

FLUID MINERALS BOND PROCESSING USER GUIDE

KeywordsV. Acceptance of Personal BondsA. General

A principal (obligor) may furnish a personal bond in lieu of a surety bond to ensure compliance with all the terms and conditions of an oil and gas lease or compliance with oil and gas geophysical exploration requirements (see Section I.B.2, above). Several options are available to secure personal bond coverage. A personal bond must be accompanied by a deposit of either a cashier's check, certified check, negotiable Federal Treasury securities (notes, bills, or bonds), a letter of credit (LOC), or a certificate of deposit (CD). Cash in the form of a cashier's check or certified check is the only acceptable form of remittance for a cash bond. Personal or company checks, money orders, or actual cash are **not** permitted.

United States Savings Bonds and notes or bonds issued by State or local governments or private companies are **not** acceptable securities for personal bonds.

Effective June 17, 1988, the Federal oil and gas leasing regulations allow a party wishing to obtain Federal oil and gas bonding to use a LOC or CD. The LOC's and CD's must be issued by a financial institution the deposits of which are insured by the Federal Government. Currently, the Federal Deposit Insurance Corporation (FDIC) is the agency insuring banks and savings and loan institutions on behalf of the Federal Government. The National Credit Union Administration (NCUA) insures Federal credit unions. The FDIC periodically publishes a Bank List that must be checked to identify federally-insured banks and savings and loan institutions. The NCUA publishes annually a directory that must be checked to identify federally-insured credit unions. The SO Fluid Leasing Adjudication staff must retain current copies of both publications.

NOTE: It is each State Office's responsibility to notify the FDIC and NCUA of any changes of address.

TYPES OF
PERSONAL BONDS

FDIC BANK LIST
AND NATIONAL
CREDIT UNION
ADMINISTRATION
DIRECTORY OF
FEDERAL CREDIT
UNIONS

BLM CHANGE OF
ADDRESS
NOTIFICATION
TO FDIC AND NCUA

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Keywords

Financial institutions insured by the Federal Government insure deposits only up to a total of \$100,000 for each entity holding accounts with it. Therefore, when an entity wishes to submit a personal \$150,000 nationwide bond in the form of a CD, the BLM must **not** accept it in the form of a **single** CD, but rather is to require the entity to obtain two or more CD's totaling \$150,000 from unrelated, separately chartered financial institutions. The amount of the CD's may be split in any manner the obligor wishes, as long as all of the obligor's personal accounts at each separately chartered institution total no more than \$100,000. The BLM **always** must be able to collect the entire \$150,000 if it becomes necessary to do so.

\$100,000 FEDERAL
INSURANCE
LIMITATION

A financial institution that authorizes a LOC for an obligor has a private agreement with the obligor whereby the financial institution is guaranteeing the entity for its performance of obligations required under the BLM bond. The \$100,000 Federal deposit insurance for the deposits that an obligor may have with the financial institution has no relationship to the guarantee of the LOC that is issued by the financial institution for a \$150,000 nationwide bond. Because of the guarantee made by the financial institution, it is **not** appropriate for the BLM to require two separate LOC's being obtained by the obligor that would total \$150,000 for a nationwide bond, since this would inappropriately require duplicate guarantees of the obligor by separate financial institutions for the obligor's same collateral. The more important factor concerning the financial institution is the institution's rating of performance.

\$150,000
NATIONWIDE LOC

All personal bonds must be accompanied by a properly completed copy of the current BLM-approved bond form. Form 3000-4 and Form 3000-4a (June 1988 or later editions) provide the Secretary of the Interior the authority to collect the proceeds of the bond upon default.

CURRENT BOND
FORM REQUIRED
FOR NEW BONDS

If replacement security are furnished, new bond forms are not required, unless the obligor wishes to update his/her bond coverage.

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B. Letters of CreditKeywords

In response to informal contacts with an entity wishing to obtain a bond, provide the entity with a copy of a sample LOC that is acceptable to the BLM (see Illustration 14). Advise the entity to contact a bank, savings and loan, or credit union whose deposits are federally insured, that will prepare a LOC.

LETTERS OF
CREDIT

Responsible

Official	Step	Action	Keywords
Receiving Official	1.	Receive and date/time stamp the bond form and LOC, and hand carry to Adjudication (with the lease case file, as necessary for an individual lease bond).	
ABSS Entry	2.	Enter the bond abstract into the ABSS according to procedures in the ABSS User Guide and, if an individual lease bond, into Case Recordation.	AUTOMATED NOTATION
	2a.	Enter Action Date: Date bond filed; DE 2960 Action Code 468/DE 2910 Action Code 376; Action Remarks (Case Recordation, for individual bond only): Indicate bond amount, BLM bond number, name of bond holder, and LOC.	
	2b.	OPTIONAL: Obtain an identification number (NID) for the issuing financial institution for a remitter of a negotiable security, LOC, or CD. It is not mandatory that the ABSS abstract reflect this information.	
Adjudication	3.	Review the LOC, and if it cannot be established from its face whether the bank, savings and loan, or credit union is federally insured, check the <u>Bank List</u> and/or the NCUA Directory of Federally-Insured Credit Unions. When checking the <u>Bank List/NCUA Directory</u> and the institution is found not to be federally insured, the LOC must be returned to the issuing entity as unacceptable (see Step V.B.4f, below).	FEDERALLY INSURED FINANCIAL INSTITUTION

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Responsible Official	Step	Action	Keywords
	4.	Check the LOC for the following:	
	4a.	LOC must be payable to the Department of the Interior-BLM.	LOC PAYABLE TO DOI/BLM
	4b.	The initial expiration date of the LOC must be not less than one year after the date of filing with the BLM and must be executed after June 17, 1988, the effective date of the revised 43 CFR Subpart 3104 oil and gas leasing regulations that allowed use of LOC's.	LOC EXPIRATION DATE
	4c.	The LOC must contain the automatic renewal provision for at least one-year periods. There may be some discretion exercised in accepting a LOC with an initial expiration date that is slightly less than one year from the date the bond was filed as long as an automatic renewal provision is included in the LOC.	LOC MUST CONTAIN AUTOMATIC RENEWAL PROVISION OF AT LEAST ONE-YEAR PERIODS
	4d.	In some instances, financial institutions incorporate a clause establishing a final day of renewal two or three years in the future (also known as a "drop dead clause"). Prepare the decision accepting the LOC having such a date/clause to clearly place the responsibility on the financial institution to notify the BLM 90 days prior to that final renewal date of its intent not to renew the LOC (see Illustration 15).	LOC DROP DEAD CLAUSE
	4e.	The LOC must contain provisions allowing collection by the BLM for default of the obligor and failure of the obligor to replace the bond if 90-day notice is given by the bank that the LOC will not be renewed.	90-DAY NOTICE PROVISION ON LOC IF BANK WILL NOT RENEW

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Responsible Official	Step	Action	Keywords
	4f.	If the above provisions are not included, inform the obligor by decision. The LOC must be returned with a copy of the decision to the financial institution by certified mail (see Illustration 16).	LOC UNACCEPTABLE
ABSS Entry ALMRS Entry	5.	Enter Action Date: Date of decision declaring bond unacceptable; DE 2960 Action Code 470/DE 2910 Action Code 410; Action Remarks: Effective date (MM/DD/YYYY); General Remarks: Reason for unacceptability.	AUTOMATED NOTATION
Adjudication	6.	If the LOC is in order, prepare a decision accepting the LOC (see Illustrations 17 and 18).	LETTER OF CREDIT ACCEPTANCE
	7.	After signed, distribute as follows:	
	7a.	Original of decision to obligor;	
	7b.	Copy to appropriate Field Office Fluid Mineral Operations staff.	
	7c.	Copy of decision to the case file.	
	8.	Maintain LOC in a secure area in the State Office, preferably in a fireproof safe with limited access to employees. Since the LOC is a negotiable instrument, it must be safely secured at all times.	SAFEGUARD LETTER OF CREDIT IN LOCKED SAFE
ABSS Entry ALMRS Entry	9.	Enter Action Date: Date bond accepted; DE 2960 Action Code 469/DE 2910 Action Code 909; Action Remarks: Effective date of bond (MM/DD/YYYY) and, in Case Recordation, if individual bond only, also enter the BLM bond number; General Remarks (in Case Recordation for an individual bond): Amount (optional), and type of bond.	AUTOMATED NOTATION

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Responsible Official	Step	Action	Keywords
Adjudication	10.	If notice is received from the financial institution that it will not renew the LOC, notify the obligor and financial institution by decision that a replacement bond security is required (see Illustration 19).	
	11.	If no replacement bond security is provided, prepare a decision demanding payment (see Illustration 20). The terms of the standard LOC state that the BLM will present a draft for payment along with the decision and the original LOC. The payment draft may be prepared on BLM letterhead (see Illustration 21).	DEMAND PAYMENT ON LOC IF REPLACEMENT BOND NOT PROVIDED
	12.	If the obligor submits to the BLM an acceptable replacement LOC close to the expiration date of the previous LOC, rescind the demand for payment by a decision. Telefax a copy of the rescission decision to the financial institution holding the expiring LOC, if necessary, with a paper copy following (see Illustration 22). The new LOC security is accepted as a replacement security bond (see Illustration 23).	

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C. Certificates of DepositKeywords

In response to informal contacts with an entity wishing to obtain a CD for bond coverage, provide instructions regarding acceptable CD's (see Illustration 3). Advise the entity to contact a bank, savings and loan, or credit union whose deposits are federally insured and request that it prepare and issue a CD in the appropriate amount required for the bond. Because of increasing automation in the banking industry, alternate documents such as Safekeeping Receipts, Certificate Account Passbooks, Time Deposits, etc., may be submitted rather than the traditional Certificate of Deposit document. If a review in accordance with Step V.C.3, below, shows that the document conforms to the criteria for CD's, and that the BLM has sole redemption rights, the document may be accepted.

CERTIFICATE
OF DEPOSITResponsible
Official

Step Action

KeywordsReceiving
Official

1. Receive and date/time stamp the bond form and CD, and hand carry to Adjudication (with lease case file, as necessary for an individual lease bond).

ABSS Entry
ALMRS Entry

2. Enter the bond abstract into the ABSS according to procedures in the ABSS User Guide and, if an individual lease bond, into Case Recordation.
 - 2a. Enter Action Date: Date bond filed; DE 2960 Action Code 468/DE 2910 Action Code 376; Action Remarks (Case Recordation, for individual bond only): Indicate bond amount, BLM bond number, name of bond holder, and CD.
 - 2b. OPTIONAL: Obtain an identification number (NID) for the issuing financial institution for a remitter of a negotiable security, LOC, or CD. It is not mandatory that the ABSS abstract reflect this information.

AUTOMATED
NOTATION

Adjudication

3. Review the CD for the following:

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Responsible Official	Step	Action	Keywords
	3a.	The financial institution issuing the CD must be Federally insured. If this is not indicated on the face of the CD itself, check the <u>Bank List/NCUA Directory</u> for verification that the institution is federally insured. If not shown on the document and not in the <u>Bank List/NCUA Directory</u> , telephone the financial institution and ask it to send or fax verification that it is federally insured.	FEDERALLY INSURED FINANCIAL INSTITUTION
	3b.	The CD must explicitly indicate on the face of the certificate that the Secretary of the Interior must approve the redemption of the CD by any party. (This authority has been delegated to the BLM State Director.)	REDEMPTION RESTRICTIONS
	3c.	If CD is not directly issued in the name of the Department of the Interior-BLM, proof must be indicated that the right to payment of the obligor under the CD has been assigned to the BLM, together with proof that the bank has changed its records to show that only the BLM may collect the amount of the CD. If there is any doubt whether the BLM holds the sole right to redeem the CD, contact the financial institution to verify any concerns, requesting written confirmation as necessary.	ASSIGNMENT OF CERTIFICATE OF DEPOSIT
	3d.	The CD must be executed on or after the June 17, 1988, the effective date of regulation 43 CFR 3104.1. However, the CD may have been issued earlier if the right to the payment of the CD has been properly assigned to the BLM.	EXECUTION DATE

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Responsible Official	Step	Action	Keywords
		6c. Copy of decision to the case file.	
	7.	Maintain CD in a secure area in the State Office, preferably in a fireproof safe with limited access to employees. Since the CD is a negotiable instrument, it must be safely secured at all times.	SAFEGUARD CERTIFICATE OF DEPOSIT IN LOCKED SAFE
ABSS Entry ALMRS Entry	8.	Enter Action Date: Date of decision showing bond accepted; DE 2960 Action Code 469/DE 2910 Action Code 909; Action Remarks: Effective date of bond (MM/DD/YYYY) and, in Case Recordation, if individual bond only, also enter BLM bond number; General Remarks (in Case Recordation for an individual bond): Amount (optional), and type of bond.	AUTOMATED NOTATION

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Keywords

D. Negotiable Treasury Securities

Negotiable Treasury Securities, e.g., U.S. Treasury bills, bonds, or notes may be obtained in the form of a book-entry deposit for use as a bond for oil and gas lease operations or geophysical exploration operations (see Section V.E, below). Book-entry securities exist in the electronic records of the U.S. Treasury rather than in engraved certificate form. Treasury bills are short-term obligations issued with a term of one year or less. Treasury notes have a term of at least one year, but not more than ten years. Treasury bonds have a term of more than ten years. Treasury bills do not bear a stated interest rate as do notes and bonds, and Treasury bills are always sold at a discount from the par or face amount. Treasury notes and bonds bear a stated interest rate and the owner receives semi-annual interest payments directly from the Federal Reserve Bank. Further information concerning U.S. Treasury bills, notes, and bonds may be obtained from a brochure published by the Department of the Treasury, Bureau of the Public Debt.

NEGOTIABLE
TREASURY
SECURITIES

If a Treasury bill is submitted as a personal bond, the amount purchased cannot be less than the full bond amount required, e.g., \$10,000, \$25,000, \$150,000 for oil and gas lease bonds or \$5,000, \$25,000, \$50,000 for oil and gas exploration bonds. If it comes to the BLM's attention that an obligor has purchased a Treasury security at a discount such that there is a difference between the amount that was paid and the face amount or par value of the security, the State Office must require that the security be supplemented to equal the full amount of the bond required by the BLM. For example, some BLM offices have required the obligor to submit a cash bond (e.g., cashier's check or certified check) to make up the difference. Verification of the full amount may be accomplished by checking the customer confirmation form, if available.

NOTE: Old registered or unregistered Treasury bonds may still be submitted by parties in lieu of other types of bond coverage. Registered securities must be assigned to the Department of the Interior-BLM by completing the assignment on the back of the security. Such bonds must be converted to book-entry form. This is done by forwarding the Treasury security to the BLM Negotiable Securities Custodian (BC-610), who sends it to the Federal Reserve Bank to be converted to book-entry form.

OLD TREASURY
BONDS

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**E. Transferring Treasury Securities to Circular 154,
U.S. Government Account Number 11**

<u>Responsible Official</u>	<u>Step</u>	<u>Action</u>	<u>Keywords</u>
Adjudication	1.	Receive oral or written inquiry from a lessee/operator or other potential principal regarding the filing of a personal bond secured by negotiable Treasury securities. Provide information on obtaining negotiable Treasury securities (see Illustration 27).	NEGOTIABLE SECURITIES PROVIDE INFORMATION TO OBLIGOR
	2.	Advise the entity of the following:	
	2a.	The entity must contact a financial institution to authorize the purchase of a Treasury security in the name of the entity needing the bond coverage.	
	2b.	The Treasury security purchased will be electronically held under the obligor's depository financial institution American Bankers Association's (ABA) number with the Federal Reserve Board (FRB), to the account for the Department of the Interior, Bureau of Land Management.	
	2c.	That questions from the entity about the BLM procedures are to be directed to the BLM Negotiable Securities Custodian (BC-610), and provide the entity with the BLM custodian's name and telephone number, if possible. In addition, if the obligor's financial institution has any questions, they may be directed to the servicing FRB or FRB Branch.	

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Responsible Official	Step	Action	Keywords
	3.	Advise the entity that the current BLM bond form must be completed to authorize the Secretary of the Interior to use the funds in the event of default. After the obligor acquires a Treasury security through a depository financial institution, the obligor or the obligor's financial institution must contact the BLM office that has responsibility for administering the lease, and provide the following information:	BLM STANDARD BOND FORM REQUIRED
	3a.	Name and address of obligor.	INFORMATION REQUIRED FROM OBLIGOR
	3b.	The serial number of the oil and gas lease (or a statement that the bond is for statewide, nationwide, or unit coverage).	
	3c.	The name and mailing address of the obligor's bank, along with the name and telephone number of a bank contact person, if possible.	
	3d.	The type of security purchased (Treasury bond, bill, or note).	
	3e.	The par amount of the security, the interest rate, and the maturity date of the security.	

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Responsible Official	Step	Action	Keywords
		<p><u>NOTE:</u> The current value of the book-entry deposit must be at least \$10,000 for an individual lease bond, \$25,000 for a statewide bond, and \$150,000 for a nationwide bond to meet the bond amounts required by 43 CFR 3104. A discounted value less than these amounts is not acceptable. If a Treasury bill, purchased at a discount, is submitted for less than the required bond amount, the bonded party must make up the difference, otherwise the bond must be returned as unacceptable. The principal may submit a certified check or cashier's check in the amount of the deficiency to bring the bond up to the required amount. <u>EXAMPLE:</u> The obligor (principal) purchases a \$25,000 Treasury bill. After purchase and with discount, the bill's face value is \$23,964. When the bill matures, it will have a face value of \$25,000. The obligor must furnish an additional \$1,036 to bring the total bond amount up to the full, required \$25,000 before the BLM can accept the bond. When the Treasury bill matures, there will be \$26,036 in proceeds (face value plus interest) to transfer to the BLM suspense account.</p>	<p>TREASURY SECURITY MUST BE CURRENT FULL VALUE OF BOND AMOUNT REQUIRED</p>
	3f.	<p>The Committee on Uniform Securities Identification Procedures (CUSIP) number of the security.</p>	
	3g.	<p>The depository bank's nine-digit ABA number.</p>	
	3h.	<p>The name of the FRB or FRB Branch servicing the depository financial institution.</p>	

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Responsible Official	Step	Action	Keywords
		<p><u>NOTE:</u> The Federal Reserve Bank is required under the Tax Equity and Fiscal Responsibility Act of 1982 (26 U.S.C 6049) to report the recipient's name, address, Tax Identification number, Social Security number, and amount of interest to the Internal Revenue Service.</p>	
	4.	<p>Upon receipt of the information in Step V.E.3, above, the BLM office will telefax a copy of that information to the BLM Negotiable Securities Custodian (BC-610) in Denver. The Negotiable Securities Custodian will then contact both the servicing FRB or FRB Branch and the obligor's bank to authorize the transfer of the security to the Circular 154, U.S. Government Account Number 11.</p>	<p>SECURITY TRANSFER TO CIRCULAR 154 ACCOUNT NUMBER 11 AFTER OBLIGOR INFORMATION SENT TO BLM NEGOTIABLE SECURITIES CUSTODIAN</p>
		<p><u>NOTE:</u> It is important that the obligor's financial institution or correspondent depository financial institution not transfer the Treasury security to the Circular 154 Account Number 11 until authorization is given by the BLM Negotiable Securities Custodian.</p>	
	5.	<p>The Negotiable Securities Custodian will contact both the servicing FRB or FRB Branch and the obligor's financial institution or correspondent depository financial institution to authorize the transfer of the Treasury security to the Circular 154 Account Number 11.</p>	

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Responsible Official	Step	Action	Keywords
	6.	<p>When the security is transferred to the Circular 154 Account Number 11, the financial institution must include the following information in the electronic transfer message: "Security pledged to DOI-Bureau of Land Management (name of office) by (name of obligor) for (lease serial number, statewide bond for (name of State), or nationwide bond)." The following are examples of an acceptable transfer message: "Security pledged to DOI-Bureau of Land Management, Colorado State Office, by Alpha Corp. for Oil and Gas Lease CO-03785" or "Security pledged to DOI-Bureau of Land Management, Montana State Office, by Beta Oil Co. for Oil and Gas Statewide Bond for the State of North Dakota."</p>	<p>TRANSFER MESSAGE INFORMATION REQUIRED</p>
	7.	<p>The obligor is to send the following to the BLM office as soon as possible:</p>	
	7a.	<p>The required, appropriate BLM standard bond form.</p>	
	7b.	<p>A copy of the "Acknowledgement of Book-Entry Deposit, Release of Account Transfer," that the FRB will send to the obligor's financial institution or correspondent depository financial institution. This will constitute proof that the security is the Circular 154, U.S. Government Account Number 11.</p>	
	7c.	<p>A transaction document from the obligor's financial institution to verify the amount the obligor paid for the Treasury security that, excluding any commission fee and accrued interest, must equal or exceed the regulatory bonding requirement amount.</p>	

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Responsible Official	Step	Action	Keywords
Receiving Official	8.	Receive and date/time stamp all documents and forward to Adjudication (with the lease case file, as necessary for an individual lease bond).	
ABSS Entry ALMRS Entry	9.	Enter the bond abstract into the ABSS according to procedures in the ABSS User Guide and, if an individual lease bond, into Case Recordation.	AUTOMATED NOTATION
	9a.	Enter Action Date: Date bond filed; DE 2960 Action Code 468/DE 2910 Action Code 376; Action Remarks (Case Recordation, for individual bond only): Indicate bond amount, BLM bond number, name of bond holder, and Treasury security maturity date; Action Remarks (in the ABSS, under the Surety Bond Identification Number): Enter the type of Treasury negotiable security.	
	9b.	OPTIONAL: Obtain a NID for the issuing bank for the remitter of the negotiable security. It is not mandatory that the ABSS reflect this information.	
Adjudication	10.	Review the bond form submitted to ensure that all appropriate blanks are properly completed, the dollar amount is sufficient and properly spelled out, and that the relationship of the party signing for the obligor is clear. Contact the obligor to furnish any missing or additional information needed.	

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Responsible Official	Step	Action	Keywords
	11.	The BLM office must mail a copy of the bond acceptable decision and the "Acknowledgement of Book-Entry Deposit, Release of Account Transfer" to the BLM Negotiable Securities Custodian (BC-610). Accept the bond by decision (see Illustrations 28 and 29). The date the Treasury bond or note is deposited with the Federal Reserve or when the bond is filed with the proper BLM office, whichever is later, is the date the bond is accepted.	BOND ACCEPTANCE
	12.	Distribute the original of the decision to the obligor, with a copy to the BLM Negotiable Securities Custodian (BC-610) as stated in Step V.E.11, above, and place a copy in the case file (for an individual lease bond).	
	13.	The Negotiable Securities Custodian will notify the BLM office of a maturing Treasury security about 90 days before the maturity date. The BLM office will send a letter to the obligor if continued bond coverage is required after the maturity date (see Illustration 30).	MATURING SECURITY NOTIFICATION FROM NEGOTIABLE SECURITIES CUSTODIAN
		<p><i>6/98</i> <i>Insurance</i> <i>George's fees</i> <i>done - not</i> <i>enough men</i> <i>paid available</i> <i>Feb 8-92</i> <i>mail</i></p> <p>NOTE: If a Treasury security is no longer required prior to the maturity, the BLM office must send a memorandum with this information to the Negotiable Securities Custodian (BC-610). The Negotiable Securities Custodian will direct the FRB to transfer the security out of the Circular 154, U.S. Government Account Number 11.</p>	

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Responsible Official	Step	Action	Keywords
	14.	If an appropriate replacement bond has been accepted prior to or after the maturity date of any Treasury negotiable security (see Section XIV, below), request the Negotiable Securities Custodian (BC-610) by memorandum (or by a copy of the acceptance decision) to notify the FRB to transfer the negotiable security proceeds from the Circular 154 Account Number 11 to the obligor's bank (see Illustrations 31 and 32).	ADVISE FEDERAL RESERVE BANK TO TRANSFER PROCEEDS TO OBLIGOR'S BANK VIA BC-610
	15.	If the bond is no longer needed, the funds will be transferred to the obligor after receipt of clearance reports from all the appropriate BLM offices, the MMS, and the surface management agency (SMA), if other than BLM, that all lease obligations have been met.	
	16.	If the bond continues to be needed, the funds from the Circular 154 Account Number 11 will be retained. When the accounting advice is received from Accounts indicating that the matured Treasury security funds have been transferred, the only action needed is to place the accounting advice in the case file (for an individual lease bond) and wait for a replacement security or other appropriate form of bond, or the principal/obligor can leave it until the bond coverage is no longer needed.	
	17.	If a bond secured by a negotiable Treasury security is in default, notify the BLM Negotiable Securities Custodian (BC-610) by memorandum of the nature of the default, and request that the Treasury security be sold to obtain the funds needed to cover the default. The Negotiable Securities Custodian will withdraw the security from the Circular 154 Account Number 11 and transfer it to the appropriate BLM office's suspense account.	DEFAULT PROCEDURES WHEN BOND IS TREASURY NEGOTIABLE SECURITY

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F. Cash Bonds (Guaranteed Remittances)

Responsible Official	Step	Action	Keywords
Receiving Official	1.	Receive certified check or cashier's check, with the indication that the remittance is to secure a personal cash bond. Personal or company checks, U.S. Savings Bonds, money orders, or actual cash are not acceptable for cash bonds.	CASH BOND UNACCEPTABLE CASH BONDS
	2.	Validate the remittance and prepare an accounting advice to indicate the amount of the remittance, and place the funds in a suspense account. Forward the accounting advice and any correspondence to Adjudication.	ACCOUNTING ADVICE
ABSS Entry	3.	Enter the bond abstract into the ABSS and, if an individual bond, into Case Recordation.	AUTOMATED NOTATION
	3a.	Enter Action Date: Date bond filed; DE 2960 Action Code 468/DE 2910 Action Code 376; Action Remarks (Case Recordation, for individual bond only): Indicate bond amount, BLM bond number, name of bond holder, and type of cash bond.	
Adjudication	4.	Review material for the following:	
	4a.	Check that the required amount has been submitted, e.g., at least \$10,000 for a bond covering an individual lease, \$25,000 for all leases within a single geographic State, or \$150,000 for all leases nationwide.	
	4b.	The current bond form must be completed and accompany all cash bonds. Review the bond form to ensure that it is properly completed.	BLM STANDARD BOND FORM REQUIRED

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Responsible Official	Step	Action	Keywords
	5.	Prepare an acceptance decision (see Illustrations 33 and 34). Forward to the authorized officer for signature. After the decision is signed, transmit the original to the obligor/remitter with a copy placed in the case file (for an individual lease bond).	
	6.	As necessary, inform the appropriate Field Office Fluid Mineral Operations staff by telephone of the actual acceptance of the bond.	
	<u>NOTE:</u>	Because of the short time frame in which personal bonds are sometimes filed, the Field Office Fluid Mineral Operations staff is often waiting for notification that such a bond has been accepted in order to grant approval to planned drilling operations, e.g., over the expiration date of a lease.	FIELD OFFICE FLUID MINERAL OPERATIONS NOTIFICATION
ABSS Entry ALMRS Entry	7.	Enter Action Date: Date bond accepted; DE 2960 Action Code 469/DE Action Code 909; Action Remarks: Effective date of bond (MM/DD/YYYY) and, in Case Recordation, also enter the BLM bond number; General Remarks (in Case Recordation): Amount (optional), and type of cash bond.	AUTOMATED NOTATION
Accounts	8.	When the personal cash bond is no longer required, prepare appropriate documents to authorize the Treasury Department to refund the cash. Upon receipt of proof of distribution of the refund, file the evidence in the case file and forward to Docket for filing.	
	<u>NOTE:</u>	If a cash bond is to be refunded, check the MMS Bankruptcy List. Also check the MMS biweekly Delinquent Lease Accounts listing to see if the obligor owes any outstanding royalty, interest, or penalty liabilities and assessment, and if the MMS has any objections to the refund of the cash bond.	

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Responsible Official	Step	Action	Keywords
ABSS Entry ALMRS Entry	9.	Enter Action Date: Date of decision terminating period of liability of cash bond; DE 2960 Action Code 473/DE 2910 Action Code 378; Action Remarks: Effective date of termination of period of bond liability (MM/DD/YYYY) and, in Case Recordation, the BLM bond number.	AUTOMATED NOTATION