

114TH CONGRESS  
2D SESSION

# H. R. 5577

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IN THE SENATE OF THE UNITED STATES

SEPTEMBER 7, 2016

Received; read twice and referred to the Committee on Energy and Natural  
Resources

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## AN ACT

To amend the Outer Continental Shelf Lands Act to authorize the Secretary of the Interior to conduct offshore oil and gas lease sales through Internet-based live lease sales, and for other purposes.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “Innovation in Offshore  
3 Leasing Act”.

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

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

9 “(q) INTERNET-BASED OIL AND GAS LEASE  
10 SALES.—

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

17 “(2) SALE REQUIREMENTS.—Sales conducted  
18 under paragraph (1) shall ensure—

19 “(A) a publicly and freely accessible digital  
20 delivery of the bid reading process, such as live  
21 Internet streaming, and an option for bidders  
22 to submit bids electronically;

23 “(B) a bidder verification process that dis-  
24 closes to bidders, by no later than 5 p.m. Cen-  
25 tral Time of the day before each sale, a list of  
26 all bids submitted (including the person submit-

1           ting each bid) on each lease tract without dis-  
2           closing bid amounts;

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

5           “(D) a designee from within the Office of  
6           the Solicitor of the Department of the Interior  
7           to act as an independent, third-party observer  
8           who will be present during the bid reading proc-  
9           ess to prevent wrongdoing, independently certify  
10          the bidding process, and maintain transparency;

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

13          “(F) a participant survey soliciting vol-  
14          untary feedback from bidders on the bidding  
15          process.

16          “(3) TRANSPARENCY IN SALE-DAY STATIS-  
17          TICS.—

18                 “(A) REQUIREMENT.—The Secretary shall  
19                 publicly disclose statistical data regarding each  
20                 lease sale under this subsection, on the day the  
21                 sale is executed.

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

24                         “(i) the total value of high bids;

25                         “(ii) the number of tracts offered;

1 “(iii) the number of acres offered;

2 “(iv) the number of tracts receiving  
3 bids;

4 “(v) the number of acres receiving  
5 bids;

6 “(vi) the total number of bids;

7 “(vii) the average number of bids per  
8 tract;

9 “(viii) the total number of bidders  
10 participating;

11 “(ix) bidding statistics by water  
12 depth;

13 “(x) the name of the entity that sub-  
14 mitted each bid, the amount of the bid,  
15 and the tract for which the bid was sub-  
16 mitted;

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

19 “(xii) the tract receiving the greatest  
20 number of bids;

21 “(xiii) the tract receiving the highest  
22 bid; and

23 “(xiv) any other statistical data that  
24 may be disclosed in accordance with this  
25 Act.

1           “(C) DATA TRANSPARENCY.—The Sec-  
2           retary shall ensure all data regarding lease  
3           sales under this subsection is publicly available  
4           and easily accessible, free of charge, on the  
5           Internet, including for download and aggrega-  
6           tion in machine-readable format.”.

7           (b) MODERNIZING LEASING THROUGH COLLABORA-  
8           TION.—

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

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

24          (3) USER WORKSHOP.—The Secretary shall  
25          conduct not less than one user workshop with viable

1 bidders prior to conducting an Internet-based lease  
2 sale to provide the bidding public with an oppor-  
3 tunity to beta test any prototype of an Internet-  
4 based leasing platform.

5 (c) DEADLINE FOR GULF OF MEXICO LEASE  
6 SALE.—Not later than 18 months after the date of the  
7 enactment of this Act, the Secretary of the Interior shall  
8 conduct at least one Internet-based lease sale under the  
9 amendment made by subsection (a) for leasable acreage  
10 in the Gulf of Mexico.

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

18 (1) estimates of increases or decreases in such  
19 lease sales, compared to sales conducted by non-  
20 Internet-based bidding, in—

- 21 (A) the number of bidders;  
22 (B) the average amount of bids;  
23 (C) the highest bid; and  
24 (D) the lowest bid;

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

5           (3) voluntary and anonymous feedback from  
6 persons participating in such sales, on the Internet-  
7 based leasing process and potential areas for im-  
8 provement in such sales; and

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

Passed the House of Representatives September 6,  
2016.

Attest:

KAREN L. HAAS,

*Clerk.*