FORM 3160-19 UNITED STATES

(MAY 2010) DEPARTMENT OF THE INTERIOR

BUREAU OF LAND MANAGEMENT

BOND FOR SURFACE OWNER PROTECTION

Act of December 29, 1916 (43 U.S.C. 299), as amended, or

Other Land Patent Acts, as appropriate

CORPORATE SURETY BOND

KNOW ALL MEN BY THESE PRESENTS, That \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_,

as principal and \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_,

as surety, are held and firmly bound unto the United States of America, for the use and benefit of

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, owner(s) of the surface of the hereinafter-described land, in the sum of

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_dollars ($\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_), lawful money of the United States, which sum may be increased or decreased by a rider hereto executed in the same manner as this bond, for the payment of which we bind ourselves, our successors and assigns, and each and everyone of us and them, jointly and severally, firmly by these presents.

This bond may be furnished by the operator conducting operations. This bond covers losses and damages attributable to any entity operating with the authorization of the federal oil and gas lessee or operator.

The Secretary shall hold this bond as security for the faithful performance of any and all of the conditions and stipulations as set forth in this bond. This bond shall be released when the lessee satisfies its obligations to the surface owner under the Act by which the surface was patented, including payment of any compensation specified in that Act.

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

THE CONDITION OF THIS OBLIGATION IS SUCH, That whereas the aforesaid principal is the duly authorized operator of the following described lands:

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

within oil and gas lease number \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ issued by the Bureau of Land Management

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ State Office on \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.

The surface of the lands was patented pursuant to the following Act(s): \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.

And that whereas the bond may be used under the provisions of Onshore Oil and Gas Order No. 1 for the payment of compensation for loss or damages to the surface owner’s interests that are compensable under the Act under which the surface was patented,

And that whereas this bond is provided in consideration of BLM authorization to conduct oil and gas operations on the above-identified lands without express approval of the surface owner.

NOW, THEREFORE,

(1) (a) If the principal or its assignees, fails to repair, replace, restore, or compensate for any loss or damage the principal caused or allowed to the surface owner’s property that is compensable under the Act by which the surface was patented, the surface owner may commence a civil action, in a court with jurisdiction, against the principal and any sureties of this bond for payment from the bond. The surface owner may present the order of the court to the Bureau of Land Management, which will demand payment of the bond to the surface owner as specified in the court order.

(b) Alternatively, after completion of all operations and occupation of the surface by the principal or its assignee, agents, operators, or contractors, the Bureau of Land Management will release this bond, or any remaining part of this bond to the principal, its assignees, or its sureties, if the principal or its assignee presents to the Bureau a document signed by the surface owner stating that: 1) the principal did not cause or allow any loss or damage compensable by the Act under which the surface was patented; 2) the principal repaired, replaced, or restored any damage compensable by that Act; or 3) the principal compensated the surface owner in full for any loss or damage compensable by that Act.

(c) Alternatively, the principal or its assignee and the surface owner may jointly sign a document specifying any amount to be paid to the surface owner, and any amount of the bond to be released to the principal, its assignee, or its sureties. When the principal or its assignee presents such document to the Bureau of Land Management, the Bureau will initiate the process of obtaining partial payment from, and partial release of, the bond, or full payment from or full release of the bond.

(d) Alternatively, if after completion of all operations and occupation of the surface, the principal or its assignee cannot obtain a release signed by the surface owner, the principal or assignee may commence a civil action against the surface owner, in a court with jurisdiction, to compel release of the bond. The principal may present an order of the court to the Bureau of Land Management, which will release the bond or the dollar amount specified in the court order, to the principal, its assignees, or its sureties.

(2) The United States shall have no liability for acting in reliance on a court order or a signed agreement in paying from or releasing the bond in whole or in part. The United States shall have no obligation to pay or to release more than the total dollar amount of this bond. The principal or its assignee shall save and hold harmless the United States from any such liability.

(3) The principal and each surety consent to and agree that if the United States, its agencies or employees, is named as a defendant in any court action to compel payment from or release of the bond in whole or in part, the United States may transfer the bond to the court for final disposition, and the United States may be dismissed as a party.

Title 18 U.S.C. 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false fictitious, or fraudulent statements or representations as to any matter within its jurisdiction.

Signed this \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_day of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, 20\_\_\_\_\_\_\_, in the presence of:

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

(Signature of Witness) (Printed Name of Witness) (Signature of Principal) (Printed Name of Signer)

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

(Address of Witness) (Address of Principal)

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

(Signature of Witness) (Printed Name of Witness) (Signature of Surety) (Printed Name of Signer)

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

(Address of Witness) (Address of Surety)

# The signatory must furnish a power of attorney showing authority to bind the surety on the date the bond is executed.

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| INSTRUCTIONS |  |
| 1. Fill in full name of the operator that is supplying the bond. | 5. Describe the patented lands on which operations are to be conducted; identify the Act or Acts under which |
| 2. Fill in the full name of the corporate surety. | the surface of the lands was patented. |
| 3. Fill in the name(s) of the surface owner(s); if there is not enough room on the form, attach a separate page. | 6. Identify the Federal oil and gas lease and the Bureau of Land Management State Office that issued the lease. |
| 4. Fill in the bond amount both numerically and in writing. The Bureau of Land Management will determine the required bond amount; the minimum bond amount is $1,000. | 8. As necessary, attach additional pages for signatures, include typed names, addresses. |
| PLEASE NOTE: |  |
| Only a qualified corporate surety approved by the Department of the Treasury (see Department of the Treasury Circular No. 570) can provide this bond.  This bond may be used to cover only one permit to drill, except that with BLM approval it may cover multiple wells drilled from a single well pad, and may cover more than one well drilled within a quarter-quarter section (or within 40 acres of surface that does not have a Public Land Survey) where the record title holders, the surface owner, and the applicable patenting statute are identical. | |
| The Bureau of Land Management may require additional bonding after demand and payment from this bond to the surface owner, prior to further operations, production, or other occupation of the surface. | |