

March 1, 2023

Tracy Stone-Manning
Director of Bureau of Land Management
1849 C Street NW
Washington, D.C. 20240

RE: 30 Western Organizations Urge Director Stone-Manning to Promulgate a Strong Federal Onshore Oil and Gas Bonding Program

Dear Director Stone-Manning,

On behalf of our millions of members, communities, and organizations throughout the western United States we are calling on you to update the Bureau of Land Management's (BLM) federal onshore oil and gas bond amounts. Put in place over sixty years ago, the BLM's minimum bond amounts have not been increased to address skyrocketing inflation rates, let alone address the real costs of plugging and reclamation of today's complex wells. According to GAO analysis, at least 99.5% of federal wells¹ carry bonds that are insufficient to cover the cost of reclamation. American taxpayers are entitled to a regulatory framework that ensures reclamation of disturbed public and private lands and protection of water and air resources are funded by the industry that reaped the profits from this public resource.

Impacted communities and split-estate landowners throughout the West are ready to see BLM take expedient action to update federal oil and gas bonding rules. By not requiring oil and gas companies to provide adequate bonds, the BLM is allowing communities, wildlife, and the land we inhabit to be continuously exploited. Habitat degradation is a common side effect produced by insufficient bonds. When oil and gas wells are not properly plugged and reclaimed, the surrounding soil, groundwater, and air become increasingly contaminated. Consequently, ranchers, farmers, homeowners, and wildlife become exposed to toxic chemicals such as methane and benzene² by breathing in the air and drinking locally sourced water. Orphaned federal wells also damage opportunities for public and private lands to be put to multiple use, keeping them off-limits to recreation, hunting, ranching, and other activities.

The Mineral Leasing Act requires those who conduct oil and gas operations on federal lands to post a bond that ensures, "complete and timely plugging of wells, reclamation of lease areas, and the restoration of any lands or surface waters adversely affected by lease operations."

Unfortunately, BLM has never developed a regulatory framework to meet these requirements. Rather, BLM has put in place a requirement for minimum bonds that are insufficient to ensure plugging and reclamation of federal wells. Under current regulations, established over 60 years ago, minimum individual lease bonds are \$10,000, statewide bonds are \$25,000, and nationwide bonds are \$150,000. Due to these insufficient bond amounts, the responsibility of plugging and reclaiming oil and gas wells falls on communities, landowners, and taxpayers and, consequently, degrades the air we breathe, the water we drink, and the wildlife we strive to protect.

¹ <https://www.gao.gov/assets/gao-19-615.pdf>

² <https://www.epa.gov/controlling-air-pollution-oil-and-natural-gas-industry/basic-information-about-oil-and-natural-gas>

Congress recently appropriated \$4.7 billion to plug and reclaim orphaned wells, but this funding addressed only a small portion of the growing public liability of orphan wells across the nation and did not resolve the root cause. In fact, the funding illustrates how taxpayers bail out the richest industry on the planet for billions of dollars in reclamation costs that should be covered by bond amounts. If BLM doesn't update its bonding, we will keep seeing this situation repeat itself. The problem of orphaned federal wells will be better addressed in the long-term by sufficient bonding that fulfills BLM's statutory obligation to require bonds that ensure complete and timely reclamation, structured to remove the risk of further financial burden on the BLM and the taxpayer.

BLM must act swiftly to permanently address this situation by promulgating new rules that will cover the full cost of reclamation for all federal wells. We are calling on you to expeditiously initiate and complete a rulemaking that requires full cost reclamation bonds for any new wells developed on a federal lease. New rules should also address phasing in full cost bonding for existing wells on federal leases, paying special attention to times of lease transfer or when wells go into idle status. New rules should also set requirements for reclamation to ensure that a functioning ecosystem can thrive. Finally, we ask that you ensure application of new rules to mineral leasing and permitting on tribal lands.

We greatly appreciate your leadership on behalf of our communities and our public lands. We look forward to your action, and we stand ready to assist during the rulemaking process. Please do not hesitate to reach out to any of our organizations for additional information or support.

Sincerely,

Audubon Rockies
Bighorn Audubon Society
Cheyenne Area Landowner's Coalition
Citizens for a Healthy Community
Colorado Fiscal Institute
Colorado Wildlands Project
Conservation Colorado
Dakota Resource Council
Jackson Hole Conservation Alliance
Montana Environmental Information Center
Montana Wildlife Federation
New Mexico Interfaith Power and Light
New Mexico Voices for Children
New Mexico Wild
Northern Plains Resource Council

Nuestra Tierra Conservation Project
Powder River Basin Resource Council
Rocky Mountain Farmers Union
Rocky Mountain Wild
Western Colorado Alliance
Western Leaders Network
Western Organization of Resource Councils
Western Slope Conservation Center
Wild Montana
Wilderness Workshop
Wyoming Interfaith Network
Wyoming Native Plant Society
Wyoming Outdoor Council
Wyoming Wilderness Association
350 Colorado

CC: Deborah Haaland, Secretary of the Department of Interior

Steve Feldgus, Deputy Assistant Secretary - Land and Minerals Management, Department of the Interior

Nada Culver, Deputy Director of Policy and Programs, Bureau of Land Management

Kathryn Kovacs, Deputy Assistant Secretary, Land and Minerals Management