

## **Study shows \$1 billion potential bill for oil, gas clean up without BLM rule change**

Written by gallupsun  
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From a young age, we teach our children the importance of taking responsibility for their actions and cleaning up after themselves when they make a mess. We should expect the same from the oil and gas industry working in New Mexico.

But for far too long, antiquated policies under the current leasing system have left our families on the hook to pay to clean up messes left behind by bankrupt oil and gas companies – messes involving orphaned wells with decaying and leaking infrastructure that can pollute our air and water. This has robbed our communities of tax dollars that could have been put to use improving our children's classrooms, and our hospitals and roadways.

Thankfully, improvements are underway. We are grateful to the Bureau of Land Management for recently proposing reforms that modernize the outdated oil and gas leasing program. With updated bonding rates, the BLM will finally be able to hold the oil and gas industry accountable to pay to clean up abandoned wells. These reforms would also increase certain fiscal rates to help ensure New Mexicans receive a fairer share for the use of the natural resources that belong to us all. More responsible leasing and development protections will also help address the potential harm oil and gas wells pose to our communities' health, well-being, and cultural lands.

A new analysis published by Taxpayers for Common Sense underscores why these reforms are necessary, revealing that, without federal bonding reform, New Mexicans could be forced to pay more than \$1 billion to clean up all of the oil and gas wells that have already been drilled on federal lands in the state. That's on top of the estimated more than \$4 billion in revenue New Mexicans lost between fiscal years 2013 and 2022, thanks to a royalty rate that fell far below what oil and gas companies are required to pay for drilling in federal waters and state lands. Prior to the passage of the Inflation Reduction Act last year, that rate had not been increased in over a century.

The significant clean-up costs that local communities have already been stuck with make it clear that, once finalized, the new bonding requirements proposed by BLM will take critical action to protect New Mexicans from having to bear more of these costs in the future by ensuring that companies are held accountable for fully funding clean-up efforts on New Mexico public lands.

The BLM's new proposal also builds on several key improvements made by Congress last year

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to the federal oil and gas leasing program, including long-overdue updates to royalty rates, rental rates, and minimum lease bids that will ensure our communities receive a fairer return for resources extracted from our shared public lands. Until the passage of the Inflation Reduction Act, the rental rates and minimum bid for onshore oil and gas leases had remained unchanged for decades – they hadn't even been updated for inflation. The BLM's proposal to codify and index these fees in the future will ensure that oil and gas CEOs will never be allowed to pay bargain basement rates to lease our public lands again, and that New Mexicans receive their fair share from oil and gas leasing activity. This is especially important given that New Mexico is now the second largest oil producer in the nation, and the proportion of production that happens on federal lands – currently 65% – is growing. That's more than any other state.

This is a critical moment for the Biden administration to see through these widely supported changes by finalizing their robust reforms to the federal oil and gas leasing program. For too long, the federal leasing program has short-changed our communities and threatened the health of our families and environment. We are thankful that the Bureau of Land Management took common-sense action supported by New Mexicans in every corner of our beautiful state. The proposed rule is an important step forward to ensure our tax dollars are spent on building a healthy and well-funded future for our children to thrive.

**- Amber Wallin, MPA**

***Executive Director at New Mexico Voices for Children***

