

FLUID MINERALS BOND PROCESSING USER GUIDE

XVI. Phased Release of Period of Liability on Lease BondKeywordsA. General

Phased release is not applicable to statewide or nationwide bonds. Upon receipt of a request from the bonded principal, an **individual lease bond** may be reduced in phases upon completion and inspection of certain stages of lease abandonment. Two stages appear to be sufficient, since reinspection would be required at each phase, i.e., (1) after all wells on a lease have been properly plugged, abandoned, and the site has been stabilized and seeded, the bond may be released in part, e.g., by 75 percent; and (2) when the revegetation is complete and final abandonment has been approved, the period of liability of the bond may be fully terminated. The bond to be reduced may be either a surety or personal bond. Surety bonds and LOC's may be released in phases, but a CD would have to be rewritten for a lesser amount at its renewal date because of interest earned and penalties that might be assessed the obligor by the financial institution.

PHASED RELEASE
OF LEASE BOND

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B. Processing Requests for Phased Release

Responsible Official	Step	Action	Keywords
Receiving Official	1.	Receive request to reduce bond by a phased release of the period of liability. Date/time stamp and forward to Adjudication. <u>NOTE:</u> If received by the Field Office Fluid Mineral Operations staff, recommendations for approval or disapproval must be forwarded to the SO Fluid Leasing Adjudication.	
ABSS Entry ALMRS Entry	2	Enter into the ABSS and, if an individual bond, in Case Recordation 2a. Enter Action Date: Date phased bond termination request received; DE 2960 Action Code 472/DE 2910 Action Code 377; Action Remarks (ABSS): Enter whether partial or total termination requested; Action Remarks (Case Recordation): BLM Bond No. _____; Partial release.	AUTOMATED NOTATION
Adjudication	3.	If not already received, request Field Office Operations to report to the SO Adjudication if the bond can be reduced to a lower amount, e.g., to \$2,500 if proper plugging and rehabilitation work has been completed, except for revegetation. Coordination with other SMA's must be made if the surface is not managed by the BLM. Phased release of bond liability should be completed within 60 days from receipt of the request.	REQUEST FIELD OFFICE OPERATIONS REPORT ON PHASED BOND RELEASE
	4.	Check the MMS Delinquent Lease Accounts biweekly listing to ensure that the lease is not included on the listing. If the lease is on the MMS list, deny the request until the MMS liabilities are resolved, which may include a demand being made against the bond (see Section XVIII, below).	

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Responsible Official	Step	Action	Keywords
	5.	If the Field Office Operations staff agrees to reducing the bond amount for a phased release, prepare a decision, to be sent by certified mail to the principal and surety reducing the bond and stating that the remaining amount of the bond would be used in the event the revegetation is not successful. The return of the certified mail card acknowledges the surety's receipt of the decision (see Illustration 62).	REDUCE BOND IN PHASES
ABSS Entry ALMRS Entry	6.	Enter into the ABSS and, if an individual bond, in Case Recordation.	AUTOMATED NOTATION
	6a.	Enter Action Date: Date of decision granting bond adjustment; DE 2960/ 2910 Action Code 477; Action Remarks: Action Remarks (ABSS): Adjusted bond amount, and whether increased or decreased; Action Remarks (Case Recordation): BLM bond number; increase/decrease to (total bond amount).	
	6b.	Change bond amount on abstract screen in the ABSS.	

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