

§ 3473.3-2

year commencing on or after the effective date of the readjustment shall not be credited against royalties.

[44 FR 42643, July 19, 1979, as amended at 47 FR 33150, July 30, 1982]

§ 3473.3-2 Royalties.

(a)(1) A lease shall require payment of a royalty of not less than 12½ percent of the value of the coal removed from a surface mine.

(2) A lease shall require payment of a royalty of 8 percent of the value of coal removed from an underground mine.

(3) The value of coal removed from a mine is defined for royalty purposes in § 3483.4 of this title.

(b) The royalty rates specified in paragraph (a) of this section shall be applied to new leases at the time of issuance and to previously issued leases at the time of the next scheduled readjustment of the lease.

(c) The authorized officer shall have the discretion, upon the request of the lessee, to authorize the payment of an advance royalty in lieu of continued operation for any particular year in accordance with § 3485.2 of this title.

(d) An overriding royalty interest, production payment or similar interest that exceeds 50 percent of royalty first payable to the United States under the Federal lease, or when added to any other overriding royalty interest exceeds that percentage, except those created in order to finance a mine, shall not be created by a Federal lease transfer or surface owner consent. However, when an interest in a Federal lease or operating agreement is transferred, the transferor may retain an overriding royalty in excess of the above limitation if he/she shows that he/she has made substantial investments for improvements directly related to exploration, development and mining on the lands covered by the transfer that would justify a higher payment.

(e) The Secretary, whenever he/she determines it necessary to promote development or finds that the lease cannot be successfully operated under its terms, may waive, suspend or reduce the rental, or reduce the royalty but not advance royalty, on an entire leasehold, or on any deposit, tract or portion thereof, except that in no case

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shall the royalty be reduced to zero percent. An application for any of these benefits shall be filed with the authorized officer in accordance with part 3480 of this title.

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§ 3473.4 Suspension of operations, production, and payment obligations.

(a) Application by a lessee for relief from any operating and producing requirements of a lease; shall be filed in triplicate in the office of the Mining Supervisor in accordance with 43 CFR part 3480.

(b) The term of any lease shall be extended by adding thereto any period of suspension of all operations and production during such term in accordance with any direction or assent of the Mining Supervisor.

[44 FR 42643, July 19, 1979, as amended at 47 FR 33151, July 30, 1982]

Subpart 3474—Bonds

§ 3474.1 Bonding requirements.

(a) Before a lease may be issued, one of the following forms of lease bond shall be furnished:

- (1) Corporate surety bonds;
- (2) Cash bond; or

(3) Personal lease bonds secured by negotiable U.S. bonds of a par value equal to the amount of the required surety bond, together with a power of attorney executed on a form approved by the Director.

(b) The applicant or bidder shall file the lease bond in the proper office within 30 days of receiving notice. The lease bond shall be furnished on a form approved by the Director.

(c) The bonding obligation for a new lease may be met by an adjustment to an existing LMU bond covering the other leases within the same LMU.

[44 FR 42643, July 19, 1979, as amended at 47 FR 33151, July 30, 1982]

§ 3474.2 Type of bond required.

(a) A lease bond for each lease, conditioned upon compliance with all terms and conditions of the lease, shall be furnished in the amount determined by