

## FLUID MINERALS BOND PROCESSING USER GUIDE

XXI. Obsolete BondsKeywordsA. Mineral Claimants Bonds

For patents issued subject to the provisions of the Stockraising Homestead Act of December 29, 1916, mineral entrymen may elect to file a bond with the BLM in order to mine and remove the deposits underlying private surface. This situation arises when the mineral entryman has been unable to secure consent from the patentee, and has been unable to enter into an agreement with the patentee for payment of damages (see 43 CFR 3814.1). This bond is useful to holders of mining claims, but occasionally, inquiries are made as to its necessity for oil and gas lease operations.

BOND FOR  
MINERAL ENTRY  
STOCKRAISING  
HOMESTEAD ACT  
OF 1916

**This type of bond is not required for oil and gas operations.** This separate type of bond is no longer required since it was removed by rulemaking published October 15, 1976 (41 FR 45566). Any such bonds found in existing case files are to be terminated. Adequate protection of surface owners is to be provided by lease bonds required in accordance with 43 CFR 3104. If it appears that the minimum coverage required for operations on a Federal oil and gas lease under a lease bond is not adequate to protect the surface owner, the bond amount is to be increased. Although oil and gas lessees/operators still have the option either to obtain consent from surface owners or enter into an agreement to provide for surface owner compensation, it is expected that most will simply rely on the lease bond submitted in accordance with 43 CFR 3104 to comply with the Stockraising Homestead Act.

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B. Agricultural Entry Land BondsKeywords

Prior to November 16, 1976, lessees/operators who held Federal oil and gas leases on lands, the surface of which was patented subject to the provisions of the Act of July 27, 1914, and other Acts requiring a bond to protect the surface owners, other than the Stockraising Homestead Act of December 29, 1916, were required to file a \$1,000 lease bond as a condition of entering the land to examine it for possible development.

BOND FOR  
PROTECTION OF  
OTHER SURFACE  
OWNERS -  
AGRICULTURAL  
ENTRY LANDS

**This type of bond is no longer required.** Occasionally, because of the terms of leases previously issued, inquiries are made about the requirement for such a bond. Such inquiries are to be answered that this type of bond is no longer required. Any such bonds found in existing case files are to be terminated effective November 16, 1976, without any further processing, unless the case file reflects that there may be outstanding liability existing on the bond and other adequate bond coverage does not exist.

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C. Known Geological Structure (KGS) or Competitive Lease Bonds

The requirement for bonds where any of the land within a lease was classified as being within a known geological structure was eliminated from the regulations effective November 16, 1976.

Efforts to file such bonds, which were at the rate of \$2 per acre for the lands in a lease with a minimum \$1,000 amount, are to be refused. Such bonds still on file are to be terminated effective November 16, 1976.

Keywords

KNOWN  
GEOLOGICAL  
STRUCTURE OR  
COMPETITIVE  
LEASE BOND

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D. Termination of Obsolete Surface Owner and  
KGS Bonds Increased by RidersKeywords

Both bonds to protect surface owners, described in Section XXI.B, above, and for leases within a KGS, described in Section XXI.C, above, were filed on forms for a Bond of Oil and Gas Lessee. Such bonds were often increased by a rider to \$10,000 (or \$5,000) and, thereby, became a regular lease bond as described in Section II, above. Therefore, if such bonds have been increased to the amount of a lease bond, termination of the bond is to be processed as set out in Section XVII, above, rather than terminated as indicated in Sections XXI.B and XXI.C, above.

TERMINATION OF  
OBSOLETE BONDS