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BLM Takes Important Step Toward Online Oil & Gas Lease Sales *Implements Authority Provided by Congress*

WASHINGTON – The Bureau of Land Management (BLM) today announced that it is implementing authority provided by Congress giving the agency the flexibility to conduct online lease sales. The move is a continuation of the BLM’s ongoing efforts to modernize the oil and gas program by increasing program efficiency and generating savings for taxpayers.

The BLM is acting in response to authority provided by Congress as part of the National Defense Authorization Act (NDAA) for Fiscal Year 2015, which amended the Mineral Leasing Act to allow the BLM to conduct online lease sales. Prior to that amendment, the Mineral Leasing Act authorized Federal onshore oil and gas lease sales only by oral auctions. As result, the BLM’s existing regulations referred only to oral auctions. Today’s rule modifies those regulations to make clear that, as provided by the NDAA, either internet-based or oral auction procedures are permissible.

This final procedural rule and the legislative changes that preceded it are based on the results of a successful online auction pilot conducted by the BLM in Colorado in 2009. Based on the results of that pilot, the BLM estimates that internet-based auctions could increase aggregate lease sale revenues by about \$2 million a year. The BLM believes that online sales have the potential to generate greater competition by making participation easier, which has the potential to increase bonus bids.

The BLM’s Eastern States Office will hold the first auction under this new authority on Sept. 20, 2016, when it offers 14 parcels encompassing 4,398 acres of Federal mineral estate in Kentucky and Mississippi. The BLM is evaluating other opportunities to hold additional online sales.

Because today’s rule relates solely to agency procedures (i.e., which auction process can be used) and simply restates the relevant statutory authority, it takes effect immediately upon publication in the *Federal Register* and is not subject to notice and comment requirements. The rule does not change the eligibility requirements to participate in a lease sale or the competitive auction style employed by the BLM. Leases will still be awarded to the highest bidder based on a sequential and ascending bid auction system.

The BLM manages more than 245 million acres of public land, the most of any Federal agency. This land, known as the National System of Public Lands, is primarily located in 12 Western states, including Alaska. The BLM also administers 700 million acres of sub-surface mineral estate throughout the nation. The BLM's mission is to manage and conserve the public lands for the use and enjoyment of present and future generations under our mandate of multiple-use and sustained yield. In Fiscal Year 2015, the BLM generated \$4.1 billion in receipts from activities occurring on public lands