



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.

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These Terms and Conditions are Agreed Upon By:

\_\_\_\_\_  
Company Officer Signature  
Print Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Operator Name: \_\_\_\_\_

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

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

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

Mail to:  
Division of Oil, Gas, and Mining  
1594 West North Temple, Suite 1210  
P.O. Box 14580  
Salt Lake City, UT 84114-5801  
Phone: 801-538-5340

Check Number: \_\_\_\_\_

**AFFIDAVIT OF QUALIFICATION  
OPERATOR  
\_\_ooOOoo\_\_**

I, \_\_\_\_\_, being first duly sworn under oath, deposes and says that 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 \_\_\_\_\_ )  
                                                          ) ss:  
COUNTY OF \_\_\_\_\_ )

Check 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 \_\_\_\_\_ )

) ss:

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