



CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

July 31, 2013

H.R. 555

BLM Live Internet Auctions Act

As ordered reported by the House Committee on Natural Resources on July 24, 2013

H.R. 555 would authorize the Bureau of Land Management (BLM) to conduct auctions for federal onshore oil and gas leases using Internet-based bidding methods. The bill also would require BLM to prepare a report comparing outcomes of Internet-based auctions to outcomes of oral auctions conducted under current law.

Using information provided by BLM and individuals familiar with Internet auction methods, CBO estimates that, assuming availability of appropriated funds, implementing the legislation would cost \$2 million over the 2014-2018 period. That amount includes about \$1 million to build an online system to facilitate auctions and annual costs to operate and maintain the system, which would be partially offset by savings associated with reducing the number of oral auctions conducted by BLM each year.

H.R. 555 could affect direct spending by increasing receipts from bonus bids; therefore, pay-as-you go procedures apply. Total bonus bids from onshore oil and gas leases averaged about \$250 million annually over the 2008-2012 period. CBO expects that any change in receipts resulting from allowing the agency to conduct Internet auctions for onshore oil and gas leases would not be significant.

H.R. 555 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act and would impose no costs on state, local, or tribal governments.

The CBO staff contact for this estimate is Jeff LaFave. The estimate was approved by Theresa Gullo, Deputy Assistant Director for Budget Analysis.