

UNITED STATES DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
(LETTERHEAD - ADDRESS)

3104 (Office Code)
Lease Serial No.

NOTICE

Assignee:

Oil and Gas Bond

Clarification of Bond Coverage Required

Your assignment of the above oil and gas lease (Serial no.) from (Assignor) cannot be approved until we receive clarification of bond coverage for operations occurring on the lease. Regulations at 43 CFR 3104.2, effective June 17, 1988, require that the operator on the ground be bonded under the operator's own bond, or under a lessee's or an operating rights holder's bond with a consent of the surety.

Currently, bond coverage for operations on lease (Serial no.) is being provided by the following lessee's bond:

(List all lessees' bonds currently providing bond coverage here.)

Therefore, in order to effect approval of your assignment of record title, one of the following options must be exercised:

1. The lease operator may furnish bond coverage for his operations on the lease, accompanied by a statement that the operator is bound by all the terms and conditions of the lease, and that the operator's bond is liable for the operations. If the operator furnishes this bond coverage, lessees will no longer be required to provide bond coverage for this lease; or

2. You, as assignee, may furnish bond coverage, either under an existing bond or a new bond, accompanied by a consent of surety rider which extends coverage of your bond to lease operations being conducted on lease (Serial no.) by the operator; or

3. Any one of the lessees named above may obtain a Consent of Surety to its bond to cover the operations on lease (Serial No). Only one bond is required to cover the operations provided it covers 100 percent of the liabilities.

Action on the assignment is being suspended for 60 days pending receipt of bond information. If evidence of bond coverage is not received within that time, the assignment will be returned unapproved. Additional time, if required, must be requested in writing. An information packet is enclosed which discusses various bonding methods and amounts, including copies of the current bond form. If you have any questions, please contact (Name and telephone number of contact).

Authorized Officer

Attachments

Distribution:

Assignor
Bonded lessees
Operator
Field Office Operations
Lease Case File