United States Department of the Interior

BUREAU OF LAND MANAGEMENT
Utah State Office
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http://www.blm.gov/utah

October 24, 2019

Notice of Competitive Oil and Gas Internet-Based 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 Bureau of Land Management (BLM) regulations at 43 CFR 3120; the BLM is offering 24 parcels containing 13,422.20 acres at an internet-based onshore oil and gas competitive lease sale in the State of Utah. Seven parcels of Federal lands containing 3,914.82 acres are located in the Color Country District; 11 parcels of Federal lands containing 5,929.65 acres are located in the Canyon Country District; and 6 parcels of Federal lands containing 3,577.73 acres are located in the Green River District. 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;
- How to file a protest.

When: The sale date is **Tuesday, December 10, 2019**. The open bidding period will begin at **9:00 a.m. Mountain Standard Time (MST) /10:00 a.m. Central Standard Time (CST)** on Tuesday, December 10, 2019. 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 **30 minutes**, from start to finish, with a **2 minute** interval between each parcel 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 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 (NCLS) 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 posting this NCLS and will remain available for viewing until the completion of the auction. The available parcels listed below will be detailed on the website, and

the information displayed on the website during the offering period represents the authoritative record. 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 and are encouraged to do so early. Bidders must be registered for the online lease sale before the bidding commences. Further, potential bidders are encouraged to visit the website prior to the start of the open bidding period and 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.

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 below each parcel description. For your convenience, we are including a copy of the bid form, the list of lands and the shape files also available at our public internet site: https://www.blm.gov/programs/energy-and-minerals/oil-and-gas/leasing/regional-lease-sales/utah.

How will the sale be conducted?
The sale will be conducted ***by online bidding only***. The online auction design 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 **30 minutes**, from start to finish. Bids will only be accepted for each parcel during its open bidding period and each parcel will close bidding sequentially so that each bidder will know if they are the highest winning bidder on a parcel before subsequent parcels close for bidding. 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 allow a bidder to and later 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 before the start of the auction. Approximately 10 days after posting of this notice on the BLM website, a potential bidder can register to bid at the auction website address above. Bidders are encouraged to register early, to familiarize themselves with the bidding instructions and ensure they have ample time to complete all the required bidder registration steps before open bidding period commences.

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

When registering as a bidder on the auction website, you will 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 that debt to the United States is settled. 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.

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 the "maximum bid" option, you are asking the system to bid automatically on your behalf, up to an amount you specify.

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 www.energynet.com, is final.**

The minimum acceptable bid is $2 per acre. Round up to the next whole acre parcels that contain fractional acreage. For example, a parcel of 100.51 acres requires a minimum bid of $202.00 ($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, whether the bid was a flat bid or a maximum bid.

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 **30 minutes**, from start to finish. The length of the sale depends on the number of parcels being offered.

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 BLM Utah 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 Public Room, the State Office website, and on the auction website.

- **Fractional 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.

- **Payment due:** You cannot withdraw a bid. Your bid is a legally binding contract. For **each parcel** you are the successful high bidder, you must pay at least 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 $165. These are monies you owe the United States, whether or not a lease is issued. **You must provide to the BLM Utah State Office prior to 4:00 p.m. MST, the same day the parcel(s) closes, confirmation (via email or fax) that the payment for the parcel(s) has been initiated and type of payment method.** Payment will be made directly to the BLM Utah State Office. **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. Also, you will be required to pay the buyer's premium to EnergyNet of 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 initiate payment for only the minimum amount due on the day of the sale for the parcel, you must pay any remaining balance due by the close of business on the 10th working day after the last day of the internet-based auction. **Remaining balance will be due in the Utah State**

Office by 4:00 p.m. MST, on December 24, 2019. If you do not pay in full by this date, you lose the right to the lease and all money due on 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 payment of the minimum monies owed the day of the sale is not received by the date and time above, the BLM will issue a bill for the monies owed. If payment is not received by the bill due date, a demand letter will be sent to you that will include additional fees. If payment is not received 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; Federal and state tax refund offset; and retirement payment offset. Debts may be sent to the Internal Revenue Service and charged 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).

Once you obtain your lease, you must pay the second and all subsequent rental payments to the Department of the Interior's Office of Natural Resources Revenue (ONRR) on or before the lease anniversary date. If your rental is not received by the ONRR on or before the anniversary date each year, your lease will automatically terminate. You should mail the rental payment at least a week or 10 days before the lease anniversary date. You must pay ONRR directly. The BLM will not forward any misfiled payments to the ONRR.

- **Forms of payment:** Specific payment instructions will be provided by the online auction system to winning bidders. You can pay by personal check, certified check, money order, Electronic Funds Transfer (EFT), Automated Clearing House (ACH) or credit card (Visa, MasterCard, American Express or Discover only). We cannot accept cash. If you pay by check in person at the BLM, Utah State Office, please make checks 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. If you plan to make your payment using a credit card, you should contact your bank prior to the sale and let them know you will be making a substantial charge against your account. 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.

  ***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. If you

pay by credit card and the transaction is refused, we will try to notify you early enough so that you can make other payment arrangements. ***<u>However, we cannot grant you any extension of time to pay the money that is due the day of the sale.</u>***

- **Bid form:** On the day of the sale, if you are a successful winning high bidder, you must submit (email or fax) to BLM a properly completed and signed competitive bid form (Form 3000-2, July 2012) 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 the form is signed, you cannot change it. The online auction system will provide the successful winning high bidder with a fillable pdf of this bid form and instructions on how to submit the form to the BLM Utah 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 received 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 at 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 and 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 acreage in leases for which royalty (including compensatory royalty or royalty-in-kind) 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, under 43 CFR 3101.2-4, additional time to divest excess acreage acquired through merger or acquisition.

- **Lease Issuance:** After we receive the bid form and all the money due, 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 ask us in writing to do this. We have to receive your request before we sign the lease.

- **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 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, October 2008).

- **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:** Some parcels are subject to special requirements or restrictions, which are called stipulations. They are requirements or restrictions on how you conduct operations. These stipulations are included with the parcel descriptions. Stipulations are part of the lease and supersede any inconsistent provisions of the lease form.

  All Federal oil and gas lease rights are granted subject to applicable laws under Section 6 of the lease terms, and lessees must meet certain 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 Instruction Memorandum No. 2005-003, *Cultural Resources and Tribal Consultation, for Fluid Minerals Leasing*, each parcel in this lease sale will be subject to the Cultural Resource Protection Stipulation.

How do I file a noncompetitive offer after the sale?
Lands that do not receive a bid are available on a first-come, first-served basis for a two-year period, beginning the day after the sale. If you want to file a noncompetitive offer on an unsold parcel, you must give us:

- Three copies of an *Offer to Lease and Lease for Oil and Gas* Form 3100-11 (October 2008) properly completed and signed. Provide one original and two copies. ***Please note:*** ***You may copy the lease form, but you must copy the four pages of the lease document onto two pages. If you copy the form on 4 pages or use an obsolete lease form, we will***

reject your offer. Any copy you make must be legible. Describe the lands in your offer as specified in our regulations at 43 CFR 3110.5, and;

- Your payment for the total of the $425 filing fee and the advanced first year's rental ($1.50 per acre). Remember to round up any fractional acreage when you calculate the amount of rental.

Submit the aforementioned items to the BLM, Utah State Office Public Room in person or by mail. We consider all offers filed the day of a sale and the first business day after it, for any of the unsold parcels, filed at the same time. If a parcel receives more than one offer, we will hold a drawing to pick the winner (see 43 CFR 1822.17). In the list of parcels, we have noted any parcels that have pending presale offers. A presale offer has priority over any offer filed after the sale.

How do I file a noncompetitive presale offer?
Under our regulations at 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 one-year period, or;
- Have not been included in a competitive lease sale within the previous two-year period.

If we do not receive a bid for the parcel that contains the lands in your offer, it 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 additional stipulations. If you want to file a presale offer, follow the directions listed for filing a noncompetitive offer after the sale.

When is the next competitive oil and gas lease sale scheduled?
We have tentatively scheduled our next competitive sale for the week of March 9, 2020.

How can I find out the results of this sale?
The sale results will be posted on the EnergyNet website at www.energynet.com and the BLM, Utah State Office website at https://www.blm.gov/programs/energy-and-minerals/oil-and-gas/leasing/regional-lease-sales/utah. Paper copies are available for viewing or purchase at the BLM, Utah State Office Information Access Center.

May I protest 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 no later than 4:30 p.m. on **November 25, 2019**. The protest must also include any statement of reasons to support the protest. We will dismiss a late-filed protest or a protest filed without a statement of reasons.
- A protest must state the interest of the protesting party in the matter.
- You may file a protest either by mail in hardcopy form or by telefax. You may not file a protest by electronic mail. A protest filed by mail must be sent to the letterhead address above. A protest filed by fax must be sent to (801) 539-4237. A protest sent to a fax number other than the fax numbers identified or a protest filed by electronic mail will be dismissed.

- Protests can be incorporated into one document for the entire state, if parcels are protested from multiple BLM districts, or in separate protests, but lack of specificity of which protest points apply to which parcels may result in summary dismissal of the protest point, or the entire protest. Providing a list of parcels in the beginning of the protest may not be sufficient since BLM will not make assumptions about which parcels apply to each protest point.
- The protest must be signed. 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 environmental group 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 must include the name and address of the protesting party.

Any protests, including names and street addresses, you submit will be made available for public review. 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 BLM receives a timely protest of a parcel advertised on this Notice, how does it affect bidding on the parcel?
We will announce receipt of any protest on the auction website prior to the start of the online auctions. 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, Utah State Office website.

If I am the high bidder at the sale for a protested parcel, when will BLM issue my lease?
Leases will be issued within 60 days following payment by the successful bidder of all monies due. We will issue no lease for a protested parcel until the State Director makes a decision on the protest. If the State Director denies the protest, we will issue your lease concurrently with that decision.

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 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 prior to lease issuance. If you do not accept the additional stipulations, we will reject your bid and we will refund your first year's rental, bonus bid and administrative fee.

If BLM’s decision to uphold the protest results in additional stipulations, may I appeal that decision?
Yes, you may. Note: an appeal from the State Director's decision must meet the requirements of Title 43 CFR 4.411 and Part 1840.

May I appeal BLM's decision to deny my protest?
Yes, you may. Note: an appeal from the State Director's decision must meet the requirements of Title 43 CFR 4.411 and Part 1840.

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, and administrative fees 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 and administrative fee.

For more information, please contact Leah Waldner, Fluid Minerals Leasing Coordinator, at (801) 539-4148 or lwaldner@blm.gov.

/s/ Kent Hoffman

Kent Hoffman
Deputy State Director
Division of Lands and Minerals

THE FOLLOWING STIPULATIONS AND NOTICE WILL BE ATTACHED TO ALL ISSUED LEASES:

CULTURAL RESOURCE PROTECTION STIPULATION

This lease may be found to contain historic properties and/or resources protected under the National Historic Preservation Act (NHPA), American Indian Religious Freedom Act, Native American Graves Protection and Repatriation Act, E.O. 13007, 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 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.

THREATENED AND ENDANGERED SPECIES ACT STIPULATION

The lease area may now or hereafter contain plants, animals or their habitats determined to be threatened, endangered, or other special status species. BLM may recommend modifications to exploration and development proposals to further its conservation and management objective to avoid BLM-approved activity that would contribute to a need to list such species or their habitat. 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. BLM will not approve any ground-disturbing activity 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.

NOTICE TO LESSEE

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 which 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) 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 Section 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.