

Guidance for Noncompetitive Leases

I. Introduction

This attachment provides guidance and procedures to Bureau of Land Management (BLM) State Offices (SO) for adjudicating and issuing noncompetitive oil and gas leases.

Beginning on the first business day following the last day of a competitive auction held after July 4, 2025, or its replacement sale, if one is held, any lands offered competitively under 43 CFR Part 3120, and for which the BLM did not receive a bid, will be available for a period of 2 years for noncompetitive leasing. If, at the conclusion of a lease sale and before BLM has determined whether a replacement sale must be held, the BLM receives any noncompetitive offers, those offers will be held until BLM determines whether a replacement sale must be held. If no replacement sale is required, the BLM will consider all offers filed on the day of the lease sale, as simultaneously filed during the first business day following the close of the competitive auction. If BLM determines a replacement sale must be held, any noncompetitive offers received at the conclusion of the competitive sale will be held until the conclusion of the replacement sale. Those offers and any offers filed at the conclusion of a replacement sale will be considered simultaneously filed for purposes of determining priority. If the BLM receives a properly filed application for a noncompetitive lease for any lands not leased in a lease or a replacement sale during this 2-year noncompetitive leasing period, the BLM should process the application. For parcels that receive a bid, but a lease cannot be issued or the bid is rejected, the lands will be re-offered competitively before considering a noncompetitive application for any such lands. Refer to Handbook H-3120-1.

If the BLM issues a noncompetitive lease, and the lease is later terminated, relinquished, or cancelled at any time, in accordance with 30 U.S.C. § 226(c)(2)(B), the lands contained in such lease may only be offered through the competitive leasing process set out in 43 CFR Part 3120.

All noncompetitive leases are issued for a primary term of 10 years. When the BLM's Authorized Officer (AO) signs the lease, the lease is considered issued. Leases are effective as of the first day of the month following the date the leases are issued, except that in instances where the applicant makes a prior written request, the AO may make a lease effective the first day of the month within which it is issued.

Future interest leases are effective as of the date the mineral interests vest in the United States. Future interest applications may include tracts in which the United States owns a fractional present interest as well as the future interest. The lease, when issued, may cover both the present and future interest in the land. In these cases, the effective date and primary term of the present interest lease is unaffected by the vesting of a future fractional interest. A lease for the future fractional interest, when such interest vests to the United States, will have the same primary term and anniversary date as the present fractional interest lease.

II. Lease Application Requirements

The BLM should reject any noncompetitive lease application that does not include the entire parcel included in the competitive lease sale or replacement sale that did not receive a bid.

The BLM should reject any noncompetitive lease applications that are not on the current BLM-approved form (Form 3100-11). Copies must be exact reproductions without additions, omissions, or other changes, or advertising. The BLM will reject any applications that do not include the first year's advance rental and the appropriate non-refundable filing fee. The applicant should date the application form, but failure to date the form is not cause for rejection given that the BLM date stamps every application it receives.

The noncompetitive lease application should describe the lands by the single parcel number appearing in the sale notice for the sale in which the lands were offered. If the applicant includes the legal land description and a discrepancy exists between the parcel number and the legal description, the parcel number will govern. If an applicant files a noncompetitive application after the competitive auction and the SO must hold a replacement sale, the SO will suspend action on the noncompetitive lease application until after the BLM holds the replacement sale (Illustration 1). The BLM will consider all such applications filed the day of the applicable lease sale or before the replacement sale as simultaneously filed along with any filed during the first business day following the close of the replacement competitive auction, if one is necessary.

III. Rental

A. Deficiency

The BLM requires the full payment of the first year's advance rental prior to issuing a lease.

If the BLM miscalculates the parcel acreage such that the parcel acreage to be leased is greater than that indicated in the Notice of Competitive Lease Sale, the BLM should send a notice of additional requirements to the applicant to request the additional rental to meet the required \$3.00 per acre or fraction thereof (640.01 acres, rounded up to 641 acres X \$3.00 = \$1,923). The regulations specify in 43 CFR 3103.21(b) that if the BLM incorrectly states the acreage in the Notice of Competitive Lease Sale, payment of the additional rental based on the error is curable within 15 calendar days of receipt of the BLM notification. The notice will include a provision that allows the applicant to withdraw the application if the applicant does not want the lease due to the modified acreage. If the applicant withdraws the application in response to the notice, the BLM will authorize a full refund of the rental and the filing fee since the error was the fault of the government.

If the BLM receives a noncompetitive lease application and the first year's advance rental is deficient by not more than 10 percent or \$200, whichever is less, the application is acceptable and retains its original priority date, all else being regular. The BLM will prepare a notice of additional requirements advising the applicant that it must pay the rental deficiency within 30 days of receipt of the notice identifying the deficiency. The BLM will not issue a lease until it receives the deficient rental. If the applicant does not pay the deficient first year's rental within the time allowed, the BLM will reject the application and retain the filing fee. Following the appeal period, if there are no existing applications for these lands, they will remain available for noncompetitive leasing for the remainder of the 2-year period.

B. Resurvey and Acreage Adjustment

The acreage for the parcel as indicated in the Notice of Competitive Lease Sale stands for the entire 2-year period, in which the lands are available noncompetitively; unless the BLM issues a public notice advising the public of the corrected acreage. The BLM will post such a notice in the BLM SO Information Access Center for a period of at least 45 days.

IV. Priority

The BLM will consider all noncompetitive applications received on the day of the sale or during the first business day following a competitive sale, or its replacement sale if one is necessary, as simultaneously filed and applications will earn priority in accordance with a public drawing as specified in 43 CFR 1822.18. Refer to Illustration 2 to document all the case files affected by a public drawing.

If an applicant properly files a noncompetitive application on the day of the sale or during the first business day following the competitive auction, but the BLM inadvertently omits the application from the drawing, the BLM must hold a new drawing to include the omitted application. In such a case, the BLM should send a letter to notify all entities who simultaneously filed a noncompetitive offer for the parcel of the pending reselection that will include the omitted application.

Describe in the notice the specific date of the reselection and the process the BLM will use to determine priority because of the reselection. If the BLM has already issued a lease, indicate in the notice that the lease may be subject to cancellation because of the reselection process. Send a copy of the notice to each application affected by the pending reselection (Illustration 3). If the omitted application receives priority, the omitted application may displace the issued lease originally selected. The BLM will cancel the lease previously issued and authorize a refund of the first year's advance rental. If the omitted application does not receive priority in the reselection, the results of the original drawing will stand.

If the BLM receives more than one noncompetitive lease application for the same lands after the first business day after the sale in which the lands were offered and at any time during the remainder of the 2-year period, the priority of such applications will be as of the date and time of filing.

V. Action on Noncompetitive Applications

The BLM will not issue a noncompetitive lease if the BLM has not taken final action on any prior application for a lease or final action on a reinstatement of a terminated lease, which covers any of the lands within the noncompetitive lease. The BLM will cancel an issued noncompetitive lease if an applicant with a higher priority is qualified to receive a lease, or if the BLM should have approved a reinstatement of a previously issued lease.

Responsible Officials	Steps	Action
Mailroom	1.	Date/time stamp the noncompetitive lease application and forward to SO Lease Adjudication.
Accounts	2.	Validate the non-refundable filing fee required for each lease application.
	3.	If there is insufficient or no filing fee, mark a large “X” over the date/time stamp markings on the form.
	4.	Return forms and insufficient fees directly to the applicant with a Return of Remittance from the Collection and Billings System. Some offices vary in these steps and will send to SO Lease Adjudication for this step (Illustration 4).
	5.	If there is sufficient filing fee, forward a copy of the receipt and the form to SO Lease Adjudication for processing.
MLRS Entry	6.	Update the case in the Mineral & Land Records System (MLRS) indicating the application has been filed using the current data standards. Send case file to Title Records, as appropriate, for notation on land status records.
Title Records	8.	Update appropriate land status records to indicate the pending lease application. Send case file to SO Lease Adjudication for processing.
SO Adjudication	9.	The BLM will consider all applications received on the day of the lease sale or the day after the sale, or on the day of or the day after any necessary replacement sale, whichever is later, as simultaneously filed. Ensure each applicant properly filed each application. The BLM may not consider some applications as properly filed depending on the type of defect and applications will receive a new priority date upon correction by the applicant. These defects are noted below.
	10.	Establish priority for the applications by public drawing. Document the order for each selected application until there are no remaining applications (Illustration 2). Do not reject the nonpriority applications at this time.

Responsible Officials	Steps	Action
	11.	Adjudicate the lease form for the priority application to ensure the application is on the current BLM-approved form. The lease form must be exact reproductions without additions, omissions, or other changes, or advertising. If an applicant files an application on an obsolete form, or is not an exact reproduction, such as containing advertisements, the application will receive a new priority date based upon the date when the applicant submitted a corrected application (Illustration 4).
	12.	Adjudicate the lease form to ensure the applicant signed the lease form. Failure to date the lease application is not a fatal deficiency. If the applicant does not sign the application, the application will receive a new priority date upon corrected submission (Illustration 4).
	13.	If the applicant does not check the public domain or acquired box on the lease form, checks the wrong box, or checks both boxes, this is not a fatal deficiency. The BLM will correct the mineral status boxes, and the application does not lose priority. Document the case file to show the corrected land status, e.g., copy of parcel description from sale notice.
	14.	If the applicant does not include the Surface Management Agency (SMA), or if they list the incorrect agency, this is not a fatal deficiency. The BLM will correct the form, and the application does not lose priority. Document the case file to show the corrected SMA, e.g., copy of parcel description from sale notice.
	15.	The noncompetitive lease application must describe the lands by the single parcel number appearing in the sale notice. If the applicant does not include a parcel number, or an incorrect parcel number, the application will receive a new priority date upon corrected submission (Illustration 4).
	16.	If the applicant does not include the sale date, this is not a fatal deficiency. The BLM will correct the sale date, and the application does not lose priority. Document the case file to show the corrected sale date, e.g., copy from sale notice.

Responsible Officials	Steps	Action
	17.	If the applicant includes a legal land description and a discrepancy exists between the parcel number and the legal description, the parcel number will govern, and the application does not lose priority. The BLM will provide the correct legal land description when the lease is issued. Document the case file to show the corrected land description, e.g., copy of parcel description from sale notice.
	18.	Check the applicant paid the proper filing fee and rental. The BLM does not consider an application that does not include the filing fee and/or rental as properly filed, and it will lose priority. Refer to 43 CFR 3000.5. If the rental is deficient, refer to the deficiency discussion in section III above. An application with a rental deficiency will retain its priority provided that the applicant complies with the notice of additional requirements in the time allowed (Illustration 4).
	19.	Check the competitive lease sale notice as well as the land status records for agreements or other conditions (e.g., bond) that the BLM may have approved since the BLM posted the sale notice.
	19a.	If part of the lands are outside the boundary of an agreement approved after the official posting of the sale notice, segregate the lands into two parcels.
	19b.	If needed, prepare a notice of additional requirements requesting the applicant submit additional rental (nominal rental deficiency), requesting the necessary amount (Illustration 4).
	20.	If needed, prepare a notice of additional requirements requiring that the applicant submit evidence of joinder if the parcel is within an agreement (Illustration 4).
	21.	If the applicant submits a letter stating they are unable to join the agreement forward to the Reservoir Management staff for a determination on lease issuance (Illustration 5).
Reservoir Management Staff	22.	If the lands in the application are in a unit, and the applicant is unable to join the unit, the applicant must submit a letter from the unit operator stating that there is no objection to lease issuance without joinder. Reservoir

Responsible Officials	Steps	Action
		Management staff must review the facts concerning the failure to obtain joinder.
		The Reservoir Management staff may recommend issuing the lease with a compensatory royalty assessment if the land is being drained of oil or gas. If it is unacceptable to issue the lease based on the public's interest, the Reservoir Management staff may recommend rejecting the application and issuing a Compensatory Royalty Agreement (CRA) to the unit operator instead. Refer to the H-3100-1 for more information on compensatory royalty assessments and CRAs.
	23.	When the terms of a private unit agreement conflict with Federal regulations, the Federal regulations will prevail.
	24.	If the lands in the application are within the boundaries of a Communitization Agreement (CA), the BLM may require the applicant to submit evidence of joinder. Unlike Federal units, lessees cannot operate independently in a Federal CA.
	25.	If the BLM has established an Unleased Lands Account (ULA), or a CRA that terminates upon lease issuance, close the ULA or CRA serial number when the lease is issued. ONRR will begin collecting royalty payments based on the new serial number assigned to the lease.
SO Adjudication	26.	Applications may need to be corrected either based on information submitted by the applicant or at the request of the BLM AO. Depending on the nature of the correction, priority will either be retained or given at the time the applicant makes the correction. If the first drawn applicant fails to comply with all requirements within the specified time, or any extension given, the BLM must reject the application. Following the appeal period, if no appeal is filed, the BLM will consider the next priority application.

VI. Lease Issuance

Responsible Officials	Steps	Action
SO Adjudication	1.	Prepare form for lease issuance. Add the legal land description on the lease form in Item 3 or by attachment.

Responsible Officials	Steps	Action
	2.	Attach all required lease stipulations and notices. Any party submitting a lease application is deemed to have agreed to stipulations applicable to the specific parcel as indicated in the sale notice or sale notice amendment.
	3.	If it is determined after the sale but prior to lease issuance that the sale notice contained the incorrect stipulations for a parcel from the applicable resource management plan (RMP) and a stipulation needs to be added, deleted, or revised, use the following steps:
	3a.	If the applicable RMP identified a stipulation and the change increases the value of the parcel, the BLM will withdraw the parcel and re-advertise in a future sale notice with all the correct stipulations. This usually occurs when stipulations are removed or are less restrictive.
	3b.	Return any pending noncompetitive application(s) and refund all monies (first year's advance rental and filing fee).
	3c.	<p>If the applicable RMP identified a stipulation and the stipulation was incorrectly or not noted on the lease, and the change would not increase the value of the parcel, the BLM must give the potential lessee an opportunity to accept the additional or modified stipulation. This usually occurs when stipulations are added or are more restrictive. If the lessee declines to accept the lease, the lands will continue to be available for noncompetitive leasing during the 2-year period following the close of the applicable lease sale. However, before issuing a noncompetitive lease, post a notice for 30 days in the SO Information Access Center and at the appropriate local BLM Field Office to advise the public of the specific stipulation change, addition, or deletion.</p> <p>If the BLM receives an adverse public response within the 30-day period, the BLM will handle this as a protest to leasing the parcel(s) with altered stipulation, which must be based upon the applicable RMP.</p>
	3d.	The BLM will give the applicant 30 days to accept a revised or added stipulation from the applicable RMP. The BLM prepares and issues a notice of additional requirements (Illustration 4). This 30-day period runs

Responsible Officials	Steps	Action
		<p>concurrently with the 30-day public review period mentioned above.</p> <p>If the high bidder accepts the revised or additional stipulation, continue to process the lease issuance.</p> <p>If the potential lessee does not accept the additional or modified stipulation, the BLM will reject the application with all monies refunded (first year's advance rental and filing fee).</p>
	3e.	If a second priority application exists, provide that applicant 30 days by notice in which to sign and accept the revised or added stipulations.
	3f.	If all the remaining applicants refuse to accept the lease, the land remains available for noncompetitive leasing with the changed stipulations for the remainder of the 2-year period.
	4.	Complete final review of lease. Route for signature by AO.
Authorized Officer	5.	<p>Sign and date lease form.</p> <p>NOTE: The responsibility to sign the lease must rise to the next higher level of authority from the person who prepared the lease and cannot be delegated to a subordinate employee. The system of checks and balances in revenue transfer procedures includes the need for authority over any employee who prepares the lease and form for review and signature. That authority must be a daily, ongoing responsibility for the position held, in other words, a supervisory or managerial position. If a subordinate employee is acting for an absent supervisor, the responsibility to sign the lease must rise to a higher-level supervisor.</p>
SO Adjudication	6.	<p>Create copies of the lease and distribute the signed lease form as follows:</p> <p>Place the original in the official case file record. Send the first copy to the lessee. Send the second copy to the SMA, as appropriate. Send an additional copy to the FO Operations staff.</p>

Responsible Officials	Steps	Action
MLRS Entry	7.	Update MLRS to issue the lease following the applicable data entry standards.
	8.	Create the accounting advice in MLRS (Illustration 6 & 7). Ensure that all information on the accounting advice is correct, especially the <u>fund code</u> and <u>lessee identification</u> . The supervisor/lead must approve the form verifying that the information is correct on the same day AO signs (or issues) the lease. To comply with the financial requirements of the National Operations Center, the Accounts staff must receive the approved form within 3 business days from the date the AO signs the lease.
	8a.	If the lands are within an agreement and are in a producing (non-terminable) status (within a participating area or CA) when the lease is issued, the accounting advice must show a “P” status (for production) when transmitting the bonus/first year’s advance rental monies.
Accounts	9.	Authorize the transfer of funds from the BLM to the Office of Natural Resources Revenue (ONRR) through the Interagency Payment and Collection (IPAC) process within 10 business days from receipt of the form.
SO Adjudication	10.	If, after a lease is signed, issued, and mailed to the lessee, it is discovered that some or all of the lease stipulations that were identified in the sale notice as being applicable to the parcel are not attached as part of the lease, such stipulations are to be sent to the lessee by certified mail, ensuring that a copy of the letter and lease stipulations are placed in the case file. This notice to the lessee is a courtesy since the stipulations are binding based on the lessee having made the application on the parcel as the BLM advertised the parcel with the stipulations in the sale notice or amendment.
Title Records	11.	When a lease issues, update the oil and gas plat notations and replace with the lease serial number and “OG Lse.” Note on Historical Indices or other land status records.
Dockets	12.	File oil and gas lease case file with the active cases.

VII. Rejection of Application

Responsible Officials	Steps	Action
SO Adjudication	1.	If the BLM cannot issue a noncompetitive lease in response to an application or withdraws the parcel, issue a decision rejecting the application (Illustration 6). If the BLM received more than one application and established priority, reject by decision those applications not in priority after a noncompetitive lease is issued to the priority application. If the first-drawn applicant fails to comply with all the requirements within the specified time, or any given extension, the application will be rejected. A single decision may include all applications filed by the same entity.
	2.	Authorize a refund of the first year's advance rental in CBS.
MLRS Entry	3.	Update the case in MLRS using the current data standards.
	4.	Send to Title Records, through Dockets, for notation if the BLM previously noted the land status records as to the pending lease application.
Title Records	5.	Update appropriate land status records to indicate lease application rejected.
Dockets	6.	File case file with closed cases.

VIII. Withdrawal of Application

An applicant may withdraw its noncompetitive lease application in its entirety, if the proper BLM office receives the withdrawal before the AO signs the lease on behalf of the United States.

Responsible Officials	Steps	Action
Mailroom	1.	Date/time stamp the copies of withdrawal request and forward to SO Lease Adjudication.
SO Adjudication	2.	The BLM considers the non-refundable filing fee as earned. Process a refund of the first-year rental.
MLRS Entry	3.	Update the case in MLRS indicating the withdrawal of the application using the current data standards.

Responsible Officials	Steps	Action
	4.	Send to Title Records through Dockets, for notation if the BLM previously noted the land status records as to the pending lease application.
Title Records	5.	Update appropriate land status records to indicate lease application withdrawn.
Dockets	6.	File case file with closed cases.

IX. Noncompetitive Reversionary Leases

Noncompetitive reversionary leases only apply to lands managed by Forest Service where the United States acquired an interest in such lands pursuant to the Act of March 1, 1911 (36 Stat. 961).

The holder of a private lease may elect to continue as a Federal noncompetitive lease if following conditions apply:

- 1) The United States must have held a future interest in the mineral estate prior to the interest vesting in the United States
- 2) The lessee must make an election prior to the interest vesting in the United States
- 3) Immediately prior to vesting, the mineral estate must have been subject to a lease
 - a. Under which oil and gas was being produced
 - b. Which had a well capable of producing in paying quantities at an annual average production volume per well per day of –
 - i. Oil or condensate: not more than 15 barrels
 - ii. Gas: not more than 60,000 cubic feet

The MLA clearly envisions no break in the time the lands are under lease. The Federal lease will take over immediately upon vestiture. If there was no production or well capable of producing in paying quantities, the BLM will reject the application and offer the land at the next competitive lease sale.

Because the lease is usually producing at the time of lease issuance, the BLM must have a bond in place prior to lease issuance. The BLM can request a bond at the same time the BLM sends a notice to the lessee regarding stipulations that will be made as part of the lease, and that must be accepted by the lessee in writing.

Issue the lease on the current lease form (3100-11). In the bottom left-hand corner of page one of the form, check “Other” and enter “Reversionary Lease”. The effective date of the lease is the same date the minerals vest to the United States.

Responsible Officials	Steps	Action
Mailroom	1.	Date/time stamp the copies of the election.

Responsible Officials	Steps	Action
Accounts	2.	Validate the non-refundable filing fee has been paid for each lease application.
	3.	If there is insufficient or no filing fee, mark a large “X” over the date/time stamp markings on the form.
	4.	Return forms and insufficient fees directly to the applicant with a Return of Remittance from the Collection and Billings System. Some offices vary in these steps and will send the application to SO Lease Adjudication to complete this step.
	5.	If there is sufficient filing fee, forward a copy of the receipt and the form to SO Lease Adjudication for processing.
	6.	Establish the case in the MLRS to track the application and serialize the case using the current data standards. Note: Starting in calendar year 2025, the BLM established a BLM Product in the MLRS to track these noncompetitive leases. SOs should correct all noncompetitive reversionary leases to the Noncompetitive Reversionary Lease product.
SO Adjudication	7.	Review the documents submitted with the election to ensure the following:
	7a.	The Forest Service acquired the land under the Act of March 1, 1911, and the deed acquiring the land was subject to a future interest in the mineral estate. If the Federal government acquired the land under any other legal authority, the lessee of the private lease has no right of election.
	7b.	The lessee of the private lease has the right to make an election, if BLM confirms the information in 7(a) above. The BLM will reject an election made by any other party and offer the lands at the next competitive lease sale following the guidance outlined in Handbook H-3120-1, Competitive Leases.
	7c.	The applicant must make the election prior to mineral interest vesting in the United States.

Responsible Officials	Steps	Action
		The BLM will reject an election made after the time allowed as untimely and offer the lands at the next competitive lease sale.
	7d.	If there was no production or well capable of producing in paying quantities (as defined in the condition described above), the BLM will reject the application and offer the lands at the next competitive lease sale.
	8.	The applicant must certify they are qualified to hold an interest in a federal lease. If the applicant does not send the application on the current lease form, send a notice of additional requirements (Illustration 4).
		The applicant meets this requirement when they sign the current lease form. Failure to date the lease application is not a fatal deficiency.
	9.	Adjudicate the lease form to ensure the application is on the current BLM-approved form. The lease form must be exact reproductions without additions, omissions, or other changes, or advertising. If the applicant files the application on an obsolete form, or is not an exact reproduction, such as containing advertisements, send a notice of additional requirements for correction (Illustration 4).
	10.	If the applicant does not check the acquired box on the lease form, checks the wrong box, or checks both boxes, this is not a fatal deficiency. The BLM will correct the mineral status boxes.
	11.	If the applicant does not include the Forest Service as the SMA, or lists the incorrect agency, this is not a fatal deficiency. The BLM will correct these fields on the form.
	12.	The lease form should not describe a parcel number or sale date. If the lease form includes a parcel number, or sale date, the BLM will make corrections on the form.
	13.	Check the applicant paid the proper filing fee and rental amounts. The BLM does not consider an application as properly filed if it does not include the correct filing fee and/or rental amount. Refer to 43 CFR 3000.5. The BLM will not reject an application with a rental deficiency provided that the applicant complies with the notice of

Responsible Officials	Steps	Action
		additional requirements in the time allowed (Illustration 4), or any given extension.
	14.	If the applicant does not provide an acceptable bond with the application, send a notice of additional requirements (Illustration 4).
		An acceptable bond must be in place prior to lease issuance.
	15.	The BLM must obtain consent from the Forest Service to lease the land.
	16.	The applicant must accept all stipulations before lease issuance. Send a notice of additional requirements for the applicant to sign the stipulations (Illustration 4). If the applicant fails to comply with the notice or accept the stipulations, the BLM will reject the application and offer the lands at the next competitive lease sale.
	15.	Conduct a final review of the lease.
	15a.	If the BLM determines lease issuance is proper, follow the applicable steps in Section VI.
		NOTE: The effective date of the lease is the same date the minerals vest to the United States.
	15b.	If during BLM's review, the BLM determines a lease cannot be issued, the BLM should issue a decision rejecting the application following the applicable steps in Section VI. Offer the lands at the next competitive lease sale.

Illustration 1 – Format for Notice to Suspend Action on Application

3110 (Office Code)

Serial No.

Certified Mail – Return Receipt Requested

NOTICE

Applicant : Oil and Gas
Address : Noncompetitive
 : Filed: (date)

Noncompetitive Lease Application
Suspended

The Bureau of Land Management (BLM) received the above-mentioned noncompetitive oil and gas lease application (serial number) in this office on the date shown above.

In accordance with the Mineral Leasing Act, the BLM must hold a replacement lease sale, and the BLM is suspending action on your oil and gas lease application until after the BLM holds the replacement sale. The BLM will consider all applications filed before the replacement sale as simultaneously filed during the first business day following the close of the replacement competitive auction.

The application will remain in suspension until the land is available for noncompetitive leasing, which will occur if the BLM does not receive a bid during the replacement sale or until the application is withdrawn.

If you have any questions regarding this notice, please call (*author's name*), at (*telephone number*), or write to the attention of (*office code*), at the address shown on the letterhead or send questions electronically to (*author's e-mail address*).

Authorized Officer

Enclosure(s)

Copy of application

Distribution:

Case file

Illustration 2 – Documenting Results from Public Drawing

The BLM (Name) State Office held a competitive oil and gas lease sale on (date). The BLM received (number) noncompetitive oil and gas lease applications the first business day following the sale, and these will all be considered to have been simultaneously filed and earn priority in accordance with a public drawing as specified in 43 CFR 1822.18. The BLM held a public drawing on (date) in the Information Access Center with the following results:

Note: Add each application serial number on a small piece of paper. Fold each piece of paper in half and add to a bowl. Ask a member of the public in the Information Access Center to select the serial numbers until there are no remaining serial numbers left. Tape or staple the serial numbers in the order selected by a member of the public.

(first serial number selected)

(second serial number selected)

(third serial number selected)

(etc.)

Distribution:

Place copies of the public drawing results in each application case file

Illustration 3 – Notice for Reselection to Include an Omitted Offer

3110 (Office Code)

Date:

NOTICE

The Bureau of Land Management (BLM) hereby gives notice that on (date), at (time), the BLM (Name) State Office will conduct a public drawing in the Information Access Center to determine priority for parcel number (number) that was offered at the competitive oil and gas lease sale held on (date).

It has come to the attention of this office that the BLM inadvertently omitted additional properly filed noncompetitive lease applications from the public drawing held in accordance with 43 CFR 1822.18 on (insert date). (Number) omitted application(s) was/were timely received for parcel number (number) and under 43 CFR 1822.18. The BLM must hold a another drawing to determine the priority of the applications filed that includes all properly filed applications.

Procedures for the selection process are as follows. The new drawing will consist of the omitted applications as well as all the applications included in the first selection. If an omitted application is not selected, the result of the original public drawing will stand. However, if an omitted application is selected, the selected applications will displace the priority application from the original selection process.

(If a lease has already been issued, include the following language.)

This notice is to advise all parties that the noncompetitive oil and gas lease (serial number), issued on (date), may be subject to cancellation as an improperly issued lease, because the BLM has determined that a timely application was omitted from the selection process held on (insert date). The BLM is redoing the selection process on (insert date).

Distribution:

Information Access Center
Each application case file

Illustration 4 – Format for Notice of Additional Requirements

***DRAFTING NOTE:** While the above format appears as a checklist, any notice issued is to address only the specific defect necessitating additional requirements. Some offices prefer to send a conditional decision. Refer to H-3100-1 for an example of a conditional decision.*

3110 (Office Code)
Serial No.

Certified Mail – Return Receipt Requested

	NOTICE	
Applicant	:	Oil and Gas
Address	:	Noncompetitive
	:	Filed: <u>(date)</u>
<u>Noncompetitive Lease Application</u>		
<u>Additional Requirements</u>		

The Bureau of Land Management (BLM) received the above-mentioned noncompetitive oil and gas lease application (serial number) in this office on the date shown above. Enclosed is a copy for your reference. Before the BLM may continue processing your application, you must take the following action(s):

- Pursuant to 43 CFR 3101.11, a lease will only be issued on the standard form approved by the Director. Please visit the BLM’s website at (INSERT web address) for a copy of the current form (3100-011). Your application was not properly filed in accordance with 43 CFR 3000.5. If you wish to continue and have the BLM consider your noncompetitive lease application, please submit a properly filed application. The new application will receive a new priority date once the BLM determines it has been properly filed.

-The applicant did not sign the lease form. Pursuant to 43 CFR 3102.51, only responsible and qualified lessees may own, hold, or control an interest in a lease. The applicant(s) must sign the lease form, certifying it is qualified to hold federal oil and gas lease interests, and should use the back of the BLM-approved form enclosed for that purpose. The BLM will not consider the application to be properly filed in accordance with 43 CFR 3000.5 until this is accomplished. The application will receive a new priority date upon submission of the correction.

- A noncompetitive lease application must describe the lands by the single parcel number appearing in the Notice of Competitive Lease Sale in which the land(s) were originally offered for lease as stated in the instructions on the oil and gas lease form (3100-11). The application submitted to our office does not include a parcel number (or included an incorrect parcel number). Because the application did not include the required parcel information, the application has not been properly filed in accordance with 43 CFR 3000.5. Once the BLM receives the corrected application, it will be given a new priority date.

- The application did not include the correct filing fee of \$(amount). The BLM posts the fixed filing fee schedule on its webpage at: <https://www.blm.gov/fixed-filing-fee-schedule-blm-energy-and-minerals>. Because the application did not include the correct filing fee, the application was not properly filed in accordance with 43 CFR 3000.5. You must provide the BLM with the correct filing fee by the deadline provided below. Once the BLM receives the deficient amount, the application will receive a new priority date.

- The application did not include the correct amount for the first-year advanced rental. The applicant submitted a total of \$(amount) for this application. The application contains (number) acres, requiring a first year's rental in the amount of \$(amount). The applicant must pay \$(amount) before the BLM will issue the lease. You must provide the deficient amount by the deadline provided below. If you do so, your application will retain its original priority date. If the amount is not timely submitted, the BLM will reject your application.

- The BLM miscalculated the parcel acreage causing the parcel acreage to be greater than that indicated in the Notice of Competitive Lease Sale. The parcel contains (number) acres, requiring a first year's rental in the amount of \$(amount). The applicant must pay the \$(amount) before the BLM will issue the lease. In accordance with 43 CFR 3103.21(b) payment of the rental based on the error is curable within 15 calendar days of receipt of notice from the authorized officer of the error. The BLM retains an application's priority with a rental deficiency if the applicant complies with this notice in the time allowed.

- Part of land in the application is outside the boundary of an agreement approved after the BLM officially posted the sale notice. The BLM is segregating the application into two applications.

(Serial number) contains the following lands outside of the agreement:

(parcel description)

(acres)

The applicant must pay an additional first-year advanced rental \$(amount) before the BLM will continue processing the application. The application will retain its priority provide you submit the required additional rental within the deadline provided below.

(Serial number) contains the following lands inside of the agreement:

(parcel description)

(acres)

Add the following joinder requirements (see below).

- The BLM offered the parcel (parcel number), in the Notice of Competitive Lease Sale, without the enclosed stipulation(s). (*This/These*) stipulation(s) (*is/are*) (*an additional required lease term/additional required lease terms*) that must be part of the lease when issued. Please sign the enclosed stipulation(s) and return to this office. If you do not accept the stipulation(s), within the time allowed, the BLM will reject the application, and refund all money submitted with your application.

- The subject oil and gas offer to lease is within the (Name) Unit Agreement (serial number). The BLM approved the Unit Agreement effective (date). The unit operator is (Name and address).

The land in the application is described as (legal land description). In accordance with the regulations in 43 CFR 3101.30, you must file either:

- (1) Evidence of having entered into an agreement with the unit operator for the development and operation of the subject lands under the terms and provisions of the approved unit agreement, or
- (2) A letter from the unit operator stating that it has no objections to lease issuance without a joinder agreement. If such statement is acceptable to the BLM, you may receive permission to operate independently with the requirement that such operations conform to the terms and provisions of the unit agreement.

You should immediately contact the (Unit/CA Operator). To join the unit (CA), the operator will give you instructions about executing copies of the joinder agreement, (*additional language for units as CAs cannot be operated independently: or will furnish you the permission to operate the lease independently of the unit agreement*). You must furnish two duplicates originally signed copies of the joinder agreement to the BLM at the above address.

- You must provide bond coverage by submitting an Oil and Gas Lease Bond (Form 3000-4) before the BLM can issue a lease. The BLM is enclosing an information packet, including a copy of the bond form.

The applicant is allowed (15, 30, or 45) days from the receipt of this notice to correct the defect(s) indicated above. If you do not file the proper corrective action in this office within the time permitted the BLM will issue a decision denying the application. If you need additional time to comply with the requested information, you must submit a written request to the BLM prior to the expiration of the time allowed and state your reason for the request.

This is an interlocutory notice from which you cannot make an appeal. If you do not comply within the time allocated, the BLM will issue a final decision that you may appeal.

If you have any questions regarding this notice, please call (*author's name*), at (*telephone number*), or write to the attention of (*office code*), at the address shown on the letterhead or send questions electronically to (*author's e-mail address*).

Authorized Officer

Enclosure(s)

Copy of lease form

Distribution:

Applicant

Case file

Illustration 5 – Format for Request to Reservoir Management Operations for Unit Joinder Determination

Memorandum

To: Reservoir Management Operations
From: Branch Chief, (Fluid Minerals Adjudication Code)
Subject: Lease Issuance, (serial number)

Attached are two copies of a letter received from (Name), operator of the (Name) Unit/CA (serial number) requesting lease (parcel or serial number) be issued without joinder.

Please advise us if you have any objection to issuance of the above-referenced lease without the bidder executing joinder to the subject agreement.

The lands involved in this competitive parcel are:

legal land description

Illustration 6 – Format for Accounting Advice Showing Issuance of Lease

Accounting Advice Number	AA-####	Accounting Advice Status	Approved
Subject	Lease Issuance- Noncompetitive Lease	Transaction Number	#####
Lease Management Data	New	Serial Number	UTUT123444889
Related Lease	C-#####	Legacy Serial Number	
BLM Product	O&G Noncompetitive Acquired Lease Post 2025	Case Group	Oil and Gas
Land Type	Acquired	Fund Code	125008.4015
Total Acres	212.56	Rental Rate	\$3.00 for years 1-2, \$5.00 for years 3-8, and \$15.00 thereafter
Status Code	A-New Lease	Expiration Date	9/30/2034
Anniversary Date	10/1/2025	Total Bonus Amount	
Total Rental Amount	\$639	Comments	Lease issued on 9/12/2025.
Total Amount	\$639	Auto Renew	No
Auto Escalates	Yes	Refund Pending	No
Refund Amount		Approved By	Duke Adjudicator
Created By	Ima Adjudicator		

Accounting Advice Customers

AA Customer Number	Lessee Name	Address
N/A	ABC Oil Inc	999 First St Anywhere, MT 59103

ONRR Data

Geo State	Geo State Code	County	County Code	District/Field Office	District/Field Office Code	Case Admin Unit Acres	Acre Cost Total
UT	N/A	Chaves	N/A		N/A	212.56	\$639

Illustration 7 – Format for Accounting Advice Showing Issuance of Future Interest Lease

Accounting Advice Number	AA-####	Accounting Advice Status	Approved
Subject	Lease Issuance-Future Interest Oil & Gas Lease	Transaction Number	#####
Lease Management Data	New	Serial Number	UTUT123444889
Related Lease	C-#####	Legacy Serial Number	
BLM Product	O&G Future Interest Noncompetitive Acquired Lease Post 2025	Case Group	Oil and Gas
Land Type	Acquired	Fund Code	125008.401
Total Acres	212.56	Rental Rate	\$3.00 for years 1-2, \$5.00 for years 3-8, and \$15.00 thereafter
Status Code	A-New Lease	Expiration Date	12/31/2035
Anniversary Date	1/1/2026	Total Bonus Amount	
Total Rental Amount	\$639	Comments	Lease issued on 9/12/2025. This lease is a future interest lease. The minerals will vest in the US on 1/1/2026.
Total Amount	\$639	Auto Renew	No
Auto Escalates	Yes	Refund Pending	No
Refund Amount		Approved By	Duke Adjudicator
Created By	Ima Adjudicator		

Accounting Advice Customers

AA Customer Number	Lessee Name	Address
N/A	ABC Oil Inc	999 First St Anywhere, MT 59103

ONRR Data

Geo State	Geo State Code	County	County Code	District/Field Office	District/Field Office Code	Case Admin Unit Acres	Acre Cost Total
UT	N/A	Chaves	N/A		N/A	212.56	\$639

Illustration 8 – Format for Decision to Reject Lease Application

DRAFTING NOTE: While the above format appears as a checklist, any decision issued is to address only the specific defect requiring rejection of the application.

3110 (Office Code)
Serial No.

Certified Mail – Return Receipt Requested

	DECISION	
Applicant	:	Oil and Gas
Address	:	Noncompetitive
	:	Filed: <u>(date)</u>
		<u>Noncompetitive Lease Application</u>
		<u>Rejected</u>

The Bureau of Land Management (BLM) received the above-mentioned noncompetitive oil and gas lease application (serial number) in this office on the date shown above. Enclosed is a copy for your reference.

- The lands in your application are included in an existing authorized oil and gas lease, (serial number) issued on (date).

- The BLM issued you a notice of additional requirements on (date) to correct the following defect:

(Insert reason)

The compliance period ended on (date), and the BLM did not receive an extension request.

- In compliance with 43 CFR 1822.18, the BLM prioritized all applications received on (date) by a public drawing held on (date). A different lease application was prioritized for the same lands as your application, and the BLM issued the oil and gas lease on (date).

- Prior to issuing a lease, the BLM must verify that the potential lessee is not excluded or disqualified from receiving a lease by checking the System for Award Management (SAM.gov). If the Federal government has suspended, debarred, voluntarily excluded, or disqualified an entity, individual, and/or its principal/representative, then the BLM may not issue a lease to that entity or individual.

A search of the SAM.gov system for (Name), revealed an exclusion for (results of search: name and address). The exclusions prohibit (Name) from entering into a contract with the government. Therefore, in accordance with the regulations at 43 CFR 3102.51(h), the BLM is rejecting your application for (serial number).

You are allowed 30 days from the date you received this decision to provide evidence to this office to demonstrate that you are not the same individual listed on the SAM.gov site, excluding you from entering a contract with the government.

- In accordance with 43 CFR 3102.51(f), the BLM cannot issue a lease to (Name). On (date), the BLM added (Name) to the List of Entities in Noncompliance with the Reclamation Requirements of Section 17(g) of the Mineral Leasing Act. This prohibits (Name) from acquiring a Federal onshore oil and gas lease. Therefore, in accordance with the regulations at 43 CFR 3102.51(f), the BLM is rejecting your application for (serial number).

Therefore, your application(s) is/are rejected. The BLM will authorize a refund for the first-year rental after the appeal period.

(Insert the standard appeal paragraph (refer to Handbook 3100-1)).

If you have any questions regarding this decision, please call (author's name), at (telephone number), or write to the attention of (office code), at the address shown on the letterhead or send questions electronically to (author's e-mail address).

Authorized Officer

Enclosures

Form 1842-1

Distribution:

Case file