

Retention Schedule #30447: Bond records

For submission to the Records Management Committee, January 2023

Agency: School and Institutional Trust Land Administration (SITLA)

Records officer: Lisa Wells

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Proposed Schedule (link):

https://axaearchives.utah.gov/cgi-bin/appxretcget.cgi?WEBINPUT_RUNWHAT=HTML_1SERIES&WEBINPUT_BIBLGRPC_RID=30447&A=B

Explanation of Records

From records officer Lisa Wells:

SITLA's administrative rules require a bond on leased lands prior to commencement of any operation which will disturb the surface on the lands covered by the lease (see Utah Administrative Code R850-21-800(1) at <https://adminrules.utah.gov/public/search/R850-21/Current%20Rules>). The bond reserve money may be through:

- a Surety Bond (UAC R850-21-800(1)(d)(i)),
- Certificate of Deposit (UAC R850-21-800(1)(d)(ii)(E)),
- Letter of Credit (UAC R850-21-800(1)(d)(ii)(D)),
- Performance Bond (UAC R850-21-800(1)(d)(ii)(E) and UAC R649-3-1(10.1)),
- Negotiable Certificates of Deposits (UAC R850-21-800(1)(d)(ii)(C)),
- Cashier's Check (UAC R850-21-800(1)(d)(ii)(B)), or
- Receipt of Cash (UAC R850-21-800(1)(d)(ii)(A)).

The bond is retained as long as the lease is active with the current lease operator. A lease can still be active, but a bond can be terminated due to a change in operator. Then a new bond is issued with the (new) lease operator. After operation has ended and the proper reclamation of the land surface is completed by the operator, the reserve money is returned by the Agency (SITLA). If the operator fails to complete the proper reclamation of the land surface, the State keeps the money going towards the damage caused on the lands.

SITLA has many inactive bond files consisting of correspondences (from receiving the past active bond, the release of a bond, etc.), and copy or original of the bond. The SITLA Energy Group does not need records of the bond files once they have become inactive. They are of no value to the agency.

Explanation of Retention

While there are several general retention schedules for bond records, none of them describe the particular function of bonds related to land use and reclamation. An example schedule was found, however, in a series-specific retention schedule belonging to the Division of Oil, Gas, and Mining (within the Department of Natural Resources):

Inspection and Enforcement well drillers bonds (SSRS-8424)

https://axaemarchives.utah.gov/cgi-bin/appxretcget.cgi?WEBINPUT_RUNWHAT=HTML_1SERIES&WEBINPUT_BIBLGRPC_RID=8424&A=B

AGENCY

Department of Natural Resources. Division of Oil, Gas, and Mining. Oil and Gas Conservation

DATES

1966-

ARRANGEMENT

Alphabetical by name

DESCRIPTION

These are performance bonds provided by well operators as required by UCA 40-6-5(1)(e). It is used to ensure that the operator plugs each dry or abandoned well, repairs wells causing pollution, and maintains and restores well sites. Information includes the bond number, surety, well location, bond amount, power of attorney, and the date and terms of the bond.

RETENTION

Retain for 1 year(s) after separation

DISPOSITION

Destroy.

RETENTION AND DISPOSITION AUTHORIZATION

APPROVED: 08/1987

FORMAT MANAGEMENT

Paper: Retain in Office for 1 year after termination and then destroy.

APPRAISAL

Legal

This bond should be kept as long as it is current. Once the bond is terminated (in this instance, termination means that the operator has completed reclamation, well plugging, etc. or has furnished a new bond) it should be retained for a year to allow for any potential legal action as specified in UCA 40-6-12.

PRIMARY DESIGNATION

Protected

SITLA would similarly like to adopt a retention period of 1 year after bond termination, as they have no use for the bonds after that point.

Related Links

Utah Code 53C-2-409. Mineral leases -- Cancellation -- Use of surface land -- Liability for damage.

<https://le.utah.gov/xcode/Title53C/Chapter2/53C-2-S409.html>

- This is where the bonds are mentioned within SITLA's portion of Utah Code.

Utah Administrative Code R850-21-800. SITLA. Oil, Gas and Hydrocarbon Resources. Bonding.

<https://adminrules.utah.gov/public/rule/R850-21/Current%20Rules>

Utah Administrative Code R850-22-800. SITLA. Bituminous-Asphaltic Sands and Oil Shale Resources. Bonding.

<https://adminrules.utah.gov/public/rule/R850-22/Current%20Rules>

Utah Administrative Code R850-23-800. SITLA. Sand, Gravel, and Cinders Permits. Bonding Provisions.

<https://adminrules.utah.gov/public/rule/R850-23/Current%20Rules>

Utah Administrative Code R850-24-600. SITLA. General Provisions: Mineral and Material Resources, Mineral Leases and Material Permits. Bonding.

<https://adminrules.utah.gov/public/rule/R850-24/Current%20Rules>

SITLA Bond of Lessee Form

<https://trustlands.utah.gov/wp-content/uploads/2018/02/Form-2249-Bond-of-Lessee-Reyes-7-08.pdf>

- Additional SITLA forms are available [on their website](#).

SITLA Retention Schedules

https://axaemarchives.utah.gov/cgi-bin/appxretcget.cgi?WEBINPUT_RUNWHAT=HTML_SERIES_LIST_OP&WEBINPUT_AGENCY_KEY=2833&A=B

Utah Code 40-6-12(2). Evasion of chapter or orders -- Penalties -- Limitation of actions.

<https://le.utah.gov/xcode/Title40/Chapter6/40-6-S12.html>

- This is where the 1-year timeframe comes from in series-specific retention schedule #8424.

DNR Webpage About Sureties and Bonding

<https://minerals.ogm.utah.gov/bonding.php>

- Included for reference, as it describes DNR's bonding process.