

## § 3602.15

## 43 CFR Ch. II (10–1–12 Edition)

(vi) Otherwise conforms to BLM's instructions as found in the contract terms;

(3) Cash bond, with a power of attorney to BLM to convert it upon your failure to meet the terms and conditions of the contract;

(4) Irrevocable letter of credit from a bank or financial institution organized or authorized to transact business in the United States, with a power of attorney to BLM to redeem it upon your failure to meet the terms and conditions of the contract; or

(5) Negotiable Treasury bond of the United States of a par value equal to the amount of the required bond, together with a power of attorney to BLM to sell it upon your failure to meet the terms and conditions of the contract.

### **§ 3602.15 What will happen to my bond if I transferred all of my interests or operations to another bonded party?**

BLM will cancel your bond obligations following approval of the transfer of your interests or operations if the transferee provides a bond that assumes all of your existing liabilities as required in § 3602.24. However, under § 3602.26, you remain liable for any reclamation or other obligation that accrued during the time you held your interest.

#### ADMINISTRATION OF SALES

### **§ 3602.20 Administration of mineral materials sales.**

#### **§ 3602.21 What payment terms apply to my mineral materials sales contract?**

(a) Under a sales contract for mineral materials—

(1) For sales of \$2,000 or less, you must pay the full amount before BLM will sign the contract.

(2) When the sale exceeds \$2,000, you may make installment payments. The first installment payment must be the greater of \$500 or 5 percent of the total purchase price. If you elect to make installment payments—

(i) For non-competitive sales, you must pay the first installment at or before the time BLM awards the contract;

(ii) For competitive sales, you must pay the first installment as a deposit at the time you submit the bid; and

(iii) For noncompetitive and competitive sales—

(A) Once you have removed materials, you must make each subsequent installment payment monthly in an amount equal to the value of the minerals you remove each month. You must make the payment by the 15th day following the end of the month for which you are reporting. However, you must pay the balance of the purchase price not later than 60 days before the expiration date of the contract. BLM will credit your first installment payment to you at the time of your final payment unless we cancel your contract under § 3601.61; or

(B) You may make advance payment for your annual production based on the previous year's production or your projection of the current year's production, so long as you resume paying on a monthly basis as required in paragraph (a)(2)(iii)(A) of this section if your annual payment does not cover your actual production for the current year. You must resume monthly payments no later than the 15th day following the end of the month in which production exceeds the projected production on which payments were based.

(3) You must annually (as provided in your contract) produce an amount sufficient to pay to the United States a sum of money equal to the first installment determined under paragraph (a)(2) of this section. In lieu of such production, you may make an annual payment in the amount of the first installment. If in any contract year you make production payments that are less than the first installment, you must pay the difference between the production payments and the amount of the first installment. These annual payments are due on or before each anniversary date of the contract.

(b) If you fail to comply with the terms and conditions of the contract and BLM cancels your contract under § 3601.61, you will forfeit all moneys that you paid.

#### **§ 3602.22 When will a contract terminate?**

(a) Your contract terminates when—