

BOND NO. \_\_\_\_\_

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

FULL SURETY RECLAMATION 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 the State, are held and firmly bound unto the State Oil and Gas Board, State of Tennessee, in the sum of One Thousand Five Hundred Dollars (\$1,500), 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 proposes 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 satisfactory completion of regrading and initial revegetation of all disturbed areas except access roads that will continue to be used by the landowner for other legitimate purposes and maintained in usable condition, then this obligation shall be reduced to One Thousand Dollars (\$1,000). Upon final reclamation and satisfactory survival of the vegetation through two (2) growing seasons, this obligation shall be considered to have been met; otherwise, the same shall be and remain in full force effect.

The duration of this bond shall be from the time filed with the Board and initial surface disturbances begin until the Supervisor of the State Oil and Gas Board, upon being satisfied that the owner or operator has plugged the well and regraded and revegetated all disturbed areas 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 \_\_\_\_\_.

\_\_\_\_\_  
Principal  
\_\_\_\_\_  
Resident Agent Surety  
\_\_\_\_\_  
Address by \_\_\_\_\_

(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

[This paragraph shall be applicable only when the same surety is responsible for both the plugging and reclamation bonds on a well.] The surety may notify the Supervisor in writing of its desire to terminate its liability under the reclamation bond by giving written notice to the Supervisor. The Supervisor shall thereupon require the principal in this reclamation 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 reclamation 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 reclamation bond is not filed, or a change of operators has not been approved within the sixty (60) days, the Supervisor shall revoke the permit secured by the plugging and reclamation bonds and require the principal to plug the well and reclaim the well site and access roads in accordance with the rules and regulations of the Board. In the event of the failure of the principal to plug the well, and reclaim the well site and access roads, the surety may either cause the well to be plugged and the well site and access roads to be reclaimed, or forfeit the amount of the bonds to the Board. This action will be initiated by the issuance of notices 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 and reclaim the well site and access roads. If the well has not been plugged, and the well site and access roads have not been reclaimed within that time limit, then notices 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 plugging and reclamation bonds until such hearing has taken place, and a final order has been given by the Board. In the event the surety causes the well to be plugged, and the well site and access roads to be reclaimed, the plugging bond shall be released, and the amount of the reclamation bond shall be reduced by one-third (1/3), to One Thousand Dollars (\$1,000), unless such reduction has previously taken place. The remainder of the reclamation bond will be released only after plantings have survived two growing seasons with an established ground cover of at least ninety (90%) herbaceous and/or woody species, provided that at least eighty percent (80%) are perennial species.

Reduced to \$1,000 on \_\_\_\_\_