



OIL AND GAS

Bureau of Indian Affairs Could Improve Lease Management of Trust and Restricted Land

Report to the Ranking Member Committee on Natural Resources
House of Representatives

November 2024

GAO-25-106307

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GAO Highlights

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Why GAO Did This Study

About 15,000 active oil and gas wells on trust or restricted land contribute to the economies of some Tribes. Interior's BIA assists tribal governments and citizens in managing, protecting, and developing their land and natural resources. Interior requires lessees to provide bonds to help ensure they meet the responsibilities of their leases—including plugging wells and reclaiming the land.

Lessees may not be able or willing to reclaim the well site at the end of a lease, despite the consequence of losing the bond. When well sites are not fully reclaimed, Tribes may face environmental impacts on their lands or health and safety risks to their people.

GAO was asked to review the status of oil and gas bonding for trust or restricted land. This report examines (1) BIA's information about bonds and bond claims, (2) BIA's guidance and processes for managing bonding, (3) the sufficiency of bond minimums, and (4) funding mechanisms to plug and reclaim wells when bonds are inadequate. GAO reviewed laws and regulations, analyzed agency policies and guidance related to bonds, conducted site visits, and interviewed tribal and Interior officials.

What GAO Recommends

GAO is making six recommendations including that BIA compile and maintain information on bonds and bond claims, improve bonding policies and procedures, and—in consultation with Tribes—assess bond minimums and make changes to guidance or regulations to ensure lessees conduct plugging and reclamation. Interior agreed with all six recommendations.

What GAO Found

GAO could not fully assess the Bureau of Indian Affairs' (BIA) implementation of bonding for oil and gas leases because BIA does not collect and maintain comprehensive information on bonds. For example, BIA generally does not have bond amounts or information on bond claims readily available without examining files. Without a process to compile or maintain bond information, BIA does not know if bonds are sufficient to fulfill their purpose or how often bond claims occur.

Agency guidance is not sufficient to ensure BIA can effectively manage bonding. Guidance to BIA staff is not detailed enough to direct key actions at certain points in the life cycle of a lease, including when setting initial bond amounts. As a result, BIA offices generally do the minimum to adhere to agency regulations and guidance—for example, setting bonds at the regulatory minimum.

BIA's bond minimums are insufficient to cover the costs of plugging and reclaiming a typical well (restoring lands to as close to the original natural state as possible), according to many tribal, BIA and BLM officials GAO interviewed. These minimums are also significantly lower than Interior now requires for leases on federal lands. BIA still allows nationwide bonds—covering all a lessee's leases across the country—which Department of Interior no longer accepts for federal lands. However, Tribes in GAO's review had disparate views on increasing minimum bond amounts. Several Tribes expressed concern that increased bond amounts would discourage companies from leasing on their land.

Bureau of Indian Affairs (BIA) and Bureau of Land Management (BLM) Bond Minimums for Certain Oil and Gas Leases on Trust or Restricted Land and Federal Lands

Bond type	Standard leases on trust or restricted land	Leases on federal lands
Individual bond (covering one lease)	No minimum	\$150,000
Statewide or collective bond (covering all leases in one state or reservation)	\$75,000	\$500,000
Nationwide bond (covering all leases nationwide)	\$150,000	No longer allowed

Source: GAO analysis of BIA and BLM documentation. | GAO-25-106307

Note: For more details, see fig. 2 in GAO-25-106307.

When a bond is not adequate to cover the costs, abandoned wells may remain unplugged. The number of abandoned wells is unknown. BIA is working on compiling an abandoned well inventory. Some states use funding mechanisms in addition to bonds to plug and reclaim wells on state or private land, such as collecting fees from industry. However, Interior does not collect fees from lessees of trust or restricted land. Consequently, if bonds are not adequate to cover the costs of abandoned wells, Tribes or the federal government will be left to fund plugging and reclamation or wells will remain unaddressed.

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Abbreviations

- BIA: Bureau of Indian Affairs
- BLM: Bureau of Land Management
- Handbook: Fluid Mineral Estate Procedural Handbook
- IIJA: Infrastructure Investment and Jobs Act
- I.M.: Instruction Memorandum

- IMDA: Indian Mineral Development Act
- ONRR: Office of Natural Resources Revenue
- SOP: Standard Operating Procedures
- TAAMS: Trust Asset and Accounting Management System

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November 26, 2024

The Honorable Raúl M. Grijalva
Ranking Member
Committee on Natural Resources
House of Representatives

Dear Mr. Grijalva,

Tens of thousands of oil and gas wells on trust or restricted land generate revenue for Tribes and tribal citizens.¹ When wells stop producing, they can create environmental hazards if their lessees do not plug them. Inactive wells that are not properly plugged can leak methane or contaminate surface water and groundwater.

Tribes and tribal citizens determine how to use oil and gas resources to meet the needs of their communities or themselves. However, if oil and gas development is planned on land held in trust or restricted status by the United States for Tribes or tribal citizens, the U.S. Department of the Interior's Bureau of Indian Affairs (BIA) generally must review and approve leases and other documents required for development.² Other federal agencies, such as the Bureau of Land Management (BLM), also have regulatory roles and involvement with energy development.

Federal regulations require lessees to pay royalties and other revenues for the oil and gas produced on trust or restricted land.³ Lease agreements and drilling permits generally require lessees, once production has ceased, to plug wells and reclaim leased land by restoring the land to as close to its original natural state as possible. To ensure lessees meet the terms and conditions of their leases, federal regulations require each lessee to provide a bond.⁴ If a lessee fails to pay royalties and revenues, plug wells, or conduct reclamation, BIA, in consultation with other agencies, can collect the bond. According to BIA officials, BIA is to provide the bond funds to the Tribe or tribal citizens for past due royalties and revenues. These bond funds can offset the cost of plugging and reclaiming orphaned wells. If the bond funds are not sufficient to cover the costs of plugging and

¹Trust land is owned by the federal government and held in trust for a Tribe or tribal citizen(s), who are the beneficial owners. Restricted fee land is owned by a Tribe or tribal citizen(s) and has restrictions against alienation or encumbrance. An allotment, or allotted land, is a parcel of land owned by the United States in trust for an individual tribal citizen or owned by an individual tribal citizen subject to a restriction on alienation. Allotments resulted from federal laws that divided reservation and communal lands and allotted them to individual tribal members.

²Trust or restricted land generally cannot be leased without approval of the Secretary of the Interior, who has generally delegated this authority to BIA. Except where specifically noted, when we refer to a lease in this report, we are referring to standard leases—which we define as leases issued pursuant to 25 C.F.R. Parts 211, 212, and 227—leases issued pursuant to 25 C.F.R. Part 226, or minerals agreements issued pursuant to 25 C.F.R. Part 225. With some exceptions, BIA leases tribal lands for oil and gas development under Part 211, allotted lands under Part 212, and certain ceded lands in the Wind River Reservation under Part 227. Part 225 governs minerals agreements pursuant to the Indian Mineral Development Act of 1982. Part 226 governs leasing of Osage Reservation lands for oil and gas mining under the Osage Tribe Allotment Act. Our report does not cover leases of restricted land derived from allotments made to members of the Five Civilized Tribes (Cherokee, Choctaw, Chickasaw, Creek, and Seminole) in Oklahoma.

³See, e.g., 25 C.F.R. §§ 211.41, 212.41, 226.9, 226.11, 227.17. Lessees must pay royalties based on a percentage of production and sale and other revenues, which include annual rents on nonproducing leases and fees.

⁴25 C.F.R. §§ 211.24, 212.24, 225.30, 226.6, 227.8.

reclaiming an orphaned well or wells, the Tribe, tribal citizens, or the federal government may have to bear the costs.

Three Interior agencies play roles in bonding for oil and gas leases on trust or restricted land: BIA, BLM, and the Office of Natural Resources Revenue (ONRR). BIA regional and agency offices (local offices that provide direct services) and other supporting offices administer bonds, including approving bonds, maintaining files on bonds, collecting bonds when lessees fail to meet their responsibilities, and returning the bond once the lease is complete. BLM advises BIA on the adequacy of bond amounts, if requested, and ensures a bond is in place before approving a lessee's application for a permit to drill. BLM also evaluates a lessee's reclamation activities before BIA can return the bond. ONRR manages royalty payments for deposit in the appropriate Tribes' and tribal citizens' trust accounts.⁵ Specific to bonding, ONRR notifies BIA when a bond is needed to cover unpaid royalties and revenues. ONRR also confirms to BIA that it may return a bond when ONRR has collected all royalties and other revenues owed for the lease.

We, along with Interior's inspector general and others, have reported for nearly a decade on federal mismanagement of tribal resources and other factors hindering development of tribal energy resources. In 2015 and 2016, we found that BIA's inadequate staff resources, incomplete and inaccurate data on ownership of oil and gas resources and status of leases, lack of a process to monitor agency response times, and a complex regulatory framework that involved multiple agencies were among the factors that hindered tribal energy development.⁶ Since February 2017, due to long-standing ineffective management of tribal energy resources and other programs, we have included Interior's management of tribal energy resources as a high-risk area in need of attention from Congress and the executive branch.⁷

As we discussed with your office, we reviewed the status of oil and gas bonding for trust or restricted land. This report examines (1) the information available about BIA's bonds and bond claims for oil and gas leases on trust or restricted land, (2) the extent to which BIA's guidance and internal processes are designed to ensure effective management of bonding, (3) the extent to which BIA's oil and gas bonds are sufficient to cover the cost of plugging and reclamation on trust or restricted land and agency and tribal views on the adequacy of the bonds, and (4) the funding mechanisms for addressing orphaned wells with inadequate bonds.

To address the first three objectives, we interviewed officials from Interior, BIA, BLM, ONRR, and a subset of Tribes with oil and gas activity on their lands. We conducted site visits with BIA, BLM, and Tribes in Colorado, Montana, Oklahoma, Washington, D.C., and Wyoming. We interviewed officials from Interior's Office of the Solicitor and BIA, BLM, and ONRR headquarters offices. Within BIA and BLM, we also interviewed officials from all seven BIA regional offices with active oil and gas leases, a nongeneralizable sample of 11 BIA agency

⁵In most cases, ONRR transmits royalty payments to the Bureau of Trust Funds Administration for deposit to the appropriate Tribes' and tribal citizens' trust accounts.

⁶GAO, *Indian Energy Development: Poor Management by BIA Has Hindered Energy Development on Indian Lands*, [GAO-15-502](#) (Washington, D.C.: June 8, 2015); *Indian Energy Development: Interior Could Do More to Improve Its Process for Approving Revenue-Sharing Agreements*, [GAO-16-553](#) (Washington, D.C.: June 13, 2016); and *Indian Energy Development: Additional Actions by Federal Agencies Needed to Overcome Factors Hindering Development*, [GAO-17-43](#) (Washington, D.C.: Nov. 17, 2016).

⁷See the most recent update about the status of this list at GAO, *High-Risk Series: Efforts Made to Achieve Progress Need to Be Maintained and Expanded to Fully Address All Areas*, [GAO-23-106203](#) (Washington, D.C.: Apr. 20, 2023). The High-Risk List is our list of federal programs and operations that are vulnerable to fraud, waste, abuse, and mismanagement, or need transformation.

offices and six BLM field offices, and the Federal Indian Minerals Office.⁸ The selected offices include the BIA agency offices with the largest number of leases in each region and the corresponding BLM field offices.⁹ The BIA offices we interviewed collectively administer 94 percent of oil and gas leases on trust or restricted land.

We contacted the 22 Tribes that received oil and gas royalties and other revenues in fiscal year 2022, the most recent year for which data on royalties and other revenues were available from ONRR. We interviewed or received written responses from 13 of the 22 Tribes.¹⁰ In several interviews with Tribes, officials reported that they also were lessees. Throughout the report, we use the term “several” to represent three to five offices or Tribes, “some” to represent six to nine offices or Tribes, and “many” to represent 10 or more of the offices or Tribes included in our review.

To assess what information is available about BIA’s bond inventory and bond claims for oil and gas leases on trust or restricted land, we reviewed information available from BIA’s Trust Asset and Accounting Management System (TAAMS) and agency documents. We reviewed a non-generalizable sample of 30 nationwide bond files, selected randomly from BIA’s list of 356 active nationwide bonds, to determine the amount for each bond.¹¹ To understand BIA’s data collection requirements for bonds, we reviewed Interior and BIA guidance including BIA’s *Fluid Mineral Estate Procedural Handbook* (handbook).¹² In addition, we asked Interior and BIA officials about the information their offices collect on bonds and bond claims and the extent to which offices had bonds at, above, or below the regulatory minimum.

To examine the extent to which BIA’s guidance and internal processes are designed to ensure effective management of bonding, we reviewed and analyzed relevant laws, regulations, policies, procedures, and other documents. This included a review of BIA’s handbook and Interior’s Onshore Energy and Mineral Lease Management Interagency Standard Operating Procedures (SOP).¹³ In addition, we asked officials from offices that administer bonds about their policies and internal processes related to bonding. We asked officials from the Tribes in our review about their views on these processes and their experiences related to bonds for leases on their lands. To describe examples of cases in which BIA officials told us they required a higher bond amount, or made a bond claim, we reviewed and analyzed BIA documentation, including bonds and

⁸We interviewed officials from the Eastern Oklahoma, Great Plains, Navajo, Rocky Mountain, Southern Plains, Southwest, and Western BIA regional offices; the Anadarko, Blackfeet, Concho, Fort Berthold, Fort Peck, Jicarilla, Osage, Southern Ute, Uintah and Ouray, Ute Mountain Ute, and Wind River BIA agency offices; and Farmington, Great Falls, North Dakota, Oklahoma, Tres Rios, and Vernal BLM field offices. We interviewed officials from the Federal Indian Minerals Office because the office administers bonds for individual Navajo landowners.

⁹We used data from BIA’s Trust Asset and Accounting Management System (TAAMS) to identify the number of active leases in each BIA regional and agency office’s jurisdiction, as of March 2023. Findings from our interviews from the nongeneralizable sample of BIA agency offices and BLM field offices cannot be used to make inferences about all such offices.

¹⁰Because we are only able to report a subset of tribal views, we refer to the 13 Tribes that provided information as “Tribes in our review” to reflect that we did not receive responses from all the Tribes we contacted.

¹¹Results from our review of this nongeneralizable sample of 30 nationwide bond files cannot be used to make inferences about all of BIA’s nationwide bonds for oil and gas leases. We do not know if the bonds we reviewed are representative of all nationwide bonds.

¹²BIA, *Fluid Mineral Estate Procedural Handbook* (Washington, D.C.: July 2012).

¹³Interior and BIA have two primary guidance documents that contain information related to bonding for oil and gas leases on trust or restricted lands. Throughout this report we refer to these two documents as Interior and BIA guidance. See Department of the Interior, *Onshore Energy and Mineral Lease Management Interagency Standard Operating Procedures Attachment A: Agency Responsibilities and Information Sharing Fluid Minerals – Indian* (Washington, D.C.: February 2022) and *Attachment F: Bureaus and Offices Responsibilities and Procedures for IMDA Agreements* (Washington, D.C.: Apr. 2023) and *Fluid Mineral Estate Procedural Handbook*.

correspondence between BIA, BLM, lessees, and companies holding the bonds. We also compared BIA's policies and internal processes with *Standards for Internal Control in the Federal Government*.¹⁴

To assess the extent to which BIA's oil and gas bonds are sufficient to cover the cost of plugging and reclamation on trust or restricted land, we reviewed bond minimums for leases on trust or restricted land. We compared these bond minimums to available information on plugging and reclamation costs. We also reviewed and analyzed relevant tribal ordinances, BLM's proposed and final rules revising regulations for oil and gas leasing on federal lands, BIA's proposed rule revising regulations for the Osage Nation's mineral estate, and other BIA documents. We asked officials from the Tribes in our review for their views on the adequacy of BIA's bond minimums and whether minimum bond amounts should be higher. In addition, we asked Interior, BIA, BLM, and ONRR officials for their views on the adequacy of BIA's bond minimums.

To collect information about the mechanisms for addressing orphaned wells if bonds are inadequate, we reviewed reports available from the Interstate Oil and Gas Compact Commission and the Interior's Orphaned Well Program Office. We reviewed the Infrastructure Investment and Jobs Act (IIJA) section that authorizes grant funding to Tribes for plugging and reclamation of oil and gas wells.¹⁵ We also reviewed comments made to Interior on how regulatory improvement grants authorized by IIJA should be implemented. We reviewed state laws regarding orphaned well plugging and reclamation, and our past reports. We asked officials from the Office of the Solicitor and the Orphaned Well Program Office about their knowledge of any funding mechanisms (other than bonds and IIJA funds) that Interior can use, or that states are currently using, for the plugging and reclamation of orphaned wells on tribal land.

We conducted this performance audit from October 2022 to November 2024 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Background

Oil and gas leasing on trust or restricted land is generally authorized by three federal laws—the Act of March 3, 1909, the Indian Mineral Leasing Act, and the Indian Mineral Development Act (IMDA) of 1982¹⁶—and the implementing regulations for these laws. In addition, the Osage Nation has a unique authorizing law, the Act of

¹⁴GAO, *Standards for Internal Control in the Federal Government*, [GAO-14-704G](#) (Washington, D.C.: September 2014).

¹⁵Pub. L. No. 117-58, § 40601, 135 Stat. 429, 1080-91 (2021) (codified at 42 U.S.C. § 15907). Congress defined orphaned wells on federal and trust or restricted land in this law as wells that are not used for an authorized purpose and for which no operator can be located or the operator of which is unable to plug the well and remediate and reclaim the well site. See 42 U.S.C. § 15907(a)(5). Interior uses this definition in its grant guidance for Tribes.

¹⁶Act of March 3, 1909, ch 263, 35 Stat. 783 (codified as amended at 25 U.S.C. § 396); Indian Mineral Leasing Act, ch 198, § 1, 52 Stat. 347 (1938) (codified as amended at 25 U.S.C. §§ 396a–396g); Indian Mineral Development Act of 1982, Pub. L. No. 97-382, 96 Stat. 1938 (codified at 25 U.S.C. §§ 2101–2108).

June 28, 1906 (also known as the Osage Tribe Allotment Act).¹⁷ The ceded lands of the Shoshone or Wind River Indian Reservation also have a unique authorizing law.¹⁸ These acts require companies that want to develop oil and gas resources on trust or restricted land to procure a lease approved by the Secretary of the Interior or BIA.¹⁹

Oil and gas companies may participate in a lease sale offered by BIA regional or agency offices and enter a lease, may negotiate directly with a Tribe on terms and enter an IMDA agreement, or may negotiate leases with allottees or with the Osage Tribal Council.²⁰ For the purposes of this report we refer to all of these as leases. Federal regulations and the terms of the lease require lessees to pay Tribes or tribal citizens royalties while oil and gas production is ongoing, as well as other revenues during the lease. As a condition of lease termination, or with respect to ceasing production on particular areas, the lessee must return land disturbed by oil and gas operations to as close to its original condition as is reasonably practical, referred to as reclamation.

To ensure compliance with all the terms and conditions of the lease, BIA regulations require lessees to submit a bond. Relevant agencies require, verify, or take other action on bonds at several points during the life cycle of an oil and gas lease.

BIA requires bonds before approving leases. BIA regulations generally require lessees to submit a bond prior to lease approval. For standard and IMDA leases, BIA can accept personal bonds or surety bonds, and surety bonds for Osage leases. Personal bonds are accompanied by a financial instrument, such as a cashier's check or negotiable Department of the Treasury security, or a letter of credit issued by a financial institution. A surety bond in this context is a third-party guarantee that a lessee purchases from a company approved by the Department of the Treasury, also referred to as a surety company. The lessee pays a premium to the surety company that can vary depending on factors such as the amount of the bond and the company's assets and financial resources.

BIA regulations generally require lessees to have one of the following types of bond coverage for oil and gas leases on trust or restricted land:

- individual bonds, which cover all of a lessee's wells under one lease;

¹⁷Pub. L. No. 59-321, §§ 3-5, 34 Stat. 539, 543-45. This and later acts reserved the Osage Nation's mineral estate to the Osage Tribe and directed that the Tribe's headright holders receive the estate's royalty revenue. Headright means the right to a portion of the proceeds of the Osage Mineral Estate, as provided by the act and the tribal roll created pursuant to the act. Headright holder means the lawful owner of any interest in headright.

¹⁸Act of August 21, 1916, Pub. L. No. 64-218, ch. 363, 39 Stat. 519.

¹⁹These acts require the Secretary of the Interior's approval for oil and gas leases on trust or restricted land, and Interior generally delegates this authority to BIA.

²⁰The Indian Mineral Leasing Act enacted in 1938, established leasing procedures that required lease sales with competitive bidding. Ch 198, § 1, 52 Stat. 347. The Secretary of the Interior approves these leases. The Indian Mineral Development Act of 1982 authorizes an additional method for leasing—Tribes negotiate and enter into minerals agreements, subject to the approval of the Secretary of the Interior. Pub. L. No. 97-382, § 3, 96 Stat. 1938 (codified at 25 U.S.C. § 2102). In approving or disapproving a minerals agreement, the Secretary shall determine if it is in the best interest of the Indian Tribe or of any individual Indian who may be party to such agreement and shall consider, among other things, the potential economic return to the Tribe; the potential environmental, social, and cultural effects on the Tribe; and provisions for resolving disputes that may arise between the parties to the agreement. 25 U.S.C. § 2103(b).

- collective bonds, which cover all of a lessee's operations in one state that may also include areas on that part of an Indian reservation extending into any contiguous state;²¹ or
- nationwide bonds, which cover all of a lessee's leases and operations nationwide.

Specifically, as noted in table 1, BIA regulations set amounts for collective and nationwide bonds for standard, IMDA, and Osage leases as well as minimum amounts for individual bonds for Osage leases. However, these regulations also authorize increases in these bond amounts at BIA's discretion.²² For the purposes of this report, we refer to the bond amounts in regulations as bond minimums because BIA can increase the amounts.

²¹For Osage leases, a collective bond covers any combination of the lessee's leases not in excess of 10,240 acres. 25 C.F.R. § 226.6(a).

²²25 C.F.R. §§ 211.24(e), 225.30(e), 226.6(d); see also *id.* at §§ 212.24, 227.8.

Table 1: Regulatory Bond Minimums for Certain Oil and Gas Leases and Agreements, by Bond Type, as of September 2024

Bond type	Standard BIA approved leases ^a	Indian Mineral Development Act agreements ^b	BIA approved Osage leases ^c
Individual	No minimum	No minimum	\$5,000 for each quarter section or fractional quarter section ^d
Collective	\$75,000	\$75,000	\$50,000
Nationwide	\$150,000	\$150,000	\$150,000

Source: GAO analysis of Bureau of Indian Affairs (BIA) documentation. | GAO-25-106307

^a25 C.F.R. §§ 211.24, 212.24, 227.8.

^b25 C.F.R. § 225.30.

^c25 C.F.R. § 226.6. BIA proposed a rule which would revise these bond amounts, 88 Fed. Reg. 2430 (Jan. 13, 2023), but the rule was not finalized as of November 2024.

^dA quarter section is 160 acres.

The office responsible for approving and maintaining files on a bond varies by the type of bond. BIA headquarters administers nationwide bonds.²³ Once BIA headquarters approves the nationwide bond, the lessee can submit the nationwide bond to any regional or agency office. Regional offices approve and maintain files on collective bonds unless the region has delegated approval authority to an agency office. Agency offices approve and maintain individual bonds that cover one lease.

BIA requires bonds before approving assignments. If a lessee sells all or a portion of the lease to another company, known as an assignment, the company buying the lease—the assignee—must obtain a bond. When BIA has approved the assignee’s bond, the bond for the original company may be released.

BIA verifies bonds when operators change. In some cases, the lessee uses another party to conduct the oil and gas operations. When the lessee submits documents to designate such a party—an operator—to perform on its behalf, BIA confirms coverage of the operator under either the lessee’s bond or its own bond.²⁴

BLM verifies bonds before approving drilling permits. After BIA approves the lease and before the lessee—or an operator designated to perform on the lessee’s behalf—drills, the lessee or operator must submit an application for permit to drill to BLM, except for Osage leases. BLM field offices verify that lessees or operators submitting applications for permit to drill have evidence of bond coverage. After BLM approves the application, the lessee can drill the well and begin production.

BIA collects bonds. If lessees do not comply with royalty, revenue, or other requirements concerning a well or lease site during the drilling, production, and plugging phases—after attempts at compliance enforcement—BIA may collect the bond. Bond collection generally follows other enforcement actions available to BIA, BLM, and ONRR, such as issuing a written order to correct the violation, issuing a fine or penalty, or shutting down operations. BIA policy states that the agency must ensure the enforcement of lease provisions during lease operations to properly exercise its trust responsibility as required by law.

²³In October 2022, BIA delegated the authority to manage nationwide bonding requirements to BIA’s Indian Energy Service Center. Prior to this time, the Office of Real Estate managed this function.

²⁴BIA’s regulations do not require that these non-lessee operators are bonded, but BIA guidance states that non-lessee operators must provide evidence that they are covered under a bond.

After attempts at compliance enforcement, if lessees fail to pay royalties and other revenues or fail to conduct proper plugging or reclamation, BIA can collect bonds to offset these costs. For surety bonds, the surety company that issued the bond is responsible for paying Tribes or tribal citizens up to the amount of the bond to help offset these costs. Alternately, for personal bonds, BIA may redeem the certificate of deposit, cash the check, sell the security, or make a demand on the letter of credit associated with the bond to pay royalties or plugging and reclamation costs. According to Interior guidance, bond funds must first go to pay outstanding royalties, and any funds that remain can be used for plugging or reclamation costs.²⁵ If the bond is not sufficient to cover royalties and other revenues, plugging, and reclamation, and there are no responsible or liable parties, the well is considered “orphaned.”²⁶

BIA returns bonds to lessees who meet obligations. Once wells cease production—which may occur many decades after they are drilled—BIA works with ONRR and BLM to ensure that the lessee has met lease obligations before returning the bond. ONRR verifies that it has received all royalty and other revenues and informs BIA whether the lessee has met its financial liabilities. In addition, BIA works with BLM to ensure that all required reclamation is complete.²⁷ This process may involve plugging the well, removing structures, and reshaping and revegetating the land around the wells. If a lessee has met the financial obligations and completed reclamation, BIA returns the bond to the company. BIA headquarters determines when a nationwide bond can be returned after consulting with regional and agency offices.

BIA Does Not Maintain Agency-wide Information on Bond Characteristics or Claims

BIA’s agency-wide data system—the Trust Asset and Accounting Management System (TAAMS)—does not contain comprehensive bond information. Specifically, the only bond information required in TAAMS is a check box that indicates that a bond is in place for the lease. TAAMS is not configured to require specific bond data or track bond information. Although not required, BIA offices sometimes enter information such as the bond number, bond amount, or bond type in a remarks field in TAAMS. However, these entries are inconsistent, and not searchable. As a result, this information cannot be relied on as a record of BIA’s bonds or bond amounts. TAAMS also accepts electronic copies of bonds, but not all offices use this feature, according to a BIA headquarters official.

BIA headquarters officials said that BIA is considering making changes to TAAMS to collect additional and more consistent information on bonds. Specifically, according to the officials, BIA is considering developing business rules for data entry in the TAAMS remarks field as well as changing the TAAMS data fields to enable BIA to collect additional bond information. BIA officials did not provide an estimated time frame for implementing the business rules for data entry or potential changes to TAAMS.

²⁵*Onshore Energy and Mineral Lease Management Interagency Standard Operating Procedures Attachment A: Agency Responsibilities and Information Sharing Fluid Minerals – Indian and Attachment F: Bureaus and Offices Responsibilities and Procedures for IMDA Agreements.*

²⁶Bureau of Land Management, Instruction Memorandum 2021-039 (July 13, 2021).

²⁷BLM will not approve final abandonment until the surface reclamation work it requires has been completed and the required reclamation is acceptable to BIA. BIA ensures that the reclamation is successful, which may require several years of monitoring. BIA then accepts that reclamation is complete.

Although it is not required, about half of the selected offices compile bond information in another way, such as in a spreadsheet.²⁸ These bond inventories vary in format and the information included. For individual and collective bonds, the offices' bond inventories generally included the lessee's name, bond number, and bond amount. However, most of the inventories did not specify whether the bond was individual or collective for the majority of the bonds listed, although this information is necessary to determine whether the bond amount complies with regulations. In addition, officials from two offices said that their inventories do not contain all the bonds for leases in their area.

BIA headquarters has a basic inventory of nationwide bonds. This inventory lists 400 active and inactive nationwide bonds, including the lessee's name and bond number. However, the inventory does not include bond amounts, the leases covered by each bond, or which regional or agency offices administer the leases.

We found only one of the selected offices tracked bond claims. The Osage agency office compiles information on bond claims made to fund royalties and other revenues, plugging, or reclamation.²⁹ It collected funds from more than 50 bonds from 2014 to 2024, according to BIA documentation.³⁰ BIA officials from five other offices could recall their offices making bond claims but did not keep lists of such instances. Therefore, we were unable to determine the number of bond claims BIA has made and whether the bonds were sufficient to cover unpaid royalties or other revenues or the costs of plugging or reclamation.

Because BIA could not provide us with complete data on bond amounts, we were unable to determine the number of bonds, bond amounts for individual bonds, or the extent to which BIA holds collective or nationwide bonds for amounts above, at, or below the regulatory minimum. In the absence of such data, we asked BIA officials with knowledge of the agency's lease files about their offices' bond amounts for individual, collective, and nationwide bonds.³¹ A summary of office practices follows.

- **Individual bonds.** Officials from some of the offices that accept individual bonds said that 5 percent or fewer of their leases are covered by bonds of this type. Individual bond amounts generally range from \$2,500 to \$75,000 and several offices require different bond amounts for producing and non-producing wells, according to agency office officials and BIA documentation.³² However, one BIA agency office had several individual bonds for much higher amounts, ranging from approximately \$175,000 to \$1.3 million. Another agency office follows different regulations related to bonding, which include minimum bond

²⁸Specifically, nine of 16 selected offices that administer bonds for leases on trust or restricted land have bond inventories. These offices include the BIA headquarters office that administers nationwide bonds, three BIA regional offices, four BIA agency offices, and one other supporting office.

²⁹One of 16 selected offices that administer bonds for leases on trust or restricted land has an inventory of bond claims.

³⁰According to Interior officials, some Osage leases have been in production since the early 1900s. There are a substantial number of smaller lessees producing marginal volumes of oil and gas. In some cases, the limited production has led to companies being unable to pay royalties and other revenues or plug and reclaim the wells. BIA has collected bonds in these situations.

³¹We met with officials from a total of 20 BIA regional offices, agency offices, and other supporting offices. However, not all of these offices administer bonds. In our report we sometimes refer to the selected offices that administer certain bond types. These include 16 selected offices that administer bonds of any type, 14 selected offices that administer individual bonds, and 13 selected offices that administer collective bonds.

³²Two BIA regional offices and one agency office have written policies on individual bond amounts.

amounts for individual bonds on the Osage Reservation.³³ This office's individual bonds are generally \$5,000—the regulatory minimum for most leases, according to Osage agency office officials.³⁴

- **Collective bonds.** According to BIA officials, most offices that administer collective bonds typically set bond amounts at \$75,000, the regulatory minimum for standard leases and IMDA agreements.³⁵ Officials from two of these offices said they manage a small number of bonds for amounts above the minimum. In addition, officials from two other offices told us they use higher bond amounts. Specifically, one BIA regional office generally requires the lessee provide a bond in the amount recommended by the Tribe, which is generally \$15,000 to \$20,000 per well. Another BIA agency office sets bond amounts above the regulatory minimum because of a tribal ordinance that established a higher minimum for all leases on the Tribe's reservation.³⁶ BIA headquarters officials said that other Tribes, as sovereign nations, may pursue similar policies establishing higher bond amounts, and that BIA would approve such policies if they comply with federal regulations. One office identified a collective bond below the regulatory minimum. According to an official from this agency office, one lessee in its area has a bond for \$25,000, and the office is planning to require the lessee to increase its bond to meet the regulatory minimum. Officials from several other offices said that they may still have older collective bonds for lower amounts that BIA approved when regulatory minimums were lower.³⁷
- **Nationwide bonds.** According to BIA headquarters officials, all active nationwide bond amounts are the regulatory minimum of \$150,000 except one. In that case, according to a BIA official, one company voluntarily submitted a bond for \$300,000 in 2023, which BIA approved. We reviewed a non-generalizable sample of 30 nationwide bond files and found that all of the bonds were for \$150,000 or higher. Specifically, two were for higher amounts—\$300,000 and \$256,000.³⁸ In the course of our review, we also identified two additional nationwide bonds for amounts greater than the regulatory minimum, specifically for \$236,000 and \$250,000.

BIA's handbook states that BIA has responsibility for approving and maintaining files on bonds for trust or restricted land.³⁹ The handbook does not, however, contain the detail needed to ensure that BIA offices collect and use quality information to achieve the agency's objectives, as specified in *Standards for Internal Control in the Federal Government*.⁴⁰ For example, the guidance does not specify the bond information that BIA should

³³25 C.F.R. § 226.6. Regulations require a bond in the amount of not less than \$5,000 for each 160 acres—referred to as a quarter section—or fractional quarter section covered by each lease on Osage Reservation lands, unless the party providing the bond chooses a collective or nationwide bond, or the Superintendent chooses to increase the amount.

³⁴Officials from BIA's Osage agency office told us that most leases are one quarter section.

³⁵Specifically, eight of 13 selected offices that administer collective bonds for leases on trust or restricted land typically set bond amounts at the regulatory minimum. One of these offices—the Osage agency office—has a regulatory minimum of \$50,000 for collective bonds. Three of the selected offices use higher bond amounts, one office does not currently accept collective bonds, and one office was not able to answer the question.

³⁶Ute Indian Tribe of the Uintah & Ouray Reservation, Ordinance No. 13-024 (adopted Mar. 27, 2013).

³⁷BIA's current minimum bond amounts for 25 C.F.R. Parts 211 and 212 were established by a final rule in 1996. 61 Fed. Reg. 35634, 35656, 35664 (July 8, 1996) (§§ 211.24, 212.24). Prior regulations included a minimum of \$15,000 for collective bonds. See, e.g., 25 C.F.R. § 211.6 (1993).

³⁸Results from our review of this nongeneralizable sample of 30 nationwide bond files cannot be used to make inferences about all of BIA's nationwide bonds for oil and gas leases. We do not know if the bonds we reviewed are representative of all nationwide bonds.

³⁹*Fluid Mineral Estate Procedural Handbook*.

⁴⁰GAO-14-704G.

maintain or how to maintain it to ensure that bond amounts comply with regulations and are sufficient for their purposes.

Without key bond information, such as bond amount, bond type, leases covered, and whether bond claims have been made, BIA does not know if it is meeting regulatory requirements or if its bonds are sufficient to fulfill their purpose. For example, the inability to associate leases and bonds limits BIA's ability to determine if a bond amount is adequate because no office has a full picture of the leases covered by the bond. In addition, in the absence of a consolidated, agency-wide source of bond information, BIA staff encounter challenges because each office must review separate files where bond information is stored. Likewise, without more comprehensive data on historic bond claims, BIA cannot understand the extent to which bonds have been needed for oil and gas leases on trust or restricted lands and whether the bonds claimed were sufficient for their purposes. This information is critical for setting future bond amounts.

BIA Does Not Have Sufficient Guidance to Manage Bonding Throughout the Life Cycle of a Lease

Interior and BIA have two primary guidance documents for BIA officials to use when managing bonding for oil and gas leases on trust or restricted land. Interior's guidance—found in its Onshore Energy and Mineral Lease Management Interagency SOP—documents each Interior agency's high-level responsibilities related to bonding.⁴¹ BIA's handbook includes guidance on ensuring that bonds are in place at the required points in the life cycle of a lease.⁴² It also specifies that a bond may be returned to the lessee after it has paid royalties and completed plugging and reclamation.

These guidance documents do not cover some key aspects of bonding in enough detail to ensure offices manage bonding effectively and consistently. A summary of specific weaknesses in Interior and BIA guidance related to bonding follows.

Setting initial bond amounts. BIA guidance requires BIA to approve a bond for each lease and ensure the bond is adequate, but neither BIA guidance nor Interior guidance specifies how BIA offices should determine the bond amount when initially issuing a lease for any bond type. As a result, offices generally set bond amounts at the minimum specified in regulation.

For nationwide bonds, BIA headquarters officials said that the office administering the lease is responsible for assessing whether the bond amount is adequate for a particular lease, rather than the BIA headquarters office that approves the bond. However, the guidance does not include this responsibility, and officials from several regional or agency offices said they are not involved in setting nationwide bond amounts when they approve the lease. Officials from many regional and agency offices also said they accept nationwide bonds if they meet the regulatory minimum of \$150,000. These offices are not involved in setting nationwide bond amounts when they approve the lease. For example, officials from one BIA regional office said they do not take any steps to

⁴¹*Onshore Energy and Mineral Lease Management Interagency Standard Operating Procedures Attachment A: Agency Responsibilities and Information Sharing Fluid Minerals – Indian and Attachment F: Bureaus and Offices Responsibilities and Procedures for IMDA Agreements.*

⁴²*Fluid Mineral Estate Procedural Handbook.*

determine if a nationwide bond amount is adequate; they only ensure that the bond meets the regulatory minimum.

BIA's regulatory language related to bond amounts is also unclear. BIA headquarters officials said that the terms used in BIA's regulations do not clearly indicate the bond amounts given are minimums. More specifically, the regulations state "an operator may file a \$75,000 bond" or "an operator may file a \$150,000 bond."⁴³ In contrast to BIA, BLM's regulations for federal onshore oil and gas leases explicitly state that the bond amounts for lease and statewide bonds are minimums.⁴⁴ The practices of BIA agency offices illustrate this lack of clarity in the regulations. For example, officials from two selected offices that administer bonds were not aware that they could require an initial bond amount above the regulatory minimum.

Reviewing bond amounts. Interior or BIA guidance does not clearly establish when and how BIA should review the continued sufficiency of bond amounts after they are initially set. Interior's SOP states that BIA is responsible for monitoring bond sufficiency, in consultation with BLM, but provides minimal instruction on how or when to do so.⁴⁵ The guidance does not specify the frequency of reviews or factors to be included in reviews. Further, the guidance does not specify whether BIA headquarters, regional, or agency offices are responsible for nationwide bond reviews. In contrast, it is BLM's policy to review bonds for federal leases every 5 years or when certain events occur, such as an operator's failure to pay royalties.⁴⁶

Officials from selected BIA offices that administer bonds said that they do not conduct bond reviews but officials from many of these offices noted they can request a bond review from BLM.⁴⁷ According to officials we interviewed, many of the selected regional and agency offices that administer bonds request bond reviews from BLM infrequently or not at all. The offices that have requested bond reviews from BLM routinely do so when approving the assignment of a lease to a new company.

However, about half of the offices that administer bonds are not following guidance in BIA's handbook requiring BIA to request a bond review from BLM when a company assigns its lease or a portion of its lease to another company, according to officials from these offices.⁴⁸ BIA's handbook states that BLM should evaluate bond amounts when a lease is assigned to a new company. Interior's SOP also states that BIA may request a bond

⁴³BIA's regulations for standard leases and IMDA minerals agreements state that an operator may file a \$75,000 bond for all geothermal, mining, or oil and gas leases, permits, or assignments in any one State, which may also include areas on that part of an Indian reservation extending into any contiguous State. They also state that an operator may file a \$150,000 bond for full nationwide coverage to cover all geothermal or oil and gas leases, permits, or assignments without geographic or acreage limitation to which the operator is or may become a party. 25 C.F.R. §§ 211.24(b), (c), 225.30(b), (c); see *also id.* at §§ 212.24, 227.8.

⁴⁴43 C.F.R. § 3104.1.

⁴⁵BLM refers to such reviews as bond adequacy reviews and has a policy in place for bond adequacy reviews for oil and gas leases on federal lands. See Bureau of Land Management, *Oil and Gas Bonds Adequacy Reviews, Instruction Memorandum 2024-014* (Feb. 7, 2024). Officials from selected BLM offices told us that they generally use the process in their bond adequacy review policy for bond reviews for leases on trust or restricted land.

⁴⁶*Instruction Memorandum 2024-014.*

⁴⁷For the purposes of this report, we define a bond review as assessing the bond for an existing lease to determine whether the initial bond amount is still sufficient or if BIA should change the bond amount.

⁴⁸Officials from eight of the 16 selected offices that administer bonds said their offices do not routinely request bond reviews from BLM for lease assignments. Officials from five offices said they do request reviews from BLM for lease assignments, and two other offices did not provide information on this topic. According to BIA Osage Agency office officials, BLM does not have a role for leases of the Osage Mineral Estate.

review from BLM prior to approving an assignment. BIA headquarters officials confirmed that offices are required to review the bond amounts when approving a lease assignment, as specified in the handbook.

Offices also implement BLM's recommendations differently when they do request bond reviews.⁴⁹ In some cases, BIA offices required the bond amount that BLM recommended. For example, at a BIA agency office's request, BLM conducted a bond review and recommended an increased collective bond amount of \$330,000, which BIA then required the lessee to provide. However, in other cases, BIA officials did not follow BLM's recommendation and instead used professional judgment to set a different bond amount. For example, a BIA agency office requested that BLM conduct a bond review before approving the assignment of approximately 25 leases to a new company, according to officials from this office. BLM recommended higher bond amounts for nine of these leases, resulting in a total recommended bond amount of approximately \$1.4 million. BIA ultimately required the lessee to increase its collective bond from \$75,000 to \$307,000, which was the highest amount BLM had recommended for a single lease.

Increasing existing bond amounts. Interior and BIA guidance documents refer to BIA's responsibility for increasing existing bond amounts, when necessary, but do not include sufficient information on when or how offices should do so. In contrast to BIA, BLM regulations and guidance specify reasons that the agency should increase a bond amount for a federal lease, including if the total cost of plugging existing wells and reclaiming lands exceeds the bond amount.⁵⁰

BIA has regulatory authority to increase bond amounts and, according to BIA headquarters officials, BIA can increase a bond amount at any time. However, BIA officials we spoke with in two agency offices were not aware they could increase bond amounts above the minimum. For example, officials from one Tribe said that they would like to require higher bonds for leases on their lands but had faced barriers attempting to work with BIA to increase bond amounts. Officials from the BIA agency office with jurisdiction over this Tribe's lands told us that BIA cannot increase a bond amount without a recommendation from BLM. However, no such requirement appears in BIA regulations, Interior, or BIA guidance.

Collecting bonds. Interior and BIA guidance does not include detail on the process BIA offices should follow to collect a bond. The guidance only states that BIA has the authority to collect bonds and gives some information on how BIA should coordinate with other agencies. We learned that many of the selected BIA offices that administer bonds have not collected a bond or have done so infrequently. An official from one BIA agency office said that they did not know the process to collect a bond because they had never needed to do so. It took one BIA regional office over 2 years to collect a bond, according to BIA documentation.

In some cases, BIA has been unable to collect bonds because it could not contact the companies that issued them. For example, in one instance, BIA sent letters to the surety company demanding payment of a bond but, according to a BIA official, these letters were returned. Both BLM and the Tribe have done work at the lease site covered by this bond at their own expense, including plugging a leaking well. The Tribe is delaying further

⁴⁹According to Interior's SOP, BIA has final responsibility for the bond amount for leases on trust or restricted land. BLM and BIA officials also told us that BIA determines whether and how to implement BLM's bond recommendations and that BIA does not have to implement BLM's recommendations.

⁵⁰43 C.F.R. § 3104.50; BLM and U.S. Forest Service, *Surface Operating Standards and Guidelines for Oil and Gas Exploration and Development*: The Gold Book (Denver, CO: 4th Ed., revised 2007).

reclamation work because its costs—which have already exceeded the bond amount of \$75,000—remain unreimbursed as the agency has been unable to access the bond funds, according to BIA officials.

Requiring bonds for operators that are not the lessee. In some cases, the lessee uses another party to conduct the oil and gas operations. BIA guidance states that non-lessee operators must provide evidence of coverage under a bond to BIA. According to BIA headquarters officials, operators are not required to be bonded separately if the lessee has a bond, but this practice varies across regions. According to BIA regional and agency office officials, some offices require operators to have their own bonds, while others do not and allow operators to be covered under the lessee’s bond.

BIA officials recognized certain challenges to the reliability of the agency’s handbook for bond administration and the need to update related policies and procedures. According to BIA headquarters officials, BIA’s handbook is out of date and may have incorrect information. An official from one BIA agency office said that BIA’s handbook does not have examples or step-by-step processes, which staff need to understand how to do their job. An official from another BIA office described the handbook as vague and general. In addition, BIA officials said that, in the absence of detailed guidance, staff sometimes must rely on officials in similar positions in other BIA agency or regional offices for assistance. According to BIA headquarters officials, BIA plans to update its policies and procedures related to bonding, including BIA’s handbook; however, the officials could not provide a planned timeline for these updates.

According to Interior’s SOP, BIA has responsibility—in consultation with BLM—for monitoring bonding sufficiency to cover operations, reclamation, and royalty obligations and, when necessary, taking action to increase bond amounts.⁵¹ Furthermore, under federal standards for internal control, management should design control activities to achieve objectives and respond to risks. Such activities include appropriate documentation of internal control in management directives, administrative policies, or operating manuals.⁵²

BIA is managing bonding inconsistently across its offices because of the weaknesses in regulations and guidance described above. Specifically, offices generally set bonds at the regulatory minimum, rarely review bond amounts, and have experienced challenges collecting bonds when needed. As a result, BIA cannot ensure that bond amounts are sufficient to serve their intended purpose, as specified in Interior’s SOP. Ultimately, these practices may result in negative outcomes for Tribes—such as loss of revenue—in cases where the lessee does not fulfill its responsibilities and the bond is needed.

Because BIA does not have a policy in place requiring routine bond reviews, there have been some cases in which BIA could not collect a bond when needed, meaning the costs of plugging and reclamation may fall to the Tribe. Further, officials from several BIA agency offices told us that BIA is not issuing new oil and gas leases in their area but that they do process lease assignments. However, many of the selected offices do not review bond amounts when approving lease assignments, as required in BIA’s handbook. BIA is therefore missing a key opportunity to revisit bond amounts to ensure their sufficiency. In addition, weaknesses in BIA’s guidance have resulted in inefficiencies. For example, in part because of BIA’s lack of guidance on collecting

⁵¹ *Onshore Energy and Mineral Lease Management Interagency Standard Operating Procedures Attachment A: Agency Responsibilities and Information Sharing Fluid Minerals – Indian* (Washington, D.C.: Feb. 2022) and *Attachment F: Bureaus and Offices Responsibilities and Procedures for IMDA Agreements*.

⁵² [GAO-14-704G](#).

bonds, the process of collecting a bond may take years. Having a standard process for collecting bonds could also make coordination with BLM and ONRR more efficient.

Bond Minimums Generally Do Not Cover Potential Costs, but Interest in Increasing or Retaining Current Bond Amounts Varies by Tribe

BIA's established bond minimums are insufficient to cover the costs of plugging and reclaiming a typical well, according to officials from BIA, BLM, and Tribes in our review. In April 2024, Interior substantially increased bond minimums for oil and gas leases on federal lands but not trust or restricted land. Several Tribes in our review have used their existing authorities to require higher bond amounts for oil and gas leases on their land, but tribal views on the utility and effects of doing so vary based on Tribes' priorities and other circumstances.

BIA Bond Minimums Do Not Reflect the Costs of Plugging and Reclamation and Are Significantly Lower Than Bond Minimums on Federal Lands

The cost to plug a well or wells at a site and conduct reclamation varies widely based on the depth of the wells, the number of wells, and the reclamation needed. Depending on the location, one tribal official estimated that the costs to plug a single well could range from \$200,000 to \$300,000. BLM has estimated that the cost to plug a well and reclaim the surface ranges from \$35,000 to \$200,000 for federal leases, with an average cost of \$71,000.⁵³ BIA and BLM officials said costs for wells on trust or restricted land would be similar. Similarly, BIA officials from one regional office and one agency office said that cleaning up a single, small spill could cost the full bond amount or more.

Bond minimums are based on the bond type chosen by the company and do not adjust with the number of wells or leases a bond may cover, which can vary greatly. As new leases are added to a collective or nationwide bond, the total liability for plugging and reclamation increases while the bond amount stays the same. Tribal officials noted that leases often have multiple wells, and the cost to plug and reclaim one well would typically exceed the \$150,000 nationwide bond. One BLM official explained that even if the bond were \$500,000 it might not be enough for both plugging and reclamation because of the number of wells covered by the bond.

Interior and tribal officials provided examples of instances when bonds were collected but not sufficient to cover unpaid royalties and other revenues or the costs of plugging and reclamation.

For example, BIA officials provided a list of 56 bonds collected from 2014 to 2024 for leases of the Osage Mineral Estate. After covering any outstanding royalties, most of the bonds had \$5,000 or less available for plugging and reclamation.⁵⁴ In addition, most of the leases these bonds covered had multiple wells. However,

⁵³BIA does not collect data on actual costs for plugging and reclamation on trust or restricted land. BLM included these cost estimates for wells on federal lands in its recent proposed rule. BLM, *Fluid Mineral Leases and Leasing Process—Proposed Rule*, 88 Fed. Reg. 47,562 (July 24, 2023).

⁵⁴Fourteen leases had less than \$5,000 in bond monies available for plugging because the lessee had unpaid royalties (whether production royalties or minimum royalty) due and owing at the time of the bond's collection. Officials said BIA puts collected bond monies toward unpaid royalties before plugging costs to ensure that the Osage Nation receives the full value of its oil and gas resources.

according to BIA officials, \$5,000 is not sufficient to plug a single well. BIA officials said that the average cost to plug an uncomplicated well within the Osage Mineral Estate is approximately \$22,000. In another instance, BIA collected a nationwide bond of \$150,000 and transferred the funds to the Tribe. In this instance the company owed the Tribe over \$300,000 in past-due royalties and other revenues and accumulated interest and BLM estimated the company's environmental obligations to be over \$20 million. The lessee filed bankruptcy and the wells are considered orphaned. For a lease in Utah, BIA could not collect a collective bond of \$75,000 because BIA could not locate the surety company. BLM estimated the total cost of plugging and reclamation for this lease as approximately \$150,000.

In 2024, Interior made significant changes to bonding requirements for oil and gas leases on federal lands through updates to its regulations and policy.⁵⁵ This is the first comprehensive update to bonding regulatory requirements for federal lands in more than 60 years, and the minimum bond amounts for federal lands are now significantly higher than those required for oil and gas leases on trust or restricted land. When issuing the update to bonding requirements for wells on federal lands in its April 2024 final rule, Interior reported that the previous bond amounts did not reflect current costs for reclamation or adequately protect the fiscal interests of the American public.⁵⁶ The specific changes to bond requirements for oil and gas leasing on federal lands in regulations and policy include the following:

- Interior increased the minimum individual lease bond amount from \$10,000 to \$150,000 and increased the minimum statewide bond amount from \$25,000 to \$500,000.
- Interior eliminated the use of nationwide bonds for oil and gas leases on federal lands. Operators with nationwide bonds have until June 22, 2025, to replace nationwide bonds with individual lease bonds or statewide bonds.⁵⁷
- Interior required inflation adjustments for bond minimum amounts every 10 years.
- In its February 2024 bond review policy, BLM required offices to increase a bond to the full liability if over 50 percent of an operator's wells are considered idle.

Table 2 lists bond minimums for various types of bonds on federal and trust or restricted lands.

⁵⁵The Mineral Leasing Act of 1920, as amended, requires that federal regulations ensure adequate bonding for oil and gas operations on federal land. See Pub. L. No. 66-146, ch. 85, § 17, 41 Stat. 437, 443 (codified in relevant part as amended at 30 U.S.C. § 226(g)). BLM revised its oil and gas regulations for federal lands in BLM, *Fluid Mineral Leases and Leasing Process—Final Rule*, 89 Fed. Reg. 30916 (Apr. 23, 2024). This rule was effective on June 22, 2024. In addition, in 2024, BLM updated its previous, expired policy on bond adequacy reviews. Bureau of Land Management, *Instruction Memorandum 2024-014* (Feb. 7, 2024).

⁵⁶89 Fed. Reg. at 30934–35. In September 2019, we recommended that BLM take steps to adjust bond levels to more closely reflect expected reclamation costs. GAO, *Oil and Gas: Bureau of Land Management Should Address Risks from Insufficient Bonds to Reclaim Wells*, [GAO-19-615](#) (Washington, D.C.: Sept. 18, 2019). BLM implemented this recommendation in April 2024 by issuing a final rule increasing minimum bond amounts for operations on Federal lands to reflect inflation and BLM's estimate of current plugging and reclamation costs. See 89 Fed. Reg. 30916.

⁵⁷An individual lease bond posted by a lessee may cover all operators on a lease. Otherwise, each operator on a lease must provide a separate bond covering just the wells operated by that operator. A statewide bond covers all of a lessee's leases or operator's operations in one state.

Table 2: Regulatory Bond Minimums for Certain Oil and Gas Leases and Agreements on Federal and Trust or Restricted Lands, by Bond Type, as of August 2024

Bond type	2024 BLM requirements for federal leases	Standard BIA leases ^a	Indian Mineral Development Act agreements ^b	Osage leases ^c
Individual	\$150,000	No minimum	No minimum	\$5,000 for each quarter section or fractional quarter section ^d
Statewide/collective	\$500,000	\$75,000	\$75,000	\$50,000
Nationwide	No longer allowed	\$150,000	\$150,000	\$150,000

Source: GAO analysis of Bureau of Indian Affairs (BIA) and Bureau of Land Management (BLM) documentation. | GAO-25-106307

^a25 C.F.R. §§ 211.24, 212.24, 227.8.

^b25 C.F.R. § 225.30.

^c25 C.F.R. § 226.6.

^dA quarter section is roughly 160 acres.

In contrast to leases on federal lands, BIA has not increased the regulatory bond minimums for leases on trust or restricted land in almost 30 years.⁵⁸ Most BIA and BLM officials we spoke with said that BIA’s bond minimums were inadequate for their purpose.⁵⁹ Specifically, officials said that bond minimums are not high enough to cover the costs of plugging and reclamation. In addition, BIA officials said it was not known if bond minimums were enough to encourage compliance with all the terms and conditions of the lease. Further, as a well’s production decreases over time, lessees that are large companies transfer the lease to small operators. A few BIA and tribal officials said that this increases the risk that the wells will become orphaned because the small operators may not have the money or ability to plug and reclaim the wells.

BIA officials said the agency is studying potential changes to its oil and gas regulations for trust or restricted land, and BIA established January 2025 as the time frame for issuing a proposed rule. Officials said they plan to consult with Tribes regarding whether bond minimums should be increased.

In a 2023 proposed rule, BIA has suggested changes to bond minimums for oil and gas leases of the Osage Nation’s mineral estate.⁶⁰ BIA is proposing to increase the amount for individual bonds and increase

⁵⁸BIA set the current bond amounts for standard leases for tribal and allotted land in a 1996 final rule. 61 Fed. Reg. 35634, 35656, 35664 (July 8, 1996) (25 C.F.R. §§ 211.24, 212.24); *see also* 22 Fed. Reg. 10513, 10623 (Dec. 24, 1957) (incorporating by reference the bonding provision, including amounts, from Part 171—the predecessor to Part 211—into leases under Part 184, the predecessor to Part 227). The March 1994 rule, 59 Fed. Reg. 14960, 14975 (Mar. 30, 1994) set the current bond amounts for IMDA minerals agreements in 25 C.F.R. § 225.30. Two different rules set the current Osage bond amounts in 25 C.F.R. § 226.6. BIA set the individual lease bonds in 1990, 55 Fed. Reg. 33112, 33114 (Aug. 14, 1990), and the Osage-wide/countywide and nationwide bond options in 1978, 43 Fed. Reg. 8135 (Feb. 28, 1978).

⁵⁹Officials from all seven BIA regional offices, 10 of 11 BIA agency offices, and four of the six BLM field offices said that bond amounts are not adequate for their purpose. One BIA agency office was not able to answer the question. One BLM field office said the bonds were adequate for their area and one said it was the Tribe’s decision.

⁶⁰88 Fed. Reg. 2430 (Jan. 13, 2023). The Osage Mineral Estate is the oil, gas, and other sub-surface minerals. Revenues of development are distributed among owners of shares of the mineral estate.

countywide bonds from \$50,000 to not less than \$75,000.⁶¹ This change would make the regulatory minimum for collective bonds for Osage leases consistent with the regulatory minimum for collective bonds on trust or restricted land.

Tribes Have a Range of Views on Whether Bond Minimums Should Be Higher

While many of the Tribes in our review thought bond minimums were inadequate for covering costs, the Tribes did not all have the view that the minimum should be increased. Some Tribes said that the bond minimums should be higher. One Tribe noted that higher bond amounts would decrease the Tribe's potential liability if lessees did not complete plugging and reclamation.

Several Tribes in our review did not think BIA should increase the bond minimums. Five of these Tribes expressed concern that if bonds were too high it would discourage companies from leasing on trust or restricted land. For example, one Tribe noted that even the current bond amounts are cost-prohibitive for small companies. These smaller companies are important to the Tribe because they are more willing to reenter wells that still have potential but that would not produce enough to be of interest to a larger company. This is of greater concern to Tribes with wells that have a low volume of production because these locations are more likely to have smaller companies as lessees.

Officials from two other Tribes in our review did not think BIA should increase bond minimums because Tribes and Interior have other tools to encourage companies to not abandon the wells. An official with one Tribe said that instead of increasing bond minimums, ensuring that the companies that obtain the lease are responsible companies is more important. This Tribe has a role in determining which companies lease their lands including reviewing lease assignments when a company sells its lease. Officials from another Tribe said that the current bond amounts were appropriate if accompanied by adequate monitoring and enforcement of lease terms by BIA and BLM.

Interior officials agreed that monitoring compliance with the lease terms and well permits and taking actions to achieve compliance help prevent orphaned wells. For example, in collaboration with BIA, ONRR takes enforcement action when lessees do not pay royalties and revenues. BLM takes enforcement action if a lessee does not accurately measure and report production volume or if inspections reveal the lessee is not in compliance at the well or lease site during the drilling, production, and plugging phases. BLM also identifies and addresses idled and nonoperational wells.⁶² According to BLM, the best proactive measure to prevent the

⁶¹25 C.F.R. § 226.6 for the Osage mineral estate states that a bond must be filed for each lease submitted for approval of not less than \$5,000 for each quarter section or fractional quarter section of the lease. The proposed regulations propose an individual bond of not less than \$6 per foot of measured or projected well depth. The proposed rule changes the collective bond (covering all leases up to 10,240 acres) to a countywide bond covering only those operations in Osage County up to 10,240 acres.

⁶²In a 2019 Instruction Memorandum (I.M.), BLM defined an idled well as any well that has been nonoperational for at least 7 years and has no anticipated beneficial use. BLM *Instruction Memorandum 2020-006 Idled Well Reviews and Data Entry* (Dec. 10, 2019) (citing 42 U.S.C. § 15907). The statutory provision cited in that I.M. now defines idled wells as those which have been nonoperational for not fewer than 4 years, and for which there is not anticipated future beneficial use. Under BLM's I.M., nonoperational wells include all shut-in and temporarily abandoned wells.

existence of orphaned wells is to address these at-risk wells. Assessing Interior’s efforts to monitor lessee’s compliance with lease terms and well permits and conduct enforcement activities was not part of this review.⁶³

Two Tribes in our review suggested alternatives to raising bond minimums. Officials from one Tribe suggested that BIA consider a risk-based approach for bond amounts; for example, considering the location of the well and potential environmental impacts in setting the bond amount. The officials suggested bond amounts be increased as additional wells were drilled.

Specific to BIA’s suggested changes to bond minimums for oil and gas leases within the Osage Mineral Estate, Osage Minerals Council officials told us they oppose BIA increasing minimum bond amounts. Officials said they are concerned that higher bonds are unaffordable, making the estate less attractive for leasing and driving smaller operators out of business. Specifically, Osage Minerals Council officials said that increasing bond minimums would cause approximately 85 percent of operators on their lands to operate elsewhere or go out of business, ultimately harming the Osage Headright Holders who rely on royalty payments. Osage Minerals Council officials expressed the view that rather than impose a one-size fits all rule for oil and gas leasing—including bonding—BIA should work in partnership with the Osage Minerals Council on a government-to-government basis to develop new regulations.

Some Options Exist for Tribes to Require Higher Bond Amounts but They Have Not Been Broadly Used

Although officials from BIA and several Tribes in our review report that the majority of bonds are set at the regulatory minimum, there are several ways that Tribes have required higher bond amounts. For example, a Tribe may use an IMDA agreement requiring a bond amount higher than the minimum. Available since 1982, Tribes negotiate these agreements directly with the lessee. The Secretary of the Interior or BIA still must approve the lease.⁶⁴ While BIA told us this option is available to Tribes seeking a higher bond amount, we did not see widespread use of this method to require a higher bond. At the Wind River reservation, the Tribes have negotiated IMDA agreements with individual and collective bonds higher than the minimum.⁶⁵ For example, one lease has an individual bond for \$175,810. BIA headquarters officials told us having a higher bond amount in an IMDA agreement is acceptable.

In addition to using IMDA agreements, one Tribe we met with requires higher bond amounts through a tribal ordinance. The Ute Indian Tribe of the Uintah & Ouray Reservation passed an ordinance in 2013 related to bonding for mineral development on the reservation.⁶⁶ The ordinance states that it is the intent of the Tribe that

⁶³GAO and the OIG have issued a number of reports recommending that the BLM improve its management of liabilities related to idled wells and ensure the BLM performed its idled well reviews. Since these reviews, BLM updated its idled well review policy in BLM *Instruction Memorandum 2020-006 Idled Well Reviews and Data Entry* (Dec. 10, 2019). In addition, BLM’s final rule on well abandonment added requirements for temporarily abandoned and shut-in wells. See *Fluid Mineral Leases and Leasing Process*, 89 Fed. Reg. 30916, 30996 (Apr. 23, 2024) (updated 43 C.F.R. § 3162.3-4). BLM’s proposed rule stated that it believed that these requirements on operators of currently nonoperational wells would help BLM reduce its inventory of idled wells through improved identification, tracking, and proactive management. 88 Fed. Reg. 47,562, 47565, 47595 (July 24, 2023).

⁶⁴Under IMDA, only the Secretary or Assistant Secretary for Indian Affairs may disapprove minerals agreements. 25 U.S.C. § 2103(d).

⁶⁵The Eastern Shoshone Tribe and the Northern Arapaho Tribe have shared resources and assets held in trust at the Wind River reservation for the benefit of both Tribes.

⁶⁶Ute Indian Tribe of the Uintah & Ouray Reservation, Ordinance No. 13-024 (adopted Mar. 27, 2013).

BIA will, to the greatest extent possible, incorporate into its bonding decisions the information and recommendations provided by the Tribe's Energy and Minerals Department. The ordinance sets a minimum of \$150,000 for reservation-wide bond coverage, and the Tribe does not accept nationwide bonds. The ordinance applies to new leases and lease assignments.

Officials from the Ute Indian Tribe of the Uintah & Ouray Reservation said that although they do not want to drive away industry with high bond amounts, the Tribe wants to ensure they are protected against future liabilities. The officials said that the Tribe developed the ordinance because they did not believe that BIA was setting bond amounts sufficient to protect the Tribe's interests in the event an operator did not comply with the lease. The Tribe passed the ordinance after a company that had been behind in its royalty payments to the Tribe abandoned its wells. The Tribe estimates the cost to address these wells is over \$15 million.

The Navajo Nation has had an informal policy of using bond amounts that exceed federal requirements for the Tribe's oil and gas leases since the late 1990s, according to Navajo Nation and BIA officials.⁶⁷ According to Navajo Nation officials, they do not accept nationwide bonds and the Tribe determines bond amounts for individual and collective bonds, generally requiring \$15,000 to \$20,000 per well covered by the bond.⁶⁸ Tribal officials explained that they did not believe the nationwide bond amount was adequate. Specifically, these officials were concerned that if BIA were to use a nationwide bond for another Tribe's leases for unpaid royalties and revenues, plugging, or reclamation, it could leave the Navajo Nation's leases without adequate bond coverage. The Navajo Nation practice applies to both new leases and lease assignments.

While these Tribes reported methods for using bond amounts that exceed the minimum, these were not common practices across the BIA offices or Tribes in our review. Officials from some Tribes in our review said that they have no role in setting bond amounts. Officials from one Tribe told us they want to be more involved in setting bond amounts for leases on their lands, but they had faced barriers attempting to work with BIA to do so. Officials from another Tribe said that they had asked BIA many times to discuss the process for setting bond amounts for leases and lease assignments and were never given an answer.

According to Interior's SOP, BIA has responsibility—in consultation with BLM—for monitoring bonding sufficiency to cover operations, reclamation, and royalty obligations and, when necessary, taking action to increase bond amounts.⁶⁹ However, BIA's bond minimums for oil and gas leases on trust or restricted land are not high enough to cover the cost of plugging and reclamation, especially if more than one well is involved. The bond minimums also may not be adequate incentive to ensure lessees pay royalties and other revenues, plug wells, and reclaim well sites. BIA is considering changes to oil and gas regulations for trust or restricted lands but has not yet consulted with Tribes or determined if bond amounts are still sufficient to ensure lessees do not abandon wells. As a result, BIA cannot ensure that bond amounts are sufficient to serve their intended purpose, as specified in Interior's guidance. If lessees do not plug and reclaim wells at the end of the lease, the

⁶⁷This practice is for oil and gas leases for tribal trust or restricted land. The Federal Indian Mineral Office approves oil and gas leases for individual Navajo owners of oil and gas resources. According to Federal Indian Mineral Office officials, most leases for land allotted to Navajo owners have nationwide bonds.

⁶⁸Navajo Nation officials said this practice applies to both standard leases and Indian Mineral Development Act agreements negotiated by the Tribe.

⁶⁹*Onshore Energy and Mineral Lease Management Interagency Standard Operating Procedures Attachment A: Agency Responsibilities and Information Sharing Fluid Minerals – Indian and Attachment F: Bureaus and Offices Responsibilities and Procedures for IMDA Agreements.*

bond may not be sufficient to pay any outstanding royalties and other revenues, plug wells, and reclaim well sites.

Tribal involvement in setting bond amounts was not common practice across the Tribes in our review, in part because Tribes have faced challenges getting information from BIA on how to require higher bonds, according to officials from Tribes in our review. As discussed above, BIA guidance does not include sufficient guidance on how its offices should set bond amounts or increase existing bond amounts, which in turn, may affect the information offices provide to Tribes. Providing additional information to Tribes on available mechanisms to require higher bond amounts could help ensure that bond amounts are sufficient to serve their intended purpose, as specified in Interior's SOP. In addition, providing information to Tribes on these existing options could help tailor bond amounts to the needs of individual Tribes.

Future Funding for Plugging and Reclamation Is Not Assured

Unlike on federal lands, the cost to plug and reclaim a well on trust or restricted land with no existing responsible or liable parties may not be covered by the federal government.⁷⁰ In response to a 2014 Interior Office of Inspector General report, BIA stated that there is no statute or regulation requiring the Secretary of the Interior to establish a plugging program, plug wells, or pay for plugging.⁷¹ According to officials with the Office of the Solicitor, this is still the case as of July 2024.

Therefore, according to Interior officials, Tribes or tribal citizens would generally have to fund efforts to address orphaned wells on their lands. Further, according to Office of the Solicitor officials, neither Interior nor BIA has a trust responsibility to plug orphaned wells and conduct reclamation on trust or restricted land. According to the officials, a line of opinions by the U.S. Supreme Court supports this position by requiring a responsibility to be defined in statute or regulations in order for Interior to have a trust responsibility.⁷² Tribes in our review that commented on orphaned well responsibility did not agree with Interior's position on its trust responsibility for orphaned wells. These Tribes stated that Interior has a trust responsibility to address orphaned wells on trust or restricted land.

If a lessee abandons a well and the bond amount is not sufficient to conduct plugging and reclamation, the well may remain unaddressed. A Tribe or individual tribal landowner could choose to fund well plugging and reclamation. According to Office of the Solicitor officials, if Congress wants orphaned wells on trust or restricted land addressed, Congress would have to authorize and appropriate specific funds or authorize Interior to collect additional funds in some manner.

⁷⁰For a federal onshore oil and gas lease, in the event that operators or other liable parties do not reclaim wells, the federal government may be the only entity left to fund any costs not covered by the bond. These wells become orphaned if the operator's bond held by BLM is not sufficient to cover reclamation costs and no other liable party is available to fund reclamation.

⁷¹Department of the Interior Office of Inspector General, *BIA Needs Sweeping Changes to Manage the Osage Nation's Energy Resources*, CR-EV-BIA-0002-2013 (Washington, D.C.: Oct. 20, 2014).

⁷²We have not independently assessed these decisions and do not express a legal conclusion regarding this jurisprudence.

Congress has provided some funding to Tribes to address abandoned or orphaned wells. For example, for fiscal year 2018, Congress directed \$3 million to plug abandoned wells for the Osage Mineral Estate.⁷³ In 2021, Congress authorized and appropriated \$150 million in grant funding to address orphaned wells on trust or restricted land in the IIJA.⁷⁴ IIJA also authorizes BIA, at the request of a Tribe, to use the grant funds to assist the Tribe in conducting plugging and reclamation in lieu of the Tribe conducting the work.⁷⁵ The IIJA has a different definition of orphaned well than Interior generally uses, and, therefore, wells not considered orphaned by BLM may be eligible for IIJA orphaned well funding.⁷⁶ IIJA defines an orphaned well as a well that is not used for an authorized purpose, such as production, injection, or monitoring; and for which either no operator can be located or the operator is unable to plug the well and conduct reclamation.⁷⁷

In September 2023, Interior distributed \$39.4 million of the \$150 million in IIJA funds to 10 Tribes.⁷⁸ Tribes' uses of these funds will include identifying and characterizing undocumented wells, establishing well-plugging capacity, and conducting plugging and reclamation. The Tribes plan to assess 559 wells and plug and reclaim 414 wells. Interior plans to distribute at least another \$50 million of IIJA grant funding to Tribes by the end of fiscal year 2024.

BIA officials said that it is likely that the \$150 million available for tribal grant funds will not be enough to address all the orphaned wells on trust or restricted land. In addition, not all orphaned wells on such land are eligible for IIJA funds. According to BIA officials, IIJA funds may only be used for wells on tribal trust or restricted land and not on trust or restricted land owned by individual tribal citizens. BIA is working on compiling an orphaned well inventory using available Interior, state, and private data on leases and wells.

Other federal agencies and some states have other mechanisms to obtain funds from operators to cover or partially cover the costs of plugging and reclaiming orphaned wells, or order other parties to do so. For

⁷³In the Joint Explanatory Statement Division G-Department of the Interior, Environment, and Related Agencies Appropriations Act, 2018, Congress directed the funds to abandoned wells not under the Bureau of Land Management authority. House Committee Print 29-457 (115th Cong.), "Legislative Text and Explanatory Statement for Pub. L. No. 115-141, Consolidated Appropriations Act, 2018," div. G, at p. 1149. BIA officials explained that wells for the Osage oil and gas are the only ones that fit these criteria.

⁷⁴Pub. L. No. 117-58, § 40601, 135 Stat. 429, 1080-91 (2021) (codified at 42 U.S.C. § 15907). Congress defined orphaned wells on federal and trust or restricted land in this law as wells that are not used for an authorized purpose and for which no operator can be located or the operator of which is unable to plug the well and remediate and reclaim the well site. 42 U.S.C. § 15907(a)(5). Interior uses this definition in its grant guidance for Tribes.

⁷⁵IIJA § 40601, 135 Stat. at 1080-91 (codified in relevant part at 42 U.S.C. § 15907(d)(1)(B)).

⁷⁶As previously explained, BLM defined "orphaned well" for its purposes in I.M. 2021-039 (July 13, 2021).

⁷⁷IIJA § 40601, 135 Stat. at 1080-91 (codified in relevant part at 42 U.S.C. § 15907(a)(5)).

⁷⁸Department of the Interior, Office of Policy, Management and Budget, Orphaned Wells Program Office, *Orphaned Wells Program Annual Report to Congress* (Washington, D.C.: Nov. 2023).

example, some federal agencies can pursue prior lessees and operators for plugging and reclamation.⁷⁹ In contrast, BIA does not typically have the authority to pursue prior lessees in this way.⁸⁰

We found in September 2019 that several states have dedicated funds for reclaiming orphaned wells on state or private land when bond amounts are not sufficient, financed through taxes and fees.⁸¹ When orphaned well funds are collected from the oil and gas industry, these funds reduce the liability of future orphaned wells for states and taxpayers. For example, Virginia's Orphaned Well Fund is funded through a \$200 surcharge on each permit application.⁸² Similarly, in Arkansas, operators make annual payments to its abandoned well plugging fund based on a sliding scale for the number of wells and permits they have.⁸³ In Wyoming, the state's Oil and Gas Conservation Commission's Orphan Well Program is funded through a conservation tax assessed on the sale of oil and natural gas produced in Wyoming.⁸⁴ Utah also has an Orphan Well Program, which is funded by a 0.002 percent levy on the value of oil and gas production.⁸⁵ The fund pays for plugging and reclamation of wells where there is no surety in place or where the surety is insufficient to cover plugging and reclamation costs.⁸⁶

Interior does not collect fees for plugging and reclamation costs for oil and gas wells on trust or restricted land. However, some other federal programs collect fees from users to fund reclamation activities. For example, the federal government collects fees from mining companies to reclaim abandoned mines.⁸⁷ Interior's Office of the Solicitor and BIA headquarters officials stated that it does not have the authority to seek or collect fees from

⁷⁹For oil and gas leases for federally managed waters on the outer continental shelf, Interior regulations implemented by the Bureau of Safety and Environmental Enforcement and the Bureau of Ocean Energy Management state that current and prior lessees and operators are jointly and severally liable for meeting decommissioning requirements that accrued while they held the lease or operating rights. 30 C.F.R. §§ 250.1708, 556.604(d), 556.605(e). Operators are not liable for infrastructure installed after they transfer their lease rights. For oil and gas leases on federal lands, BLM regulations state that prior lessees and operators will continue to be responsible for lease obligations that accrued before lease assignment or transfer is approved, including for plugging wells and abandoning facilities the prior lessee or operator drilled or used. 43 C.F.R. § 3106.72(b).

⁸⁰The relevant BIA regulations do not include explicit language regarding pursuing predecessors on trust or restricted land for plugging or remediation. See *generally*, 25 C.F.R. Parts 211, 212, 225, 226, 227. Likewise, the authorizing statutes which these regulations implement also do not contain any explicit language regarding predecessor liability for plugging or reclamation. See 25 U.S.C. §§ 396, 396a – 396g, 2101–08; Pub. L. No. 59–321, § 3, 34 Stat. 539, 543–44 (1906); Pub. L. No. 64–218, ch. 363, 39 Stat. 519 (1916). See *also* ch 493, Pub. L. No. 70–919, §§ 1, 2, 45 Stat. 1478–79 (1929); ch. 645, Pub. L. No. 75–711, § 3, 52 Stat. 1034, 1035 (1938); Pub. L. No. 95–496, §§ 2, 4, 92 Stat. 1660, 1661 (1978). Interior's Office of the Solicitor and BIA headquarters officials told us that without such explicit language, BIA does not typically have the authority to pursue predecessors for funds to cover plugging and reclamation costs. The officials noted that some leases negotiated by Tribes, or lease assignment forms, could include specific language about whether the liability has been transferred between the two companies. Interior and BIA officials could not cite any particular leases for which that was the case.

⁸¹[GAO-19-615](#).

⁸²Va. Code Ann. § 45.2-1642(A), (D).

⁸³178-00 Ark. Code R. § 001, Rules B-2(j), G-2(b), (c).

⁸⁴055-0001-3 Wyo. Code R. § 16(f); Wyo. Stat. Ann. § 30-5-116(b).

⁸⁵See Utah Code Ann. § 40-6-14.

⁸⁶Utah Code Ann. § 40-6-14.5.

⁸⁷Specifically, the federal abandoned mine reclamation program is funded in part by fees on coal production. See 30 U.S.C. §§ 1231–45.

lease operators to plug and reclaim orphaned wells.⁸⁸ Interior could consider other methods—in addition to bonds—for ensuring that lessees bear the costs of plugging and reclaiming wells. However, Congress would need to authorize any additional methods of collecting funds from lessees.

Conclusions

By improving management of bonding for oil and gas leases on trust or restricted land, BIA could help limit Tribes' risk of financial liability or other negative outcomes to Tribes when oil and gas production ends. BIA does not have require offices administering bonds to compile key bond information in an easily accessible format. Therefore, BIA does not have agency-wide information on the number of bonds, the number of wells they cover, the amount of bond funds available if needed, or bond claims. Without key bond information, BIA cannot ensure that it is meeting regulatory requirements or that its bonds are sufficient to fulfill their purpose. Without compiling and maintaining information on bond claims, BIA does not know how often bonds have been needed or whether the bonds were sufficient for their purposes. Consequently, BIA and the Tribes do not have the information needed to understand the risk the Tribes, and potentially the federal government, face if the lessees do not plug and reclaim the wells. This information is essential as BIA considers updating its regulations related to bonding.

Interior and BIA regulations and guidance related to bonding for oil and gas leases on trust or restricted land are not clear and detailed enough to ensure bonds fulfill their purpose. By providing more specificity in existing guidance or developing additional policy or guidance—including a policy for bond reviews—BIA potentially could decrease the disparity between the bond amount and actual costs in cases where a bond is needed. In addition, improving guidance could help make some processes more consistent across offices and help ensure that offices correctly understand and comply with existing requirements—including the requirement to review bond amounts before approving an assignment. Routine bond reviews could also help BIA more regularly examine its bond files to determine, for example, whether a bond is still in place and its surety company is still in business.

BIA's minimum bond amounts for oil and gas leases on trust or restricted land have not changed in nearly 30 years and are not high enough to cover the cost of plugging and reclamation, especially if more than one well is involved. However, Tribes in our review did not all have the view that minimum bond amounts should be increased. BIA has the ability to change its bond requirements, and options other than raising the minimum bond amounts also are available. By assessing its bond requirements and making changes to guidance or regulations—in consultation with Tribes—BIA could better ensure that lessees do not abandon wells and that bond amounts are enough to cover plugging and reclamation costs when needed. Conversely, if BIA does not assess its bond requirements and make necessary changes, insufficient bonds may result in Tribes, tribal citizens—or potentially the federal government—assuming costs for addressing future orphaned wells.

While there are several ways that Tribes have required higher bond amounts, tribal involvement in setting bond amounts was not common practice across the Tribes in our review. By providing additional information to Tribes on available mechanisms to require higher bond amounts, BIA could help ensure that bond amounts are sufficient to serve their intended purpose and that bond amounts are tailored to the needs of individual Tribes.

⁸⁸In the context of earlier work, BLM also reported that they did not have the authority to seek or collect fees from lease operators to reclaim orphaned wells. [GAO-19-615](#), 22.

Recommendations for Executive Action

We are making the following six recommendations to BIA:

The Director of BIA should compile comprehensive bond information for oil and gas leases—including bond amounts, bond types, and leases covered by each bond—and develop and implement an approach to maintain a record of bond information over time. (Recommendation 1)

The Director of BIA should compile comprehensive information on bond claims for oil and gas leases and develop and implement an approach to maintain a record of bond claims over time. (Recommendation 2)

The Director of BIA should provide greater specificity in current guidance or develop additional policy or guidance for BIA offices related to their responsibilities for bonding including setting initial bond amounts for lessees, when and how to increase existing bond amounts, collecting bonds, and requiring bonds for non-lessee operators. (Recommendation 3)

The Director of BIA should establish a policy for bond reviews that includes clear guidance on the frequency of reviews or specific triggers for reviews and factors to be included in reviews. (Recommendation 4)

The Director of BIA should, in consultation with Tribes, assess its bond requirements to determine if they are sufficient to ensure lessees do not abandon wells and make changes, accordingly, to guidance or regulations, including considering if changes are needed to minimum bond amounts. (Recommendation 5)

The Director of BIA, to help ensure that bond amounts are sufficient to meet their intended purpose, should provide information to Tribes on options for tailoring bond amounts to their needs, including mechanisms to require bond amounts higher than the regulatory minimum. (Recommendation 6)

Agency Comments

We provided a draft of this report to the Department of the Interior for review and comment. In written comments, reproduced in appendix I, Interior's Indian Affairs—which oversees the Bureau of Indian Affairs (BIA)—concurred with all six of our recommendations.

Regarding compiling information on bonds and bond claims, Interior stated that BIA will request changes to its agencywide data system (TAAMS). Regarding providing greater specificity in guidance, Interior agreed that BIA should clarify guidance for BIA offices regarding setting initial bond amounts, when and how to increase existing bond amounts, collecting bonds, and requiring bonds for non-lessee operators. Regarding establishing a policy for bond reviews, Interior agreed that BIA should establish such a policy. Interior noted that BIA is currently drafting updates to regulations, standard operating procedures, and its handbook. Regarding assessing bond requirements for sufficiency to prevent lessees from abandoning wells, Interior stated that BIA will assess the sufficiency of bond requirements and consider if changes are needed to minimum bond amounts as part of its efforts to draft updates to regulations, which will include consultation with Tribes. Regarding providing information to Tribes on options for tailoring bond amounts, Interior stated that BIA will communicate these options to Tribes through updates to regulations and its handbook. Interior said that determining bond sufficiency is subjective, and it may not be practical for a bond to insure the entire value of

the lease. Interior further stated that bonds are to encourage compliance with the lease terms. BIA's views are consistent with our recommendation, which notes that BIA should assess whether its bond requirements are sufficient to ensure lessees do not abandon wells.

As agreed with your office, unless you publicly announce the contents of this report earlier, we plan no further distribution until 30 days from the report date. At that time, we will send copies to the appropriate congressional committees, the Secretary of Interior, and other interested parties. In addition, the report will be available at no charge on the GAO website at <https://www.gao.gov>.

Letter

If you or your staff have any questions about this report, please contact me at (202) 512-3841 or ruscof@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. GAO staff who made key contributions to this report are listed in appendix II.

Sincerely,

A handwritten signature in black ink that reads "Frank Rusco". The signature is written in a cursive style with a long, sweeping horizontal line extending to the right from the end of the name.

Frank Rusco
Director, Natural Resources and Environment

Appendix I: Comments from the Department of the Interior



United States Department of the Interior

OFFICE OF THE SECRETARY
Washington, DC 20240

November 12, 2024

Mr. Frank Rusco
Director, Natural Resources and Environment
U.S. Government Accountability Office
441 G Street, NW
Washington, DC 20548

Dear Mr. Rusco:

Thank you for providing the Department of the Interior (Department), Office of the Assistant Secretary – Indian Affairs the opportunity to review and comment on the draft Government Accountability Office (GAO) report entitled, *Bureau of Indian Affairs Could Improve Management of Bonding for Leases on Trust and Restricted Land* (GAO-25-106307). We appreciate GAO’s review of the status of oil and gas bonding for trust and restricted land. Indian Affairs management is committed to improving the information maintained on bonds and bond claims and, in consultation with Tribes, assessing bond minimums and making changes to guidance and regulations to ensure lessees conduct plugging and reclamation.

Indian Affairs concurs with the following recommendations issued by GAO.

Recommendation 1: The Director of BIA should compile comprehensive bond information for oil and gas leases—including bond amounts, bond types, and leases covered by each bond—and develop and implement an approach to maintain a record of bond information over time.

Response: Concur. The Indian Energy Service Center (IESC) Mineral Users Group (MUG) will request additional fields be added to the Trust Asset and Accounting Management System (TAAMS) that would associate a bond with a specific mineral lease and ensure that bond information-including bond amount, bond type, and bond identifier is captured and maintained over time.

Recommendation 2: The Director of BIA should compile comprehensive information on bond claims for oil and gas leases and develop and implement an approach to maintain a record of bond claims over time.

Response: Concur. The making of a claim against a bond is known as “calling on the bond.” The MUG group will suggest additional fields within the TAAMS record specific to the lease calling on the bond. This will allow for accurate record-keeping when a bond is called upon and ensure records regarding bond claims are maintained over time. This will also ensure that records are maintained at the regional and national levels.

Recommendation 3: The Director of BIA should provide greater specificity in current guidance or develop additional policy or guidance for BIA offices related to their responsibilities for bonding including setting initial bond amounts for lessees, when and how to increase existing bond amounts, collecting bonds, and requiring bonds for non-lessee operators.

Response: Concur. The IESC is currently in the process of drafting updated regulations, standard operating procedures, and the Fluid Minerals Handbook to ensure appropriate guidance is provided to Bureau of Indian Affairs (BIA) offices related to their responsibilities in setting initial bond amounts, increasing

existing bond amounts, collecting bonds, and requiring bonds for non-lessee operators. This will also serve to ensure consistency at the agency field office, regional, and national levels.

Recommendation 4: The Director of BIA should establish a policy for bond reviews that includes clear guidance on the frequency of reviews or specific triggers for reviews and factors to be included in reviews.

Response: Concur. The IESC is currently in the process of drafting updated regulations, standard operating procedures, and the Fluid Minerals Handbook to ensure appropriate guidance is provided regarding bond reviews including review frequency, triggers for reviews, and factors to be included in reviews. This will also serve to ensure consistency at the agency field office, regional, and national levels.

Recommendation 5: The Director of BIA should, in consultation with Tribes, assess its bond requirements to determine if they are sufficient to ensure lessees do not abandon wells and make changes, accordingly, to guidance or regulations, including considering if changes are needed to minimum bond amounts.

Response: Concur. As the draft regulations are undergoing updates, any suggested regulation changes will require a consultation with Tribes. This consultation will include assessing the sufficiency of bond requirements and considering if changes are needed to minimum bond amounts.

Recommendation 6: The Director of BIA, to help ensure that bond amounts are sufficient to meet their intended purpose, should provide information to Tribes on options for tailoring bond amounts to their needs, including mechanisms to require bond amounts higher than the regulatory minimum.

Response: Concur. Bond amounts higher than the regulatory minimums are currently allowable. Tribes may require a bond in any amount over the required minimum. Through the updating of the Fluid Minerals Handbook and current regulations, BIA will communicate to Tribes the options for tailoring bond amounts to their needs. The BIA would like to emphasize the inherent uncertainty in setting a sufficient bond amount. By design, bonds are taken to encourage compliance with the lease terms. The entire value of the lease may not be practical to insure with a bond. A violation of any lease term could result in millions of dollars in damages, unpaid royalties, violations in reclamation, and spills. While BIA acknowledges that determining bond sufficiency is subjective, the updated policy and regulations and communication with Tribes on these changes should help ensure the bond amounts are sufficient to meet the intended purpose.

Upon receipt of the final report, the Department will submit a written statement of planned or completed actions taken in response to these recommendations. The statement will provide expected completion dates and the parties responsible for implementing each recommendation.

If you have any questions, please contact Payton Batliner, Acting Division Chief, IESC by email at Payton.Batliner@bia.gov.

Sincerely,



Bryan Newland
Assistant Secretary – Indian Affairs

Accessible Text for Appendix I: Comments from the Department of the Interior

United States Department of the Interior

OFFICE OF THE SECRETARY
Washington, DC 20240

November 12, 2024

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U.S. Government Accountability Office
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Recommendation 2: The Director of BIA should compile comprehensive information on bond claims for oil and gas leases and develop and implement an approach to maintain a record of bond claims over time.

Response: Concur. The making of a claim against a bond is known as “calling on the bond.” The MUG group will suggest additional fields within the TAAMS record specific to the lease calling on the bond. This will allow for accurate record-keeping when a bond is called upon and ensure records regarding bond claims are maintained over time. This will also ensure that records are maintained at the regional and national levels.

Recommendation 3: The Director of BIA should provide greater specificity in current guidance or develop additional policy or guidance for BIA offices related to their responsibilities for bonding including setting initial bond amounts for lessees, when and how to increase existing bond amounts, collecting bonds, and requiring bonds for non-lessee operators.

Response: Concur. The IESC is currently in the process of drafting updated regulations, standard operating procedures, and the Fluid Minerals Handbook to ensure appropriate guidance is provided to Bureau of Indian Affairs (BIA) offices related to their responsibilities in setting initial bond amounts, increasing existing bond amounts, collecting bonds, and requiring bonds for non-lessee operators. This will also serve to ensure consistency at the agency field office, regional, and national levels.

Recommendation 4: The Director of BIA should establish a policy for bond reviews that includes clear guidance on the frequency of reviews or specific triggers for reviews and factors to be included in reviews.

Response: Concur. The IESC is currently in the process of drafting updated regulations, standard operating procedures, and the Fluid Minerals Handbook to ensure appropriate guidance is provided regarding bond reviews including review frequency, triggers for reviews, and factors to be included in reviews. This will also serve to ensure consistency at the agency field office, regional, and national levels.

Recommendation 5: The Director of BIA should, in consultation with Tribes, assess its bond requirements to determine if they are sufficient to ensure lessees do not abandon wells and make changes, accordingly, to guidance or regulations, including considering if changes are needed to minimum bond amounts.

Response: Concur. As the draft regulations are undergoing updates, any suggested regulation changes will require a consultation with Tribes. This consultation will include assessing the sufficiency of bond requirements and considering if changes are needed to minimum bond amounts.

Recommendation 6: The Director of BIA, to help ensure that bond amounts are sufficient to meet their intended purpose, should provide information to Tribes on options for tailoring bond amounts to their needs, including mechanisms to require bond amounts higher than the regulatory minimum.

Response: Concur. Bond amounts higher than the regulatory minimums are currently allowable. Tribes may require a bond in any amount over the required minimum. Through the updating of the Fluid Minerals Handbook and current regulations, BIA will communicate to Tribes the options for tailoring bond amounts to their needs. The BIA would like to emphasize the inherent uncertainty in setting a sufficient bond amount. By design, bonds are taken to encourage compliance with the lease terms. The entire value of the lease may not be practical to insure with a bond. A violation of any lease term could result in millions of dollars in damages, unpaid royalties, violations in reclamation, and spills. While BIA acknowledges that determining bond sufficiency is subjective, the updated policy and regulations and communication with Tribes on these changes should help ensure the bond amounts are sufficient to meet the intended purpose.

Upon receipt of the final report, the Department will submit a written statement of planned or completed actions taken in response to these recommendations. The statement will provide expected completion dates and the parties responsible for implementing each recommendation.

If you have any questions, please contact Payton Batliner, Acting Division Chief, IESC by email at Payton.Batliner@bia.gov.

Sincerely,

Bryan Newland
Assistant Secretary – Indian Affairs

Appendix II: GAO Contact and Staff Acknowledgments

GAO Contact

Frank Rusco, (202) 512-3841 or ruscof@gao.gov

Staff Acknowledgments

In addition to the contact named above, Karla Springer (Assistant Director), Leigh M. White (Analyst in Charge), Carolyn Blocker, Maggie Childs, Emily Gamelin, William Gerard, Cindy Gilbert, Evan Ismail, Matthew McLaughlin, Olivia Newman, Dan Royer, and Amy Ward-Meier made key contributions to this report.

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