



November 7, 2025

Via Email Only to:

Honorable Utah Board of Oil, Gas and Mining
Attn: LaVonne Garrison, Madam Chair
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Mr. Mick Thomas, Director
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Re: Environmental Defense Fund Commentary on Proposed Updates to Performance Bonding Rules

Madam Chair and Director Thomas:

The Utah Division of Oil, Gas & Mining (the Division) has worked diligently and thoughtfully since at least September 2022 to modernize Rule 649-13, Performance Bonds. The Division has been attentive to stakeholder input, adaptable and creative in its efforts to update and upgrade an antiquated performance bond rule, and resolute in its quest for bonding amounts that will minimize the risk of future orphan wells without unduly burdening the industry. The Environmental Defense Fund (EDF) has been engaged with the Division's Performance Bond rulemaking from the beginning, and we appreciate the inclusive, deliberative stakeholder engagement and the Division's willingness to hear and respond thoughtfully to stakeholders' insights and concerns.

The Division's quest to reform the Performance Bond rules was prompted, at least partially, by a Utah Auditor General Report that found the current bond amounts and structures are inadequate and present financial risks to the state. *See* Report to the Utah Legislature, No. 2019-11, A Performance Audit of Utah's Oil and Gas Program, Chapter VII (the Audit). The Auditor General recommended that the Division update its bond

amounts and structures to reflect current industry and bond practices and better address financial risks. Audit, pp. 47, 49, 51. The Auditor General noted with concern that the bond amounts and structures had not been updated in 16 years ago and that the Division should “consider implementing a regular bond review schedule.” Audit, p. 51.

Orphan wells are an unnecessary legacy of the oil and gas industry that present hazards to people and the environment, pollute our air, streams and lakes, groundwater; alter the integrity of the subsurface for other uses and lower property values. While most Utah operators largely comply with the law and properly plug and reclaim their end-of-life wells, the financial risks to the state and its taxpayers will only grow if idle and very low producing At-Risk wells are allowed to linger indefinitely, production from aging wells continues to decline, and plugging and reclamation costs continue to rise.

Six years after the Audit Report and 22 years since the last update to the Performance Bonds rule, the Board of Oil, Gas and Mining (“Board”) must ensure that an updated Performance Bonds Rule will minimize the incidence of future orphan wells and that the bonding required is sufficient to plug and reclaim abandoned wells that do occur. Doing so will reduce taxpayer burden while providing greater protection to Utah’s citizens from the threats to groundwater, surface water, public health, and the climate that orphan wells present.

The Division’s February 2025 R649-13 Bonding Draft Introduced Dramatic Improvements to Blanket Bonding Requirements

EDF contends that blanket financial assurance is a privilege that should be limited to operators with a low risk of orphaning their wells, and not a right enjoyed by all operators. Tailoring the amount of financial assurance an operator must provide based on orphan well risk and limiting the availability of blanket bonds would be enormous steps toward ensuring that Utah is not plagued by persistent orphan wells and, when they do occur, they will be cleaned up by the industry, not taxpayers.

The Division’s February 2025 proposed “R649-13 Bonding Draft” and “R649-1, 2, 3, & 8 Changes,” (the February Proposed Rules)¹ took an innovative approach to modernizing blanket bonding requirements based on an operator’s financial strength and stability. To qualify for blanket bonding, an operator must meet specified minimum annual production volumes (a proxy for the operator’s revenue stream) and At Risk well² ratio

¹ Available at <https://ogm.utah.gov/wp-content/uploads/2025/03/R649-13-Bonding-Draft.pdf> and <https://ogm.utah.gov/wp-content/uploads/2025/03/R649-1-2-3-8-Changes.pdf>

² An At Risk Well is a well that produces less than an average of one barrel of oil equivalency (BOE) per day over 12 months, or a UIC well with zero injection activity over the same time. Proposed Rule 649-1-1,

requirements (a proxy for an operator’s potential orphan well liabilities). R649-13-3(2)(a)(i)-(iv), February Proposed Rules. Accounting for an operator’s revenue and potential liabilities allows the Board to tailor an operator’s financial assurance to the relative risk that the operator will fail to satisfy its plugging, abandonment, and reclamation obligations. Operators with strong production and a low percentage of At-Risk Wells will have lower financial assurance requirements, and operators with lower production volumes and higher percentages of At-Risk Wells will have higher financial assurance requirements. The Division proposed three blanket bond Tiers with different production and At Risk Well percentages requirements and blanket bond amounts. Operators who qualify for one of the Tiers would pay a base blanket bond amount based on their Tier and the number of State Wells they operate and would pay an additional supplemental bond amount for all At Risk Wells in their portfolio. R649-13-3(2)(b)(i). An operator that does not meet the qualifications for any Tier must have depth well bonding for all its wells. R649-13-3(2)(a)(v), February Proposed Rules.

The blanket bond requirements in the February Proposed Rules would incentivize operators to lower their financial assurance obligations either by timely plugging and reclaiming their At-Risk Wells or returning them to economic production volumes. The proposed Rule also ensures that operators with the highest risk of orphaning their wells will pay more in financial assurance on a per-well basis so the state, and not Utah taxpayers, can cover the orphan well liability.

EDF strongly endorses the February Proposed Rules approach to blanket bonding, including supplemental bonding requirements for all At-Risk Wells in an operator’s portfolio. By tailoring each operator’s financial assurance obligation, the Division is closing in on the Auditor General’s ideal bonding regime:

Ideally, bond amounts should be calculated to allow the Oil and Gas Program adequate funds for remediation while not overestimating the financial burden on the industry. Audit Report, p. 49.

The R649-13 September 2025 Draft Weakens the Blanket Bonding Requirements and Increases the Risk of Future Orphan Wells

The Division published new iterations of the Performance Bond Rule in July 2025 (DOGM Bonding R649-13 Rule Draft 2) and again in September 2025 (R649-13 September 2025

July 7, 2025. At Risk Wells present a greater orphan well risk because their future revenue stream will not cover the costs to plug, abandon, and reclaim them. One BOE per day is a very low production volume, which means the risk of such wells becoming orphans is significant.

Draft and R649-1-8 September 2025 Draft).³ While the September 2025 Draft R649-13-3 Blanket Well Performance Bonds is a meaningful upgrade over the current, antiquated requirements, it materially weakens the bonding requirements and protections afforded in the February Proposed Rules. Under the February Proposed Rules, operators would provide supplemental bonding for all their At-Risk Wells. This would incentivize operators to plug these very low producing wells or return them to economic production rather than pay more bonding. It also would ensure the state had sufficient funds to pay for the plugging and abandonment costs if the wells are orphaned. Under the September 2025 Draft, a certain percentage of an operator's State At-Risk Wells will be covered by its blanket bond, thus eliminating supplemental bonding for those Wells. *See* R649-13-3(1)(a)(iii). A Tier 1 operator likely will never pay an At-Risk Well supplemental bond because its blanket bond will cover all its At-Risk Wells.⁴ The At-Risk Well supplemental bond for Tier 2 and 3 operators also will be reduced compared to the February Proposed Rules but are less likely to be eliminated entirely. In addition, the September 2025 Draft reduces the per-well At-Risk supplemental bonding amount by 33% for Tier 2 and 50% for Tier 3 operators and raised the At-Risk Well percentage threshold from 20% to 22% for Tier 2 compared to the February Proposed Rules. *See* R649-13-3(1)(a)(iv)(B) and R649-13-4(2)(b)(ii) and (3)(b)(ii).

By weakening the blanket bond requirements, the September 2025 Draft increases the likelihood of future orphan wells and simultaneously reduces the amount of bonding the state will have to plug and reclaim them. Conversely, requiring meaningful supplemental bonding for all At-Risk Wells will motivate owners to reduce their bonding requirements by plugging their At-Risk Wells or increasing their production volume. An operator who does either will lower its future financial assurance obligation and simultaneously reduce the state's orphan well liability risk, protect the environment, and boost the economy. Giving Tier 1 operators a free pass on all At Risk Wells is an open invitation for them to avoid plugging them indefinitely or, worse, sell them to an undercapitalized operator. Tier 2 and Tier 3 operators have a higher orphan well risk profile to begin with and should be incentivized to plug low producing wells or increase their production rather than keep them suspended in a borderline economic state.

³ All DOGM proposed draft are available here: <https://ogm.utah.gov/rulemaking-og-bond>. The September 2025 Draft Rules incorporated the July Draft 2 Rules, with some notable revisions. Unless noted otherwise, our comments refer to the September 2025 Draft.

⁴ To be in Tier 1, an operator must have an At-Risk Well ratio equal to or less than 20%. R649-13-3(1)(a)(iii)(B). A Tier 1 operator is allowed to cover up to At-Risk wells equal to 20% of the number of its State Wells. Tier 2 operators' blanket bonds will cover At-Risk Wells equal to 13% of their State Wells, and for Tier 3 operators, 8%.

The diminished blanket bonding requirements in the September 2025 Draft are a missed opportunity for Utah to better future-proof its Performance Bond Rule and make significant progress toward ensuring all oil and gas wells are plugged in a timely fashion at the end of their useful lives using only industry resources. Oil and gas exploration and production is a notorious boom or bust industry: sharp or sustained downturns in commodity prices are inevitable, and an acceleration in orphaned wells is sure to follow. Under the September 2025 Draft rules, the state will have fewer resources to cover potential future orphan well liabilities, particularly in the event of a downturn or other unforeseen event. With only a few modest revisions to the September 2025 Draft rules, the Board can remedy the current deficiencies and transform Utah’s Performance Bond Rules into a model of efficient and effective financial assurance.

- A. In Rule 649-13-3(1)(a)(ii), eliminate, or reduce by at least 50%, the percentage of At-Risk Wells that can be covered by an operator’s blanket bond. Alternatively, blanket bonds should cover a percentage of an Operator’s At-Risk Wells, not total State Wells. Thus, for a Tier 1 Operator with 100 State Wells, 19 of which were At-Risk, the blanket bond would cover 4 of the 19 AR Wells (i.e. 20% of such wells), and not all 19.
- B. Eliminate the provision in R649-13-3(1)(b)(1)(B)(III)(1) that rounds down “to the nearest multiple of ten” when calculating the number of At-Risk wells subject to supplemental bonding requirements. This allows an operator to carry as many as nine At-Risk Wells with no supplemental bonding. When added to the carve out for a certain percentage of At-Risk Wells covered by an operator’s blanket bond, very few operators will pay any supplemental At Risk Well bonding.
- C. Restore the February Proposed Rules’ supplemental At-Risk Well bond amounts for Tiers 2 and 3.

The proposed changes to the September 2025 Draft rules described in items A and B are shown in redline edits in Appendix A. The Bonding Schedule from the February Proposed Rules is also in that Appendix. A series of graphs depicting the impact on the bonding requirement in the September 2025 Draft rules compared to the existing Performance Bond Rule is attached as Appendix B.

The At-Risk Well Ratio as a Condition for Blanket Bonding is an Essential Element of Tailored Risk-Based Bonding

The Utah Petroleum Association (UPA) advocates for eliminating the At-Risk Well ratio as a qualifying condition for blanket bonding. *See* UPA DOGM Bonding R649-13 Rule Draft 2 Redline, August 4, 2025 (deleting “**the threshold At-Risk Well requirement set forth in (ii) below**” from R649-13-3(a)(1)). EDF strongly opposes UPA’s position and is

gratified to see that the requirement has been retained in the September 2025 Draft rule. We also note that the Division expressly declined to make this change in its September 2025 Bonding Rulemaking Comments.

Idle and exceptionally low-producing wells, aka At-Risk Wells, are much more likely to be orphaned than actively producing wells. The At-Risk Well ratio is a proxy for an operator's plugging liability, to be weighed alongside the operator's revenue, represented by its average daily production volume. No responsible entity bases its budget on its revenues alone, without accounting for its liabilities. Similarly, counting an operator's assets but ignoring its liabilities does not give a complete or fair picture of an operator's financial health and stability.

The Weststar Exploration Co. Implosion, which left 100 orphan wells in Utah, is a pointed illustration of the importance of the At-Risk Well ratio as a condition of blanket bonding. Between 2017 and 2020, Weststar's average production volume exceeded 200 BOE per day, a sufficient production volume for Tier 3 in the September 2025 Draft rules. Throughout that time, however, approximately 50% of Weststar's wells produced less than 1 BOE per day. In the absence of the At-Risk Well ratio qualification, a Weststar-like operator today would have a blanket bond that would not begin to cover its orphan well liability. Conversely, had an At-Risk Well ratio been in effect five years ago, Weststar would not have qualified for blanket bonding and would have been required to provide depth bonding for its wells. Most likely, the Division would have secured additional supplement At Risk bonding from Weststar before it cratered in 2021.

The Board should decline UPA's efforts to disregard an operator's At-Risk Well plugging liabilities when determining whether the operator is eligible for blanket bonding.

The Production Volume Thresholds Are Misstated in R649-13-3(1)(a)(iii)–(v)

In the Bonding Schedules, R649-13-4, the requisite production requirements for Tiers 1-3 state the volume in BOE *per day average* for the previously reportable 12 months. See R649-13-4(1)(a)(i), (2)(a)(i), and (3)(a)(i), (iii). The critical words, "per day average" have inadvertently been omitted from the R649-13-3(1)(a)(iii)-(v). For example, Rule 649-13-3(1)(a)(iii) says Tier 1 operators must have a "production level equal to or greater than 1000 BOE for the previously reported 12 months." This would be an average of less than 3 BOE per day, an absurdly low volume for what are supposed to be the most financially sound operators. We assume that the Bonding Schedules are correct, and the Qualifications Required for Blanket Well Performance Bonding reflect a clerical omission.

A Shut-In or Temporarily Abandoned Well Approved in Accordance With R649-3-36 is Still an At-Risk Well

UPA seeks to exclude from the definition of At-Risk Well shut-in (SI) or temporarily abandoned (TA) wells for which the operator has obtained an extension under R649-3-26 to keep the well idle beyond 12 months and up to five years. In considering an extension request, the Division reviews SI and TA wells for mechanical integrity, proximity to Underground Sources of Drinking Water, and other factors related to public health, safety, and the environment. *See* R649-3-36(1.3). The Division's review does not include any evaluation of the operator's financial strength and stability, the well's projected future production or whether it will be placed back into production at all. Consequently, the Division's approval under R649-3-36 should have no bearing on whether an SI or TA well should be exempted from supplemental bonding requirements.

As the Division noted in its September 2025 Bonding Rulemaking Comments, "Wells that have an [R346-3-36] extension are still a major risk." There are wells that have been extended that still became orphaned. The Division drove home the fact that the longer a well is shut-in the less likely it is to return to production in its February 26, 2025, Draft Bond Rule Briefing to the Board.⁵ Slide nine of the Division's presentation shows that only 17% of wells that have been idle for six years return to production. After ten years, only 11% of idle wells return to production. The Division also noted in its Rulemaking Comments that, excluding approved SI or TA wells from supplemental bonding "could also become a loophole for operators." EDF concurs; if SI or TA wells approved under R346-3-36 are exempted from At-Risk Well status, operators are highly likely to seek the extension for as many of their At-Risk Wells as possible to avoid supplemental bonding requirements.

Many states have strengthened their inactive wells bonding requirements, recognizing that the longer a well remains inactive under any circumstances the more likely it is to become orphaned. Arkansas, Colorado, and California require full-cost financial assurance on transfer (Colorado also requires full-cost financial assurance for most wells producing less than 2 BOE or 10 MCFE per day, regardless of an operator's blanket bonding). In North Dakota, no more than seven inactive wells can be carried on a blanket bond. Wyoming has a general policy of not allowing blanket bonds for idle wells. New

⁵ Available at https://ut-dnr-ogm-prod-sf-public-bucket.s3.amazonaws.com/a0Scs00000JC6ebEAD_1740528461340_20250226.3_Board_Bond_Briefing.pdf

Mexico is in the midst of a rulemaking patterned after the Utah proposal, calling for increased bonding for inactive wells and certain marginal wells, and requiring single-well bonds for all an operator's wells when their population of "at risk" wells exceed a threshold.⁶

Inadequate Bonding for Transferred Wells is a Risk the State Should Not Accept: Rule 649-13-6(b) Should be Restored

The September 2025 Draft rules deleted R649-13-6(b) which, under the July 2025 DOGM Bonding R649-13 Rule Draft 2, allowed the Division to adjust the bonding required from the acquiring operator in a well transfer if the Division determined the new operator's bonding was insufficient as to the acquired wells. The new operator would have 12 months to remedy the bond deficiency. If the operator failed to remedy the deficiency, the Division had discretion to order the operator to suspend operations. The operator would have the right to appeal the Division's order.

Transferring marginal or idled wells too often leads to orphaning as the wells move down-market from low-risk operators to less capitalized, riskier ones. If the new operator is under-bonded as well as under-capitalized, the state will get stuck with the plugging and reclamation liability for the orphaned wells. The Division should have the discretion to try to avoid that outcome by ensuring that the new operator provides sufficient bonding. Certainly, it would be cause for concern if the acquiring operator failed to provide sufficient bonding within twelve months. We urge the Board to reinstate Rule 649-13-6(b) as it was in the July 2025 DOGM Bonding R649-13 Rule Draft 2:

(b) In the event the division determines that the new operator's bond coverage will be insufficient to cover the costs of plugging and site restoration for the well or wells assigned, the division will provide a written explanation justifying the bond adjustment, granting the new operator 12 months to remedy the bond inadequacy, if the new operator fails to rectify the bond inadequacy with the 12 month period, the division may order the new operator to suspend operations until sufficient bonding is in place subject to the new operator's right to appeal to the board.

A Five-year Bonding Schedule Adjustment Cycle is Reasonable

Rule 649-13-1(3)(a) requires the bonding schedules to be adjusted over a five-year cycle to account for inflation. This provision directly addresses the Auditor General's concern

⁶ See New Mexico Legislative Finance Committee's audit of the state's approach to end-of-life management, which drew similar conclusions to the Utah audit, available at https://www.nmlegis.gov/Entity/LFC/Documents/Program_Evaluation_Reports/LFC%20Policy%20Spotlight%20-%20Orphaned%20Wells%20-%20Final.pdf. For details on the proposed rulemaking, please visit <https://www.emnrd.nm.gov/ocd/occ-info/og-rules-and-forms/> and scroll to Case 24683.

that the Performance Bonds Rule has not been updated for 16 years at the time of the report, now going on 23. Five years is a reasonable time cycle to ensure that bond amounts keep pace with increasing costs and advancing technology. EDF encourages the Board and the Division to evaluate the Performance Bond Rule holistically on the same time cycle.

The Division Should Have Discretion to Increase Bonding Amounts for Good Cause

Subpart (b) of R649-13-1(3) provides the Division with discretion, for good cause, to require an operator to provide performance bonds in amounts greater than otherwise required under the rules. Subpart (c) provides that an operator may appeal any such determination by the division. EDF supports these provisions. Many variables can influence an operator's plugging and reclamation costs, and no set of regulations can accommodate all contingencies. Consequently, EDF supports providing discretion for the Division to seek higher bonds in some cases and leeway for an operator to seek an adjustment to its financial assurance obligations based on its specific economic and operational circumstances.

Conclusion

These proposed draft rules represent a major step toward protecting current and future generations of Utahns from the growing financial burden of orphan well plugging, a risk now rearing its head across the country's oil and gas producing states. By tailoring the amount of financial assurance an operator must provide to reflect better measures of risk, including average daily production volume and At-Risk Well ratio, the rule will help prevent a wave of future orphan wells – and ensure that when wells are orphaned they will be cleaned up by the industry that created them, not by taxpayers. The September 2025 Draft rules address the key issues raised in 2019 by the Auditor General and are light-years beyond the long outdated existing Performance Bond Rules. Further strengthening the At-Risk Well supplemental bonding requirements as recommended in these comments would provide even greater assurance that Utah taxpayers will not be saddled with the costs of covering industry's riskiest bets, regardless of the booms or busts of the years to come.

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EDF COMMENTS: November 7, 2025
APPENDIX A:
Proposed Redlines to September 2025 Draft Rules

R649-13-3 Blanket Well Performance Bonds

(1) Blanket Well Performance Bonds

(a) Qualifications Required for Blanket Well Performance Bonding

(i) To qualify for a blanket well performance bond, an operator must meet: (1) a production level requirement, and (2) a threshold at risk well ratio requirement.

~~(ii) For each tier, the allowable percentage of State Wells that can be state at risk wells that can be covered by a blanket bond will be as follows:~~

~~(A) Tier 1: 20%~~

~~(B) Tier 2: 13%~~

~~(C) Tier 3: 8%~~

In the alternative:

R649-13-3 Blanket Well Performance Bonds

(1) Blanket Well Performance Bonds

(a) Qualifications Required for Blanket Well Performance Bonding

(i) To qualify for a blanket well performance bond, an operator must meet: (1) a production level requirement, and (2) a threshold at risk well ratio requirement.

(ii) For each tier, the allowable percentage of State Wells that can be state at risk wells that can be covered by a blanket bond will be as follows:

(A) Tier 1: ~~20~~10%

(B) Tier 2: ~~13~~7%

(C) Tier 3: ~~8~~8%

R649-13-3 Blanket Well Performance Bonds

(1) Blanket Well Performance Bonds

(a) Qualifications Required for Blanket Well Performance Bonding

(iii) An operator qualifies for blanket well performance bonding in accordance with the tier 1 base blanket bonding schedule if:

(A) The operator's production level is equal to or greater than 1000 BOE per day average for the previously reportable 12 months

(iv) An operator qualifies for blanket well performance bonding in accordance with the tier 2 base blanket bonding schedule if:

(A) The operator's production level is equal to or greater than 500 BOE per day average for the previously reportable 12 months, and

(v) An operator qualifies for blanket well performance bonding in accordance with the tier 3 base blanket bonding schedule if:

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APPENDIX A:
Proposed Redlines to September 2025 Draft Rules

- (A) The operator's production level is equal to or greater than 200 BOE per day average for the previously reportable 12 months, and
- (B) The operator's at risk well ratio is equal to or less than 25% for all wells; or
- (C) The operator's production level is equal to or greater than 1000 BOE per day average for the previously reportable 12 months, regardless of the operator's at risk well ratio.

R649-13-3 Blanket Well Performance Bonds

(1) Blanket Well Performance Bonds

(b) Determination of Blanket Well Performance Bond Amount

(B) At Risk Well Supplement Amount Calculation.

(III) An operator's at risk well supplement amount shall be calculated by:

- (1) determining the total number of state at risk wells, ~~rounded down to the nearest multiple ten;~~

R649-13-6 Replacement of Performance Bonds

(4) Bond Replacement Due to Change of Operator.

(b) In the event the division determines that the new operator's bond coverage will be insufficient to cover the costs of plugging and site restoration for the well or wells assigned, the division will provide a written explanation justifying the bond adjustment and grants ing the new operator 12 months to remedy the bond inadequacy. If the new operator fails to rectify the bond inadequacy within the 12 month period, the division may order the new operator to suspend operations until sufficient bonding is in place subject to the new operator's right to appeal to the board.

Bonding Schedules

ACTIVE STATE WELLS

- Producing wells greater than 1 BOE per day average on annual basis
- Drilling wells
- Active enhanced oil recovery (EOR) wells
- Approved permits
- Active water wells
- Active water injection wells (WIW)
- Active water disposal wells (WDW)
- Producing wells with less than 1 BOE per day on annual basis = at risk wells
- Shut-in wells
- Temporarily abandoned wells (TA)
- Operation suspended wells (OPS)
- Inactive EOR wells -- greater than 12 months
- Inactive WIW -- greater than 12 months
- Inactive WDW -- greater than 12 months

STATE AT RISK WELLS

TIER 1 REQUIREMENTS

- **Total operator's Utah production** required to be equal to or greater than 1000 BOE per day average for the previously reportable 12 months.
- An ~~inactive and~~ at risk well ratio equal to or less than 15% for **all Utah wells**.

TIER 1 SCHEDULE FOR TOTAL WELL COUNT (STATE, FEE OR MULTI-MINERAL WITH STATE COMPONENT)

BASE BOND TABLE	
NUMBER OF WELLS	AMOUNT OF BOND
1-10	\$ 200,000
11-25	\$ 300,000
26-50	\$ 400,000
51- 100	\$ 500,000
101-250	\$ 650,000
251-500	\$ 800,000
501-750	\$ 1,000,000
751-1000	\$ 1,250,000
1001-1500	\$ 1,500,000
1501-2000	\$ 2,000,000
2001-2500	\$ 2,500,000

TIER 1 SUPPLEMENTAL SCHEDULE FOR STATE AT RISK WELLS (STATE, FEE OR MULTI-MINERAL WITH STATE OR FEE COMPONENT) BASED ON AVERAGE TOTAL VERTICAL DEPTH (TVD)

AT RISK WELL TABLE	
DEPTH	AMOUNT OF BOND
0 - 500 FEET	\$ 2,500
501 - 1,000 FEET	\$ 5,000
1,001 - 3,000 FEET	\$ 10,000
3,001 - 6,000 FEET	\$ 20,000
6,001 - 9,000 FEET	\$ 32,500
9,001 - 12,000 FEET	\$ 42,500
12,000+	\$ 55,000

TIER 2 REQUIREMENTS

- **Total operator's Utah production** requirement to be equal to or greater than 500 BOE per day average for the previously reportable 12 months.
- An **inactive-and** at risk well ratio equal to or less than 20% **for all Utah wells**.

TIER 2 SCHEDULE FOR TOTAL WELL COUNT (STATE, FEE OR MULTI-MINERAL WITH STATE COMPONENT)

BASE BOND TABLE	
NUMBER OF WELLS	AMOUNT OF BOND
1-10	\$ 300,000
11-25	\$ 450,000
26-50	\$ 600,000
51- 100	\$ 750,000
101-250	\$ 975,000
251-500	\$ 1,200,000
501-750	\$ 1,500,000
751-1000	\$ 1,875,000
1001-1500	\$ 2,250,000
1501-2000	\$ 3,000,000
2001-2500	\$ 3,750,000

FEE COMPONENT) BASED ON AVERAGE TOTAL VERTICAL DEPTH (TVD)

AT RISK WELL TABLE	
DEPTH	AMOUNT OF BOND
	\$
0 - 500 FEET	3,750
	\$
501 - 1,000 FEET	7,500
1,001 - 3,000 FEET	\$ 15,000
3,001 - 6,000 FEET	\$ 30,000
6,001 - 9,000 FEET	\$ 48,750
9,001 - 12,000 FEET	\$ 63,750
	\$
12,000+	82,500

TIER 2 SUPPLEMENTAL SCHEDULE FOR STATE AT RISK WELLS (STATE, FEE OR MULTI-MINERAL WITH STATE OR

TIER 3 REQUIREMENTS

- **Total operator's Utah production** required to be equal to or greater than 200 BOE per day average for the previously reportable 12 months.
- An **inactive-and** at risk well ratio equal to or less than 25% **for all Utah wells**.
- **OR**, production can be greater than 1000 BOE per day for the previously reportable 12 months with no required **inactive** at risk well ratio.

TIER 3 SCHEDULE FOR TOTAL WELL COUNT (STATE, FEE OR MULTI-MINERAL WITH STATE COMPONENT)

BASE BOND TABLE	
NUMBER OF WELLS	AMOUNT OF BOND
1-10	\$ 400,000
11-25	\$ 600,000
26-50	\$ 800,000
51- 100	\$ 1,000,000
101-250	\$ 1,300,000

251-500	\$ 1,600,000
501-750	\$ 2,000,000
751-1000	\$ 2,500,000
1001-1500	\$ 3,000,000
1501-2000	\$ 4,000,000
2001-2500	\$ 5,000,000

TIER 3 SUPPLEMENTAL SCHEDULE FOR STATE AT RISK WELLS (STATE, FEE OR MULTI-MINERAL WITH STATE OR

FEE COMPONENT) BASED ON AVERAGE TOTAL VERTICAL DEPTH (TVD)

3,001 - 6,000 FEET	\$ 40,000
6,001 - 9,000 FEET	\$ 65,000
9,001 - 12,000 FEET	\$ 85,000
12,000+	\$ 110,000

AT RISK WELL TABLE	
DEPTH	AMOUNT OF BOND
0 - 500 FEET	\$ 5,000
501 - 1,000 FEET	\$ 10,000
1,001 - 3,000 FEET	\$ 20,000

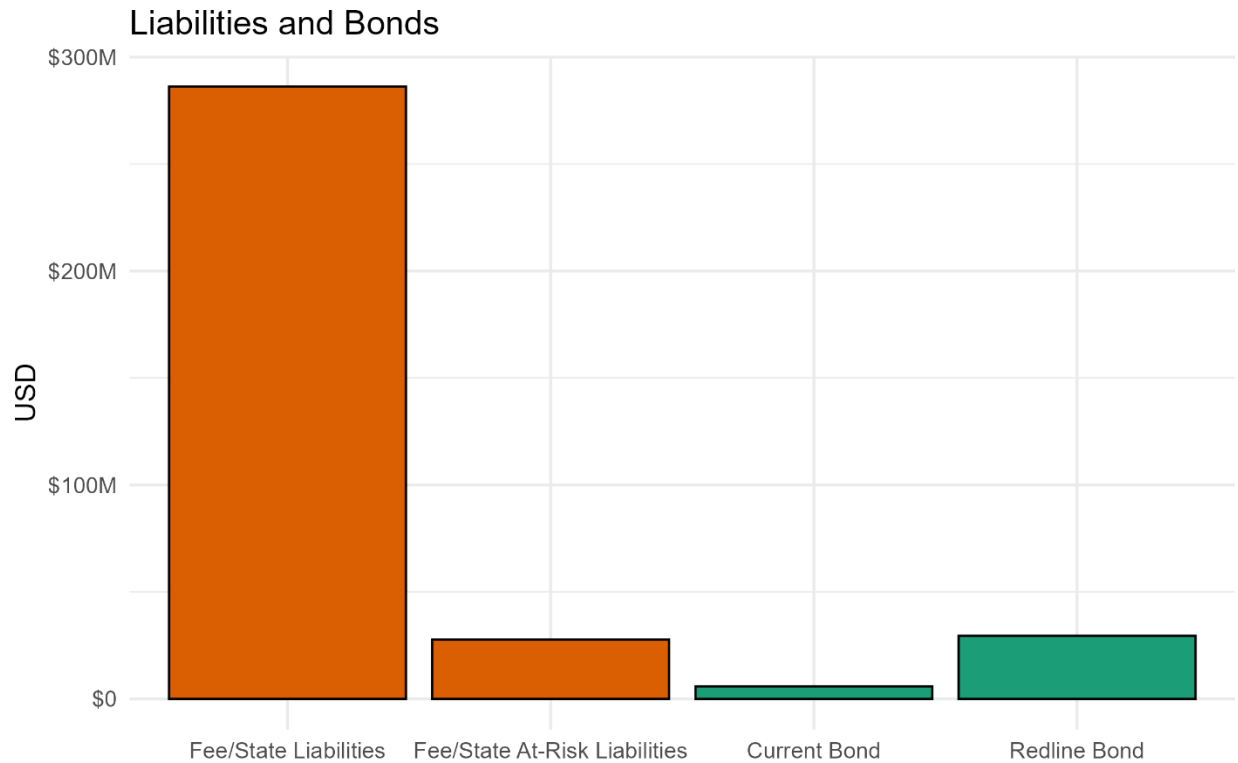
INDIVIDUAL WELL DEPTH BOND

Based on average depth of [State Wells.state, fee or multi-mineral wells with a state or fee component.](#)

INDIVIDUAL WELL DEPTH BOND	
DEPTH	AMOUNT OF BOND
0 - 500 FEET	\$ 5,000
501 - 1,000 FEET	\$ 10,000
1,001 - 3,000 FEET	\$ 20,000
3,001 - 6,000 FEET	\$ 40,000
6,001 - 9,000 FEET	\$ 65,000
9,001 - 12,000 FEET	\$ 85,000
12,000+	\$ 110,000

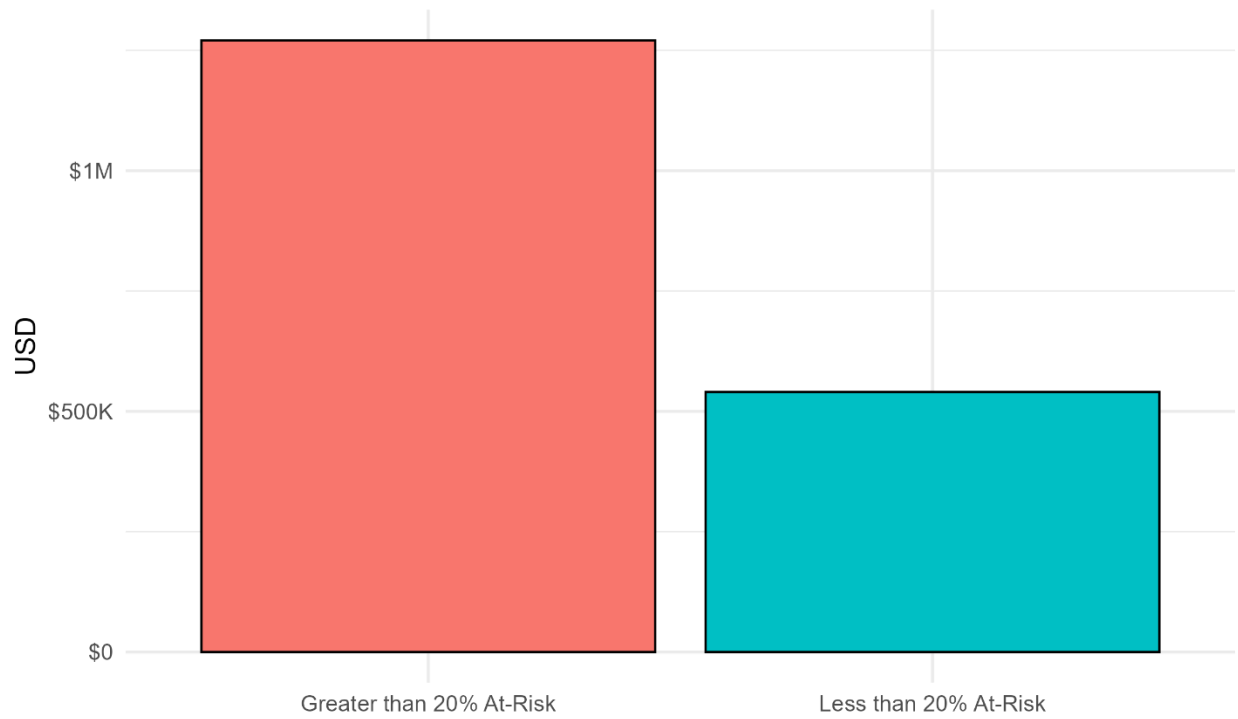
EDF COMMENTS: November 7, 2025

APPENDIX B: Data Analysis

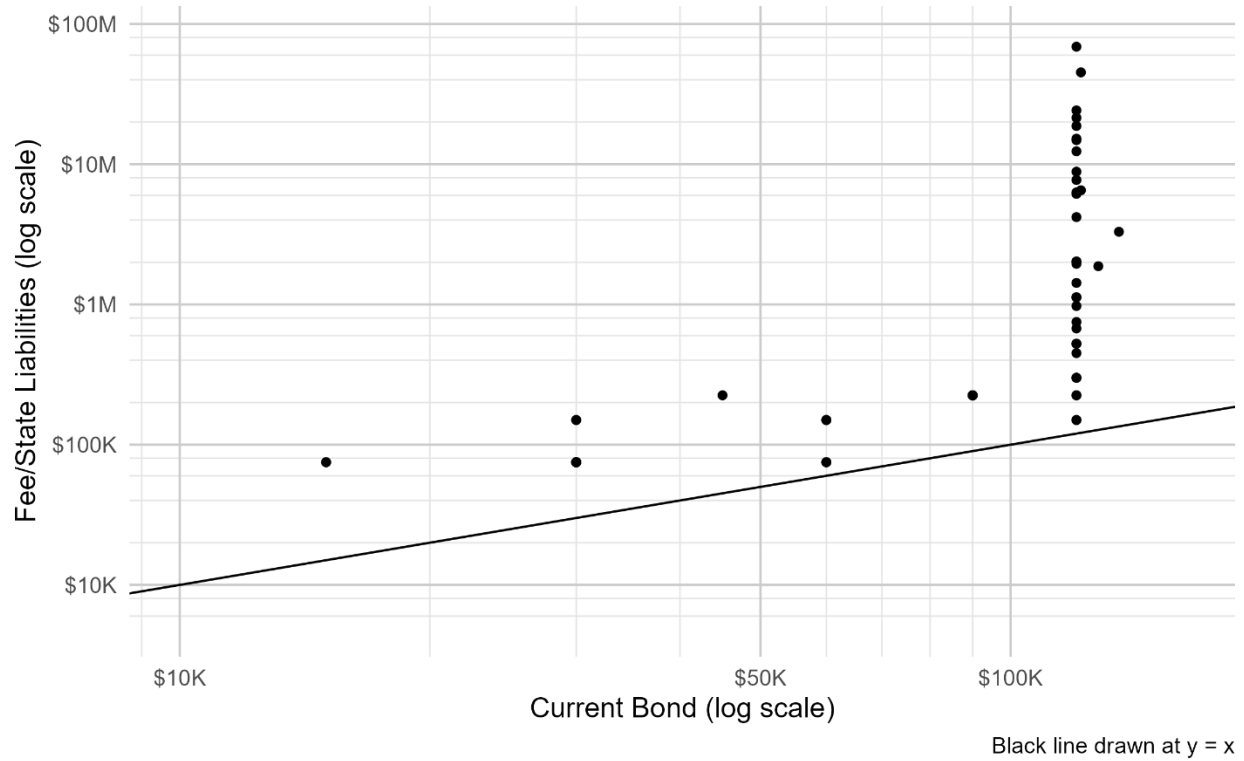


The first column shows total fee/state well liabilities across all firms. The second column shows at-risk only fee/state well liabilities across all firms. The third column shows current bonding across all firms, clearly lower than the at-risk liability amount. The fourth column shows projected bonding amounts very close to at-risk liabilities, which is desirable but also leaves little margin for error. Rising plugging and reclamation costs or an unexpected economic disruption could quickly lead to orphan well plugging liabilities that exceed available bonding.

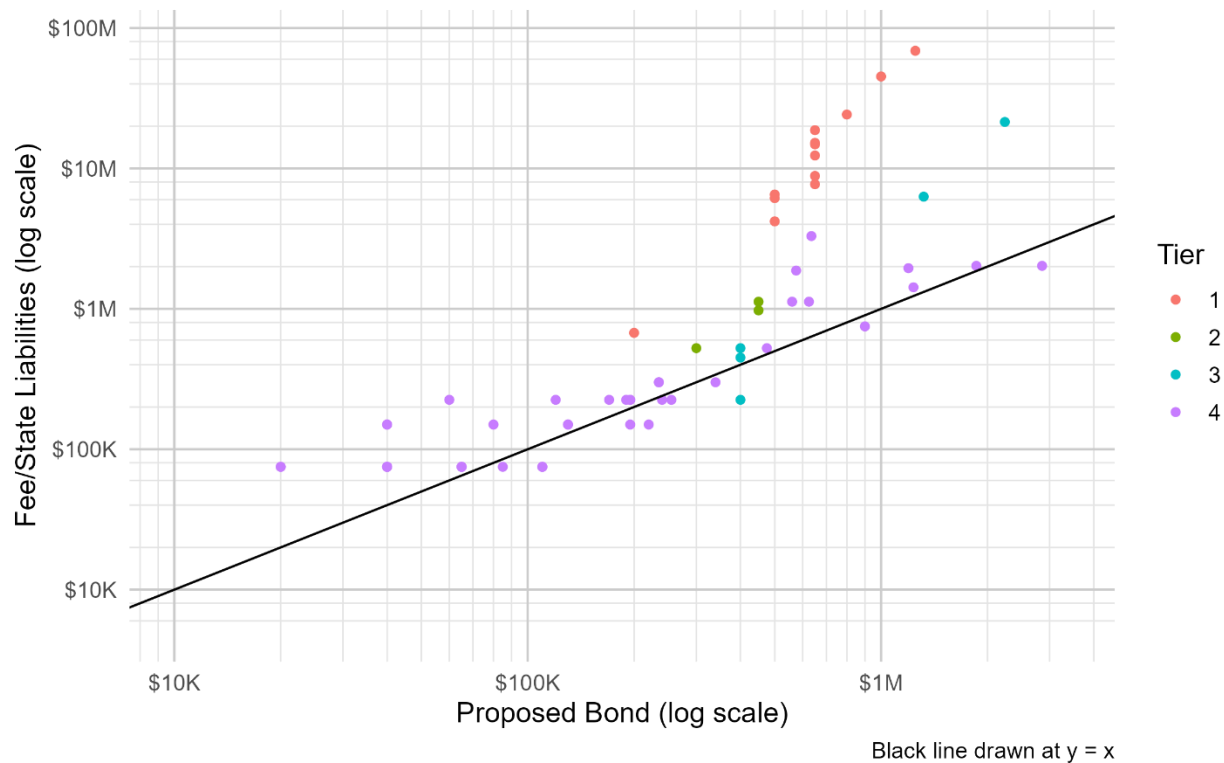
Increase in Bonding Amounts Between Current and Proposed Rules



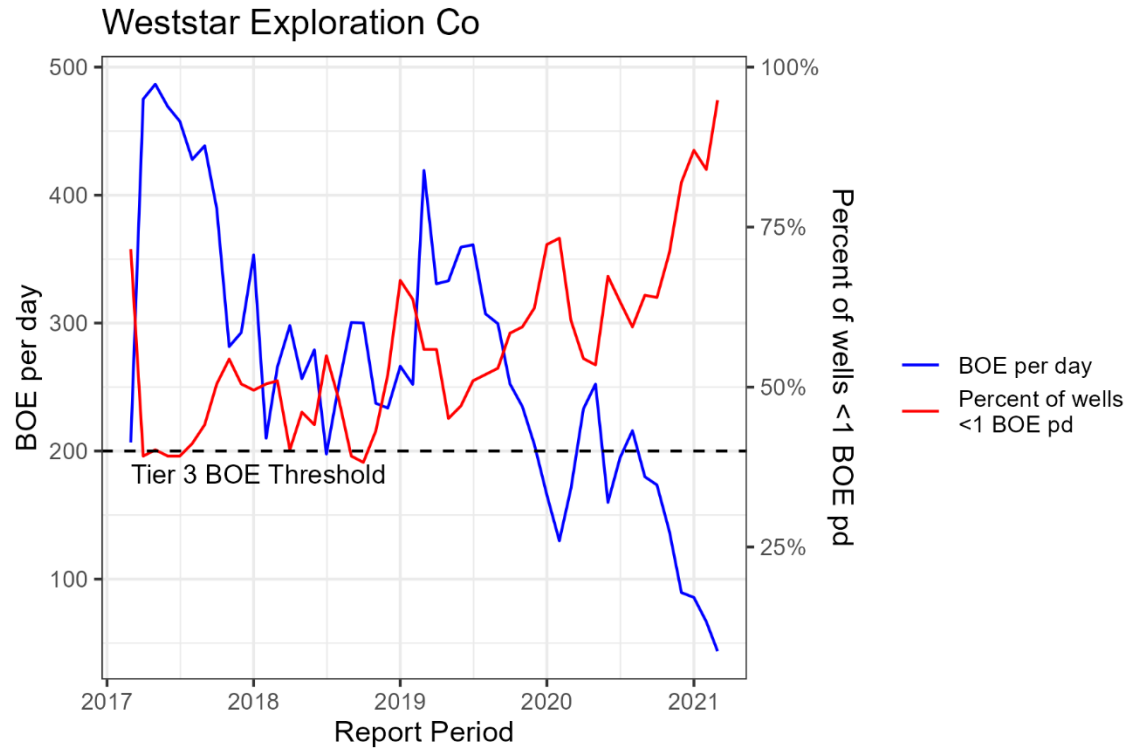
This plot shows projected increases in bonding amount if the proposal is adopted as currently written. Bonding for higher risk operators (those with a high percentage of At-Risk Wells) would increase much more substantially than operators with lower orphan risk well portfolios.



This plot shows firms' current bonds compared to their fee/state liabilities. Most firms pay \$120k in blanket bonds, which in many cases is a tiny fraction of their liabilities (in some cases hundreds of times less).



This plot shows proposed bonding compared to fee/state liabilities, with firms identified by Tier (Tier 4 in fact refers to wells that do not qualify for Tiers 1-3 and must obtain single-well depth bonds for all their wells). Operators with higher orphan well risk will be bonded closer to actual plugging costs, while operators with less risk are bonded at increasingly small fractions of their plugging costs as their Tiers increase. This is the expected outcome with a tailored, risk-based bonding regime.



This plot shows that production volume alone does not provide a complete picture of an operator's financial health or stability. It also shows how quickly an operator with a high percentage of exceptionally low producing wells can falter and leave the state with significant orphan well liabilities.