

United States Senate

WASHINGTON, DC 20510-0609

October 26, 2023

The Honorable Deb Haaland
Secretary
U.S. Department of the Interior
1849 C Street NW
Washington, D.C. 20240

The Honorable Tracy Stone-Manning
Director
Bureau of Land Management
U.S. Department of the Interior
1849 C Street NW
Washington, D.C. 20240

Dear Secretary Haaland and Director Stone-Manning:

We write to express our support for the updated federal oil and gas bonding requirements in the Bureau of Land Management's (BLM) proposed Onshore Oil and Gas Leasing Rule. Those requirements align closely with provisions in the Oil and Gas Bonding Reform and Orphaned Well Remediation Act, introduced in the 117th Congress, and are critical to address the challenges that dangerous orphan wells pose on our public lands across the nation.

Our public lands are essential to fishing and hunting, wildlife and land conservation, livestock grazing, and our states' outdoor recreation economies. However, orphaned wells left behind by oil and gas companies litter our landscapes. These wells leak powerful, climate-harming methane emissions, release other dangerous pollution affecting our air, water, and wildlife, and prevent lands from being used for other purposes.

Currently, oil and gas well reclamation costs far exceed the lease bonds BLM requires companies to carry. This discourages companies from properly plugging and cleaning up their wells since it is cheaper to abandon them, leaving taxpayers to shoulder the costs of future cleanup. Minimum bond amounts were set in the 1950's and 60's and have not since been updated, even to account for inflation. The Government Accountability Office (GAO) pointed to outdated bonding requirements as a significant financial risk to the federal government in a 2019 report.¹ Bonding reform is essential to fix this broken system and help ensure that companies – not taxpayers – bear the costs for cleaning up drilling sites on our public lands.

We agree with BLM's statement in the proposed rule that "current minimum bond amounts are outdated, expose the Federal Government to significant financial risks in the event of bankruptcies, and delay 'complete and timely' reclamation and restoration of lease tracts, which can cause or exacerbate a range of environmental issues, including methane leaks, surface and

¹ U.S. Government Accountability Office (GAO), "Bureau of Land Management Should Address Risks from Insufficient Bonds to Reclaim Wells" (Sept. 2019), <https://www.gao.gov/assets/gao-19-615.pdf>.

United States Senate

WASHINGTON, DC 20510-0609

groundwater contamination, interference with agricultural activities, and degraded wildlife habitat.”

Specifically, we strongly support reforms to:

- Increase minimum bond amounts required for individual lease bonds to at least \$150,000 and statewide bonds to at least \$500,000 to better reflect remediation costs on federal lands, and to regularly adjust those rates for inflation;
- Eliminate the use of nationwide bonds, which are administratively challenging and inefficient and put them further behind statewide bonds for bond increases and reviews; and
- Provide a phase-in period within which bonds held prior to promulgation of the final rule must meet the increased minimum bond amounts, and within which nationwide and unit operator bonds must be converted into statewide bonds.

We applaud BLM for moving forward with long overdue reforms to the onshore oil and gas leasing program’s bonding requirements. We urge the agency to move swiftly to review and incorporate public input and finalize the rule.

We look forward to hearing from you on this important matter.

Sincerely,



Michael F. Bennet
United States Senator



John Hickenlooper
United States Senator



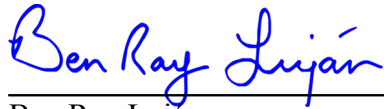
Martin Heinrich
United States Senator



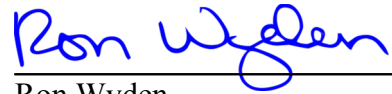
Alex Padilla
United States Senator

United States Senate

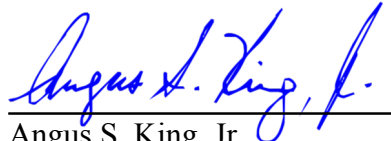
WASHINGTON, DC 20510-0609



Ben Ray Lujan
United States Senator




Ron Wyden
United States Senator



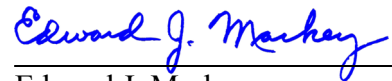
Angus S. King, Jr.
United States Senator



Bernard Sanders
United States Senator



Jeffrey A. Merkley
United States Senator



Edward J. Markey
United States Senator



Sheldon Whitehouse
United States Senator