



NEVADA STATE OFFICE

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RENO, NEVADA 89502

GEOHERMAL LEASE SALE

September 17, 2019

BUREAU OF LAND MANAGEMENT



United States Department of the Interior



BUREAU OF LAND MANAGEMENT
Nevada State Office
1340 Financial Boulevard
Reno, Nevada 89502-7147
<http://www.blm.gov/nv>

In Reply Refer To:
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Notice of Competitive Geothermal Internet Lease Sale

In accordance with the *Geothermal Steam Act*, and the BLM regulations at 43 CFR 3200, the Bureau of Land Management (BLM) is offering **142** parcels for internet-based competitive sale of certain Federal lands containing **387,032.47** acres in the State of Nevada for geothermal leasing. This notice describes:

- The date, time and location of the sale
- How to participate in the bidding process
- The sale process
- The conditions of the sale
- How to file a noncompetitive offer after the sale

Attached is a list of available parcels that includes the parcel numbers, legal land descriptions and corresponding stipulations, if applicable. We have included any stipulations, lease notices, special conditions, or restrictions that will be made a part of the lease at the time we issue it. We have also identified those parcels where the United States owns less than 100 percent interest in the geothermal mineral rights. For your convenience, we are including a copy of the bid form.

When and where will the sale take place?

When: The sale date is **Tuesday, September 17, 2019**. The open bidding period will begin at **11:30 a.m. Central Daylight Time (CDT)** (or 9:30 a.m. Pacific Daylight Time (PDT), on **Tuesday, September 17, 2019**. 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 **one** hour 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 sale notice 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 Notice of Competitive Geothermal Internet-Based Lease Sale 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 **one hour**, 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 notice 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.

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.

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 a geothermal 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 Geothermal lease auction conducted by any BLM office (the minimum monies owed the day of sale), or any monies owed EnergyNet for a previous Geothermal 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 Geothermal lease sale auction.

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, 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 **one hour**, 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 Nevada 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 3206.15 If the United States owns less than 100 percent of the geothermal 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 United States net interest. For example, if a parcel contains 199.31 acres and the United States owns 50 percent of the geothermal mineral interest, the minimum bonus bid will be \$200 (\$2 x 100 acres) and the advance annual rental will be \$200 (\$2 x 100 acres) for the first year and \$300 (\$3 x 100 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 \$2 per acre or fraction of an acre; and a non-refundable administrative fee of **\$165.00**. 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 PDT the day the auction closes. Payment will be made directly to the BLM Nevada 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 15th calendar day after the date that the auction closes. **Remaining balance will be due in the Nevada State Office by 4:00 P.M. PDT, October 01, 2019.** 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 3203.17]. 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, money order in person at the BLM (name) 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 Nevada 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 Nevada 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 3202.11.** 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 a geothermal lease under our regulations at 43 CFR 3202.11; 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 notice 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.

- **Federal acreage limitations:** Qualified individuals, associations, or corporations may only participate in a competitive lease sale and purchase Federal geothermal leases from this office if such purchase will not result in exceeding the State limit of 51,200 acres of public domain land and 51,200 acres of acquired land (30 U.S.C. 184(d)). For the purpose of chargeable acreage limitations, you are charged with your proportionate share of the lease acreage holdings of partnerships or corporations in which you own an interest greater than 10 percent. Lease acreage committed to a unit agreement, communitization agreement or development contract that you hold, own or control and acreage in leases for which royalty (including compensatory royalty or royalty-in-kind) was paid in the preceding calendar year is excluded from chargeability for acreage limitation purposes. The acreage limitations and certification requirements apply for competitive geothermal lease sales, noncompetitive lease offers, transfer of interest by assignment of record title or operating rights, and options to acquire interest in leases regardless of whether an individual, association, or corporation has received, under 43 CFR 3206.13, additional time to divest excess acreage acquired through merger or acquisition.
- **Lease Issuance:** After we receive the bid form, all the money due, and protests have been resolved, we can issue the lease. Usually, a lease is effective the first day of the month following the month in which we sign it. If you want your lease to be effective the first day of the month in which we sign it, you must request in writing to do this. The request must be received before the lease is signed.
- **Lease terms:** Leases issue for a primary term of 10 years. The Bureau of Land Management (BLM) will extend the primary term of the lease if the requirements found in the regulations at 43 CFR 3207.10 have been met. Annual rental is \$2 per acre for the first year (paid to BLM), and \$3 per acre for the second through tenth year (paid to Office of Natural Resource Revenue (ONRR), formerly the Minerals Management Service). After the tenth year, annual rent will be \$5 per acre. Rent is always due in advance. ONRR must receive annual rental payments by the anniversary date of the lease or your lease may be terminated. You will find other lease terms on our standard lease form (Form 3200-024a).
- **Split Estate:** Information regarding leasing of Federal minerals under private surface, referred to as “Split Estate,” is available at the following Washington Office website: www.blm.gov/bmp/Split_Estate.htm. A Split Estate brochure is available at this site. The

brochure outlines the rights, responsibilities, and opportunities of private surface owners and oil and gas operators in the planning, lease sale, permitting/development, and operations/production phases of the geothermal program.

- **Stipulations:** Some parcels are subject to surface use stipulations. They are requirements or restrictions on how you conduct operations. These stipulations are included in the parcel descriptions on the attached list. Stipulations are part of the lease and supersede any inconsistent provisions of the lease form.

All Federal geothermal lease rights are granted subject to applicable laws under Section 6 of the lease including Endangered Species Act, as amended, 16 U.S.C. 1531 *et seq.*

Each parcel included in this lease sale will be subject to the attached Endangered Species Act Section 7 Consultation Stipulation and Cultural Resource Protection Stipulation.

- **Unit and Communitization Agreements:** Parcels offered in this sale notice may fall within an authorized Unit or Communitization Agreement. If the parcel falls within an authorized Unit or Communitization Agreement, the successful bidder will be required to join the agreement.

Attached is a list of the lands we are offering by serial number, parcel number, and land description. We have included any stipulations, lease notices, special conditions, or restrictions that will be made a part of the lease at the time we issue it. We have also identified those parcels where the United States owns less than 100 percent interest in the geothermal mineral rights. For your convenience, we are including a copy of the bid form. A list of lands available for this is also available at our public Internet site:

<https://www.blm.gov/programs/energy-and-minerals/renewable-energy/geothermal-energy/regional-information/nevada>

How do I file a noncompetitive offer after the sale?

Lands that do not receive a bid are available on a first-come, first-served basis for a 2-year period, beginning the day after the sale. The noncompetitive offers are handled directly by the BLM and not through the internet-based leasing website. If you want to file a noncompetitive offer on an unsold parcel, you must give us:

- Two (2) executed copies of the applicable noncompetitive lease form;
- \$425 nonrefundable administrative fee; and
- First year's advance rental (\$1.00 per acre or fraction thereof).

Submit the aforementioned items to the BLM Nevada State Office Information Access Center (Public Room) in person or by mail. We consider all offers filed the day of a sale and the first business day after it, for any of the unsold parcels, filed at the same time. If a parcel receives more than one offer, we will hold a drawing to pick the winner (see 43 CFR 1822.17).

For 30 days after the competitive geothermal lease sale, noncompetitive applications will be accepted only for parcels as configured in the Notice of Competitive Geothermal Lease Sale.

Subsequent to the 30-day period, you may file a noncompetitive application for any available lands covered by the competitive lease sale, not to exceed 5,120 acres per lease.

All applications for a particular parcel will be considered simultaneously filed if received in the proper BLM office any time during the first business day following the competitive lease sale. You may submit only one application per parcel. An application will not be available for public inspection the day it is filed. BLM will randomly select an application among those accepted on the first business day to receive a lease offer.

Subsequent to the first business day following the competitive lease sale, the first qualified applicant to submit an application will be offered the lease. If BLM receives simultaneous applications as to date and time for overlapping lands, BLM will randomly select one to receive a lease offer.

May I amend my application for a noncompetitive lease?

You may amend your application for a noncompetitive lease at any time before we issue the lease, provided your amended application does not add lands not included in the original application. To add lands, you must file a new application.

May I withdraw my application for a noncompetitive lease?

During the 30-day period after the competitive lease sale, BLM will only accept a withdrawal of the entire application. Following that 30-day period, you may withdraw your noncompetitive lease application in whole or in part at any time before BLM issues the lease. If a partial withdrawal causes your lease application to contain less than the minimum acreage required (640 acres, or all lands available for leasing in the section, whichever is less), BLM will reject the application.

When is the next competitive geothermal lease sale scheduled?

We have tentatively scheduled our next competitive sale for October 2020. We can make no guarantee as to when a given parcel will be offered for competitive sale.

How can I find out the results of this sale?

The sale results will be posted on the www.energynet.com website and the BLM Nevada State Office website <https://www.blm.gov/programs/energy-and-minerals/renewable-energy/geothermal-energy/regional-information/nevada>.

Paper copies are available for viewing or purchase at the BLM Nevada State Office Information Access Center.

Who should I contact if I have a question?

For more information, contact Jonathan Estrella Land Law Examiner at (775) 861-6453.



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