pennsylvania
DEPARTMENT OF ENVIRONMENTAL PROTECTION

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

SURETY BOND FOR OIL AND GAS WELLS

TO BE FILLED IN BY OPERATOR

Purpose:

☐ (a) Original Bond

☐ (b) Replacement Bond

☐ (c) Additional Bond

TO BE FILLED IN BY SURETY

Bond No. _____

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

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

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

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

has filed with the Pennsylvania Department of Environmental Protection ("Department") applications for permits to drill and operate new oil and gas wells or to operate existing permitted or registered wells under the Act of December 19, 1984, No. 223, P.L. 1140, as amended, 58 P.S. § 601.101 *et seq*. (repealed) ("1984 Oil and Gas Act") and the Act of February 14, 2012, No. 13, P.L. 87, 58 Pa. C.S. §§ 2301 - 3503 ("2012 Oil and Gas Act"); and

WHEREAS, the Operator has chosen to file this Surety Bond for Oil and Gas Wells ("Surety Bond");

NOW THEREFORE, the Operator, as principal and

_____ ("Surety"),
(Name of surety)

with a place of business at _____,
(Surety address and telephone number)

licensed to do business in the Commonwealth of Pennsylvania ("Commonwealth"), as surety, in consideration of the issuance of the permits/registrations for the Covered Wells, as that term is defined in paragraph 2 of this Surety Bond, are held and firmly bound unto the Commonwealth in the just and full sum of _____ Dollars ($_____), to the payment whereof, well and truly to be made, we bind ourselves, our heirs, executors, administrators, assigns and successors, jointly and severally, firmly by these presents:

1. ***Condition of the Obligation***. If the Operator shall faithfully perform and conform to all of the applicable drilling, restoration, water supply replacement and plugging requirements of the following:

(a) the 1984 Oil and Gas Act and the 2012 Oil and Gas Act;

(b) all subsequent amendments to, additions to, and replacements of the 2012 Oil and Gas Act;

(c) all regulations previously or hereafter promulgated under the 1984 Oil and Gas Act or the 2012 Oil and Gas Act (or amendments thereto, additions thereto, or replacements thereof);

(d) the terms and conditions of the Operator's permit(s) for the Covered Wells, and all amendments or additions to the permit(s); and

(e) all Department orders issued relating to the Operator and its Covered Wells;

(the requirements described in (a) through (e), inclusive, immediately above, collectively called the "Law"), then this obligation shall be null and void, otherwise, this obligation shall remain in full force and effect.

2. ***Wells Covered by this Surety Bond ("Covered Wells")***. This Surety Bond assumes and covers any and all liability and obligations accrued and to be accrued on all wells listed on Exhibit A, under the Law, until such time as the Department shall release, in writing, such liability and obligations. The Operator and the Surety expressly agree that this Surety Bond shall cover all additional wells in Pennsylvania for which the Operator obtains a Department well permit. The Operator and the Surety agree that such additional wells shall be deemed to be covered by this Surety Bond, and waive any rights of prior notice or objection to such addition of wells.

3. ***Amount and Duration of Bond Liability***. Liability under this Surety Bond shall be for the amount specified herein. Liability under this Surety Bond shall continue until the Covered Wells are properly plugged in accordance with the Law, and for a period of one (1) year after a Certificate of Plugging is filed with the Department and approved for every well, unless released by the Department, in writing, prior thereto, as provided by the Law. It is hereby acknowledged and agreed by and among the parties that the liability under this Surety Bond is a penal sum. As such, the Department retains a property interest in such surety guarantee, and any related agreements, until release of such liability, in writing, as provided by the Law.

4. ***Default***. Upon the happening of any default of the provisions, conditions and obligations assumed under this Surety Bond and the declaration of a forfeiture by the Department, the Operator and the Surety hereby authorize and empower the Attorney General of the Commonwealth of Pennsylvania, or any other attorney of any court of record in Pennsylvania or elsewhere by him or her deputized for this purpose, to appear for and confess judgment against the Operator and/or the Surety, their heirs, executors, administrators, successors or assigns, in favor of the Commonwealth for any sum or sums of money, which may be due hereunder, with or without defalcation or declaration filed, with interest and cost, with release of errors, without stay of execution, and with ten percent (10%) added for collection fees, and for the exercise of this power, this instrument, or a copy thereof, any rule of court to the contrary notwithstanding, shall be full warrant and authority. This power shall be inexhaustible. The Operator and the Surety further agree that execution may issue upon judgment so confessed for the full amount of money and accrued interest that is owing from the Operator and/or the Surety to the Commonwealth, with costs and collection fees, upon filing information in writing in the court where such judgment shall be entered.

5. ***Events Not Affecting Bond Liability***. The Operator and/or the Surety agree that their liability under this Surety Bond shall not be impaired or affected by (1) any renewal or extension of the time for performance of any of the provisions, conditions or obligations upon which this Surety Bond agreement is based; or (2) any forbearance or delay in declaring this Surety Bond to be forfeit or in enforcing payment on this Surety Bond.

6. ***No Surety Right to Perform.*** The Surety hereby agrees and acknowledges that it has no right to cover or perform the obligations of the Operator upon the Operator's default; provided, however, that the Department may authorize, in writing, the Surety to perform such defaulted obligations in lieu of collection of the bond amount if the Department determines that it is in its interest to do so.

7. ***Remedies***. Nothing herein shall limit or preclude the Department from seeking any remedy, in addition to the forfeiture of this Surety Bond, which may be authorized or provided by the Law.

8. ***Replacement Bond.*** If this Surety Bond is a replacement bond, this Surety Bond assumes and covers any and all liability and obligations accrued and to be accrued under the Law. This Surety Bond replaces the following existing bonds:

Date of Bond	Type of Bond (Surety or Collateral)	Name of Surety, Financial Institution, or Govt. Issuer	Type of Collateral	Surety Bond No. / Collateral ID No.	Dollar Amount

9. ***Additional Bond.*** The Department reserves the right to require additional bonding from the Operator, as provided by the Law, which additional bonding shall be a supplement to and augment the bond liability provided herein.

10. ***Attachments.*** The Surety Power of Attorney and Exhibit A must be attached.

11. ***Applicable Law.*** This Surety Bond 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 Surety 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 Surety agree that any such court shall have *in personam* jurisdiction over them and consent to service of process in any manner authorized by law.

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

IN WITNESS WHEREOF, intending to be legally bound hereby, the Operator and the Surety hereunto set their hands and seals, on the dates indicated.

SURETY:

_____
(Print or Type Name of Surety)

By: _____
(Signature) (Date)

_____
(Print or Type Name and Title)

By: _____
(Signature) (Date)

_____
(Print or Type Name and Title)

OPERATOR:

_____
(Print or Type Operator Name)

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

Approved for the Department:

_____
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)

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SURETY BOND EXHIBIT A

TO BE FILLED IN BY OPERATOR

_____
Name of Operator

Farm Name & Well Number	Permit # / Registration #	Description of Coll./Surety (Example: CD #, LOC #, Surety Bond #)	Unconventional wells only	
			Bore hole length is less than 6000'	Bore hole length is equal to or greater than 6000'
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