

TITLE 267 – NEBRASKA OIL AND GAS CONSERVATION COMMISSION

CHAPTER 3 – DRILLING, DEVELOPMENT, PRODUCING AND ABANDONMENT

**004 FORM 3A – BOND**

Prior to commencement of dirt work preceding drilling, or assuming operation of any well, the person, firm or corporation commencing said drilling or operation shall make, or cause to be made, and file with the Commission a good and sufficient bond in the sum of not less than ten thousand dollars (\$10,000) for each well or hole and payable to the State of Nebraska, conditioned for the performance of the duty to comply with all the provisions of the laws of the State of Nebraska and the rules, regulations and orders of the Commission. Said bond shall remain in force and effect until plugging of said well or hole is approved by the Director or authorized deputy, a new bond is filed by a successor in interest or the bond is released by the Director. It is provided, however, that any owner in lieu of such bond may file with the Director a good and sufficient blanket bond in the principal sum of not less than one hundred thousand dollars (\$100,000) covering all wells or holes drilling or to be drilled in the State of Nebraska by the principal in said bond; and upon acceptance and approval by the Director of such blanket bond, said bond shall be considered as compliance with the foregoing provisions requiring an individual well or hole bond.

The Director may refuse to accept a bond or add wells to a blanket bond if the operator or surety company has failed in the past to comply with statutes, rules or orders relating to the operation of wells; or for other good cause.

Any person required to file a surety bond pursuant to this rule may post cash or certificate of deposit in the amount required subject to the following conditions:

If a person posts cash, it may be in the form of a cashier's check, certified check or legal tender of the United States of America delivered to the Commission.

A certificate of deposit shall comply with the following:

- The certificate of deposit shall be in the name of the Nebraska Oil and Gas Conservation Commission and only the signature of the Commission's authorized representative shall be on the withdrawal card as the authorized signature to withdraw the deposit.
- The certificate of deposit shall be in a bank or financial institution insured by the Federal Deposit Insurance Corporation and located in the State of Nebraska.
- The Commission may reject any certificate of deposit, when, combined with other certificates of deposit on that bank or financial institution,

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exceeds the limits of Federal Deposit Insurance Corporation insurance coverage.

- The certificate of deposit shall be in the custody of the Commission.
- The certificate of deposit shall be automatically renewable.
- Interest earned on the certificate of deposit is the property of the person who provided the money for it. The certificate of deposit and the money it represents is the property of the Commission until released by the Director.

Any person, other than the operator or owner of the well, engaged in pulling casing from abandoned oil or gas wells and wells used in connection therewith, or who purchases such wells for the purpose of salvaging material from the same, shall file with the Commission a ten thousand dollar (\$10,000) blanket bond to guarantee the ultimate plugging of these wells conformable with the rules, regulations or orders of the Commission.

The State Board of Educational Lands and Funds shall be contacted for bonding requirements on State Land, and the U. S. Bureau of Land Management should be contacted for additional bonding requirements on Federal Land.

