



**BRIAN SANDOVAL**  
Governor

STATE OF NEVADA  
COMMISSION ON MINERAL RESOURCES  
**DIVISION OF MINERALS**  
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**ALAN R. COYNER**  
Administrator

1/11/2011

### **BOND POOL REGS IN A NUTSHELL**

- **State Bond Pool is an accepted form of bonding for NDEP and BLM.**
- **The Bond Pool does not establish the amount of the bond. NDEP and/or BLM does that.**
- **The maximum bond amount for a participant is \$3,000,000. (the cap)**
- **For bonds under \$10,000 the deposit is 100 percent of the bond amount and the annual premium is 3 percent of the bond amount.**
- **For bonds of \$10,000 and greater, the deposit is 50 percent of the bond amount, escalating linearly to 80 percent at the cap, and the annual premium is 10 percent of the bond amount, declining linearly to 5 percent at the cap. Example calculations are shown on the following page.**
- **Premiums are payable in advance.**
- **Rates are subject to change through regulatory amendment by the CMR.**
- **Penalties apply for failure to pay premiums timely.**
- **Interest earned remains in Pool's account.**
- **Deposit is returned upon release of bond. Premiums are not returned.**
- **All participants are required to sign an indemnity agreement supplied by the Division.**

**If you have any questions regarding the Bond Pool, please contact:**

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### Example Calculations for Bond Deposits and Premiums

The deposit is a percentage of the bond amount calculated using the following formula:

$$\frac{3}{299,000} (\text{amount of bond} - 10,000) + 50$$

If the required bond amount is \$200,000.00, this percentage would be found as follows:

$$\begin{aligned} \text{Deposit percentage} &= \frac{3}{299,000} (200,000 - 10,000) + 50 \\ &= \frac{3}{299,000} (190,000) + 50 \\ &= 51.90635 \end{aligned}$$

The deposit is 51.90635 percent of \$200,000.00 or \$103,812.71

The annual premium is a percentage of the bond amount calculated using the following formula:

$$-\frac{0.5}{299,000} (\text{amount of bond} - 10,000) + 10 \quad (\text{Note: the 0.5 is a negative number})$$

If the required bond amount is \$200,000.00, this percentage would be found as follows:

$$\begin{aligned} \text{Annual premium percentage} &= -\frac{0.5}{299,000} (200,000 - 10,000) + 10 \\ &= -\frac{0.5}{299,000} (190,000) + 10 \\ &= 9.68227 \end{aligned}$$

The annual premium is 9.68227 percent of \$200,000.00 or \$19,364.55.

The quarterly premium is one fourth of the annual premium or \$4,841.14.