



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

Collateral Bond Agreement-Cash Account

Bond/ Check Number: _____

Date: _____

Operator Name: _____

Address: _____

City: _____ State: _____ Zip Code: _____

Phone Number: _____

Bonding Contact Name: _____

Title: _____

Email Address: _____

This Cash Account 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 through the Utah State Treasurer's Office ("State Treasurer"), in the form of:

Check Number: _____ ; Principal Amount \$ _____ ("Cash Account") as a:

[] Blanket Bond: 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.

Cash Agreement

This agreement describes the mutually agreed upon instructions of the below signed parties to the State Treasurer, regarding the control, redemption, and release of the State Treasurer's above-described Cash Account, 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 Cash Account be utilized as principal to guarantee that the full principal amount will be available to the State of Utah, Division of 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

Check Number: _____

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 with applicable state law and regulations, the Division may redeem the Cash Account according to the steps outlined below.

Ownership and Renewal:

Ownership of the Cash Account is retained by the Operator, but it is **payable to the Division** and held by the State Treasurer **for the benefit of the Division**, and is subject to the terms and conditions described in this agreement. The State Treasurer will provide monthly Cash Account information to the Division for balance tracking purposes.

Redemption:

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

Release:

The State Treasurer shall release the Cash Account only upon the written instruction of the Associate Director to the State Treasurer. Upon release, the terms and conditions of this agreement are no longer in effect, the Cash Account shall be returned to the Operator, or its legal successor-in-interest.

Accrued Interest:

Prior to release, all interest which accrues by the Cash Account shall remain in the Cash Account. In no event shall the State Treasurer transfer any amount from the Cash Account which would cause the redemption amount of the Cash Account to be less than the initial amount. All tax liabilities for accrued interest shall remain the sole responsibility of the Operator.

Check Number: _____

These Terms and Conditions are Agreed Upon By:

Date: _____

Company Officer Signature

Print Name: _____

Title: _____

Operator Name: _____

Date: _____

John R. Baza, Director
Utah Division of Oil, Gas, and Mining

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