

STATE OIL AND GAS BOARD
STATE OF TENNESSEE

Bond #

BLANKET SURETY BOND

Covering Wells To Be Drilled, Deepened, Re-Opened Or
Temporarily Abandoned

KNOW ALL MEN BY THESE PRESENTS:

That we _____

_____ as principal

and _____

a corporation, as surety, authorized to do business in this State, are held firmly bound unto the State Oil and Gas Board, State of Tennessee, in the penal sum of Ten Thousand Dollars (\$10,000) lawful money of the United States, for which payment, well and truly made, we jointly and severally bind ourselves, our personal representatives, our heirs, executors, administrators or successors, and assigns.

The condition of this obligation is such that whereas the above bonded principal proposes to drill, deepen, re-open or temporarily abandon wells to this State: if the above bonded principal shall comply with the laws of this State and the rules, regulations and orders of the State Oil and Gas Board, with reference to the proper plugging of said wells, and filing with the Supervisor all records required by the Board, in the event that said wells do not produce oil or gas in commercial quantities, or cease to produce oil or gas in commercial quantities, then this obligation is void; otherwise, the same shall be and remain in full force and effect.

The duration of this bond shall be from the time filed with the Board until the Supervisor of the State Oil and Gas Board, upon being satisfied that the owner or operator has plugged the wells in accordance with the law and rules and regulations of the State Oil and Gas Board, and that all logs, plugging affidavits, or other pertinent information required by law and the rules and regulations and orders of the Board have been filed, releases the bond.

IN WITNESS WHEREOF, we have set our hands and affixed our seals this _____ day of

N/A

Resident Agent _____

Address _____

_____ Principal

_____ Surety

by _____ Attorney-In-Fact

(When principal or surety executes this bond by agent, power of attorney or other, evidence of such authority must be attached).

IMPORTANT: SEE REVERSE SIDE FOR CANCELLATION PROVISIONS

The surety may notify the Supervisor in writing of its desire to terminate its liability under the bond by giving written notice to the Supervisor. The Supervisor shall thereupon require the principal in the bond to file a new bond, or to effect a change of operators on the well(s) within sixty (60) days. If the principal can no longer be contacted, then any interested party may mark a change of operators on the well(s) in accordance with Chapter 1040-2-2-02(2)(n). If a new bond is filed by the principal, or a change of operators is approved by the Supervisor on all wells covered by the bond, liability under the original bond shall cease and terminate as to acts and operations occurring after the effective date of the new bond, or approval of the changes of operators, and the original bond shall be released upon written request by the surety. If a new bond is not filed within sixty (60) days, or a change of operators has not been approved on all wells covered by the bond, the Supervisor shall revoke the permit(s) secured by the bond and require the principal to plug the well(s) in accordance with the rules and regulations of the Board. In the events of the failure of the principal to plug the well(s), the surety may neither cause the well(s) to be plugged, or forfeit the amount of the bond to the Board. The action will be initiated by the issuance of a notice of noncompliance as provided for under Chapter 1040-2-1-07. The surety will then have thirty (30) days in which to plug the well(s). If the well(s) have not been plugged within that time limit, then a notice of forfeiture will be issued, as provided for under Chapter 1040-2-1-06. The surety will then have twenty-one (21) days in which to petition the State Oil and Gas Board for a hearing relative to the bond forfeiture, pursuant to the Administrative Procedures Act, Tennessee Code Annotated, Sections 6-5-101, et seq. If a hearing is requested no further action will be taken against the bond until such hearing has taken place, and a final order given by the Board. If the well(s) are plugged in the interim, then the notice of forfeiture will be cancelled, and the bond released.

Surety Bond Sample
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