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## Western Ranchers and Communities Applaud New Federal Onshore Oil & Gas Leasing Rule

*BLM's new oil and gas standards will help ensure taxpayers no longer have to pay for well cleanup*

BILLINGS, Mont: Members of the Western Organization of Resource Councils (WORC) and its member groups in Wyoming, Colorado, Montana, and North Dakota applaud the Bureau of Land Management (BLM) for [finalizing a new rule](#) that includes provisions that will help ensure federal and tribal wells are plugged and reclaimed in a timely way and shield taxpayers from footing the bill for cleanup. In the first significant update to bonding rules in over 60 years, the proposed rules released by the BLM today will require operators to post bonds that adequately cover the costs of plugging federal wells and reclaiming the impacted landscapes, as required by the Mineral Leasing Act. WORC members now call on the BLM for quick implementation and enforcement of the new standards.

“The improvements this rule makes to the federal onshore oil and gas leasing program are a very welcome change for those of us who live in Wyoming’s Powder River Basin! I’ve lived here through several boom-and-bust cycles and seen formerly open country transformed into industrial wasteland with unplugged wells, abandoned waste ponds, and no reclamation of roads or drilling sites. BLM’s most meaningful alterations to the leasing program for me are the updated bonding requirements and more thoughtful criteria for not leasing sensitive lands to begin with. These changes are overdue and will serve to protect our important habitat and water for wildlife and ranching here in Wyoming, but still allow responsible production of federal oil and gas resources. Thank you to the BLM staff for this responsible and pragmatic update.” - **Maria Katherman, Powder River Basin Resource Council Board Member from Converse County, Wyoming**

“At last with the release of the finalized rule today, BLM has taken the common sense step to ensure that oil and gas operators shoulder the fiscal responsibility that was theirs in the first place. For over half a century, weak federal bonding rules have led to abandoned and ultimately orphaned wells, with failures to reclaim sites that have impeded ranching operations, disrupted wildlife habitat, threatened our clean air and water, impacted the recreation on public lands and

left taxpayers and communities with the burden of clean up. These rules will help solve the orphaned well crisis that has been spiraling out of control for decades. Congress just allocated \$250 million, funded by taxpayers, to clean up orphaned federal wells. Although appreciated by those anxious to see the cleanup completed, this is another subsidy to the oil and gas industry. The cleanup of wells at the end of their useful life, past, present, and future, should be paid for by the companies that profit from extracting our nonrenewable public resources.” **-Dr. Barbara Vasquez, WORC Vice Chair and Western Colorado Alliance member from Cowdrey, Colorado**

"The recently finalized oil and gas bonding and reclamation reforms are a big deal for tribal communities like mine (Fort Berthold Reservation). These rules will help protect tribal communities like Fort Berthold Reservation from having to pay to clean up big oil's mess."

**-Representative Lisa Finley-DeVill (ND4a) co-founder and VP of Fort Berthold POWER, Dakota Resource Council Board Member from Mandaree, North Dakota**

“We are very pleased that executives and shareholders in the oil and gas industry will now pay their fair share instead of offloading the enormous costs of health problems, safety issues, and dangerous lingering pollution to workers, landowners, rural residents, and taxpayers. I’ve seen firsthand what happens when developers skip town without cleaning up their mess once drilling is complete, including hospital visits from ingesting leaking methane and concerns about benzene and arsenic in our soil and groundwater. BLM’s new protections apply some commonsense fixes to address these problems that communities like mine have faced for far too long.” **-Kirk Panasuk, Bainville, MT rancher and member of Northern Plains Resource Council.**

The new rules aim to address the long-standing issue of oil and gas companies leaving behind orphaned wells, which can leak methane and other dangerous toxins into the air and contaminate groundwater. Because bond amounts have been far too low, for decades, oil and gas companies have profited while communities, landowners, and taxpayers have shouldered the negative consequences of unreclaimed sites.

Under the new standards, operators will be required to post bonds that cover the costs of plugging federal wells and restoring the affected areas. The rules will phase out outdated and ineffective nationwide bonds, which allowed companies to cover all their federal wells across the country with bonds as low as \$150,000. Instead, operators will now be required to post a minimum bond amount of \$500,000 for all their wells in a state, a significant increase from the current \$25,000. Additionally, the minimum bond amount for all wells on a single lease will be raised to \$150,000, up from \$10,000. BLM updated bond amounts after a comprehensive review of actual plugging and reclamation costs, and after an analysis showing that higher bond amounts will not create an undue financial burden for oil and gas operators. The updated bonding program will ensure that operators are incentivized to plug and reclaim the wells and the land disturbed during operation. This puts the financial burden where it belongs, on the oil and gas companies and not on the communities and taxpayers.

The new rules will also implement provisions in the Inflation Reduction Act that expedite the plugging and reclamation of inactive wells, put an end to non-competitive leasing practices, and increase royalties paid to the federal government and shared with states.

The final rule also makes it more difficult for non-compliant companies or “bad actors” to receive new leases by defining a “qualified bidder” and “qualified lessee”. These updates will address the long standing practice of bad actors bidding and holding leases, also known as speculative leasing.

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

- Under previous rules, the minimum reclamation bond amounts were 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.
- According to the BLM's internal estimates, plugging costs alone typically range from \$35,000 to \$200,000 per well. Plugging and reclamation costs vary well to well depending on depth, site and well conditions, and other factors. (Proposed rule)
- 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)
- Public support for policies requiring oil and gas companies to pay for all the clean-up and land restoration costs after drilling is finished is nearly unanimous — 90% in 2024. (Colorado College Conservation in the West Poll)

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*[The Western Organization of Resource Councils \(WORC\)](#) is a network of nine grassroots organizations in seven Western states with 22,750 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.*

*[Dakota Resource Council's](#) mission is to promote sustainable use of North Dakota's natural resources and family-owned and operated agriculture by building member-led local groups that empower people to influence the decision-making processes that affect their lives and communities.*

*[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.*

*[Western Colorado Alliance](#) is a community group of over 2,000 members and supporters that works with residents across rural Western Colorado to build a future where engaged local voices are leading communities across Western Colorado that are healthy, just, and self-reliant. The Alliance brings people together to build grassroots power through community organizing and leadership development to address issues such as climate change, oil and gas impacts, public lands management, access to clean energy, and sustainable agriculture.*

*[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.*

## **References**

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