

## (C) A HOLDER OF A PERMIT TO DRILL FOR GAS OR OIL MAY:

(1) POST THE PERFORMANCE BOND UNDER SUBSECTION (A)(5) OF THIS SECTION IN:

(I) CASH;

(II) CERTIFICATES OF DEPOSIT;

(III) LETTERS OF CREDIT FROM ANY BANK OR OTHER SAVINGS INSTITUTION; OR

(IV) ANY OTHER GOOD AND SUFFICIENT SECURITY;  
AND

(2) PROVIDE FOR THEIR OWN LIABILITY INSURANCE UNDER SUBSECTION (A)(6) OF THIS SECTION.

6-106.

(a) A well for the production or underground storage of gas or oil may not be drilled on any property nearer than 1,000 feet to the boundary of the property except by agreement with the owners of the gas and oil on adjacent lands.

(b) On property on which it is impossible to locate a well the required distance from the boundary, and where no agreement with the owners of the gas and oil on adjacent lands has been made, a well may be located nearer than 1,000 feet to the boundary with the consent of the Department. However, when any permit to drill a well nearer than 1,000 feet to the boundary has been applied for, the Department shall notify every landowner, royalty owner, or leaseholder within 1,000 feet of the location of the proposed well, giving them a reasonable opportunity to file objections to the issuance of the permit. The Department then shall hold a hearing. If the Department determines that it is necessary for the well to be located nearer than 1,000 feet to the boundary, it may issue the permit. If a permit is issued, any landowner, royalty owner, or leaseholder within 1,000 feet of the proposed well has the right to a rehearing and appeal to the courts provided in this subtitle. A request for a rehearing or an appeal to the courts stays the authority granted under the permit until final determination of the issued permit is made.

(c) The Department, by rule or regulation, shall prescribe the distance between any two wells on any property.

6-107.

On completion of a well producing gas or oil on any leased lands included under a unit operation agreement, royalties from the producing well shall be paid on all lands originally included within the unit operation agreement. Within six months after the