



New Operator Packet

The forms needed to become an Oil and Gas Operator in the State of Illinois are listed in this document and can be found on our website at:

<https://dnr.illinois.gov/oilandgas/formslistslogs.html>

You will find fillable form versions of the bond documents at the end of this packet. Additional copies can also be found on our website.

There are two ways to become an operator. The first way is to transfer an existing well from another operator. The second way is to apply for a permit to drill a new well.

In either case, some type of bond will be needed by the new permittee or operator. The amounts and options for bonding are:

The first category is Individual, one \$10,000 bond per well.

The second category is Blanket, based on the total number of wells credited to the permittee:

- c) \$25,000 for up to 10 wells
- d) \$50,000 for up to 50 wells
- e) \$100,000 for up to 100 wells

Any blanket bond covering over 100 wells shall be increased to include the bond amount, as listed above, for the total number of wells over 100 that will be covered by the blanket bond.

Within the two categories mentioned above, the Department can accept a bond of three types, namely Surety, Letter of Credit, or Certificate of Deposit. These three types are explained in more detail below:

Surety Bond Requirements

- 1) Bonds shall be signed by the permittee as principal, and by a good and sufficient corporate surety, authorized to transact business in Illinois.
- 2) Each surety bond shall provide that the bond shall not be cancelled by the surety except after at least 90 days written notice to the Department. Such notice shall be served upon the Department in writing by registered or certified mail to the Department's Springfield office.

- 3) Prior to the expiration of the 90 days' notice of cancellation, the permittee shall deliver to the Department a replacement bond. If such bond is not delivered, all activities covered by the permit and bond shall cease at the expiration of the 90-day period.
- 4) If the license to transact business in Illinois of any surety upon a bond filed with the Department shall be suspended or revoked, the permittee, within 30 days after receiving notice thereof from the Department, shall make substitution by providing a surety bond or other security as required. Upon the failure of the permittee to make the substitution of bond, all activities covered by the permit and bond shall cease until substitution has been made.

Letter of Credit Requirements

- 1) The letter may only be issued by a bank organized or authorized to do business in Illinois.
- 2) Letter of credit shall be irrevocable during their terms. A letter of credit shall be forfeited and shall be collected by the Department if not replaced by other suitable bond or letter of credit at least 30 days before its expiration date.
- 3) The letter of credit shall be payable to the Department upon demand, in part or in full, upon receipt from the Department of a notice of forfeiture issued in accordance with Illinois Administrative Code Section 240.1530.
- 4) The letter of credit shall provide on its face that the Department, its lawful assigns, or the attorneys for the Department or it assigns, may sue, waive notice and process, appear on behalf of, and confess judgement against the issuing bank (and any confirming bank) in the event that the letter of credit is dishonored. The letter of credit shall be deemed to be made in Sangamon County, Illinois, for the purpose of enforcement and any actions thereon shall be enforceable in the Courts of Illinois and shall be construed under Illinois law.

Certificate of Deposit Requirements

- 1) The Department shall require that certificates of deposit be made payable to or assigned to the Department both in writing and upon the records of the bank issuing the certificates. If assigned, the Department shall require the banks issuing these certificates to waive all rights of setoff or liens against those certificates.
- 2) The Department cannot accept an individual certificate of deposit in an amount more than the maximum insurable amount as determined by the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation.
- 3) Any interest accruing on a certificate of deposit shall be for the benefit of the permittee except that accrued interest shall first be applied to any prepayment penalty when a certificate of deposit is forfeited by the Department.
- 4) The certificate of deposit, if a negotiable instrument, shall be placed in the Department's possession. If the certificate of deposit is not a negotiable instrument, a withdrawal receipt endorsed by the permittee, shall be placed in the Department's possession.

The Process:

For a transfer from an active operator, the forms and attachments needed will be:

1. [OG-26CP form](#) signed by the current permittee.
2. [OG-26NP form](#) signed by the proposed new permittee.
3. [OG-01 form](#).
4. The bond as mentioned above.
5. If the new operator is an individual and NOT an Illinois resident, the Consent to be Sued form is required.
6. If the new operator is a Corporation or Limited Liability Co., approval from the Secretary of State to do business in Illinois is required.
7. A non-refundable Transfer Application Fee in the amount of \$75.00 per well for the first 100 wells and \$50.00 for each well in excess of 100 wells.

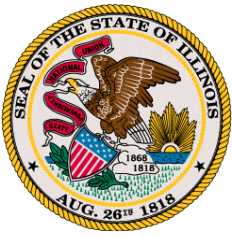
For a transfer of Plugging Fund Well(s), the forms and attachments needed will be:

1. [OG-26A form](#) signed by the proposed new permittee.
2. [OG-01 form](#).
3. The bond as mentioned above.
4. Two salvage estimates from equipment dealers for the value of the surface equipment.
5. A non-refundable Transfer Application Fee in the amount of \$75.00 per well for the first 100 wells and \$50.00 for each well in excess of 100 wells.
6. A Salvage Fee as a separate cashier's check in the amount determined by the highest estimate of salvage value + the down hole salvage value as determined on the back side of the OG-26A.
7. If the new operator is an individual and NOT an Illinois resident, the Consent to be Sued form is required.
8. If the new operator is a Corporation or Limited Liability Co., approval from the Secretary of State to do business in Illinois is required.

For drilling a new well, the forms and attachments needed will be:

1. [OG-10 form](#) signed by the Surveyor and completed and signed by the proposed new permittee. Extra guidance on completing this form is available [here](#).
2. The bond as mentioned above.
3. [OG-01 form](#).
4. If the new operator is an individual and NOT an Illinois resident, the Consent to be Sued form is required.
5. If the new operator is a Corporation or Limited Liability Co., approval from the Secretary of State to do business in Illinois is required.
6. A non-refundable Permit Application Fee in the amount of \$400.00 per well.

Please Note: The documents mentioned above are not complete by any means; this packet is meant to be a general description of the transfer and permit processes. Each transaction has its own unique identity and may require additional information.



Illinois Department of Natural Resources

Office of Oil and Gas Resource Management

One Natural Resources Way Springfield, Illinois 62702-1271
www.dnr.illinois.gov (217) 782 - 7756



Annual Well Fee Program

What is the Annual Well Fee Program?

The Annual Well Fee Program established funding for the Department of Natural Resources, Office of Oil and Gas Resource Management, Well Plugging and Restoration Fund and Underground Injection Control Programs through the assessments of Annual Well Fees. The fee is based on the number of production and injection wells permitted on July 1 of each calendar year. The fee ensures continued primacy for the Underground Injection Control Program and provides for the plugging and site restoration of abandoned and orphaned wells.

How is the fee assessed?

The Annual Well Fee is assessed July 1 of each year and is due September 1 of each year. The permittee is responsible for payment of a fee based on the number of wells of record with the Department on July 1 of each year. All wells listed as active or temporarily abandoned in the Department files are included in the fee assessment. Wells transferred, plugged (and site restored), or for which permits have expired after July 1 of each year will be reflected in the next year's billing. The fee schedule used for determining the amount of the Annual Well Fee is as follows:

\$100.00 per well for the first 100 wells, and

\$75.00 for each well in excess of 100.

What if I don't pay the fee?

Fees not received by November 1 of each year shall be deemed delinquent and the wells covered by the fees shall be determined to be abandoned in accordance with 62 Ill. Adm. Code Section 240.1600 and subject to plugging in accordance with 62 Ill. Adm. Code Section 240.1610.

What if I do not agree with the invoice sent?

Permittees may contest the amount of fees by submitting a written objection on or before October 30 of each year. The objection must be in writing, signed by the permittee, or by an individual authorized to sign for the permittee, and must provide documentation as to which wells on the invoice were plugged (and site restored) or not owned by the permittee on July 1 of that year. The written objection and accompanying documentation should be sent with a check for the full amount of the fee minus the contested amount.

How do Annual Well Fees affect my bond?

The bond for a new permittee will be required to remain on file with the Department for a period of five (5) fee billing cycles. After payment of five (5) consecutive years of fees into the Annual Well Fee Program and such permittee is not in violation of the Act, the bond will be released to the permittee upon request to the Department. The required bond amounts are as follows:

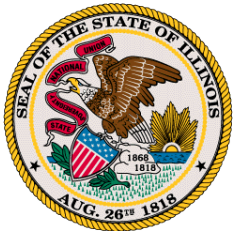
INDIVIDUAL:	\$10,000.00
BLANKET: 1-25 wells	\$25,000.00
26-50 wells	\$50,000.00
50-100 wells	\$100,000.00

Any blanket bond covering over 100 wells shall be increased to include the bond amount, as listed above, for the total number of wells over 100 that will be covered by the blanket bond.

Bond amounts required for geological, structure, coal or other mineral test holes, or monitoring wells permitted in accordance with 62 Ill. Adm. Code Part 240: Subpart L:

INDIVIDUAL:	\$2,500.00 per permit
BLANKET:	\$25,000.00

Liquid Oil Field Waste Bond: \$10,000.00



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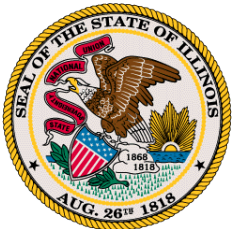
Corporations must register to conduct business in Illinois with the following:

Secretary of State, Corporation Division
501 S. Second St., 351 Howlett Building
Springfield, IL 62756
(217) 524-8008

Limited Liability Companies must register to do business in Illinois with the following:

Secretary of State, Limited Liability Division
501 S. Second St., 351 Howlett Building
Springfield, IL 62756
(217) 524-8008

The Secretary of State has a website with information about becoming a registered Illinois business located at: https://www.ilsos.gov/online_services/home.html



Illinois Department of Natural Resources Office of Oil and Gas Resource Management

One Natural Resources Way Springfield, Illinois 62702-1271
www.dnr.illinois.gov (217) 782 - 7756



IRREVOCABLE CONSENT TO BE SUED IN ILLINOIS

INDIVIDUAL

Permittee # _____

I, _____, am a resident of the State of _____.
Given my intent to engage in the business of oil and/or gas production within the State of Illinois under the name of _____, I hereby irrevocably consent to being subject to suit in the State of Illinois.

PARTNERSHIP

I, _____, am a General Partner of a partnership residing within the State of _____ known as _____.
Given that the partnership identified above intends to engage in the business of oil and/or gas production within the State of Illinois under the name of _____, on behalf of said partnership. I hereby irrevocably consent to such partnership being subject to suit in the State of Illinois. I have full authority to bind the partnership in this manner.

UNINCORPORATED ASSOCIATION

I, _____, am the _____ of an unincorporated association known as _____ residing within the State of _____. Given that the unincorporated association identified above intends to engage in the business of oil and/or gas production within the State of Illinois under the name of _____, on behalf of said unincorporated association. I hereby consent to such unincorporated association being subject to suit in the State of Illinois. I have full legal authority to bind the unincorporated association in the manner.

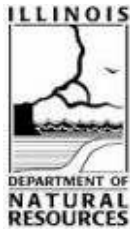
Under penalties of perjury, I declare that I am executing the foregoing Irrevocable Consent to be Sued in Illinois in accordance with the provisions of 62 Ill. Adm. Code 240.1440(d).

Company Name

Signature of Individual or Partner

Address

Date



Office of Oil & Gas Resource Management
One Natural Resources Way
Springfield, IL 62702-1271
(217) 782-7756

FINANCIAL SECURITY INSTRUMENT IRREVOCABLE LETTER OF CREDIT

- ☐ LIQUID OILFIELD WASTE TRANSPORTATION SYSTEM BOND
☐ BLANKET BOND (ALL WELLS OR PERMITS)
☐ INDIVIDUAL BOND (SINGLE WELL OR PERMIT)

PERMITTEE # _____

Issuing Bank Information:

Name	Date Issued
Address	Amount \$
Telephone	Bank LOC Number

THE _____ (ISSUING BANK) HEREBY ISSUES THIS IRREVOCABLE LETTER OF CREDIT TO THE ILLINOIS DEPARTMENT OF NATURAL RESOURCES, OFFICE OF OIL & GAS RESOURCE MANAGEMENT, ON BEHALF OF

_____ (PERMITTEE NAME) FOR A PERMIT TO: (CHOOSE ONE)

- ☐ OPERATE A LIQUID OILFIELD WASTE TRANSPORTATION SYSTEM, OR
☐ DRILL COAL, STRUCTURE, MINERAL OR GROUNDWATER MONITORING TEST HOLE OR HOLES; OR
☐ DRILL OR DEEPEN AN OIL OR GAS WELL (OR WELLS) OR A WELL (OR WELLS) USED IN CONJUNCTION THEREWITH, OR
☐ TRANSFER, A WELL (OR WELLS) ACQUIRED FOR OIL AND GAS PRODUCTION OR FOR USE IN CONJUNCTION THEREWITH.

ONLY COMPLETE IF BOND IS FOR INDIVIDUAL WELL OR PERMIT

WELL TO BE KNOWN AS: _____ REFERENCE #: _____
NORTH EAST
SOUTH WEST OF THE _____ CORNER OF THE _____ QUARTER
OF THE _____ QUARTER OF THE _____ QUARTER OF SECTION _____
TOWNSHIP _____ NORTH EAST
SOUTH RANGE _____ WEST, _____ COUNTY

THIS IRREVOCABLE LETTER OF CREDIT AUTHORIZES THE ILLINOIS DEPARTMENT OF NATURAL RESOURCES, OFFICE OF OIL & GAS RESOURCE MANAGEMENT TO DRAW ON THE ISSUING BANK, UP TO THE AMOUNT OF _____ DOLLARS (\$ _____), BY SIGHT DRAFT PRESENTED FOR PAYMENT TO THE ISSUING BANK. THE SIGHT DRAFT SHALL INCLUDE A SIGNED STATEMENT FROM THE ILLINOIS DEPARTMENT OF NATURAL RESOURCES, OFFICE OF OIL & GAS RESOURCE MANAGEMENT THAT THE PERMITTEE'S FAILURE TO COMPLY WITH THE REQUIREMENTS OF THE ILLINOIS OIL AND GAS ACT, 225 ILCS 725/1 ET SEQ. (ACT), HAS RESULTED IN A FORFEITURE ORDER ISSUED IN ACCORDANCE WITH 62 ILL. ADM. CODE 240.1530.

THE ISSUING BANK AUTHORIZES THE ILLINOIS DEPARTMENT OF NATURAL RESOURCES, OFFICE OF OIL & GAS RESOURCE MANAGEMENT, ITS LAWFUL ASSIGNS, OR THE ATTORNEYS FOR THE ILLINOIS DEPARTMENT OF NATURAL RESOURCES, OFFICE OF OIL & GAS RESOURCE MANAGEMENT AND ITS ASSIGNS, TO SUE, TO WAIVE NOTICE AND PROCESS, TO APPEAR ON BEHALF OF, AND TO CONFESS JUDGMENT AGAINST THE ISSUING BANK, IN THE EVENT THAT THIS IRREVOCABLE LETTER OF CREDIT IS DISHONORED. THIS IRREVOCABLE LETTER OF CREDIT SHALL BE DEEMED TO BE MADE IN SANGAMON COUNTY, ILLINOIS, FOR PURPOSES OF ENFORCEMENT AND ANY ACTIONS THEREON SHALL BE ENFORCEABLE IN THE COURTS OF ILLINOIS AND SHALL BE CONSTRUED UNDER ILLINOIS LAW.

THIS ISSUING BANK IS (AN ILLINOIS BANK CORPORATION OPERATING UNDER ILLINOIS BANKING CHARTER NO. _____) (OR) (A NATIONAL BANKING ASSOCIATION OPERATING UNDER CHARTER NO. _____) ISSUED BY THE U. S. COMPTROLLER OF THE CURRENCY AND CONDUCTS ITS BUSINESS AT THE ADDRESS SHOWN ABOVE. THE ISSUING BANK SHALL GIVE PROMPT NOTICE TO THE PERMITTEE AND TO THE ILLINOIS DEPARTMENT OF NATURAL RESOURCES, OFFICE OF OIL & GAS RESOURCE MANAGEMENT OF ANY NOTICE RECEIVED OR ACTION ALLEGING THE INSOLVENCY OR BANKRUPTCY OF THE ISSUING BANK OR ALLEGING ANY VIOLATIONS OF REGULATORY REQUIREMENTS WHICH COULD RESULT IN SUSPENSION OR REVOCATION OF THE ISSUING BANK'S CHARTER OR LICENSE TO DO BUSINESS.

IN THE EVENT THE ISSUING BANK BECOMES UNABLE TO FULFILL ITS OBLIGATIONS UNDER THIS IRREVOCABLE LETTER OF CREDIT FOR ANY REASON, NOTICE SHALL BE GIVEN IMMEDIATELY TO THE PERMITTEE AND THE ILLINOIS DEPARTMENT OF NATURAL RESOURCES, OFFICE OF OIL & GAS RESOURCE MANAGEMENT, PROVIDED THAT SUCH NOTICE SHALL IN NO WAY RELIEVE THE ISSUING BANK OF ITS OBLIGATIONS UNDER THIS IRREVOCABLE LETTER OF CREDIT.

THIS IRREVOCABLE LETTER OF CREDIT IS A BINDING OBLIGATION ON THE ISSUING BANK, INDEPENDENT OF THE ACTS AND OMISSIONS OF THE PERMITTEE, PAYABLE UPON PRESENTMENT BY THE ILLINOIS DEPARTMENT OF NATURAL RESOURCES, OFFICE OF OIL & GAS RESOURCE MANAGEMENT. THE ILLINOIS DEPARTMENT OF NATURAL RESOURCES, OFFICE OF OIL & GAS RESOURCE MANAGEMENT AND/OR THE STATE OF ILLINOIS SHALL IN NO WAY BE OBLIGATED TO THE ISSUING BANK OR PERMITTEE FOR REPAYMENT OF ALL OR ANY PORTION THEREOF.

SELECT ONE:

- ☐ THIS LETTER OF CREDIT WILL AUTOMATICALLY EXTEND FOR ADDITIONAL, SUCCESSIVE TERMS OF ONE (1) YEAR EACH FROM THE ORIGINAL DATE OF ISSUANCE, UNLESS THE ISSUING BANK PROVIDES THE ILLINOIS DEPARTMENT OF NATURAL RESOURCES, OFFICE OF OIL & GAS RESOURCE MANAGEMENT WITH WRITTEN NOTICE, AT LEAST NINETY (90) DAYS PRIOR TO THE EXPIRATION DATE, THAT IT DOES NOT WISH TO EXTEND THE IRREVOCABLE LETTER OF CREDIT FOR AN ADDITIONAL PERIOD. THE ILLINOIS DEPARTMENT OF NATURAL RESOURCES, OFFICE OF OIL & GAS RESOURCE MANAGEMENT HAS THE RIGHT TO DRAW ON THIS IRREVOCABLE LETTER OF CREDIT IN THE EVENT THE PERMITTEE DOES NOT REPLACE THIS IRREVOCABLE LETTER OF CREDIT, PRIOR TO THIRTY (30) DAYS BEFORE ITS EXPIRATION, WITH A REPLACEMENT BOND WHICH COMPLIES WITH THE OIL AND GAS RULES, PURSUANT TO 62 ILL. ADM . CODE 240.1520(D)(1)(B).
- ☐ THE LIABILITY OF THE ISSUING BANK UNDER THIS IRREVOCABLE LETTER OF CREDIT SHALL CONTINUE IN FORCE FROM THE ISSUE DATE UNTIL RELEASED BY THE ILLINOIS DEPARTMENT OF NATURAL RESOURCES, OFFICE OF OIL & GAS RESOURCE MANAGEMENT, PURSUANT TO SECTIONS 6(2) AND 8c OF THE ACT, 225 ILCS 725/6(2) AND 8c.

UNDER PENALTIES OF PERJURY, I DECLARE THAT I AM EXECUTING THE FOREGOING IRREVOCABLE LETTER OF CREDIT FOR THE USES AND PURPOSES THEREIN SET FORTH AND CERTIFY THAT THIS LETTER OF CREDIT IS NOT IN EXCESS OF TEN PERCENT (10%) OF THE ISSUING BANK'S UNIMPAIRED CAPITAL AND SURPLUS ACCOUNTS, DEFINED IN SECTION 2 OF THE ILLINOIS BANKING ACT, AS EVIDENCED BY THE MOST RECENT QUARTERLY CALL REPORT PROVIDED TO THE FEDERAL DEPOSIT INSURANCE CORPORATION.

PRINT NAME, PRESIDENT OR CEO OF ISSUING BANK

SIGNATURE, PRESIDENT OR CEO OF ISSUING BANK

IDNR/OOGRM APPROVAL:

OFFICE OF OIL AND GAS RESOURCE MANAGEMENT

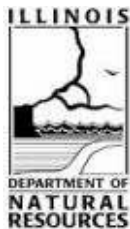
DATE OF APPROVAL

PERMITTEE INFORMATION:

NAME OF INDIVIDUAL, COMPANY OR CORPORATION (MUST BE SAME AS PERMITTEE NAME ON FRONT PAGE)

ADDRESS

TELEPHONE/FAX NUMBER



Office of Oil and Gas Resource Management
One Natural Resources Way
Springfield, IL 62702-1271
(217) 782-7756

**FINANCIAL SECURITY
INSTRUMENT (BOND)
CERTIFICATE OF DEPOSIT**

CHOOSE ONE:

- ☐ LIQUID OILFIELD WASTE TRANSPORTATION SYSTEM
- ☐ BLANKET BOND (ALL WELLS OR PERMITS)
- ☐ INDIVIDUAL BOND (SINGLE WELL OR PERMIT)

CERTIFICATE # _____

PERMITTEE # _____

_____, of _____
(Permittee) (Permanent Address)
_____, County of _____, State of _____
(Telephone)

IS HELD AND FIRMLY BOUND UNTO THE ILLINOIS DEPARTMENT OF NATURAL RESOURCES, OFFICE OF OIL & GAS RESOURCE MANAGEMENT IN THE PENAL SUM OF _____ DOLLARS (\$ _____), TO THE PAYMENT WHEREOF THE PERMITTEE, AND THE PERMITTEE'S HEIRS, EXECUTORS, ADMINISTRATORS, SUCCESSORS AND ASSIGNS, ARE JOINTLY AND SEVERALLY BOUND. THIS OBLIGATION IS SECURED BY ONE OR MORE CERTIFICATES OF DEPOSIT, AS IDENTIFIED ABOVE, DRAWN ON A FEDERALLY INSURED BANK, MADE PAYABLE OR ASSIGNED TO THE ILLINOIS DEPARTMENT OF NATURAL RESOURCES, OFFICE OF OIL & GAS RESOURCE MANAGEMENT, AND PLACED IN ITS POSSESSION. WHICH SAID SUM SHALL BE HELD, APPLIED, AND RETURNED TO THE PERMITTEE UNDER THE CONDITIONS AND FOR THE PURPOSES HEREINAFTER SET FORTH.

WHEREAS, THE PERMITTEE HAS APPLIED, OR INTENDS TO APPLY, TO THE ILLINOIS DEPARTMENT OF NATURAL RESOURCES, OFFICE OF OIL & GAS RESOURCE MANAGEMENT FOR A PERMIT TO: (CHOOSE ONE)

- ☐ OPERATE A LIQUID OILFIELD WASTE TRANSPORTATION SYSTEM, OR
- ☐ DRILL COAL, STRUCTURE, MINERAL OR GROUNDWATER MONITORING TEST HOLE OR HOLES; OR
- ☐ DRILL OR DEEPEN AN OIL OR GAS WELL (OR WELLS) OR A WELL (OR WELLS) USED IN CONJUNCTION THEREWITH, OR
- ☐ TRANSFER A WELL (OR WELLS) ACQUIRED FOR OIL AND GAS PRODUCTION OR FOR USE IN CONJUNCTION THEREWITH.

ONLY COMPLETE IF BOND IS FOR INDIVIDUAL WELL OR PERMIT

WELL TO BE KNOWN AS: _____		REFERENCE #: _____	
NORTH _____	EAST _____		
SOUTH _____	WEST OF THE _____ CORNER OF THE _____ QUARTER		
OF THE _____ QUARTER OF THE _____ QUARTER OF SECTION _____.			
NORTH _____	EAST _____		
TOWNSHIP _____	SOUTH _____	RANGE _____	WEST, _____ COUNTY

NOW, THEREFORE, THE CONDITIONS OF THIS OBLIGATION ARE SUCH, THAT IF THE PERMITTEE SHALL FULLY COMPLY WITH THE PROVISIONS OF THE ILLINOIS OIL AND GAS ACT, 225 ILCS 725/1 ET. SEQ., (ACT), AS AMENDED, AND SHALL COMPLY WITH AND CONFORM TO THE REGULATIONS AND ORDERS OF THE ILLINOIS DEPARTMENT OF NATURAL RESOURCES, OFFICE OF OIL & GAS RESOURCE MANAGEMENT ISSUED UNDER THE PROVISIONS OF THE ACT AND AMENDMENTS THERETO, THEN THE PERMITTEE MAY APPLY TO THE ILLINOIS DEPARTMENT OF NATURAL RESOURCES, OFFICE OF OIL & GAS RESOURCE MANAGEMENT FOR A RELEASE OF THIS OBLIGATION.

THE PERMITTEE'S OBLIGATIONS UNDER THIS PENAL BOND SHALL BE RELEASED BY THE ILLINOIS DEPARTMENT OF NATURAL RESOURCES, OFFICE OF OIL & GAS RESOURCE MANAGEMENT, AND THE ABOVE-MENTIONED DEPOSIT SHALL BE RETURNED TO THE PERMITTEE, IF THE ILLINOIS DEPARTMENT OF NATURAL RESOURCES, OFFICE OF OIL & GAS RESOURCE MANAGEMENT DETERMINES, TO ITS SATISFACTION, THAT THE PERMITTEE HAS FULLY COMPLIED WITH THE TERMS AND CONDITIONS OF THIS BOND.

THE FULL FACE AMOUNT OF THIS BOND IS SUBJECT TO FORFEITURE, BY THE ILLINOIS DEPARTMENT OF NATURAL RESOURCES, OFFICE OF OIL & GAS RESOURCE MANAGEMENT, IN THE EVENT THE PERMITTEE IS FOUND TO HAVE VIOLATED THE PROVISIONS OF THE ACT AND SUCH VIOLATIONS REMAIN UNABATED.

SPECIAL INSTRUCTIONS: THE PRINCIPAL IS REQUIRED TO NOTIFY THE ILLINOIS DEPARTMENT OF NATURAL RESOURCES, OFFICE OF OIL & GAS RESOURCE MANAGEMENT WITHIN THIRTY (30) DAYS OF THE SALE OF THE WELL FOR WHICH THIS BOND IS SUBMITTED, PURSUANT TO 62 ILL. ADM. CODE 240.1420.

UNDER PENALTIES OF PERJURY, WE DECLARE THAT WE ARE EXECUTING THE FOREGOING INDIVIDUAL COLLATERAL BOND FOR THE USES AND PURPOSES THEREIN SET FORTH.

IN WITNESS WHEREOF, WE HAVE HEREUNTO SET OUR RESPECTIVE HANDS AND SEALS THIS _____ DAY OF _____.

PERMITTEE:

SIGNATURE

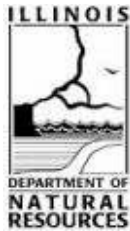
TITLE

DATE

APPROVED BY:

**OFFICE OF OIL AND GAS
RESOURCE MANAGEMENT**

DATE



Office of Oil and Gas Resource Management
One Natural Resources Way
Springfield, IL 62702-1271
(217) 782-7756

ASSIGNMENT OF CERTIFICATE OF DEPOSIT

For value received, _____ (Permittee) hereby assigns, sets over and transfers to the **Illinois Department of Natural Resources, Office of Oil and Gas Resource Management**, its successors and assigns the Illinois Department of Natural Resources, Office of Oil and Gas Resource Management, all right, title, and interest of _____ (Permittee) in and to the principal amount of \$ _____ on deposit in _____ (Permittee) account in _____ (Bank), evidence by Certificate of Deposit number _____ (in the amount of \$ _____) and all sums now or at any time hereafter on deposit in such account, for the purpose of securing payment of each and every debt, liability or obligation under: (choose one)

1. Section 8c of the Oil and Gas Act (225 ILCS 725/8c) concerning operation of a Liquid Oilfield Waste Transportation System; or
2. Section 6 of the Oil and Gas Act (225 ILCS 725/6) concerning the drilling and operation of oil and gas and Class II wells; or
3. Section 2 of the Oil and Gas Act (225 ILCS 725/2) concerning the drilling of geological, structure, coal or other mineral test holes, or monitoring wells in connection with any activity regulated by the Department.

which _____ (Permittee) may now or any time hereafter owe to the Illinois Department of Natural Resources, Office of Oil and Gas Resource Management, whether such debt, liability or obligation now exists or is hereafter created or incurred and whether it is direct or indirect, due or to become due, absolute or contingent or joint and/or several ("Obligations"). The foregoing assignment shall be construed as a grant of a security interest, subject to the extent applicable to the Uniform Commercial Code as enacted in the State of Illinois.

_____ (Permittee) hereby irrevocably authorizes and empowers the Illinois Department of Natural Resources, Office of Oil and Gas Resource Management at any time, whether or not at such time the Obligations or any part thereof are due and payable, in its own name or in _____ (Permittee) name to demand, apply for withdrawal, receipt and give acquittance for any and all sums which are or will become due and payable under said account, to exercise any and all rights and privileges and receive all benefits accorded to said account, to execute any and all instruments required therefor, and to apply such moneys towards payment of the Obligations in such order of application as the Illinois Department of Natural Resources, Office of Oil and Gas Resource Management may determine, all without notice to _____ (Permittee). _____ (Bank) is hereby specifically authorized and directed, on demand of the Illinois Department of Natural Resources, Office of Oil and Gas Resource Management, to pay said account and all moneys hereby assigned directly to the Illinois Department of Natural Resources, Office of Oil and Gas Resource Management and to transfer said account into the name of the Illinois Department of Natural Resources, Office of Oil and Gas Resource Management on the books of _____ (Bank). Until this assignment has been released by a writing delivered by the Illinois Department of Natural Resources, Office of Oil and Gas Resource Management to

_____ (Bank), _____ (Permittee) shall have no right to make any withdrawals from said account (except interest earned thereon which shall be payable to _____ (Permittee) from time to time) or to the issuance of any new certificate evidencing such account.

ATTEST:

Title: _____

Permittee

By: _____
Signature of Permittee
Title: _____

ACKNOWLEDGMENT OF ASSIGNMENT

We acknowledge receipt of the notice of assignment and transfer of the account of _____ (Permittee) in this institution evidenced by Certificates of Deposit number _____ (in the amount of \$_____).

We further acknowledge that until released by the Illinois Department of Natural Resources, Office of Oil and Gas Resource Management, the principal amount of \$_____ on deposit in such account is payable directly to the Illinois Department of Natural Resources, Office of Oil and Gas Resource Management and that no account holder or assignee (except for the Illinois Department of Natural Resources, Office of Oil and Gas Resource Management) shall have any right to make any withdrawal from said account (except for interest earned on such account which shall be paid to _____ (Permittee)) or to obtain any new certificate evidencing said account. We expressly waive all rights of set offs or liens against the above-referenced certificate of Deposit.

Name of Bank

Address

Date: _____

By: _____

Title: _____

RELEASE OF ASSIGNMENT

TO:

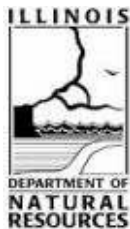
This is to advise you the assignment of the account of _____ (Permittee) in your institution evidenced by Certificate of Deposit number _____ (in the amount of \$_____) has been released. Pursuant to such release, please take appropriate action to ensure that all unpaid interest earned on this account is paid or credited to _____ (Permittee).

Date: _____

By: _____

Supervisor

Office of Oil and Gas
Resource Management



Office of Oil and Gas Resource Management
One Natural Resources Way
Springfield, IL 62702-1271 (217)
782-7756

**FINANCIAL
SECURITY
INSTRUMENT
SURETY BOND**

- ☐ LIQUID OILFIELD WASTE TRANSPORTATION SYSTEM
☐ BLANKET BOND (ALL WELLS OR PERMITS)
☐ INDIVIDUAL BOND (SINGLE WELL OR PERMIT)

BOND # _____
PERMITTEE # _____

_____, OF _____
(PRINCIPAL) (Address) (City) (Zip)

_____, COUNTY OF _____, STATE OF _____,
(TELEPHONE NUMBER)

AS PRINCIPAL, AND _____
(NAME OF SURETY)

(ADDRESS OF OFFICE)

AS SURETY, ARE HELD AND FIRMLY BOUND UNTO THE ILLINOIS DEPARTMENT OF NATURAL RESOURCES, OFFICE OF OIL & GAS RESOURCE MANAGEMENT IN THE PENAL SUM OF _____ DOLLARS (\$ _____), TO THE PAYMENT WHEREOF THE PRINCIPAL AND SURETY BIND THEMSELVES, THEIR HEIRS, EXECUTORS, ADMINISTRATORS, SUCCESSORS AND ASSIGNS, ARE JOINTLY AND SEVERALLY BOUND.

WHEREAS, THE PRINCIPAL HAS APPLIED, OR INTENDS TO APPLY, TO THE ILLINOIS DEPARTMENT OF NATURAL RESOURCES, OFFICE OF OIL & GAS RESOURCE MANAGEMENT FOR A PERMIT TO: (CHOOSE ONE)

- ☐ OPERATE A LIQUID OILFIELD WASTE TRANSPORTATION SYSTEM, OR
☐ DRILL COAL, STRUCTURE, MINERAL OR GROUNDWATER MONITORING TEST HOLE OR HOLES; OR
☐ DRILL OR DEEPEN AN OIL OR GAS WELL (OR WELLS) OR A WELL (OR WELLS) USED IN CONJUNCTION THEREWITH, OR
☐ TRANSFER A WELL (OR WELLS) ACQUIRED FOR OIL AND GAS PRODUCTION OR FOR USE IN CONJUNCTION THEREWITH.

ONLY COMPLETE IF BOND IS FOR INDIVIDUAL WELL OR PERMIT

WELL TO BE KNOWN AS: _____ REFERENCE #: _____
NORTH EAST
_____, SOUTH _____ WEST OF THE _____ CORNER OF THE _____ QUARTER OF
THE _____ QUARTER OF THE _____ QUARTER OF SECTION _____.
NORTH EAST
TOWNSHIP _____ SOUTH RANGE _____ WEST, _____ COUNTY

NOW, THEREFORE, THE CONDITIONS OF THIS OBLIGATION ARE SUCH, THAT IF THE PRINCIPAL SHALL FULLY COMPLY WITH THE PROVISIONS OF THE ILLINOIS OIL AND GAS ACT, 225 ILCS 725/1 ET. SEQ. (ACT), AS AMENDED, AND SHALL COMPLY WITH AND CONFORM TO THE REGULATIONS AND ORDERS OF THE ILLINOIS DEPARTMENT OF NATURAL RESOURCES, OFFICE OF OIL & GAS RESOURCE MANAGEMENT ISSUED UNDER THE PROVISIONS OF THE ACT AND AMENDMENTS THERETO, THEN THE PRINCIPAL OR SURETY MAY APPLY TO THE ILLINOIS DEPARTMENT OF NATURAL RESOURCES, OFFICE OF OIL & GAS RESOURCE MANAGEMENT FOR A RELEASE OF THIS OBLIGATION.

THE PRINCIPAL'S AND SURETY'S OBLIGATIONS UNDER THIS PENAL BOND SHALL BE RELEASED BY THE ILLINOIS DEPARTMENT OF NATURAL RESOURCES, OFFICE OF OIL & GAS RESOURCE MANAGEMENT WHEN THE DEPARTMENT HAS DETERMINED THAT EITHER THE PRINCIPAL OR SURETY HAS FULLY COMPLIED WITH THE TERMS AND CONDITIONS OF THIS BOND. THE SURETY'S CANCELLATION OF THIS BOND, AFTER NINETY (90) DAYS WRITTEN NOTICE TO THE ILLINOIS DEPARTMENT OF NATURAL RESOURCES, OFFICE OF OIL & GAS RESOURCE MANAGEMENT OF SUCH INTENT TO CANCEL, SHALL NOT DISCHARGE THE SURETY FOR ANY LIABILITY ACCRUING UNDER THE BOND WHILE IN FULL FORCE AND EFFECT.

THE FULL FACE AMOUNT OF THIS PENAL BOND IS SUBJECT TO FORFEITURE, BY THE ILLINOIS DEPARTMENT OF NATURAL RESOURCES, OFFICE OF OIL & GAS RESOURCE MANAGEMENT, IN THE EVENT THE PRINCIPAL VIOLATES THE PROVISIONS OF THE ACT AND HAS FAILED TO ABATE SAID VIOLATIONS AFTER DEMAND IS MADE BY THE DEPARTMENT TO DO SO. IF THE PRINCIPAL VIOLATES THE PROVISIONS OF THE ACT, THE PRINCIPAL HEREBY AUTHORIZES THE SURETY TO REMOVE OR CORRECT ANY EXISTING VIOLATIONS OF THE ACT IF THE ILLINOIS DEPARTMENT OF NATURAL RESOURCES, OFFICE OF OIL & GAS RESOURCE MANAGEMENT ELECTS TO REQUEST THE PERFORMANCE OF SUCH WORK BY THE SURETY IN LIEU OF THE FORFEITURE OF THE FULL FACE AMOUNT OF THIS PENAL BOND.

SPECIAL INSTRUCTIONS: THE PRINCIPAL IS REQUIRED TO NOTIFY THE ILLINOIS DEPARTMENT OF NATURAL RESOURCES, OFFICE OF OIL & GAS RESOURCE MANAGEMENT WITHIN THIRTY (30) DAYS OF THE SALE OF THE WELL FOR WHICH THIS BOND IS SUBMITTED, PURSUANT TO 62 ILL. ADM. CODE 240.1420.

UNDER PENALTIES OF PERJURY, WE EACH DECLARE THAT WE ARE EXECUTING THE FOREGOING SURETY BOND FOR THE PURPOSES AND USES THEREIN SET FORTH.

IN WITNESS WHEREOF, WE HAVE HEREUNTO SET OUR RESPECTIVE HANDS AND SEALS THIS _____ DAY OF _____.

NAME AND ADDRESS OF AGENT

SIGNATURE OF PRINCIPAL, TITLE

SIGNATURE OF SURETY, SEAL

TELEPHONE NUMBER

APPROVED BY:

OFFICE OF OIL & GAS RESOURCE MANAGEMENT

DATE OF APPROVAL