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(Original Signature of Member)

114TH CONGRESS
2D SESSION

H. R. 5577

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

IN THE HOUSE OF REPRESENTATIVES

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

A BILL

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

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Innovation in Offshore Leasing Act".

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

(a) AUTHORIZATION.—Section 8 of the Outer Continental Shelf Leasing Act (43 U.S.C. 1337) is amended by adding at the end the following:

"(q) INTERNET-BASED OIL AND GAS LEASE SALES.—

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

"(2) SALE REQUIREMENTS.—Sales conducted under paragraph (1) shall ensure—

"(A) live web streaming of the bid reading process;

"(B) a bidder verification process that discloses to bidders at least 24-hours before the bid reading process a list of bids submitted by all persons on each lease tract without disclosing bid amounts;

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

"(D) an independent, third-party observer from the Department of the Interior's Office of

the Inspector General present during the bid reading process to prevent wrongdoing, independently certify the bidding process, and maintain transparency;

"(E) data security measures to ensure bidder data is kept secure; and

"(F) a participant survey soliciting voluntary feedback from bidders on the bidding process.

"(3) TRANSPARENCY IN SALE-DAY STATISTICS.—

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

"(B) INCLUDED DATA.—Among data disclosed, the Secretary shall include—

"(i) the total value of high bids;

"(ii) the number of tracts offered;

"(iii) the number of acres offered;

"(iv) the number of tracts receiving bids;

"(v) the number of acres receiving bids;

"(vi) the total number of bids;

"(vii) the average number of bids per tract;

"(viii) the total number of bidders participating;

"(ix) bidding statistics by water depth;

"(x) the name of the entity that submitted each bid, the amount of the bid, and the tract for which the bid was submitted;

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

"(xii) the tract receiving the greatest number of bids;

"(xiii) the tract receiving the highest bid; and

"(xiv) any other statistical data that may be disclosed in accordance with this Act.

"(C) DATA TRANSPARENCY.—The Secretary shall ensure all data regarding lease sales under this subsection is publically available and easily accessible, free of charge, on the Internet, including for download and aggregation in machine-readable format.".

(b) MODERNIZING LEASING THROUGH COLLABORATION.—

(1) IN GENERAL.—Before conducting the first Internet-based lease sale under the amendment made by this section, the Secretary of the Interior shall issue a request for information from each company present for bidding at the ten most recent oil and gas lease sales conducted by the Secretary under the Outer Continental Shelf Lands Act, in order to provide the bidding public sufficient opportunity to share innovative ideas, methods, and concerns regarding Internet-based leasing.

(2) INTEGRATION OF INFORMATION.—The Secretary shall review, evaluate, and integrate suggestions and concerns collected under paragraph (1) as the Secretary works to modernize the offshore leasing process through Internet-based leasing options.

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

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

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

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

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

(A) the number of bidders;

(B) the average amount of bids;

(C) the highest bid; and

(D) the lowest bid;

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

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

based leasing process and potential areas for improvement in such sales; and

(4) an evaluation of the demonstrated or expected effectiveness of different structures for lease sales that may provide an opportunity to better maximize bidder participation, ensure the highest return to the Federal taxpayers, minimize opportunities for fraud or collusion, and ensure the security and integrity of the leasing process.