

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

3104 (Office Code)

REGISTERED MAIL--RETURN RECEIPT REQUESTED

DECISION

Obligor:

Oil and Gas Bond

Financial Institution:

Letter of Credit

Letter of Credit Returned as Unacceptable

The letter of credit filed in this office by or on behalf of the obligor on (Date), in connection with the effort to (Bond the above-referenced lease) (Provide bond coverage for all leases nationwide, or in the State(s) of (Name)) is hereby returned as unacceptable to the financial institution for the following reason(s):

_____ Insufficient amount; the credit should be in the amount of \$ _____ to provide the bond coverage required.

_____ Insufficient proof is provided that the financial institution issuing the letter has federally insured deposits.

The letter of credit is not properly payable to the Department of the Interior-Bureau of Land Management.

The letter of credit was executed prior to June 17, 1988; use of such letters of credit for Federal oil and gas leases was not authorized at the time.

The initial expiration date of the letter of credit is (Date), which is less than 1 year following the filing of the letter of credit; accordingly, the letter is unacceptable (see 43 CFR 3104.1(c)).

The letter of credit fails to provide for automatic renewal of the credit for periods of not less than 1 year in the absence of a receipt by the authorized officer from the financial institution of a timely (90-day) notice of intent not to renew.

The letter allows termination of the credit at its expiration date with less than the 90-day notice required by 43 CFR 3104.1(c)(5).

The letter of credit fails to provide the Bureau of Land Management the right to collect the credit for either default by the obligor or a failure by the obligor to provide replacement bond coverage in the event of a 90-day notice from the financial institution of its intent not to renew the credit.

Other (specify).

If the indicated deficiency(ies) is corrected, this office will process the bond toward acceptance. The original bond will be held for 60 days; if an earlier request for its return is received or if the necessary corrections to the letter of credit have not been furnished by that time, this office will return the original bond to the obligor.

Standard appeal paragraph (see Handbook 3100-1, Chapter 1).

Authorized Officer

2 Attachments

- 1 - Letter of Credit (To Financial Institution)
- 2 - Form 1842-1

Distribution:

- Obligor
- Financial Institution
- Lease Case File (if individual bond)