



April 30, 2026

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: Breathe Utah Comments on Proposed Performance Bonds Rule 649-13-1 and Related Rules

Introduction

Breathe Utah appreciates the extensive work undertaken by the Division of Oil, Gas and Mining and the Board to modernize Utah’s Performance Bond Rule. This has been a long and thoughtful process, and we believe the current proposal represents a meaningful step forward.

Our organization works to improve Utah’s air quality through education, collaboration, and policy. We recognize the important role that oil and gas development plays in Utah’s economy and energy landscape. We support a strong and responsible industry—one that is positioned to succeed over the long term while meeting its obligations to protect public health, natural resources, and taxpayers.

This proposed rule reflects that balance. It improves upon an outdated system and moves Utah toward a more modern, risk-based framework that better aligns financial assurance with real-world conditions. While we believe there are opportunities to make the proposed rule stronger and reduce future financial liabilities for taxpayers, it is also a significant improvement upon the current outdated system.

Support for a Risk-Based Bonding Framework

We strongly support the Division’s shift toward a risk-based approach to bonding.

Utah’s current bonding structure has not kept pace with changes in the industry, and as identified in prior state audits, it exposes taxpayers to significant future financial liability. The updated rule takes a practical and forward-looking approach by tying bonding requirements to both production levels and the proportion of wells that may be at risk of becoming orphaned.

This is a commonsense improvement. It ensures that:

- Operators with stronger production and lower risk profiles are treated accordingly, and
- Operators with higher potential liabilities provide sufficient financial assurance.



This type of tailored approach reflects sound fiscal stewardship and reinforces a principle that resonates broadly across Utah: those who develop resources should remain responsible for their full lifecycle costs.

Protecting Taxpayers While Supporting Industry Stability

Utah has an opportunity to avoid the challenges seen in other states, where insufficient bonding has left taxpayers responsible for plugging and reclaiming orphaned wells.

We believe this rule moves Utah in the right direction by:

- Reducing long-term financial risk to the state,
- Encouraging timely well closure and reclamation, and
- Providing regulatory certainty for industry.

Importantly, strong bonding policies do not hinder responsible operators, they reward well-managed companies and help ensure a level playing field across the industry.

Inclusion of All At-Risk Wells

As the Board finalizes this rule, we respectfully urge careful attention to how At-Risk Wells are defined and calculated.

Temporarily Abandoned and Shut-In Wells

We recommend that wells classified as temporarily abandoned or shut-in continue to be included in At-Risk Well calculations.

Even when approved for extended inactivity, these wells:

- Will ultimately require plugging and reclamation, and
- Present an increasing risk the longer they remain idle.

Excluding these wells could unintentionally create gaps in the state's risk assessment and shift potential future costs onto taxpayers. Including them ensures a more accurate and complete picture of operator liability.

Consistency in At-Risk Well Ratio Calculations

We also encourage the Board to ensure consistency in how At-Risk Well ratios are calculated.

Under the current proposal, there appears to be a mismatch where:



- At-Risk Wells are counted from a narrower subset of lands, while
- Total well counts include a broader set of assets.

Aligning these definitions will help ensure that the state is evaluating operator risk accurately and fairly. A consistent methodology supports transparency, predictability, and confidence in the rule.

Maintaining Strong Incentives for Well Management

One of the most effective elements of this rule is its ability to incentivize good operational practices.

By linking financial assurance to risk, the rule encourages operators to:

- Plug and reclaim non-productive wells, or
- Return wells to productive use where feasible.

We encourage the Board to maintain this incentive structure. Adjustments that significantly reduce supplemental bonding for At-Risk Wells may weaken these incentives and reduce the effectiveness of the rule over time.

A strong, well-calibrated bonding system benefits both the public and the industry by reducing uncertainty and avoiding future liabilities.

Division Discretion and Adaptive Management

We support maintaining reasonable discretion for the Division to adjust bonding requirements where warranted.

Given the variability in well conditions, operator portfolios, and market dynamics, flexibility is important. This includes:

- The ability to require additional bonding when justified, and
- Regular updates to bonding schedules to reflect current costs.

The proposed five-year review cycle is appropriate, and we encourage the state to adhere to it to ensure bonding levels remain aligned with real-world reclamation costs.

Well Transfers and Long-Term Liability

We also support safeguards to ensure that well transfers do not increase risk to the state.



Ensuring that acquiring operators have sufficient financial assurance is critical to preventing wells from being transferred to entities that may not have the capacity to meet their obligations. Maintaining strong oversight in this area helps protect both the industry's integrity and the public interest.

Conclusion

Breathe Utah appreciates the Division's leadership in advancing this rule and the collaborative approach taken throughout this process.

This proposal reflects a balanced path forward that:

- Supports a strong and responsible oil and gas industry,
- Protects Utah taxpayers from unnecessary financial risk, and
- Helps ensure that wells are properly managed throughout their lifecycle.

We encourage the Board to move forward with finalizing the rule while addressing the key refinements outlined above. With these adjustments, Utah can establish a model framework that promotes both economic strength and responsible resource management.

Sincerely,

Ashley Miller
Executive Director