



FINANCIAL SECURITY WORKSHEET

INSTRUCTIONS — Please Use Black Ink

1. For wells up to 2500 feet deep, calculate your financial security (bond) using category 1.
2. For wells ranging from 2500 to 6000 feet in depth, calculate your financial security (bond) using category 2.
3. For wells in BOTH depth categories, choose either A or B;
 - A. Obtain two types of financial security, one for wells in each category; or
 - B. Obtain one type of financial security assuming all your wells are in category 2.
4. If you own any wells over 6000 feet deep, contact the Bureau of Oil and Gas Regulation, Department of Environmental Conservation.
5. Several types of financial security are acceptable to satisfy your requirements. They are:
 - A. Bond — issued by a surety authorized to do business in New York State.
 - B. Cash — make check payable to the Department of Environmental Conservation.
 - C. Escrow account — acceptable only if the bank holding the account sends a letter signed by the appropriate bank officer to the Bureau of Oil and Gas Regulation stating all of the following:
 - (1) That the bank holds an account (certificate of deposit or irrevocable letter of credit) for a specified amount in lieu of a well plugging bond for the well owner;
 - (2) That the bank will notify the Bureau ninety (90) days prior to taking any action which would cancel or allow the withdrawal of any funds from the account other than accrued interest;
 - (3) That the Bureau of Oil and Gas Regulation may withdraw any or all of the principal without the owner's consent upon the Bureau's providing an affidavit to the bank stating that the owner has failed to plug and abandon his well(s) in accordance with the New York State Department of Environmental Conservation Law and its regulations;
 - (4) That interest accruing to the account remains the property of the owner.
 - D. Irrevocable letter of credit — acceptable only with ALL of the conditions listed under 5C above.
 - E. Certificate of Deposit — acceptable only with ALL of the conditions listed under 5C above.

CATEGORY 1 — Wells up to 2500 feet in depth

Number of Wells You Own	Exact Number of Your Wells	Subtract This Number	Result	Multiply Result By	Initial Financial Security Amount	Add This Financial Security Requirement	Total Financial Security Required
1 to 9		- 0 =		x \$2500 =	\$	+ \$0 =	\$
10 to 25				Calculation not necessary — Required bond amount is			\$25,000
26 to 31		- 25 =		x \$2500 =	\$	+ \$25,000 =	\$
32 to 50				Calculation not necessary — Required bond amount is			\$40,000
51 to 62		- 50 =		x \$2500 =	\$	+ \$40,000 =	\$
63 to 100				Calculation not necessary — Required bond amount is			\$70,000
101 to 112		- 100 =		x \$2500 =	\$	+ \$70,000 =	\$
Over 112				Calculation not necessary — Required bond amount is			\$100,000

CATEGORY 2 — Wells from 2500 to 6000 feet in depth

Number of Wells You Own	Exact Number of Your Wells	Subtract This Number	Result	Multiply Result By	Initial Financial Security Amount	Add This Financial Security Requirement	Total Financial Security Required
1 to 7		- 0 =		x \$5000 =	\$	+ \$0 =	\$
8 to 25				Calculation not necessary — Required bond amount is			\$40,000
26 to 28		- 25 =		x \$5000 =	\$	+ \$40,000 =	\$
29 to 50				Calculation not necessary — Required bond amount is			\$60,000
51 to 57		- 50 =		x \$5000 =	\$	+ \$60,000 =	\$
58 to 100				Calculation not necessary — Required bond amount is			\$100,000
101 to 109		- 100 =		x \$5000 =	\$	+ \$100,000 =	\$
Over 109				Calculation not necessary — Required bond amount is			\$150,000