



NATIONAL OFFICE
P.O. Box 613
Oakton, VA 22124
703-785-9570
djenkins@conservativestewards.org

CONSERVATIVES FOR RESPONSIBLE STEWARDSHIP

conservativestewards.org

April 29, 2026

Honorable Utah Board of Oil, Gas and Mining
Attn: LaVonne Garrison, Madam Chair
P.O. Box 145801
Salt Lake City, UT 84114-5801
Email: lavonne.dogm@gmail.com

Mr. Mick Thomas, Director
Utah Division of Oil, Gas, and Mining
P.O. Box 145801
Salt Lake City, UT 84114-5801
Email: mickthomas@utah.gov

Re: Conservatives for Responsible Stewardship's Comments on Proposed Performance Bonds Rule 649-13-1 and Related Rules

Conservatives for Responsible Stewardship (CRS), on behalf of its more than 1,000 Utah members, provides the following comments on the Utah Division of Oil, Gas & Mining (the Division) Division's draft bond rule.

CRS has been very active in oil and gas bonding reform at the federal level.

Having adequate bonding amounts established is fiscally conservative and prevents taxpayers from getting stuck with the bill for orphaned well plugging and clean-up costs.

First, we commend the Division its fiscally responsible effort to modernize its Performance Bond rules (Rule 649-13). CRS wholeheartedly supports this initiative to ensure that oil and gas bonding amounts are sufficient to protect Utah taxpayers from future financial liability. Private companies should be responsible for cleaning

up after themselves and when an operator goes under, the plugging and remediation costs should be borne by private industry.

In addition to being a fiscally conservative organization that advocates for fiscal responsibility, we hold other traditionally conservative values dear, such as honesty, integrity, and personal/corporate responsibility. In order to secure permits to drill on state lands and profit from a publicly owned resource, oil and gas producers **promise** to plug and clean up the wells when they are done. Not holding them to that promise is unfair to everyone who would then have to shoulder that cost.

According to the Bureau of Land Management (BLM), orphaned well plugging and clean-up cost today ranges between \$35,000 and \$200,000 per well. Given the thousands of existing wells in this state, not to mention future drilling, the potential taxpayer exposure is huge.

Having adequate bonding amounts in place is not just conservative and fiscally responsible, it's plain old common sense.

Our biggest concern regarding the proposed rules is that they include some fairly massive loopholes that leave Utah taxpayers exposed to significant financial risk—and would likely remain on the hook for millions in plugging and cleanup costs.

The first of these loopholes that the rule establishes an "At Risk Well Ratio" that artificially understates the risk posed by a given operator.

The Proposed Rule defines this ratio as follows:

At-Risk Well Ratio = At Risk State/Private Wells ÷ Total Wells

When calculating the At-Risk Well Ratio, the operator must calculate the percentage of the At-Risk Wells of the Total Well count. However, the proposed regulation lacks consistent definitions. The operator only counts their At-Risk Wells on state and private lands while their Total Wells include state, private, federal and tribal lands. This basic misalignment of terms significantly misrepresents operator risk and increases future financial liability to taxpayers.

Even worse, this particular loophole seems to largely benefit seven out-of-state operators from Texas and Colorado, such as Scout Energy Management, ARB Energy, and Robert L Bayless. How will folks in Utah feel if they learn that the bonding calculation in the new rule has somehow (even if unintentionally) been designed to favor Texas and Colorado operators—and at their expense?

We also believe that the At Risk Well carveout is too large, creating a substantial vehicle for companies with at risk wells to avoid the supplemental bond obligation.

CRS is certainly not opposed to the Division crafting rules that take into account reasonable operator concerns. Still, doing so cannot undermine the very reason for undertaking bonding reform in the first place: protecting Utah taxpayers.

The Division should be doubly intent on making sure out-of-state operations fulfill their plugging and clean up obligations. It can never be acceptable for them to come into Utah, promise to plug and clean up their wells in order to secure the drilling permit, and then, after extracting Utah oil and gas, skip out and leave the good people of this state holding the bag.

Unfortunately, we are seeing more and more examples across the nation of industry bad actors—after extracting all the profit they can—playing a very deliberate shell game to shift their plugging and clean-up costs onto taxpayers.

This typically involves the transfer of a lease and permit, first to smaller, less capitalized operators, and then ultimately to a shell company set up for the sole purpose of declaring bankruptcy. A recent [Colorado lawsuit uncovered such a scheme](#), where HRM Resources transferred 200 wells to a shell company called Painted Pegasus, which subsequently filed for bankruptcy.

CRS appreciates the efforts of the Division, the Board, and stakeholders thus far to update Utah's oil and gas bonding rule in order to adequately protect Utah taxpayers from orphan well plugging and clean-up costs. Finding the right balance is rarely an easy task, and everyone involved deserves plenty of kudos for getting it this far.

We do ask; however, that through it all, please do not lose track of the underlying goal to protect Utah taxpayers from having the cost burden of oil and gas well clean-up unfairly shifted onto them. That means requiring all well operators to honor the promise they made in securing the drilling permit. What could be more conservative?

Sincerely,

A handwritten signature in blue ink that reads "David Jenkins". The signature is written in a cursive, flowing style with a large initial "D" and a long, sweeping underline.

David Jenkins
President