

**SB 665 Frequently Asked Questions**  
**12/20/2013**

1. Q: An operator has an existing blanket bond (provided before January 1, 2014), which must be upgraded to the higher amount by January 1, 2016. However, the operator has fewer than 20 “bondable” wells. According to the new Section 3205 the operator no longer may use a blanket bond. Does the operator have until January 1, 2016 to place individual bonds on these wells?

A: No it does not. All blanket bonds covering fewer than 20 “bondable” wells are no longer valid on January 1. These blanket bonds will need to be replaced by individual bonds.

2. Q: What determines the number of “bondable” wells that an operator has at any given time?

A: A well is “bondable” from the time a permit to drill or rework is issued until the well has completed 6-months continuous production or injection, has been plugged and abandoned, or the permit has been cancelled. A well is also “bondable” if it was an idle well acquired by transfer on or after January 1, 1994 (PRC Section 3202(e)).

3. Q: How many of the existing blanket bonds are no longer going to be valid on January 1?

A: Approximately 8/24 \$1M bonds, 22/51 \$250K bonds and 97/102 \$100K bonds are no longer valid on January 1. A \$1M bond does not protect an operator from the 20-well bondable minimum.

4. Q: What happens if an operator with an in-valid bond submits an NOI to drill or rework after January 1?

A: The district will notify the operator that an individual bond is required for the well. The individual well bond shall be in the amount specified in SB 665. An individual bond will be required even if the NOI is a supplemental. Also, if the supplemental notice is for a well with an existing individual bond, the bond will have to be increased to the new amount before the permit is issued.