

Recommended Protocol for Adjusting and Obtaining Bond Increases

Upon completion of a bond adequacy review by a Bureau of Land Management (BLM) Field Office (FO), the FO Authorized Officer (AO) prepares and transmits a memo requesting the recommended bond increase amount to the appropriate administrative State Office (SO) for the bond within 10 business days following the review, including a copy of the Bond Adequacy Review Worksheet (Attachment 2). The AO must coordinate with the SO to enter the bond review into the Mineral & Land Records System (MLRS), including entering the date of transmittal, and all enforcement actions that might occur because of non-compliance by the operator.

The SO ensures the bond adequacy review is entered into MLRS, then prepares and transmits the additional bond amount in a decision letter to the operator, including non-compliance and appeals language. A copy should be provided to appropriate FOs and District Offices if the requested bond increase is for a Statewide Bond (SWB) or Nationwide Bond (NWB). The administrative SO may approve a timely request from the operator for an extension of time to comply with the decision letter. The SO tracks bond increase requests and bond increase amounts for reporting purposes using attachment 6.

MLRS data entry for bond reviews should follow the MLRS knowledge articles: *How to Add a Bond Reviewed Case Action* and *How to Process a Bond Adjustment Required*.

If an updated bond is not received for the bond increase within the time allowed, or any extension thereof, update the bond as outlined in the MLRS knowledge article, *How to Add Default Case Actions on a Fluids Bond Case*. This will set the bond case disposition to Default.

If the operator fails to submit a new bond or rider in the correct amount to the SO within 60 calendar days, the SO notifies the appropriate AO of the operator's non-compliance within the following 10 business days. If the bond is a SWB or NWB, the SO sends electronic notification(s) to all involved FOs and SOs with potential exposure to advise them that the operator's SWB or NWB bond is inadequate and that they should allow no further APD approvals while the bond is in default.

If the operator fails to comply with the SO's initial decision to increase the bond, the AO will undertake a progressive enforcement action in accordance with the existing enforcement policy.

The AO has the responsibility to take appropriate action as described in H-3120-1, *Competitive Leases* handbook – Appendix 4. Refer to 43 CFR 3102.5-1(f). The Mineral Leasing Act of 1920, as amended, prohibits the Secretary of the Interior from issuing an oil and gas lease or approving an assignment or transfer of an oil and gas lease to any entity that has failed or refused to comply with reclamation requirements until such time the non-compliance is resolved to the satisfaction of the AO. The AO notifies the SO when entities are potentially eligible for listing on the Section 17(g) list. The SO will determine if the entity meets the requirements for listing and send notification letters to the affected parties and, as appropriate, to SO staff responsible for processing leasing actions. The SO will then notify Division of Fluid Minerals to place the entity on the Section 17(g) list.