



# United States Department of the Interior



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**October 8, 2020**

## **Notice of Competitive Oil and Gas Internet Lease Sale**

In accordance with the *Mineral Leasing Act*, as amended by the *National Defense Authorization Act for Fiscal year 2015* (Pub. L. 113-291; 128 Stat. 3762) (Dec. 19, 2014), and the BLM regulations at 43 CFR 3120, the Bureau of Land Management (BLM) is offering 7 parcels containing 4133.580 acres in the State of California for internet-based competitive oil and gas leasing. This notice describes:

- The date, time and place of the sale
- How to participate in the bidding process
- The sale process
- The conditions of the sale
- How to file a noncompetitive offer after the sale
- How to file a presale noncompetitive offer; and
- How to file a protest

Attached is a list of lands we are offering by serial number, parcel number, and land description. We have included any stipulations, lease notices, special conditions or restrictions that will be made a part of the lease at the time we issue it. We have also identified those parcels where the United States owns less than 100% interest in the oil and gas mineral rights, less than 12.5% royalty interest, and have pending presale noncompetitive offers to lease which are not available for noncompetitive offers to lease if they receive no bid at the sale.

For your convenience, additional sale documentation is located on <https://nflss.blm.gov/>.

### **When and where will the sale take place?**

**When:** The sale date is December 10, 2020. The open bidding period will begin at 8:00 a.m. Pacific Standard Time (PST) / 10:00 a.m. Central Standard Time (CST). Each parcel will have its own unique open bidding period, with start and stop times clearly identified on the auction website. The open bidding period for each parcel will run for 1 hour(s), from start to finish, and bids will **only** be accepted during a parcel's open bidding period.

**Where:** The sale is held online at <https://www.energynet.com/>. Click on the Government Lease Sales icon to view this online lease sale. Parcels may be viewed online at the EnergyNet website approximately 10 business days after the posting of this Notice of Competitive Oil and Gas Internet

Based Lease Sale on the BLM website.

**Access:** The auction website is open to the public. The internet-based lease sale can be observed in real-time. However, you must register as a bidder on the website, in advance, in order to submit bids for a parcel. The auction website will be active and available for use approximately 10 days after the date of this Notice of Competitive Lease Sale and will remain available for viewing until the completion of the auction. The available parcels listed in this Notice will be detailed on the website. Interested parties may visit the website at any time.

Potential bidders may register for the online auction as soon as the auction website is active.

Further, potential bidders are encouraged to visit the website prior to the start of the open bidding period to become familiar with the site and review the bidding tutorial. Supporting documentation is available on the website to familiarize new users to the process and answer frequently asked questions.

### **How will the sale be conducted?**

The sale will be conducted **by online bidding only**. The online auction will be a sequential, ascending clock, fixed period, English auction. Each parcel will have its own unique open bidding period, with start and stop times clearly identified on the auction website. The open bidding period for each parcel will run for 1 hour(s), from start to finish. Bids will only be accepted for each parcel during its open bidding period. Each parcel will close bidding sequentially so that each bidder will know if they are the highest winning bid before subsequent parcels close. The website will display each current high bid, and the high bid bidder's number. The winning bid is the highest bid per acre received, equal to or exceeding the minimum acceptable bid, which is on record in the online auction system by the close of the auction period.

The online system allows participants to submit maximum bids to enable a bidder to participate in the online auction without having to be logged into the website at the time the auction period closes. The auction website provides a full explanation of placing maximum bids, as well as an explanation of how they work to place bids on your behalf to maintain your high bidder status up to the chosen maximum bid amount. The BLM strongly encourages potential bidders to review the bidding tutorial, in the Frequently Asked Questions area on the auction website in advance of the online lease sale.

### **How do I participate in the bidding process?**

To participate in the BLM bidding process, you must register and obtain a bidder number. A participant can register to bid at the auction website <https://www.energynet.com/> approximately 10 days after posting of this Notice on the BLM website. Participants are encouraged to register early, to familiarize themselves with the bidding instructions and ensure they have ample time to complete all of the required registration steps before the open bidding period commences.

If an entity is bidding for more than one party, they **must register separate credentials**, satisfy all registration requirements and **obtain a separate bidder number for each company or individual** they wish to represent.

You do not have to be "present" in the auction in order to participate as a bidder. The online auction provides a "maximum bid" bidding option. By using this "maximum bid" option, you are asking the system to bid automatically on your behalf, up to an amount you specify.

When registering as a bidder on the auction website, you will also be asked to sign a statement to confirm that any bid you cast will represent a good-faith intention to acquire an oil and gas lease and that you understand that any winning bid will constitute a legally binding commitment to accept the terms of the lease and pay monies owed. Further, you will acknowledge, through self-certification of the enhanced bidder form, that you understand that it is a crime under 18 U.S.C. 1001 and 43 U.S.C. 1212 to knowingly and willfully make any false, fictitious, or fraudulent statements or representations regarding your qualifications; bidder registration and intent to bid; acceptance of a lease; or payment of monies owed; and that any such offense may result in a fine or imprisonment for not more than 5 years or both. You will also acknowledge that you understand that it is a crime under 30 U.S.C. 195 (a) and (b) to organize or participate in any scheme to defeat provisions of the mineral leasing regulations. Any person who knowingly violates this provision will be punished by a fine of not more than \$500,000, imprisonment for not more than 5 years, or both.

If you, or the party you represent, owe the United States any monies that were due the day of a previous oil and gas lease auction conducted by any BLM office (the minimum monies owed the day of sale), or any monies owed EnergyNet for a previous oil and gas lease auction conducted by EnergyNet for any BLM office, you will not be allowed to register to bid at this lease sale.

The Mineral Leasing Act requires that leases be issued to a “responsible qualified bidder” (30 U.S.C. 226(b)(1)(A)). Any bidder, or party represented by a bidding agent, that does not pay the minimum monies owed the day of the sale is not a “responsible qualified bidder” and will be barred from participating in any oil and gas lease auction nationwide until the bidder settles that debt to the United States. In addition, if you or the party you represent defaults at any three sales conducted by any BLM office, you or the party you represent will be barred permanently from participating in any other BLM oil and gas lease sale auction.

#### Provisions Pertaining to Certain Transactions by Foreign Persons Involving Real Estate in the United States

The Office of Investment Security, Department of the Treasury issued a final rule, **effective February 13, 2020**, establishing regulations to implement the provisions relating to real estate transactions in section 721 of the Defense Production Act of 1950, as amended by the Foreign Investment Risk Review Modernization Act of 2018. The final rule was published at 85 Fed. Reg. 3158 (Jan. 17, 2020), and codified at 31 C.F.R. part 802.

The new rule sets forth the process relating to the national security review by the Committee on Foreign Investment in the United States (CFIUS) of certain transactions, referred to in the rule as “covered real estate transactions,” that involve the purchase or lease (including an assignment or other transfer) by, or concession to, a foreign person of certain real estate in the United States. Covered real estate transactions could include some transactions involving the Federal mineral estate.

The CFIUS looks not only at the entities that are lessees, but also to any [legal] person with the ability to exercise control, as defined by the statute and its implementing regulations, over the lessee. CFIUS is authorized to review covered real estate transactions and to mitigate any risk to the national security of the United States that arises as a result of such transactions. This could result in the modification, suspension, or prohibition of a lease or interest therein.

Accordingly, BLM recommends that each potential bidder, lessee, or [other] interest holder review

the final rule before bidding on or acquiring an interest in a Federal oil and gas lease.

For further information, please refer to the CFIUS page:

<https://home.treasury.gov/policy-issues/international/the-committee-on-foreign-investment-in-the-united-states-cfius>

### **What is the sale process?**

Starting at the posted opening date and time for each parcel:

- All bids are on the gross (total) per-acre basis, rounded up to whole acres, for the entire acreage in the parcel;
- All bids are made in minimum increments of \$1.00 per acre, or fraction of an acre thereof;
- The winning bid is the highest received bid, equal to or exceeding the minimum acceptable bid, which is on record in the online auction system at the close of the auction period; and
- **The decision of the BLM, as presented on the auction website's bid history at <https://www.energynet.com>, is final.**

The minimum acceptable bid is \$2 per acre. If a parcel contains fractional acreage, round it up to the next whole acre. For example, a parcel of 100.51 acres requires a minimum bid of \$202 (\$2 x 101 acres).

You cannot withdraw a bid once a bid is placed and the auction system determines that you are the high bidder.

### **How long will the sale last?**

Each parcel will have its own unique open bidding period, with start and stop times clearly identified on the auction website. The open bidding period for each parcel will run for 1 hour(s), from start to finish. The length of the sale depends on the number of parcels we are offering.

### **What conditions apply to the lease sale?**

- **Parcel withdrawal or sale postponement:** We reserve the right to withdraw any or all parcels before the sale begins. If we withdraw a parcel, we will post a notice in the California State Office Information Access Center (Public Room) before the sale begins. Additionally, the auction website will clearly indicate that a parcel is withdrawn. If we postpone the sale, a clear notice will be posted in the California State Office Information Access Center, the NFLSS website at <https://nflss.blm.gov>, and on the auction website.
- **Fractional mineral interests:** 43 CFR 3120.1-2(c) If the United States owns less than 100 percent of the oil and gas mineral interest for the land in a parcel we will show that information as part of the parcel listing. When we issue the lease, it will be for the percentage or fraction of interest the United States owns. However, you must

calculate your bonus bid and advance rental payment on the gross (total) acreage in the parcel, not the United States net interest. For example, if a parcel contains 199.31 acres and the United States owns 50 percent of the oil and gas mineral interest, the minimum bonus bid will be \$400 (\$2 x 200 acres) and the advance annual rental will be \$300 (\$1.50 x 200 acres) for the first 5 years and \$400 (\$2 x 200 acres) for the remainder of the lease term. Conversely, your chargeable acreage and royalty on production will be calculated on the United States net acreage.

- **Fractional royalty interests:** If the United States owns less than 12.5 percent of the oil and gas royalty interest for the land in a parcel we will show that information as part of the parcel listing. When we issue the lease, it will be for the percentage or fraction of interest the United States owns.
- **Payment due:** You cannot withdraw a bid. Your bid is a legally binding contract. For **each parcel** you are the successful high bidder, on the day the parcel closes you must pay the minimum bonus bid of \$2 per acre or fraction of an acre; the first year's advance rental of \$1.50 per acre or fraction of an acre; and a non-refundable administrative fee of \$170.00. These are monies you owe the United States, whether or not a lease is issued. **You must provide notification of the payment process of these monies to the BLM California State Office prior to 4 p.m. Pacific Standard Time, the day the auction closes, confirmation (via email or fax) that the payment for the parcels(s) has been initiated and the type of payment method.** Payment will be made directly to the BLM California State Office, or as otherwise directed by the BLM. **Payments to the BLM will not be made through the auction website.** At the conclusion of each parcel's bidding period, the winning bidder will be provided instructions by the online auction system on how to make the required payment to the BLM. You will be required to pay the buyer's premium to EnergyNet, 1.5% of any successful bid, in order to participate in the internet-based lease sale.

If your bonus bid was more than \$2 per acre or fraction of an acre and you do not pay the full amount on the day of the sale, you must pay any balance due by the close of business on the 10th working day after the last day of the internet-based auction closes. **Remaining balance will be due in the California State Office by 4:00 p.m. Pacific Standard Time, December 24, 2020. If you do not pay in full by this date, you lose the right to the lease and all money paid the day of the sale.** If you forfeit a parcel, we may offer it again at a future sale.

The minimum monies owed on the day of the sale for a winning bid are monies owed to the United States [43 CFR 3120.5-2(b) and 43 CFR 3120.5-3(a)]. If we do not receive notification of the payment process of the minimum monies owed the day of the sale by the date and time above, the BLM will issue a bill for the monies owed. If we do not receive payment by the bill due date, we will send a demand letter to you that will include additional fees. If we do not receive payment as requested by the demand letter, the U.S. will immediately pursue collection by all appropriate methods, and when appropriate, collect late fees, interest, administrative charges, and on past-due amounts assess civil penalties. "All appropriate methods" include, but are not limited to, referral to collection agencies and credit reporting bureaus; salary or administrative offset; offset of Federal and state payments, including goods or services; and Federal and state tax

refund offset; and retirement payment offset. We may send debts to the Internal Revenue Service (IRS) and the IRS may charge them as income to you on Form 1099C, Cancellation of Debt (Federal Claims Collection Act of 1966, as amended; The Debt Collection Improvement Act of 1996; 31 CFR Part 285).

- **Forms of payment:** Specific payment instructions will be provided by the online auction system to winning bidders. You may pay by:
  - Personal check, certified check, money order (expedited mailing methods);
  - Electronic Funds Transfer (EFT);
  - Automated Clearing House (ACH); and/or
  - Credit card (Discover, Visa, American Express, or MasterCard only).
  - We cannot accept cash.

In order to meet the payment requirement, you must provide BLM contacts with confirmation that the transaction has been initiated on the day the parcel closes before 4:00 p.m. An email or fax containing confirmation must include but is not limited to the following appropriate documents: overnight shipping tracking document, a copy of the payment instrument, and/or a bank provided electronic confirmation of EFT or ACH.

**Do not email or fax privacy information.**

***Please note, in accordance with the Department of Treasury Financial Manual, Announcement No. A-2014-04, the BLM cannot accept credit card payments for an amount equal to or greater than \$24,999.99. The BLM cannot accept aggregated smaller amounts to bypass this requirement.*** An amount owed that exceeds the maximum dollar amount for a credit card payment transaction may not be split into two or more payment transactions in the same day by using one or more credit cards. The BLM does not have Personal Identification Number (PIN) equipment for the purpose of processing PIN authorized debit cards. All debit card transactions will be processed as credit cards and the dollar value limits will apply.

If you plan to make your payment using a credit card, you should contact your bank prior to the sale to let them know that you will be making a substantial charge against your account. If the credit card transaction is refused, we will try to notify you early enough so that you can make other payment arrangements. **However, we cannot grant you any extension of time to provide confirmation of payment to the BLM contacts.**

If you pay by check, please make your check payable to: **Department of the Interior-BLM.** If a check you have sent to us in the past has been returned for insufficient funds, we may ask that you give us a guaranteed payment, such as a certified check.

- **Bid form:** On the day of the sale, if you are a successful winning high bidder, you must submit (email or fax) to the BLM a properly completed and signed competitive bid form (Form 3000-2) with the required payment. This form is a legally binding offer **by the prospective lessee** to accept a lease and all its terms and conditions. Once you sign the form, you cannot change it. The online auction system will provide the successful winning bidder with a fillable pdf of this bid form and instructions on how to submit the form to the California State Office after the auction. We will not accept any bid form that has information crossed out or is otherwise altered. **We will not issue a lease until we receive a signed copy of the bid form in accordance with**

### 43 CFR 3102.4(a).

You will be shown the bid form as part of the bidder registration process, and asked to certify that you will complete and execute it should you be the successful winning high bidder. We ask that you complete the form at this time to ensure that you can meet this condition.

Your completed bid form certifies that:

1. You and/or the prospective lessee are qualified to hold an oil and gas lease under our regulations 43 CFR 3102.5-2; and
2. Both of you have complied with 18 U.S.C. 1860, a law that prohibits unlawful combinations, intimidation of, or collusion among bidders.

This notice includes a copy of the bid form, and again, you will be provided a copy during the bidder registration process and asked to assert that you agree that you will be able and willing to comply and sign it if you are the winning bidder at the close of the auction.

- **Federal acreage limitations:** Qualified individuals, associations, or corporations may only participate in a competitive lease sale and purchase Federal oil and gas leases from this office if such purchase will not result in exceeding the state limit of 246,080 acres of public domain land and 246,080 acres of acquired land (30 U.S.C. 184(d)).

For the purpose of chargeable acreage limitations, you are charged with your proportionate share of the lease acreage holdings of partnerships or corporations in which you own an interest greater than 10 percent. Lease acreage committed to a unit agreement, communitization agreement or development contract that you hold, own or control and was paid in the preceding calendar year is excluded from chargeability for acreage limitation purposes. The acreage limitations and certification requirements apply for competitive oil and gas lease sales, noncompetitive lease offers, transfer of interest by assignment of record title or operating rights, and options to acquire interest in leases regardless of whether an individual, association, or corporation has received additional time under 43 CFR 3101.2-4, to divest excess acreage acquired through merger or acquisition.

- **Lease Issuance:** After we receive the signed bid form, all monies due, and protests have been resolved, we can issue the lease. Usually, a lease is effective the first day of the month following the month in which we sign it. If you want your lease to be effective the first day of the month in which we sign it, you must request in writing to do this. The request must be received before the lease is signed.
- **Lease terms:** A lease issued as a result of this sale will have a primary term of 10 years. It will continue beyond its primary term as long as oil or gas in paying quantities is produced on or for the benefit of the lease. **Advance rental at \$1.50 per acre for the first 5 years (\$2 per acre after that) is due on or before the anniversary date each year until production begins.** Once a lease is producing, you must pay a royalty of 12.5 percent (or as the lease is amended) of the value or the amount of production removed or sold from the lease. You will find other lease

terms on our standard lease form (Form 3100-11).

- **Split Estate:** Information regarding leasing of Federal minerals under private surface, referred to as “Split Estate,” is available at the following Washington Office website: <https://www.blm.gov/programs/energy-and-minerals/oil-and-gas/leasing/split-estate>. A Split Estate brochure is available at this site. The brochure outlines the rights, responsibilities, and opportunities of private surface owners and oil and gas operators in the planning, lease sale, permitting/development, and operations/production phases of the oil and gas program.
- **Stipulations:** Stipulations are part of the lease and supersede any inconsistent provisions of the lease form. They are requirements or restrictions on how you conduct operations. These stipulations are included in the parcel descriptions on the attached list.

All Federal oil and gas lease rights are granted subject to applicable laws under Section 6 of the lease terms including requirements under the Endangered Species Act, as amended, 16 U.S.C. 1531 *et seq.* In accordance with Washington Office (WO) Instruction Memorandum (IM) No. 2002-174, each parcel included in this lease sale will be subject to the Endangered Species Act Section 7 Consultation Stipulation. In accordance with WO IM No. 2005-003, Cultural Resources and Tribal Consultation, for Fluid Minerals Leasing, each parcel in this sale will be subject to the Cultural Resource Protection Stipulation.

- **Unit and Communitization Agreements:** Parcels offered in this Notice may fall within an authorized Unit or Communitization Agreement. If the parcel falls within an authorized Unit or Communitization Agreement, the successful bidder may be required to join the agreement. Any lands included in this Notice that are determined to be in a unit prior to lease issuance are subject to regulation 43 CFR 3101.3-1.

### **How do I file a noncompetitive offer after the sale?**

Lands that do not receive a bid and are not subject to a presale offer are available on a first-come, first-serve basis for a 2-year period, beginning the day after the sale. The noncompetitive offers are handled directly by the BLM and not through the internet leasing website. If you want to file a noncompetitive offer on an unsold parcel, you must file in the appropriate State Office:

- Three copies of current form 3100-11, *Offer to Lease and Lease for Oil and Gas* properly completed and signed. Describe the lands in your offer as specified in our regulations at 43 CFR 3110.5;
- \$435 nonrefundable administrative fee; and
- First year advance rental (\$1.50 per acre or fraction thereof). Remember to round up any fractional acreage when you calculate the amount of rental.

Submit the aforementioned items to the BLM California State Office Information Access Center (Public Room) in person or by mail. We consider all offers filed the day of a sale and the first business day following the last day of the auction, filed at the same time. If a parcel receives more than one offer, we will hold a drawing to determine the winner (see 43 CFR 1822.17). Offers filed after this time period receive priority according to the date and time of filing



in this office.

In the attached list of parcels, we have noted any parcels that have pending noncompetitive presale offers. A presale offer has priority over any offer filed after the sale.

### **How do I file a noncompetitive presale offer?**

Under regulations 43 CFR 3110.1(a), you may file a noncompetitive presale offer for lands that:

- Are available; and
- Have not been under lease during the previous 1-year period, or
- Have not been included in a competitive lease sale within the previous 2-year period.

Your noncompetitive presale offer to lease must be filed prior to the official posting of this Notice. **The posting of this Notice serves to withdraw the lands listed herein from filings under 43 CFR 3110.1(a)(1)(ii).** If your presale offer was timely filed, was complete and we do not receive a bid for the parcel that contains the lands in your offer, your presale offer has priority over any offer for that parcel filed after the sale. Your presale offer is your consent to the terms and conditions of the lease, including any stipulations described in this Notice. If you want to file a presale offer, you must file:

- Three copies of current form 3100-11, *Offer to Lease and Lease for Oil and Gas* properly completed and signed. Describe the lands in your offer as specified in our regulations at 43 CFR 3110.5;
- \$435 nonrefundable administrative fee; and
- First year rental (\$1.50 per acre or fraction thereof). Remember to round up any fractional acreage when you calculate the amount of rental.

### **How do I submit an Expression of Interest (EOI)?**

An Expression of Interest (EOI) is an informal nomination requesting certain lands be included in an oil and gas competitive lease sale. Regulations pertaining to competitive oil and gas leasing can be found in 43 CFR 3120. This request may be submitted via the National Fluids Lease Sale System at <https://nflss.blm.gov>.

- No filing fee or rental is required with an EOI;
- Your EOI must contain a complete legal land description (including metes and bounds description, if applicable);
- Proof of Federal mineral ownership (e.g. Deed(s), Patent(s), or other form of mineral interest conveyance to the United States), if applicable; and
- Name and address of the current surface owner(s), if applicable.

The BLM does not require nominators to provide their name or address. You may still provide this information for contact purposes; however, the BLM will make this information available to the public. If you consider your name and address to be confidential, do not include it in your EOI.

If you are submitting an EOI which includes split estate lands (private surface/federal minerals), you must provide the name and address of the current private surface owner(s) along with your EOI. The BLM will send a courtesy letter to the surface owner(s) providing notice of the scheduled auction as well as information about the BLM's regulations and procedures for Federal oil and gas

leasing and development on split estate lands. An EOI that does not provide the name and address of the private surface owner(s) will not be processed by the BLM.

### **When is the next competitive oil and gas lease sale scheduled?**

We have tentatively scheduled our next competitive sale for March 11, 2021. We can make no guarantee as to when a given parcel will be offered for competitive sale. We will try to put EOIs in the earliest possible sale.

### **How can I find out the results of this sale?**

The sale results will be posted on the [www.energynet.com](http://www.energynet.com) website and the NFLSS website at <https://nflss.blm.gov>. Paper copies are available for viewing or purchase at the BLM California State Office Information Access Center.

### **May I protest the BLM's decision to offer the lands in this Notice for lease?**

Yes, under regulation 43 CFR 3120.1-3, you may protest the inclusion of a parcel listed in this sale notice. All protests must meet the following requirements:

- We must receive a protest within 30 calendar days of the posting date of this Notice. All protests must be received no later than **4:00 pm Pacific Standard Time on November 9, 2020**. If our office is not open on the 30th day after the posting, a protest received on the next day our office is open to the public will be considered timely filed. **We will dismiss a late-filed protest.**
- The protest must include a statement of reasons to support the protest. **We will dismiss a protest filed without a statement of reasons.**
- A protest must state the interest of the protesting party in the matter, including the name the name and address of the protesting party, **and reference the specific serial number that is being protested.**
- You may file a protest either by hand delivery, by telefax or mailed in hardcopy form or through the ePlanning website: <https://go.usa.gov/xGxKz>. You may not file a protest by electronic mail. A protest filed by fax must be sent to (916) 978-4388. **We will dismiss a protest sent to a fax number other than the fax number identified or a protest filed by electronic mail.**
- If the party signing the protest is doing so on behalf of an association, partnership, or corporation, the signing party must reveal the relationship between them. For example, unless an association authorizes an individual member of its group to act on their behalf, the individual cannot make a protest in the group's name.
- The protest document must be signed. **Unsigned protest documents will be dismissed.**
- Please be advised that all protest information and correspondence shall be made publically available.

Any protests, including names and street addresses, you submit will be made available for public review. Individual respondents may request confidentiality. If you wish to withhold your personal

identifiable information from public review or from disclosure under the Freedom of Information Act (FOIA), you must state this prominently at the beginning of your written comment. Such requests will be honored to the extent allowed by law. All submissions from organizations or businesses, and from individuals identifying themselves as representatives or officials of organizations or businesses, will be made available for public inspection in their entirety.

**If the BLM receives a timely protest of a parcel advertised on this Sale Notice, how does it affect bidding on the parcel?**

We will announce receipt of any protests on the auction website prior to the start of the online auction. We will also announce on the website a decision to either withdraw the parcel or proceed with the auction. If the protest is resolved prior to the sale, we will provide copies of our decision on the BLM NFLSS website at <https://nflss.blm.gov>.

**If I am the high bidder at the sale for a protested parcel, when will the BLM issue my lease?**

We will make every effort to decide the protest prior to the sale, but no later than 60 days after the sale. We will not issue a lease for a protested parcel until the protest is either upheld or denied.

**If I am the successful bidder of a protested parcel, may I withdraw my bid and receive a refund of my first year's rental and bonus bid?**

No. In accordance with BLM regulations (43 CFR 3120.5-3), you may not withdraw your bid.

**If the BLM upholds the protest, how does that affect my competitive bid?**

If we uphold a protest and withdraw the parcel from leasing, we will reject your bid and refund your first year's rental, bonus bid, and administrative fee. The buyer's premium will be handled between EnergyNet and the buyer. If the decision upholding the protest results in additional stipulations, we will offer you an opportunity to accept or reject the lease with the additional stipulations. If you do not accept the additional stipulations, we will reject your bid and refund your first year's rental, bonus bid, and administrative fee.

**If the BLM's decision to uphold the protest results in additional stipulations, may I appeal that decision?**

Yes. An appeal from the State Director's decision must meet the requirements of 43 CFR 4.411 and Part 1840.

You may file a notice of appeal by paper hardcopy only. The BLM will not accept a notice of appeal transmitted electronically (e.g., by email, facsimile, or social media means). Also, the BLM will not accept a petition for stay that is transmitted electronically (e.g., by email, facsimile, or social media means). Even if the BLM has previously corresponded with you by email, facsimile, or social media means, the BLM will not accept a notice of appeal transmitted electronically. Both the notice of appeal and any petition for stay must be received on paper at the office address above.

**May I appeal the BLM's decision to deny my protest?**

Yes. An appeal from the State Director's decision must meet the requirements of 43 CFR 4.411 and Part 1840.

You may file a notice of appeal by paper hardcopy only. The BLM will not accept a notice of appeal transmitted electronically (e.g., by email, facsimile, or social media means). Also, the BLM will not accept a petition for stay that is transmitted electronically (e.g., by email, facsimile, or social media means). Even if the BLM has previously corresponded with you by email, facsimile, or social media means, the BLM will not accept a notice of appeal transmitted electronically. Both the notice of appeal and any petition for stay must be received on paper at the office address above.

**May I withdraw my bid if the protestor files an appeal?**

No. If the protestor appeals our decision to deny the protest, you may not withdraw your bid. We will issue your lease concurrently with the decision to deny the protest. If resolution of the appeal results in lease cancellation, we will authorize a refund of the bonus bid, rentals, administrative fees, and EnergyNet's buyer premium, if:

- There is no evidence that the lessee(s) derived any benefit from possession of the lease during the time they held it; and
- There is no indication of bad faith or other reasons not to refund the rental, bonus bid, administrative fee, and EnergyNet's buyer premium.

**Who should I contact if I have questions?**

If you have questions on BLM stipulations, lease notices, etc., please contact the appropriate BLM Field Office for assistance.

If you have questions on another surface management agency's stipulations or restrictions, etc., please contact that agency.

For general information about the competitive oil and gas lease sale process, or this Notice of Competitive Lease Sale, you may e-mail or call: [BLM\\_CA\\_Web\\_SO@blm.gov](mailto:BLM_CA_Web_SO@blm.gov) or (916) 978-4400.

Jennifer Stedman, Branch Chief  
Department of Energy and Minerals

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT  
**COMPETITIVE OIL AND GAS OR  
GEOTHERMAL RESOURCES LEASE BID**

Mineral Leasing Act of 1920 (30 U.S.C. 181 et seq.)  
Act for Acquired Lands of 1947 (30 U.S.C. 351-359)  
Geothermal Steam Act of 1970 (30 U.S.C. 1001-1025)  
Department of the Interior Appropriations Act, Fiscal Year 1981 (42 U.S.C. 6508)

State

Date of Sale

PARCEL NUMBER	AMOUNT OF BID <i>(see instructions below)</i>	
	TOTAL BID	PAYMENT SUBMITTED WITH BID
<b>THE BID IS FOR <i>(check one)</i>:</b> <input type="checkbox"/> Oil and Gas Serial/Parcel No. _____  <input type="checkbox"/> Geothermal Serial/Parcel No. _____		

The appropriate regulations applicable to this bid are: (1) for oil and gas leases--43 CFR 3120; (2) for National Petroleum Reserve-Alaska (NPR-A) leases--43 CFR 3132; and (3) for Geothermal resources leases--43 CFR 3203.17. *(See details concerning lease qualifications on next page.)*

I CERTIFY THAT I have read and am in compliance with; and not in violation of the lessee qualification requirements under the applicable regulations for this bid.

I CERTIFY THAT this bid is not in violation of 18 U.S.C. 1860 which prohibits unlawful combination or intimidation of bidders. I further certify that this bid was arrived at independently and is tendered without collusion with any other bidder for the purpose of restricting competition.

**IMPORTANT NOTICE:** Execution of this form where the offer is the high bid, constitutes a binding lease offer including all applicable terms and conditions. Failure to comply with the applicable laws and regulations under which this bid is made will result in rejection of the bid and forfeiture of all monies submitted.

\_\_\_\_\_  
Print or Type Name of Lessee

\_\_\_\_\_  
Address of Lessee

\_\_\_\_\_  
(City)

\_\_\_\_\_  
(State)

\_\_\_\_\_  
(Zip Code)

\_\_\_\_\_  
Signature of Lessee or Bidder

**INSTRUCTIONS**

**INSTRUCTIONS FOR OIL AND GAS OR GEOTHERMAL BID**  
*(Except NPR-A)*

1. Separate bid form for each lease/parcel is required. Identify by the serial/parcel number assigned in the *Notice of Competitive Lease Sale*.
2. Bid must be accompanied by the national minimum acceptable bid, the first year's rental and the administrative fee. The remittance must be in the form specified: (1) for oil and gas leases in 43 CFR 3103.1-1; and (2) for geothermal resources leases in 43 CFR 3203.17. The remainder of the bonus bid, if any, must be submitted to the proper Bureau of Land Management (BLM) office within 10 working days for oil and gas, and 15 working days for geothermal, after the last day of the oral auction.  
**Failure to submit the remainder of the bonus bond within the statutory timeframe (or regulatory) will result in rejection or revocation, as appropriate, of the bid offer and forfeiture of all monies paid.**
3. If the bidder is not the sole party in interest in the lease for which the bid is submitted, all other parties in interest may be required to furnish evidence of their qualifications upon written request by the BLM.
4. This bid may be executed (*signed*) before the oral auction. If signed before the oral auction, this form cannot be modified without being executed again.
5. In view of the above requirement (4), the bidder may wish to leave the AMOUNT OF BID section blank so that final bid amount may be either completed by the bidder or the BLM at the oral auction.

**INSTRUCTIONS FOR NPR-A OIL AND GAS BID**

1. Separate bid form for each parcel is required. Identify the parcel by the number assigned to a tract.
2. Bid must be accompanied by one-fifth of the amount of the bid. The remittance must be in the form specified in 43 CFR 3132.2 for a NPR-A lease bid.
3. Mark the envelope "Bid for NPR-A Lease". Be sure correct parcel number of tract on which the bid is submitted and date of bid opening are noted plainly on envelope. No bid may be modified or withdrawn unless such modification or withdrawal is received prior to time fixed for opening of bids.
4. Mail or deliver bid to the proper BLM office or place indicated in the *Notice of Competitive Lease Sale*.
5. If the bidder is not the sole party in interest in the lease for which the bid is submitted, all other parties in interest may be required to furnish evidence of their qualifications upon written request by the BLM.

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212 make it a crime for any person knowingly and willfully to make to any Department or agency of the United States any false, fictitious, or fraudulent statements or representations as to any matter within its jurisdiction.

## QUALIFICATIONS

**For leases that may be issued as a result of this sale under the Mineral Leasing Act (The Act) of 1920, as amended, the oral bidder must:** (1) Be a citizen of the United States; an association (*including partnerships and trusts*) of such citizens; a municipality; or a corporation organized under the laws of the United States or of any State or Territory thereof; (2) Be in compliance with the acreage limitation requirements wherein the bidder's interests, direct and indirect, in oil and gas leases in the State identified do not exceed 246,080 acres each in public domain or acquired lands including acreage covered by this bid, of which not more than 200,000 acres are under options. If this bid is submitted for lands in Alaska, the bidder's holdings in each of the Alaska leasing districts do not exceed 300,000 acres, of which no more than 200,000 acres are under options in each district; (3) Be in compliance with Federal coal lease holdings as provided in sec. 2(a)2(A) of the Act; (4) Be in compliance with reclamation requirements for all Federal oil and gas holdings as required by sec. 17 of the Act; (5) Not be in violation of sec. 41 of the Act; and (6) Certify that all parties in this bid are in compliance with 43 CFR Groups 3000 and 3100 and the leasing authority cited herein.

**For leases that may be issued as a result of this sale under the Geothermal Steam Act of 1970, as amended, the bidder must:** (1) Be a citizen of the United States who is at least 18 years of age; an association of such citizens; a municipality; a corporation organized under the laws of the United States or of any State or Territory thereof; or a domestic governmental unit; and (2) Be in compliance with the acreage limitation requirements wherein the bidder's interests, direct and indirect, do not exceed 51,200 acres, and (3) Certify that all parties in this bid are in compliance with 43 CFR Group 3200 and the leasing authority cited herein.

**For leases that may be issued as a result of this sale under the Department of the Interior Appropriations Act of 1981, the bidder must:** (1) Be a citizen or national of the United States; an alien lawfully admitted for permanent residence; a private, public or municipal corporation organized under the laws of the United States or of any State or Territory thereof; an association of such citizens, nationals, resident aliens or private, public or municipal corporations; and (2) Certify that all parties in interest in this bid are in compliance with 43 CFR Part 3130 and the leasing authority cited herein.

## NOTICES

The Privacy Act of 1974 and the regulation in 43 CFR 2.48(d) provide that you be furnished the following information in connection with information required by this bid for a Competitive Oil and Gas or Geothermal Resource Lease.

**AUTHORITY:** 30 U.S.C. 181 et seq.; 30 U.S.C. 351-359; 30 U.S.C. 1001-1025; 42 U.S.C. 6508

**PRINCIPAL PURPOSE:** The information is to be used to process your bid.

**ROUTINE USES:** (1) The adjudication of the bidder's rights to the resources for which this bid is made. (2) Documentation for public information. (3) Transfer to appropriate Federal agencies when comment or concurrence is required prior to granting a right in public lands or resources. (4)(5) Information from the record and/or the record will be transferred to appropriate Federal, State, local or foreign agencies, when relevant to civil, criminal or regulatory investigations or prosecutions.

**EFFECT OF NOT PROVIDING INFORMATION:** Disclosure of the information is voluntary. If all the information is not provided, your bid may be rejected.

## Parcels

### California

#### **CACA 059099 CA-2020-12-0001 Split Estate**

CA, Bakersfield Field Office, BLM, PD

T. 31 S., R. 22 E., MOUNT DIABLO MER

Sec. 19 S2 LOT 10;

Sec. 19 LOTS 2-9;

Sec. 19 S2SE.

Kern County

538.06 Acres

Rental \$808.50

Stipulations:

**HQ-CR** BLM Stipulation for Cultural Resources and Tribal Consultation

**HQ-TES** BLM Stipulation for Threatened Endangered Species Act

**BKFO 2020 CSU PS1** BLM Stipulation CSU for Protected Species

**BKFO 2020 CSU SS1** BLM Stipulation CSU for Sensitive Species

**BKFO 2020 LN IW2** BLM Lease Notice LN for Idle Wells

**HQ-MLA** BLM Lease Notice LN for Notice to Lessee for section 2(a)2(A)

EOI #CA00015790

#### **CACA 059100 CA-2020-12-0007 Split Estate**

CA, Bakersfield Field Office, BLM, PD

T. 31 S., R. 23 E., MOUNT DIABLO MER

Sec. 6 LOT 1 OF NE;

Sec. 6 LOT 2 OF NE;

Sec. 6 N2S2 LOT 1 OF SW;

Sec. 6 E2SE, S2SWSE.

Kern County

278.28 Acres

Rental \$418.50

Stipulations:

**HQ-CR** BLM Stipulation for Cultural Resources and Tribal Consultation

**HQ-TES** BLM Stipulation for Threatened Endangered Species Act

**BKFO 2020 CSU PS1** BLM Stipulation CSU for Protected Species

**BKFO 2020 CSU SS1** BLM Stipulation CSU for Sensitive Species

**HQ-MLA** BLM Lease Notice LN for Notice to Lessee for section 2(a)2(A)

EOI #CA00015214

#### **CACA 059101 CA-2020-12-0002 Split Estate**

CA, Bakersfield Field Office, BLM, PD

T. 27 S., R. 27 E., MOUNT DIABLO MER

Sec. 34 SE.

Kern County

160 Acres

Rental \$240.00

Stipulations:

**HQ-CR** BLM Stipulation for Cultural Resources and Tribal Consultation

**HQ-TES** BLM Stipulation for Threatened Endangered Species Act

**BKFO 2020 CSU PS1** BLM Stipulation CSU for Protected Species

**BKFO 2020 CSU SS1** BLM Stipulation CSU for Sensitive Species

**BKFO 2020 LN IW1** BLM Lease Notice LN for Idle Wells

**HQ-MLA** BLM Lease Notice LN for Notice to Lessee for section 2(a)2(A)

EOI #CA00001440

**CACA 059102 CA-2020-12-0004 Split Estate**

CA, Bakersfield Field Office, BLM, PD

T. 11 N., R. 23 W., SAN BERNARDINO MER

Sec. 29 N2, N2S2;

Sec. 30 LOTS 1 AND 2 OF NW;

Sec. 30 LOTS 1 AND 2 OF SW;

Sec. 30 NE.

Kern County

957.24 Acres

Rental \$1,437.00

Stipulations:

**HQ-CR** BLM Stipulation for Cultural Resources and Tribal Consultation

**HQ-TES** BLM Stipulation for Threatened Endangered Species Act

**BKFO 2020 CSU CR1** BLM Stipulation CSU for Known Cultural Resources-National Register-listed

For the following lands:

T. 11 N., R. 23 W., SAN BERNARDINO MER, Sec. 29 SWNW;

**BKFO 2020 CSU PS1** BLM Stipulation CSU for Protected Species

**BKFO 2020 CSU SS1** BLM Stipulation CSU for Sensitive Species

**HQ-MLA** BLM Lease Notice LN for Notice to Lessee for section 2(a)2(A)

**BKFO 2020 NSO-ACEC General 1** BLM Stipulation NSO for General ACEC

For the following lands:

T. 11 N., R. 23 W., SAN BERNARDINO MER, Sec. 29 SWNW;

EOI #CA00001241

**CACA 059103 CA-2020-12-0003 Split Estate**

CA, Bakersfield Field Office, BLM, PD

T. 11 N., R. 23 W., SAN BERNARDINO MER

Sec. 31 LOTS 1 AND 2 OF NW;

Sec. 31 LOTS 1 AND 2 OF SW;

Sec. 31 W2NE, SE;

Sec. 32 W2NE, NENW, S2NW, N2SW, W2SE.

Kern County

920 Acres

Rental \$1,380.00

Stipulations:

**HQ-CR** BLM Stipulation for Cultural Resources and Tribal Consultation



**HQ-TES** BLM Stipulation for Threatened Endangered Species Act  
**BKFO 2020 CSU PS1** BLM Stipulation CSU for Protected Species  
**BKFO 2020 CSU SS1** BLM Stipulation CSU for Sensitive Species  
**HQ-MLA** BLM Lease Notice LN for Notice to Lessee for section 2(a)2(A)  
EOI #CA00001242

**CACA 059104 CA-2020-12-0006 Split Estate**

CA, Bakersfield Field Office, BLM, PD

T. 11 N., R. 23 W., SAN BERNARDINO MER

Sec. 33 NE, NENW, S2NW, S2.

Kern County

600 Acres

Rental \$900.00

Stipulations:

**HQ-CR** BLM Stipulation for Cultural Resources and Tribal Consultation

**HQ-TES** BLM Stipulation for Threatened Endangered Species Act

**BKFO 2020 CSU PS1** BLM Stipulation CSU for Protected Species

**BKFO 2020 CSU SS1** BLM Stipulation CSU for Sensitive Species

**HQ-MLA** BLM Lease Notice LN for Notice to Lessee for section 2(a)2(A)

EOI #CA00016861

**CACA 059105 CA-2020-12-0005 Split Estate**

CA, Bakersfield Field Office, BLM, PD

T. 11 N., R. 23 W., SAN BERNARDINO MER

Sec. 34 S2NE, NWNW, S2NW, S2;

Sec. 35 NWNE, N2NW, SWNW.

Kern County

680 Acres

Rental \$1,020.00

Stipulations:

**HQ-CR** BLM Stipulation for Cultural Resources and Tribal Consultation

**HQ-TES** BLM Stipulation for Threatened Endangered Species Act

**BKFO 2020 CSU PS1** BLM Stipulation CSU for Protected Species

**BKFO 2020 CSU SS1** BLM Stipulation CSU for Sensitive Species

**HQ-MLA** BLM Lease Notice LN for Notice to Lessee for section 2(a)2(A)

EOI #CA00016863

## **Stipulations**

### **BLM Stipulations**

#### **HO-CR-Cultural Resources and Tribal Consultation**

This lease may be found to contain historic properties or resources protected under National Historic Preservation Act (NHPA), the American Indian Religious Freedom Act (42 U.S.C. 1996), Native American Graves Protection and Repatriation Act (25 U.S.C. 3001 et seq.), Executive Order 13007 (May 24, 1996), or other statutes and executive orders. The BLM will not approve any ground-disturbing activities that may affect any such properties or resources until it completes its obligations (e.g., state historic preservation officer and tribal consultation) under applicable requirements of the NHPA and other authorities. The BLM may require modification to exploration or development proposals to protect such properties, or disapprove any activity that is likely to result in adverse effects that cannot be successfully avoided, minimized, or mitigated.

#### **HO-TES-Threatened Endangered Species Act**

The lease area may now or hereafter contain plants, animals, or their habitats determined to be threatened, endangered, or other special status species. The BLM may recommend modifications to exploration and development proposals to further its conservation and management objective to avoid BLM-approved activity that will contribute to a need to list such a species or their habitat. The BLM may require modifications to or disapprove proposed activity that is likely to result in jeopardy to the continued existence of a proposed or listed threatened or endangered species or result in the destruction or adverse modification of a designated or proposed critical habitat. The BLM will not approve any ground-disturbing activity that may affect any such species or critical habitat until it completes its obligations under applicable requirements of the Endangered Species Act as amended, 16 U.S.C. § 1531 et seq., including completion of any required procedure for conference or consultation.

### **BLM Stipulations CSU**

#### **BKFO 2020 CSU CRI-Known Cultural Resources-National Register-listed**

All or a portion of the lease contains National Register-listed or unevaluated cultural properties that may be adversely affected by fluid mineral development. A list of affected parcels or portions of the lease will be provided at the time of leasing. To identify the possibility of adverse impacts resulting from fluid mineral development, a preliminary cultural resource review/survey will be conducted for all surface disturbing activities. Identification of adverse impacts may result in the proposed action being moved or modified. Surface-disturbing activities would be prohibited on the portion of the lease where National Register-listed properties, eligible properties, or others that are being treated as y eligible for listing on the National Register occur. This stipulation may be modified, waived, or granted exception as follows:

Exception: The Authorized Officer may grant an exception, with concurrence from the California State Historic Preservation Office and Native American tribes, if a subsequent formal eligibility evaluation indicates the cultural property is ineligible.

Modification: The Authorized Officer may modify the stipulation to reflect new information from formal eligibility evaluations for cultural properties through the expansion or reduction of land where surface disturbing activities would be prohibited.

Waiver: The Authorized Officer may grant a waiver to the stipulation should the results of formal eligibility evaluation determine all cultural properties ineligible for listing on the National Register.

Objective: To minimize or eliminate adverse effects associated with fluid mineral development on known National Register-listed or eligible properties.

**BKFO 2020 CSU PSI-Protected Species**

All or a portion of the lease occurs within the range of one or more plant or animal species that are either listed or proposed for listing as threatened or endangered by the USFWS. A list of such species will be provided at the time of leasing and updated as necessary over the term of the lease. To determine whether species on this list or their habitat are present, a preliminary environmental review will be conducted for all surface disturbing activities. Presence of habitat or species may result in the proposed action being moved, modified, or delayed to mitigate project effects. Offset compensation that would satisfactorily offset the loss of habitat may be required. Prohibition of all surface disturbing activities on the lease will only occur as needed to avoid jeopardizing the continued existence of a listed or proposed species, or when the proposed action is inconsistent with the recovery needs of a species as identified in an approved USFWS Recovery Plan through consultation with USFWS. Furthermore, processing times for proposed actions may be delayed beyond established standards to accommodate species surveys, and consultation or conferencing with the USFWS. This stipulation shall not be waived; however, it may be modified, or an exception may be granted as follows:

Exception: The Authorized Officer may grant an exception if an environmental review determines the action as proposed or conditioned would have no effect on listed or proposed species.

Modification: The Authorized Officer may modify this stipulation to reflect new information with regard to the range of listed or proposed species through the expansion or reduction of lands subject to this stipulation for a specific species.

Objective: To minimize or eliminate adverse effects associated with fluid mineral development on federally proposed and listed species.

**BKFO 2020 CSU SSI-Sensitive Species**

All or a portion of this lease is within the range of one or more plant or animal species that are either federal candidates for listing as threatened or endangered (federal candidate), are listed by the State of California as threatened or endangered (state listed), or are designated by the BLM as sensitive (BLM sensitive). A list of species will be provided at the time of leasing and updated as necessary over the term of the lease. To determine whether species on this list or their habitat are present, a preliminary environmental review will be conducted for all surface disturbing activities. Presence of habitat or species may result in the proposed action being moved more than 200 meters (656 feet) but not more than a quarter-mile or off the lease and prohibition of activities during seasonal use period. Furthermore, processing times for proposed actions may be delayed beyond established standards to accommodate species surveys, and coordination with the USFWS and California Department of Fish and Game. This stipulation shall not be waived; however, it may be granted exception or modified as follows:

Exception: The Authorized Officer may grant an exception if an environmental review determines the action as proposed or conditioned would have no effect on federal candidate, state listed, and BLM sensitive species.

Modification: The Authorized Officer may modify the stipulation to reflect new information with regard to federal candidate, state listed, or BLM sensitive species lists. Furthermore, the authorized officer may modify the maximum distance that a potential location could be moved to extend farther than the stated quarter-mile to maintain the sensitive species protection goals.

Objective: To minimize or eliminate adverse effects associated with fluid mineral development on federal candidate, state listed, and BLM sensitive species.

### **BLM Lease Notice LN**

#### **BKFO 2020 LN IW1-Idle Wells**

1. This parcel contains 17 existing wells. Not all the wells have pumping equipment on them. All the existing gathering lines are still in place. There are production facilities located within the confines of this parcel. The permits on the existing facility have expired. The successful bidder must plan to permit the existing facilities OR install BLM approved facilities for processing of production. If the existing facilities are permitted, they must comply with all BLM rules, regulations, and policies. The use of these facilities is transferred with the issuance of a lease for this parcel.
2. Prior to any operations, a BLM oil and gas bond in the amount to be determined by the Bakersfield Field Office must be filed.
3. All or part of the lands contained in this parcel may be subject to drainage by the wells listed below, all of which are located adjacent to this parcel in T. 27S., R. 27E., MDB&M Kern County, California.

Well No.	Lease Name	Operator	Section	Township	Range
53	Mitchel	TO BE DETERMINED	34	27S	27E
56	Mitchel	TO BE DETERMINED	34	27S	27E
63	Mitchel	TO BE DETERMINED	34	27S	27E
64	Mitchel	TO BE DETERMINED	34	27S	27E
65	Mitchel	TO BE DETERMINED	34	27S	27E
66	Mitchel	TO BE DETERMINED	34	27S	27E
67	Mitchel	TO BE DETERMINED	34	27S	27E
73	Mitchel	TO BE DETERMINED	34	27S	27E
74	Mitchel	TO BE DETERMINED	34	27S	27E
75	Mitchel	TO BE DETERMINED	34	27S	27E
76	Mitchel	TO BE DETERMINED	34	27S	27E
77	Mitchel	TO BE DETERMINED	34	27S	27E
83	Mitchel	TO BE DETERMINED	34	27S	27E
84	Mitchel	TO BE DETERMINED	34	27S	27E
85	Mitchel	TO BE DETERMINED	34	27S	27E
87	Mitchel	TO BE DETERMINED	34	27S	27E
88	Mitchel	TO BE DETERMINED	34	27S	27E

The lessee shall, within 6 months of lease issuance, submit for approval by the authorized officer:

(a) Plans for protecting the lease from drainage. Please Note: There may be wells on Federal parcel that may serve as protective wells once they are returned to production. If the lessee is unable or unwilling to return the existing wells to production, or no adequate well exist, then the plan must include either (1) an Application for Permit to Drill (APD) for the necessary protective well/s or (2) a proposal for inclusion in an agreement for the affected portion/s of the lease. Any agreement should provide for an appropriate share of the production from the offending well/s to be allocated to the lease; or

(b) Engineering, geologic, and economic data to demonstrate to the authorized officer's satisfaction that no drainage has or is occurring and/or that either the existing or a new protective well would have little or no chance of encountering and/or producing oil or gas in quantities sufficient to yield a reasonable rate of return in excess of the costs of drilling, completing, and operating the well.

If no plan, agreement, or data is submitted and drainage is determined to be occurring, compensatory royalty will be assessed. Compensatory royalty will be assessed effective the first day following expiration of the 6-month period and shall continue until a protective well has been drilled and placed in continued production status or until the offending well/s ceases production whichever occurs first.

**BKFO 2020 LN IW2-Idle Wells**

1. Parcel contains 3 existing wells. There are no are production facilities or infrastructures located within the confines of this parcel. The successful bidder must plan to permit and install new facilities for processing of production. The facilities must comply with all BLM rules, regulations, and policies.

2. Prior to any operations, a BLM oil and gas bond in the amount to be determined by the Bakersfield Field Office must be filed.

3. Prior to any operations, a surface use agreement with the surface owner will be filed with the BLM.

4. The following table reflects the well number and location.

Well No.	Lease Name	Operator	Section	Township	Range
1-19	BLM	TO BE DETERMINED	19	31S	22E
2-19	BLM	TO BE DETERMINED	19	31S	22E
4-19	BLM	TO BE DETERMINED	19	31S	22E

The lessee shall, within 6 months of lease issuance, submit for approval by the authorized officer:

(a) Plans for protecting the lease from drainage. Please Note: There may be wells on Federal parcel that may serve as protective wells, once they are returned to production. If the lessee is unable or unwilling to return the existing wells to production, or no adequate well exits, then the plan must include either (a) an Application for Permit to Drill (APD) for the necessary protective well/s or (b) a proposal for inclusion in an agreement for the affected portion/s of the lease. Any

agreement should provide for an appropriate share of the production from the offending well/s to be allocated to the lease; or

(b) Engineering, geologic, and economic data to demonstrate to the authorized officer's satisfaction that no drainage has or is occurring and/or that either the existing or a new protective well would have little or no chance of encountering and/or producing oil or gas in quantities sufficient to yield a reasonable rate of return in excess of the costs of drilling, completing, and operating the well.

(c) If no plan, agreement, or data is submitted and drainage is determined to be occurring, compensatory royalty will be assessed. Compensatory royalty will be assessed effective the first day following expiration of the 6-month period and shall continue until a protective well has been drilled and placed in continued production status or until the offending well/s ceases production whichever occurs first.

#### **HO-MLA-Notice to Lessee for section 2(a)2(A)**

Provisions of the Mineral Leasing Act (MLA) of 1920, as amended by the Federal Coal Leasing Amendments Act of 1976, affect an entity's qualifications to obtain an oil and gas lease. Section 2(a)(2)(A) of the MLA, 30 U.S.C. 201(a)(2)(A), requires that any entity that holds and has held a Federal coal lease for 10 years beginning on or after August 4, 1976, and who is not producing coal in commercial quantities from each such lease, cannot qualify for the issuance of any other lease granted under the MLA. Compliance by coal lessees with Section 2(a)(2)(A) is explained in 43 CFR 3472.

In accordance with the terms of this oil and gas lease with respect to compliance by the initial lessee with qualifications concerning Federal coal lease holdings, all assignees and transferees are hereby notified that this oil and gas lease is subject to cancellation if: (1) the initial lessee as assignor or as transferor has falsely certified compliance with Section 2(a)(2)(A) or (2) because of a denial or disapproval by a State Office of a pending coal action, i.e., arms-length assignment, relinquishment, or logical mining unit, the initial lessee as assignor or as transferor is no longer in compliance with 2(a)(2)(A). The assignee or transferee does not qualify as a bona fide purchaser and, thus, has no rights to bona fide purchaser protection in the event of cancellation of this lease due to noncompliance with Section 2(a)(2)(A).

Information regarding assignor or transferor compliance with Section 2(a)(2)(A) is contained in the lease case file as well as in other Bureau of Land Management records available through the State Office issuing this lease.

#### **BLM Stipulation NSO**

##### **BKFO 2020 NSO-ACEC General 1-General ACEC**

Establish the major constraint of "NSO" – General" that prohibits surface disturbance on the entire lease for the purpose of minimizing or eliminating adverse effects on unique or significant natural and cultural resources that are incompatible with fluid mineral development with the following stipulation language.

All or a portion of this lease has been identified by the current RMP (e.g., ACECs and areas of ecological importance with this stipulation prescribed) as containing unique or significant natural

or cultural values. No new surface disturbing activity is allowed on the lease. This stipulation may be granted exception, modified, or waived as follows:

**Exception:** The Authorized Officer may grant an exception if after discussion with an appropriate agency (e.g., CDFW, SHPO, and USFWS) it decides that an environmental review determines the action as proposed or conditioned would not impair the values present because of temporary conditions.

**Modification:** The Authorized Officer may modify this stipulation to allow surface use on a portion or even all of the lease if an environmental review determines the action as proposed or conditioned would not impair the values present.

**Waiver:** The Authorized Officer may grant a waiver if an environmental review determines the values for which the NSO was applied no longer exist.

**Objective:** To minimize or eliminate adverse effects on unique or significant natural and cultural resources that are incompatible with fluid mineral development.