



# United States Department of the Interior



BUREAU OF LAND MANAGEMENT  
Montana State Office  
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Billings, Montana 59101-4669  
[www.blm.gov/mt](http://www.blm.gov/mt)

In Reply Refer To:

October 13, 2016

## AMENDMENT NOTICE NO. 2 COMPETITIVE OIL AND GAS INTERNET-BASED LEASE SALE December 8, 2016

In accordance with the *Mineral Leasing Act*, as amended by the *National Defense Authorization Act for Fiscal year 2015* (Pub. L. 113-291; 128 Stat. 3762) (Dec. 19, 2014), and the BLM regulations at 43 CFR 3120, the Montana Bureau of Land Management (BLM) will be conducting its December 8, 2016 sale online at [EnergyNet.com](http://EnergyNet.com)

This amendment describes:

- The date, time and location of the sale
- How to participate in the bidding process
- The sale process
- The conditions of the sale

**When:** The sale date is December 8, 2016. The open bidding period will begin at 8:00 AM MST (9:00 AM CST) on Thursday, December 8, 2016. Each parcel will have its own unique open bidding period, with start and stop times clearly identified on the auction website. The open bidding period for each parcel will run for two hours, from start to finish, and bids will **only** be accepted during a parcel's open bidding period.

**Where:** The sale is held online at <https://www.energynet.com/>. Click the Government Lease Sales icon to view this online lease sale. Parcels may be viewed online at the EnergyNet website approximately 10 business days after the posting of this amendment on the BLM website.

**Access:** The auction website is open to the public. The internet-based lease sale can be observed in real-time. However, you must register as a bidder on the website, in advance, in order to submit bids for a parcel. The auction website will be active and available for use approximately 10 days after the date of this amendment and will remain available for viewing until the completion of the auction. The available parcels listed below will be detailed on the website, and the information displayed on the website during the offering period represents the authoritative record. Interested parties may visit the website at any time. Potential bidders may register for the online auction as soon as the auction website is active and are encouraged to do so early. Bidders must be registered for the online lease sale before the bidding commences. Further, potential bidders are encouraged to visit the website prior to the start of the open bidding period to become familiar with the site and review the bidding tutorial. Supporting

documentation is available on the website to familiarize new users to the process and answer frequently asked questions.

### **How will the sale be conducted?**

The sale will be conducted *by online bidding only*. The online auction design will be a sequential ascending clock, fixed period, English auction. Each parcel will have its own unique open bidding period, with start and stop times clearly identified on the auction website. The open bidding period for each parcel will run for two hours, from start to finish. Bids will only be accepted for each parcel during its open bidding period and each parcel will close bidding sequentially so that each bidder will know if they are the highest winning bidder on a parcel before subsequent parcels close for bidding. The website will display each current high bid, and the high bid bidder's number. The winning bid is the highest bid per acre received, equal to or exceeding the minimum acceptable bid, which is on record in the online auction system by the close of the auction period. The online system provides for two types of bids: a flat bid per acre, or a maximum bid, also per acre. The system allows participants to submit either type of bid, or both. Maximum bids allow a bidder to participate in the online auction without having to be logged into the website at the time the auction period closes. The auction website provides a full explanation of placing maximum bids, as well as an explanation of how they work to place bids on your behalf to maintain your high bidder status up to the chosen maximum bid amount. The BLM strongly encourages potential bidders to review the bidding tutorial on the auction website in advance of the online lease sale.

### **How do I participate in the bidding process?**

To participate in the BLM bidding process, one must register and obtain a bidder number before the start of the auction. Approximately 10 days after posting of this amendment on the BLM website, a potential bidder can register to bid at the auction website address above. Bidders are encouraged to register early, to familiarize themselves with the bidding instructions and ensure they have ample time to complete all the required bidder registration steps before the open bidding period commences.

If an entity is bidding for more than one party, they must register separate credentials, satisfy all registration requirements and obtain a separate bidder number for each company or individual they wish to represent.

When registering as a bidder on the auction website, you will also be asked to sign a statement to confirm that any bid you cast will represent a good-faith intention to acquire an oil and gas lease and that you understand that any winning bid will constitute a legally binding commitment to accept the terms of the lease and pay monies owed. Further, you will acknowledge, through self-certification of the enhanced bidder form, that you understand that it is a crime under 18 U.S.C. 1001 and 43 U.S.C. 1212 to knowingly and willfully make any false, fictitious, or fraudulent statements or representations regarding your qualifications; bidder registration and intent to bid; acceptance of a lease; or payment of monies owed; and that any such offense may result in a fine or imprisonment for not more than 5 years or both. You will also acknowledge that you understand that it is a crime under 30 U.S.C. 195 (a) and (b) to organize or participate in any scheme to defeat provisions of the mineral leasing regulations. Any person who knowingly violates this provision will be punished by a fine of not more than \$500,000, imprisonment for not more than 5 years, or both.

If you, or the party you represent, owe the United States any monies that were due the day of a previous oil and gas lease auction conducted by any BLM office (the minimum monies owed the day of sale), or any monies owed EnergyNet for a previous oil and gas lease auction conducted by EnergyNet for any BLM office, you will not be allowed to register to bid at this lease sale. The Mineral Leasing Act requires that leases be issued to a “responsible qualified bidder” (30 U.S.C. 226(b)(1)(A)). Any bidder, or party represented by a bidding agent, that does not pay the minimum monies owed the day of the sale is not a “responsible qualified bidder” and will be barred from participating in any oil and gas lease auction nationwide until the bidder settles that debt to the United States. In addition, if you or the party you represent defaults at any three sales conducted by any BLM office, you or the party you represent will be barred permanently from participating in any other BLM oil and gas lease sale auction.

You do not have to be “present” in the auction in order to participate as a bidder. The online auction provides a “maximum bid” bidding option. By using this “maximum bid” option, you are asking the system to bid automatically on your behalf, up to an amount you specify.

### **What is the sale process?**

Starting at the posted opening date and time for each parcel:

- All bids are on the gross (total) per-acre basis, rounded up to whole acres, for the entire acreage in the parcel;
- All bids are made in minimum increments of \$1.00 per acre, or fraction of an acre thereof;
- The winning bid is the highest received bid, equal to or exceeding the minimum acceptable bid, which is on record in the online auction system at the close of the auction period; and
- **The decision of the BLM, as presented on the auction website’s bid history at [www.energynet.com](http://www.energynet.com), is final.**

The minimum acceptable bid is \$2 per acre. If a parcel contains fractional acreage, round it up to the next whole acre. For example, a parcel of 100.51 acres requires a minimum bid of \$202 (\$2 x 101 acres).

You cannot withdraw a bid once a bid is placed and the auction system determines that you are the high bidder, whether the bid was a flat bid or a maximum bid.

### **How long will the sale last?**

Each parcel will have its own unique open bidding period, with start and stop times clearly identified on the auction website. The open bidding period for each parcel will run for two hours, from start to finish. The length of the sale depends on the number of parcels we are offering.

### **What conditions apply to the lease sale?**

- **Parcel withdrawal or sale postponement:** We reserve the right to withdraw any or all parcels before the sale begins. If we withdraw a parcel, we will post a notice in the Montana State Office Information Access Center (Public Room) before the sale

begins. Additionally, the auction website will clearly indicate that a parcel is withdrawn. If we postpone the sale, a clear notice will be posted in the State Office Information Access Center, the State Office Website, and on the auction website.

- **Fractional interests:** 43 CFR 3120.1-2(c) If the United States owns less than 100 percent of the oil and gas mineral interest for the land in a parcel we will show that information as part of the parcel listing. When we issue the lease, it will be for the percentage or fraction of interest the United States owns. However, you must calculate your bonus bid and advance rental payment on the gross (total) acreage in the parcel, not the United States net interest. For example, if a parcel contains 199.31 acres and the United States owns 50 percent of the oil and gas mineral interest, the minimum bonus bid will be \$400 (\$2 x 200 acres) and the advance annual rental will be \$300 (\$1.50 x 200 acres) for the first 5 years and \$400 (\$2 x 200 acres) for the remainder of the lease term. Conversely, your chargeable acreage and royalty on production will be calculated on the United States net acreage.
- **Payment due:** You cannot withdraw a bid. Your bid is a legally binding contract. For **each parcel** you are the successful high bidder, you must pay the minimum bonus bid of \$2 per acre or fraction of an acre; the first year's advance rental of \$1.50 per acre or fraction of an acre; and a non-refundable administrative fee of \$160.00. These are monies you owe the United States, whether or not a lease is issued. You must provide notification of the payment process of these monies by 4:00 PM MST, the day the auction closes. Payment will be made directly to the BLM Montana State Office, or as otherwise directed by the BLM. Payments to the BLM will not be made through the auction website. At the conclusion of each parcel's bidding period, the winning bidder will be provided instructions by the online auction system on how to make the required payment to BLM. Also, you will be required to pay the buyer's premium to EnergyNet of 1.5% of any successful bid, in order to participate in the internet-based lease sale.

If your bonus bid was more than \$2 per acre or fraction of an acre and you don't pay the full amount on the day of the sale, you must pay any balance due by the close of business on the 10<sup>th</sup> working day after the date that the auction closes. **Remaining balance will be due in the Montana State Office by 4:00 PM MST, December 22, 2016.** If you do not pay in full by this date, you lose the right to the lease and all money due on the day of the sale. If you forfeit a parcel, we may offer it again at a future sale.

The minimum monies owed on the day of the sale for a winning bid are monies owed to the United States [43 CFR 3120.5-2(b) and 43 CFR 3120.5-3(a)]. If we do not receive notification of the payment process of the minimum monies owed the day of the sale by the date and time above, the BLM will issue a bill for the monies owed. If we do not receive payment by the bill due date, we will send a demand letter to you that will include additional fees. If we do not receive payment as requested by the demand letter, the U.S. will immediately pursue collection by all appropriate methods, and when appropriate, collect late fees, interest, administrative charges, and on past-due amounts assess civil penalties. "All appropriate methods" include, but are not limited to, referral to collection agencies and credit reporting bureaus; salary or administrative offset; offset of Federal and state payments, including goods or services; and Federal and state tax refund offset; and retirement payment offset. We may send debts to the Internal Revenue Service (IRS) and the IRS may charge them as income to you on Form 1099C, Cancellation of Debt (Federal Claims Collection

Act of 1966, as amended; The Debt Collection Improvement Act of 1996; 31 CFR Part 285).

- Forms of payment:** Specific payment instructions will be provided by the online auction system to high winning bidders. You may pay by personal check, certified check or money order in person at the BLM Montana State Office. We encourage you to pay by Electronic Funds Transfer (EFT), Automated Clearing House (ACH), or credit card (Discover, Visa, American Express, or MasterCard only). We cannot accept cash. If you plan to make your payment using a credit card, you should contact your bank prior to the sale and let them know you will be making a substantial charge against your account. *Please note, in accordance with the Department of Treasury Financial Manual, Announcement No. A-2014-04, the BLM cannot accept credit card payments for an amount equal to or greater than \$24,999.99. The BLM cannot accept aggregated smaller amounts or multiple credit cards to bypass this requirement.* The BLM does not have Personal Identification Number (PIN) equipment for the purpose of processing PIN authorized debit cards. All debit card transactions will be processed as credit cards and the dollar value limits will apply. If you pay by check in person at the Montana State Office, please make your check payable to: **Department of the Interior-BLM**. If a check you have sent to us in the past has been returned for insufficient funds, we may ask that you give us a guaranteed payment, such as a certified check. If you pay by credit card and the transaction is refused, we will try to notify you early enough so that you can make other payment arrangements. *However, we cannot grant you any extension of time to pay.*
- Bid form:** On the day of the sale, if you are the successful winning high bidder, you must submit (email or fax) to BLM a properly completed and signed competitive bid form (Form 3000-2) with the required payment. This form is a legally binding offer by the prospective lessee to accept a lease and all its terms and conditions. Once you sign the form, you cannot change it. The online auction system will provide the successful winning high bidder with a fillable pdf of this bid form and instructions on how to submit the form to the Montana State Office after the auction. We will not accept any bid form that has information crossed out or is otherwise altered. **We will not issue a lease until we receive a signed copy of the bid form in accordance with 43 CFR 3102.4(a).** You will be shown the bid form as part of the bidder registration process, and asked to certify that you will complete and execute it should you be the successful winning high bidder. We ask that you complete the form at that time to ensure that you can meet this condition.

Your completed bid form certifies that:

- (1) You and/or the prospective lessee are qualified to hold an oil and gas lease under our regulations at 43 CFR 3102.5-2; and
- (2) Both of you have complied with 18 U.S.C. 1860, a law that prohibits unlawful combinations, intimidation of, or collusion among bidders.

This amendment includes a copy of the bid form, and again, you will be provided a copy during the bidder registration process and asked to assert that you agree that you will be able and willing to comply and sign it if you are the winning bidder at the close of the auction.

### **How do I file a noncompetitive offer after the sale?**

Lands that do not receive a bid and are not subject to a pre-sale offer are available for a 2-year period beginning the day after the sale. Noncompetitive offers are handled directly by the BLM and not through the internet-based leasing website. To file a noncompetitive offer, you must submit:

- Three copies of current lease form (Form 3100-11, July 2006 edition) with lands described as specified in our regulations at 43 CFR 3110.5. The lease form must contain the exact wording found on the current official form including the lease terms on pages two and three of the new form. It is not necessary for the offeror to attach page four of the new form which contains the General Instructions and Notices.
- The \$415 nonrefundable administrative fee; and
- First year advance rental (\$1.50 per acre or fraction thereof). If a parcel contains fractional acreage, round it up to the next whole acre when calculating the amount of rental.

Place offers filed on the day of the sale and the first business day after the sale in the drop box in the Montana State Office Information Access Center. We consider these offers simultaneously filed. When a parcel receives more than one filing by 4:00 PM MST on the day after the sale, we will hold a drawing to determine the winner (see 43 CFR 1822.18). Offers filed after this time period receive priority according to the date and time of filing in this office. If we receive multiple offers on a single parcel, *we will hold the drawing on Monday, December 12, 2016, at 1:00 PM MST at the MTSO Information Access Center.*

Oil and gas forms are available on the Internet at:

<http://www.blm.gov/noc/st/en/business/eForms.html>

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT  
**COMPETITIVE OIL AND GAS OR  
GEOTHERMAL RESOURCES LEASE BID**

Mineral Leasing Act of 1920 (30 U.S.C. 181 et seq.)  
Act for Acquired Lands of 1947 (30 U.S.C. 351-359)  
Geothermal Steam Act of 1970 (30 U.S.C. 1001-1025)  
Department of the Interior Appropriations Act, Fiscal Year 1981 (42 U.S.C. 6508)

State \_\_\_\_\_

Date of Sale \_\_\_\_\_

PARCEL NUMBER	AMOUNT OF BID <i>(see instructions below)</i>	
	TOTAL BID	PAYMENT SUBMITTED WITH BID
THE BID IS FOR <i>(check one)</i> : <input type="checkbox"/> Oil and Gas Serial/Parcel No. _____		
<input type="checkbox"/> Geothermal Serial/Parcel No. _____		

The appropriate regulations applicable to this bid are: (1) for oil and gas leases--43 CFR 3120; (2) for National Petroleum Reserve-Alaska (NPR-A) leases--43 CFR 3132, and (3) for Geothermal resources leases--43 CFR 3203.17. *(See details concerning lease qualifications on next page.)*

I CERTIFY THAT I have read and am in compliance with; and not in violation of the lessee qualification requirements under the applicable regulations for this bid.

I CERTIFY THAT this bid is not in violation of 18 U.S.C. 1860 which prohibits unlawful combination or intimidation of bidders. I further certify that this bid was arrived at independently and is tendered without collusion with any other bidder for the purpose of restricting competition

**IMPORTANT NOTICE:** Execution of this form where the offer is the high bid, constitutes a binding lease offer including all applicable terms and conditions. Failure to comply with the applicable laws and regulations under which this bid is made will result in rejection of the bid and forfeiture of all monies submitted

Print or Type Name of Lessee	Signature of Lessee or Bidder	
Address of Lessee		
(City)	(State)	(Zip Code)

**INSTRUCTIONS**

**INSTRUCTIONS FOR OIL AND GAS OR GEOTHERMAL BID**  
*(Except NPR-A)*

- 1 Separate bid form for each lease/parcel is required. Identify by the serial/parcel number assigned in the *Notice of Competitive Lease Sale*
- 2 Bid must be accompanied by the national minimum acceptable bid, the first year's rental and the administrative fee. The remittance must be in the form specified (1) for oil and gas leases in 43 CFR 3103.1-1, and (2) for geothermal resources leases in 43 CFR 3203.17. The remainder of the bonus bid, if any, must be submitted to the proper Bureau of Land Management (BLM) office within 10 working days for oil and gas, and 15 working days for geothermal, after the last day of the oral auction. **Failure to submit the remainder of the bonus bond within the statutory timeframe (or regulatory) will result in rejection or revocation, as appropriate, of the bid offer and forfeiture of all monies paid.**
- 3 If the bidder is not the sole party in interest in the lease for which the bid is submitted, all other parties in interest may be required to furnish evidence of their qualifications upon written request by the BLM
- 4 This bid may be executed (*signed*) before the oral auction. If signed before the oral auction, this form cannot be modified without being executed again
- 5 In view of the above requirement (4), the bidder may wish to leave the AMOUNT OF BID section blank so that final bid amount may be either completed by the bidder or the BLM at the oral auction.

**INSTRUCTIONS FOR NPR-A OIL AND GAS BID**

- 1 Separate bid form for each parcel is required. Identify the parcel by the number assigned to a tract.
- 2 Bid must be accompanied by one-fifth of the amount of the bid. The remittance must be in the form specified in 43 CFR 3132.2 for a NPR-A lease bid
- 3 Mark the envelope "Bid for NPR-A Lease". Be sure correct parcel number of tract on which the bid is submitted and date of bid opening are noted plainly on envelope. No bid may be modified or withdrawn unless such modification or withdrawal is received prior to time fixed for opening of bids.
- 4 Mail or deliver bid to the proper BLM office or place indicated in the *Notice of Competitive Lease Sale*.
- 5 If the bidder is not the sole party in interest in the lease for which the bid is submitted, all other parties in interest may be required to furnish evidence of their qualifications upon written request by the BLM

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212 make it a crime for any person knowingly and willfully to make to any Department or agency of the United States any false, fictitious, or fraudulent statements or representations as to any matter within its jurisdiction

## QUALIFICATIONS

**For leases that may be issued as a result of this sale under the Mineral Leasing Act (The Act) of 1920, as amended, the oral bidder must:** (1) Be a citizen of the United States; an association (*including partnerships and trusts*) of such citizens; a municipality; or a corporation organized under the laws of the United States or of any State or Territory thereof; (2) Be in compliance with the acreage limitation requirements wherein the bidder's interests, direct and indirect, in oil and gas leases in the State identified do not exceed 246,080 acres each in public domain or acquired lands including acreage covered by this bid, of which not more than 200,000 acres are under options. If this bid is submitted for lands in Alaska, the bidder's holdings in each of the Alaska leasing districts do not exceed 300,000 acres, of which no more than 200,000 acres are under options in each district; (3) Be in compliance with Federal coal lease holdings as provided in sec. 2(a)2(A) of the Act; (4) Be in compliance with reclamation requirements for all Federal oil and gas holdings as required by sec. 17 of the Act; (5) Not be in violation of sec. 41 of the Act; and (6) Certify that all parties in this bid are in compliance with 43 CFR Groups 3000 and 3100 and the leasing authority cited herein.

**For leases that may be issued as a result of this sale under the Geothermal Steam Act of 1970, as amended, the bidder must:** (1) Be a citizen of the United States who is at least 18 years of age; an association of such citizens; a municipality; a corporation organized under the laws of the United States or of any State or Territory thereof; or a domestic governmental unit; and (2) Be in compliance with the acreage limitation requirements wherein the bidder's interests, direct and indirect, do not exceed 51,200 acres, and (3) Certify that all parties in this bid are in compliance with 43 CFR Group 3200 and the leasing authority cited herein.

**For leases that may be issued as a result of this sale under the Department of the Interior Appropriations Act of 1981, the bidder must:** (1) Be a citizen or national of the United States; an alien lawfully admitted for permanent residence; a private, public or municipal corporation organized under the laws of the United States or of any State or Territory thereof; an association of such citizens, nationals, resident aliens or private, public or municipal corporations; and (2) Certify that all parties in interest in this bid are in compliance with 43 CFR Part 3130 and the leasing authority cited herein.

## NOTICES

The Privacy Act of 1974 and the regulation in 43 CFR 2.48(d) provide that you be furnished the following information in connection with information required by this bid for a Competitive Oil and Gas or Geothermal Resource Lease.

**AUTHORITY:** 30 U.S.C. 181 et seq.; 30 U.S.C. 351-359; 30 U.S.C. 1001-1025; 42 U.S.C. 6508

**PRINCIPAL PURPOSE:** The information is to be used to process your bid.

**ROUTINE USES:** (1) The adjudication of the bidder's rights to the resources for which this bid is made. (2) Documentation for public information. (3) Transfer to appropriate Federal agencies when comment or concurrence is required prior to granting a right in public lands or resources. (4)(5) Information from the record and/or the record will be transferred to appropriate Federal, State, local or foreign agencies, when relevant to civil, criminal or regulatory investigations or prosecutions.

**EFFECT OF NOT PROVIDING INFORMATION:** Disclosure of the information is voluntary. If all the information is not provided, your bid may be rejected.