



April 30, 2026

To: Utah Board of Oil, Gas, and Mining

Re: Support for Proposed Bonding Rule Updates – R649

Dear Members of the Utah Board of Oil, Gas, and Mining,

As local elected officials from communities across Utah, we write to express our support for the proposed rule changes to modernize oil and gas bonding requirements in R649. Updating Utah's financial assurance rules will ensure that oil and gas companies, not our taxpaying constituents, are responsible for the full cost of plugging, remediating, and reclaiming all wells.

Utah is home to thousands of low-producing, non-producing, and at-risk well sites, many of which have sat idle and unplugged for years. When wells are not properly restored, they pose risks to our lands, water, air, and public health. They also leave communities nationally vulnerable to billions of dollars in cleanup costs that divert public funds from our schools, roads, and essential services.

Utah's oil and gas bonding requirements haven't been updated in more than two decades. As a 2019 performance audit of the state's oil and gas program clearly found, inadequate bond amounts place financial liability on the state and taxpayers, which will only worsen as old wells get older, their production declines further, and remediation costs rise.

We commend the Division of Oil, Gas, and Mining for taking a modern, risk-based approach to financial assurance that ties an operator's bonding requirements to both its revenue and its potential liabilities. We especially support the decision to restrict blanket bonding to lower-risk operators and to require individual well bonds from those with weak production or high concentrations of idle, at-risk wells.

We respectfully urge the Board to consider the following that will make sure the rule is meaningful:

- **Restore supplemental bonding for all at-risk wells.** The current draft weakens those requirements and allows a percentage of an operator's at-risk wells to be covered by a blanket bond, increasing the likelihood of future orphan wells. Supplemental bonding for all at-risk wells would incentivize operators to plug these wells or return them to economic production while ensuring the state had sufficient funds to cover remediation if the wells are orphaned.
- **Fix the at-risk well ratio calculation.** The proposed rule determines an operator's risk profile by dividing their state and private at-risk well population by their total well population in Utah, which includes state, private and federal wells. This introduces a math loophole that misrepresents operator risk. The state should determine operator risk levels by having both the numerator and the denominator of the formula cover the same set of wells. This loophole increases taxpayer financial liability and, according to recent analysis, primarily benefits out-of-state companies that are among the most likely to orphan their wells.
- **Maintain idle and temporarily abandoned wells in the at-risk category.** Division extensions for shut-in (temporarily idle) wells do not evaluate financial strength or the likelihood of future production. Clear evidence shows that the longer a well is idle, the less likely it is to return to productive use. These wells are still risky and should not be exempt from supplemental bonding.
- **Maintain the five-year review cycle and the Division's discretion to adjust bond amounts.** Outdated bonding requirements are a root cause of the orphan well crisis nationally. We support the five-year review cycle and urge the Division to stick to it rigorously.

The impacts of orphaned oil and gas wells are not abstract for local governments, and we have a responsibility to the people we represent. Strong, commonsense bonding requirements are not a burden on industry but a basic condition of doing business responsibly. They ensure that when a well reaches the end of its productive life, the company that benefited from it bears the cost of restoring the land.

Thank you for considering our comments and your efforts to reduce the risk of future orphan wells and threats to our health, natural resources, and local economies.

Sincerely,

Jazmine Duncan
Mayor, Town of Castle Valley

Pamela Gibson
Castle Valley Town Councilor

Tory Hill
Castle Valley Town Councilor

Harry Holland
Castle Valley Town Councilor

Bob O'Brien
Castle Valley Town Councilor

Jacques Hadler
Grand County Commissioner

Trisha Hedin
Grand County Commissioner

Mary McGann
Grand County Commissioner

Lenise Peterman
Mayor, City of Helper

Miles Loftin
Moab City Councilor

Bill Ciraco
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Terry Willis
Mayor, City of Price

Suzanne Harrison
Salt Lake County Councilor

Tonja Hanson
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Megan McKenna
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Chris Robinson
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