



State of Utah
Department of Natural Resources
Division of Oil, Gas, and Mining

Surety Bond Agreement

Bond/Surety Number: \_\_\_\_\_

Date: \_\_\_\_\_

Surety Company: \_\_\_\_\_ Operator Name: \_\_\_\_\_

Address: \_\_\_\_\_ Address: \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_ Zip Code: \_\_\_\_\_ City: \_\_\_\_\_ State: \_\_\_ Zip Code: \_\_\_\_\_

Phone Number: \_\_\_\_\_ Phone Number: \_\_\_\_\_

Representative Name: \_\_\_\_\_ Bonding Contact Name: \_\_\_\_\_

Title: \_\_\_\_\_ Title: \_\_\_\_\_

Email Address: \_\_\_\_\_ Email Address: \_\_\_\_\_

The attached Surety for \_\_\_\_\_ ("Operator"), which is duly authorized and qualified to do business in the State of Utah, is held and firmly bound unto the State of Utah by \_\_\_\_\_ ("Surety Company"), who meets Utah Admin. Code R649-3-1.10;

Surety Number: \_\_\_\_\_ ; Principal Amount \$ \_\_\_\_\_
("Surety") as a:

[ ] Blanket Bond: To Cover all State and Fee wells drilled in the State of Utah; or

[ ] Individual Bond: Well Name: \_\_\_\_\_
API Number: \_\_\_\_\_
Section: \_\_\_\_\_ Township: \_\_\_\_\_ Range: \_\_\_\_\_
County: \_\_\_\_\_, Utah

Operator Obligation

The condition of this obligation is such that the Operator (its heirs, executors and successors) is or will be engaged in the drilling, re-drilling, deepening, repairing, operating, and plugging and abandonment of a well(s), and restoring the well site(s) in the State of Utah for the purpose of oil or gas production and/or the injection and disposal of fluids in connection therewith. See Utah Admin. Code R649-3.

Surety Company Agreement

This agreement describes the mutually agreed upon instructions of the below signed parties to the Surety Company, regarding the control, redemption, and release of the Surety Company's above-described surety, which is being used as principal to guarantee the availability for proper plugging and abandonment of the well(s) and proper well site(s) restoration. It is the intention of the parties that the Surety be utilized as principal to guarantee that the full principal amount will be available to the State of Utah, Division of Oil, Gas, and Mining ("Division") for proper plugging and abandonment of the well(s) and proper well site(s) restoration. Upon demand and in the event the Operator of the well site(s) is unable or unwilling to complete proper plugging and abandonment of the well(s) and proper well site(s) restoration in compliance

Surety Number: \_\_\_\_\_

with applicable state law and regulations, the Division may redeem the Surety according to the steps outlined below. The Surety Company waives all rights of setoff or liens against the Surety identified above.

***Ownership and Renewal:***

Ownership of the Surety is retained by the Operator, but it is **payable to the Division** and held by the Surety Company **for the benefit of the Division**, and is subject to the terms and conditions described in this agreement. The Surety shall remain valid until either redeemed or released in writing by the Director of the Division. The Division may request Surety information on an occasional basis. This agreement grants approval by the Operator for the Surety Company to provide Surety information to the Division any time an inquiry is made via telephone, email, fax or letter.

***Redemption:***

**The Surety may only be redeemed (i.e., called on demand) pursuant to the written instruction or demand of the Director of the Division to the Surety Company.** Upon the instruction and demand of the Director of the Division, the full principal amount of the Surety shall be transferred to the Division. The Operator agrees and irrevocably instructs the Surety Company that neither the Operator, nor any other person claiming an ownership interest in the Surety which is derived from the Operator, shall have the authority to prevent the Surety Company from carrying out the Director of the Division's instruction to redeem the Surety.

***Release:***

**The Surety Company shall release the Surety only upon the written instruction of the Director of the Division to the Surety Company.** Upon release, the terms and conditions of this agreement are no longer in effect, and the unconditioned control of the Surety shall be returned to the Operator, or its legal successor-in-interest. In the event of the Surety Company cancellation/termination of the Surety, (a) the Surety Company shall give 90 days prior notice of the cancellation/termination to the Operator and the Division; and (b) Operator shall have 60 days to replace the Surety. If the Operator does not replace the Surety within 60 days of the Bank's cancellation/termination notice, the Division may transfer the Surety monies into a state-managed cash account to assure proper plugging and abandonment of the well(s) and proper restoration of the well site(s). If the Surety Company is under a forced cancellation/termination, the Surety Company agrees to transfer or release the Surety funds to a state-managed cash account at and upon the Division's request.

Surety Number: \_\_\_\_\_

These Terms and Conditions are Agreed Upon By:

\_\_\_\_\_  
Date: \_\_\_\_\_  
Company Office Signature  
Print Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Operator Name: \_\_\_\_\_

\_\_\_\_\_  
Date: \_\_\_\_\_  
Surety Representative Signature  
Print Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Surety Company: \_\_\_\_\_

\_\_\_\_\_  
Date: \_\_\_\_\_  
Mick Thomas, Director  
Utah Division of Oil, Gas, and Mining

Mail to:  
Utah Division of Oil, Gas, and Mining  
1594 West North Temple, Suite 1210  
P.O. Box 145801  
Salt Lake City, UT 84114-5801  
Phone: 801-538-5340

Surety Number: \_\_\_\_\_

**AFFIDAVIT OF QUALIFICATION  
OPERATOR**  
\_\_ ooOOoo \_\_

I, \_\_\_\_\_, being first duly sworn under oath, deposes and say he/she is a Company Officer of \_\_\_\_\_; and that he/she is duly authorized to execute and deliver the foregoing obligations; and that said OPERATOR is authorized to execute the same and has complied in all respects with the laws of Utah in reference to commitments, undertakings and obligations herein.

\_\_\_\_\_  
Signature  
Print Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Subscribed and sworn to before me this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_

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

My Commission Expires:  
\_\_\_\_\_, 20\_\_\_\_

Attest:  
STATE OF \_\_\_\_\_ )  
COUNTY OF \_\_\_\_\_ ) ss:

Surety Number: \_\_\_\_\_

**AFFIDAVIT OF QUALIFICATION  
INSTITUTION (Bank or Agency)**  
\_\_ooOOoo\_\_

I, \_\_\_\_\_, being first duly sworn under oath, deposes and say that he/she is a \_\_\_\_\_ of \_\_\_\_\_ ;  
and that he/she is duly authorized to execute and deliver the foregoing obligations; and that said INSTITUTION (Bank or Agency) is authorized to execute the same and has complied in all respects with the laws of Utah in reference to commitments, undertakings and obligations herein; and that said INSTITUTION (Bank or Agency) is a federally insured bank authorized to do business in Utah.

\_\_\_\_\_  
Signature  
Print Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Subscribed and sworn to before me this \_\_\_\_\_ day of \_\_\_\_\_, 20 \_\_\_\_

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

My Commission Expires:  
\_\_\_\_\_, 20 \_\_\_\_

Attest:  
STATE OF \_\_\_\_\_ )  
COUNTY OF \_\_\_\_\_ ) ss:

Surety Number: \_\_\_\_\_

**AFFIDAVIT OF QUALIFICATION  
DIRECTOR  
\_\_ooOOoo\_\_**

I, Mick Thomas, being first duly sworn under oath, deposes and says that he is the Director for the Division of Oil, Gas, and Mining, Department of Natural Resources, State of Utah; and that he is duly authorized to execute and deliver the foregoing obligations; and that said DIRECTOR is authorized to execute the same by authority of laws on behalf of the State of Utah.

\_\_\_\_\_  
Mick Thomas, Director  
Utah Division of Oil, Gas, and Mining

Subscribed and sworn to before me this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_

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

My Commission Expires:

\_\_\_\_\_, 20 \_\_\_\_

Attest:

STATE OF \_\_\_\_\_ )

COUNTY OF \_\_\_\_\_ )

) ss: