

BOND NO. _____

STATE OF TENNESSEE
DEPARTMENT OF ENVIRONMENT AND CONSERVATION
DIVISION OF WATER POLLUTION CONTROL
STATE OIL AND GAS BOARD
6TH FLOOR, L & C ANNEX
401 CHURCH STREET
NASHVILLE, TENNESSEE 37243-1534

SURETY BOND
Covering a Well 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 and firmly bound unto the State Oil and Gas Board, State of Tennessee, in the penal sum of Two Thousand Dollars (\$2,000), 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 named principal proposed to:

Drill () Deepen () Re-Open () Temporarily Abandon () Change Operator On ()

A well in this State known as the _____ (farm) No. _____
Located in _____ County; if said 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 well, and filing with the Supervisor all records required by the Board, in the event that said well does 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 or the State Oil and Gas Board, upon being satisfied that the owner or operator has plugged the well in accordance with the law and the 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 _____.

Resident Agent

Principal

Address

Surety

By

(When principal or surety executes this bond by agent, power of attorney or other, evidence or 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 this bond by giving written notice to the Supervisor. The Supervisor shall thereupon require the principal in this bond to file a new bond, or to effect a change of operators on the well within sixty (60) days. If the principal can no longer be contacted, then any interested party may seek a change of operators on the well in accordance with Chapter 1040-2-2-.02(2)(a). If a new bond is filed by the principal, or a change of operators is approved by the Supervisor, liability under the original bond shall cease and terminate as to acts and operations occurring after the effective date of this new bond or approval of the change of operators, and the original bond shall be released upon written request by the surety. If a new bond is not filed within the sixty (60) days, or a change of operators has not been approved, the Supervisor shall revoke the permit secured by this bond and require the principal to plug the well in accordance with the rules and regulations of the Board. In the event of the failure of the principal to plug the well, the surety may either cause the well to be plugged or forfeit the amount of the bond to the Board. This 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. If the well has 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 4-5-101 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 is plugged in the interim, then the notice of forfeiture will be cancelled, and the bond released.

Surety Solutions, LLC