

COMMERCIAL FACILITY BOND NO. _____

RAILROAD COMMISSION OF TEXAS
Oil and Gas Division

FORM CF-1

Rev. 06/2014
TDI Ref. No. TDI-98-BB155-RCT-PF

Date: _____

This bond covers the following type of facility(ies) denoted by an "X":

COMMERCIAL STORAGE RECLAMATION TREATMENT DISPOSAL RECYCLING

1. Organization name, exactly as shown on Form P-5 Organization Report:	2. P-5 Number, if assigned:	3. Total number of disposal/injection wells associated with the commercial facility, if applicable:
4. Other Commission-regulated operations, if applicable:		

Background

- 1.1 _____(operator name as shown on P-5 Organization Report), "Principal", operates or is applying for Railroad Commission approval to operate one of more commercial storage, reclamation, treatment, disposal, or recycling facilities ("Facility" or "Facilities") subject to Texas laws. Texas Natural Resources Code §91.109 and Texas Administrative Code Vol. 16, §3.78, provide that the owner and operator of a Facility must maintain a bond or letter of credit that satisfies the Railroad Commission.
- 1.2 As specified in §3.78, Principal has retained _____(surety), a State of Texas authorized Surety, to secure this promise to pay.
- 1.3 This bond covers the following facilities (*on one line for each facility, include the facility name, facility permit number and/or application control number, physical address, zip code, and county in which the facility is located. Attach information on additional facilities as Exhibit A entitled "Exhibit A of RRC CF-1 Bond No. _____"*):
- (A) _____
 - (B) _____
 - (C) _____
 - (D) _____

Terms

- 2.1 Principal and Surety must pay the Railroad Commission of Texas, in Austin, Travis County, Texas, the sum of \$ _____ U.S., according to the following paragraphs.
- 2.2 The Railroad Commission will notify the Surety after Principal fails to operate or close a Facility as required by Texas law, Railroad Commission rules, or the permit conditions. Notice will be mailed by registered or certified U.S. mail to the address shown below. After Surety receives notice of Principal's default, the Surety may either:
- (A) pay up to the face amount of this bond to bring into compliance or close the Facility according to Texas law, Railroad Commission rules, and the permit conditions; or
 - (B) pay the face amount of this bond to the Railroad Commission to be used by the Railroad Commission to bring into compliance or close the Facility. The Railroad Commission will return unexpended funds to the Surety after the Facility is brought into compliance or closed.

- 2.3 The Railroad Commission does not have to expend state funds before Surety must pay under this bond.
- 2.4 The State of Texas may enforce the Suretys obligation under this bond without first obtaining a judgment against Principal or exhausting its remedies against the Principals properties or assets.
- 2.5 Under paragraph 2.2(A), Surety must present to the Railroad Commission, within 60 days after it receives notice of Principals default, a plan demonstrating how the Facility will be brought into compliance or closed. Surety must also furnish an accounting, acceptable to the Railroad Commission, of all sums expended by it to bring into compliance or close the Facility according to Texas law, Railroad Commission rules, and the permit conditions. Surety will submit the accounting to the Railroad Commission within 30 days of its bringing into compliance or closing the Facility.
- 2.6 Under paragraph 2.2(A), Surety must present to the Railroad Commission, within 60 days after it receives notice of Principals default, a plan demonstrating how the Facility will be brought into compliance or closed. Surety must also furnish an accounting, acceptable to the Railroad Commission, of all sums expended by it to bring into compliance or close the Facility according to Texas law, Railroad Commission rules, and the permit conditions. Surety will submit the accounting to the Railroad Commission within 30 days of its bringing into compliance or closing the Facility.
- 2.7 Under paragraph 2.2, Surety remains obligated to pay for any other covered Facilities up to the face amount of the bond.
- 2.8 The term of this bond expires _____ (bond expiration date), and is renewable annually. The Principal or Surety will renew in writing this bond and submit it to the Railroad Commission 30 days before the bond expires. Obligations to pay part or all of the bond amount are released after four (4) years from the expiration date of the bond if no clean up or closure-related activities are initiated by the Railroad Commission or its authorized representative at the Facility during that four-year period. The Railroad Commission or its authorized representative may relieve in writing Principal and Surety from their obligations under this bond.
- 2.9 If the Surety does not fulfill its obligations according to the bond terms and if judgment for any part of the bond amount is awarded through action of the Attorney General in court, then the State shall be entitled to court costs and reasonable attorney’s fees awarded by the court. Suretys liability for such costs and fees shall not be limited by the face amount of this bond.
- 2.10 Principal and Surety execute this bond and agree to pay proceeds under this bond in Austin, Travis County, Texas. A suit to collect on this bond or construe this bond lies in Travis County, Texas.

Dated _____

SURETY (Attach Power of Attorney
demonstrating the authority to sign)

PRINCIPAL (Attach Power of Attorney
demonstrating authority to sign)

NAME AND TITLE (Type or Print)

NAME AND TITLE AS LISTED ON THE P-5
ORGANIZATION REPORT (Type or print)

SURETY’S FULL MAILING ADDRESS

(Seal)

(Seal)