



Proposed Onshore Oil and Gas Leasing Rule

The Bureau of Land Management (BLM) is proposing updates to its Onshore Oil and Gas Leasing regulations to modernize the program, ensure a balanced approach to public lands management, ensure a fair return for American taxpayers, codify new provisions from the Inflation Reduction Act (IRA) and Bipartisan Infrastructure Law (BIL), and implement the reform agenda laid out by the Department of the Interior's [Report on the Federal Oil and Gas Leasing Program](#). The proposed rule is BLM's first comprehensive update to the Federal onshore oil and gas leasing framework since 1988.

Oil and gas leasing is available on the vast majority of BLM-managed public lands outside of the National Conservation Lands system. Under the Inflation Reduction Act (IRA), the Congress coupled the development of renewable energy to the leasing of oil and gas.

Several Independent agencies, including the Government Accountability Office (GAO) and the Department of the Interior's Office of the Inspector General, have identified significant fiscal and other stewardship concerns with the BLM's oil and gas leasing program. In fact, the program has been on GAO's high-risk list since 2011.

Updates to the program considered in the proposed Onshore Oil and Gas Leasing Rule would address several of these identified issues, ensuring that the American public receives a fair return from oil and gas activities on public lands, while modernizing BLM's management of oil and gas activities to protect communities and the health of public lands. The proposal would implement recommendations identified in the Department of the Interior's [Report on the Federal Oil and Gas Leasing Program](#) as well as incorporating provisions from the IRA and BIL to bring BLM's Federal oil and gas leasing program into the 21st century.

Fiscal Reforms

Independent studies have consistently demonstrated that the BLM's oil and gas leasing framework fails to provide an adequate return to the taxpayer for the use of public lands and resources. The proposed rule would update outdated fiscal provisions and align BLM's regulations with fiscal reforms included in the IRA:

As directed in the IRA, the proposed rule would:

- Increase royalty rates for new oil and gas leases from 12.5% to 16.67%.
- Increase minimum rental rates to \$3.00 per acre for the first 2 years, \$5.00 per acre for years 3 to 8, and \$15 per acre for remaining years.
- Increase minimum lease bids from \$2.00 per acre to \$10.00 per acre.
- Establish a new fee on expressions of interest of \$5.00 per acre.
- Eliminate non-competitive leasing of Federal lands for oil and gas.

Additionally, the proposed rule would:

- Reduce the nonoperational period after which a well is considered idled to 4 years.
- Require operators of nonoperational wells to help the BLM reduce its inventory of idled wells through improved identification, tracking, and proactive management.
- Revise the onshore program's cost recovery mechanisms to ensure that the program's application fees reflect actual processing costs.

Bonding

The BLM has not updated bonding amounts since 1960, meaning they do not meet the actual costs of cleanup in the event an operator goes out of business or otherwise fails to complete required plugging and reclamation—costs that are then borne by the taxpayer.

The proposed Onshore Oil and Gas Rule would:

- Increase the minimum lease bond amount from \$10,000 to \$150,000.
- Increase the minimum statewide bond amount from \$25,000 to \$500,000.
- Eliminate nationwide and unit operator bonds.
- Include additional protections for surface owners.

Phase-in periods would be provided for existing operations to come into compliance with new bonding requirements. For more information on the bonding updates, please see the BLM's Bonding Updates Fact Sheet.

Responsible Leasing and Development

Public lands managed by the BLM support a variety of uses, from energy development to outdoor recreation and habitat for fish and wildlife. Under the agency's multiple use and sustained yield mission, the BLM's responsibility is to balance these uses on behalf of the American people.

Between 2013 and 2022, the BLM offered approximately 40.3 million acres for lease, but received bids on only approximately 9.5 million acres. The proposed rule would focus agency resources on areas with the highest potential for development and with the fewest multiple-use conflicts, allowing BLM to better manage public lands for multiple uses and sustained yield.

The proposed rule would do so by incorporating preference criteria into its oil and gas regulations to:

- Provide clarity and consistency in the criteria used to guide BLM's decision-making regarding leasing.
- Direct leasing and development towards areas with higher oil and gas potential.
- Avoid leasing in areas with sensitive cultural, wildlife, and recreation resources.

The proposed rule would also ensure oil and gas lessees are financially and technically capable of responsible development, as required by the [Mineral Leasing Act](#) and expressly stated in the BLM's [oil and gas lease form](#).

The proposed rule would:

- Incentivize diligent development by responsible and qualified parties.
- Limit the use of lease suspensions and drilling permit extensions.
- Strengthen oversight over lease transfers.

Important Points

- The proposed rule does not change the BLM's multiple use and sustained yield mission. Responsible energy development will continue on public lands.
- The proposed rule does not affect any valid existing rights or currently authorized leases, and existing operations would get a phase-in period to meet new bonding requirements.

What's next?

We want to hear from you. The BLM will be offering five public meetings and accepting public comments for 60 days. Public involvement through this rulemaking process is crucial to ensure the BLM is making appropriate land management decisions on the ground. To learn more about this proposed rule, or to provide comments, please visit [regulations.gov](https://www.regulations.gov).