



United States Department of the Interior



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

In Reply Refer To:
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OCT 13 2017

Notice of Competitive Oil and Gas Internet Lease Sale

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 Bureau of Land Management (BLM) is offering 208 parcels for internet-based competitive sale of certain Federal lands containing **388,959.402** acres in the State of Nevada for oil and gas 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
- How to file a presale noncompetitive offer
- How to file a protest

Attached is a list of the lands we are offering by 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 oil and gas mineral rights, and have pending presale noncompetitive offers to lease which are not available for noncompetitive offers to lease if they receive no bid at this sale. 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, December 12, 2017, the open bidding period will begin Monday, December 11, 2017, at 10:00 a.m. Central Daylight Time (CDT)/8:00 a.m. Pacific Daylight Time (PDT). 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 approximately **24 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 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 Oil and Gas 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 **24 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 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.

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, 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 **24 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 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 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 PST 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 10th working day after the date that the auction closes. **Remaining balance will be due in the Nevada State Office by 4:00 P.M. PDT, December 26, 2017.** 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, 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 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 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 oil and gas leases from this office if such purchase will not result in exceeding the State limit of 246,080 acres of public domain land and 246,080 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 oil and gas 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 3101.2-4, 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:** A lease issued as a result of this sale will have a primary term of 10 years. It will continue beyond its primary term as long as oil or gas in paying quantities is produced on or for the benefit of the lease. **Advance rental at \$1.50 per acre for the first 5 years (\$2 per acre after that) is due on or before the anniversary date each year until production begins.** Once a lease is producing, you must pay a royalty of 12.5 percent of the value or the amount of production removed or sold from the lease. You will find other lease terms on our standard lease form (Form 3100-11).
- **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 oil and gas 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 oil and gas 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 oil and gas mineral rights, and have pending presale noncompetitive offers to lease which are not available for noncompetitive offers to lease if they receive no bid at this sale. For your convenience, we are including a copy of the bid form. A map showing the sale parcels, and the list of lands are also available at our public Internet site:

<https://www.blm.gov/programs/energy-and-minerals/oil-and-gas/leasing/regional-lease-sales/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:

- Three copies of form 3100-11, *Offer to Lease and Lease for Oil and Gas* properly completed and signed. Describe the lands in your offer 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.
- Your payment for the total of the **\$415.00 filing fee**; and
- first year's advanced rental (\$1.50 per acre or fraction of an acre). Remember to round up any fractional acreage when you calculate the amount of rental.

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). In the list of parcels, we have noted any parcels that have pending presale offers. A presale offer has priority over any offer filed after the sale.

How do I file a noncompetitive presale offer?

Under our regulations at 43 CFR 3110.1(a), you may file a noncompetitive presale offer for lands that:

- Are available; and
- Have not been under lease during the previous 1-year period, or
- Have not been included in a competitive lease sale within the previous 2-year period.

Your noncompetitive presale offer to lease must be filed prior to the official posting of this sale Notice. If your presale offer was timely filed, was complete and we do not receive a bid for the parcel that contains the lands in your offer, your presale offer has priority over any offer for that parcel filed after the sale. Your presale offer is your consent to the terms and conditions of the lease, including any additional stipulations. If you want to file a presale offer, follow the directions listed for filing a noncompetitive offer after the sale.

How do I file an Expression Of Interest (EOI)?

You may submit your EOIs on the National Fluid Lease Sale System (NFLSS) website <https://nflss.blm.gov/>

- Make certain your EOI contains a complete legal land description.
- If your EOI contains split estate lands, you must provide the name and address of the current surface owner(s).
- No filing fee is required.

When is the next competitive oil and gas lease sale scheduled?

We have tentatively scheduled our next competitive sale for March 13, 2018. 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/oil-and-gas/leasing/regional-lease-sales/nevada>

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

May I protest the BLM's decision to offer the lands in this Notice for lease?

Yes, under regulation 43 CFR 3120.1-3, you may protest the inclusion of a parcel listed in this sale notice. All protests must meet the following requirements:

- We must receive a protest within 30 calendar days of the posting date of the sale. We must receive a protest no later than 4:00 P.M. (PDT) on November 13, 2017. The protest must also include any statement of reasons to support the protest. We will dismiss a late-filed protest or a protest filed without a statement of reasons.
- A protest must state the interest of the protesting party in the matter.

- You may file a protest either by hand delivery, mail in hardcopy form or by telefax. You may not file a protest by electronic mail. A protest filed by fax must be sent to (775) 861-6711. We will dismiss a protest sent to a fax number other than the fax number identified or a protest filed by electronic mail.
- If the party signing the protest is doing so on behalf of an association, partnership, or corporation, the signing party must reveal the relationship between them. For example, unless an environmental group authorizes an individual member of its group to act on their behalf, the individual cannot make a protest in the group's name.
- A protest must include the name and address of the protesting party, **and reference the specific serial number that is being protested.**
- Please be advised that all protest information and correspondence shall be made publically available.

Any protests, including names and street addresses, you submit will be made available for public review. Individual respondents may request confidentiality. If you wish to withhold your personal identifiable information from public review or from disclosure under the Freedom of Information Act, you must state this prominently at the beginning of your written comment. Such requests will be honored to the extent allowed by law. All submissions from organizations or businesses, and from individuals identifying themselves as representatives or officials of organizations or businesses, will be made available for public inspection in their entirety.

If the BLM receives a timely protest of a parcel advertised on this Sale Notice, how does it affect bidding on the parcel?

We will announce receipt and status of any protests on the auction website prior to the start of the online auction. We will also announce on the website a decision to either withdraw the parcel or proceed with the auction. If the protest is resolved prior to the sale, we will provide copies of our decision on the BLM website.

If I am the highest bidder at the sale for a protested parcel, when will the BLM issue my lease?

We will make every effort to decide the protest prior to the sale, but no later than 60 days after the sale. We will not issue a lease for a protested parcel until the State Director makes a decision on the protest. If the State Director denies the protest, we will issue your lease concurrently with that decision.

If I am the successful bidder of a protested parcel, may I withdraw my bid and receive a refund of my first year's rental and bonus bid?

No. In accordance with BLM regulations (43 CFR 3120.5-3), you may not withdraw your bid.

If the BLM upholds the protest, how does that affect my competitive bid?

If we uphold a protest and withdraw the parcel from leasing, we will reject your bid, and refund your first year's rental, bonus bid, and administrative fee. The buyer's premium will be handled between EnergyNet and the buyer. If the decision upholding the protest results in additional stipulations, we will offer you an opportunity to accept or reject the lease with the additional

stipulations. If you do not accept the additional stipulations, we will reject your bid and refund your first year's rental, bonus bid, and administrative fee.

If the BLM's decision to uphold the protest results in additional stipulations, may I appeal that decision?

Yes, you may. Note: An appeal from the State Director's decision must meet the requirements of Title 43 CFR 4.411 and Part 1840.

May I appeal the BLM's decision to deny my protest?

Yes, you may. Note: An appeal from the State Director's decision must meet the requirements of Title 43 CFR 4.411 and Part 1840.

May I withdraw my bid if the protestor files an appeal?

No. If the protestor appeals our decision to deny the protest, you may not withdraw your bid. We will issue your lease concurrently with the decision to deny the protest. If resolution of the appeal results in lease cancellation, we will authorize a refund of the bonus bid, rentals, and administrative fees if:

- There is no evidence that the lessee(s) derived any benefit from possession of the lease during the time they held it; and
- There is no indication of bad faith or other reasons not to refund the rental, bonus bid, and administrative fee.

For more information, please contact Fernando J. Pitones at 775-861-6567.



Kemba Anderson-Artis

Chief, Branch of Mineral Resources, Fluids