

Oil and Gas Bonding, Response to Comments (05/2026)

| Rule Topic | Rule Number | Comment | Reply |
|---------------------|-------------|---|--|
| Oil and Gas Bonding | | Recommends classifying temporarily abandoned or shut-in wells as at-risk wells so there are no unintentional gaps in the risk of future costs onto taxpayers. | The structure was considered and ultimately the Board chose to choose the classification in the current draft. |
| Oil and Gas Bonding | | Recommends aligning the definitions of at-risk wells, which counts from a narrower subset of lands, and total wells, which counts a broader set of assets, to ensure the state is evaluating operator risk consistently, accurately, and fairly. | The structure was considered and ultimately the Board chose to choose the classification in the current draft. |
| Oil and Gas Bonding | | Recommends reverting to the September 2025 definitions of at-risk wells to include all Utah wells producing less than one BOE per day on average. Alternatively, the at-risk well ratio should be changed to be all state/private at-risk wells divided by the total state/private wells. | The structure was considered and ultimately the Board is choosing the classification in the current draft. |
| Oil and Gas Bonding | | Recommends reducing the at-risk well carve out to 15% for Tier 1, 10% for Tier 2, and 5% for Tier 3. | The financial risk to the state was evaluated based on historical trends and current risk profile. The Board is moving forward with the current draft. |
| Oil and Gas Bonding | | Recommends eliminating the round-down to the nearest 10, set financial assurance amount annually, allow operators to petition at any time for financial assurance reductions when circumstances allow (eg. at-risk wells have increased production or are plugged.). | The administrative burden on stakeholders and the division is balanced when using groups of ten. The Board is moving forward with the current draft. |
| Oil and Gas Bonding | | Supports including temporarily abandoned and shut-in wells in the at-risk well count. The existing look-back already provides a generous grace period. | The structure was considered and ultimately the Board chose to choose the classification in the current draft. |
| Oil and Gas Bonding | | Supports the April 2026 proposed rules, as they strike an appropriate balance between sufficient financial assurance while allowing operators to optimize production or plugging wells. | No response. |
| Oil and Gas Bonding | | Recommends granting the authority to adjust base blanket bond amounts for inflation more frequently than every five years. | The Board can evaluate rules at any time at their discretion and may upon request of interested parties. |
| Oil and Gas Bonding | | Recommends including the operator's state, fee, and federal wells when calculating an operator's production and the number of its at-risk wells to determine tier eligibility. | After careful evaluation, the Board decided to leave the calculation as is. |
| Oil and Gas Bonding | | Recommends removing the provision that allows a 12-month delay for updating bonding amounts after a well transfer. | The Division will continue to require bonding to be in place prior to a well transfer and maintained throughout the transfer. |
| Oil and Gas Bonding | | Recommends not including shut-in, temporarily abandoned, and inactive from being classified as "At-Risk Wells" because if they've been approved by the division, then they do not constitute a risk. | This structure would shift fiscal risk to the state. The Board is moving forward with the current draft. |
| Oil and Gas Bonding | | Recommends adding a blanket bond option for the bond required under the Surface Owner Protection Act (R649-3-38(6.2)). | There is an option to bond a well pad or a well individually so both operators and surface owners are appropriately protected. |
| Oil and Gas Bonding | | Confirmation that bond calculator is properly accounting for "State Well Count" and "At-Risk Wells" to avoid double bonding. | The bond calculator is accurate and matches the current rule. The operator can work with other agencies to confirm bonds held. |
| Oil and Gas Bonding | | Recommends restoring supplemental bonding for all at-risk wells as the current draft weakens those requirements and allows a percentage of an operator's at-risk wells to be covered by a blanket bond. | Meaningful discussion happened throughout the rulemaking process regarding this topic. The Board is moving forward with the current draft. |
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