

Bureau of Land Management, Interior**§ 3904.14**

legal subdivision, and the following information:

(1) The location of each oil shale mine or operation, and include:

(i) A map showing the extent of the mining or development operations;

(ii) A tabulated statement of the minerals mined and subject to royalty for each month covering a period of not less than 12 months immediately preceding the date of filing of the application; and

(iii) The average production per day mined for each month, and complete information as to why the minimum production was not attained;

(2) Each application must contain:

(i) A detailed statement of expenses and costs of operating the entire lease;

(ii) The income from the sale of any leased products;

(iii) All facts showing whether the mines can be successfully operated under the royalty or rental fixed in the lease; and

(iv) Where the application is for a reduction in royalty, information as to whether royalties or payments out of production are paid to anyone other than the United States, the amounts so paid, and efforts made to reduce those payments;

(3) Any overriding royalties cannot be greater in aggregate than one-half the royalties paid to the United States.

(c) Contact the proper BLM office for detailed information on submitting copies of these applications electronically.

§ 3903.60 Late payment or underpayment charges.

Late payment or underpayment charges will be assessed under MMS regulations at 30 CFR 218.202.

Subpart 3904—Bonds and Trust Funds**§ 3904.10 Bonding requirements.**

(a) Prior to issuing a lease or exploration license, the BLM requires exploration license or lease bonds for each lease or exploration license that covers all liabilities, other than reclamation, that may arise under the lease or license. The bond must be executed by the lessee and cover all record title owners, operating rights owners, opera-

tors, and any person who conducts operations or is responsible for payments under a lease or license.

(b) Before the BLM will approve a POD, the lessee must provide to the proper BLM office a reclamation bond to cover all costs the BLM estimates will be necessary to cover reclamation.

§ 3904.11 When to file bonds.

File the lease bond before the BLM will issue the lease, file the reclamation bond before the BLM will approve the POD, and file the exploration bond before the BLM will issue the exploration license.

§ 3904.12 Where to file bonds.

File one copy of the bond form with original signatures in the proper BLM state office. Bonds must be filed on an approved BLM form. The obligor of a personal bond must sign the form. Surety bonds must have the lessee's and the acceptable surety's signatures.

§ 3904.13 Acceptable forms of bonds.

(a) The BLM will accept either a personal bond or a surety bond. Personal bonds are pledges of any of the following:

- (1) Cash;
- (2) Cashier's check;
- (3) Certified check; or

(4) Negotiable U.S. Treasury bonds equal in value to the bond amount. Treasury bonds must give the Secretary authority to sell the securities in the case of failure to comply with the conditions and obligations of the exploration license or lease.

(b) Surety bonds must be issued by qualified surety companies approved by the Department of the Treasury. A list of qualified sureties is available at any BLM state office.

§ 3904.14 Individual lease, exploration license, and reclamation bonds.

(a) The BLM will determine individual lease bond amounts on a case-by-case basis. The minimum lease bond amount is \$25,000.

(b) The BLM will determine reclamation bond and exploration license bond amounts on a case-by-case basis when it approves a POD or exploration plan. The reclamation or exploration license

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bond must be sufficient to cover the estimated cost of site reclamation.

(c) The BLM may enter into agreements with states to accept a state reclamation bond to cover the BLM's reclamation bonding requirements if it is adequate to cover both the Federal liabilities and all others for which it stands as security. The BLM may request additional information from the lessee or operator to determine whether the state bond will cover all of the BLM's reclamation requirements.

(1) If a state bond is to be used to satisfy the BLM bonding requirements, evidence verifying that the existing state bond will satisfy all the BLM reclamation bonding requirements must be filed in the proper BLM office.

(2) The BLM will require an additional bond if the BLM determines that the state bond is inadequate to cover all of the potential liabilities for your BLM leases.

§ 3904.15 Amount of bond.

(a) The BLM may increase or decrease the required bond amount if it determines that a change in amount is appropriate to cover the costs and obligations of complying with the requirements of the lease or license and these regulations. The BLM will not decrease the bond amount below the minimum (see § 3904.14(a)).

(b) The lessee or operator must submit to the BLM every three years after reclamation bond approval a revised estimate of the reclamation costs. The BLM will verify the revised estimate of the reclamation costs submitted by the lessee or operator. If the current bond does not cover the revised estimate of reclamation costs, the lessee or operator must increase the reclamation bond amount to meet or exceed the revised cost estimate.

§ 3904.20 Default.

(a) The BLM will demand payment from the lease bond to cover non-payment of any rental or royalty owed or the reclamation or exploration license bond for any reclamation obligations that are not met. The BLM will reduce the bond amount by the amount of the payment made to cover the default.

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(b) After any default, the BLM will provide notification of the amount required to restore the bond to the required level. A new bond or an increase in the existing bond to its pre-default level must be provided to the proper BLM office within 6 months of the BLM's written notification that the bond is below its required level. The BLM may accept separate or substitute bonds for each exploration license or lease. The BLM may take action to cancel the lease or exploration license covered by the bond if sufficient additional bond is not provided within the six month time period.

§ 3904.21 Termination of the period of liability and release of bonds.

(a) The BLM will not consent to termination of the period of liability under a bond unless an acceptable replacement bond has been filed.

(b) Terminating the period of liability of a bond ends the period during which obligations continue to accrue, but does not relieve the surety of the responsibility for obligations that accrued during the period of liability.

(c) A lease bond will be released when BLM determines that all lease obligations accruing during the period of liability have been fulfilled.

(d) A reclamation bond or license bond will be released when the BLM determines that the reclamation obligations arising within the period of liability have been met and that the reclamation has succeeded to the BLM's satisfaction.

(e) The BLM will release a bond when it accepts a replacement bond in which the surety expressly assumes liability for all obligations that accrued within the period of liability of the original bond.

§ 3904.40 Long-term water treatment trust funds.

(a) The BLM may require the operator or lessee to establish a trust fund or other funding mechanism to ensure the continuation of long-term treatment to achieve water quality standards and for other long-term, post-mining maintenance requirements. The funding must be adequate to provide for the construction, long-term operation, maintenance, or replacement of