

§ 585.531

30 CFR Ch. V (7–1–14 Edition)

(1) Inform BOEM within 3 business days about the financial assurance lapse; and

(2) Provide new financial assurance in the amount set by BOEM, as provided in this subpart.

(b) You must notify BOEM within 3 business days after you learn of any action filed alleging that you, your surety, or third-party guarantor, is insolvent or bankrupt.

§ 585.531 What happens if the value of my financial assurance is reduced?

If the value of your financial assurance is reduced below the required financial assurance amount because of a default or any other reason, you must provide additional financial assurance sufficient to meet the requirements of this subpart within 45 days or within a different period as specified by BOEM.

§ 585.532 What happens if my surety wants to terminate the period of liability of my bond?

(a) Terminating the period of liability of a bond ends the period during which surety liability continues to accrue. The surety continues to be responsible for obligations and liabilities that accrued during the period of liability and before the date on which BOEM terminates the period of liability under paragraph (b) of this section. The liabilities that accrue during a period of liability include:

(1) Obligations that started to accrue before the beginning of the period of liability and have not been met; and

(2) Obligations that began accruing during the period of liability.

(b) Your surety must submit to BOEM its request to terminate the period of liability under its bond and notify you of that request. If you intend to continue activities, or have not met all obligations of your lease or grant, you must provide a replacement bond or alternative form of financial assurance of equivalent or greater value. BOEM will terminate that period of liability within 90 days after BOEM receives the request.

§ 585.533 How does my surety obtain cancellation of my bond?

(a) BOEM will release a bond or allow a surety to cancel a bond, and will re-

lieve the surety from accrued obligations only if:

(1) BOEM determines that there are no outstanding obligations covered by the bond; or

(2) The following occurs:

(i) BOEM accepts a replacement bond or an alternative form of financial assurance in an amount equal to or greater than the bond to be cancelled to cover the terminated period of liability;

(ii) The surety issuing the new bond has expressly agreed to assume all outstanding liabilities under the original bond that accrued during the period of liability that was terminated; and

(iii) The surety issuing the new bond has agreed to assume that portion of the outstanding liabilities that accrued during the terminated period of liability that exceeds the coverage of the bond prescribed under §§ 585.515, 585.516, 585.520, or 585.521, and of which you were notified.

(b) When your lease or grant ends, your surety(ies) remain(s) responsible, and BOEM will retain any financial assurance as follows:

(1) The period of liability ends when you cease all operations and activities under the lease or grant, including de-commissioning and site clearance;

(2) Your surety or collateral financial assurance will not be released until 7 years after the lease ends, or a longer period as necessary to complete any appeals or judicial litigation related to your bonded obligation, or for BOEM to determine that all of your obligations under the lease or grant have been satisfied; and

(3) BOEM will reduce the amount of your bond or return a portion of your financial assurance if we determine that we need less than the full amount of the bond or financial assurance to meet any possible future obligations.

§ 585.534 When may BOEM cancel my bond?

When your lease or grant ends, your surety(ies) remain(s) responsible, and BOEM will retain any pledged security as shown in the following table: