



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

Collateral Bond Agreement-Cash Account
Fee Surface Owner Protection

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 \$6,000.00 ("Cash Account").

Well Information:

Well Name: \_\_\_\_\_

API Number: \_\_\_\_\_

Section: \_\_\_\_\_ Township: \_\_\_\_\_ Range: \_\_\_\_\_

County: \_\_\_\_\_, Utah

Surface Owner Information:

Name: \_\_\_\_\_

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

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

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

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

Operator Obligation

The condition of this obligation is such that the Operator (its heirs, executors and successors) is or will be responsible for protecting the fee surface land owner ("Surface Owner") against unreasonable loss of crops on surface land, unreasonable loss of value of existing improvements, and unreasonable permanent damage to surface land in conjunction with conducting oil and gas operations. See Utah Admin. Code R649-3-38.

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 surface restoration where a surface agreement is not in place. It is the intention of the parties that the Cash Account be utilized as

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

principal to guarantee that the full principal amount plus any accrued interest will be available to the State of Utah, Division of Oil, Gas, and Mining (“**Division**”), as agent for the Surface Owner, for proper surface restoration. Upon demand and in the event the Operator is unable or unwilling to complete proper surface 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 Operator, but it is **payable to the Division** and held by State Treasurer **for the Division, as the agent for the Surface Owner, for the use and benefit of the Surface Owner**, 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 to the State Treasurer.** Upon the instruction and demand of the Associate Director, the full initial amount plus any accrued interest of the Cash Account shall be transferred to the Division, as the agent for the Surface Owner, for the use and benefit of the Surface Owner. 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, and 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, as outlined in Utah Admin. Code R649-3-38.6.4. In no event shall the State Treasurer transfer any amount, principal or accrued interest, from the Cash Account. All tax liabilities for accrued interest shall remain the sole responsibility of the Operator.

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

These Terms and Conditions are Agreed Upon By:

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

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

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

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

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



