

BERNARD GENCORELLI

IBLA 79-526

Decided February 20, 1980

Appeal from decision of Wyoming State Office, Bureau of Land Management, rejecting high bid for competitive oil and gas lease W 68550.

Affirmed.

1. Oil and Gas Leases: Competitive Leases -- Oil and Gas Leases: Discretion to Lease

The Secretary of the Interior has the authority to reject a high bid in a competitive oil and gas lease sale where the record discloses a rational basis for the conclusion that the amount of the bid was inadequate.

2. Oil and Gas Leases: Generally -- Oil and Gas Leases: Competitive Leases

The Geological Survey is the Secretary's technical expert in matters concerning geologic evaluation of tracts of land offered at a sale of competitive oil and gas leases and the Secretary is entitled to rely on Geological Survey's reasoned analysis.

APPEARANCES: Bernard Gencorelli, pro se.

OPINION BY ADMINISTRATIVE JUDGE LEWIS

Bernard Gencorelli appeals from a decision of the Wyoming State Office, Bureau of Land Management (BLM), dated July 11, 1979, rejecting his high bid on competitive oil and gas lease offer W 68550 because appellant's bonus bid of \$0.50 per acre was inadequate.

The State Office decision was based on a memorandum dated June 28, 1979, from the Acting Area Oil and Gas Supervisor, Geological

Survey (Survey), to the Chief, Branch of Lands and Mineral Operations, BLM, which contained the following information concerning parcel 36:

Parcel 36 in the Jiggs-Thompson field KGS received a 50 cents per acre bid. The same parcel received \$10.06 in June 1976. A parcel one-half mile north received \$5.55 in July 1976. Parcel 36 has an exhausted Dakota oil well and a dry hole. A direct offset on the east side produces from the Turner sandy member. Considering the prior bids and deeper drilling potential we consider the resource value to be \$5 per acre, and recommend rejection of the bid on parcel 36.

In his statement of reasons, appellant contends that the real value of the lease is what someone is willing to pay and actually does pay; that only two people in the oil and gas industry bid on parcel 36 which proves that the industry does not agree with Survey that the resource value of the parcel is \$5 per acre; that the real value of parcel 36 is \$0.50 per acre; that he should not be penalized because Survey has theorized about a nonexistent market price; and that these lands should be leased to him as highest bidder because they should be developed as soon as possible in the public interest.

[1] The Secretary of the Interior has discretionary authority to reject a high bid at a competitive oil and gas lease sale on the basis of an inadequate bonus. 30 U.S.C. § 226(b) (1976). This right to reject competitive oil and gas lease offers is recognized in the Department's regulations at 43 CFR 3120.3-1. This Board has repeatedly upheld decisions issued under the authority of the Secretary to reject bids so long as there is a rational basis for the conclusion that the highest bid was too low. M. S. Mack, 45 IBLA 99 (1980); John C. Efird, 45 IBLA 84 (1980); B. D. Price, 40 IBLA 85 (1979). Departmental policy in the administration of its competitive leasing program is to seek the return of fair market value for the grant of leases and the Secretary reserves the right to reject a bid which will not provide a fair return. Coquina Oil Corp., 29 IBLA 310, 311 (1977). See Exxon Co., U.S.A., 15 IBLA 345, 357-58 (1974).

[2] The Geological Survey is the Secretary's technical expert in matters concerning geologic evaluation of tracts of land offered at a sale of competitive oil and gas leases and the Secretary is entitled to rely on the Survey's reasoned analysis. M. S. Mack, *supra*; John C. Efird, *supra*. When BLM relies on Survey's analysis in rejecting a bid as inadequate, it must insure that a reasonable explanation is provided in the record to support that decision. M. S. Mack, *supra*; John C. Efird, *supra*. Survey's memorandum to BLM offers such an explanation. It considered a prior bid for the same parcel, a bid for a parcel one-half mile from the parcel in question, and the deeper drilling potential in determining the resource value. Appellant has not submitted any information to show that Survey's evaluation was in error.

Therefore, pursuant to the authority delegated to the Board of Land Appeals by the Secretary of the Interior, 43 CFR 4.1, the decision appealed from is affirmed.

Anne Poindexter Lewis
Administrative Judge

We concur:

Edward W. Stuebing
Administrative Judge

Joan B. Thompson
Administrative Judge

