

YATES PETROLEUM CORP.

IBLA 84-825

Decided May 2, 1985

Appeal from a decision of the New Mexico State Office, Bureau of Land Management, rejecting the high bid for competitive oil and gas lease NM 59037.

Set aside and remanded.

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

Where a competitive oil and gas lease high bid is not clearly spurious or unreasonable on its face and the record fails to disclose a sufficient factual basis for the conclusion that the bid is inadequate, the decision will be set aside and the case remanded for compilation of a more complete record and readjudication of the bid. A record that does not reveal the estimated minimum acceptable value for a parcel and sufficient factual data to establish its prima facie correctness cannot support rejection of the high bid for the parcel.

APPEARANCES: David R. Vandiver, Esq., Artesia, New Mexico, for appellant.  
OPINION BY ADMINISTRATIVE JUDGE HARRIS

Yates Petroleum Corporation (Yates) has appealed from a July 10, 1984, decision of the New Mexico State Office, Bureau of Land Management, rejecting its high bid of \$ 5,031.19 for parcel 31 in the June 20, 1984, competitive lease sale. Parcel 31 contains 39.65 acres in Eddy County, New Mexico, described as lot 7 sec. 6, T. 24 S., R. 28 E., New Mexico Principal Meridian. Yates' bid of \$ 126.89 per acre was the highest of seven bids for parcel 31.

BLM's decision merely states that "[o]ur evaluation of this parcel shows that the bid was less than the pre-sale tract evaluation." The record is devoid of any support for BLM's statement except for a July 2, 1984, memorandum from the Deputy State Director, Mineral Resources, to the Deputy State Director, Operations, stating that the sale bids had been reviewed and the Branch of Economic Evaluation "recommends that the high bids for parcels 31, 45, 50 and 51 be rejected." All other high bids at the sale were accepted.

On appeal Yates asserts that it sought without success to obtain the presale valuation of parcel 31 in order to prepare its statement of reasons for appeal. Yates argues that without disclosure of the presale valuation

and BLM's analysis, the decision rejecting its bid is not supported by a rational basis, and that it has been deprived of its opportunity to refute BLM's valuation of parcel 31. Yates further argues that its bid represents fair market value for parcel 31. In support of this argument Yates submits a list of comparable lease sales in the vicinity of parcel 31 (Statement of Reasons, Exh. C), and an analysis of the success and failure of drilling efforts in the area surrounding parcel 31 (Statement of Reasons, Exh. D, and attachments). Yates' statement of reasons was served on the Field Solicitor, Department of the Interior, Santa Fe, New Mexico. No response to the statement of reasons has been filed.

[1] The record in this case is completely inadequate to support the BLM decision, in the face of the allegations made and evidence submitted by Yates on appeal. This Board has consistently held that such unsupported, decisions must be set aside and the case remanded for compilation of a complete record and readjudication of the bid. Southland Royalty Co., 83 IBLA 202 (1984); The Westlands Co., 82 IBLA 129 (1984).

Although this Board will not substitute its judgment for that of BLM in determining the fair market value of parcels, the Board will require sufficient facts and analysis to ensure that a rational basis for the determination exists. Kevin Bliss, 82 IBLA 31 (1984); Mesa Petroleum Co., 81 IBLA 194 (1984). The Board has held that the ultimate burden is on the appellant to establish that its bid represents fair market value. Viking Resources Corp., 80 IBLA 245 (1984).

An appellant, however, does not assume such a burden "in the absence of sufficient documentation of the Government's estimate such as would establish its prima facie correctness." Larry White, 81 IBLA 19, 22 n.2 (1984).

We set aside the BLM decision and remand the case for readjudication of appellant's bid. In readjudicating the bid, BLM should consider the arguments raised by appellant in its statement of reasons and the exhibits submitted by appellant in support of its appeal. If appellant's bid is again rejected, BLM shall set forth the reasons for doing so, and it shall include the presale evaluation in its decision. Such information is necessary in order that it may be addressed by appellant and considered by this Board in the event of an appeal.

Accordingly, 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.  
Bruce R. Harris Administrative Judge

Bruce R. Harris  
Administrative Judge

We concur:

R. W. Mullen  
Administrative Judge

Gail M. Frazier  
Administrative Judge.

