

## Minerals Management Service, Interior

## § 260.102

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AUTHORITY: 43 U.S.C. 1331 and 1337.

SOURCE: 45 FR 9539, Feb. 12, 1980, unless otherwise noted. Redesignated at 48 FR 1182, Jan. 11, 1983.

### Subpart A—General Provisions

#### § 260.001 Purpose and scope.

The purpose of this part 260 is to implement OCSLA, 43 U.S.C. 1331 *et seq.*, as amended, by providing regulations to foster competition including, but not limited to, regulations to prohibit joint bidding for development rights by certain types of joint ventures; the implementation of alternative bidding systems (including suspension of royalties for a period, volume, or value of production); and the establishment of diligence requirements for Federal OCS leases issued under the OCSLA.

[61 FR 3804, Feb. 2, 1996]

#### § 260.002 Definitions.

For purposes of this part 260:

*OCSLA* means the Outer Continental Shelf Lands Act, (43 U.S.C. 1331 *et seq.*), as amended.

*OCS lease* means a Federal lease for oil and gas issued under the OCSLA.

*Person* includes, in addition to a natural person, an association, a State, or a private, public, or municipal corporation.

[45 FR 9539, Feb. 12, 1980. Redesignated at 48 FR 1182, Jan. 11, 1983, as amended at 61 FR 3804, Feb. 2, 1996]

### Subpart B—Bidding Systems

#### § 260.101 Purpose and scope.

(a) This subpart establishes the several bidding systems that may be utilized in connection with the offering and sale of Federal leases for the exploration, development and production of oil and gas resources located on the OCS.

(b) Only bidding systems established by his subpart shall be utilized in OCS lease sales.

#### § 260.102 Definitions.

For purposes of this subpart B—

*Eligible lease* means a lease that results from a sale held after November 28, 1995; is located in the Gulf of Mexico in water depths 200 meters or deeper; lies wholly west of 87 degrees, 30 minutes West longitude; and is offered subject to a royalty-suspension volume authorized by statute.

*Field* means an area consisting of a single reservoir or multiple reservoirs all grouped on, or related to, the same general geological structural feature and/or stratigraphic trapping condition. Two or more reservoirs may be in a field, separated vertically by intervening impervious strata, or laterally by local geologic barriers, or by both.

*Highest responsible qualified bidder* means a person who has met the appropriate requirements of 30 CFR part 256, subpart G and has submitted a bid higher than any other bids by qualified bidders on the same tract.

*Highest royalty rate* means the highest per centum rate payable to the United States, as specified in the lease, in amount or value of the production saved, removed or sold.

*Lowest royalty rate* means the lowest per centum rate payable to the United States, as specified in the lease, in amount or value of the production saved, removed or sold.

*OCS lease sale* means the DOI proceeding by which leases for certain OCS tracts are offered for sale by competitive bidding and during which bids are received, announced and recorded.

*Production period* means the period during which the amount of oil and gas produced from a tract, or, if the tract is unitized, the amount of oil and gas as allocated under a unitization formula, will be measured for purposes of determining the amount of royalty payable to the United States.

*Qualified bidder* means a person, who has met the appropriate requirements of 30 CFR part 256, subpart G.

*Tract* means a designation assigned solely for administrative purposes to a block or combination of blocks that are identified by a leasing map or an