

## § 3215.10

3200.4 or provide substitute security for a letter of credit which the issuer has stated it will not renew before the letter of credit expires.

### Subpart 3215—Bond Collection After Default

#### § 3215.10 When may BLM collect against my bond?

Unless you comply with the requirements listed at 43 CFR 3200.4, we may collect money from the bond to correct your noncompliance. This amount can be as large as the face amount of the bond. Some examples of when we will collect against your bond are when you do not:

- (a) Properly plug and abandon a well;
- (b) Reclaim the lease area;
- (c) Pay outstanding royalties; or
- (d) Pay assessed royalties to compensate for drainage.

#### § 3215.11 Must I replace my bond after BLM collects against it?

Yes. If we collect against your bond, before you conduct any further operations you must either:

- (a) Post a new bond equal to the value of the original bond; or
- (b) Restore your existing bond to the original amount.

#### § 3215.12 What will BLM do if I do not restore the face amount or file a new bond?

If we collect against your bond and you do not restore it to the original amount, we may shut-in any well(s) or utilization facilities and begin canceling all of your leases covered by that bond.

#### § 3215.13 Will BLM cancel or terminate my bond?

No, we do not cancel or terminate bonds. However, we may:

- (a) Terminate the period of liability of a surety or other bond provider at any time. The bond provider must give you and BLM 30 days notice when they terminate your bond. Once your bond is terminated, do not conduct any operations until you provide a new bond which meets our requirements. We will also release an old bond once you file a new bond with a rider covering existing liabilities and we accept it; or

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(b) Release your bond after a reasonable period of time, if we determine that you have paid all royalties, rents, penalties, and assessments, satisfied all permit or lease obligations and reclaimed the site according to your operations plan.

#### § 3215.14 When BLM releases my bond, does that end my responsibilities?

No, when we release your bond, we relinquish the security but we continue to hold the lessee or operator responsible for noncompliance. Specifically, we do not waive any legal claim we may have against any person under the Comprehensive Environmental Response, Compensation and Liability Act of 1980 (42 U.S.C. 9601 *et seq.*), or other laws and regulations.

### Subpart 3216—Transfers

#### § 3216.10 What types of lease interests may I transfer?

You may transfer record title or operating rights, but you need our approval before your transfer is effective. See 43 CFR 3216.21.

#### § 3216.11 Where must I file a transfer request?

File your transfer in the BLM State Office that handles your lease.

#### § 3216.12 When does a transferee take responsibility for lease obligations?

Once we approve your transfer, the transferee becomes responsible for performing all lease obligations accrued after the date of the transfer, and for plugging and abandoning wells which exist and are not plugged at the time of the transfer.

#### § 3216.13 What are my responsibilities after I transfer my interest?

You will still be responsible for rents, royalties, compensatory royalties and other obligations accrued before your transfer became effective. You must also plug and abandon any wells drilled or existing on the lease while you held your interest.

#### § 3216.14 What fees and forms does a transfer require?

With each transfer request send us the correct form, if required, and pay