pennsylvania
DEPARTMENT OF ENVIRONMENTAL PROTECTION

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF ENVIRONMENTAL PROTECTION
BUREAU OF OFFICE SERVICES
DIVISION OF CONTRACTS, PROCUREMENT AND BONDING

ASSIGNMENT OF CERTIFICATE OF DEPOSIT
OIL & GAS COLLATERAL BOND

THIS Assignment of Certificate of Deposit – Oil & Gas Collateral Bond ("Assignment") is made by and among the Pennsylvania Department of Environmental Protection ("Department");

AND

_____ ("Operator"),
(Name of Operator)

(a) a corporation, incorporated under the laws of the State of _____, or

(b) a(n)_____
(Limited / general partnership, individual, limited liability company)

with a place of business at _____;
(Operator address and telephone number)

AND

_____ ("Issuer"), a financial institution chartered or otherwise
(Name of financial institution)

authorized to do business in the Commonwealth of Pennsylvania ("Commonwealth") with a place of business at

_____.
(Address and telephone number of financial institution)

WHEREAS, the Operator desires to assign the following Certificate(s) of Deposit issued by the Issuer in the amounts indicated and any renewals thereof ("CDs") to the Commonwealth, as collateral to guarantee the Operator's legal obligations as provided in the Collateral Bond for Oil and Gas Wells ("Collateral Bond"), submitted by the Operator, to which this Assignment is attached and made a part for all purposes:

	CD No.	Issuance Date	Dollar Amount	Maturity Date
1.	_____	_____	_____	_____
2.	_____	_____	_____	_____
3.	_____	_____	_____	_____
4.	_____	_____	_____	_____

and;

WHEREAS, the Issuer acknowledges the Assignment and desires to act as the custodian for the benefit of the Commonwealth of the money represented by the CDs, subject to the terms and conditions contained herein.

NOW, THEREFORE, the parties hereto, intending to be legally bound hereby, agree as follows:

1. ***Assignment and Pledge.*** The Operator assigns the CDs, and any renewals thereof, to the Commonwealth as collateral, to guarantee the Operator's legal obligations under the Collateral Bond.

2. ***Operator's Authorization to the Commonwealth.*** The Operator hereby authorizes the Commonwealth to withdraw any portion or all of the money on deposit with the Issuer pursuant to the CDs, at any time and from time to time, upon default of any of the provisions in, conditions of, or obligations referred to in the Collateral Bond.

3. ***Operator's Authorization to the Issuer.*** The Operator hereby authorizes the Issuer, upon written demand by the Department or the Commonwealth, to pay to the Commonwealth any portion or all of the money on deposit with the Issuer pursuant to the CDs, at any time and from time to time, without further notice to, consent of or endorsement by the Operator.

4. ***Extent of Commonwealth Rights in the CDs.*** The Operator does hereby agree, represent and warrant that, except as assigned herein, the CDs and the money thereby represented are assigned herewith free and clear of any and all liens, encumbrances, pledges, restrictions, security interests and agreements, and will not be sold, assigned, transferred, pledged or promised as a security interest in any manner whatsoever without written consent of the Commonwealth. The Operator further agrees and the Issuer fully acknowledges that this assignment conveys a property interest in the CDs to the Commonwealth until and unless it is terminated as provided herein, notwithstanding insolvency or other financial incapacity of the Issuer or the Operator.

5. ***Issuer's Fiduciary Responsibilities; No Penalty for Early Withdrawal by the Commonwealth.*** The Issuer hereby acknowledges the assignment of the CDs to the Commonwealth and agrees to record this Assignment on the Issuer's books. Further, Issuer acknowledges and agrees that it shall hold the moneys represented by the CDs as a fiduciary custodian and agent for the Commonwealth and shall be liable to the Commonwealth for any and all losses to the principal amount(s) of the CDs caused in any manner whatsoever during the term of this Assignment. The Issuer expressly agrees to waive any and all rights, where permissible, including those under federal and state law, to deduct any penalty from the principal amount of the CDs for withdrawal by the Commonwealth prior to maturity if such deduction would reduce the amount of collateral assigned to the Commonwealth to an amount which is insufficient to satisfy, in full, the Operator's bond obligation under the Collateral Bond. The Issuer expressly assumes the responsibility to design the CDs so that no such penalty can be assessed against the Commonwealth's rights to the CDs. The Issuer further agrees to follow the Commonwealth's instructions on disposition of interest, and to hold all interest accrued, for the benefit of the Commonwealth, upon written notice by the Commonwealth that the Collateral Bond for which the CD is assigned has been declared forfeit.

6. ***Waiver of Setoff and Lien Rights.*** The Issuer hereby waives, for the duration of this Assignment, all rights of setoff or liens or any other claims which it now has or might, in the future, have against the CDs or the deposited money upon which the CDs were issued. Any conditions pertaining to the CDs to the contrary are hereby expressly rescinded.

7. ***Automatic Renewal of CDs; Transferability.*** The Issuer hereby agrees to automatically renew the CDs for the same terms as those for which they were originally issued for as long as the Commonwealth retains a property interest in the CDs. Further, the Issuer hereby acknowledges and agrees that the CDs are fully transferable and assignable to the Commonwealth.

8. ***Interest.*** The Issuer agrees to collect, from time to time, all interest on the CDs and pay the same, when and as collected, as agent for the Commonwealth, to the Operator, or otherwise as required in writing by the Commonwealth. The Issuer and the Operator agree that the Commonwealth shall have the right to all interest earned on the CD upon forfeiture of the Collateral Bond.

9. ***Delay in Enforcement of Rights.*** The Issuer and the Operator agree that any delay by the Commonwealth in enforcing its rights to the CDs pursuant to the Collateral Bond shall not affect the Commonwealth's rights in the CDs.

10. ***Replacement of Bond Collateral.*** The Commonwealth agrees that the CDs may be replaced by other certificates of deposit or other collateral authorized by the Law (as that term is defined in the Collateral Bond); provided, however, that such replacement collateral must first be deposited with and accepted in writing by the Commonwealth, and until such written acceptance, this Assignment shall remain in full force and effect.

11. ***Termination of Assignment.*** This Assignment shall terminate only upon written release by the Commonwealth.

12. ***Amendment.*** This Assignment may be amended only by written instrument signed by the Commonwealth.

13. ***Applicable Law.*** This Assignment shall be governed by and interpreted and enforced in accordance with the laws of the Commonwealth and the decisions of the Pennsylvania courts. The Operator and Issuer consent to the jurisdiction of any court of the Commonwealth and any federal courts in Pennsylvania, waiving any claim or defense that such forum is not convenient or proper. The Operator and Issuer agree that any such court shall have *in personam* jurisdiction over them and consent to service of process in any manner authorized by law.

14. ***Headings.*** The paragraph headings herein are for descriptive purposes only and are intended to have no legal force or effect.

IN WITNESS WHEREOF, the parties hereto, on the dates indicated, have set their hands and seals, intending to legally bind themselves hereby.

OPERATOR: _____
(Name of Operator)

By: _____
(Signature) (Date)

_____
(Print or Type Name and Title)

By: _____
(Signature) (Date)

_____
(Print or Type Name and Title)

ISSUER OF CD: _____
(Print or Type Name of the Issuer of the CD)

By: _____
(Signature) (Date)

_____
(Print or Type Name and Title)

By: _____
(Signature) (Date)

_____
(Print or Type Name and Title)

Approved as to legality and form:

Pre-Approved OAG 9-11-12
Office of Attorney General (Date)

Pre-Approved OGC 8-30-12
Office of General Counsel (Date)

_____
Chief Counsel /Assistant Counsel (Date)
Department of Environmental Protection

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF ENVIRONMENTAL PROTECTION

By: _____
Department representative (Date)

ACKNOWLEDGEMENT

COMMONWEALTH / STATE OF _____ :
SS
COUNTY OF _____ :

[Operator – please complete <u>only</u> A. or B. <u>and</u> this document must be notarized]

A. <u>TO BE USED BY AN OPERATOR THAT IS A CORPORATION, PARTNERSHIP, LIMITED LIABILITY COMPANY, OR MUNICIPAL AUTHORITY</u>

On _____, _____, [and
(Date) (Name)

_____], personally appeared before me, and identified
(Name)

(himself, and/or herself or themselves – **please CIRCLE what is accurate**) as the

_____ [and _____, respectively,]
(Title) (Title)

of _____,
(Name of Operator – must be identical to Operator identified in Bond)

each affiant stated that, in accordance with (1) (please **CIRCLE ONE AND ONLY ONE)** [the bylaws of the corporation or municipal authority] [the partnership agreement] [the Operating Agreement of the LLC or the LLP] and (2) any other documents applicable to authority to sign the attached Bond, the affiant was authorized to sign the attached Bond on behalf of the Operator.

B. **<u>TO BE USED BY AN OPERATOR THAT IS AN INDIVIDUAL</u>**

On _____, _____
(Date) (Name)

personally appeared before me, and acknowledged that he or she executed the attached Bond for the purposes therein contained.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.

(SEAL) _____ My Commission Expires: _____
(Notary Public Signature) (Date)

C. **<u>FINANCIAL INSTITUTION – PLEASE COMPLETE AND NOTARIZE</u>**

STATE OF _____

COUNTY OF _____

On _____, before me, the undersigned officer, personally appeared
(Date)

_____ and _____,
(Name) (Name)

who acknowledged himself/herself/themselves to be the _____and
(Title of person)

_____ of _____, a bank
(Title of person) (Name of institution)

or financial institution, and that he/she/they, being authorized to do so, executed the foregoing Assignment of Certificate of Deposit on behalf of the Issuer for the purposes therein contained.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.

(SEAL) _____ My Commission Expires: _____
(Notary Public Signature) (Date)