

SOUTHERN UNION EXPLORATION CO.

IBLA 80-808

Decided April 9, 1981

Appeal from decision of the New Mexico State Office, Bureau of Land Management, rejecting bid of high bidder in competitive oil and gas lease sale. NM-A 40799.

Set aside and remanded.

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

The Secretary of the Interior has the discretionary 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. The explanation provided must inform the bidder of the factual basis of the decision and must be sufficient for the Board to determine the correctness of the decision if disputed on appeal.

APPEARANCES: Paul M. Zeis, Esq., Assistant General Counsel, Southern Union Exploration Company, for appellant.

OPINION BY ADMINISTRATIVE JUDGE FRAZIER

Southern Union Exploration Company appeals the decision of the New Mexico State Office, Bureau of Land Management (BLM), dated June 13, 1980, rejecting its high bonus bid to lease a 633.16-acre parcel of land located in the Northwest Kiowa Field, Pittsburgh County, Oklahoma.

The decision rejected the bid as inadequate, stating that the bid was lower than the Geological Survey's (Survey) presale evaluation of the parcel. The file contains no factual data or reasoned explanation for rejection of the bid.

[1] Appellant does not dispute the Secretary's discretionary authority to reject a high bid in a competitive oil and gas lease sale. However, as appellant correctly points out, a bidder is entitled to a reasoned and factual explanation of the rejection of his bid. Appellant must be given some basis for understanding and accepting the rejection or alternatively appealing and disputing it before this Board. The explanation provided must be a part of the public record and must be adequate so that this Board can determine its correctness if disputed on appeal. Southern Union Exploration Co., 51 IBLA 89 (1980); Steven and Mary J. Lutz, 39 IBLA 386 (1979); Basil W. Reagel, 34 IBLA 29 (1978); Yates Petroleum Corp., 32 IBLA 196 (1977); Frances J. Richmond, 24 IBLA 303 (1976); Arkla Exploration Co., 22 IBLA 92 (1975).

The covering memorandum transmitting the case file to the Board bears a notation that supporting data had been requested from Survey, and was expected to be forthcoming. The type of information which is necessary for a proper analysis has been described with specificity in previous Board decisions involving the same appellant and State Office. Southern Union Exploration Co., *supra*; Southern Union Exploration Co., 41 IBLA 81 (1979), and we invite attention to these cases.

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 set aside and the case remanded for further action consistent with this opinion.

Gail M. Frazier
Administrative Judge

We concur:

James L. Burski
Administrative Judge

Bruce R. Harris
Administrative Judge

