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(Original Signature of Member)

114TH CONGRESS
2D SESSION

H. R. 5577

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.

IN THE HOUSE OF REPRESENTATIVES

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

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”.

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

3 (a) AUTHORIZATION.—Section 8 of the Outer Conti-
4 nental Shelf Leasing Act (43 U.S.C. 1337) is amended
5 by adding at the end the following:

6 “(q) INTERNET-BASED OIL AND GAS LEASE
7 SALES.—

8 “(1) IN GENERAL.—In order to modernize the
9 Nation’s offshore leasing program to ensure the best
10 return to the Federal taxpayer, reduce fraud, and
11 ensure a fair and competitive leasing process, the
12 Secretary may conduct lease sales under this section
13 through Internet-based, sealed-bidding methods.

14 “(2) SALE REQUIREMENTS.—Sales conducted
15 under paragraph (1) shall ensure—

16 “(A) live web streaming of the bid reading
17 process;

18 “(B) a bidder verification process that dis-
19 closes to bidders at least 24-hours before the
20 bid reading process a list of bids submitted by
21 all persons on each lease tract without dis-
22 closing bid amounts;

23 “(C) the ability for a bidder to correct a
24 possible misreading of a submitted bid;

25 “(D) an independent, third-party observer
26 from the Department of the Interior’s Office of

1 the Inspector General present during the bid
2 reading process to prevent wrongdoing, inde-
3 pendently certify the bidding process, and main-
4 tain transparency;

5 “(E) data security measures to ensure bid-
6 der data is kept secure; and

7 “(F) a participant survey soliciting vol-
8 untary feedback from bidders on the bidding
9 process.

10 “(3) TRANSPARENCY IN SALE-DAY STATIS-
11 TICS.—

12 “(A) REQUIREMENT.—The Secretary shall
13 publically disclose statistical data regarding
14 each lease sale under this subsection, on the
15 day the sale is executed.

16 “(B) INCLUDED DATA.—Among data dis-
17 closed, the Secretary shall include—

18 “(i) the total value of high bids;

19 “(ii) the number of tracts offered;

20 “(iii) the number of acres offered;

21 “(iv) the number of tracts receiving
22 bids;

23 “(v) the number of acres receiving
24 bids;

25 “(vi) the total number of bids;

1 “(vii) the average number of bids per
2 tract;

3 “(viii) the total number of bidders
4 participating;

5 “(ix) bidding statistics by water
6 depth;

7 “(x) the name of the entity that sub-
8 mitted each bid, the amount of the bid,
9 and the tract for which the bid was sub-
10 mitted;

11 “(xi) of tracts receiving bids, the
12 number of bids per tract by water depth;

13 “(xii) the tract receiving the greatest
14 number of bids;

15 “(xiii) the tract receiving the highest
16 bid; and

17 “(xiv) any other statistical data that
18 may be disclosed in accordance with this
19 Act.

20 “(C) DATA TRANSPARENCY.—The Sec-
21 retary shall ensure all data regarding lease
22 sales under this subsection is publically avail-
23 able and easily accessible, free of charge, on the
24 Internet, including for download and aggrega-
25 tion in machine-readable format.”.

1 (b) MODERNIZING LEASING THROUGH COLLABORA-
2 TION.—

3 (1) IN GENERAL.—Before conducting the first
4 Internet-based lease sale under the amendment
5 made by this section, the Secretary of the Interior
6 shall issue a request for information from each com-
7 pany present for bidding at the ten most recent oil
8 and gas lease sales conducted by the Secretary
9 under the Outer Continental Shelf Lands Act, in
10 order to provide the bidding public sufficient oppor-
11 tunity to share innovative ideas, methods, and con-
12 cerns regarding Internet-based leasing.

13 (2) INTEGRATION OF INFORMATION.—The Sec-
14 retary shall review, evaluate, and integrate sugges-
15 tions and concerns collected under paragraph (1) as
16 the Secretary works to modernize the offshore leas-
17 ing process through Internet-based leasing options.

18 (3) USER WORKSHOP.— The Secretary shall
19 conduct not less than one user workshop with viable
20 bidders prior to conducting an Internet-based lease
21 sale to provide the bidding public with an oppor-
22 tunity to beta test any prototype of an Internet-
23 based leasing platform.

24 (c) DEADLINE FOR GULF OF MEXICO LEASE
25 SALE.—Not later than one year after the date of the en-

1 actment of this Act, the Secretary of the Interior shall
2 conduct at least one Internet-based lease sale under the
3 amendment made by subsection (a) for leasable acreage
4 in the Gulf of Mexico.

5 (d) EVALUATING INTERNET-BASED OFFSHORE
6 LEASING.—Not later than 90 days after the third Inter-
7 net-based lease sale conducted under the amendment
8 made by subsection (a), the Secretary of the Interior shall
9 analyze all such Internet-based lease sales and transmit
10 to Congress a thorough analysis of the sales. The analysis
11 shall include—

12 (1) estimates of increases or decreases in such
13 lease sales, compared to sales conducted by non-
14 Internet-based bidding, in—

15 (A) the number of bidders;

16 (B) the average amount of bids;

17 (C) the highest bid; and

18 (D) the lowest bid;

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

23 (3) voluntary and anonymous feedback from
24 persons participating in such sales, on the Internet-

1 based leasing process and potential areas for im-
2 provement in such sales; and

3 (4) an evaluation of the demonstrated or ex-
4 pected effectiveness of different structures for lease
5 sales that may provide an opportunity to better
6 maximize bidder participation, ensure the highest re-
7 turn to the Federal taxpayers, minimize opportuni-
8 ties for fraud or collusion, and ensure the security
9 and integrity of the leasing process.