



# Non-Energy Leasable Minerals – Bonding Requirements

## ***Bonding Requirements***

The following is general information on bonding requirements for permits and leases as covered by the Public Domain Mineral Leasing Act of 1920, as amended (30 U.S.C. 181 *et seq.*), the Acquired Lands Mineral Leasing Act of 1947, as amended (30 U.S.C. 351-359), and the Federal Land Policy and Management Act of 1976 (FLPMA), 43 U.S.C. 1701 *et seq*) which authorizes the management and use of the public lands. The regulations governing these minerals are found in the 43 CFR 3500 regulations.

## ***Background:***

Bond coverage is required for all surface and subsurface operations and for royalty obligations on any permit or lease where there is exploration or production of any kind. Bond coverage must be continued in full force until the reclamation of surface disturbance has been completed and approval of the abandonment and reclamation has been given, and until all rental and royalty obligations are fulfilled. BLM will set permit and lease bond amounts for each permit or lease. We will consider the cost of complying with all permit and lease terms, including royalty and reclamation requirements, when setting bond amounts. BLM may increase or decrease bond coverage when we determine that a change in coverage is appropriate, but we will not decrease your bond amount below the minimum amounts required for permits or leases. The following identifies the types of bonds and requirements covering non-energy mineral permits and leases. There are other requirements for permits and leases.

## ***How do I file my bond?***

- 1) File one copy of your bond in the BLM State Office.
- 2) Determine the bond type and coverage you want to submit.
  - a) There are two types of bonds: Personal and Surety
    - (i) Personal Bonds can be secured in the form of:
      1. Cashier's Check;
      2. Certified Check; or
      3. Negotiable U.S. Treasury bonds equal in value to your bond amount. If you submit Treasury bonds, you must give the Secretary full authority to sell the securities if you default on your permit or lease obligations. Further instructions are available upon request.
    - (ii) Surety Bonds must be issued by qualified surety companies approved by the Department of the Treasury, as listed in Department of the Treasury Circular No. 570, published on July 1 of each year.
  - b) There are three types of bond coverage: Individual, Statewide and Nationwide
    - a. Individual bonds cover an individual permit or lease
      - i. The minimum bond amount for a permit is \$1,000
      - ii. The minimum bond amount for a lease is \$5,000
    - b. Statewide bonds cover all permits and leases for a specific mineral in any one state
      - i. The minimum bond amount is \$25,000
    - c. Nationwide bonds cover all permits and leases for a specific mineral nationwide
      - i. The minimum bond amount is \$75,000



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3) You must use an approved BLM form.

(i) Individual Bonds -

- a. Form 3504-1 Personal Bond and Power of Attorney Under Mineral Lease or Permit for Mining Deposits. (Personal bond)
- b. Form 3104-5 Bond Under Permit to Prospect for Mineral Deposits (Surety bond)
- c. Form 3504-3 Bond Under Lease for Mining Mineral Deposits (Surety bond)

(ii) Statewide or Nationwide Bonds –

- a. Form 3504-4 Statewide or Nationwide Personal Mineral Bond for Prospecting Permits and Leases (Personal bond)
- b. Form 3104-3 Statewide or Nationwide Mineral Lease Bond (Surety bond) \*\*

\*\*Special Note – Using this form may require a rider to extend coverage to prospecting permits and to extend coverage to permits and leases issued under the Acquired Lands Mineral Leasing Act of 1947, as amended (30 U.S.C. 351-359), and the Federal Land Policy and Management Act of 1976 (FLPMA), 43 U.S.C. 1701 *et seq.*

### *What if I want to replace my current bond?*

The BLM requires an “Assumption of Liability” rider to be signed in order for the one bond to replace another bond and assume all remaining liabilities on the bond. A rider is a common instrument that we use frequently to update or make changes to a bond. Sample assumption of liability riders are available upon request. After approval of the rider, the old bond will be terminated. Any existing liability will be transferred to the new bond.

### *When will BLM release or terminate the period of liability of my bond?*

BLM may terminate the period of liability for any bond only when you have filed an acceptable replacement bond or when you have met all of your permit or lease terms and conditions. This includes:

- 1) Paid all royalties, rentals, penalties, and assessments;
- 2) Satisfied all permit or lease obligations;
- 3) Reclaimed the site(s); and
- 4) Taken effective measures to ensure that the mineral prospecting or development activities will not adversely affect surface or subsurface resources.

**Please note that any fees submitted, in no way will insure favorable action on an application. This handout is intended to describe the bonding process only. There are other requirements for permits and leases, which can be found at 43 CFR 3500.**