

Good morning, Committee Members. My name is Tyler Work, and I am a policy analyst at Taxpayers for Common Sense. Taxpayers for Common Sense is a nonpartisan budget watchdog founded in 1995 to ensure taxpayer dollars are spent wisely and transparently. For three decades, TCS has supported policies that safeguard the public purse, prevent wasteful subsidies, and promote fiscal accountability in natural resource management.

As we have previously testified before the committee, TCS strongly supports Utah's efforts to modernize its bonding requirements. Today I would like to reiterate the importance of maintaining key elements of the proposed update and identify opportunities to better protect taxpayers and communities.

As you are aware, outdated bond amounts have left taxpayers exposed across the country. In Utah, current bonds are far below actual reclamation costs—as low as \$1,500 for an individual well, even though average plugging costs are nearly 25 times that amount. Current blanket bonds as low as \$15,000, can cover hundreds of wells at a fraction of their true cost.

These gaps are not just a state problem—they reverberate at the federal level. As the Orphan Well Fund approaches a zero balance, federal taxpayers are at increased risk of becoming a backstop for insufficient state bonding. Fortunately, this rulemaking offers an opportunity to close those gaps.

The proposed updates will better hold operators accountable and protect state and federal taxpayers from escalating liabilities. Today, I would like to highlight three specific elements:

First, while TCS opposes blanket bonds as insufficient taxpayer protection, we support the proposal to raise blanket bond minimums. The new amounts are moderate compared to actual reclamation costs and represent an important step toward ensuring operators—not taxpayers or the state's reserve fund—pay for cleanup.

However, as has previously been discussed today, TCS has concerns with how the numerator and denominator are calculated for the at-risk well ratio. We advise the committee to include an operator's state, fee, *and federal* wells when calculating an operator's production and the number of its at-risk wells to determine bond tier eligibility. Operators should be able to rely on production revenue from all sources, just as the state should consider the potential plugging liability from an operator's full portfolio.

Second, TCS supports creating supplemental bonds for inactive, shut-in, and other higher-risk wells. Because these wells are already on the edge of becoming uneconomical, they must be properly bonded so operators cover the inevitable cleanup costs. We also support barring operators with too many high-risk wells from relying on blanket bonds.

However, TCS does not support allowing operators to cover any number of at risk wells under blanket bonds. If the state pursues the current structure, we urge it to decrease the percentage of at-risk wells that can be covered under a blanket bond.

Third, TCS supports ensuring adequate bonding immediately after well transfers. Too often, wells near the end of their productive life are passed to smaller companies that cannot afford reclamation. Eliminating delays in updating bonding helps prevent those costs from falling on taxpayers.

In closing, these updates are not punitive—they are fiscally responsible. Every unreclaimed well today is a potential claim on the public's purse tomorrow. By acting now, Utah can ensure responsible operators remain in the field and keep cleanup costs off the state and federal ledger.

Thank you for the opportunity to speak today. I would be happy to address any questions and we intend to submit additional, more detailed comments to the committee during this comment period.