Outer Continental Shelf Oil and Gas Lease Sales; List of Restricted Joint Bidders; Chevron U.S.A. Inc., et al.

This Notice supersedes the List of Restricted Joint Bidders published in the Federal Register on October 4, 1983, at 48 FR 43318. Pursuant to the authority vested in the Director of the Minerals Management Service by the joint bidding provisions of 30 CFR 256.41, each entity within one of the following groups shall be restricted from bidding with any entity in any other of the following groups at Outer Continental Shelf oil and gas lease sales to be held during the bidding period of May 1, 1984, through October 31, 1984.

Group I: Chevron U.S.A. Inc.; Standard Oil Company of California.
Group II: Exxon Corporation.
Group III: Mobil Oil Corporation; Mobil Oil Exploration and Producing Southeast Inc.; Mobil Producing Texas & New Mexico Inc.
Group IV: MTS Limited Partnership (Mesa Petroleum Co., Texaco Inc., and Sequoia Petroleum Inc.); Texaco Inc.
Group V: Shell Offshore Inc.; Shell Oil Company; Shell Western E&P Inc.

Dated: March 26, 1984.

William D. Bettenberg,

Director, Minerals Management Service.

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Notification of Procedural Changes for OCS Bid Adequacy

AGENCY: Minerals Management Service, Interior.

ACTION: Notification of Procedural Changes.

SUMMARY: The Minerals Management Service has made three modifications in its existing bid adequacy procedures for ensuring receipt of fair market value on OCS leases. These procedures: (1) Allow for the classification of tracts as nonviable in Phase 1 only when adequate data and maps exist to support such a determination; (2) discontinue application of items labeled D through M in the discussion of the Phase 2 criteria, with the exception of item H (drainage costs), until a rigorous procedure is developed for quantitatively applying them; and (3) eliminate the geometric mean of the bids rule in Phase 1.

DATE: These modifications will be implemented beginning with the Navarin Basin Lease Offering (April 1984).

FOR FURTHER INFORMATION CONTACT: Dr. Marshall Rose, Minerals Management Service, MS643, 12203 Sunrise Valley Drive, Reston, Virginia 22091, telephone (703) 860-7571.

SUPPLEMENTARY INFORMATION: On February 22, 1983, the Department of the Interior (Department) adopted new procedures to evaluate bids received on tracts in OCS lease offerings to assure receipt of fair market value.

The refined bid adequacy system placed increased reliance upon competition in the free market through implementation of a two-phase process. All bids received would be evaluated through at least the first phase proceeding, if necessary, to a detailed economic and engineering analysis. The two-phase postsale review of bids allowed for bid adequacy decisions to be made shortly after the offering date. Bid adequacy guidelines incorporating these changes were promulgated on April 21, 1983. In conjunction with the changes listed above, the current bid adequacy procedure is described below:

Phase 1

Phase 1 is composed of criteria designed to partition block receiving bids into three general categories:

• Those receiving bids which Minerals Management Service (MMS) has identified as being non-prospective;

• Those where opportunities for strategic underbidding, information asymmetry, collusion, and other noncompetitive practices might most likely occur and where the Government has the most detailed and reliable data; and

• Those where the competitive market forces can be relied upon to assure fair market value.

Based on these categories, the following three Phase 1 criteria are applied to all blocks receiving bids:

1. High bids on all blocks classified by MMS as being either development or drainage will be referred directly for further evaluation in Phase 2.

2. All legal high bids for blocks judged by MMS not to be located on a viable prospect will be accepted.