

## FOR IMMEDIATE RELEASE

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## As New Oil & Gas Lease Sales Loom, Advocates Urge DOI & BLM: Protect Taxpayers & Fix the Broken Bonding System

*Three Groups Submit Formal Petition Urging Agencies to Modernize Bonding Requirements Before Taxpayers Lose Another Dime*

### [SEE THE PETITION](#)

SHERIDAN, WY — This morning, the Western Organization of Resource Councils, Taxpayers for Common Sense, and the Natural Resources Defense Council submitted a formal petition to the Department of the Interior (DOI) and the Bureau of Land Management (BLM) urging prompt action to finally modernize the bonding requirements for federal onshore oil and gas leasing and development. Bonds paid by oil and gas companies that lease public lands and minerals for drilling are meant to cover the cost of cleaning up wells at the conclusion of operations or – as is increasingly the case – when a company declares bankruptcy and orphans its wells. However, in spite of inflation, bonding rates for federal leases have not been updated in more than 60 years – a “significant shortcoming” identified by DOI in [a review of the oil and gas leasing program](#) released in November of 2021. In the petition submitted today, groups note that *no action* has been taken to fix this problem even as new oil and gas lease sales are scheduled for the second quarter of 2023.

“As has been pointed out by numerous government audit reports – the current minimal oil and gas bonds on leases were set by BLM in 1951 – 71 years ago,” **said Jill Morrison of Story, Wyoming, the former Executive Director of Powder River Basin Resource Council.**

“Today, the taxpayer is bailing out the richest industry on the earth with over \$4 billion dollars in taxpayer monies allocated to pay for the plugging and reclamation of idle oil and gas wells – wells that have given the industry billions of dollars in profits from public minerals.”

The bipartisan *Infrastructure Investment and Jobs Act* appropriated \$4.7 billion to plug and reclaim orphan wells – an amount that only covers a small portion of the potential taxpayer liability for these sites while not addressing the root cause of the crisis. The petitioning groups are pushing DOI & BLM to finally modernize bonding rates and require companies that drill to pay sufficient rates to ensure these costs no longer fall on the shoulders of taxpayers.

“While the investments in the *Infrastructure Investment and Jobs Act* will go far toward remedying the many harms caused by orphaned wells across this country, taxpayers should simply not be on the hook for dealing with these messes,” **said Josh Axelrod, a senior policy**

**advocate at the Natural Resources Defense Council.** “It is far more fiscally sustainable and environmentally responsible to ensure that bonding rates are set at levels that ensure timely and complete remediation of these drilling sites.”

Presently, federal bonding rules for federal oil and gas resources are even weaker than most state requirements. The cost to fully plug and reclaim a well site varies, with estimates ranging from \$82,500 per well in Colorado to \$150,000 in North Dakota. The wildly outdated bonding rates required by BLM typically do not come close to meeting these costs. A BLM “blanket” bond of just \$10,000 legally covers all wells on an individual lease, while operators can in some cases pay just a \$25,000 bond to account for all wells in an entire state – or just \$150,000 to cover all wells that operator manages nationwide. That means a single \$150,000 bond could be all that an oil and gas company is required to put down as their share for the clean up of potentially thousands of wells across the country. Any shortfall means the wells remain uncapped or the bill to clean them up lands directly on taxpayers. The estimated current cost to taxpayers for orphan wells clean-up on federal lands is more than \$6 billion, [according to the Center for Western Priorities](#).

“The oil and gas companies have profited from public minerals for almost a century, often leaving leaking wells and infrastructure behind and stiffing taxpayers with costs of cleanup. Many of us live on or near these littered landscapes and leaking wells which can emit methane, a gas with a global warming impact over 80 times greater than CO<sub>2</sub>,” **said Dr. Barbara Vasquez of Cowdrey, CO, a Director-at-Large for the Western Colorado Alliance and a leader for the Western Organization of Resource Councils.** “Federal land managers must stop enabling these sacrifice zones. Increasing bonding requirements to ensure that all operators can front the money to clean up is just a basic cost of doing business and an issue of taxpayer fairness.”

In their petition for rulemaking, groups request that BLM and DOI:

- Eliminate blanket bonds for new drilling;
- Require oil and gas companies to put down a “full cost bond” that matches the real amount needed to reclaim and clean up wells for any new drilling on federal lands;
- Include the costs of surface reclamation in bonds;
- Phase in “full cost” bonds for existing drilling sites on federal lands;
- Ensure these proposals apply to leases on tribal lands;
- Update reclamation standards so clean-up is comprehensive and restorative;
- Review required bond amounts periodically for inflation and other factors.

Orphan wells aren’t just unsightly. In addition to rusting equipment littering the landscape, unplugged wells leak gasses, contaminate drinking water and soil, host noxious weeds, and erode soil — all serious risks to working farms and ranches and nearby communities.

"As a rancher I have a vested interest in the management and use of public lands. The amount of methane pollution emitted by these wells is a concern not only for our health and safety but

also for climate change. Toxic pollutants including benzene and arsenic leak into soil and groundwater causing serious health risks and environmental damage," **said Kirk Panasuk, a member of the Northern Plains Resource Council.** "This odorless gas can cause nausea, vomiting, and convulsions in the short term. In extreme cases, long term exposure can be fatal. So, I am asking for the Department of Interior and Bureau of Land Management to immediately update regulations and policies for bonding and financial assurance requirements for federal onshore oil and gas leasing and development."

With lease sales in New Mexico and Wyoming on the books for early 2023, the petitioning groups are urging DOI & BLM to act before taxpayers are required to foot the bill for ongoing leasing amid an increasingly tumultuous financial climate for the oil and gas industry.

"It is an objective fact that federal bonding for abandoned wells is a failure. The purpose of a bond is to protect communities and taxpayers from these liabilities, and obviously that isn't happening," said **Taxpayers for Common Sense Vice President Autumn Hanna.**

"It's past time for the oil and gas industry to put cash on the barrel and stop passing the buck to taxpayers. Charging paltry bonding rates practically encourages these companies to declare bankruptcy and skip town. Bonding reform will encourage responsible business practices and shift the burden off taxpayers and onto the industry where it belongs," Hanna continued.

## **[READ WORC'S FACT SHEET ON CURRENT BONDING ISSUES](#)**

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The [Western Organization of Resource Councils \(WORC\)](#) is a network of grassroots organizations that span seven of the Western states with more than 18,000 members. Headquartered in Billings, Montana, WORC also has offices in Colorado and Washington, D.C.

The [Powder River Basin Resource Council](#), founded in 1973, is a family agriculture and conservation organization in Wyoming. Resource Council members are family farmers and ranchers and concerned citizens who are committed to conservation of our unique land, mineral, water, and clean air resources.

The [Western Colorado Alliance for Community Action](#) brings people together to build grassroots power through community organizing and leadership development. We are made up of 2,000 members and supporters across Western Colorado. We believe that right now, today, we have the ability and opportunity to create a future where engaged local voices are leading communities across Western Colorado that are healthy, just and self-reliant.

[Northern Plains Resource Council](#) is a grassroots conservation and family agriculture group that organizes Montanans to protect our water quality, family farms and ranches, and unique quality of life.

The [Natural Resources Defense Council \(NRDC\)](#) is a non-profit environmental advocacy organization that uses the law, science, and the support of 3.1 million members and online activists to protect the planet's wildlife and wild places and to ensure the rights of all people to clean air, clean water, and healthy communities.

[Taxpayers for Common Sense \(TCS\)](#) is a nonpartisan budget watchdog that has served as an

*independent voice for the American taxpayer since 1995. TCS works to ensure that taxpayer dollars are spent responsibly, and that government operates within its means. For more than 25 years, TCS has advocated to end wasteful subsidies, prevent long-term taxpayer liabilities, and obtain a fair return from the natural resources we all own.*