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Ranchers, Farmers Warn of Threats to Their Livelihood Under Revised Oil and Gas Leasing Rule

Most affected by the revision, split-estate landowners submit letter to Burgum calling on him to keep rule intact

Billings, Mont. – Today, Western Organization of Resource Councils (WORC) submitted a letter to Interior Sec. Doug Burgum and Bureau of Land Management Director Stevan Pearce calling on them to keep the 2024 Onshore Oil and Gas Leasing Rule intact. The letter is signed by 16 split-estate landowners in Montana, North Dakota, South Dakota, Wyoming, Colorado, and New Mexico, all of whom warn that split-estate landowners are at particular risk from a revision Interior is proposing to the rule. The comment period for the proposed rule closes today.

The proposed revision would, among other things, eliminate the requirement that the BLM notify split-estate landowners when the agency offers a lease to drill oil or gas underneath their property. Unless they continually monitor oil and gas lease sales, landowners would only hear about the lease after it's been sold and the opportunity to participate in, protest, or raise concerns about it has passed. The Interior Department wants to eliminate the requirement because it "imposes undue burdens on the oil and gas industry," as the department states in its proposal.

"The real burden falls on the families who have to live with the consequences," said Donald Nelson, a split-estate rancher and farmer in Keene, North Dakota and a member of Dakota Resource Council. "Drilling can bring heavy truck traffic, dust, noise, impacts to water, and disruptions that affect ranching operations for years. Those aren't inconveniences; they are costs to our livelihood and changes to the places we call home."

There are 58 million acres of split-estate land across the United States, most of which are located in the West and occupied by ranches and farms.

"It's astonishing the government wants to give the oil and gas industry this kind of preferential, almost reverential, treatment over the thousands of people whose livelihoods are at stake," said Terry Punt, a split-estate rancher in southeast Montana whose family ranch is on the National

Register of Historic Places and surrounded by public lands. He and his family earn a substantial part of their income leasing their hunting rights to outfitters. “I’m not just talking about ranchers and farmers, but everyone whose business depends on public and split-estate lands remaining free of the sort of industrial development that contaminates land and water and destroys wildlife habitat.”

“My wife and I can attest that having oil or gas drilling and production on your ranch affects every part of your life,” said Don Schreiber, who bought his split-estate ranch in New Mexico’s San Juan Basin in 1999. He and his wife, Jane, eventually sold their cattle to devote more time to fighting the harms of oil and gas development, which increased when Hilcorp Energy bought the wells from ConocoPhillips in 2017.

The Schreibers have spent decades contending with air pollution from the wells’ methane and other emissions, and with the ongoing destructive impacts of oil and gas drilling and production on the landscape. They receive no royalties from the gas wells on their property.

“The harmful and toxic chemicals that all the wells leak, vent, or flare have had a direct impact on our well-being and quality of life,” he added. “Because of the proven direct effect of oil and gas pollution on children’s health, we often restrict where our grandchildren can go on a hike or horseback ride. They should be free to explore the natural beauty and cultural richness of this remote northern New Mexico ranch, and they are not."

As part of the proposed revision to the Oil and Gas Rule, bonding rates would revert to what they were in the 1950s and 60s. Oil and gas companies would pay a $25,000 bond for all of their leases in one state, 5% of the $500,000 they now pay under the 2024 Onshore Oil and Gas Leasing Rule. For drilling on one lease, companies would pay $10,000 for a bond, 6.7% of the current bond of $150,000. The BLM has reported that plugging a well and reclaiming drilling sites cost, on average, $71,000 per well and, in some cases, up to $200,000. This vast discrepancy between bonding rates and clean-up costs that existed before the 2024 rule resulted in the abandonment of an estimated 2.6 million unplugged wells across the country.

“Coal companies are required to post billions of dollars in reclamation bonds, calculated to fully cover the costs of mine restoration. Building contractors must be fully bonded. And we are all required to carry meaningful insurance just to drive our cars. What makes the oil and gas industry so special?” asked Bob LeReche, a rancher and farmer in Wyoming, board member of Powder River Basin Resource Council, and former commissioner of Alaska’s Natural Resources Department.

“By rolling back bonding requirements to drill public resources, the government puts taxpayers on the hook for cleaning up and capping abandoned wells when drillers leave town. The drillers take their profits, forfeit their tiny bonds and leave taxpayers with the mess to clean up, straining budgets and endangering public health and safety,” LeReche added.

Also under the proposed revision to the oil and gas rule, the public comment period for an oil and gas lease sale would be reduced from 90 days to 10. Public comment periods give the public and affected landowners the opportunity to raise concerns the BLM may not have considered and for the BLM to address those concerns and conduct other due diligence.

“This drastic shortening of the public comment period seems designed to prevent the public and the BLM from making any kind of adequate analysis of the risks involved in selling an oil and gas lease,” Sarah Hunkins, WORC’s Washington, D.C. representative, said. “It also subverts the democratic principles that have guided public land management decisions for decades.”

Along with the letter from split-estate landowners, WORC also submitted formal comments from more than 300 people urging Interior to keep the oil and gas rule intact. WORC also submitted a petition with more than 300 signatures demanding that Burgum and Pearce stop attempting to block the public from having a say on public land and mineral decisions.

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Western Organization of Resource Councils (WORC) is a network of nine grassroots organizations in eight Western states committed to common-sense reform in agriculture, oil and gas development, coal mine reclamation, and rural economic development. Headquartered in Billings, Mont., WORC also has an office in Washington, D.C.