

Appendix II  
Financial Guarantee Bond

A surety bond guaranteeing payment into a trust fund, as specified in Ch.13, §005, must be worded as follows, except that instructions in brackets are to be replaced with the relevant information and the brackets deleted:

Financial Guarantee Bond

Date bond executed: \_\_\_\_\_

Effective date: \_\_\_\_\_

Principal: {legal name and business address of owner or operator}

Type of organization: {insert "individual," "joint venture," "partnership," or "corporation."}

State of incorporation: \_\_\_\_\_;.br

Surety(ies): {name(s) and business address(es)}

Class I Identification No., name, address, and Environmental Protection Measures Cost, (hereafter EMPC) for each facility guaranteed by this bond (Indicate EPMC amounts separately): \_\_\_\_\_

Total penal sum of bond \$\_\_\_\_\_

Surety's bond no. \_\_\_\_\_

Know All Persons By These Presents, That we, the Principal and Surety(ies) hereto are firmly bound to the Nebraska Department of Environmental Quality (hereinafter NDEQ), in the above penal sum for the payment of which we bind ourselves, our heirs, executors, administrators, successors, and assigns, jointly and severally; provided that, where the Surety(ies) are corporations acting as Co-sureties, we, the Sureties, bind ourselves in such sum "jointly and severally" only for the purpose of allowing a joint action or actions against any or all of us, and for all other purposes each Surety binds itself, jointly and severally with the Principal, for the payment of such sum only as is set forth opposite the name of such Surety, but if no limit of liability is indicated, the limit of liability shall be the full amount of the penal sum.

Whereas said Principal is required, under Title 122, (Nebraska Administrative Code) Chapter 13, (hereinafter Title 122) to have a permit or comply with requirements to operate under rule in order to own or operate each injection well identified above, and

Whereas said Principal is required to provide financial assurance for environmental protection measures as a condition of the permit, or provisions to operate under rule, and

Whereas said Principal shall establish a stand-by trust fund as is required when a surety bond is used to provide such financial assurance;

Now, therefore, the conditions of the obligation are such that if the Principal shall faithfully, before beginning environmental protection measures as specified in Title 122, for each injection well identified above, fund the stand-by trust fund in the amount(s) identified above for the injection well,

Or if the Principal shall fund the standby trust fund in such amount(s) within 15 days after an order to begin environmental protection measures as specified in Title 122, Ch.13, §001.01, is issued by the NDEQ Director or a Nebraska district court,

Or if the Principal shall provide alternate financial assurance, as specified in Title 122, Ch.13, §002, as applicable, and obtain the NDEQ Director's written approval of such assurance, within 90 days of the date of notice of cancellation is received by both the Principal and the NDEQ Director from the Surety(ies), then this obligation shall be null and void, otherwise it is to remain in full force and effect,

The Surety(ies) shall become liable on this bond obligation only when the Principal has failed to fulfill the conditions described above. Upon notification by the NDEQ Director that the Principal has failed to perform as guaranteed by this bond, the Surety(ies) shall place funds in the amount guaranteed for the injection well(s) into the stand-by trust funds as directed by the NDEQ Director.

The liability of the Surety(ies) shall not be discharged by any payment or succession of payments hereunder, unless and until such payment or payments shall amount in the aggregate to the penal sum of the bond, but in no event shall the obligation of the Surety(ies) hereunder exceed the amount of such penal sum.

The Surety(ies) may cancel the bond by sending notification by certified mail, return receipt requested, to the Principal and the NDEQ Director, provided, however, that the cancellation shall not occur during the 120 days beginning on the date of

receipt of the notice of cancellation by both the Principal and the NDEQ Director, as evidenced by the return receipts.

The Principal may terminate this bond by sending written notice to the Surety(ies), provided, however, that no such notice shall become effective until the Surety(ies) receive(s) written authorization for termination of the bond by the NDEQ Director.

{The following paragraph is an optional rider that may be included but is not required}:

Principal and Surety(ies) hereby agree to adjust the penal sum of the bond yearly so that it guarantees a new EPMC (as specified in Title 122, Ch.13, §001.01), provided that the penal sum does not increase by more than 20 percent in any one year, and no decrease in the penal sum occurs without the written permission of the NDEQ Director.

In Witness Whereof, the Principal and Surety(ies) have executed this Financial Guarantee Bond and have affixed their seals on the date set forth above.

The persons whose signatures appear below hereby certify that they are authorized to execute this surety bond on behalf of the Principal and Surety(ies) and that the wording of this surety bond is identical to the wording specified in Title 122, Appendix II as such was constituted on the date this bond was executed.

Principal

{Signature(s)}  
{Name(s)}  
{Title(s)};

{Corporate Seal}

Corporate Surety(ies)

{Name and address}

State of Incorporation: \_\_\_\_\_  
(Must be licensed to do business in Nebraska)

Liability limit: \$ \_\_\_\_\_

{Signature(s)}  
{Name(s)}  
{Title(s)}

{Corporate Seal}

{For every co-surety, provide signature(s), corporate seal, and other information in the same manner as for Surety above.}

Bond premium: \$ \_\_\_\_\_