

**For Immediate Release:** July 20, 2023

**CONTACTS:**

- Sarah Hunkins, Western Organization of Resource Councils, Washington DC Representative; (334) 467-2050, shunkins@worc.org
- Raichle Dunkeld, Western Organization of Resource Councils, Oil & Gas Campaign Coordinator; (971) 506-2994, rdunkeld@worc.org
- Laura Bloom, Western Colorado Alliance, Regional Organizer, Grand Junction, CO, (970) 640-1098, laura@westerncoloradoalliance.org
- Katherine Stahl, Powder River Basin Resource Council, Oil and Gas Organizer, Sheridan, WY, (205) 789-8559, kstahl@powderriverbasin.org
- Bob LeResche, WORC Board Chair and Board Member of Powder River Basin Resource Council, Clearmont, WY, (907) 723-2506
- Dustin Ogdin, Northern Plains Resource Council, Communications Director, Billings, MT (406) 248-1154
- Terry Punt, Rancher and member of Northern Plains Resource Council, Birney, MT, (406) 984-6229

**PRESS RELEASE**

## **Western Ranchers and Communities Welcome New Rules for Federal Oil and Gas**

### *Increased Reclamation Bonds Will Help Ensure Taxpayers No Longer Have to Fund Cleanup*

BILLINGS, Mont: After more than half a century of waiting, members of the Western Organization of Resource Councils applaud the Bureau of Land Management (BLM) for releasing new rules for federal oil and gas wells. The proposed rules will help ensure that federal and tribal wells are plugged and reclaimed in a timely way, and shield taxpayers from footing the cleanup bill. The new standards will require operators to post bonds that will better cover the costs of plugging federal wells and reclaiming the landscapes impacted by oil and gas development on public and private split estate lands and minerals.

“American taxpayers have for too long subsidized oil and gas corporations, and it’s long overdue for BLM to require bonds that ensure full cleanup and reclamation of federal wells. This common-sense rule should easily move through the process and we look forward to its protections becoming reality sometime soon.” - **Bob LeResche, WORC Board Chair and Board Member of Powder River Basin Resource Council from Clearmont, WY**

The proposed rules will phase out nationwide bonds that allowed oil and gas companies to cover all of their federal wells across the country with bonds as low as \$150,000, and phase in

in new minimum bond amounts of \$500,000 for all of an operators wells in a state (increased from \$25,000 currently) and \$150,000 for all of an operators wells on one lease (increased from \$10,000 currently) Under the proposed rules, BLM will also require inactive wells to be plugged and reclaimed sooner, ending the practice of non-competitive leasing, and make it harder for “bad actor” companies that are out of compliance with BLM rules from receiving new leases.

“BLM’s strong new protections update an archaic system that has allowed corporations to enjoy all the profits while leaving landowners and taxpayers to absorb the financial costs and environmental burdens of repairing land and water after drilling. Hopefully, these badly needed reforms will allow ranchers like me in oil and gas country to breathe a little easier.” - **Terry Punt, a rancher and member of Northern Plains Resource Council from Birney, MT**

Oil and gas companies have left behind an estimated four million orphaned federal and non-federal wells in this country (Carbon Tracker, 2020). Because BLM’s bonding requirements have not been updated since 1960, they have failed to ensure that oil and gas companies are held responsible to plug their wells and restore the land. Through company bankruptcies, oil and gas field sales, and other operational changes, thousands of federal and tribal wells have been left for taxpayers to clean up. As a result, oil and gas companies profit, and communities, landowners and taxpayers are left dealing with the negative effects of unreclaimed sites left behind by the oil and gas industry.

“The miniscule bonds that have been required by the BLM for decades for oil & gas development on federal resources have been the gift that keeps on giving to the industry, leaving our landscapes littered with idled and abandoned wells. We look forward to the BLM enacting the increased bond requirements included in their new rules in the hopes that public health, the environment and the taxpayers’ wallets will be meaningfully protected.” - **Barbara Vasquez, Board Member of Western Colorado Alliance and WORC Board Member from Cowdrey, CO**

**Background information:** (Source: GAO 19-615 unless another source is noted)

- Under current rules, the minimum reclamation bond amounts are just \$10,000 for all wells on a single lease, \$25,000 for all wells in one state, or \$150,000 to cover all wells nationwide.
- Although BLM has the authority to increase bonds over the minimum amounts set in the rules, they seldom do — 82% of bonds are set at minimum amounts.
- BLM’s average clean up costs are \$20,000 per well for a low-cost cleanup, and \$140,000 per well for a high-cost cleanup. Plugging and reclamation costs vary well to well depending on depth, site and well conditions, and other factors.
- At least 99.5% of federal wells carry bonds that are insufficient to cover the cost of reclamation.
- As a result, federal wells often remain idle for years or decades before they are declared orphaned and plugged and reclaimed. The Government Accountability Office has

identified 5,100 wells that have been idle for seven or more years, including 2,313 that have been idle for more than 25 years. (GAO 11-292)

- According to BLM, in 2021 there were an estimated 16,020 orphaned federal and tribal wells. (BLM Testimony)
- The Inflation Reduction Act allocated \$4.7 billion for orphaned well cleanup, including \$250 million for federal orphaned wells. (DOI Press Release, 2022)

###

*The Western Organization of Resource Councils (WORC) is a network of nine grassroots organizations in seven Western states with 19,935 members, many of them ranchers and farmers committed to common-sense reform in agriculture, oil and gas development, coal mine reclamation, and rural economic development. Headquartered in Billings, Mont., WORC also has an office in Washington, D.C.*

*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 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.*

## **References**

BLM Testimony, 2021: <https://www.doi.gov/ocl/s-1076>

Carbon Tracker, 2020: <https://carbontracker.org/reports/billion-dollar-orphans/>

DOI Press Release, 2022:

<https://www.doi.gov/pressreleases/biden-administration-announces-115-billion-states-create-job-s-cleaning-orphaned-oil>

GAO 11-292: <https://www.gao.gov/products/gao-11-292>

GAO 19-615: <https://www.gao.gov/products/gao-19-615>