

PERFORMANCE BOND

KNOW ALL MEN BY THESE PRESENTS

Bond Serial No. _____

That we: _____

of the County of _____ in the State of _____

as principal, and _____

of _____

AUTHORIZED TO DO BUSINESS WITHIN THE STATE OF ARIZONA

as surety, are held and firmly bound unto the State of Arizona and the Oil and Gas Conservation Commission, hereinafter referred to as the "Commission", in the penal sum of _____ lawful money of the United States, for which payment, well and truly to be made, 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.

The conditions of this obligation are that, whereas the above bounden principal proposes to drill a well or wells for oil, gas or strati-graphic purposes in and upon the following described land situated within the State, to-wit:

(May be used as blanket bond or for single well)

NOW THEREFORE, if the above bounden principal shall comply with all the provisions of the Laws of this State and the rules, regulations and orders of the Commission, especially with reference to the requirements of A.R.S. § 27-516, providing for the proper drilling, casing and plugging of said well or wells, and filing with the Oil and Gas Conservation Commission all notices and records required by said Commission, then in the event said well or wells do not produce oil or gas in commercial quantites, or cease to produce oil or gas in commercial quantites, this obligation is void; otherwise it shall remain in full force and effect.

Whenever the principal shall be, and declared by the Oil and Gas Conservation Commission in violation of the Laws of this State and the rules, regulations and orders of the Commission, the surety shall promptly:

- 1. Remedy the violation by its own efforts, or
- 2. Obtain a bid or bids for submission to the Commission to remedy the violation, and upon determination by the Commission and the surety of the lowest responsible bidder, arrange for a contract between such bidder and the Commission, and make available as work progresses sufficient funds to pay the cost of remedying the violation; but not exceeding, including other costs and damages for which the surety may be liable hereunder, the amount set forth in the first paragraph hereof.

Liability under this bond may not be terminated without written permission of this Commission.

WITNESS our hands and seals, this _____ day of _____, 20 ____ .

Principal

WITNESS our hands and seals, this _____ day of _____, 20 ____ .

Surety

(Surety, Resident Arizona Agent
If issued in a state other than Arizona)

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

Approved Date _____
STATE OF ARIZONA OIL & GAS CONSERVATION COMMISSION
By: _____

STATE OF ARIZONA OIL & GAS CONSERVATION COMMISSION
Bond File Two Copies
Form No. 2

Permit No. _____