



Auction Format & Lease Terms

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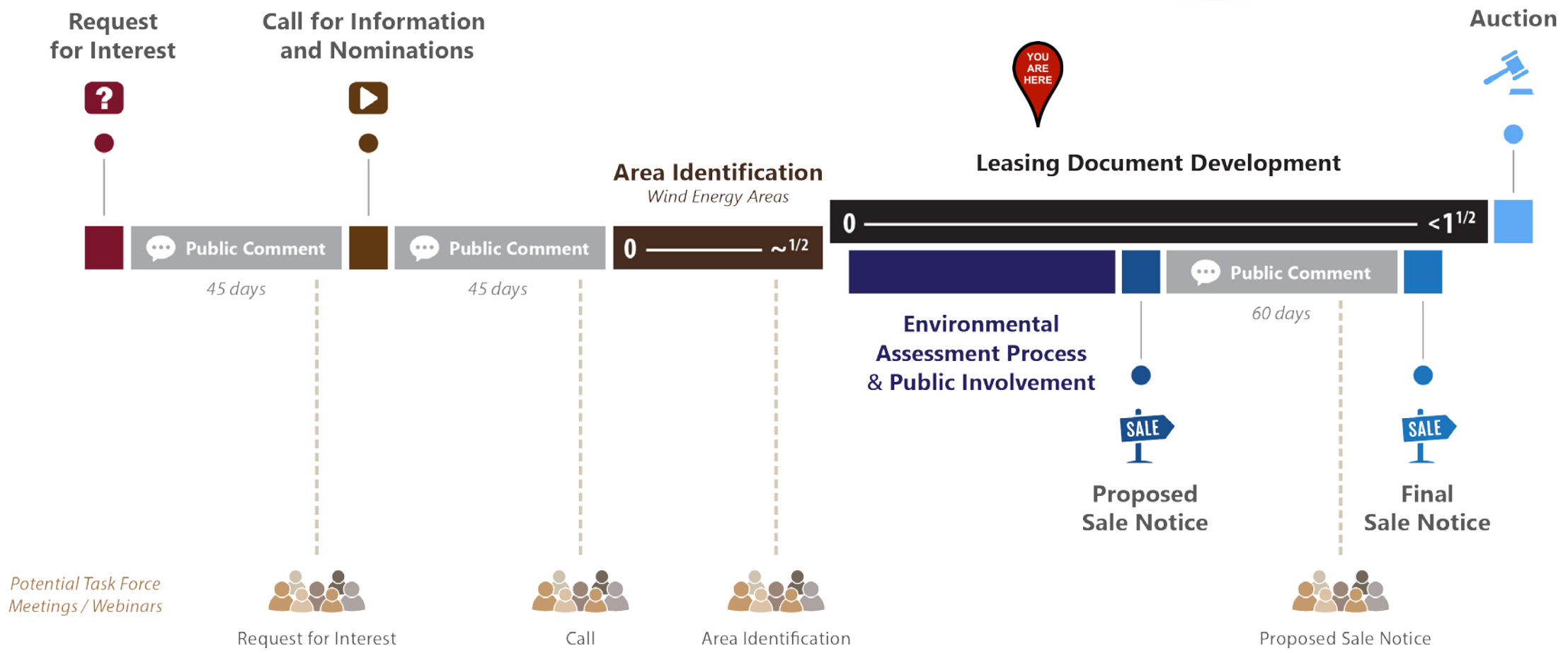
July 21, 2021



Statutory Authority

- **Outer Continental Shelf Lands Act & the Energy Policy Act of 2005**
 - The Secretary shall establish royalties, fees, rentals, bonus, or other payments to ensure a fair return....
- **BOEM's Competitive Lease Award Process**
 - §§ 585.220 -585.229
 1. Sealed bidding
 2. Ascending bidding
 3. Two-stage bidding
 4. Multiple factor bidding

Request for Interest to Lease Sale



Proposed Sale Notice

- Identifies Areas Proposed for Sale
- Identifies Proposed Auction Methodology
- Invites potential bidders to qualify
 - Legal, Financial, Technical Requirements
- Initiates 60 day comment period for input from stakeholders
- BOEM will hold auction seminar during comment period



Auction Formats for Consideration

- **Ascending Bid Monetary Auction**

- In the case of >1 area, limit of one per area per bidder
 - Bidders can move from one area to another in each round if a live bid was entered in the previous round
- Exit bids
- Affiliated Entities Cannot Bid Against Each Other

- **Minimum Bid & Bid Deposits**

- Increased demand for lease areas may result in increased minimum bids and associated bid deposit requirements
 - \$50 per acre minimum

Bidding Credits and Lease Stipulations

- **Bidding Credit for Consideration**
 - 125% bidding credit for developers committing up to \$5 million for underserved communities
 - Applied to bonus bid following conclusion of the auction
- May include lease stipulations/credits:
 - Project Labor Agreements (PLAs)
 - Domestic Supply Chains

Lease Stipulations

- **Term of Lease**
 - 33 years
- **Environmental Stipulations**
 - Protected Species Observers
 - Fisheries Liaison & Fisheries Communication Plan
- **Engagement with Tribal Governments**
 - Pre-survey meetings
- **Vessel Transit Corridors**
 - Width between adjacent areas
- **Financial Assurance Requirements**

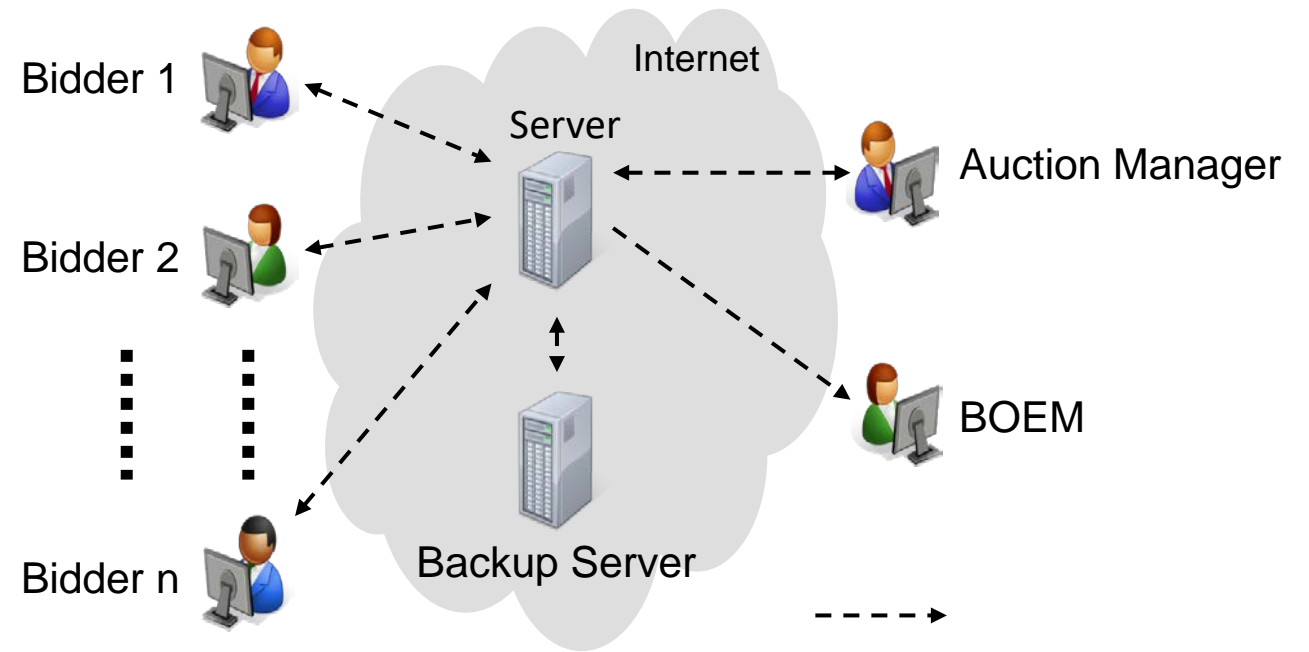
Final Sale Notice

- Specifies final areas for sale and selected auction format & rules
- Incorporates any changes based on feedback from the comment period
- Lists eligible bidders
 - Does not guarantee participation
- Minimum of 30 days from FSN to Auction

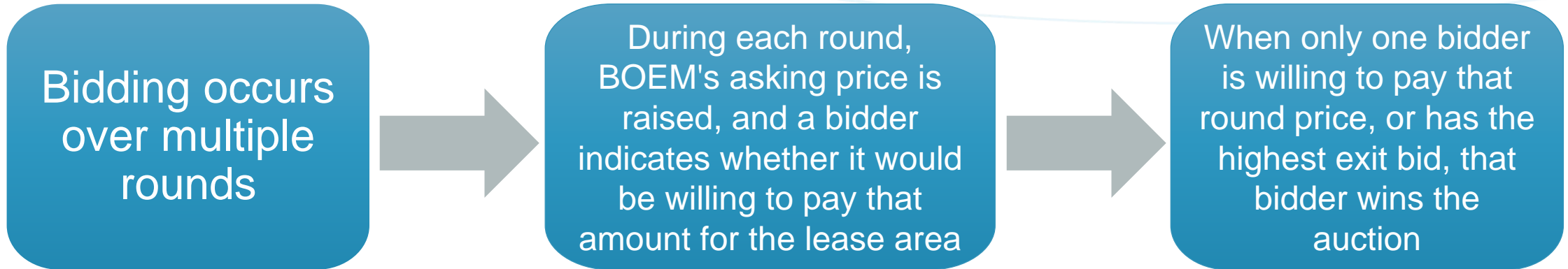


FSN to the Auction

1. Bidder Financial Forms Due to BOEM
2. Bid Deposits Paid
3. Mock Auction
4. Live Auction



Auction Format - Bidding



Round	Asking Price	Bidder 1	Bidder 2	Bidder 3	Bidder 4
1	\$100?	✓	✓	✓	✓
2	\$150?	✓	✓	✓	✗
3	\$200?	\$190	✓	✓	✗
4	\$250?	✗	\$240	\$225	✗
			WINNER		

Auction to Lease Issuance

1. **Declaration of Provisional Winners**
2. **DOJ Review**
3. **Lease Sent to Winners for Execution**
 1. Pay balance of bonus bid
 - o May include credits
 2. Agree to the terms of the lease
 3. File financial assurance
 4. Return signed lease copies



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Management

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