DEPARTMENT of ENVIRONMENT and NATURAL RESOURCES
Minerals & Mining Program
2050 West Main, Suite #1, Rapid City, SD 57702-2493
Telephone: 605-773-4201, FAX: 605-394-5317

FORM 3

PLUGGING AND PERFORMANCE BOND

KNOW ALL MEN BY THESE PRESENTS, BOND NO._____

That we: _____as Principal
(Operator's Name) (Address) (State) (Zip)
and _____,
(Surety's Name) (Address) (State) (Zip)
a corporation organized and existing under the laws of the State of _____ and duly authorized to transact business in the State of South Dakota as Surety, are held and firmly bound unto the State of South Dakota in the sum indicated below; we bind ourselves, and each of us, and each of our heirs, executors, administrators or successors, and assigns jointly and severally, firmly by these presents.

- ❒ $50,000 Individual Well Bond
- ❒ $100,000 Blanket Bond
- ❒ Other (subject to department approval, amount sufficient to guarantee well site reclamation)
  _____ Specify Amount

Whereas, the Principal proposes to drill a well or wells capable of producing oil or gas, and/or assumes plugging and performance liability for a previously permitted oil or gas well or wells at the following location (include legal location of well for an Individual bond, but not for a Blanket bond):

NOW, THEREFORE, If the above bound Principal complies with all the provisions of the laws of this State and the rules and orders of the South Dakota Board of Minerals and Environment ("Board") and the South Dakota Department of Environment & Natural Resources ("Department"), especially with reference to proper well plugging, filing all required notices and records with the Department, and restoring the affected land surface, then this obligation shall be terminated by the Board or the Department, as authorized by the Board; otherwise the same shall be and remain in full force and effect. This bond is not cancelable by the Surety for any reason including, but not limited to, non-payment of premiums or bankruptcy of the Principal. In the event the Surety becomes unable to fulfill its obligations under the bond for any reason, notice shall be promptly given to the Principal and to the Department. The Surety hereby agrees that no change, extension of time, alteration or addition to the work to be performed, or to the specifications for said work, shall in any manner affect its obligation on this Bond. The Surety hereby does waive notice of any such change, extension of time, alteration or to the work, or to the specifications.

The Principal and Surety under this agreement hereby acknowledge that under the provisions of SDCL 34A-10-2.2 and 34A-10-2.3, all right and title in any bond or other security shall be in the State of South Dakota until such time as the bond is released by order of the Board or by the Department, as authorized by the Board. Such bond or other security does not constitute an asset of the person required to provide it, and may not be cancelled, assigned, revoked, disbursed, replaced or allowed to terminate without Board approval. This surety bond may not be assigned for the benefit of creditors, attached, garnished, levied or executed on, or subject to process issued from any court except for the purpose of enabling the state to effectuate environmental cleanup or remediation.

Penal sum of _____

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I declare and affirm under penalties of perjury that this claim (petition, application, information) has been examined by me, and to the best of my knowledge and belief, is in all things true and correct.

Witness our hands and seals, this _____day of _____, 20_____

Principal: _____

_____

Witness our hands and seals, this _____ day of _____, 20_____

Surety: _____

_____

Surety's South Dakota Insurance Division License Number: _____

Attorney-In-Fact's Name: _____

Attorney-In-Fact's South Dakota Insurance Division License Number: _____

If the principal is a corporation, the bond should be executed by its duly authorized officers, with the seal of the corporation affixed. When the Principal or Surety executes this bond by agent, power of attorney or other evidence of authority must accompany the bond.

DO NOT WRITE BELOW THIS LINE

Approved: _____ _____ _____

Signature	Title	Date