

BLANKET OIL AND GAS WELL INDEMNITY BOND

Public Resources Code Sections 3202(e), 3205, 3205.1, and 3207

FOR ONSHORE WELLS
(ONSHORE OR OFFSHORE)

(SEE INSTRUCTIONS ON REVERSE SIDE)

The premium on the bond
is _____ per annum.

Know All Persons by These Presents:

That _____
(or) _____
(Partners, Corporation, or Limited Liability Company)
That I, _____
(Individual)

as principal, having an address for service of _____
_____, and _____, a
(Surety)

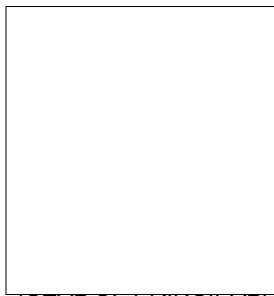
corporation organized under the laws of the STATE OF _____ and
authorized to transact surety business in the STATE OF CALIFORNIA, as surety, having an address for
service of _____, are held and
and firmly bound to the STATE OF CALIFORNIA in the sum of _____ AND NO/100
DOLLARS (_____) lawful money of the United States of America, to be paid to the State of California, for which
payment we bind ourselves, our heirs, executors, and successors, jointly and severally, firmly by these presents.

WHEREAS, said principal is about to acquire, drill, redrill, deepen, or permanently alter oil or gas wells in CALIFORNIA
and is required to file this bond in accordance with Sections 3202(e), 3205, 3205.1, and/or 3207 of the California Public
Resources Code;

NOW, THEREFORE, the conditions of the foregoing obligation are that if _____, the
above bounden principal, shall well and truly comply with all the provisions of Division 3 (commencing with Section 3000)
of the Public Resources Code and shall obey all lawful orders of the State Oil and Gas Supervisor or the district deputy or
deputies, subject to subsequent appeal as provided in that division, and shall pay all charges, costs, and expenses
incurred by the supervisor or the district deputy or deputies in respect of the well or wells or the property or properties of
the principal, or assessed against the well or wells or the property or properties of the principal, in pursuance of the
provisions of that division, then this obligation shall be void; otherwise, it shall remain in full force and effect.

FURTHERMORE, the aggregate liability of the surety hereunder on all claims whatsoever shall not exceed the penal
sum of this bond in any event. This bond may be terminated and cancelled only in accordance with the provisions
of Section 3207 of the Public Resources Code. This bond is executed by the surety to comply with the provisions of
Division 3, Chapter 1 of the Public Resources Code and of Chapter 2, Title 14, Part 2 of the Code of Civil Procedure and
the bond shall be subject to the terms and provisions thereof.

This bond is to become effective on _____.
(Date)



[Principal] _____
Address _____

Executed for principal by: _____
(Signature)

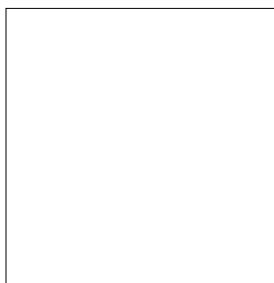
(Printed or typed name)

(Title)

(Date)

I certify (or declare) under penalty of perjury under the laws of the State of California that I have executed the foregoing
bond under an unrevoked power of attorney.

Executed at _____ on _____.
(City and State) (Date)



(SEAL OF SURETY)

[Surety] _____
Address _____

By: _____
(Signature of Attorney-in-Fact)

(Printed or typed name of Attorney-in-Fact)

INSTRUCTIONS*

1. An operator may file a blanket bond if it engages in the drilling, redrilling, deepening, or in any operation permanently altering the casing of 20 or more onshore wells at any time. If the operator has fewer than 20 onshore wells, individual well bonds (indemnity or cash) must be filed with the Division of Oil, Gas, and Geothermal Resources in lieu of a blanket bond.
2. An operator must file a blanket bond if it engages in the drilling, redrilling, deepening, or in any operation permanently altering the casing of one or more offshore wells.
3. A principal operating both onshore and offshore wells must file two separate blanket bonds, one covering the onshore wells and one covering the offshore well(s).
4. Each principal must file a separate bond. **A bond with more than one principal is not acceptable.**
5. If the principal is a partnership, the names of the general partners must appear in the body of the bond, with the recital that they are the general partners composing a firm, and naming said firm.
6. The name of the principal on the bond must agree **exactly** with that shown on any notice of intention to drill, rework, redrill, deepen, abandon, reabandon, or permanently alter the casing on a well.
7. The surety on the bond may be any surety company authorized to do business in California.
8. **Applicable amounts:**
 - a. **\$200,000 - coverage for 20 or more onshore wells (for 20 to 50 wells; does not satisfy additional idle-well requirements under Section 3206 of the Public Resources Code)**
 - b. **\$400,000 (for more than 50 onshore wells; does not satisfy additional idle-well requirements under Section 3206 of the Public Resources Code)**
 - c. **\$2,000,000 (for all onshore wells; satisfies additional idle-well requirements under Section 3206 of the Public Resources Code)**
 - d. **\$1,000,000 - coverage for one or more offshore wells**
9. A bond may be signed by: (1) the owner; (2) a general partner; (3) an officer of the corporation (President, Vice President, Chief Executive Officer, Chief Financial Officer, Controller, Treasurer, Corporate Secretary, or Attorney-in-Fact) or a managing member of a limited liability company; (4) the agent (as appointed by the operator on the proper Designation of Agent form and filed with the Division of Oil, Gas, and Geothermal Resources); (5) a person presenting a power of attorney from the operator; or (6) a person presenting a written authorization from the operator permitting him or her to sign the bond. If the operator is a corporation, the corporate seal must be affixed to the written authorization and an officer representing the corporation must sign and give his or her title.
10. If the principal is a corporation, the corporate seal must be affixed.
11. The seal of the surety company must be affixed.
12. A bond containing a cancellation clause at the option of the principal or the surety company is not acceptable.
13. If the 50-well limit for a \$200,000 blanket bond is exceeded and additional wells must be bonded, an operator must file a rider to the bond with the Division of Oil, Gas, and Geothermal Resources to increase the bond amount to either \$400,000 or \$2,000,000. The agent of record must notify the Division in writing of the operator's intention to increase its blanket bond. In lieu of a rider, individual well indemnity or cash bonds are acceptable.
14. A bond rider may be used to:
 - a. Change the name of the principal on a bond or previous rider.
 - b. Limit the liability of a blanket bond to wells already covered.
 - c. Increase the monetary liability of a bond or previous rider.
15. A bond rider to a replacement bond must be obtained for a well that was previously covered by an individual or blanket bond (indemnity or cash) to transfer well liability from a current bond to a replacement bond except when the replacement bond is executed by the same surety company.

*In lieu of a blanket indemnity bond, a person may, with the written approval of the Supervisor, file a cash bond in the appropriate amount, as prescribed in Section 3205.5, Division 3, of the Public Resources Code.