T-N-T Environmental, Inc. (an individual, partnership, or a corporation organized in the State of New Mexico, with its principal office in the City of Lindrith, State of New Mexico 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 (\$ 37,172 .00) Dollars.

Thirty Seven Thousand One Hundred Seventy Two & 00/100*****

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 7 & 5, Township 25N, Range 3W, NMPM, Rio Arriba 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 \$ 37,172.00 (~~Two & 00/100***~~ **Thirty Seven Thousand One Hundred Seventy** 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.

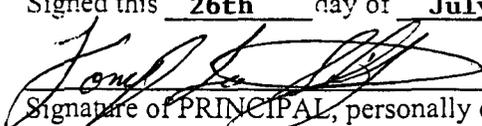
Assignment of Cash Collateral Deposit For Bond for Waste Management Facility

Pursuant to Rule 711 of the Rules of the Oil Conservation Division, or successor provisions, T-N-T Environmental, Inc., (hereinafter "Principal"), of HCR 74 Box 113, Lindrith, NM (address) has deposited with the Four Corners Community 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. Main Street, Suite 101, Farmington, NM (address) (hereinafter "Financial Institution"), the sum of Thirty Seven Thousand One Hundred (\$ 37,172 .00) dollars in Certificate of Deposit or savings account No. 367. The Principal Seventy hereby assigns and conveys all right, title and interest in the deposited funds to the Financial Institution in trust for Two&00/100 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 26th day of July, 2001


Signature of PRINCIPAL, personally or by authorized officer


Signature of authorized officer of Financial Institution

President
Title

Business Development Officer
Title

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

HCR 74 Box 113, Lindrith, NM

500 W. Main St., Suite 101, 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 Rio Arriba)

The foregoing instrument was acknowledged before me this 6th day of August, 2001, by Tony Lee Schmitz

officer of partner(s) of T-N-T Environmental, Inc., a corporation, a partnership on behalf of said corporation or partnership.

My commission expires:

August 10, 2004
Date

Lottie M. Davis
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 26th day of July, 2001, by Hazel Jackson title Business Development Officer on behalf of Four Corners Community Bank, financial institution.

My commission expires:

08-14-03
Date

Donna L. Lewis
Notary Public



NEW MEXICO ENERGY, MINERALS and
NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Jennifer A. Salisbury
Cabinet Secretary

Lori Wrotenbery
Director
Oil Conservation Division

MAY mj
July 18, 2001

CERTIFIED MAIL
RETURN RECEIPT NO. Z-559-573-324

Mr. Tony Schmitz
T-n-T Environmental, Inc.
HCR 74 P.O. Box 115
Lyndrith, New Mexico 87029

**RE: \$60,000 Surety Bond for Commercial Surface Waste Management Facility
Permit WM-1-008
T-n-T Environmental, Inc., Principal
Four Corners Community Bank, Surety
SE/4 Section 7 and SW/4 Section 8 (evaporation ponds), and the
SW/4 SE/4 and SE/4 SW/4 Section 5 and the NE/4 NW/4 Section 8 (landfarm),
Township 25 North, Range 3 West, NMPM, Rio Arriba County, New Mexico
Certificate Of Deposit No. 91**

Dear Mr. Schmitz:

The New Mexico Oil Conservation Division hereby approves the above-referenced Commercial Surface Waste Management Facility cash bond and assignment of cash collateral deposit.

Sincerely,

Stephen C. Ross
Assistant General Counsel, EMNRD

SCR:mjk

Enclosure: Copy of cash bond and assignment of cash collateral deposit

xc with attachment:

Aztec OCD Office
Sheila Schauer, Four Corners Community Bank

**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 T-N-T Environmental Inc. (an individual, partnership, or a corporation organized in the State of New Mexico, with its principal office in the City of Lindrith, State of New Mexico 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 **Sixty Thousand & 00/100** (\$*60,000 .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 7 & 5, Township 25N, Range 3W, NMPM, Rio Arriba County, New Mexico.

NOW, THEREFORE, this \$ **60,000.00** 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 \$60,000 .00 (**Sixty Thousand & 00/100** 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.

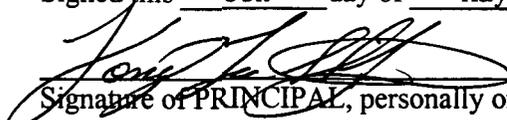
Assignment of Cash Collateral Deposit For Bond for Waste Management Facility

Pursuant to Rule 711 of the Rules of the Oil Conservation Division, or successor provisions, T-N-T Environmental, Inc., (hereinafter "Principal"), of HCR 74 Box 113, Lindrith, NM (address) has deposited with the Four Corners Community 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. Main Street, Suite 101, Farmington, NM (address) (hereinafter "Financial Institution"), the sum of ****Sixty Thousand & 00/100**** (\$ 60,000 .00) dollars in Certificate of Deposit or savings account No. 91. 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:

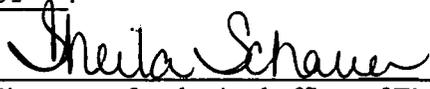
- a. The funds deposited pursuant to the terms of this Assignment are to serve as a cash bond covering a waste management facility operated by the Principal.
- b. The Division acquires by this Assignment the entire beneficial interest in the funds with the right to order the Financial Institution, in 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 8th day of May, 2001.



Signature of PRINCIPAL, personally or by authorized officer



Signature of authorized officer of Financial Institution

President

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

President

Title

HCR 74 Box 113, Lindrith, NM

Mailing Address

500 W. Main St. Suite, 101, Farmington, NM

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 Rio Arriba)

The foregoing instrument was acknowledged before me this 10th day of May, 2001,
by Tony Lee Schmitz

officer of partner(s) of T-N-T Environmental, Inc.,
a corporation, a partnership on behalf of said corporation or partnership.

My commission expires:

December 31, 2001
Date

Linda J. Voss
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 8th day of May, 2001,
by Sheila Schauer title President on behalf of
Four Corners Community Bank, financial institution.

My commission expires:

08/14/03
Date

Donna L. Lewis
Notary Public



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

June 26, 1996

CERTIFIED MAIL
RETURN RECEIPT NO. P-176-013-154

Mr. Tony Schmitz
TNT Construction, Inc.
HCR 74, Box 115
Lyndrith, New Mexico 87029

**RE: \$25,000 Commercial Waste Management Facility Bond
T-N-T Construction, Inc.
TNT Disposal Facility (Permit #NM-01-0008)
Rio Arriba County, New Mexico**

Dear Mr. Schmitz:

The New Mexico Oil Conservation Division hereby approves the above-referenced Commercial Waste Management Facility Bond.

Sincerely,

Roger C. Anderson
Environmental Bureau Chief

RCA/cee

cc: OCD Aztec Office

AUG 28 1997

Environmental Bureau
Oil Conservation Division



IRREVOCABLE STANDBY LETTER OF CREDIT NO. ANB3420
New Letter of Credit Number Referenced Herein: L931830
Date: August 11, 1997

AMENDMENT NUMBER THREE

State of New Mexico Energy, Minerals
and Natural Resources Department
Oil Conservation Division
2040 South Pacheco
Santa Fe, NM 87505

Gentlemen:

Please be advised that Standby Letter of Credit No. ANB3420 opened in your favor at the request of T-N-T Construction, Inc., a New Mexico S corporation, HCR 74, Box 115, Lindreth, NM 87029 and for the account of same is amended as follows:

1. Letter of Credit number amended to L931830.

As of August 15, 1997, Sunwest Bank of Albuquerque, N.A. will be merged with and into NationsBank, N.A. If this letter of credit remains in effect on that date, NationsBank, N.A. will assume any and all obligations under this letter of credit by operation of law, and the following section will apply.

ISSUING BANK:	NATIONSBANK, N.A.
DRAFTS TO BE DRAWN ON:	NATIONSBANK, N.A.
PLACE FOR PRESENTATION OF DRAFTS:	NATIONSBANK, N.A. LETTER OF CREDIT DEPT. 901 MAIN ST., 9TH FL. (TX1-492-09-01) DALLAS, TX 75202 (USA)

All references in this letter of credit to Sunwest Bank of Albuquerque, N.A. shall be deemed to be references to NationsBank, N.A. On or after August 15, 1997, please address any inquiries to the above address, or by telephone to 214/508-0502.

All other conditions remain unchanged. This amendment constitutes an integral part of and must be attached to the original letter of credit. This credit is subject to Uniform Customs and Practice for Documentary Credits (1993 Revision) International Chamber of Commerce, Publication No. 500.

SUNWEST BANK OF ALBUQUERQUE, NA

Dianne Drago

RECEIVED

AUG 22 1997

Oil Conservation Division



SUNWEST BANK OF ALBUQUERQUE, N.A.
International Department
Post Office Box 25500
Albuquerque, NM 87125-0500
U.S.A.

Cable Address: SUNWEST ABQ
Telex No.: 66 0430
Phone: (505) 765-2205

REC: 7ED
96 APR 15 AM 8 52

file

Date: April 15, 1996

To: State of New Mexico
Energy, Minerals, and Natural Resources Dept.
2040 South Pacheco
Santa Fe, NM 87505

Ref: Our Letter of Credit No. ANB3420

in favor of State of New Mexico, Energy, Minerals, and Natural Resources Dept.

Gentlemen:

- We attach original ~~and one/two copies~~ of our Letter of Credit.
- We attach original and one/two copy(ies) of our amendment to our Letter of Credit.
- Please deliver the original to the beneficiary, retaining a copy for your files. Your charges, if any, are for account of beneficiary.
- In order for this amendment to become effective, we must have your written agreement. Therefore, please sign the blue copy enclosed, and return it to us in the envelope provided for your convenience.
- Other:

Thank you.

Sincerely,



Authorized Signature

SUNWEST BANK of Albuquerque, N.A.

Overnight courier

INTERNATIONAL DEPARTMENT

P. O. Box 25500 Albuquerque, New Mexico 87125-5500

Cable Address:
SUNWESTBK-ABQ
Telex Number:
660430

IRREVOCABLE STANDBY LETTER OF CREDIT NO. ANB3420

DATED APRIL 15, 1996

AMOUNT \$25,000.00

State of New Mexico
Energy, Minerals, and Natural Resources Dept.
Oil Conservation Division
2040 South Pacheco
Santa Fe, NM 87505

Gentlemen:

At the request of: T-N-T Construction Inc., S Corporation, HCR 74
Box 115, Lindreth, NM 87029

and for the account of: same

We hereby open in your favor our Irrevocable Standby Letter of
Credit not exceeding an aggregate amount of:

****TWENTY FIVE THOUSAND AND 00/100 DOLLARS****

Available with the issuing bank by payment upon receipt of your
draft(s) at **SIGHT** drawn on **SUNWEST BANK OF ALBUQUERQUE, NA** when
accompanied by the documents listed below:

1. The original of this letter of credit.
2. A statement purportedly signed by an authorized representative of the State of New Mexico, Energy, Minerals and Natural Resources Dept., Oil Conservation Division, stating that "T-N-T Construction Inc. has failed to comply with Part B.L.i. of Rule 711 of the State of New Mexico, Energy, Minerals and Natural Resources Dept., Oil Conservation Division, general rules and regulations."

Partial drawing(s) are allowed.

Our obligation under this letter of credit shall not be effected by any circumstance, claim, or defense, real or personal, as to the enforceability of the agreement referenced herein; it being understood that our obligation shall be that of a primary obligor and not that of a surety guarantor, or accommodation maker.

THIS CREDIT IS SUBJECT TO UNIFORM CUSTOMS
AND PRACTICE FOR DOCUMENTARY CREDITS
(1974 REVISION) INTERNATIONAL CHAMBER OF
COMMERCE, PUBLICATION NO. 290.

Continued on Page 2.

INTERNATIONAL DEPARTMENT
P. O. Box 25500 Albuquerque, New Mexico 87125-5500

Cable Address:
SUNWESTBK-ABQ
Telex Number:
660430

Page 2

Attached to and forming an integral part of Irrevocable Standby Letter of Credit No. ANB3420

This letter of credit sets forth in full the terms of our undertaking, and such undertaking shall not in any way be modified, amended, or amplified by reference to any document, instrument, or agreement referred to herein or in which this letter of credit is referred to or to which this letter of credit relates and any such reference shall not be deemed to incorporate herein by reference any document, instrument, or agreement.

We hereby engage with the beneficiary that drafts drawn under and in compliance with the terms of this credit, that such drafts will be duly honored upon presentation on or before **April 5, 1997**, at our counters, Sunwest Bank of Albuquerque, NA, International Department, 303 Roma NW, Albuquerque, New Mexico 87102 U.S.A.

Drafts drawn under this credit must be endorsed and contain the clause: "DRAWN UNDER SUNWEST BANK OF ALBUQUERQUE, N.A. LETTER OF CREDIT NO. ANB3420 DATED APRIL 15, 1996."

This credit is subject to the Uniform Customs and Practice for Documentary Credits (1993 Revision) International Chamber of Commerce Publication No. 500.

SUNWEST BANK OF ALBUQUERQUE, NA

Shanne Drogow

Melanie Alexander

THIS CREDIT IS SUBJECT TO UNIFORM CUSTOMS AND PRACTICE FOR DOCUMENTARY CREDITS (1974 REVISION) INTERNATIONAL CHAMBER OF COMMERCE, PUBLICATION NO. 290.