

WORC NEWS RELEASE

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Groups and ranchers file for better reclamation and bonding of oil and gas projects

Billings, Mont. – To encourage more responsible oil and gas development, six groups, and several individuals asked the federal government today to improve reclamation standards, financial assurance, and oversight of oil and gas development.

The Natural Resources Defense Council (NRDC), Western Organization of Resource Councils (WORC) and four of its member groups, the New Mexico Wildlife Federation, and five individuals have submitted a rulemaking petition with the U.S. Bureau of Land Management (BLM). The Oil and Gas Industry Responsibility Petition would require the oil and gas industry to reclaim land damaged by drilling and to provide financial assurance bonds to protect taxpayers and landowners from restoration costs.

“For more than 10 years, WORC, other conservation and community organizations, government auditors, and the BLM itself have called for better reclamation plans and financial assurances to reflect new energy development realities,” said Donald Nelson, WORC chair and farmer/rancher from Keene, N.D. “The BLM has not responded. This country needs responsible oil and gas development based on the demands of the 21st century.”

Nelson said current reclamation plans lack important details about how the company will reclaim. “These plans also tend to underestimate the real costs of the clean-up,” Nelson said.

The BLM supervises land with about 12,000 shut-in or abandoned oil and gas wells. Much more oil and gas development is expected in Western states over the next decade.

“In the midst of this boom in oil and gas drilling, the BLM should protect split estate landowners and taxpayers when a company defaults,” Nelson said.

Nelson said the petition would extend reclamation and bonding standards similar to those regulating coal companies and hard rock mining companies. The BLM requires these industries to provide bonds to cover full cost of reclamation.

“Current regulations do not ensure that oil and gas operators pay the full costs of minimizing environmental damage, or remediating the land, during and following development,” said David Newman, NRDC attorney. “This leaves local landowners, taxpayers and the land

itself to bear the costs, rather than the developers responsible for such impacts. This is both irresponsible and unfair.”

The BLM requires surety or personal bonds before the start of surface disturbance. The minimum bonds for a company are \$10,000 per lease, or \$25,000 for all leases in a state, or \$150,000 for all leases nationwide. These minimum amounts have not changed since 1960. The agency stopped an effort to raise minimum bond levels for oil and gas drilling on federal lands in 2004.

Adjusted for inflation, these minimum amounts would be approximately \$67,000 a lease, \$168,000 for statewide bonds, and over \$1,000,000 for nationwide bonds today, Newman said.

Specifically, the petition would change the onshore oil and gas regulations to:

- Require Geographic Area Development Plans containing comprehensive, site-specific reclamation plans and full-cost estimates of reclamation.
- Specify performance standards for reclamation.
- Replace the lease, statewide, and national blankets bonds with a simple \$20,000 bond per well.
- Allow for a site-specific reclamation bond in lieu of the \$20,000 bond per well.
- Improve inspection, monitoring, and enforcement.

Two recent studies by WORC have found a potential multi-billion dollar taxpayer liability for clean-up of oil and gas site throughout the West and inadequate oversight of oil and gas drilling.

Nelson, Wyoming ranchers Nancy Sorenson and Scott Crockett, Robert Elderkin, a retired BLM range manager, and James Kuipers, a mining engineer, filed declarations in support of the petition.

NRDC is a national, nonprofit organization of scientists, lawyers and environmental specialists dedicated to protecting public health and the environment. Founded in 1970, NRDC has 1.2 million members and online activists nationwide, served from offices in New York, Washington, Los Angeles, and San Francisco.

WORC is a network of grassroots organizations representing farmers, ranchers, and consumers in Colorado, Idaho, Montana, North Dakota, Oregon, South Dakota, and Wyoming.

The petition, declarations, and other background information are available on WORC's website, www.worc.org. The website also provides statements by: Donald Nelson, David Newman, Robert Elderkin with the Western Colorado Congress, and Eric Barlow with the Powder River Basin Resource Council.