

SERFF Tracking Number: STNA-125280393 State: Arkansas
Filing Company: State National Insurance Company Inc. State Tracking Number: AR-PC-07-026002
Company Tracking Number: SNIC-GL-CIMI-AR-07-04-F
TOI: 17.2 Other Liability - Occurrence Only Sub-TOI: 17.2001 Commercial General Liability
Product Name: SNIC-GL-CIMI-AR-07-04-F
Project Name/Number: SNIC-GL-CIMI-AR-07-04-F/SNIC-GL-CIMI-AR-07-04-F

Filing at a Glance

Company: State National Insurance Company Inc.

Product Name: SNIC-GL-CIMI-AR-07-04-F SERFF Tr Num: STNA-125280393 State: Arkansas
TOI: 17.2 Other Liability - Occurrence Only SERFF Status: Closed State Tr Num: AR-PC-07-026002
Sub-TOI: 17.2001 Commercial General Liability Co Tr Num: SNIC-GL-CIMI-AR-07-04-F State Status:

Filing Type: Form Co Status: Reviewer(s): Betty Montesi, Edith Roberts, Brittany Yielding
Author: Ines Piquet Disposition Date: 09/21/2007
Date Submitted: 09/04/2007 Disposition Status: Approved

Effective Date Requested (New): On Approval

Effective Date (New):

Effective Date Requested (Renewal): On Approval

Effective Date (Renewal):

General Information

Project Name: SNIC-GL-CIMI-AR-07-04-F
Project Number: SNIC-GL-CIMI-AR-07-04-F
Reference Organization:
Reference Title:
Filing Status Changed: 09/21/2007
State Status Changed: 09/05/2007
Corresponding Filing Tracking Number: N/A

Status of Filing in Domicile: Pending
Domicile Status Comments:
Reference Number:
Advisory Org. Circular:
Deemer Date:

Filing Description:

On behalf of State National Insurance Company ("the Company"), we are filing new forms for oil & gas coverage for our commercial general liability CIMI Specialized Business Program in your jurisdiction. Please see the enclosed filing memorandum for details.

The Company respectfully requests that this filing be implemented for all policies on October 6, 2007 or the earliest possible date upon approval/acknowledgement.

Enclosed is authorization for Perr&Knight to submit this filing on behalf of the Company. All correspondence related to this filing should be directed to Perr&Knight. The Company has prepared the forms contained in this filing along with the

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filing memorandum. If there are any requests for additional information related to items prepared by the Company, we will forward the request immediately to the Company contact. The Company response will be submitted to your attention as soon as we receive it.

We trust you will find this submission acceptable and as such look forward to your approval.

Please do not hesitate to contact us with any questions or comments.

Company and Contact

Filing Contact Information

Ines Piquet, Regulatory Compliance Mgr (P&K) doi@perrknight.com
 881 Alma Real Drive, Suite 205 (310) 230-9339 [Phone]
 Pacific Palisades, CA 90272 (310) 230-8529[FAX]

Filing Company Information

State National Insurance Company Inc.	CoCode: 12831	State of Domicile: Texas
8200 Anderson Boulevard	Group Code: 93	Company Type: Property & Casualty
Fort Worth, TX 76120	Group Name:	State ID Number:
(800) 877-4567 ext. [Phone]	FEIN Number: 75-1980552	

Filing Fees

Fee Required?	Yes
Fee Amount:	\$50.00
Retaliatory?	No
Fee Explanation:	\$50 per form filing
Per Company:	No

CHECK NUMBER	CHECK AMOUNT	CHECK DATE
101104	\$50.00	08/30/2007

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Correspondence Summary

Dispositions

Status	Created By	Created On	Date Submitted
Approved	Edith Roberts	09/21/2007	09/21/2007

Objection Letters and Response Letters

Objection Letters				Response Letters		
Status	Created By	Created On	Date Submitted	Responded By	Created On	Date Submitted
Pending	Edith Roberts	09/07/2007	09/07/2007	Ines Piquet	09/20/2007	09/20/2007
Industry Response						

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Project Name/Number: SNIC-GL-CIMI-AR-07-04-F/SNIC-GL-CIMI-AR-07-04-F

Disposition

Disposition Date: 09/21/2007

Effective Date (New):

Effective Date (Renewal):

Status: Approved

Comment:

Rate data does NOT apply to filing.

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Item Type	Item Name	Item Status	Public Access
Supporting Document	Uniform Transmittal Document-Property & Casualty	Approved	Yes
Supporting Document	Filing Memorandum, Forms List and Letter of Authorization	Approved	Yes
Form (revised)	Withdrawn	Approved	Yes
Form	Damaging Substances Exclusion Endorsement	Approved	Yes
Form	Oil or Gas Operations Endorsement	Approved	Yes
Form (revised)	Explosion, Collapse and Underground Property Damage Hazard Limitation Endorsement	Approved	Yes
Form	Explosion, Collapse and Underground Property Damage Hazard Limitation Endorsement	Approved	Yes
Form (revised)	Saline Substances Contamination Coverage	Approved	Yes
Form	Saline Substances Contamination Coverage	Approved	Yes
Form	Contamination or Pollution Coverage	Approved	Yes
Form (revised)	Blowout and Cratering Hazards Limitation	Approved	Yes
Form	Blowout and Cratering Hazards Limitation	Approved	Yes
Form	Oil or Gas Industry Limitation Endorsement	Approved	Yes
Form	Employers' Liability Exclusion	Approved	Yes
Form	Oil or Gas Operations -Limited NonOperating,Working Interests Coverage	Approved	Yes
Form	Additional Insured - Oil or Gas Operations – Designated NonOperating,Working Interests Coverage	Approved	Yes
Form	Blowout and Cratering Hazards Exclusion	Approved	Yes
Form	Oil or Gas Operations - Your Non-Operating, Working Interests	Approved	Yes
Form	Mobile Equipment Exception - Well Servicing Equipment	Approved	Yes
	Underground Resources And Equipment	Approved	Yes

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Form

Coverage

SERFF Tracking Number: STNA-125280393 State: Arkansas
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Objection Letter

Objection Letter Status Pending Industry Response
Objection Letter Date 09/07/2007
Submitted Date 09/07/2007
Respond By Date
Dear Ines Piquet,

This will acknowledge receipt of the captioned filing.

Form CIMA OG 01 1 06, the definition for "Damaging Substances" is all inclusive and too broad for approval. Any escape of any substance used, contained, manufactured etc., that would escape during any covered peril would be considered a "damaging substance". Also, this endorsement does not include an exception for smoke, vapor, soots, fumes from hostile fire which is required.

Please refer to Form CIMI OG 03 1 06. This forms contains defense within the limits of liability which is prohibited by AR Code Anno. 23-79-307 (5) (a). Also on page 2., provision 7., you may NOT reduce any limit of insurance by a deductible. Also Form CIMI OG 04 1 06 provisions #4 and #7, and CIMI OG 06 1 06, provisions #5 and #7 must likewise be amended.

Please feel free to contact me if you have questions.

Sincerely,
Edith Roberts

Response Letter

Response Letter Status Submitted to State
Response Letter Date 09/20/2007
Submitted Date 09/20/2007

Dear Edith Roberts,

Comments:

SERFF Tracking Number: STNA-125280393 State: Arkansas
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Response 1

Comments: We would like to withdraw the Damaging Substances Exclusion, form CIMI OG 01 1 06. In addition, we made changes to CIMI OG 03 1 06, CIMI OG 04 1 06, and CIMI 06 1 06 in response to the Department's questions. The changes are as follows:

CIMI OG 03 1 06 - We deleted provision #4, which included defense within limits language. We revised provision #7 (Revised # 6)so that the limit of insurance is not reduced by the deductible. We also re-numbered as CIMOG03AAR 1 06 so that it is specific to Arkansas.

CIMI OG 04 1 06 - We deleted provision #7, which included defense within limits language. We revised provision #4 so that the limit of insurance is not reduced by the deductible. We also re-numbered as CIMOG04AAR 1 06 so that it is specific to Arkansas.

CIM OG 06 1 06 - We deleted provision #5, which included defense within limits language. We revised provision #7 (Revised #6) so that the limit of insurance is not reduced by the deductible. We also re-numbered as CIMOG06AAR 1 06, so that it is specific to Arkansas.

Please let me know if you have any questions.

Changed Items:

No Supporting Documents changed.

Form Schedule Item Changes

Form Name	Form Number	Edition Date	Form Type	Action	Action Specific Data	Readability Score	Attach Document
Withdrawn		1 06	Endorsement/Amendment /Conditions	New		0	
Previous Version Damaging Substances Exclusion Endorsement 01	CIMI OG	1 06	Endorsement/Amendment /Conditions	New		0	CIMI OG 01 1 06.pdf
Explosion, Collapse and Underground	CIMOG03	1 06 AAR	Endorsement/Amendment /Conditions	New		0	CIMOG03 AAR 1-

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Property Damage 06.pdf
 Hazard Limitation
 Endorsement

Previous Version

Explosion, Collapse and Underground Property Damage Hazard Limitation Endorsement CIMI OG 1 06 03 Endorsement/AmendmentNew /Conditions 0 CIMI OG 03 1 06.pdf

Saline Substances Contamination Coverage CIMOG04 1 06 AAR Endorsement/AmendmentNew /Conditions 0 CIMOG04 AAR 1- 06.pdf

Previous Version

Saline Substances Contamination Coverage CIMI OG 1 06 04 Endorsement/AmendmentNew /Conditions 0 CIMI OG 04 1 06.pdf

Blowout and Cratering Hazards Limitation CIMOG06 1 06 AAR Endorsement/AmendmentNew /Conditions 0 CIMOG06 AAR 1- 06.pdf

Previous Version

Blowout and Cratering Hazards Limitation CIMI OG 1 06 06 Endorsement/AmendmentNew /Conditions 0 CIMI OG 06 1 06.pdf

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No Rate/Rule Schedule items changed.

Sincerely,
Ines Piquet

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Form Schedule

Review Status	Form Name	Form #	Edition Date	Form Type Action	Action Specific Data	Readability	Attachment
Approved	Withdrawn		1 06	Endorsement/Amendment/Conditions		0.00	
Approved	Oil or Gas Operations Endorsement	CIMI OG 02	1 06	Endorsement/Amendment/Conditions		0.00	CIMI OG 02 1 06.pdf
Approved	Explosion, Collapse and Underground Property Damage Hazard Limitation Endorsement	CIMOG03 AAR	1 06	Endorsement/Amendment/Conditions		0.00	CIMOG03AAR 1-06.pdf
Approved	Saline Substances Contamination Coverage	CIMOG04 AAR	1 06	Endorsement/Amendment/Conditions		0.00	CIMOG04AAR 1-06.pdf
Approved	Contamination or Pollution Coverage	CIMI OG 05A	1 06	Endorsement/Amendment/Conditions		0.00	CIMI OG 05A 1 06.pdf
Approved	Blowout and Cratering Hazards Limitation	CIMOG06 AAR	1 06	Endorsement/Amendment/Conditions		0.00	CIMOG06AAR 1-06.pdf
Approved	Oil or Gas Industry Limitation Endorsement	CIMI OG 08	1 06	Endorsement/Amendment/Conditions		0.00	CIMI OG 08 1 06.pdf
Approved	Employers' Liability Exclusion	CIMI OG 09	1 06	Endorsement/Amendment/Conditions		0.00	CIMI OG 09 1 06.pdf

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Approved	Oil or Gas Operations - Limited NonOperating,Working Interests Coverage	CIMI OG 10	1 06	Endorsement/Amendment/Conditions	0.00	CIMI OG 101 06.pdf
Approved	Additional Insured - Oil or Gas Operations – Designated NonOperating,Working Interests Coverage	CIMI OG 11	1 06	Endorsement/Amendment/Conditions	0.00	CIMI OG 111 06.pdf
Approved	Blowout and Cratering Hazards Exclusion	CIMI OG 12	1 06	Endorsement/Amendment/Conditions	0.00	CIMI OG 121 06.pdf
Approved	Oil or Gas Operations - Your Non-Operating, Working Interests	CIMI OG 13	1 06	Endorsement/Amendment/Conditions	0.00	CIMI OG 131 06.pdf
Approved	Mobile Equipment Exception - Well Servicing Equipment	CIMI OG 15	1 06	Endorsement/Amendment/Conditions	0.00	CIMI OG 151 06.pdf
Approved	Underground Resources And Equipment Coverage	CIMI OG 16	1 06	Endorsement/Amendment/Conditions	0.00	CIMI OG 161 06.pdf

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY

OIL OR GAS OPERATIONS ENDORSEMENT

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

SECTION I: Coverage is amended to include the following additional exclusion applicable to Coverage A., B., and Coverage C.

- A. This Insurance does not apply to oil or gas well drilling or re-drilling operations conducted by or on behalf of the insured:
- (1) Within the corporate limits of any town, city, village, borough, township or municipal operation;
 - (2) On the right-of-way of any railroad; or
 - (3) In or under any ocean, gulf, bay or other body of water;

for a period of time greater than thirty (30) days after "commencement" of those operations at any such location.

HOWEVER, if within a 30 day period following "commencement" of such operations at any of those locations you notify us in writing of those operations, we will waive the provisions of this exclusion and provide interim coverage for those operations at such locations pending our inspection of your operations and our determination of an appropriate additional premium charge. Such interim coverage shall be conditioned upon your payment of such additional premium charge and shall automatically expire upon the expiration of 90 days after the date of our receipt of your written notice to us of such operations unless prior to the end of that period the policy period expires or we notify you in writing of:

- (i) an earlier termination date for such interim coverage; or
- (ii) that we have determined to continue providing coverage for such oil or gas well drilling or re-drilling operations.

No waiver of the provisions of this exclusion shall be effective unless it is in writing and signed by our authorized representative.

If, upon our inspection, we determine not to provide coverage for such oil or gas well drilling or re-drilling operations at the locations described in (1), (2) and (3) above, we will notify you in writing of that determination and of the date on which the interim coverage for those operations will expire.

In that event, we will be entitled to an additional premium charge for the time that the interim coverage was in force for your oil and gas well drilling and re-drilling operations at those locations as well as for any coverage that we provided for such operations at those locations in the period between "commencement" of such operations and any provision of interim coverage.

As used in this exclusion "commencement" of oil or gas well drilling or re-drilling operations means any activities by you or any insured (at an existing or proposed oil or gas well location) in connection with, or in preparation for, the drilling or re-drilling of any oil or gas well.

SECTION IV: The Commercial General Liability Conditions Section IV are Amended As Follows:

Subparagraph b. Excess Insurance, under paragraph 4, Other Insurance, is amended to include the following:

- (e.) If the loss or damage arises out of your non-operating interest in any oil or gas lease.

All Other Terms and Conditions Remain Unchanged.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**EXPLOSION, COLLAPSE AND UNDERGROUND PROPERTY
DAMAGE HAZARD LIMITATION ENDORSEMENT**

(ARKANSAS)

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART

SCHEDULE

Explosion, Collapse and Underground Property Damage Hazard	\$ _____	Per Occurrence Limit
Explosion, Collapse and Underground Property Damage Hazard	\$ _____	Aggregate Limit
Amount and Basis of Deductible	\$ _____	Per Occurrence

The following provisions are added with respect to "Property Damage" included within the "Explosion, Collapse and Underground Property Damage Hazard" arising out of operations performed by you or on your behalf:

1. With respect to "property damage" included within the "explosion hazard", the "collapse hazard" or the "underground property damage hazard" the following is added to Limits of Insurance (Section III):

The Explosion, Collapse and Underground Hazard Aggregate Limit shown in the Schedule or in the Declarations as subject to this endorsement is the most we will pay under Coverage A for the sum of damages because of all "property damage" included within the "explosion hazard", the "collapse hazard" or the "underground property damage hazard" and arising out of operations in connection with any one well.

2. The following additional exclusions are added to COVERAGE A (Section I):

This insurance does not apply to:

- A. Any costs or expense incurred by you or at your request or by or at the request of any "Co-owner of the working interest" in connection with controlling or bringing under control any oil, gas or water well;
- B. Damage claimed by any "Co-owner of the working interest."
- C. Operation performed for you by others; or
- D. "Property Damage" included within the "products completed operations hazard:"

3. The following additional definitions apply:

"Explosion hazard" includes property damage arising out of blasting or explosion. The "explosion hazard" does not include "property damage" arising out of the explosion of air or steam vessels, piping under pressure, prime movers, machinery or power transmitting equipment.

"Collapse hazard" includes "structural property damage" and any resulting "property damage" to any other property at any time.

"Structural property damage" means the collapse of or structural injury to any building or structure due to:

1. Grading of land, excavating, burrowing, filling, back-filling, tunneling, pile driving, cofferdam work or caisson work; or

2. Moving, shoring, underpinning, raising or demolition of any building or structure or removal or rebuilding of any structural support of that building or structure.

"Underground property damage hazard" includes "underground property damage" and any resulting "property damage" to any other property at any time.

"Underground Property Damage" means property damage to wires, conduits, pipes, mains, sewers, tanks, tunnels, any similar property, and any apparatus used with them beneath the surface of the ground or water, caused by and occurring during the use of mechanical equipment for the purpose of grading land, paving, excavating, drilling, burrowing, filling, back-filling or pile driving.

4. The Explosion, Collapse and Underground Property Damage Hazard Limitation Aggregate Limit is the most we will pay for the sum of all liability because of "property damage" caused by all occurrences and subject to such aggregate limit. The Per Occurrence Limit is the most we will pay for the sum of all liability because of "property damages" caused by any one "occurrence."
5. Each payment we make for such liability due to such "property damage" related thereto reduces the Explosion, Collapse and Underground Property Damage Hazard Limitation Aggregate Limit by the amount of such payment. This reduced limit will then be the Amount of Insurance. When this limit is used up, we shall have no further obligation to defend claims or suits seeking such damages or pay such damages of defense expense under "property damage."
6. Our obligation under the Explosion, Collapse and Underground Property Damage Hazard Coverages to pay damages on your behalf applies only to the amount of damages in excess of any deductible amounts stated in the schedule above as applicable to such coverages.
7. The deductible amount stated in the Schedule applies respectively to all damages because of "property damage" as the result of any one "occurrence," regardless of the number of persons or organizations who sustain damage because of that "occurrence."
8. We may pay any part or all of the deductible amount to effect settlement of any claim or "suit" and, upon notification of the action taken you shall promptly reimburse us for such part of the deductible amount as has been paid by us.

ALL OTHER TERMS AND CONDITIONS REMAIN THE SAME.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**SALINE SUBSTANCES CONTAMINATION COVERAGE
(ARKANSAS)**

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE FORM

SCHEDULE

Saline Substances Contamination Hazard Property Damage	\$ _____	Aggregate Limit.
Saline Substances Contamination Hazard Property Damage	\$ _____	Per Occurrence.
Amount and Basis of Deductible	\$ _____	Per Occurrence.

Description of operations:

Oil or Gas Lease Operators - natural gas

Oil or Gas Lease Operators - natural gas within the limits of any town or city, on the right-of-way of any railroad, or in any ocean, gulf or bay.

The following provisions are added with respect to "property damage" included within the "Saline Substance Contamination Hazard" arising out of operations performed by you on your behalf and described in this endorsement:

1. With respect to "property damage" included within the "Saline Substance Contamination Hazard," the following is added to LIMITS OF INSURANCE (Section III):

The Saline Substances Contamination Aggregate Limit shown in the schedule as subject to this endorsement is the most we will pay under this policy for the sum of damages because of all "property damage" included within the "Saline Substance Contamination Hazard" and arising out of operations in connection with any one well.
2. The following exclusion is added to Coverage A (Section I): This insurance does not apply to:
 - a. Damages claimed by any "co-owner of the working interest."
3. The following additional definitions apply:
 - a. "Saline substance contamination hazard" includes "property damage" to any of the following wherever located:
 - (1) Oil, gas, water or other mineral substance, if the "property damage" is caused directly or indirectly by a saline substance; or
 - (2) Any other property; if the "property damage" results from the "property damage" described in (1) above.
 - b. "Co-owner of the working interest" means any person or organization who is, with you, a co-owner, joint venture or mining partner in mineral properties who:
 - (1) Participates in the operating expense of such properties; or
 - (2) Has the right to participate in the control, development operation of such properties.
 - c. "Property Damage" means:
 - (1) Physical injury to, destruction of, or contamination of tangible real or personal property, including all resulting loss of use of that property; or
 - (2) Loss of use of tangible property that is not physically injured, destroyed or contaminated but has been evacuated, withdrawn from use or rendered inaccessible because of a "pollution incident."

- d. "Pollution incident" means an "occurrence" consisting of any actual emission, discharge, release, or escape of pollutant into or upon land, the atmosphere, or any watercourse or body of water, provided that such emission, discharge, release or escape results in environmental damage. The entirety of any such actual emission, discharge, release or escape shall be deemed to be one "pollution incident."

Because of a "pollution incident."

4. Our obligation under the Property Damage Liability Coverages to pay damages on your behalf applies only to the amount of damages in excess of any deductible amounts stated in the schedule above as applicable to such coverages.
5. The deductible amount stated in the Schedule applies under the Property Damage Liability Coverage, respectively to all damages because of "property damage" as the result of any one "occurrence," regardless of the number of persons or organizations who sustain damage because of that "occurrence."
6. We may pay any part or all of the deductible amount to effect settlement of any claim or "suit" and, upon notification of the action taken, you shall promptly reimburse us for such part of the deductible amount as has been paid by us.
7. The "Saline Substance Contamination Hazard" coverage provided hereunder applies only if the following conditions are met:
 - a. Such "Saline Substance Contamination Hazard" "occurrence" is both sudden and accidental, and also is neither expected nor intended by any insured;
 - b. The commencement time and date of the "pollution incident" which results in a "saline substance contamination hazard" can be identified with certainty;
 - c. Such "Saline Substance Contamination Hazard" "occurrence" commenced at a specific time and date during the policy period;
 - d. Such "Saline Substance Contamination Hazard" "occurrence" is discovered or otherwise becomes known to you within 30 days of its commencement and is reported to us in writing within 30 days after you first obtain such knowledge of such "pollution incident;"
 - e. Such "Saline Substance Contamination Hazard" "occurrence" does not result from your willful or deliberate failure to comply with any government statute, rule, regulation, or order; and
 - f. Such "property damage" is not caused or contributed to in any degree by any "Saline Substance Contamination Hazard" "occurrence" that commenced prior to the beginning of the Policy Period shown in the Declarations.

ALL OTHER TERMS AND CONDITIONS REMAIN THE SAME.

THIS ENDORSEMENT CHANGES THE POLICY, PLEASE READ IT CAREFULLY
THIS ENDORSEMENT MODIFIES INSURANCE PROVIDED UNDER THE FOLLOWING:

CONTAMINATION OR POLLUTION COVERAGE

COMMERCIAL GENERAL LIABILITY COVERAGE FORM

The following provisions are added to Section I, Coverage A in our reliance of the accuracy of your statements that all oil and oil-related operations have the necessary dikes and all environmental safeguards as required by governmental laws, statutes and regulations pertaining to the operations.

Section I, Coverage A "Bodily Injury & Property Damage Liability" EXCLUSIONS, Paragraph **f. Pollution** is amended as follows; all other terms and conditions remain unchanged:

2. EXCLUSIONS

f. Pollution

(3) LIMITED POLLUTION COVERAGE:

This exclusion does not apply to that portion of any **bodily injury** or **property damage** which is caused by a **pollution incident**, and which is less than the limits of insurance set forth below in paragraph f(4) of this endorsement, but **only** if the following conditions are met:

- a.** The commencement time and date of such **pollution incident** can be identified with certainty, and such **pollution incident** commences at a specific time and date during the policy period;
- b.** Such **pollution incident** is an accident and unintentional release, discharge, emission or escape of pollutants, is sudden and accidental and is neither expected nor intended by any insured;
- c.** Such **pollution incident** is not a repeat or resumption of a previous discharge, dispersal, release or escape of the same pollutants from essentially the same source within twelve (12) months of a previous discharge, dispersal, release or escape;
- d.** Such **bodily injury** or **property damage** is not caused or contributed to in any degree by any **pollution incident** that commenced prior to the beginning of the **policy period** shown in the Declarations;
- e.** Such **pollution incident** is discovered or otherwise becomes known to you within thirty (30) days of its commencement and is reported to us in writing within thirty (30) days after you first obtain knowledge of the **pollution incident**; and
- f.** Such **pollution incident** does not result from or is not contributed to by your failure to comply with any government statute, rule, regulation, or order.

(4) LIMITS FOR POLLUTION COVERAGE:

The most we will pay for liability because of covered "bodily injury" and "property damage" caused by one or more "pollution incidents" shall not be greater than the following limits of insurance:

\$ _____ COMBINED "BODILY INJURY" AND "PROPERTY DAMAGE"
LIMIT PER "POLLUTION INCIDENT"

\$ _____ POLLUTION INCIDENT AGGREGATE LIMIT PER ANNUAL
POLICY PERIOD

\$ _____ AMOUNT OF DEDUCTIBLE PER "POLLUTION INCIDENT"

(5) DEDUCTIBLE:

- (a) Our obligation to pay damages on your behalf applies only to the amount of damages in excess of any deductible amounts stated above as applicable to such coverages, and the limits of insurance applicable to each **occurrence** for such coverages will not be reduced by the amount of such deductible. Aggregate limits for such coverages shall also not be reduced by the application of such deductible amount.
- (b) The deductible amount stated applies respectively to all damages because of **bodily injury** and **property damage** as the result of any one **pollution incident**, regardless of the number of persons or organizations who sustain damage because of that **pollution incident**.
- (c) We may pay any part or all of the deductible amount to effect settlement of any claims or **suit** and, upon notification of the action taken, you will promptly reimburse us for such part of the deductible amount as has been paid by us.

(6) NON-EXTENSION OF COVERAGE:

The only coverage under this policy for liability in any way relating to, or caused by, any **pollution incident** is that which is set forth in paragraphs **f. (3)** and **f. (4)** of this endorsement. Paragraphs **f. (3)** and **f. (4)** of this endorsement shall not extend the coverage afforded under any other portion of this policy to cover liability which would not have been covered under this policy had such paragraphs **f. (3)** and **f. (4)** not been included.

(7) POLLUTION INCIDENT AGGREGATE LIMIT:

The Pollution Incident Aggregate Limit is the most we will pay for the sum of all liability because of **bodily injury** and **property damage** caused by all **pollution incidents** subject to such aggregate limit. The Combined "Bodily Injury" and "Property Damage" Limit Per "Pollution Incident" is the most we will pay for the sum of all liability because of **bodily injury** and **property damages** caused by any one **pollution incident**.

Each payment we make for liability due to **bodily injury** and **property damage** related thereto reduces the Pollution Incident Aggregate Limit by the amount of such payment. This reduced limit will then be the Amount of Insurance. When this limit is used up, we shall have no further obligation to defend claims or **suits** seeking such damages or pay such damages or defense expense.

The coverage provided by this endorsement does not apply to:

- A. Damages claimed by any "**Co-Owner of the Working Interest**"; or

B. Coverage B. Personal Injury and Advertising Expense.

All provisions of the POLICY DEFINITIONS portion of this insurance remain unchanged except as modified by the following:

For purposes only of the coverages addressed in this endorsement, the definition of **property damage** is replaced with the following:

PROPERTY DAMAGE means:

- a. Physical injury to, destruction of, or contamination of tangible property, including all resulting loss of use of that property; or
- b. Loss of use of tangible property that is not physically injured, destroyed or contaminated but has been evacuated, withdrawn from use or rendered inaccessible because of a **pollution incident**.
- c. Any loss, cost, or expense which you become legally obligated to pay, provided that you receive notice asserting such obligation during the policy period or within 30 days thereafter, and provided further that such loss, cost or expense arises out of:
 1. A request, demand or order that any insured or others test for, monitor, clean-up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of pollutants; or
 2. A claim or legal proceeding by or on behalf of a governmental authority for payments because of testing for, cleaning up, removing, containing, treating, detoxifying or neutralizing, or in any way responding to or assessing the effects of pollutants.

POLLUTION INCIDENT means: An **occurrence** consisting of any actual emission, discharge, release, or escape of pollutant into or upon land, the atmosphere, or any watercourse or body of water, provided that such emission, discharge, release or escape results in environmental damage. The entirety of any such actual emission, discharge, release or escape shall be deemed to be one **pollution incident**.

POLLUTANT means: Any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals, waste and saline substances. Waste includes materials to be recycled, reconditioned or reclaimed.

"CO-OWNER OF THE WORKING INTEREST" means: Any person or organization who is, with you, a co-owner, joint venturer or mining partner in mineral properties who:

- a. Participates in the operating expense of such properties; or
- b. Has the right to participate in the control, development or operation of such properties.

ENVIRONMENTAL DAMAGE means: Any injurious presence actually in or upon land, the atmosphere, or any watercourse or body of water of solid, liquid, gaseous or thermal contaminants, irritants or pollutants.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

BLOWOUT AND CRATERING HAZARDS LIMITATION (ARKANSAS)

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

SCHEDULE

Blowout and Cratering Hazard Property Damage	\$ _____	Aggregate Limit
Blowout and Cratering Hazard Property Damage	\$ _____	Per Occurrence
Amount and Basis of Deductible	\$ _____	Per Occurrence Limit

The following provisions are added with respect to "property damage" included within the "blowout and cratering hazard" arising out of operations performed by you or on your behalf:

1. With respect to "property damage" included within the "blowout and cratering hazard," the following is added to **LIMITS OF INSURANCE (Section III)**:

Subject to 5. below, the Blowout and cratering Property Damage Aggregate Limit shown in the Schedule or in the Declarations as subject to this endorsement is the most we will pay under Coverage A for the sum of damages because of all "property damage" included within the "blowout and cratering hazard" and arising out of operations in connection with any one well.
2. The following additional exclusions are added to **COVERAGE A (Section I)**: This insurance does not apply to:
 - A. Any costs or expense incurred by you or at your request or by or at the request of any "Co-owner of the working interest" in connection with controlling or bringing under control any oil, gas or water well;
 - B. Damage claimed by any "Co-owner of the working interest."
3. The following additional definitions apply:
 - A. "Blowout and cratering hazard" includes "property damage" to property located on or above the surface of the earth contributed to or resulting from the "blowout" or "cratering" of any well.
 - B. "Co-owner of the working interest" means any person or organization who is, with you, a co-owner, joint venture or mining partner in mineral properties who:
 - (1) Participates in the operating expenses of such properties; or
 - (2) Has the right to participate in the control, development or operations of such properties.
 - C. "Blowout" means a sudden and uncontrolled expulsion from the well above the earth's surface of oil, gas, water or drilling fluids resulting in complete loss of control of the well.
 - D. The term "cratering" shall be defined as the action caused by the erosive and eruptive action of air, gas, oil or water flowing upward through the earth's surface under and around a rig and resulting in the forming of a basin-like opening in the earth's surface known as a "crater."
4. With respect to "property damage" included within the "blowout and cratering hazard," part f (1) of the Exclusions in Section I does not apply.
5. The Blowout and Cratering Hazards Limitation Aggregate Limit is the most we will pay for the sum of all liability because of "property damage" caused by all occurrences and subject to such aggregate limit. The Per Occurrence Limit is the most we will pay for the sum of all liability because of "property damages" caused by any one "occurrence."

Each payment we make for such liability due to such "property damage" related thereto reduces the Blowout and Cratering Hazards Limitation Aggregate Limit by the amount of such payment. This reduced

limit will then be the Amount of Insurance. When this limit is used up, we shall have no further obligation to defend claims or suits seeking such damages or pay such damages or defense expense under property damage.

6. Our obligation under the Blowout and Cratering Hazards Limitation to pay damages on your behalf applies only to the amount of damages in excess of any deductible amounts stated in the schedule above as applicable to such coverages.
7. The deductible amount stated in the Schedule applies under the Blowout and Cratering Hazards Limitation respectively to all damages because of "property damage" as the result of any one "occurrence," regardless of the number of persons or organizations who sustain damage because of that "occurrence."
8. We may pay any part or all of the deductible amount to effect settlement of any claim or "suit" and, upon notification of the action taken, you shall promptly reimburse us for such part of the deductible amount as has been paid by us.

ALL OTHER TERMS AND CONDITIONS REMAIN THE SAME.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

OIL AND GAS INDUSTRY LIMITATION ENDORSEMENT

This endorsement modifies coverage provided under the following form:

COMMERCIAL GENERAL LIABILITY COVERAGE FORM

Exclusions

This Policy does not apply to:

- A. Loss of, damage to, or loss of use of property directly or indirectly resulting from subsidence caused by subsurface operations of the Insured.
- B. Loss of hole, well, and any in-hole equipment, including fishing costs.
- C. Any cost or expenses incurred by or at the request of the Insured or any co-owner of the working interest in connection with controlling or bringing under control any oil, gas or well which becomes out of control.

A well shall be deemed out of control only so long as there is a continuous flow of drilling fluid, oil, gas or water above the surface of the ground which is uncontrollable.

- D. Loss or damage to drilling rigs, drilling or production platforms, workover rigs, servicing rigs or specialty contractors equipment in the Insured's care, custody or control.
- E. Liability arising out of work or operations performed on any oil or gas lease in oceans, gulfs, bays or marshes.
- F. Any professional services performed by or on behalf of the Insured including but not limited to the preparation or approval of maps, plans, options, report surveys, designs or specifications, and any supervisory, inspection or engineering services.
- G. Any claim or demand by or on behalf of any person or entity insured under this policy against any other person or entity insured under this policy.
- H. Any claim arising out of acts or omissions involving or alleged to involve any security or transactions subject to, in whole or in part, the Securities Act of 1933, The Securities Exchange Act of 1934, The Public Utility Holding Company Act of 1935, The Trust Indenture Act of 1939, The Investment Company Act of 1940 or any State Blue Sky or Securities Law or regulations.
- I. Removal of or loss to subsurface oil, gas or any other substance, or to property of others.
- J. Removal of debris or wreck.

THE ABOVE EXCLUSIONS APPLY TO ALL COVERAGES AFFORDED UNDER THIS POLICY.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EMPLOYERS' LIABILITY EXCLUSION

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART

OWNERS AND CONTRACTORS PROTECTIVE LIABILITY COVERAGE PART

EMPLOYERS' LIABILITY/OBLIGATIONS TO EMPLOYEES

This insurance does not apply:

1. to any liability or obligation for which any "insured", or any company is its insurer, may be held liable under:
 - a. workers' compensation;
 - b. unemployment compensation;
 - c. disability benefits;
 - d. under any similar laws; and
2. to any liability or obligation for which any "insured", or any company as its insurer, may be held liable to any person or entity, including any other "insured", as a result of any injury to or illness of, any employee sustained in the course of employment or supervision by an "insured"; or
3. to any liability of any "insured" arising out of any claim by the spouse, child, parent, or sibling of the employee of any "insured" arising out of any injury to an employee of the nature specified in 1 or 2 above; or
4. to any liability of any "insured" to defend, indemnify, share payments or damages with, or repay anyone on account of any obligation arising out of any employee injury or illness of the nature specified in 1, 2, or 3, above.

This exclusion shall be effective regardless of whether the liability or obligation is asserted directly or indirectly against any "insured" as an employer, contractor, subcontractor, third party defendant, or in any other capacity.

This exclusion shall be effective regardless of any severability clause in an underlying policy or any similar clause therein which provides that the insurance is severable as to each "insured" or that each "insured" is to be treated as if it were the only "insured" under the policy.

All Other Terms and Conditions Remain Unchanged.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**OIL OR GAS OPERATIONS -
LIMITED NONOPERATING, WORKING INTERESTS COVERAGE**

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART.

It is agreed that such insurance as is afforded by the policy applies only to your interest in producing, plugged or abandoned oil or gas wells, in which you have a nonoperating working interest, subject to the following additional provisions:

1. The insurance applies only to you.
2. The insurance does not apply to any oil or gas lease operations in which you are the operator for your own account, or for the account of or in behalf of others.
3. The insurance afforded by this endorsement is excess over any other insurance, whether primary, excess, contingent or on any other basis, except insurance which is specifically excess over the insurance provided by this policy. Other Insurance (Condition 4 of Section IV) is amended accordingly.
4. The insurance afforded by this endorsement is limited to oil or gas wells located within the United States of America. The definition of "Coverage territory" (Section V - Definitions) is amended accordingly.
5. To the extent insurance is afforded under this endorsement, the limitation under "Who Is An Insured" (Section II) with respect to any partnership or joint venture not shown as a Named Insured in the Declarations does not apply.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**ADDITIONAL INSURED - OIL OR GAS OPERATIONS -
DESIGNATED NONOPERATING, WORKING INTERESTS OF OTHERS**

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE FORM

SCHEDULE

NAME OF PERSON OR ORGANIZATION

Any owners, co-owners, joint venturers or any person with a royalty interest or an overriding royalty interest having a nonoperating working interest with you in any oil or gas leases.

"WHO IS AN INSURED" (Section II) is amended to include as an insured the person or organization shown in the Schedule as an insured having a nonoperating working interest with you in any oil or gas lease, but only with respect to liability arising out of operations you perform in connection with the oil or gas lease in which the person or organization shown in the Schedule has such a nonoperating working interest with you.

To the extent insurance would be afforded under this endorsement, the limitation under "WHO IS AN INSURED" (Section II) with respect to any partnership or joint venture not shown as a "Named Insured" in the Declarations does not apply.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

BLOWOUT AND CRATERING HAZARDS EXCLUSION

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE FORM

With respect to operations performed by you or on your behalf, this insurance does not apply to "property damage" to property located on or above the surface of the earth and arising out of blowout or cratering of any well.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

OIL OR GAS OPERATIONS YOUR NONOPERATING, WORKING INTERESTS

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

It is agreed that such insurance as is afforded by the policy with respect to your interest in producing, plugged or abandoned oil or gas wells, in which you have a nonoperating, working interest, applies subject to the following provisions:

1. The insurance applies only to you.
2. The insurance does not apply to any oil or gas lease operations in which you are the operator for your own account, or for the account or in behalf of others.
3. The insurance afforded by this endorsement is excess over any other insurance, whether primary, excess, contingent or on any other basis, except insurance which is specifically excess over the insurance provided by this policy. Other Insurance (Condition 4 of Section IV) is amended accordingly.
4. The insurance afforded by this endorsement is limited to oil or gas wells located within the United States of America. The definition of "Coverage Territory" (Section V - Definitions) is amended accordingly.
5. To the extent insurance is afforded under this endorsement, the limitation under "Who Is An Insured" (Section II) with respect to any partnership or joint venture not shown as a "Named Insured" in the Declarations does not apply.
6. The premium basis for this insurance is indicated below:

<u>Classification</u>	<u>Code</u>	<u>Premium Basis Each Location</u>
Oil or Gas Wells - Nonoperating Working Interest	46510	

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

MOBILE EQUIPMENT EXCEPTION - WELL SERVICING EQUIPMENT

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE FORM

SECTION V - DEFINITIONS, Paragraph 12- "**Mobile Equipment**"; subparagraph f.(3) is amended to delete the well servicing equipment exclusion with respect to the following piece of equipment:

POLICY NUMBER:

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

UNDERGROUND RESOURCES AND EQUIPMENT COVERAGE

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

SCHEDULE

Underground Resources And Equipment Hazard Property Damage	\$	Aggregate Limit
	\$	Per Occurrence
Amount and Basis of Deductible	\$	Per Occurrence

(If no entry appears above, information required to complete this endorsement will be shown in the Declarations as applicable to this endorsement).

DESCRIPTION OF OPERATIONS:

- Gasoline Recovery - From casing head or natural gas
- Oil or Gas Lease Operations - natural gas
- Oil or Gas Lease Operations - natural gas - within the limits of any town or city, on the right-of-way of any railroad, or in any ocean, gulf or bay
- Oil or Gas Wells - cleaning or swabbing by contractors
- Oil or Gas Wells - cleaning or swabbing by contractors - within the limits of any town or city, on the right-of-way of any railroad, or in any ocean, gulf or bay
- Oil or Gas Wells - drilling or redrilling, installation or recovery of casing
- Oil or Gas Wells - drilling or redrilling, installation or recovery of casing - within the limits of any town or city, on the right-of-way of any railroad
- Oil or Gas Wells - Non-Operating Working Interest
- Oil or Gas Wells - servicing - by contractors
- Oil or Gas Wells - shooting

The following provisions are added with respect to "property damage" included within the "underground resources and equipment hazard" arising out of the operations performed by you or on your behalf and described in this endorsement:

A. With respect to "property damage" included within the "underground resources and equipment hazard" the following is added to **Section III - Limits of Insurance:**

8. Subject to **5.** above, the Underground Resources and Equipment Hazard Property Damage Aggregate Limit shown in the Schedule or in the Declarations as subject to this endorsement is the

most we will pay under Coverage **A** for the sum of damages because of all "property damage" included within the "underground resources and equipment hazard" and arising out of operations in connection with any one well.

B. Exclusion **j.(4)**, under Paragraph **2.**, Exclusions of Section I - Coverage A - Bodily Injury And Property Damage Liability is replaced by the following:

2. Exclusions

This insurance does not apply to:

j. Damage To Property

"Property damage" to:

- (4) Personal property in the care, custody or control of the insured.

This exclusion does not apply to any "property damage" included within the "underground resources and equipment hazard" other than "property damage" to that particular part of any real property on which operations are being performed by you or on your behalf if the "property damage" arises out of those operations.

C. The following exclusions are added to Section I - Coverage A - Bodily Injury And Property Damage Liability:

This insurance does not apply to:

1. Any costs or expense incurred by you or at your request or by or at the request of any "co-owner of the working interest" in connection with controlling or bringing under control any oil, gas or water well;
2. Damages claimed by any "co-owner of the working interest".

D. The following is added to the Duties In The Event Of Occurrence, Offense, Claim Or Suit Condition of Section V - Conditions:

Upon the "occurrence" of a blow-out or cratering of any oil, gas or water well resulting from or in connection with operations performed by you or on your behalf, you agree that you will at your own cost and expense, promptly and diligently take whatever steps are necessary or legally required of you or necessary for you or any other person to bring such well under control.

E. The following definitions are added to the Definitions Section:

1. "Co-owner of the working interest" means any person or organization who is, with you, a co-owner, joint venturer or mining partner in mineral properties who:
 - a. Participates in the operating expense of such properties; or
 - b. Has the right to participate in the control, development or operation of such properties.
2. "Underground resources and equipment hazard" includes "property damage" to any of the following:
 - a. Oil, gas, water or other mineral substances which have not been reduced to physical possession above the surface of any body of water;
 - b. Any well, hole, formation, strata or area in or through which exploration for or production of any substance is carried on;
 - c. Any casing, pipe, bit, tool, pump or other drilling or well servicing machinery or equipment located beneath the surface of the earth in any such well or hole or beneath the surface of any body of water.

SERFF Tracking Number: STNA-125280393 *State:* Arkansas
Filing Company: State National Insurance Company Inc. *State Tracking Number:* AR-PC-07-026002
Company Tracking Number: SNIC-GL-CIMI-AR-07-04-F
TOI: 17.2 Other Liability - Occurrence Only *Sub-TOI:* 17.2001 Commercial General Liability
Product Name: SNIC-GL-CIMI-AR-07-04-F
Project Name/Number: SNIC-GL-CIMI-AR-07-04-F/SNIC-GL-CIMI-AR-07-04-F

Rate Information

Rate data does NOT apply to filing.

SERFF Tracking Number: STNA-125280393 State: Arkansas
Filing Company: State National Insurance Company Inc. State Tracking Number: AR-PC-07-026002
Company Tracking Number: SNIC-GL-CIMI-AR-07-04-F
TOI: 17.2 Other Liability - Occurrence Only Sub-TOI: 17.2001 Commercial General Liability
Product Name: SNIC-GL-CIMI-AR-07-04-F
Project Name/Number: SNIC-GL-CIMI-AR-07-04-F/SNIC-GL-CIMI-AR-07-04-F

Supporting Document Schedules

Satisfied -Name: Uniform Transmittal Document-
Property & Casualty **Review Status:** Approved 09/21/2007

Comments:

Attachments:

2007 NAIC PCTD.pdf
2007 NAIC FFS.pdf

Satisfied -Name: Filing Memorandum, Forms List
and Letter of Authorization **Review Status:** Approved 09/21/2007

Comments:

Attachments:

Actuarial Memorandum.pdf
AR OIL-GAS Forms List.pdf
LOA.pdf

Property & Casualty Transmittal Document

1. Reserved for Insurance Dept. Use Only	2. Insurance Department Use only a. Date the filing is received: b. Analyst: c. Disposition: d. Date of disposition of the filing: e. Effective date of filing: <table border="1" style="width: 100%; border-collapse: collapse; margin-bottom: 5px;"> <tr> <td style="width: 50%; text-align: center;">New Business</td> <td style="width: 50%;"></td> </tr> <tr> <td style="text-align: center;">Renewal Business</td> <td></td> </tr> </table> f. State Filing #: g. SERFF Filing #: h. Subject Codes	New Business		Renewal Business	
New Business					
Renewal Business					

3. Group Name	Group NAIC #
State National Group	0093

4. Company Name(s)	Domicile	NAIC #	FEIN #	State #
State National Insurance Company	TX	12831	75-1980552	

5. Company Tracking Number	SNIC-GL-CIMI-AR-07-04-R
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Contact Info of Filer(s) or Corporate Officer(s) [include toll-free number]

6.	Name and address	Title	Telephone #s	FAX #	e-mail
	Lance Julian 888 Alma Real Dr., Ste. Pacific Palisades, CA 90272	State Filings Analyst	888-201-5123 X149	310-230-8529	doi@perrknight.com
7.	Signature of authorized filer		<i>Lance Julian</i>		
8.	Please print name of authorized filer		Lance Julian		

Filing information (see General Instructions for descriptions of these fields)

9. Type of Insurance (TOI)	17.2 Other Liability – Occ only
10. Sub-Type of Insurance (Sub-TOI)	17.2001 Commercial General Liability
11. State Specific Product code(s) (if applicable)[See State Specific Requirements]	N/A
12. Company Program Title (Marketing title)	CIMI Business Program
13. Filing Type	<input type="checkbox"/> Rate/Loss Cost <input type="checkbox"/> Rules <input type="checkbox"/> Rates/Rules <input checked="" type="checkbox"/> Forms <input type="checkbox"/> Combination Rates/Rules/Forms <input type="checkbox"/> Withdrawal <input type="checkbox"/> Other (give description)
14. Effective Date(s) Requested	New: October 6, 2007 or upon Approval/Acknowledgment Renewal: October 6, 2007 or upon Approval/Acknowledgment
15. Reference Filing?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
16. Reference Organization (if applicable)	N/A
17. Reference Organization # & Title	N/A
18. Company's Date of Filing	09/05/2007
19. Status of filing in domicile	<input type="checkbox"/> Not Filed <input checked="" type="checkbox"/> Pending <input type="checkbox"/> Authorized <input type="checkbox"/> Disapproved

Property & Casualty Transmittal Document—

20. This filing transmittal is part of Company Tracking #	SNIC-GL-CIMI-AR-07-04-R
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21. Filing Description [This area can be used in lieu of a cover letter or filing memorandum and is free-form text]
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On behalf of State National Insurance Company (“the Company”), we are filing new forms for oil & gas coverage for our commercial general liability CIMI Specialized Business Program in your jurisdiction. Please see the enclosed filing memorandum for details.

The Company respectfully requests that this filing be implemented for all policies on October 6, 2007 or the earliest possible date upon approval/acknowledgement.

22. Filing Fees (Filer must provide check # and fee amount if applicable) [If a state requires you to show how you calculated your filing fees, place that calculation below]

Check #: 101104

Amount: \$50.00

\$50 per form filing

Refer to each state’s checklist for additional state specific requirements or instructions on calculating fees.

*****Refer to the each state’s checklist for additional state specific requirements (i.e. # of additional copies required, other state specific forms, etc.)**

FORM FILING SCHEDULE

(This form must be provided **ONLY** when making a filing that includes forms)
(Do not refer to the body of the filing for the forms listing, unless allowed by state.)

1.	This filing transmittal is part of Company Tracking #	SNIC-GL-CIMI-AR-07-04-F			
2.	This filing corresponds to rate/rule filing number (Company tracking number of rate/rule filing, if applicable)	N/A			
3.	Form Name /Description/Synopsis	Form # Include edition date	Replacement or Withdrawn?	If replacement, give form # it replaces	Previous state filing number, if required by state

01	Damaging Substances Exclusion Endorsement	CIMI OG 01 1 06	<input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn <input checked="" type="checkbox"/> Neither		
02	Oil or Gas Operations Endorsement	CIMI OG 02 1 06	<input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn <input checked="" type="checkbox"/> Neither		
03	Explosion, Collapse and Underground Property Damage Hazard Limitation Endorsement	CIMI OG 03 1 06	<input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn <input checked="" type="checkbox"/> Neither		
04	Saline Substances Contamination Coverage	CIMI OG 04 1 06	<input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn <input checked="" type="checkbox"/> Neither		
05	Contamination or Pollution Coverage	CIMI OG 05A 1 06	<input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn <input checked="" type="checkbox"/> Neither		
06	Blowout and Cratering Hazards Limitations	CIMI OG 06 1 06	<input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn <input checked="" type="checkbox"/> Neither		
07	Oil or Gas Industry Limitation Endorsement	CIMI OG 08 1 06	<input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn <input checked="" type="checkbox"/> Neither		
08	Employers' Liability Exclusion	CIMI OG 09 1 06	<input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn <input checked="" type="checkbox"/> Neither		
09	Oil or Gas Operations - Limited NonOperating, Working Interests Coverage	CIMI OG 10 1 06	<input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn <input checked="" type="checkbox"/> Neither		
10	Additional Insured - Oil or Gas Operations - Designated NonOperating, Working Interests Coverage	CIMI OG 11 1 06	<input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn <input checked="" type="checkbox"/> Neither		
11	Blowout and Cratering Hazards Exclusion	CIMI OG 12 1 06	<input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn <input checked="" type="checkbox"/> Neither		
12	Oil or Gas Operations - Your Non-Operating, Working Interests	CIMI OG 13 1 06	<input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn <input checked="" type="checkbox"/> Neither		
13	Mobile Equipment Exception - Well Servicing Equipment	CIMI OG 15 1 06	<input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn <input checked="" type="checkbox"/> Neither		

FORM FILING SCHEDULE *(Continued)*

(This form must be provided **ONLY** when making a filing that includes forms)
(Do not refer to the body of the filing for the forms listing, unless allowed by state.)

1.	This filing transmittal is part of Company Tracking #	SNIC-GL-CIMI-AR-07-04-F			
2.	This filing corresponds to rate/rule filing number (Company tracking number of rate/rule filing, if applicable)	N/A			
3.	Form Name /Description/Synopsis	Form # Include edition date	Replacement or Withdrawn?	If replacement, give form # it replaces	Previous state filing number, if required by state

14	Underground Resources And Equipment Coverage	CIMI OG 16 1 06	<input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn <input checked="" type="checkbox"/> Neither		
15			<input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn <input type="checkbox"/> Neither		
16			<input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn <input type="checkbox"/> Neither		
17			<input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn <input type="checkbox"/> Neither		
18			<input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn <input type="checkbox"/> Neither		
19			<input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn <input type="checkbox"/> Neither		
20			<input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn <input type="checkbox"/> Neither		
21			<input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn <input type="checkbox"/> Neither		
22			<input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn <input type="checkbox"/> Neither		
23			<input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn <input type="checkbox"/> Neither		
24			<input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn <input type="checkbox"/> Neither		
25			<input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn <input type="checkbox"/> Neither		
26			<input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn <input type="checkbox"/> Neither		

**STATE NATIONAL INSURANCE COMPANY
COMMERCIAL GENERAL LIABILITY**

**CIMI SPECIALIZED BUSINESS PROGRAM
ARKANSAS**

ACTUARIAL MEMORANDUM – FORMS

On behalf of State National Insurance Company (“the Company”), we are filing new forms for oil & gas coverage for our commercial general liability CIMI Specialized Business Program in your jurisdiction. Specifically, the Company is proposing independent forms for the oil & gas classes for which the Insurance Services Office (ISO) does not provide a loss cost. All new policy language forms and endorsements are enclosed.

STATE NATIONAL INSURANCE COMPANY
CIMI SPECIALIZED BUSINESS PROGRAM
Arkansas – Forms List

NEW FORM #	TITLE	DESCRIPTION	B-BROADENS R-RESTRICTS C-CLARIFIES
CIMI OG 01 1 06	Damaging Substances Exclusion Endorsement	Optional endorsement excludes from coverage all damages for bodily injury, property damage, personal injury and advertising injury due to pollutants, contaminants or hazardous substances	C
CIMI OG 02 1 06	Oil or Gas Operations Endorsement	Optional endorsement excludes coverage for oil or gas well drilling or re-drilling within corporate limits of towns, on railroad right-of-ways, and in or under any body of water after 30 days of the commencement unless the insured notifies the company and the company agrees to provide coverage	C
CIMI OG 03 1 06	Explosion, Collapse and Underground Property Damage Hazard Limitation Endorsement	Optional endorsement provides "property damage" coverage for the "explosion hazard," "collapse hazard" or "underground property damage hazard" on a sub-limit basis.	B
CIMI OG 04 1 06	Saline Substances Contamination Coverage	Optional premium-bearing endorsement provides saline substance contamination coverage with a sub-limit of liability on an aggregate basis. Defense expenses are included within the occurrence and aggregate limit	B
CIMI OG 05A 1 06	Contamination or Pollution Coverage	Optional premium-bearing endorsement modifies the limit of liability for property damage included within the pollution coverage by allowing for a separate limit of liability and aggregate to be stated	B
CIMI OG 06 1 06	Blowout and Cratering Hazards Limitations	Optional premium-bearing endorsement provides coverage for loss due to blowout or cratering of any well. Defense expenses are included within the occurrence and aggregate limit	B
CIMI OG 08 1 06	Oil or Gas Industry Limitation Endorsement	Optional endorsement excludes coverage for loss due to subsidence, loss of any in-hole equipment, costs of bringing wells under control, any equipment in the insureds care, custody, or control, liability arising from operations performed on leases on bodies of water, and professional errors and omissions	R
CIMI OG 09 1 06	Employers' Liability Exclusion	Optional endorsement is designed to exclude liability for loss under workers' compensation or similar laws and for any actions by an employee	C
CIMI OG 10 1 06	Oil or Gas Operations - Limited NonOperating, Working Interests Coverage	Optional premium-bearing endorsement is to be used when insuring only the non-operating working interest of the named insured. The coverage is aimed at the investor. This endorsement provides coverage excess over any other insurance	B
CIMI OG 11 1 06	Additional Insured - Oil or Gas Operations - Designated NonOperating, Working Interests of Others	Optional premium-bearing endorsement extends the definition of "insured" to include a co-owner, joint venturer or mining partner who has a financial interest in and participates in the cost of development and operation of such properties	B

**STATE NATIONAL INSURANCE COMPANY
CIMI SPECIALIZED BUSINESS PROGRAM
Arkansas – Forms List**

NEW FORM #	TITLE	DESCRIPTION	B-BROADENS R-RESTRICTS C-CLARIFIES
CIMI OG 12 1 06	Blowout and Cratering Hazard Exclusion	Optional endorsement excludes coverage for property damage due to blowout or cratering of a well	R
CIMI OG 13 1 06	Oil or Gas Operations - Your Non-Operating, Working Interests	Optional premium-bearing endorsement provides the named insured coverage for his or her ownership interest in oil and gas wells being operated by others. The insurance provided by the endorsement applies only to the named insured's non-operating working interest in oil or gas operations. This insurance does not apply if the named insured is an operator for his own account, or on behalf of others. The insurance is excess over any other valid and collectible insurance available to the named insured (e.g., insurance provided by the operator)	B
CIMI OG 15 1 06	Mobile Equipment Exception - Well Servicing Equipment	Optional endorsement amends the CGL Coverage Form by removing language which makes well servicing equipment "autos." This expands the CGL coverage to encompass greater liability exposure for well servicing equipment than simply that bodily injury or property damage which can be proven to have arisen from the operation of such equipment	B
CIMI OG 16 1 06	Underground Resources And Equipment Coverage	Optional premium-bearing endorsement is identical in form content to ISO CG 22 62. The only difference is our form includes a place to provide the per occurrence limit and amount and basis of deductible	B



August 17, 2007

Honorable Julie Benafield Bowman
Commissioner of Insurance
Arkansas Insurance Department
1200 West Third Street
Little Rock, Arkansas 72201-1904

**Re: Letter of Filing Authorization
State National Insurance Company, Inc.
Commercial General Liability – Oil & Gas
Rates, Rules and Forms Filings**

Dear Ladies/Gentlemen:

This letter will certify that Perr & Knight has been given full authorization to submit the captioned filing on behalf of State National Insurance Company, Inc. This authorization extends to all correspondence regarding this particular filing only. It does not apply to any subsequent filings made after the approval of the referenced filing.

Please direct all correspondence in relation to this filing directly to Perr & Knight, 881 Alma Real Drive, Suite 205, Pacific Palisades, CA. 90272. Should you have any questions concerning this filing, please contact Perr & Knight at (888) 201-5123.

Thank you for your assistance in this matter.

Sincerely,

A handwritten signature in black ink, appearing to read "Terry Ledbetter", with a long, sweeping horizontal stroke extending to the right.

Terry Ledbetter
President

Cc: File (National American)

SERFF Tracking Number: STNA-125280393 *State:* Arkansas
Filing Company: State National Insurance Company Inc. *State Tracking Number:* AR-PC-07-026002
Company Tracking Number: SNIC-GL-CIMI-AR-07-04-F
TOI: 17.2 Other Liability - Occurrence Only *Sub-TOI:* 17.2001 Commercial General Liability
Product Name: SNIC-GL-CIMI-AR-07-04-F
Project Name/Number: SNIC-GL-CIMI-AR-07-04-F/SNIC-GL-CIMI-AR-07-04-F

Superseded Attachments

Please note that all items on the following pages are items, which have been replaced by a newer version. The newest version is located with the appropriate schedule on previous pages. These items are in date order with most recent first.

Original Date:	Schedule	Document Name	Replaced Date	Attach Document
No original date	Form	Damaging Substances Exclusion Endorsement	09/04/2007	CIMI OG 01 1 06.pdf
No original date	Form	Explosion, Collapse and Underground Property Damage Hazard Limitation Endorsement	09/04/2007	CIMI OG 03 1 06.pdf
No original date	Form	Saline Substances Contamination Coverage	09/04/2007	CIMI OG 04 1 06.pdf
No original date	Form	Blowout and Cratering Hazards Limitation	09/04/2007	CIMI OG 06 1 06.pdf

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

DAMAGING SUBSTANCES EXCLUSION ENDORSEMENT

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART.

Exclusion f under COVERAGE A (Section I) is deleted and replaced by the following:

f. There is no coverage provided under this policy for:

- (1) Any claim, action, judgment, liability, settlement, loss, defense, cost, or expense in any way arising out of actual, alleged, or threatened:

Seepage, discharge, dispersal, release, emission or escape of "Damaging Substances" into or upon:

- (a) Land,
- (b) The atmosphere, or
- (c) Any water course or body of water, underground water or water table supplies.

whether resulting directly, indirectly, or in concurrence or in any sequence from the insured's activities or the activities of others; and

whether or not such is sudden, gradual, accidental, intended, foreseeable, expected, fortuitous, or inevitable; and

wherever or however such occurs.

- (2) Any loss, cost or expense arising out of any:

- (a) Request, demand or order that any insured or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "Damaging Substances"; or
- (b) Claim or suit by or on behalf of a governmental authority for damages because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing, or in any way responding to, or assessing the effects of "Damaging Substances".

As used in this endorsement:

"Damaging Substances" means

- A. Any solid, liquid, gaseous, or radioactive matter including, but not limited to:
 - 1. Smoke, vapors, soots, fumes, acids, alkalis, chemicals, or toxic matter; or
 - 2. Waste material (including materials to be recycled, reconditioned, or reclaimed); or
 - 3. Oil or other petroleum substances or derivative or by-product (including any oil refuse or oil mixed with waste); or
- B. Any thermal or vibratory effect including, but not limited to:
 - 1. Effects of sound or noise; or
 - 2. Effects of heat or cold.

THIS ENDORSEMENT APPLIES TO ALL COVERAGES AFFORDED UNDER THIS POLICY.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**EXPLOSION, COLLAPSE AND UNDERGROUND PROPERTY
DAMAGE HAZARD LIMITATION ENDORSEMENT**

This endorsement modifies insurance provided under the following:

**COMMERCIAL GENERAL LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART**

SCHEDULE

Explosion,Collapse and Underground Property Damage Hazard	\$ _____	Per Occurrence Limit
Explosion,Collapse and Underground Property Damage Hazard	\$ _____	Aggregate Limit
Amount and Basis of Deductible	\$ _____	Per Occurrence

The following provisions are added with respect to "Property Damage" included within the "Explosion, Collapse and Underground Property Damage Hazard" arising out of operations performed by you or on your behalf:

1. With respect to "property damage" included within the "explosion hazard", the "collapse hazard" or the "underground property damage hazard" the following is added to Limits of Insurance (Section III):

The Explosion, Collapse and Underground Hazard Aggregate Limit shown in the Schedule or in the Declarations as subject to this endorsement is the most we will pay under Coverage A for the sum of damages because of all "property damage" included within the "explosion hazard", the "collapse hazard" or the "underground property damage hazard" and arising out of operations in connection with any one well.

2. The following additional exclusions are added to **COVERAGE A** (Section I):
This insurance does not apply to:
 - A. Any costs or expense incurred by you or at your request or by or at the request of any "Co-owner of the working interest" in connection with controlling or bringing under control any oil, gas or water well;
 - B. Damage claimed by any "Co-owner of the working interest."
 - C. Operation performed for you by others; or
 - D. "Property damage" included within the "products completed operations hazard:"

3. The following additional definitions apply:
 "Explosion hazard" includes property damage arising out of blasting or explosion. The "explosion hazard" does not include "property damage" arising out of the explosion of air or steam vessels, piping under pressure, prime movers, machinery or power transmitting equipment.

"Collapse hazard" includes "structural property damage" and any resulting "property damage" to any other property at any time.

"Structural property damage" means the collapse of or structural injury to any building or structure due to:

- (1) Grading of land, excavating, burrowing, filling, back-filling, tunnelling, pile driving, cofferdam work or caisson work; or
- (2) Moving, shoring, underpinning, raising or demolition of any building or structure or removal or rebuilding of any structural support of that building or structure.

"Underground property damage hazard" includes "underground property damage" and any resulting "property damage" to any other property at any time.

"Underground Property Damage" means property damage to wires, conduits, pipes, mains, sewers, tanks, tunnels, any similar property, and any apparatus used with them beneath the surface of the ground or water, caused by and occurring during the use of mechanical equipment for the purpose of grading land, paving, excavating, drilling, burrowing, filling, back-filling or pile driving.

4. The above Aggregate Limits set forth in the schedule of this endorsement shall be reduced by all legal fees and other defense expenses we pay which are incurred by or on behalf of the insured in the investigation, adjustment, settlement or litigation of any claim, legal proceeding or suit arising out of an "occurrence" covered hereunder.
5. The Explosion, Collapse and Underground Property Damage Hazard Limitation Aggregate Limit is the most we will pay for the sum of all liability because of "property damage" caused by all occurrences and subject to such aggregate limit. The Per Occurrence Limit is the most we will pay for the sum of all liability because of "property damages" caused by any one "occurrence".
6. Each payment we make for such liability due to such "property damage" and/or due to defense expense related thereto reduces the Explosion, Collapse and Underground Property Damage Hazard Limitation Aggregate Limit by the amount of such payment. This reduced limit will then be the Amount of Insurance. When this limit is used up, we shall have no further obligation to defend claims or suits seeking such damages or pay such damages or defense expense under "property damage".
7. Our obligation under the Explosion, Collapse and Underground Property Damage Hazard Coverages to pay damages on your behalf only to the amount of damages in excess of any deductible amounts stated in the schedule above as applicable to such coverages, and the limits of insurance applicable to each "occurrence" for such coverages will be reduced by the amount of such deductible amount. Aggregate limits for such coverages shall not be reduced by the application of such deductible amount.
8. The deductible amount stated in the Schedule applies respectively to all damages because of "property damage" as the result of any one "occurrence," regardless of the number of persons or organizations who sustain damage because of that "occurrence."
9. We may pay any part or all of the deductible amount to effect settlement of any claim or "suit" and, upon notification of the action taken, you shall promptly reimburse us for such part of the deductible amount as has been paid by us.

ALL OTHER TERMS AND CONDITIONS REMAIN THE SAME

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

SALINE SUBSTANCES CONTAMINATION COVERAGE

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE FORM

SCHEDULE

Saline Substances Contamination Hazard Property Damage	\$ _____	Aggregate Limit.
Saline Substances Contamination Hazard Property Damage	\$ _____	Per Occurrence.
Amount and Basis of Deductible	\$ _____	Per Occurrence.

Description of operations:

Oil or Gas Lease Operators - natural gas

Oil or Gas Lease Operators - natural gas within the limits of any town or city, on the right-of-way of any railroad, or in any ocean, gulf or bay.

The following provisions are added with respect to "property damage" included within the "Saline Substance Contamination Hazard" arising out of operations performed by you on your behalf and described in this endorsement:

1. With respect to "property damage" included within the "Saline Substance Contamination Hazard," the following is added to LIMITS OF INSURANCE (Section III):

The Saline Substances Contamination Aggregate Limit shown in the schedule as subject to this endorsement is the most we will pay under this policy for the sum of damages because of all "property damage" included within the "Saline Substance Contamination Hazard" and arising out of operations in connection with any one well.

2. The following exclusion is added to Coverage A (Section I): This insurance does not apply to:

a. Damages claimed by any "co-owner of the working interest."

3. The following additional definitions apply:

a. "Saline substance contamination hazard" includes "property damage" to any of the following wherever located:

(1) Oil, gas, water or other mineral substance, if the "property damage" is caused directly or indirectly by a saline substance; or

(2) Any other property; if the "property damage" results from the "property damage" described in (1) above.

b. "Co-owner of the working interest" means any person or organization who is, with you, a co-owner, joint venture or mining partner in mineral properties who:

(1) Participates in the operating expense of such properties; or

(2) Has the right to participate in the control, development operation of such properties.

c. "Property Damage" means:

- (1) Physical injury to, destruction of, or contamination of tangible real or personal property, including all resulting loss of use of that property; or
 - (2) Loss of use of tangible property that is not physically injured, destroyed or contaminated but has been evacuated, withdrawn from use or rendered inaccessible because of a "pollution incident."
- d. "Pollution incident" means an "occurrence" consisting of any actual emission, discharge, release, or escape of pollutant into or upon land, the atmosphere, or any watercourse or body of water, provided that such emission, discharge, release or escape results in environmental damage. The entirety of any such actual emission, discharge, release or escape shall be deemed to be one "pollution incident."

Because of a "pollution incident."

4. Our obligation under the Property Damage Liability Coverages to pay damages on your behalf applies only to the amount of damages in excess of any deductible amounts stated in the schedule above as applicable to such coverages, and the limits of insurance applicable to each "occurrence" for such coverages will be reduced by the amount of such deductible. Aggregate limits for such coverages shall not be reduced by the application of such deductible amount.
5. The deductible amount stated in the Schedule applies under the Property Damage Liability Coverage, respectively to all damages because of "property damage" as the result of any one "occurrence," regardless of the number of persons or organization who sustain damage because of that "occurrence."
6. We may pay any part or all of the deductible amount to effect settlement of any claim or "suit" and, upon notification of the action taken, you shall promptly reimburse us for such part of the deductible amount as has been paid by us.
7. The above limits set forth in the schedule of this endorsement shall be reduced by all legal fees and other defense expenses we pay which are incurred by or on behalf of you in the investigation, adjustment, settlement or litigation of any claim, legal proceeding or suit arising out of a "Saline Substances Contamination Hazard" covered hereunder.
8. The "Saline Substance Contamination Hazard" coverage provided hereunder applies only if the following conditions are met:
 - a. Such "Saline Substance Contamination Hazard" "occurrence" is both sudden and accidental, and also is neither expected nor intended by any insured;
 - b. The commencement time and date of the "pollution incident" which results in a "saline substance contamination hazard" can be identified with certainty;
 - c. Such "Saline Substance Contamination Hazard" "occurrence" commenced at a specific time and date during the policy period;
 - d. Such "Saline Substance Contamination Hazard" "occurrence" is discovered or otherwise becomes known to you within 30 days of its commencement and is reported to us in writing within 30 days after you first obtain such knowledge of such "pollution incident;";
 - e. Such "Saline Substance Contamination Hazard" "occurrence" does not result from your willful or deliberate failure to comply with any government statute, rule, regulation, or order; and
 - f. Such "property damage" is not caused or contributed to in any degree by any "Saline Substance Contamination Hazard" "occurrence" that commenced prior to the beginning of the Policy Period shown in the Declarations.

ALL OTHER TERMS AND CONDITIONS REMAIN THE SAME.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

BLOWOUT AND CRATERING HAZARDS LIMITATION

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

SCHEDULE

Blowout and Cratering Hazard Property Damage \$ _____ Aggregate Limit.

Blowout and Cratering Hazard Property Damage \$ _____ Per Occurrence.

Amount and Basis of Deductible \$ _____ Per Occurrence Limit.

The following provisions are added with respect to "property damage" included within the "blowout and cratering hazard", arising out of operations performed by you or on your behalf:

1. With respect to "property damage" included within the "blowout and cratering hazard", the following is added to **LIMITS OF INSURANCE** (Section III):

Subject to 5 below, the Blowout and cratering Property Damage Aggregate Limit shown in the Schedule or in the Declarations as subject to this endorsement is the most we will pay under Coverage A for the sum of damages because of all "property damage" included within the "blowout and cratering hazard" and arising out of operations in connection with any one well.

2. The following additional exclusions are added to **COVERAGE A** (Section I): This insurance does not apply to:

- A. Any costs or expense incurred by you or at your request or by or at the request of any "Co-owner of the working interest" in connection with controlling or bringing under control any oil, gas or water well;
- B. Damage claimed by any "Co-owner of the working interest."

3. The following additional definitions apply:

- A. "Blowout and cratering hazard" includes "property damage" to property located on or above the surface of the earth contributed to or resulting from the "blowout" or "cratering" of any well.
- B. "Co-owner of the working interest" means any person or organization who is, with you, a co-owner, joint venturer or mining partner in mineral properties who:
 - (1.) Participates in the operating expenses of such properties; or
 - (2.) Has the right to participate in the control, development or operations of such properties.
- C. "Blowout" means a sudden and uncontrolled expulsion from the well above the earth's surface of oil, gas, water or drilling fluids resulting in complete loss of control of the well.
- D. The term "cratering" shall be defined as the action caused by the erosive and eruptive action of air, gas, oil or water flowing upward through the earth's surface under and around a rig and resulting in the forming of a basin-like opening in the earth's surface known as a "crater".

4. With respect to "property damage" included within the "blowout and cratering hazard," part f(1) of the Exclusions in Section I does not apply.

5. The above Aggregate Limits set forth in the schedule of this endorsement shall be reduced by all legal fees and other defense expenses we pay which are incurred by or on behalf of the insured in the investigation, adjustment, settlement or litigation of any claim, legal proceeding or suit arising out of an "occurrence" covered hereunder.
6. The Blowout and Cratering Hazards Limitation Aggregate Limit is the most we will pay for the sum of all liability because of "property damage" caused by all occurrences and subject to such aggregate limit. The Per Occurrence Limit is the most we will pay for the sum of all liability because of "property damages" caused by any one "occurrence".

Each payment we make for such liability due to such "property damage" related thereto reduces the Blowout and Cratering Hazards Limitation Aggregate Limit by the amount of such payment. This reduced limit will then be the Amount of Insurance. When this limit is used up, we shall have no further obligation to defend claims or suits seeking such damages or pay such damages or defense expense under property damage.

7. Our obligation under the Blowout and Cratering Hazards Limitations to pay damages on your behalf applies only to the amount of damages in excess of any deductible amounts stated in the schedule above as applicable to such coverages, and the limits of insurance applicable to each "occurrence" for such coverages will be reduced by the amount of such deductible. Aggregate limits for such coverages shall not be reduced by the application of such deductible amount.
8. The deductible amount stated in the Schedule applies under the Blowout and Cratering Hazards Limitation, respectively to all damages because of "property damage" as the result of any one "occurrence," regardless of the number of persons or organization who sustain damage because of that "occurrence."
9. We may pay any part or all of the deductible amount to effect settlement of any claim or "suit" and, upon notification of the action taken, you shall promptly reimburse us for such part of the deductible amount as has been paid by us.