

II. EnergyNet Testimony

Good morning Chairman Lamborn, Ranking Member Lowenthal and Members, my Name is William W. Britain and I am here representing EnergyNet.com, Inc. as Co-Founder and Chairman of the Company.

We very much appreciate the invitation and opportunity to provide testimony to this Committee regarding the Amendment of the Outer Continental Shelf Lands Act to Authorize Live Internet Lease Sales.

EnergyNet markets and transacts the purchase and sale of oil and gas leases and properties for both government agencies and industry owners.

Since we sold the first ever oil and gas property in an on-line, real time, interactive auction, 15 years ago, we have sold in excess of 51,000 properties.

Our internet platform accommodates both real-time online auction sales, as well as on-line sealed bid sales.

On the Government side we currently serve as the on-line vendor of choice for the Bureau of Land Management, the Federal Deposit Insurance Corporation, as well as, the States of Texas, North Dakota, Colorado, Utah, New Mexico and Wyoming.

Representative Industry sellers which utilize EnergyNet's online services include Chevron, Shell, XTO, Anadarko, Marathon, Bank of America and 3,500 plus other entities.

EnergyNet carefully adheres to the specific security standards required by each of the different selling agencies and the requirements imposed on us by FINRA and the SEC.

It may be helpful to the Committee to relate EnergyNet's experience, as a vendor, with regard to the Bureau of Land Management's transition from live out-cry auction sales to on-line internet auctions.

The process began much like this proposed "Innovation in Offshore Leasing" with the requirement to change existing legislation before the requisite agency could go to work improving and modernizing existing protocol.

In the case of on-shore BLM lease sales, the subject legislation was the Federal Onshore Oil and Gas Leasing Reform act of 1987, which was enacted prior to the advent of the internet.

For this reason, the only competitive sale method which existed, at the time, was a live auction which the BLM has used for almost 30 years.

Beginning with the EnergyNet internet property sale in the year 2000, the Oil and Gas Industry and State Lease Agencies have migrated their property sales to the internet in increasing numbers in order to reach more bidders, thus increasing competition, and in the process, enhancing transparency and security.

As internet auctions gained traction with Oil and Gas Industry Companies, EnergyNet reached out to the Bureau of Land Management and State Lease sale agencies starting in 2006.

In 2009, the BLM awarded a contract to EnergyNet to conduct a pilot sale of BLM Colorado office oil and gas leases under the acronym OGLIAP, Oil and Gas Lease Internet Auction Pilot.

The sale was successful, so the next order of business was to amend the 1987 Act.

Over the ensuing years several stand-alone bills including HR 555 and HR 2752 were introduced but met with defeat in the Senate.

In December 2011 the required amending language to add internet based lease sales was included in the successful passage of the 2012 Appropriations bill.

However, the BLM wisely deemed it inappropriate to move forward, since the language in that bill would remain in force for only the ensuing fiscal year.

Finally in December 2014 the amending language was passed as part of the National Defense Authorization Act for Fiscal Year 2015.

So the entire process from Pilot lease sale in 2009, through legislative change to the first ever BLM internet lease sale scheduled to conclude in September of this year spanned almost 7 years.

In the interim our industry and agency clients have experienced multiples of 3 to 4 times their expected value as an outcome of utilizing internet sales.

We recommend passage of this legislation so that both the BOEM and its Industry clients will enjoy the significant benefits that are being realized from internet lease sales by both State agencies and the Oil and Gas Industry.

Thank you for your time and kind attention.