**REVISED**

**BONDING STATUTORY REQUIREMENTS**

Effective 06/27/2019

House Bill 199

Kentucky Revised Statute 353.590

**INDIVIDUAL BONDS**

**INDIVIDUAL BONDS – SHALLOW WELLS**

* **For all new well permits issued after 6/27/2019, and**
* **For applications for Well Transfers received after 6/27/2019 and shall include a well transfer fee of $50.00 per well - KRS 353.590 (23) (a)**

**$2.00 per foot =** **TRUE VERTICAL DEPTH - KRS 353.590 (7)**

***True Vertical Depth is defined in 805 KAR 1:001 (55) and means the vertical depth of the well from any point in the well being measured to the surface of the ground at the well’s surface location.***

* Individual shallow well bonds will no longer be based on 500’ increments
* Will require that wells permitted post 6/27/19 be both plugged and **the well site** **reclaimed** prior to bond release

**INDIVIDUAL BONDS – VERTICAL DEEP WELLS**

Plugging & Reclamation Bonds for Vertical Deep Wells = **$25,000.00 - KRS 353.590 (8)**

(The Commission may establish a higher amount if the anticipated plugging and well site reclamation costs exceed the minimum bonding)

**INDIVIDUAL BONDS – HORIZONTAL DEEP WELLS**

Plugging & Reclamation Bonds for Vertical Deep Wells = **$40,000.00 – KRS 353.590 (9)**

(The Oil & Gas Commission may establish a higher amount if the anticipated plugging and well site reclamation costs exceed the minimum bonding)

**BLANKET BONDS**

If an operator had a blanket bond on file as of 6/27/2019 and the bond has remaining capacity, the operator can secure additional wells with the existing blanket bond up to the limit of the existing bond.

However, the number of wells that are eligible to be covered by a blanket bond filed prior to 06/27/2019 that were in a tier with more than 500 wells will be limited to 1000 wells. If the current bond is covering more than 1,000 wells, no additional wells will be added to the current blanket bond.

**BLANKET BONDS – SHALLOW WELLS - KRS 353.590 (12) (b)**

1 to 25 Wells = $20,000.00

26 to 100 Wells = Additional $30,000.00 ($50,000.00 Total)

101 to 500 Wells = Additional $150,000.00 ($200,000.00 Total)

501 to 1000 Wells = Additional $100,000.00 ($300,000.00 Total)

**1001 Wells or More = Additional bonding required based on the above tiers**

1001 to 1025 Wells = $320,000.00

1026 to 1100 Wells = $350,000.00

1101 to 1500 Wells = $500,000.00

1501 to 2000 Wells = $600,000.00

2001 to 2025 Wells = $620,000.00

2026 to 2100 Wells = $650,000.00

2101 to 2500 Wells = $800,000.00

2501 to 3000 Wells = $900,000.00

3001 to 3025 Wells = $920,000.00

3026 to 3100 Wells = $950,000.00

3101 to 3500 Wells = $1,100,000.00

3501 to 4000 Wells = $1,200,000.00

4001 to 4025 Wells = $1,220,000.00

4026 to 4100 Wells = $1,250,000.00

4101 to 4500 Wells = $1,400,000.00

4501 to 5000 Wells = $1,500,000.00

If an operator has more than 5000 wells, additional bonding will be required based on the bonding tiers.

**BLANKET BONDS – VERTICAL DEEP WELLS – KRS 353.590 (15) (a)**

1 to 10 Wells = $200,000.00

**BLANKET BONDS – HORIZONTAL DEEP WELLS – KRS 353.590 (15 (b)**

1 to 10 Wells = $320,000.00