

R649. Natural Resources; Oil, Gas and Mining; Oil and Gas.

R649-1. Oil and Gas Definitions.

R649-1-1. Definitions.

"Active Well" means a well that is drilled, completed and is currently being utilized for disposal or injection of fluids related to oil and gas.

"Adjudicative proceeding" means an agency action or proceeding that determines the legal rights, duties, privileges, immunities, or other legal interests of one or more identifiable persons, including any agency actions to grant, deny, revoke, suspend, modify, annul, withdraw, or amend an authority, right, or license; and judicial review of any of such actions.

"Agency" means the Board of Oil, Gas and Mining and the Division of Oil, Gas and Mining including the director or division employees acting on behalf of or under the authority of the director or board.

"Agency head" means an individual or body of individuals in whom the ultimate legal authority of the agency is vested by statute.

"Application for Permit to Drill, Deepen or Plug Back" or "APD" means the Form 3 submission required under Section R649-3-4 with the division.

"Aquifer" means a geological formation including a group of formations or part of a formation that is capable of yielding a significant amount of water to a well or spring.

"At Risk Well" means a State Well that produces less than an average of 1 BOE per day for the first 12 consecutive months of the previous 15-month period, or an Injection Well with zero injection activity for the same period. **This definition does not include a well with drilling operations suspended conductor status in the division's database.**

"At Risk Well Ratio" means an operator's total number of At Risk Wells divided by the Total Well Count.

"At Risk Well Supplement Amount" means the amount calculated in accordance with Subsection R649-13-3(1)(b)(i)(B).

"Authorized Agent" means a representative of the director as authorized by the board.

"Authority for Expenditure" or "AFE" is a detailed written statement made in good faith by an operator memorializing the total estimated costs to be incurred in the drilling, testing, completion and equipping of a well for oil and gas operations.

"Average TVD" means the average true vertical depth of all State Wells for an operator.

"Barrel" means 42 gallons at 60 degrees Fahrenheit at atmospheric pressure.

"Board" means the Board of Oil, Gas and Mining.

"BOE" means one barrel of oil equivalency. For conversion of gas production in calculating average daily production, 5,800 cubic feet of natural gas is equivalent to one BOE.

"Bond Calculation" means the calculation of the Performance Bonds as provided in Section R649-13-2 or Rule R649-13 as applicable.

"Carrier, Transporter or Taker" means any person moving or transporting oil or gas away from a well or lease or from any pool.

"Casing Pressure" means the pressure within the casing or between the casing and tubing at the wellhead.

"Class II Injection Well" means a well that is used for:

- (1) the disposal of fluids that are brought to the surface in connection with conventional oil or natural gas production and that may be commingled with wastewater produced from the operation of a gas plant that is an integral part of production operations, unless that wastewater is classified as a hazardous waste at the time of injection;
- (2) enhanced recovery of oil or gas; or
- (3) storage of hydrocarbons that are liquids at standard temperature and pressure conditions.

"Closed System" means the use of a combination of solids control equipment including a shale shaker, flowline cleaner, desanders, desilters, mud cleaners, centrifuges, agitators, and any necessary pumps and piping incorporated in a series on the rig's steel mud tanks, or a self contained unit that eliminates the use of a reserve pit to dump and dilute drilling fluids for the removal of entrained drill solids. A closed system for Title R649 rules may with division approval include the use of a small pit to receive cuttings, but does not include the use of trenches for the collection of fluids of any kind.

"Coalbed Methane" means natural gas that is produced, or may be produced, from a coalbed and rock strata associated with the coalbed.

"Collateral Bond" means an agreement in a sum certain executed by the operator as principal which is supported by the deposit with the division of:

- (1) a cash account, which will be the deposit of cash in one or more federally-insured account, payable only to the division upon demand, or the deposit of cash directly with the division;
- (2) negotiable certificates of deposit, made payable or assigned to the division and placed in its possession, or held by a federally insured bank authorized to do business in Utah; or
- (3) an irrevocable letter of credit of any bank authorized to do business in the United States.

"Completion of a Well" means that the well has been adequately worked to be capable of producing oil or gas or that well testing as required by the division has been concluded.

"Confining Strata" refers to a body of material that is relatively impervious to the passage of liquid or gas and that occurs either below, above, or lateral to a more permeable material in such a way that it confines or limits the movement of liquids or gases that may be present.

"Controlling Interest" means an ownership of more than 50% of the voting shares or equity in a company, project, or asset, granting the holder the power to make key operational, financial, and strategic decisions. This includes decisions about

exploration, production, asset management, or corporate governance. In the absence of more than 50% or greater percentage the largest percentage ownership will be the controlling interest.

"Correlative Rights" means the opportunity of each owner in a pool to produce a just and equitable share of the oil and gas in the pool without waste.

"Cubic Foot" of gas means the volume of gas contained in one cubic foot of space at a standard pressure base of 14.73 psia and a standard temperature base of 60 degrees Fahrenheit.

"Day" means a period of 24 consecutive hours.

"Development Wells" means any oil and gas producing wells other than wildcat wells.

"Director" means the executive and administrative head of the division.

"Disposal Facility" means a facility that uses an injection well to dispose of produced water. This includes both commercial and noncommercial facilities.

"Division" means the Division of Oil, Gas and Mining.

"Drilling" means creating a bore hole for, or to be used for, producing, extracting, or injecting gas, petroleum, or another liquid related to oil and gas production or storage, including brine disposal, but excluding a bore hole drilled to produce potable water.

"Drilling Fluid" means a circulating fluid usually called mud, that is introduced in a drill hole to lubricate the action of the rotary bit, remove the drilling cuttings, and control formation pressures.

"Drilling Operations Suspended" means

(1) the cessation of drilling, or re-drilling of a well where the drilling rig is released before the well has reached its permitted total depth and the well has not been drilled deeper or plugged or completed as a well capable of producing oil or gas within one year from the date the drilling rig was released from the well; or

(2) drilling has not been continued below the deepest depth to which conductor pipe or surface casing, or both, was set in the well within one year from the date the spudder, hammer, drilling rig or equivalent rig type was released from the well.]

"Drilling Operations Suspended Conductor" (OPSC) means the cessation of drilling, or re-drilling of a well where the drilling rig was released after the conductor pipe was drilled and is drilled to less than 500 feet.

"Drilling Operations Suspended" (OPS) means the cessation of drilling, or re-drilling of a well where the drilling rig was released before the well is officially abandoned or completed and is drilled past 500 feet.

"E and P Products" means Exploration and Production Products, and is defined as produced water, drilling fluids and other materials associated with the exploration, development and production of crude oil and natural gas, which are recyclable.

"E and P Recycling Facility" means Exploration and Production Recycling Facility, and is defined as any facility or site constructed or used for the primary purpose to recycle E and P products, making them available for reuse.

"E and P Waste" means Exploration and Production Waste, and is defined as waste resulting from the drilling of and production from an oil and gas well as determined by the Environmental Protection Agency (EPA), before January 1, 1992, to be exempt from Subtitle C of the Resource Conservation and Recovery Act (RCRA).

"Emergency Pit" means a pit used for containing any fluid at an operating well during an actual emergency or for a temporary period.

"Enhanced Recovery" means the process of introducing fluid or energy into a pool to increase the recovery of hydrocarbons from the pool.

"Enhanced Recovery Project" means the injection of liquids or hydrocarbon or non-hydrocarbon gases directly into a reservoir to augment reservoir energy, modify the properties of the fluids or gases in the reservoir, or change the reservoir conditions to increase the recoverable oil, gas, or oil and gas through the joint use of two or more well bores.

"Entity" means a well or a group of wells that have identical division of interest, have the same operator, produce from the same formation, have product sales from a common tank, LACT meter, gas meter, or are in the same participating area of a properly designated unit. Entity number assignments are made by the division in cooperation with other state government agencies.

"Existing Liability" means an outstanding obligation of the operator to the division, which includes:

- (1) where wells or facilities have been abandoned and not properly plugged and reclaimed;
- (2) where a forfeited bond was insufficient to cover plugging and restoration costs and additional costs incurred by the division in plugging and restoration have failed to be repaid;
- (3) a violation of, or failure to comply with, a final order of the division or the board and is not pending appeal; or
- (4) a failure to pay in full a final outstanding administrative penalty imposed by the division or board and is not pending appeal.

"Field" means the general area underlain by one or more pools.

"Gas" means natural gas or natural gas liquids or other gas or any mixture thereof defined as follows:

(1) "Natural Gas" means those hydrocarbons, other than oil and other than natural gas liquids separated from natural gas, that occur naturally in the gaseous phase in the reservoir and are produced and recovered at the wellhead in gaseous form. Natural gas includes coalbed methane.

(2) "Natural Gas Liquids" means those hydrocarbons initially in reservoir natural gas, regardless of gravity, that are separated in gas processing plants from the natural gas as liquids at the surface through the process of condensation, absorption, adsorption, or other methods.

(3) "Other Gas" means hydrogen sulfide (H₂S), carbon dioxide (CO₂), helium (He), nitrogen (N), and other nonhydrocarbon gases that occur naturally in the gaseous phase in the reservoir or are injected into the reservoir in connection with pressure maintenance, gas cycling, or other secondary or enhanced recovery projects.

"Gas-Oil Ratio" means the ratio of the number of cubic feet of natural gas produced to the number of barrels of oil concurrently produced during any stated period. The term GOR is synonymous with gas-oil ratio.

"Gas Processing Plant" means a facility in which liquefiable hydrocarbons are removed from natural gas, including wet gas or casinghead gas, and the remaining residue gas is conditioned for delivery for sale, recycling or other use.

"Gas Well" means any well capable of producing gas in substantial quantities that is not an oil well.

"Ground Water" means water in a zone of saturation below the ground surface.

"Hearing" means any matter heard before the board or its designated hearing examiner.

"Horizontal Well" means a well bore drilled laterally at an angle of at least 80 degrees to the vertical or with a horizontal projection exceeding one hundred feet measured from the initial point of penetration into the productive formation through the terminus of the lateral in the same common source of supply.

"Illegal Oil or Illegal Gas" means oil or gas that has been produced from any well within the state in violation of Title 40, Chapter 6, Board and Division of Oil, Gas and Mining, or any rule or order of the board.

"Illegal Product" means any product derived in whole or in part from illegal oil or illegal gas.

"Inactive Well" means a well that is drilled, completed and currently not being utilized for disposal or injection of fluids related to oil and gas.

"Incremental Production" means that part of production that is achieved from an enhanced recovery project that would not have economically occurred under the reservoir conditions existing before the project and that has been approved by the division as incremental production.

"Injection or Disposal Well" means any Class II Injection Well used for the injection of air, gas, water or other substance into any underground stratum.

"Interest Owner" means a person owning an interest, which may include working interest, royalty interest, payment out of production, or any other interest, in oil or gas, or in the proceeds thereof.

"Joint Operating Agreement" or "JOA" is an agreement for the exploration, development, and production for oil, gas or other minerals between parties entitled to participate pursuant to the ownership of said minerals or leaseholds covering said minerals, which are subject to the contract area, which may be inclusive of a drilling unit, described therein.

"Large Capacity Storage Tank" means a tank that is designed to be disassembled and reassembled for temporary set up and take down with volume above 500 barrels.

"License" means a franchise, permit, certification, approval, registration, charter, or similar form of authorization required by statute.

"Load Oil" means any oil or liquid hydrocarbon that is used in any remedial operation in an oil or gas well.

"Log or Well Log" means the written record progressively describing the strata, water, oil or gas encountered in drilling a well with such additional information as is usually recorded in the normal procedure of drilling including electrical, radioactivity, or other similar conventional logs, a lithologic description of samples and drill stem test information.

"Long Term Produced Water Recycling Pond Facility" means a facility that contains ponds that are designed, maintained and operated for the reuse of produced water in oil and gas operations, and not designed primarily for evaporation.

"Major Modification" means any structural or operational change at an E and P Recycling Facility that significantly alters the volume of E and P products managed or changes the processes used to recycle and make these products available for reuse.

"Multiple Zone Completion" means a well completion in which two or more separate zones, mechanically segregated one from the other, are produced simultaneously from the same well.

"Notice of Opportunity to Participate" means the written notice of opportunity to participate in a well for oil and gas operations required under Subsections 40-6-2(4) and (12) to be provided to an owner and which includes an offer to lease if the owner is an unleased owner, and an offer for the owner to directly participate financially, in proportion to the owner's interest in the drilling, testing, completion, equipping and operation of the subject well and which includes:

(1) the approximate surface and, bottom hole location of the subject well by county, township, range, section, quarter-quarter section or substantially equivalent lot, and footages from directional section lines;

(2) the proposed well name;

(3) the proposed total distance from the surface of the ground to the terminus measured along the vertical and lateral components if the well is a horizontal well;

(4) the proposed total depth;

(5) the objective productive zone and the approximate depth and locations of producing intervals in the borehole;

(6) the approximate date upon which the subject well was or will be spud;

(7) a joint operating agreement proposed in good faith by the operator for operation of the drilling unit upon which the subject well is to be drilled;

(8) an AFE for the subject well;

(9) a statement that a refusal to agree to either lease or participate in the subject well may result in the imposition of the statutory risk compensation award allowed under Subsection 40-6-6.5(4)(d)(i)(D) of between 150% and 400% as determined by the board; and

(10) a statement that any initial compulsory pooling order may apply to subsequent wells within the drilling unit including any statutory risk compensation award imposed under Utah law pursuant to Subsection 40-6-6.5(12).

"Oil" means crude oil or condensate or any mixture thereof, defined as follows:

(1) "Crude Oil" means those hydrocarbons, regardless of gravity, that are produced at the wellhead in liquid form and occur naturally in the liquid phase in the reservoir or are produced through enhanced recovery operations authorized by the board in accordance with Subsection 40-6-5(3)(c).

(2) "Condensate" means those hydrocarbons, regardless of gravity, that occur naturally in the gaseous phase in the reservoir that are separated from the natural gas as liquids through the process of condensation either in the reservoir, in the well bore or at the surface in field separators.

(3) "Oil and Gas" may not include gaseous or liquid substances derived from coal, oil shale, tar sands or other hydrocarbons classified as synthetic fuel, except tar sands produced at the wellhead in liquid form through enhanced recovery operations authorized by the board in accordance with Subsection 40-6-5(3)(c).

"Oil and Gas Field" means a geographical area overlying an oil and gas pool.

"Oil Well" means any well capable of producing oil in substantial quantities.

"Operator" means the person who has been designated by the owners or the board to operate a well or unit.

"Operatorship" means the exclusive right, privilege and obligation of exercising any rights granted by the owners or the board to act as operator of a well or drilling unit which rights are necessary and effective for prospecting for, producing, storing, allocating and distributing oil and gas extracted from a well or a drilling unit.

"Owner" means the person who has the right to drill into and produce from a reservoir and to appropriate the oil and gas that they produce, either for themselves and others.

"Party" means the board, division, or other person commencing an adjudicative proceeding, any respondents, any persons permitted by the board to intervene in the proceeding, and any persons authorized by statute or agency rule to participate as parties in an adjudicative proceeding.

"Performance Bond" or "Bond" means a surety bond or collateral bond, or a combination thereof, payable to the division, and conditioned upon the faithful performance by the operator of all requirements of Title 40, Mines and Mining, Title R649, the State Program, and of the duty to plug each dry or abandoned well, repair each well causing waste or pollution, maintain and restore the well site, and complete reclamation of other permitted oil and gas activity.

"Person" means an individual, group of individuals, partnership, corporation, association, political subdivision or its units, governmental subdivision or its units, public or private organization or entity of any character, or another agency.

"Pit" means an earthen surface impoundment constructed to retain fluids and oil field wastes.

"Pollution" means such contamination or other alteration of the physical, chemical or biological properties of any waters of the state, or the discharge of any liquid, gaseous or solid substance into any waters of the state in such manner as will create a nuisance or render such waters harmful, detrimental or injurious to the public health, safety or welfare; to domestic, commercial, industrial, agricultural, recreational, or other legitimate beneficial uses; or to livestock, wild animals, birds, fish or other aquatic life.

"Pool" means an underground reservoir containing a common accumulation of oil or gas or both. Each zone of a general structure that is completely separated from any other zone in the structure is a separate pool. "Common source of supply" and "reservoir" are synonymous with "pool."

"Preparation for Drilling" means:

- (1) mobilization of drilling equipment; or
- (2) erecting a drilling rig; or
- (3) diligently engaging in other work necessary to prepare the well site, including commencement of access road and pad construction.

"Presiding Officer" means an agency head, or an individual or body of individuals designated by the agency head, by the agency's rules, or by statute to conduct an adjudicative proceeding. The board, or its appointed hearing examiner, may be considered the presiding officer of any appeals or informal adjudicative proceedings that is commenced before the division as well as any adjudicative proceeding that is commenced before the board. The director or their designated agent may be considered a presiding officer for any informal adjudicative proceedings that is commenced before the division. If fairness to the parties is not compromised, an agency may substitute one presiding officer for another during any proceeding.

"Pressure Maintenance" means the injection of gas, water or other fluids into a reservoir, either to increase or maintain the existing pressure in such reservoir or to retard the natural decline in the reservoir pressure.

"Produced Water" means water that is:

- (1) extracted below the earth's surface by an oil and gas producing well, or separated from hydrocarbons after extraction; and
- (2) Required to be managed pursuant to board rules for waste management and disposal made pursuant to Subsection 40-6-5(3) and in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking act.

"Producer" means the owner or operator of a well capable of producing oil or gas.

"Producing Well" means a well capable of producing oil or gas.

"Product" means any commodity made from oil and gas.

"Production Facilities" means any storage, separation, treating, dehydration, artificial lift, power supply, compression, pumping, metering, monitoring, flowline, and other equipment directly associated with oil wells, gas wells or injection wells, before any processing plant or refinery.

"Purchaser or Transporter" means any person who, acting alone or jointly with any other person, by their own, an affiliated, or designated carrier, transporter or taker, shall directly or indirectly purchase, take or transport by any means, or who shall otherwise remove from any well or lease, oil or gas produced from any pool, excepting royalty portions of oil or gas taken in kind by an interest owner who is not the operator.

"Recompletion" means any completion in a new perforated interval or pool within an established wellbore and approved as a recompletion by the division.

"Recycling" means to take action to recover E and P products from solid waste generated by oil and gas operations for the purposes of use or reuse, conversion into raw materials, or use in the production of new products.

"Refinery" means a facility, other than a gas processing plant, where controlled operations are performed by which the physical and chemical characteristics of petroleum or petroleum products are changed.

"Reserve Pit" means a pit used to retain fluid during the drilling, completion, and testing of a well.

"Resource Detriment" means: damage, harm or detriment to the mineral estate or oil and gas formation; pollution or surface damages as specified in Section R649-3-15; damage, harm or detriment to the surface estate or Surface Land as defined in Subsection 40-6-2(25); damage to a Surface land owner's property as defined in Subsection 40-6-2(27); or damage, harm or detriment to livestock or wildlife.

"Respondent" means any person against whom an adjudicative proceeding is initiated whether by an agency or any other person.

"Seismic Operator" means a person who conducts seismic exploration for oil or gas, whether for themselves or as a contractor for others.

"State At Risk Well" means a State Well that is an At Risk Well.

"State Well" means any well located in Utah that either penetrates, or proposes to penetrate, fee or state minerals or is a well that is not otherwise subject to a performance bond with a federal tribal or other governmental agency having jurisdiction and that, at the time of Bond Calculations, has one of the following statuses in the division's database: active, drilling, **drilling operations suspended conductor**, drilling operations suspended, inactive, producing, shut-in, and temporarily abandoned.

"State Well Count" means the total number of an Operator's State Wells at the time of Bond Calculation.

"Shut-in Well" means a well that is completed, is shown to be capable of production in paying quantities, and is not presently being operated.

"Spud In" means the first boring of a hole in the drilling of a well by any type of rig.

"State" means the State of Utah.

"Stratigraphic Test or Core Hole" means any hole drilled for the sole purpose of obtaining geological information. The general rules applicable to the drilling of a well will apply to the drilling of a stratigraphic test or core hole.

"Surety Bond" means an indemnity agreement in a sum certain payable to the division, executed by the operator as principal and which is supported by the performance guarantee of a company licensed to do business as a surety in Utah.

"Temporarily Abandoned Well" means a well that is **incapable of production or injection without downhole intervention. This status requires downhole work and approval from the division.** ~~completed, is shown not capable of production in paying quantities, and is not presently being operated.~~

"Temporary Produced Water Recycling Tank Facility" means a facility that contains a large capacity storage tank set on or near drill sites that is used for nearby well completion activities.

"Temporary Spacing Unit" means a specified area of land designated by the board for purposes of determining well density and location. A temporary spacing unit may not be a drilling unit as provided for in Section 40-6-6, Drilling Units, and does not provide a basis for pooling the interest therein as does a drilling unit.

"Total Well Count" means the total number of wells operated by a single operator in the state regardless of ownership of the minerals penetrated and that, at the time of Bond Calculations, has one of the following statuses in the division's database: active, drilling, **drilling operations suspended conductor**, drilling operations suspended, inactive, producing, shut-in, and temporarily abandoned.

"Underground Source of Drinking Water" (USDW) means a fresh water aquifer or a portion thereof that supplies drinking water for human consumption or that contains less than 10,000 mg/1 total dissolved solids and that is not an exempted aquifer under Section R649-5-4.

"Waste" means:

- (1) The inefficient, excessive or improper use or the unnecessary dissipation of oil or gas or reservoir energy.
- (2) The inefficient storing of oil or gas.
- (3) The locating, drilling, equipping, operating, or producing of any oil or gas well in a manner that causes reduction in the quantity of oil or gas ultimately recoverable from a reservoir under prudent and economical operations, or that causes unnecessary wells to be drilled, or that causes the loss or destruction of oil or gas either at the surface or subsurface.
- (4) The production of oil or gas in excess of:
 - (a) Transportation or storage facilities.
 - (b) The amount reasonably required to be produced in the proper drilling, completing, testing, or operating of a well or otherwise utilized on the lease from which it is produced.
- (5) Underground or above ground waste in the production or storage of oil or gas.

"Waste Crude Oil Treatment Facility" means any facility or site constructed or used for wholly or partially reclaiming, treating, processing, cleaning, purifying or in any manner making non-merchantable waste crude oil marketable.

"Well" means an oil or gas well, injection or disposal well, or a hole drilled for producing oil or gas or both. The definition of well may not include water wells, seismic, stratigraphic test, core hole, or other exploratory holes drilled to obtain geological information only.

"Well Site" means the areas that are directly disturbed during the drilling and subsequent use of, or affected by production facilities directly associated with any oil well, gas well or injection well.

"Wildcat Wells" means oil and gas producing wells that are drilled and completed in a pool in which a well has not been previously completed as a well capable of producing in commercial quantities.

"Willful Violation" means any action or inaction done with conscious objective or desire to engage in the action or inaction that a reasonably prudent person would know is likely to cause a violation.

"Working Interest Owner" means the owner of an interest in oil or gas burdened with a share of the expenses of developing and operating the property.

"Workover" means any operation designed to sustain, to restore, or to increase the production rate, the ultimate recovery, or the reservoir pressure system of a well or group of wells and approved as a workover, a secondary recovery, a tertiary recovery, or a pressure maintenance project by the division. The definition may not include operations that are conducted principally as routine maintenance or the replacement of worn or damaged equipment.

KEY: oil and gas law

Date of Last Change: 2026

Notice of Continuation: June 30, 2025

Authorizing, and Implemented or Interpreted Law: 40-6-1 et seq.

R649. Natural Resources; Oil, Gas and Mining; Oil and Gas.

R649-3. Drilling and Operating Practices.

R649-3-36. Shut-in, ~~inactive~~, and Temporarily Abandoned Wells.

(1)~~[1-]~~ Wells may be initially shut-in, ~~inactive~~, or temporarily abandoned for a period of ~~[twelve (12)]~~ consecutive months. If a well is to be shut-in or temporarily abandoned for a period exceeding ~~[twelve (12)]~~ consecutive months, the operator shall file a Sundry Notice providing the following information:

(a)~~[1-]~~ Reasons for shut-in, ~~inactive~~, or temporarily abandonment of the well,
(b)~~[1-]~~ The length of time the well is expected to be shut-in, ~~inactive~~, or temporarily abandoned, and
(c)~~[1-]~~ An explanation and supporting data, for showing the well has integrity, meaning that the casing, cement, equipment condition, static fluid level, pressure, existence or absence of Underground Sources of Drinking Water and other factors do not make the well a risk to public health and safety or the environment.

(2)~~[2-]~~ After review the division will either approve the continued shut-in, ~~inactive~~, or temporarily abandoned status or require remedial action to be taken to establish and maintain the well's integrity.

(3)~~[3-]~~ After ~~five (5)~~ years of nonactivity or nonproductivity, the well shall be plugged in accordance with Subsection R649-3-24, unless approval for extended shut-in time is given by the division upon a showing of good cause by the operator.

(4)~~[4-]~~ If after a ~~five (5)~~ year period the well is ordered plugged by the division, and the operator does not comply, the operator shall forfeit the drilling and reclamation bond and the well shall be properly plugged and abandoned under the direction of the division.

KEY: oil and gas law

Date of Last Change: December 3, 2025

Notice of Continuation: June 30, 2025

Authorizing, and Implemented or Interpreted Law: 40-6-1 et seq.; 40-6-5; 40-6-20; 40-6-21

R649. Natural Resources; Oil, Gas and Mining; Oil and Gas.

R649-3. Drilling and Operating Practices.

R649-3-38. Surface Owner Protection Act Provisions.

(1) Title R649 and any subsequent revisions as approved by the board are developed pursuant to the requirements of the Surface Owner Protection Act of 2012 in Title 40, Chapter 6. It is the intent of the board and the division to encourage owners or operators and surface land owners to enter into surface use agreements. Surface use agreements should fairly consider the respective rights of the owner or operator and the surface land owner and also comply with the requirements of Section R649-3-34.

(2) For the purposes of Section R649-3-38, these definitions are utilized.

(a) "Crops" means any growing vegetative matter used for an agricultural purpose, including forage for grazing and domesticated animals.

(b) "Oil and gas operations" means to explore for, develop, or produce oil and gas.

(c) "Surface land" means privately owned land overlying privately owned oil and gas resources, upon which oil and gas operations are conducted, and owned by a surface land owner.

(d) "Surface land owner" means a person who owns, in fee simple absolute, any or part of the surface land as shown by the records of the county where the surface land is located. Surface land owner does not include the surface land owner's lessee, renter, tenant, or other contractually related person.

(e) "Surface land owner's property" means a surface land owner's surface land, crops on the surface land, and existing improvements on the surface land.

(f) "Surface use agreement" means an agreement between an owner or operator and a surface land owner addressing the use and reclamation of surface land owned by the surface land owner and compensation for damage to the surface land caused by oil and gas operations that result in loss of the surface land owner's crops on the surface land, loss of value of existing improvements owned by the surface land owner on the surface land, and permanent damage to the surface land.

(3) Oil and gas operations shall be conducted in such manner as to prevent unreasonable loss of a surface land owner's crops on surface land, unreasonable loss of value of existing improvements owned by a surface land owner on surface land, and unreasonable permanent damage to surface land.

(4) In accordance with Section 40-6-20, an owner or operator may enter onto surface land under which the owner or operator holds rights to conduct oil and gas operations and use the surface land to the extent reasonably necessary to conduct oil and gas operations and consistent with allowing the surface land owner the greatest possible use of the surface land owner's property, to the extent that the surface land owner's use does not interfere with the owner's or operator's oil and gas operations.

(a) Except as is reasonably necessary to conduct oil and gas operations, an owner or operator shall mitigate the effects of accessing the surface land owner's surface land, minimize interference with the surface land owner's use of the surface land owner's property, and compensate a surface land owner for unreasonable loss of a surface land owner's crops on the surface land, unreasonable loss of value to existing improvements owned by a surface land owner on the surface land, and unreasonable permanent damage to the surface land.

(b) An owner or operator may but is not required to obtain location or spacing exceptions from the division or board or utilize directional or horizontal drilling techniques that are not technologically feasible, economically practicable, or reasonably available.

(5) In accordance with Section 40-6-21, non-binding mediation may be requested by a surface land owner and an owner or operator, by providing written notice to the other party, if they are unable to agree on the amount of damages for unreasonable crop loss on the surface land, unreasonable loss of value to existing improvements owned by the surface land owner on the surface land, or unreasonable permanent damage to the surface land.

(a) A mediator may be mutually selected by a surface land owner and an owner or operator from a listing of qualified mediators maintained by the division and the Utah Department of Agriculture and Food, which includes the mediators identified on the Utah State Courts website with "property" or "real estate" as an area of expertise, or a mediator may be selected from any other source.

(b) The surface land owner and the owner or operator shall equally share the cost of the mediator's services.

(c) The mediation provisions of this subsection do not prevent or delay an owner or operator from conducting oil and gas operations in accordance with applicable law.

(6) A surface use bond shall be furnished to the division by the owner or operator, in accordance with Subsection (6)(a) through (6)(j).

(a) A surface use bond does not apply to surface land where the surface land owner is a party to, or a successor of a party to:

(i) A lease of the underlying privately owned oil and gas;

(ii) A surface use agreement applicable to the surface land owner's surface land; or

(iii) A contract, waiver, or release addressing an owner's or operator's use of the surface land owner's surface land.

(b) The surety bond or other guarantee shall be in an amount of not less than \$10,000 per well on the land **and no more than \$500,000 per well paid.** ~~[unless the operations involve seismic activities.]~~ The surface use bond shall be conditioned upon the performance by the owner or operator of the duty to protect a surface land owner against unreasonable loss of crops on surface land, unreasonable loss of value of existing improvements, and unreasonable permanent damage to surface land.

(c) The surface use bond shall be furnished to the division on Form 4S after good faith negotiation and before the approval of the application for permit to drill. The mediation process identified in Subsection R649-3-38(5) may begin and is encouraged to be completed.

(d) The division may accept a surface use bond in the form of a cash account or a certificate of deposit as provided in Subsection R649-13-1(2). Interest will remain within the account.

(e) The division may allow the owner or operator, or a subsequent owner or operator, to replace an existing surface use bond with another bond that provides sufficient coverage.

(f) The surface use bond shall remain in effect by the operator until released by the division.

(g) The surface use bond shall be payable to the division for the use and benefit of the surface land owner, subject to Title R649.

(h) The surface use bond shall be released to the owner or operator after the division receives sufficient information that:

(i) A surface use agreement or other contractual agreement has been reached;

(ii) Final resolution of the judicial appeal process for an action for unreasonable damages, as defined in Subsection R649-3-38(6)(b), has occurred and have been paid; or

(iii) Plugging and abandonment of the well is completed.

(j) The division shall make a reasonable effort to contact the surface land owner before the division's release of the surface use bond.

KEY: oil and gas law

Date of Last Change: 2026

Notice of Continuation: June 30, 2025

Authorizing, and Implemented or Interpreted Law: 40-6-1 et seq.; 40-6-5; 40-6-20; 40-6-21

R649. Natural Resources; Oil, Gas and Mining; Oil and Gas.

R649-13. Performance Bonds.

R649-13-1. Performance Bonds Required for Oil and Gas Activities.

(1) Before approval of a permit to drill a new well or engaging in any permitted oil and gas activity in Utah, an operator shall provide a performance bond to the division as set forth in Rule R649-13.

(a) Oil and gas activities include:

(i) drilling, completion or recompletion of an oil or gas well;

(ii) production of oil or gas;

(iii) re-entering an abandoned well;

(iv) activities commenced by a transferee upon a transfer of ownership of existing wells;

(v) Underground Injection Control (UIC) disposal and Enhanced Oil Recovery (EOR) Operations;

(vi) operation of E&P product recycling facilities; and

(vii) seismic exploration.

(b) Except as set forth in Subsection R649-13-1(c), the division will not require a separate bond when an operator furnishes evidence to the division that a bond to cover plugging and restoration and in a form and amount acceptable to the division is held by other governmental or tribal entities in accordance with state, federal or tribal regulatory requirements and has been approved by the agency having jurisdictional primacy over oil and gas operations for each permitted oil and gas activity.

(c) If a federally permitted well with private or state surface does not penetrate the targeted federal or Tribal minerals and the federal bonding agency releases or excludes the well from their bonding, the well will be regulated by the division and bonded according to Section R649-13-2 or R649-13-3.

(d) Except as set forth in Section R649-13-6, performance bonds shall remain in full force and effect until liability thereunder is released by the division.

(e) Should the division determine that an operator is not appropriately bonded, the division shall provide written notice to the operator of the bonding deficiencies. Except as provided in Subsection R649-13-6(b), if the operator fails to obtain appropriate bonding within 120 days, the division may require an operator to immediately cease all oil and gas activities until the operator complies with the bonding requirements.

(f) A performance bond furnished to the division shall be payable to the division and conditioned upon the faithful performance by the operator of the duty to plug each dry or abandoned well, repair each well causing waste or pollution, maintain and restore the well site and complete reclamation of other permitted oil and gas activity.

(g) The form and amount of the performance bond must be approved by the division. Subject to the requirements of Subsection (2), acceptable forms may include a surety bond, a collateral bond, cash, certificates of deposit, letters of credit or a combination of these bonding methods.

(h) Performance bond liability shall be for the duration of the drilling, operating, plugging, restoration of the well and well site, and reclamation of other permitted oil and gas activity.

(i) To ensure continuous coverage, a performance bond shall be automatically renewable or the operator shall ensure continuous bond coverage by replacing a bond, if necessary, at least 30 days before the expiration date with another acceptable bond.

(2) General Terms & Conditions of Performance Bonds.

(a) Each performance bond shall provide a mechanism for the surety, or other guarantor of the performance bond, to provide prompt notice to the division and the operator of any action filed alleging the insolvency or bankruptcy of the surety or guarantor, or alleging violations that would result in suspension or revocation of the surety's or guarantor's charter or license to do business.

(i) Upon the incapacity of the surety or guarantor to guarantee payment of the performance bond by reason of bankruptcy, insolvency, or suspension or revocation of a charter or license, the operator shall be deemed to be without bond coverage.

(ii) Upon notification of insolvency or bankruptcy, the division shall notify the operator in writing of the lack of bond coverage and shall specify a reasonable period, not to exceed 90 days, to provide substitute bond coverage. The 90-day period may be extended upon written request and a showing of good cause to the division or the board.

(b) Surety Bonds.

(i) A surety bond shall be executed by the operator and a surety company licensed to do business in Utah that is listed in "A.M. Best's Key Rating Guide" at a rating of A- or better. All surety companies will also be listed in the current issue of the U.S. Department of the Treasury Circular 570.

(ii) When the division notifies an operator that a surety company guaranteeing its performance does not meet the standard of Subsection (2)(b)(i), the operator shall have 120 days after notice from the division to obtain bond coverage which complies with this rule.

(iii) A surety bond will be forfeited and collected by the division if not replaced by an acceptable bond at least 30 days before its expiration date.

(c) Collateral Bonds.

(i) The division may not accept an individual account or certificate of deposit in excess of the maximum insurable amount as determined by the Federal Deposit Insurance Corporation;

(ii) The division shall require that certificates of deposit be made payable to or assigned to the division both in writing and upon the records of the bank issuing the certificates. If assigned to the division, the division shall require the bank issuing the certificate to waive all rights of setoff or liens against that certificate.

(iii) Any interest paid on a cash account or certificate of deposit shall be retained in the account and applied to the bond value of the account unless the division has provided written approval for the payment of interest to the operator.

(iv) Letters of credit will be subject to the following conditions:

(A) Letters of credit shall be payable to the division upon demand.

(B) Letters of credit shall be irrevocable during their terms.

(C) Letters of credit shall be issued by a federally insured bank authorized to do business in the United States.

(D) A letter of credit will be forfeited and collected by the division if not replaced by an acceptable bond at least 30 days before its expiration date.

(v) Persons with an interest in collateral posted as a bond, and who desire notification of actions pursuant to the bond, shall request the notification in writing from the division when the collateral is offered.

(d) Transfer of wells.

(i) If the transfer, sale, or exchange of wells between parties results in a change in well performance bond amounts the division may allow the parties to agree to maintain the bonding amount before the transfer, sale, or exchange for a period of up to 12 months to facilitate operational changes. An extension may be requested before the board.

(3) Bonding Schedules.

(a) The board shall adjust the bonding schedules outlined in Section R649-13-4 on a not to exceed five-year cycle to account for inflation based on current data from the Producer Price Index for oil and gas extraction operations. The adjusted schedules shall follow Rulemaking Procedure pursuant to Section 63G-3-301.

(b) Then, upon written notice and a showing of good cause, may require operators to provide performance bonds in amounts greater than set out in this rules. Good cause includes violation of Section R649-3-36, Shut-in and Temporarily Abandoned Wells, a violation of which shall result in the division requiring a bond amount for the applicable well in the amount of actual plugging and site restoration costs.

(c) An operator may appeal a performance bond determination by the division by filing a request for agency action with the division pursuant to Rule R649-10.

R649-13-2. Individual Well Depth Performance Bonds.

(1) Except as set forth in Section R649-13-3, an operator who, on or after **June[March]** 1, 2026, engages in the drilling, completion, re-entry, deepening, or who acquires a well, shall furnish to the division an individual well depth performance bond in the amount set forth in the approved individual well depth performance bonding schedule.

(2) The individual well depth performance bond amount may be found in Subsection R649-13-4(4).

(3) The division shall provide written notification to each operator of the need to establish or adjust an individual well depth performance bond to conform with an updated bonding schedule or bonding requirement. Within 120 days of such notification by the division the operator shall post the required individual well bond with the division. In the event of a transfer of ownership for the well where there is an approved bond in place the operator shall provide an updated bond amount within 12 months of a transfer of ownership for the well as provided in Subsection R649-13-6(b).

R649-13-3. Blanket Well Performance Bonds.

(1) Blanket Well Performance Bonds

An operator who, on or after **June[March]** 1, 2026, engages in the drilling, completion, re-entry, deepening of a well, or who acquires an existing well, and who meets the qualifications set forth in Subsection (1)(a), may file with the division a blanket well performance bond to cover operations of its State Wells in lieu of an individual well depth performance bond for each well as required by Section R649-13-2.

(a) Qualifications Required for Blanket Well Performance Bonding

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

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

(A) The operator's total well count production is equal to or greater than 1,000 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 20%.

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

(A) The operator's total well count production is equal to or greater than 500 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 22%.

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

(A) The operator's total well count production 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%.

(v) An operator who does not qualify for blanket well performance bonding must provide individual well depth performance bonds for each well as outlined in Section R649-13-2.

(b) Determination of Blanket Well Performance Bond Amount

(i) An operator who qualifies for blanket well performance bonding shall post a bond with the division that equals the total sum of the operator's combined base blanket bond amount and at risk well supplemental amount within the appropriate tier.

(A) Base Blanket Bond Amount Calculation.

(I) An operator's base blanket bond amount is determined in accordance with the base blanket bond table for the appropriate tier outlined in Section R649-13-4.

(II) An operator's base blanket bond amount shall be the amount which corresponds to the operator's total state well count.

~~(ii) For each tier, the allowable percentage of at risk wells exempt from inclusion in the calculation is as follows:~~

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

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

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

(B) At Risk Well Supplement Amount Calculation.

(I) ~~For each tier, the allowable number of at risk wells exempt from inclusion in the at risk well supplemental amount calculation is as follows:~~

~~(A) Tier 1: 20% of state wells;~~

~~(B) Tier 2: 13% of state wells; and~~

~~(C) Tier 3: 8% of state wells.~~

(II) An operator's at risk well supplement amount shall be determined for the number of non-exempt at risk wells, which are the at risk wells exceeding the number of exempt at risk wells described in Subsection (1)(b)(i)(B)(I), ~~[following percentages]~~ and is in accordance with the at risk well supplement table for the appropriate tier outlined in Section R649-13-4.

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

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

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

(III) The depth to be used for this calculation shall be the average TVD.

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

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

(2) determine the average TVD;

(3) identifying the corresponding bond amount for the average TVD for the appropriate tier; and

(4) multiplying the multiple of ten from Subsection (1)(b)(i)(B)(IV~~H~~)(1) by the corresponding bond amount.

(2) Adjustment of Blanket Well Performance Bond Amount.

(a) An operator's blanket well performance bond amount shall be set in accordance with the base blanket bond schedules found in Section R649-13-4, which shall be adjusted [every five years]not to exceed five years as referenced in Subsection R649-13-1(3).

(b) An operator's at risk well supplement will be recalculated under Subsection (1)(b)(i)(B)(IV~~H~~)(1) when an operator's at risk wells increase to the next multiple of ten.

(c) An operator may request a recalculation of its at risk well supplement when an operator's at risk wells decrease by a multiple of ten.

(d) An operator's blanket well performance bond amount shall be recalculated if the division determines the operator's blanket well performance bonding qualifications have changed since the last calculation.

(e) The division shall provide written notification to an operator of the need to increase the amount of its blanket well performance bond to conform with updated bonding schedules or an increase in state at risk wells.

(f) Within 120 days of such notification by the division, the operator shall post a bond with the division in compliance with Rule R649-13 or appeal the decision to the Board of Oil, Gas, and Mining.

R649-13-4. Bonding Schedules.

(1)(a) Tier 1 Requirements:

(i) The operator's total [state] well count production shall be equal to or greater than 1,000 BOE per day average for the previously reportable 12 months; and

- (ii) An at risk well ratio equal to or less than 20%.
- (b)(i) Tier 1 base blanket bond table for total **state** well count:

TABLE BASE BLANKET BOND	
STATE WELL COUNT	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

- (ii) Tier 1 at risk well supplemental schedule for state at risk wells based on average TVD:

TABLE AT RISK WELL SUPPLEMENT SCHEDULE	
AVERAGE TVD	AMOUNT OF BOND PER AT RISK WELL
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+ FEET	\$55,000

- (2)(a) Tier 2 Requirements:

(i) The operator's total **state-well count** production shall be equal to or greater than 500 BOE per day average for the previously reportable 12 months; and

- (ii) An at risk well ratio equal to or less than 22%.
- (b)(i) Tier 2 base blanket bond table for total **state** well count:

TABLE BASE BLANKET BOND	
STATE WELL COUNT	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

(ii) Tier 2 at risk well supplemental schedule for state at risk wells based on average TVD:

TABLE AT RISK WELL SUPPLEMENT SCHEDULE	
AVERAGE TVD	AMOUNT OF BOND PER AT RISK WELL
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

(3)(a) Tier 3 Requirements:

- (i) The operator's total [state] well count production shall be equal to or greater than 200 BOE per day average for the previously reportable 12 months; and
- (ii) An at risk well ratio equal to or less than 25%; or
- (iii) Production greater than 1,000 BOE per day for the previously reportable 12 months with no required at risk well ratio.

(b)(i) Tier 3 base blanket bond table for total [state] well count:

TABLE BASE BLANKET BOND	
STATE WELL COUNT	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

(ii) Tier 3 at risk well supplemental schedule for state at risk wells based on average TVD:

TABLE

AT RISK WELL SUPPLEMENT SCHEDULE	
AVERAGE TVD	AMOUNT OF BOND PER AT RISK WELL
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

(4) Individual Well Depth Performance Bond, which is based on TVD:

TABLE INDIVIDUAL WELL DEPTH PERFORMANCE BOND	
TVD	AMOUNT OF BOND PER WELL
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

R649-13-5. Miscellaneous Bonds.

- (1) Exploration and Production Recycling Facilities shall be bonded as set forth in Section R649-9-9.
- (2) Waste Crude Oil Treatment Facilities shall be bonded as set forth in Section R649-9-9.
- (3) Seismic Exploration operations shall be bonded as set forth in Section R649-3-26.
- (4) Surface bonding shall be required as set forth in Section R649-3-38.

R649-13-6. Replacement of Performance Bonds.

- (1) The division may allow an operator to replace existing performance bonds with other performance bonds that provide sufficient coverage.
- (2) The division shall not release an existing performance bond until the operator has furnished, and the division has approved, an acceptable replacement performance bond.
- (3) Replacement of a performance bond pursuant to this Subsection shall not constitute a release of bond under Section R649-13-7.
- (4) Bond Replacement Due to Change of Operator.
 - (a) No later than 30 days after receipt of a complete Form 16 Operator Change Form, pursuant to Section R649-8-18, the division will provide the current and proposed operator with a determination of the proposed operator's performance bond requirements.
 - (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. After receipt and approval of a plan to remedy the bond inadequacy the division may grant the new operator up to 12 months to remedy the bond inadequacy.
 - (c) The current operator's bond shall not be released until the proposed operator provides adequate replacement bonding.
 - (d) When the division has approved the termination of liability under a bond, the current operator is relieved from the responsibility of plugging or repairing any wells and restoring any well site affected by the operator change.

R649-13-7. Requirements for Performance Bond Release.

(1) The owner or operator may request release of a bond by submitting a request for bond release together with a certification of the mailing of the same to interested parties having standing to challenge the same, including the surface landowner.

(a) Within 30 days of filing a request for bond release with the division, the operator shall submit signed affidavits from the surface landowner of the bonded site certifying that restoration has been performed as required by the surface agreements or to the satisfaction of the parties. These affidavits shall be used by the division in determination of final bond release as required by Subsection R649-3-34(13).

(i) If such affidavits are not submitted, the division shall conduct an inspection in accordance with Subsection (1)(b) upon receiving a written request from the operator.

(ii) The division shall give the operator and surface landowner notice of the date and time of the inspection. If either the operator or the surface landowner are unable to attend the inspection at the scheduled time and date, the division may reschedule the inspection to allow the operator or surface landowner to participate.

(b) Before the approval of a bond release, the division shall conduct an evaluation and inspection of the bonded site as follows:

(i) within 60 days of the filing of the request for bond release, or the conclusion of any associated informal adjudicative proceeding described in Subsection R649-13-6(2)(b), or as soon thereafter as weather conditions permit, the division shall conduct an inspection and evaluation of the bonded site to determine if restoration has been adequately performed.

(ii) The division's evaluation and inspection shall consider the adequacy of the bonded site restoration, the degree of difficulty to complete any remaining restoration, whether pollution of surface and subsurface water is occurring, the probability of future occurrence of such pollution, and the estimated cost of abating such pollution.

(iv) The adequacy of a well site restoration will also evaluate any restoration requirements provided for in Section R649-3-34.

(v) The division shall retain a record of the evaluation and inspection according to the division's approved retention schedule.

(2)(a) If no written objection to the request for bond release is received by the division within 30 days after the filing of the request, the division may release liability under the bond as an administrative action, subject to the evaluation and inspection described in Subsection (1)(b).

(b) If a written objection to the request for bond release is received by the division within 30 days after the filing of the request, the request shall be set for an informal adjudicative proceeding and notice thereof given in accordance with the procedural rules of the division under Rule R649-10.

(i) within 60 days of the conclusion of any associated informal adjudicative proceeding, or as soon thereafter as weather conditions permit, whichever is the later, the division shall conduct an inspection and evaluation of the bonded site to determine if restoration has been adequately performed.

(3)(a) The division shall give written notice of its decision to release or not to release all or part of the performance bond within 30 days after the completion of the inspection and evaluation.

(b) The following parties will be notified of the division's decision:

(i) the operator;

(ii) the surety or other guarantor of the bond;

(iii) other persons with an interest in bond collateral who have requested notification under Subsection R649-13-1(2)(c)(v);

(iv) the persons who filed written objections to the notice of application for bond release; and

(v) any other interested parties identified in the certification of mailing in Subsection (1).

(c) If the decision is made to release the bond, the notification shall also state the effective date of the bond release.

(d) If the division denies the request for bond release or a portion thereof, the written notice shall state the reasons for denial and recommend corrective actions necessary to secure the release.

(4) Release of bond liability shall be conditioned upon compliance with Title 40, Chapter 6, Board and Division of Oil, Gas and Mining, Title R649, Natural Resources; Oil, Gas and Mining; Oil and Gas, and orders of the division and board.

(5) The denial of a request for bond release may be appealed by filing a request for agency action with the division pursuant to Rule R649-10.

R649-13-8. Forfeiture of Performance Bonds.

(1) The division shall take action to forfeit a performance bond if any of the following occur:

(a) the operator refuses or cannot conduct plugging and site restoration;

(b) the operator refuses or cannot repair a well or remediate pollution;

(c) the operator fails to comply with conditions of a permit issued by the division; or

(d) the operator defaults on the conditions under which the bond was accepted.

(2) In the event the division forfeits a bond, the matter will be considered by the board before the division taking any action to plug a well.

(3) After proper notice and hearing, the board may order the division to do the following:

(a) use funds collected from bond forfeiture to complete the plugging and restoration of the well or wells to which bond coverage applies;

(b) enter into a written agreement with the operator or another party to perform plugging and restoration operations in accordance with a compliance schedule established by the division as long as such party has the ability to perform the necessary work;

(c) allow a surety to complete the plugging and restoration, if the surety can demonstrate an ability to complete the plugging and restoration; or

(d) take other actions the board deems reasonable and appropriate.

(4) In the event the amount forfeited is insufficient to pay for the full cost of the plugging and restoration, the division may complete or authorize completion of plugging and restoration and may recover from the operator and its principals all costs of plugging and restoration in excess of the amount forfeited.

(e) In the event the amount forfeited was more than the amount necessary to complete plugging and restoration, the unused funds shall be returned by the division to the party from whom they were collected.

(f) In the event the bond is forfeited and there exists any unplugged well or wells previously covered under the forfeited bond, the operator must establish new bond coverage in accordance with this rule or, upon an order from the division or the board, cease operations until adequate bonding is provided.

R649-13-9. Approval of Bonding Contingent Upon Compliance with Laws.

(1) Division approval of a bond is conditioned upon an operator's compliance with Title 40, Chapter 6, Board and Division of Oil, Gas and Mining, Title R649, Natural Resources; Oil, Gas and Mining; Oil and Gas, and orders of the division and board.

(2) Except as set forth in Subsection (3), the division shall not approve a bond where information available to the division indicates that an operator:

(a) has an existing liability with the division; or

(b) has an owner, officer, director, partner, member or manager of a limited liability company, or other person with a controlling interest in the entity, who has or previously had, a controlling interest in another entity with an existing liability with the division.

(3) The division may approve a bond for an operator with an existing liability if the operator provides proof that the existing liability has been resolved or is in the process of being resolved to the division's satisfaction.

(4) The denial of a bond by the division may be appealed by filing a request for agency action with the board pursuant to Rule R649-10.

R649-13-10. Effective Date of Rule Revisions.

(1) The performance bond amounts for all wells, facilities, and operations permitted after June[March] 1, 2026 shall be determined as set forth in Sections R649-13-2 and R649-13-3 in accordance with the bond schedules referenced in Subsection R649-13-1(3)(a).

(2) Performance bonds for wells, facilities, and operations permitted before June[March] 1, 2026, will be adjusted to conform to the requirements of Sections R649-13-2 and R649-13-3 as follows:

(a) on or before June[March] 1, 2026, the division shall complete a comprehensive well analysis for each operator and determine the total performance bond amount required by the bonding schedule.

(b) the division shall send written notification to each operator of the division's final bonding assessment.

(c) For wells with existing bonding as of June[March] 1, 2026, an operator will be allowed to increase their bonding to conform to the division's bonding assessment in five installments. The installments shall be made as follows:

(i) the first installment is due six months after the date the division notifies the operator of their bonding assessment, and must be a minimum of \$50,000, or one-fifth the difference between the operator's existing bonding and the division's bonding assessment, whichever is greater;

(ii) the second through fourth installments are due annually June[March] 1 and must be a minimum of one-quarter of the difference between the operator's existing bonding after payment of the first installment and the division's bonding assessment.

(iii) the fifth and final installment is due on June[March] 1 of the year following the fourth installment and must be in the amount of the remaining difference between the operator's existing bonding and the division's bonding assessment.

KEY: oil and gas law

Date of Last Change: 2026

Authorizing, and Implemented or Interpreted Law: 40-6-1 et seq.