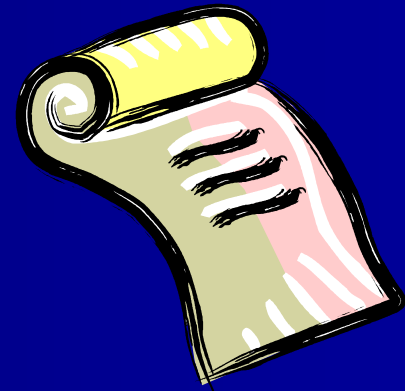


Bonds



Onshore Order 1

1. A Complete Form 3160-3
2. Well Plat
3. Drilling Plan
4. Surface Use Plan of Operations
5. **Bonding**
6. Operator Certification
7. Onsite Inspection



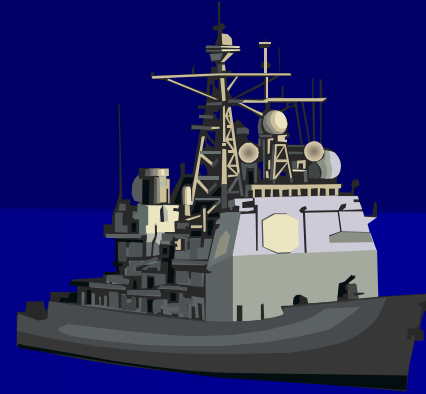
Bonds

Goals:

- We'll go over the types of bonds and how they are used
- We'll discuss the difference between bonds
- We'll discuss reducing, increasing, and releasing bonds

Bonds

Plan of Attack:



The following slides compare bond types, who they benefit, changes in bonds.

First we'll look at the authorities that require bonds.

ONSHORE ORDER NO. 1

Sec. VI Bond Requirements

Authorities:

- Mineral Leasing Acts (eg., MLA of 1920)**
- Patent Acts (eg., Stock-raising Homestead Act of 1916)**
- 43 CFR §3164.1 Appendix (Onshore Order No 1 Surface Owner Protection Bonds)**

How are Bonds used? Forms?

- Bonds required by BLM:
 - Lease bond: guarantee performance
Protect public interest
 - Surface Owner Protection bond:
Compensate private surface owners
- Forms Central (www.blm.gov):
acceptance necessary

Some differences between lease & split-estate bonds

■ Lease bonds

- Term & conditions of lease
- Period of liability
- Continuing obligation of record title owner/operating rights holder (FOGRSFA)

■ Surface Owner Protection bonds

- Surface owner compensation
- Defined in Act that patented land
- Bond release ends bond coverage

Bond Increases and Decreases



- Exposure & risk
- How to comply
- Not below minimum amounts – except...
- Phased release-individual lease bond only

Contacts

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– Lease bond content

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– access and computer problems

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– Surface Owner Protection bond

Bonds - Summary

