§ 162.560 What forms of security are acceptable under a WSR lease?

(a) We will accept a performance bond only in one of the following forms:

1. Certificates of deposit issued by a federally insured financial institution authorized to do business in the United States;
2. Irrevocable letters of credit issued by a federally insured financial institution authorized to do business in the United States;
3. Negotiable Treasury securities; or
4. Surety bonds issued by a company approved by the U.S. Department of the Treasury.

(b) We may accept an alternative form of security approved by us that provides adequate protection for the lessee and us, including but not limited to an escrow agreement and assigned savings account.

(c) All forms of performance bonds or alternative security must, if applicable:

1. Indicate on their face that BIA approval is required for redemption;
2. Be accompanied by a statement granting full authority to BIA to make an immediate claim upon or sell them if the lessee violates the terms of the lease;
3. Be irrevocable during the term of the performance bond or alternative security; and
4. Be automatically renewable during the term of the lease.

(d) We will not accept cash bonds.

§ 162.561 What is the release process for a performance bond or alternative form of security under a WSR lease?

(a) Upon expiration, termination, or cancellation of the lease, the lessee must ask BIA in writing to release the performance bond or alternative form of security.

(b) Upon receiving the request under paragraph (a) of this section, BIA will:

1. Confirm with the tribe, for tribal land, or, where feasible, with the Indian landowners for individually owned Indian land, that the lessee has complied with all lease obligations; and
2. Release the performance bond or alternative form of security to the lessee unless we determine that the bond or security must be redeemed to fulfill the contractual obligations.

§ 162.562 Must a lessee provide insurance for a WSR lease?

Except as provided in paragraph (c) of this section, a lessee must provide insurance when necessary to protect the interests of Indian landowners and in the amount sufficient to protect all insurable permanent improvements on the leased premises.

(a) The insurance may include property, liability, and casualty insurance, depending on the Indian landowners’ interests to be protected.

(b) Both the Indian landowners and the United States must be identified as additional insured parties.

(c) We may waive the requirement for insurance upon the request of the Indian landowner, if a waiver is in the best interest of the Indian landowner, including if the lease is for less than fair market rental or nominal compensation. For tribal land, we will defer, to the maximum extent possible, to the tribe’s determination that a waiver is in its best interest.

WSR LEASE APPROVAL

§ 162.563 What documents are required for BIA approval of a WSR lease?

A lessee or the Indian landowners must submit the following documents to us to obtain BIA approval of a WSR lease:

1. The lease agreement.
2. Any necessary environmental permits or approvals.
3. Any necessary legal agreements or consents.
4. Any necessary financial statements or reports.
5. Any necessary lease modification or amendments.
6. Any necessary lease extensions or renewals.

VerDate Mar<15>2010 16:20 May 10, 2013 Jkt 229085 PO 00000 Frm 00538 Fmt 8010 Sfmt 8010 Q:\25\229085.XXX ofr150 PsN: PC150