

# U.S. House of Representatives

## Committee on Natural Resources

Washington, DC 20515

January 16, 2018

Mr. Brian Steed  
Deputy Director, Programs and Policy  
Bureau of Land Management  
1849 C St. NW  
Washington, DC 20240

Dear Mr. Steed:

In 2014, Congress amended the Mineral Leasing Act to allow the Bureau of Land Management (BLM) to conduct online oil and gas lease sales, “in order...to ensure the best return to the Federal taxpayer, reduce fraud, and secure the leasing process...[.]” Ideally, online lease sales would also increase the transparency of the process, allowing people to follow the status of lease sales from anywhere in the country.

Unfortunately, recent reports from the Center for American Progress<sup>1</sup> and Outside Magazine<sup>2</sup> raise questions about whether the online lease sale process is living up to those ideals or Congressional direction. These reports describe a process that provides anonymity for bidders as well as a windfall for EnergyNet, the company hosting the online lease sales. A review of completed sales by committee staff revealed that bidder identities were not available, and identifying winning bidders required cross-referencing the EnergyNet page with the sale result sheet on the BLM website. Full transparency in the bidding process would involve having the bidder identities available in real-time as the sale is taking place. There have also been concerns expressed about EnergyNet’s independence, given that they are a member of the industry trade group Western Energy Alliance.

In addition, it is notable that EnergyNet charges bidders a 1.5 percent “buyer premium” on top of each bonus bid. In addition to being a windfall for EnergyNet, the premium potentially drives down the amount that companies are willing to bid, which effectively takes money that should be going to the American taxpayer and directs it to EnergyNet. In the context of the hydraulic fracturing rule, which is intended to improve protections for the environment and public health, BLM found that an increase of 0.2 percent to the cost of a well was unjustly burdensome, but BLM has not expressed any similar concerns about this 1.5 percent buyer premium that potentially lowers taxpayer revenue.

Finally, we are concerned about the failure of BLM to meet the reporting requirements that Congress included along with the onshore lease sale authority. Section 3022(b) of Public

---

<sup>1</sup> N. Gentile, *The Trump Administration Is Selling Your Lands on the Internet*, January 4, 2018.

<sup>2</sup> M. Frazier, *The Private Company Selling Off America’s Public Lands*, January 8, 2018.


Law 113-291 requires BLM to provide an analysis of the impact of online lease sales within 90 days of the tenth online sale. That tenth sale occurred on March 23, 2017, nearly 300 days ago.

As part of our oversight responsibilities as Ranking Members of the House Natural Resources Committee and the Energy and Mineral Resources Subcommittee, we ask that you provide the following information to the committee no later than February 1, 2018:

- 1) The report mandated by Section 3022(b) of P.L. 113-291;
- 2) The contract that BLM signed with EnergyNet;
- 3) All communications between BLM and EnergyNet from December 19, 2014, through the date the contract was signed;
- 4) All analyses performed by BLM that demonstrates that the 1.5 percent buyer's premium is not lowering bonus bids; and
- 5) A description of the systems that BLM has in place in order to monitor security threats, potential collusion, and other potential abuses of lease sales.

Thank you for your attention to this request.

Sincerely,



Raúl M. Grijalva  
Ranking Member  
House Committee on Natural Resources



Alan Lowenthal  
Ranking Member  
House Subcommittee on  
Energy and Mineral Resources