



Submitted via email

November 20, 2025

Acting Director Bill Groffy

Bureau of Land Management
1849 C Street NW
Washington, D.C. 20240

RE: Request to Address Pending Statewide Bonding Requirements

Dear Acting Director Groffy:

Western Energy Alliance (the “Alliance”) requests that the Bureau of Land Management (“BLM”) timely address the pending increased statewide bonding requirements that stand to disproportionately burden small operators.

Working with a vibrant membership base for over 50 years, Western Energy Alliance stands as a credible leader, advocate, and champion of independent oil and natural gas companies in the West. Our expert staff, active committees, and committed board members form a collaborative and welcoming community of professionals dedicated to abundant, affordable energy and a high quality of life for all. Most independent producers are small businesses, with an average of fourteen employees.

As you are aware, on June 22, 2026, the minimum statewide bond for current operators will increase from \$25,000 to a minimum of \$500,000 pursuant to 43 C.F.R. § 3104.1, and based on the BLM’s final rule for its Fluid Mineral Leases and Leasing Process, effective June 22, 2024 (the “Leasing Rule”).¹ While the Alliance is aware that BLM is currently working to revise the Leasing Rule, the Alliance is concerned such revisions may not be in effect in sufficient time to prevent implementation of the new statewide bonding rule.

Given the significance of the BLM’s bonding regulations on oil and natural gas companies operating on federal lands, the Alliance respectfully requests that the BLM provide guidance to the state offices to allow for delayed implementation of the bonding rule pending Leasing Rule revisions. Alternatively, the Alliance requests BLM address the statewide bonding rule via a separate, streamlined rulemaking.

The Alliance represents the oil and natural gas industry, including member companies operating on federal lands, who are most directly and substantially impacted by BLM’s bonding requirements. Our members have a profound interest in pursuing orderly development and achieving maximum recovery of oil and natural gas, while attaining the highest environmental benefit. For this to occur, reasonable bonding regulations must be in place that allow small companies to compete in the industry.

¹ 89 Fed. Reg. 30916 (Apr. 23, 2024).

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The pending increase of the minimum bonding in the Leasing Rule from \$25,000 to \$500,000 for a statewide bond will have significant adverse effects on small companies operating on federal lands. Further, the regulations provide no guidance on how bonding requirements will be calculated other than the *minimum* statewide bond is \$500,000, providing small operators with great uncertainty.

Adding to the concern is that operators have begun receiving letters from BLM state offices notifying them that their bonding levels will in fact increase to the higher minimum as of June 22, 2026. Also of concern is the fact many small operators have difficulty accessing or are denied bonding, requiring them to fully collateralize their bond requirements with the BLM. In turn, small operators have less money to meet other federal regulatory requirements.

While BLM acknowledged bonding surety concerns in the preamble to the Leasing Rule, it disregarded these comments based on a purported option to participate in a Small Business Administration (the "SBA") Surety Bond Guarantee Program (the "Program"). The preamble to the Leasing Rule states, in part, "The [SBA] helps small businesses guarantee performance bonds issued by certain surety companies, which allows the companies to offer surety bonds to small businesses that might not meet the criteria for other sureties"

BLM may have been confident during the rulemaking process with the ability of the Program to assist small companies with meeting increased bonding minimums, but the Alliance is not aware of a single member company able to utilize the Program for oil and gas development.

With looming increased statewide bonding requirements, new notices of required compliance, and an option for bonding assistance in name only, the Alliance requests BLM timely address these bonding requirements.

Thank you for your time and consideration. The Alliance looks forward to working with BLM to address bonding concerns across the federal landscape and offers its knowledge as a resource on the statewide bonding rule and future Leasing Rule revisions.

Sincerely,



Melissa Simpson
President