

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

FORM 4S

Bond No. _____

COLLATERAL BOND
FEE SURFACE OWNER PROTECTION

KNOW ALL MEN BY THESE PRESENTS:

That we (operator name) _____ as Principal, which is duly authorized and qualified to do business in the State of Utah, are held and firmly bound unto the State of Utah in the sum of:

SIX THOUSAND dollars (\$6,000.00) lawful money of the United States by virtue of the following financial instruments (cash account or negotiable certificate of deposit – see Rule R649-3-38):

payable to the Director of the Division of Oil, Gas and Mining, as agent of the State of Utah, for the use and benefit of the Surface Owner named below for the faithful payment of which we bind ourselves, our heirs, executors, administrators and successors, jointly and severally by these presents.

THE CONDITION OF THIS OBLIGATION IS SUCH THAT, WHEREAS the Principal is or will be responsible for protecting the fee surface land 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 for the following described land or well:

Well Name & Number: _____ API Number: _____

Quarter/Quarter: _____ Section: _____ Township: _____ Range: _____

County: _____, Utah

Surface Owner: _____

Surface Owner Address: _____

City: _____ State: _____ Zip: _____

Surface Owner Phone: _____ Email Address: _____

NOW, THEREFORE, if the above bounden Principal shall comply with all the provisions of the laws of the State of Utah and the rules, orders and requirements of the Board of Oil, Gas and Mining of the State of Utah, including Rule R649-3-38, then this obligation is void; otherwise, the same shall be and remain in full force and effect.

IN TESTIMONY WHEREOF, said Principal has hereunto subscribed its name and has caused this instrument to be signed by its duly authorized officers and its corporate or notary seal to be affixed this

_____ day of _____, 20_____.

(Corporate or Notary Seal here)

Attestee : _____

Date : _____

Principal (company name)

By _____
Name (print) Title

Signature

INSTRUCTIONS

An owner or operator shall furnish a bond to the division prior to obtaining approval of a permit to drill a new well, reentering an abandoned well, or assuming responsibility as operator of existing wells. Disposal facilities, other than injection wells, shall also be bonded in accordance with the Utah Oil and Gas Conservation General Rules.

- A bond shall be furnished to the division on Form 4 for wells located on lands with fee or privately owned minerals (Rule R649-3-1).
- Evidence that a bond has been filed in accordance with state, federal, or Indian lease requirements and approved by the appropriate agency, shall be furnished to the division for all wells located on state, federal, or Indian leases (Rule R649-3-1).
- In addition to the above referenced bonds, a Fee Surface Owner Protection bond shall be furnished to the division on Form 4S for wells located on lands with a fee surface owner different from the fee mineral owner (Rule R649-3-38).

A bond furnished to the division shall be made payable to the Utah Division of Oil, Gas and Mining.

Each bond is conditioned upon the faithful performance by the operator of the duty to plug each dry or abandoned well, repair each well causing waste or pollution, and maintain and restore the well site.

An owner or operator should consult the Utah Oil and Gas Conservation General Rules to determine proper bonding amounts, and to determine which of the following forms to use:

- Form 4A, Surety Bond
- Form 4B, Collateral Bond
- Form 4C, Irrevocable Documentary Letter of Credit
- Form 4D, Collateral Bond - Exploration and Production Waste Disposal Facility
- Form 4E, Surety Bond - Exploration and Production Waste Disposal Facility
- Form 4F, Irrevocable Documentary Letter of Credit - Exploration and Production Waste Disposal Facility
- Form 4S, Collateral Bond - Fee Surface Owner Protection

If an adequate bond is not in place within the allowable time periods as specified in the Utah Oil and Gas Conservation General Rules, the operator shall be required to cease operations immediately, and shall not resume operations until the division has received an acceptable bond.

The Utah Oil and Gas Conservation General Rules and additional information can be found on the division's website at: <http://oilgas.ogm.utah.gov>. The division can be contacted by phone at 801-538-5340.

Send bonds to:

Utah Division of Oil, Gas and Mining
1594 West North Temple, Suite 1210
PO Box 145801
Salt Lake City, Utah 84114-5801