



STATE OF COLORADO
STATE BOARD OF LAND COMMISSIONERS
1127 Sherman Street, Suite #300, Denver, CO 80203
Phone: (303) 866-3454

TYPE: Single
(Single, Lease, Blanket)

BOND FOR SURFACE RESTORATION NO.
12708658

FOR USE WITH COLORADO LEASE NO.
9362.7

1. The oil and gas, disposal well and/or gas storage lease has been entered into by the State of Colorado through its STATE BOARD OF LAND COMMISSIONERS, as Lessor, and GRAND MESA OPERATING COMPANY, as Lessee, and the leased land contains the site for the following well(s) located in the County of Lincoln, State of Colorado:

<u>WELL NAME</u>	<u>QUARTER/QUARTER</u>	<u>TOWNSHIP</u>	<u>RANGE</u>	<u>SECTION</u>
Punkin-State #1-4	SE/4	10S	55W	4

2. It is the intention of Lessee and/or its designee to commence drilling operations or operate a well at the above location(s) and to restore the surface of the leased land as required under the lease and this bond.

3. Lessee, and/or its designee, Grand Mesa Operating Company as Principal, and Emprise Bank as Surety, agree to be held and firmly bound to Lessor in the sum of Five Thousand Dollars (\$ 5,000.00), to be paid to the State Board of Land Commissioners, to secure compliance with the provisions and obligations of the lease and this bond.

4. This bond will remain in effect until: (a) the lease expires and (b) the surface of the leased land is fully restored pursuant to the requirements of the lease and (c) Lessee submits to Lessor a verified release from the owner of the surface of the leased land releasing Lessee and Lessor from any and all claims for damages arising from Lessee's operations. The restoration shall be completed and the release submitted within 60 days of plugging and abandonment operations.

5. If restoration is not completed and the release for damages is not submitted within those 60 days, the entire amount of this bond shall be forfeited to Lessor. Lessor is then authorized to make all necessary arrangements for the restoration and cleanup of the leased land and settlement for damages to the surface from the monies forfeited. The unused balance of the monies, if any, shall be returned to the surety.

6. The surety shall immediately pay to Lessor the full amount of the bond upon receipt of a notice by certified mail from Lessor that Lessee has failed to perform any provision of the lease or of this bond.

PRINCIPAL GRAND MESA OPERATING COMPANY
By 
Ronald N. Sinclair, President

**RECEIVED
MINERALS SECTION**

TYPE OF INSTRUMENT

By _____
Minerals Section

SURETY BOND

CASH \$ _____

CERTIFICATE OF DEPOSIT

IRREVOCABLE LETTER OF CREDIT

Date _____

By _____

Title _____

BOND TERMINATION INFORMATION

STATE BOARD OF LAND COMMISSIONERS

Recommended by:

Approved by:

Minerals Section

Timothy J. Kelly, Minerals Leasing Manager

Effective Date _____

SLB 230
Rev. 05/00