

MARYLAND DEPARTMENT OF THE ENVIRONMENT

Land Management Administration • Minerals, Oil & Gas Division

1800 Washington Blvd. • Baltimore Maryland 21230

(410) 537-3557 • 1-800-633-6101 • http://www.mde.state.md.us

Permit No. _____

Bond No. _____

GAS AND OIL DRILLING AND OPERATING
SURETY BOND

KNOW ALL MEN BY THESE PRESENTS, THAT THE UNDERSIGNED

Name of Corporation – Permittee)

(Street Address) (City) (State) (Zip)

a corporation organized and existing under the laws of the State of _____,
as Principal, and _____

(Name and Address of Surety Company)

organized and existing under the laws of the State of _____ and
licensed to do business in the State of Maryland, as Surety, are held and firmly bound
unto the State of Maryland in the sum of _____ (\$ _____)
for the payment of which sum we hereby jointly and severally bind ourselves, our
successors, and assigns.

THE CONDITION OF THE ABOVE OBLIGATION is such, that:

Whereas the above name Principal has submitted this Permit Application No.
_____, including a drilling and operating plan and a reclamation plan,
to conduct and reclaim a drilling and completion operation, as defined pursuant Maryland
Annotated Code, Environment Article, Title 14, and its attendant regulations; and

Whereas, the Principal has chosen to file this penal bond as a guarantee that the
reclamation of the area disturbed during this drilling operation will be completed as
required by Title 14, its attendant regulations, as amended from time to time, the orders
of the Department and in accordance with the plan as specified in the Permit as issued;

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Whereas, the Surety, and their successors and assigns agree to guarantee the obligation and to indemnify, defend, and hold harmless the Maryland Department of the Environment from any and all losses and expenses which the State may sustain as a result of the Principal's failure to comply with any condition of its obligation under Title 14, the regulations, order, permit and plans;

Whereas obligations guarantee by this penal bond shall be in effect for all of the land described in Permit No. _____.

Now, if the Principal faithfully completes all of the drilling, reclamation and abatement requirements set forth herein, in its Permit, including the drilling and reclamation plan, then this obligation shall be void; otherwise, it shall remain in full force and effect:

- (a) Beginning on the date of the approval and issuance of Permit No. _____ and extending until all reclamation, restoration, and abatement work, pursuant to Maryland Annotated Code, the Environment Article, Title 14 and its attendant regulations, and to the conditions of the permit have been completed to the satisfaction of the Land Management Administration.
- (b) Until the ownership of the wells has changed and the permits have been transferred, with Departmental approval pursuant to COMAR 08.10.13.

The failure of the Principal to fulfill any of the obligations specified under the Annotated Code of Maryland and the attendant regulations and permits shall result in forfeiture upon demand of the entire amount of this penal bond according to the procedures described in COMAR 08.10.13.

The Surety shall not cancel this bond at any time for any reason, including nonpayment of the premium or bankruptcy of the Principal, during the period of liability, except as provided in 08.10.13.B.

The Surety will give prompt notice to the Principal and to the Land Management Administration of any notice received or action filed alleging the insolvency or bankruptcy of the surety, or alleging any violations of regulatory requirements which could result in suspension or revocation of the Surety's license to do business.

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In the event the Surety becomes unable to fulfill its obligations under the bond for any reason, notice shall be given immediately to the Principal and to the Water Management Administration.

Upon the incapacity of the Surety by reason of bankruptcy, insolvency, suspension or revocation of its license, the Principal shall be deemed to be without bond coverage.

IN WITNESS THEREOF, the Principal and Surety have hereunto set their signatures and seals as of the dates set forth below.

Date

(Corporation/Permittee)

By: _____

(Corporate Officer)

Title: _____

Date

(Surety)

By: _____

(Corporate Officer)

Title: _____

NOTE: Where one signs by virtue of Power of Attorney for a Surety Company such Power of Attorney must be filed with this bond.

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ACKNOWLEDGEMENT OF CORPORATION – PERMITTEE

On this _____ day of _____, 20____, before me, a Notary Public in and for the County of _____, in the State of _____, appeared _____ to me personally known who, being by me duly sworn, did say that he/she is _____ of _____, the corporation name in and which executed the within instrument, and that the seal affixed to said instrument is the corporation seal of said corporation, and that said instruction was signed, sealed, and delivered in behalf of said corporation by authority of its Board of Directors, and he/she, as such officer, acknowledged said instrument to be the free act and deed of said corporation for the uses and purposes of said instrument as therein set forth.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal on the day, month, and year aforesaid.

Notary Public in and for said
County and State

My Commission Expires: _____

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ACKNOWLEDGEMENT OF SURETY

On this _____ day of _____, 20____, before me, a Notary Public in and for the County of _____, in the State of _____, appeared _____ to me personally known who, being by me duly sworn, did say that he/she is _____ of _____, the corporation name in and which executed the within instrument, and that the seal affixed to said instrument is the corporation seal of said corporation, and that said instruction was signed, sealed, and delivered in behalf of said corporation by authority of its Board of Directors, and he/she, as such officer, acknowledged said instrument to be the free act and deed of said corporation for the uses and purposes of said instrument as therein set forth.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal on the day, month, and year aforesaid.

Notary Public in and for said
County and State

My Commission Expires: _____

NOTE; Please identify the agent acting on behalf of the Surety, if applicable.

AGENCY _____ PHONE _____

ADDRESS _____

Approved as to form and legal sufficiency this _____ day of _____.

Office of the Attorney General, State of Maryland