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Bureau of Land Management
Department of the Interior

Attention: Docket ID No. BLM-2025-0269-0001

Comments of Taxpayers for Common Sense on the Direct Final Rule “Federal Onshore Oil and Gas Statewide Bonds: Extension of Phase-In Deadline”

Dear Administrator:

Taxpayers for Common Sense (TCS) appreciates the opportunity to comment on the Bureau of Land Management’s (BLM) direct final rule to extend the phase-in deadline for compliance with the minimum bond amount for statewide oil and gas bonds. Since 1995, TCS has served as a nonpartisan budget watchdog dedicated to ensuring federal resources are managed responsibly and that taxpayers receive a fair return on public assets.

Federal lands throughout the United States contain vast deposits of valuable oil and gas resources. The federal government manages millions of acres of public lands in trust for taxpayers, the ultimate landowners. The Department of the Interior (DOI) bears a responsibility to ensure taxpayers receive a fair return from the extraction and sale of federal oil and gas—including by maximizing competition for leases and setting rents, royalty rates, and other lease terms at market rates. DOI also has a responsibility to ensure taxpayers are not left with long-term liabilities resulting from private companies’ extractive activities.

Under this direct final rule, BLM extends the deadline for operators to increase or replace existing statewide bonds to meet the \$500,000 minimum bond amount from June 22, 2026 to June 22, 2027. The agency characterizes this extension as necessary to “provide operators with relief” while it pursues more significant changes through a “separate but related rulemaking in the coming months.”¹

TCS strongly opposes this direct final rule. The extension is neither noncontroversial nor a mere administrative change. BLM provides no evidence demonstrating that operators require “relief,” nor does it explain how delaying compliance with updated bonding requirements can be considered administrative when such a delay carries significant fiscal and public health impacts. Delaying implementation of the updated statewide bond minimums increases the risk that taxpayers will be left responsible for significant liabilities from orphaned oil and gas wells.

Strong bonding requirements are essential for protecting communities from the health and safety risks posed by orphaned wells and for protecting taxpayers from bearing cleanup costs. When minimum bond amounts fall far short of actual reclamation costs, federal taxpayers can be left with billions in liabilities, while nearby communities face increased public health and safety risks.

For decades, inadequate bonding requirements for oil and gas wells on federal land across the country exposed taxpayers to substantial financial risk. Prior to 2024, bonding minimums had not been adjusted for inflation since they were first set in the 1950s and 1960s, nor were they updated to reflect the rising reclamation costs associated with deeper and more complex wells.

The result was a growing gap between the coverage existing bonds provided and the actual cleanup costs, leaving taxpayers footing the bill for potentially billions in reclamation costs. At the end of FY2022, BLM reported there were 89,350 producible and service well bores on federal land.² The Department of the Interior estimated that reclamation costs averaged approximately \$71,000 per well,³ yet the Government Accountability Office reported in 2019 that DOI held an average bond value of only \$2,122 per well.⁴ Using DOI's estimate for average reclamation costs and GAO's reported average bond value, wells on federal land at the end of FY2022 held bonds totaling roughly \$189.6 million, leaving taxpayers potentially exposed to more than **\$6.15 billion in outstanding future reclamation liabilities**.

Fortunately, recent updates to federal bonding requirements have helped address this longstanding problem. BLM now accepts two types of bond coverage: a minimum \$150,000 bond for wells on an individual lease and a minimum \$500,000 bond for all wells owned by an operator within a single state. These bonding minimums more accurately reflect the actual costs of reclamation than the minimums set prior to these updates and help protect taxpayers from shouldering cleanup costs when operators abandon their wells without creating undue burden on the industry. According to the BLM, the average increase in bonding expenses under the updated policies amounts to just 1% of the value of annual production per lease.⁵

The final *Fluid Mineral Leases and Leasing Process* rule provided operators with a two-year phase-in period to update their statewide bond amounts to the required minimums—a timeframe that was both reasonable for operators and responsive to the significant risk of under-bonded wells. The direct final rule provides no evidence demonstrating that operators require additional time, nor does it explain how extending the phase-in period can be considered administrative when they carry significant fiscal and public health impacts.

In the initial draft of the *Fluid Mineral Leases and Leasing Process* rule, the BLM stated that “the phase-in period should be as short as possible to account for the large number of inadequate bonds and the associated taxpayer exposure.”⁶ The direct final rule provides no evidence that there has been significant changes to bond inadequacy and taxpayer exposure concerns to warrant extensions to the phase-in period. Neither does the direct final rule provide any estimates for increased taxpayer liabilities, even though extending the phase-in period therefore increases the associated taxpayer exposure the updated bonding requirements were designed to reduce. In its final rule, the BLM explained that “this phase-in period provides time for the BLM and its staff to process the increased and new bond amounts expected.”⁷ The direct final rule provides no

evidence that administrative conditions have changed in a way that would warrant an additional year.

To protect taxpayers from unreasonably bearing the costs of industry's responsibility to clean up its operations, TCS urges BLM to withdraw this direct final rule and maintain the original phase-in date for statewide bonding requirements.

Sincerely,
Taxpayers for Common Sense

¹ Bureau of Land Management (BLM), "Federal Onshore Oil and Gas Statewide Bonds; Extension of Phase-In Deadline," December 18, 2025. <https://www.federalregister.gov/documents/2025/12/18/2025-23228/federal-onshore-oil-and-gas-statewide-bonds-extension-of-phase-in-deadline>

² BLM, "Oil and Gas Statistics Fiscal Year 2022 Statistics," accessed March 14, 2024. <https://www.blm.gov/programs/energy-and-minerals/oil-and-gas/oil-and-gas-statistics>

³ BLM, "Fluid Mineral Leases and Leasing Process," April 23, 2024. <https://www.federalregister.gov/d/2023-14287/p-254>

⁴ Government Accountability Office, "Bureau of Land Management Should Address Risks from Insufficient Bonds to Reclaim Wells," September 2019. <https://www.gao.gov/assets/gao-19-615.pdf>

⁵ BLM, "Fluid Minerals Leasing Final Regulatory Impact Analysis 1004-AE80 4.9.24," April 23, 2024, pg. ES-4. <https://www.regulations.gov/document/BLM-2023-0005-130198>

⁶ BLM, "Fluid Mineral Leases and Leasing Process," July 24, 2023. <https://www.federalregister.gov/d/2023-14287/p-267>

⁷ BLM, "Fluid Mineral Leases and Leasing Process," April 23, 2024. <https://www.federalregister.gov/d/2024-08138/p-297>