

Walking it back

BLM decreasing
oil and gas bond rates

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Oil and gas leasing on federal land could get a lot cheaper for producers under a rule update proposed by the Trump administration.

The Interior Department, which oversees the Bureau of Land Management, published a rule in the Federal Register in late June that would decrease bonding amounts for federal onshore oil and gas leases and reduce public comment opportunities on leases.

Bonds are paid by an operator as a financial assurance to the BLM and the public that it will comply with regulations and later plug and clean up a well site when it is no longer in production.

Under the proposed rule, bonds for individual leases would be reduced to \$10,000 and to \$25,000 for statewide bonds. This is a reversal of a 2024 Biden administration policy change that increased bond amounts to a maximum

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of \$150,000 for individual leases and \$500,000 for state-wide bonds. Both the Biden-era policy and the Trump administration's update have been billed as actions that "modernize" federal onshore oil and gas leasing.

The proposed bond amounts are the same rates that had been in place for more than 60 years prior to 2024. A 2019 Government Accountability Office report found that bonds at the proposed rate were insufficient to cover the cleanup costs of 99.5% of wells on federal land.

The Trump administration deems the newly proposed minimum bond amounts sufficient, because the BLM can adjust bond amounts as necessary during periodic bond reviews, the rule says. BLM state offices are directed to review all bonds at least every five years or more frequently for operators with higher risk factors. The agency's bond reviews ensure that the amounts paid are enough to cover potential liabilities based on risk, an operator's compliance history, the number of wells and their characteristics, according to the rule.

"These amounts are currently attainable for small operators and would alleviate the financial burden on them," the rule says.

The rule notes that when bond rates are too high, "significant amounts of capital" are tied up "in an unproductive capacity" which leads to less development

and production. The Trump administration, specifically, is looking to boost domestic energy production by eliminating administrative barriers, according to the Interior Department news release.

"Energy Dominance requires regulatory clarity," Secretary of the Interior Doug Burgum said in a statement. "These targeted updates cut through the red tape that has historically deterred investment, ensuring our public lands remain a reliable engine for economic growth and innovation."

Federal onshore oil and gas production accounts for roughly 15% of domestically produced oil and 9% of domestically produced natural gas, according to the rule.

The updates to the BLM's leasing program are in line with previous administration actions to cut costs for oil and gas producers, including reducing the royalty rate for mineral extraction on federal lands from 16.67% to 12.5%. Federal mineral royalties are collected by the Department of Interior as a percentage of the sales value of extracted resources and are evenly split between the federal government and the state government where the minerals are extracted.

The agency is also considering implementing nationwide bonds, which were eliminated as part of the 2024 Biden-era leasing update. If the BLM reinstates these, it will restore the minimum bond amount to \$150,000.

Taxpayers for Common Sense, a nonpartisan fiscal watchdog organization, said in a blog post about the proposal that federal bonding requirements have often been insufficient to cover full reclamation costs, which means taxpayers foot the bill if operators fail to complete cleanup work.

Limits on public participation

In addition to bonding changes, the Interior Department is also proposing reducing public comment periods for oil and gas lease sales from 90 days to 10 days.

As proposed, the rule would remove the 30-day NEPA comment period and shorten the Notice of Competitive Lease Sale from 60 days to 45 days.

The 10-day window would be the protest period, and protest filings would be limited to 50 pages. The rule cites frequently repetitive content in these protests that burdens the BLM's time and resources. For every additional page over 50, the agency will charge a filing fee of \$1 per page.

More than 70% of parcels offered for lease in the past few years received a protest, the rule says.

"The fee is not being proposed to reimburse the BLM for its processing costs, which the BLM estimates to be \$2,470 per protest," the rule says. "Instead, the purpose of the filing fee is to encourage individuals submitting protests to be clear and concise as to the basis for the protest."

The Government Accountability Office examined protests on BLM oil and gas leases in 2010. It found that a diverse array of entities, including nongovernmental organizations with environmental and hunting interests, state and local governments, businesses and private individuals file protests citing various concerns, such as wildlife habitat, air or water quality and loss of recreational or agricultural land uses.

Public comment

Comments on the Interior Department's proposed updates to its oil and gas leasing regulations are due by Aug. 24. Visit <https://www.regulations.gov>.

In the search box, enter "BLM-2025-0037" and click the Search button. Follow the instructions at this website.