

## Union Calendar No.

114<sup>TH</sup> CONGRESS  
2<sup>D</sup> SESSION

# H. R. 5577

[Report No. 114-]

To amend the Outer Continental Shelf Lands Act to authorize the Secretary of the Interior to conduct offshore oil and gas lease sales through Internet-based live lease sales, and for other purposes.

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### IN THE HOUSE OF REPRESENTATIVES

JUNE 24, 2016

Mr. GRAVES of Louisiana (for himself and Mr. LOWENTHAL) introduced the following bill; which was referred to the Committee on Natural Resources

SEPTEMBER --, 2016

Reported with an amendment, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed

[Strike out all after the enacting clause and insert the part printed in italics]

[For text of introduced bill, see copy of bill as introduced on June 24, 2016]

# **A BILL**

To amend the Outer Continental Shelf Lands Act to authorize the Secretary of the Interior to conduct offshore oil and gas lease sales through Internet-based live lease sales, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 *This Act may be cited as the “Innovation in Offshore*  
5 *Leasing Act”.*

6 **SEC. 2. INTERNET-BASED OFFSHORE OIL AND GAS LEASE**

7 **SALES.**

8 *(a) AUTHORIZATION.—Section 8 of the Outer Conti-*  
9 *mental Shelf Lands Act (43 U.S.C. 1337) is amended by*  
10 *adding at the end the following:*

11 *“(q) INTERNET-BASED OIL AND GAS LEASE SALES.—*

12 *“(1) IN GENERAL.—In order to modernize the*  
13 *Nation’s offshore leasing program to ensure the best*  
14 *return to the Federal taxpayer, reduce fraud, and en-*  
15 *sure a fair and competitive leasing process, the Sec-*  
16 *retary may conduct lease sales under this section*  
17 *through Internet-based, sealed-bidding methods.*

18 *“(2) SALE REQUIREMENTS.—Sales conducted*  
19 *under paragraph (1) shall ensure—*

20 *“(A) a publicly and freely accessible digital*  
21 *delivery of the bid reading process, such as live*  
22 *Internet streaming, and an option for bidders to*  
23 *submit bids electronically;*

24 *“(B) a bidder verification process that dis-*  
25 *closes to bidders, by no later than 5 p.m. Central*

1           *Time of the day before each sale, a list of all bids*  
2           *submitted (including the person submitting each*  
3           *bid) on each lease tract without disclosing bid*  
4           *amounts;*

5           *“(C) the ability for a bidder to correct a*  
6           *possible misreading of a submitted bid;*

7           *“(D) a designee from within the Office of*  
8           *the Solicitor of the Department of the Interior to*  
9           *act as an independent, third-party observer who*  
10          *will be present during the bid reading process to*  
11          *prevent wrongdoing, independently certify the*  
12          *bidding process, and maintain transparency;*

13          *“(E) data security measures to ensure bid-*  
14          *der data is kept secure; and*

15          *“(F) a participant survey soliciting vol-*  
16          *untary feedback from bidders on the bidding*  
17          *process.*

18          *“(3) TRANSPARENCY IN SALE-DAY STATISTICS.—*

19                 *“(A) REQUIREMENT.—The Secretary shall*  
20                 *publicly disclose statistical data regarding each*  
21                 *lease sale under this subsection, on the day the*  
22                 *sale is executed.*

23                 *“(B) INCLUDED DATA.—Among data dis-*  
24                 *closed, the Secretary shall include—*

25                         *“(i) the total value of high bids;*

- 1                   “(ii) the number of tracts offered;
- 2                   “(iii) the number of acres offered;
- 3                   “(iv) the number of tracts receiving
- 4                   bids;
- 5                   “(v) the number of acres receiving bids;
- 6                   “(vi) the total number of bids;
- 7                   “(vii) the average number of bids per
- 8                   tract;
- 9                   “(viii) the total number of bidders par-
- 10                  ticipating;
- 11                  “(ix) bidding statistics by water depth;
- 12                  “(x) the name of the entity that sub-
- 13                  mitted each bid, the amount of the bid, and
- 14                  the tract for which the bid was submitted;
- 15                  “(xi) of tracts receiving bids, the num-
- 16                  ber of bids per tract by water depth;
- 17                  “(xii) the tract receiving the greatest
- 18                  number of bids;
- 19                  “(xiii) the tract receiving the highest
- 20                  bid; and
- 21                  “(xiv) any other statistical data that
- 22                  may be disclosed in accordance with this
- 23                  Act.
- 24                  “(C) DATA TRANSPARENCY.—The Secretary
- 25                  shall ensure all data regarding lease sales under

1           *this subsection is publicly available and easily*  
2           *accessible, free of charge, on the Internet, includ-*  
3           *ing for download and aggregation in machine-*  
4           *readable format.”.*

5           ***(b) MODERNIZING LEASING THROUGH COLLABORA-***  
6           ***TION.—***

7           ***(1) IN GENERAL.—****Before conducting the first*  
8           *Internet-based lease sale under the amendment made*  
9           *by this section, the Secretary of the Interior shall*  
10           *issue a request for information from each company*  
11           *present for bidding at the ten most recent oil and gas*  
12           *lease sales conducted by the Secretary under the Outer*  
13           *Continental Shelf Lands Act, in order to provide the*  
14           *bidding public sufficient opportunity to share innova-*  
15           *tive ideas, methods, and concerns regarding Internet-*  
16           *based leasing.*

17           ***(2) INTEGRATION OF INFORMATION.—****The Sec-*  
18           *retary shall review, evaluate, and integrate sugges-*  
19           *tions and concerns collected under paragraph (1) as*  
20           *the Secretary works to modernize the offshore leasing*  
21           *process through Internet-based leasing options.*

22           ***(3) USER WORKSHOP.—****The Secretary shall con-*  
23           *duct not less than one user workshop with viable bid-*  
24           *ders prior to conducting an Internet-based lease sale*  
25           *to provide the bidding public with an opportunity to*

1       *beta test any prototype of an Internet-based leasing*  
2       *platform.*

3       (c) *DEADLINE FOR GULF OF MEXICO LEASE SALE.—*

4       *Not later than 18 months after the date of the enactment*  
5       *of this Act, the Secretary of the Interior shall conduct at*  
6       *least one Internet-based lease sale under the amendment*  
7       *made by subsection (a) for leasable acreage in the Gulf of*  
8       *Mexico.*

9       (d) *EVALUATING INTERNET-BASED OFFSHORE LEAS-*  
10       *ING.—Not later than 90 days after the third Internet-based*  
11       *lease sale conducted under the amendment made by sub-*  
12       *section (a), the Secretary of the Interior shall analyze all*  
13       *such Internet-based lease sales and transmit to Congress a*  
14       *thorough analysis of the sales. The analysis shall include—*

15               (1) *estimates of increases or decreases in such*  
16       *lease sales, compared to sales conducted by non-Inter-*  
17       *net-based bidding, in—*

18                       (A) *the number of bidders;*

19                       (B) *the average amount of bids;*

20                       (C) *the highest bid; and*

21                       (D) *the lowest bid;*

22               (2) *an estimate of the total cost or savings to the*  
23       *Department of the Interior as a result of such sales,*  
24       *compared to sales conducted by non-Internet-based*  
25       *bidding;*

1           (3) *voluntary and anonymous feedback from per-*  
2           *sons participating in such sales, on the Internet-based*  
3           *leasing process and potential areas for improvement*  
4           *in such sales; and*

5           (4) *an evaluation of the demonstrated or ex-*  
6           *pected effectiveness of different structures for lease*  
7           *sales that may provide an opportunity to better maxi-*  
8           *mize bidder participation, ensure the highest return*  
9           *to the Federal taxpayers, minimize opportunities for*  
10          *fraud or collusion, and ensure the security and integ-*  
11          *egrity of the leasing process.*