

Conveyance of Rights to Sand and Gravel and Other Non-energy Minerals by Competitive Lease Sale

What is a competitive lease sale?

A competitive lease sale is an auction of mineral rights for a specific lease area under specified financial terms and other conditions. It may include stipulations designed to mitigate or alleviate potential environmental consequences associated with the operation of the lease. The lease is normally granted to the person submitting the highest bid, subject to the MMS fair market determination.

Who can request a competitive sale?

Any person or company may request that OCS minerals be offered for lease. The request should be sent to:
Director, Minerals Management Service,
U.S. Department of the Interior, 1849 C
Street, N.W., Mail Stop 0100, Washington,
DC 20240. The Code of Federal Regulations
(30 CFR 281) states all of the requirements
and procedures regarding competitive leasing
of OCS minerals. A copy of the regulations
may be obtained by contacting MMS at (703)
787-1300, or by visiting the MMS web site at:
www.mms.gov/sandandgravel.

What will happen next?

If the Director of the MMS approves the lease request, a Request for Information and Interest (RFII) is published in the *Federal Register* to determine whether additional interest exists in obtaining leases for sand and gravel and other mineral resources and to obtain other information that is relevant to the lease sale decision, or the Director may first convene a federal-state task force (see p. 11).

What is the purpose of the RFII?

The MMS will gather comments, information, and indications of interest from interested parties that address:

- Commercial, navigational, recreational, and multiple-use considerations; environmental concerns, including information on biological and physical resources; archaeological resources; and social and economic issues.
- Potential conflicts with approved state and local coastal management plans and steps that the MMS could take to avoid or mitigate these conflicts.
- Indications of interest from industry respondents specifying blocks or areas within the RFII area that are of particular interest for consideration in a possible OCS marine mineral lease sale.
- The RFII will specify a comment period. During this time, the MMS may schedule public workshops to discuss the RFII and the leasing process.

The MMS will identify any environmental concerns and multiple-use conflicts. This information will help the MMS make a preliminary determination on whether the prelease process should continue. The next step in the process is preparing an EA or EIS. The information gathered from the RFII and/or the task force will be used to identify:

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- Specific areas within the RFII area that are of interest for potential commercial marine mineral leasing and development;
- Potential conflicts among offshore activities and state or local coastal zone management plans; and
- Requirements to ensure safe and environmentally sound activities.
- Development of guidelines and procedures for safe, environmentally responsible exploration and development practices;
- Other issues of concern to the Secretary and adjacent State Governor(s); and
- Federal/state task forces or other such arrangements may also be used to conduct or oversee research, studies, or reports (e.g., EIS's).

What is an affected state(s) task force?

Section 13 of the 30 CFR 281 regulations allow formation of a task force with the MMS and representatives from the affected state(s). The task force may make recommendations to the Secretary and adjacent State Governor(s) concerning:

- The identification of areas in which OCS minerals might be offered for lease;
- The potential for conflicts between the exploration and development of OCS mineral resources, other users and use of the area, and means for resolution or mitigation of these conflicts;
- The economic feasibility of developing OCS mineral resources in the area proposed for leasing;
- Potential environmental problems and measures that might be taken to mitigate these problems;

What NEPA actions will occur?

For all competitive lease sales, the MMS will carry out a NEPA evaluation. This would include preparation of an EA or an EIS.

The MMS will use the NEPA analysis to determine if the lease sale will be held or modified and to determine the appropriate environmental terms and conditions for the sale.

The Lease Sale

Once the NEPA process is complete, a Coastal Zone Management Plan Consistency Determination will be made, a Draft Leasing Notice will be published for public comment, and a Final Leasing Notice will be published before the sale is held. The leasing regulations also specify various terms and conditions for non-energy mineral leasing under the competitive bidding system. For example, a sand and gravel lease can be issued to the high cash-bonus bidder for an

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initial term of 10 years and can continue as long as there is production. The leasing notice will include all terms and conditions, such as lease size, duration, lease stipulations including measures to mitigate potentially adverse impacts on the environment, and financial considerations (e.g., rental, royalty, and bonding requirements).

Development and Production Operations for Non-energy Minerals

Once a competitive non-energy mineral lease is obtained, certain plans must be prepared and approved by the MMS. These are described in 30 CFR 282.21. The plans include:

- a delineation plan, showing the exact quantity and quality of the mineral deposit;
- a testing plan outlining any bulk sampling and pilot mining needed;
- a mining plan describing the entire mining operation from start to finish including post-mining restoration and monitoring of the site.

Bonding, royalty and lease payments, and reporting requirements are also described in the regulations

