PUBLIC LANDS FOUNDATION

PUBLIC COMMENTS

AGENCY: Bureau of Land Management

OIL and GAS LEASING – 43 CFR Parts 3000 thru 3180

PROPOSED RULE

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The Public Lands Foundation (PLF) is a national nonprofit membership organization that advocates and works for the retention of America's Public Lands in Public Hands, professionally and sustainably managed for responsible use and enjoyment by American citizens today and into the future. The PLF endorses and embraces the multiple use mission of the U.S. Department of the Interior (DOI), Bureau of Land Management (BLM). PLF members are predominately retired BLM public servants from across the United States.

We are pleased to offer comments and observations on the Bureau of Land Management's Proposed Rule, "Oil and Gas Leasing" (43 CFR Parts 3000, 3100, 3110, 3120, 3130, 3140, 3150, 3160, and 3180), published in the Federal Register on June 24, 2026. Comments on the Proposed Rule were requested to be provided by August 24, 2026.

The Proposed Rule (1) reintroduces noncompetitive leasing into the federal oil and gas leasing program, (2) removes the expression of interest leasing preference review, (3) shortens public participation periods, (4) reduces bond amounts to 1960 levels, (5) reduces filing fees, (6) requires replacement lease sales when previous offerings are insufficient, canceled or delayed, and (7) removes the limits on lease suspensions to one year.

Incorrect Assumptions and Application of Law

The agency's often stated objectives of this Proposed Rule is to reflect new legislative requirements in law (e.g. the One Big Beautiful Bill [OBBB] Act) and in policy found in Executive and Secretarial Orders. These include; reduce administrative requirements upon the oil and gas industry; improve federal oil and gas leasing, development, and production; and provide an increased supply of affordable energy to the Nation. We believe the BLM has done an excellent job of making acreage available for leasing and authorizing development on those leased lands. In fact, there are currently approximately 26 million acres of federal land under oil and gas leases and the BLM continues to offer parcels at quarterly lease sales. Less than onehalf of the acres under lease are currently in production and can be made available for development in response to industry proposals. One factor that hinders the agency's ability to process such proposals is the significant reduction in BLM staff that are needed to respond to applications for development.

The proposed reductions in fees and bond amounts represent a small savings for the oil and gas companies, compared to the overall development costs they incur. Money from fees and bonds do, however, represent a significant source of revenues for the federal government, cost reimbursement for agency work performed, and taxpayer protection from having to pay costs that should be borne by the party responsible.

While the Proposed Rule claims to meet the intent of law and policy, it does not reflect the balance Congress intended among the many laws directing the management of federal lands. The overriding principle of "multiple-use and sustained yield" has been misinterpreted. The Federal Land Policy and Management Act (FLPMA), enacted in 1976, gives federal land managers principles by which to balance the variety of uses that may occur on federal surface and mineral lands. The Proposed Rule appears to give primacy to the Mineral Leasing Act (MLA), enacted in 1920, minimizing consideration of public input, land use planning, and protection of resources such as wildlife habitat, soil, water and air resources. We believe legislation more current than the 1920s better reflects the desire and intent of the American public.

We urge the administration to seek a more balanced position with regards to those broadly present resources such as wildlife habitat, drinking water, and the recreational value inherent in the land itself when considering the amount of leasing and development of oil and gas resources.

Section-by-Section Comments

- Section 3000.120 – Fee Schedule for Fixed Fees

  The Proposed Rule would reduce the filing fee for competitive oil and gas lease applications from $3,100 to $155, a 95 percent reduction. These fees are intended to reimburse BLM personnel costs incurred in reviewing lease applications. In 2025 the BLM issued 6,106 leases. A $3,100 filing fee would yield $18,928,600 for these leases. A $155 filing fee would generate only $946,430. The discussion states, ". . . the BLM has found that while the processing steps have not changed, the BLM has gained efficiencies through data entry in the Mineral and Land Records System. Those efficiencies have reduced the time spent in processing the applications thereby resulting in a reduction in the fees." We are skeptical that data entry alone could reduce application processing costs by 95 percent and request the agency to provide time-studies or other documentation that supports this claim. The $155 filing fee would only cover 1 – 2 hours of federal employee processing and review time. Nearly all oil and gas leases are involved in litigation and this filing fee does not remotely capture those costs.

- Section 3103.11 – Form of Remittance

  The PLF supports allowing the BLM to receive payments by all legitimately recognized methods, including electronic means.

- Section 3104 –Performance Bonds

  This section proposes to reduce bond amounts from $150,000 for individual leases and $500,000 for statewide lease holdings, to bond amounts of $10,000 and $25,000 respectively, and seeks comments on the need for nationwide bonds.

  The stated rationale for reducing the bond amount is that the higher amounts inhibit small operators, who may not have the necessary creditworthiness, to obtain bonds at a reasonable cost. By easing this financial constraint, the agency believes it will stimulate growth in the oil and gas sector, enhance economic opportunities, and foster greater engagement from a diverse range of operators. Addressing the concern that lower bond amounts may allow for operators to abrogate responsible operational and reclamation practices, the discussion in the proposed regulations contends that the BLM would fully use its existing bond adequacy review policy outlined in "Instruction Memorandum 2024-014, *Oil and Gas Bonds Adequacy*" by which bond amounts could be increased.

  This proposal and its rationale are flawed in a number of areas:

  1. The bond amounts in 1960 were not adequate then and are certainly not adequate today to cover the cost of well plugging and site reclamation, which averages approximately $300,000 per site. The simple consideration of inflation since 1960 makes this obvious.

  2. The BLM process to review bonds is very lengthy and time-consuming and with the significant staff reductions in recent years will reduce the number of bond reviews the agency can accomplish. There are over 15,000 orphan wells on federal lands. Orphan wells result from companies walking away from their responsibility to properly plug and abandon and reclaim well sites. Decreasing bond amounts would certainly not reverse this practice. In 2021 the federal government committed $4.7 billion to the Federal Orphaned Well Program. Of this appropriation, the Department of Interior issued over $2.1 billion in state, federal, and tribal grants, and obligated approximately $1.3 billion to plug and remediate legacy wells and return the habitat to its original condition. Abandoned wells pose a significant danger, including the risk of ground water contamination, methane emissions, air pollution, and the potential for sinkholes. When bond amounts are inadequate, the American taxpayer ultimately bears the burden for the clean-up.

  3. When planning for oil and gas drilling, amounts allocated for performance bonds should not be considered interchangeable with monies budgeted for

drilling and production efforts. Bond funds are not intended for capital investment, but to ensure the repair and reclamation of damaged lands.

4. Rather than preforming bond adequacy reviews, with the aim of increasing bond amounts, the BLM should develop an incentive program for smaller operators that would allow them to qualify for a lower bond rate. Examples include consideration of past performance, pooled bonds with other companies, and demonstration projects.

Regarding nationwide bonds, given the inadequacy of amounts (even at current dollar levels) for individual lease and statewide bonds, we see little benefit or ability to provide sufficient financial coverage at this geographic scale. Nationwide bonds would be accessible to only the largest companies. Stringently applied bonding requirements at the state level provide better coverage. They are also easier to monitor and manage for BLM staff.

- Section 3105 – Reporting and Payment for Production

  The PLF supports the addition of section 3105.1 to this part. More detailed information on production would improve BLM's ability to determine payment requirements.

- Section 3110.1– Lands Accessible for Noncompetitive Leasing

  This section allows lands offered competitively for which no bid has been received to be available for non-competitive leasing for a two-year period. This process puts unleased parcels in a "bargain-basement" price category for an extended period. It does not allow the BLM to timely reinsert parcels into future competitive leasing in response to changing technology, economic trends, or resource demand. The PLF suggests the non-competitive availability of no-bid parcels be dropped from the Proposed Rule.

- Section 3120.31 – Expression of Interest Process

  The PLF does not support the proposal to remove the requirement for the submitter of Expressions of Interest to identify the private surface owner when the underlying federal mineral estate is proposed for leasing. While the MLA does not require this information, it also does not forbid it. Small surface owners are at a distinct disadvantage and may have no prior notice of activity on the underlying mineral estate. The federal government, acting through the BLM, should behave like a good neighbor and notify surface owners of all actions that involve federal mineral estate below private surface lands.

- Section 3120.33 – Agency Inventory of Leasing

  The PLF supports the removal of these sections that have limited the agency's ability to issue rights-of-way (ROWs) for wind and solar energy development.

- Section 3120.42 – Posting Timeframes

  The PLF supports a short public protest period, but the BLM should consider a public protest period of 15 days instead of ten days.

- Section 3120.60 – Parcels Not Bid on at Auction

  The Proposed Rule would require the BLM to hold a replacement sale within 30 calendar days when a competitive auction does not receive bids on 25 percent or greater of the acreage offered.

  Replacement sales are required by section 50101(c)(3)(B) of the OBBB, however the Act does not specify a time frame for replacement sales. Additional sales within 30 days of the initial sale would place an untenable processing burden on BLM staff, especially in those states where quarterly lease sales are mandated. This could result in potentially up to eight lease sales within one year. Furthermore, there is no economic or financial justification or rationale to warrant a repeat sale in such a short period. It is unlikely that economic interest or demand will change in such a short time. Rather, the BLM could re-offer no-bid parcels in the next or future sales. Another option would be to collect all no-bid parcels into a "special" sale offered on an annual basis.

  As stated above for Section 3110.1, we do not support a two-year noncompetitive availability period for no-bid parcels.

- Section 3141.53 - Royalties and Rentals

  The PLF believes the royalty should be reviewed to assure a fair return to Federal and State taxpayers, consistent with State and private royalty rates.

- Section 3165.1 - Relief From Operating and/or Producing Requirements

  The PLF does not support removal of paragraph (c) of this section which prohibits the BLM from approving a lease suspension when an APD on that lease is filed less than 90 calendar days before the lease expiration date. The justification for the Proposed Rule change states, "This change would benefit the public by ensuring that valuable oil and gas leases are not prematurely cancelled due to administrative delays or unforeseen issues, thereby allowing for continued development of domestic energy resources." And further states, ". . . that operators could fulfill their obligations without being hindered by rigid timelines."

The purpose of this proposal appears to unnecessarily extend the term of oil and gas leases. We do not think the current 10-year lease term represents a "rigid timeline." If lease holders have not developed a lease within the 10-year term, it is unlikely that they will do so in the near term. Lease holders have used the tactic of filing APDs and then requesting a lease suspension to extend the lease term beyond its expiration date, thereby keeping the lease acreage in their portfolio to improve their financial position or influence development in a leased area. If the lands have potential for oil and gas development, and the lease expires, the BLM will quickly offer those acres in an upcoming lease sale.

We also disagree with the proposal to remove sentences in existing paragraph (d) of this section that limit the period of suspension to one year and allow suspension to, ". . . remain in effect until the circumstances warranting the suspension no longer exist." This regulation is vague and would allow leases to be suspended indefinitely, thus locking up acreage with a lease holder which could potentially be developed by another. For the purpose of encouraging oil and gas economic activity, this proposal appears to confuse the issuance of federal oil and gas leases with actual drilling and production on those leases.

All Sections

The Proposed Rule makes numerous editorial changes, minor word adjustments, textual relocations and section renumbering. The PLF offers no comment at this time on these changes. However, our "no comment" should not be understood as agreement or support of these changes. Since words and placement in regulations can have real effects, we reserve the right to comment further on any of the proposed editorial changes.