



Cover Page
**OUTER CONTINENTAL SHELF (OCS)
MINERAL LESSEE'S AND OPERATOR'S BOND
Form MMS-2028 (March 2004)**

This form dated Month Year supersedes all previous versions of form MMS-2028

Paperwork Reduction Act of 1995 (PRA) Statement: The PRA (44 U.S.C. 3501 *et seq.*) requires us to inform you that MMS collects this information to hold the surety liable for the obligations and liability of the Principal (lessee or operator). Responses are mandatory to obtain or retain a benefit. No proprietary information is collected. An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a currently valid OMB Control Number. Public reporting burden for this form is estimated to average 15 minutes per response, including the time for reviewing instructions, gathering and maintaining data, and completing and reviewing the form. Direct comments regarding the burden estimate or any other aspect of this form to the Information Collection Clearance Officer, Mail Stop 4230, Minerals Management Service, 1849 C Street, NW, Washington, DC 20240.

**U.S. DEPARTMENT OF THE INTERIOR
Minerals Management Service**

Bond No. _____

Lease No. or Area _____

Bond Type _____

Amount _____

OUTER CONTINENTAL SHELF (OCS) MINERAL LESSEE'S AND OPERATOR'S BOND

The **Surety** is the Company Guaranteeing Performance.

Name of Surety: _____

Mailing Address: _____

If a Corporation, Incorporated in the State of: _____; County or Parish of: _____

? Check here if Surety is certified by U.S. Treasury as an acceptable surety on Federal Bonds and listed in the current U.S. Treasury Circular No. 570.

The **Principal** is the Lessee or Operator for Whom the Bond is Issued.

Name of Principal: _____

Mailing Address: _____

Schedule A, the area or leases covered by this bond, is composed of: (Check one and add description)

? The following area: _____

? The following leases: _____

In addition to the Obligations of the Principal during the period of liability of this bond, the Surety also accepts the following Obligations: (Check one)

? No Obligations other than the Obligations of the Principal during the period of liability of this bond.

? All Obligations of all previous Sureties or guarantors even if the Obligations are not Obligations of the Principal during the period of liability of this bond.

? All Obligations of all previous Sureties or guarantors even if the Obligations are not Obligations of the Principal during the period of liability of this bond with the following exceptions or limitations: _____

(use an attached sheet if needed).

Definitions

For the purposes of this document:

An **Obligation** includes any obligation arising from any regulations of the Department of the Interior or any Instrument issued, maintained, or approved under the OCS Lands Act (43 U.S.C. 1331 *et seq.*).

An **Instrument** includes individually or collectively any lease, operating agreement, designation of operator or agent, storage agreement, compensatory royalty agreement, transfer of operating rights, permit, license, or easement, whereunder the Principal has the right, privilege, or license to conduct operations on the OCS.

A **Person** includes an individual, a public or private corporation, a State, a political subdivision of a State, any association of individuals, corporations, States, or subdivisions of States, or a government agency.

By signing below, the Principal verifies that the information above is correct and agrees to the following:

The Principal as agent on behalf of all lessees, operating rights owners, and operators will fulfill all Obligations for the entire leasehold and to the same extent as though the Principal were the sole lessee for all leases in Schedule A or for all leases for which the Principal has an interest within an area designated in Schedule A.

By signing below, the Surety verifies that the information above is correct and agrees to the following:

1. The Surety does hereby absolutely and unconditionally bind itself to the United States of America acting through and by the Minerals Management Service (MMS), or such other official designated by the Secretary of the Interior for this purpose, for the performance of all present and future Obligations.
2. The Surety agrees to meet all existing and future Obligations of the Principal on the lease or leases described in Schedule A or on all leases within the area described in Schedule A or acquired within that area after the effective date of this document at a cost not to exceed _____.
3. The Surety will be responsible for all Obligations of the Principal in existence at the time this document becomes effective and all Obligations that accrue after that date and until all Obligations are met or until the Regional Director terminates the period of liability of this bond.
4. If the Regional Director terminates the period of liability of this bond, the Surety will remain responsible for Obligations that accrued during the period of liability until the Regional Director issues a written cancellation of the bond in favor of the Surety.
5. If this bond is cancelled, the Regional Director may reinstate this bond as if no cancellation had occurred if any payment of any obligations of the Principal(s) is rescinded or must be restored pursuant to any insolvency, bankruptcy, reorganization, or receivership, or should the representation of the Principal that it has paid its financial Obligations or performed the other

Obligations of the lease in accordance with MMS specifications be materially false and the MMS relied upon such representation in canceling the instrument.

6. The Surety waives any right of notice of this bond taking effect and agrees that this bond will take effect upon delivery to MMS.
7. The Surety's Obligations will remain in full force and effect, even if:
 - (a) Any person assigns all or part of any interest in an Instrument covered by this document.
 - (b) Any person modifies an Instrument or Obligation under an Instrument in any manner including modifications that result from a commitment to a unit, cooperative, communitization, or storage agreement; suspension of operations or production; suspension or changes in rental, minimum royalty, or royalties; modification of regulations or interpretations of regulations; creation or modification of compensatory royalty agreements or payments; or creation of any mortgage, pledge, or other grant of security interest in the Instruments.
 - (c) Any person, event, or condition terminates any Instrument covered by this bond, whether the termination is by operation of law or otherwise.
 - (d) The MMS takes or fails to take any action in enforcing, as against any party to the Instrument, the payment of rentals or royalties or the performance of any other covenant, condition or agreement of the lease, or giving notice of or making demand with respect to such nonperformance.
 - (e) The Surety suffers any loss by reason of any law limiting, qualifying, or discharging the Principal's Obligation.
8. The Surety agrees to be bound under this bond as to the interests in any Instrument retained by the Principal when the MMS approves the transfer of any or all of the Instruments or interests in the Instruments.
9. In the event of any default under a lease, the Surety must perform the Obligations of the Principal upon demand by the MMS.
10. If the MMS decides to commence suit to enforce its rights, it may commence and prosecute any claim, suit, action, or other proceeding against the Principal and Surety, or either of them, whether or not the MMS joins the lessees or any other party.
11. In the event there is more than one Surety for the Principal's performance of the Obligations, as to any Instrument, the Surety's Obligation and liability under this bond is on a "solidary" or "joint and several" basis along with other guarantors or sureties.
12. The Surety agrees to give prompt notice to the MMS and the Principal of any action filed alleging the insolvency or bankruptcy of the Surety or the Principal, or alleging any violation that would result in suspension or revocation of the Surety's charter or license to do business.
13. The Surety's Obligation and liabilities under this Bond are binding upon the Surety's successors and assigns. Nothing in this document permits assignment of the Surety's Obligation without the written consent of the MMS.
14. The Surety hereby waives any defenses to liability on this bond based on an unauthorized Principal signature.

Name of Surety

Name of Principal

Signature of Person Executing for Surety

Signature of Person Executing for Principal

Name and Title Typed or Printed

Name and Title Typed or Printed

Business Address

Business Address

Business Address

Business Address

Signed on this _____ day of _____, 20_____, in the State of _____, in the presence of:

Signature of Witness

Signature of Witness

Name Typed or Printed

Name Typed or Printed

Address

Address

Address

Address

Note: The party signing for the Surety must attach a corporate resolution and power of attorney stating his or her authority to undertake this Obligation, pursuant to the acts of the corporate board of directors and the laws of the State of incorporation. The corporation executing this bond as Surety and the lessee or operator, if a corporation, must affix their corporate seals.