

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

3104 (Office Code)

BLM Bond No

CERTIFIED MAIL--RETURN RECEIPT REQUESTED

DECISION

Principal/Obligor	Lease Serial No	(If lease bond)
	Surety Bond No.:	(If surety bond)
Surety: (If required)	Bond Amount	
	Execution Date:	

Bonding Requirement

This office has been notified that the surety (or obligor) on the bond described above has made the following payment(s) required in response to a demand for payment under (Lease serial no. or the following leases:).

This payment has caused the amount of coverage under the bond to be reduced by the amount paid. Therefore, your bond no longer meets the minimum amount required by the regulations.

In order to correct this situation, you must take one of the following actions:

- (1) File a rider to your present bond, executed by you and the surety, stating that the face amount of the bond is restored to \$_____, its original amount; or
- (2) File a new bond, accompanied by a rider to assume any and all liability outstanding on the bond which is now in default. Upon receipt and acceptance of such a replacement bond, the period of liability of the previous bond will be terminated; or
- (3) File individual lease bonds (or statewide bonds) for all leases now covered by the bond in default. These new bonds must expressly assume any present liability on the bond in default attributable to the specific lease (or State(s) subject to coverage).

You are allowed 6 months* from your receipt of this decision within which to correct the present default in bond coverage or to file acceptable new bonds to remedy the default. If, in the interim period, any well sites are properly abandoned and reclamation of the surface is accomplished to the satisfaction of the Authorized Officer, you will not be required to maintain bond coverage for those specific wells.

If you fail to provide proper bonding coverage within the period allowed, those leases requiring bonding coverage that are not in a producing status and which are not considered to contain valuable deposits of oil or gas are subject to administrative lease cancellation. Where a lease is considered producing or known to contain valuable deposits, should you fail to provide proper bonding coverage, this office will forward the cases to the Department of the Interior's Office of the Solicitor with a recommendation that the lease(s) be cancelled by judicial action.

Failure to comply with this decision within the 6-month period* specified will result in the issuance of decisions to cancel leases and/or commence judicial proceedings.

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

Authorized Officer

Distribution

Principal(s)
Surety (c/o Attorney-in-fact)
All State Offices
Field Office Operations
Lease Case File (if individual bond)
MMS-DMD

*NOTE: The compliance period is discretionary, but must not exceed 6 months in accordance with the regulations at 43 CFR 3104.7(b). Thus, a shorter deadline may be set by the authorized officer.