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Type of auction	Bid variable	Bidding process
(1) Sealed bidding	A cash bonus or an operating fee rate	One sealed bid per company per lease or packaged bidding unit.
(2) Ascending bidding	A cash bonus or an operating fee rate	Continuous bidding per lease.
(3) Two-stage bidding (combination of ascending and sealed bidding).	An operating fee rate in one, both, or neither stage and a cash bonus in one, both, or neither stage.	Ascending or sealed bidding until: (i) Only two bidders remain, or (ii) More than one bidder offers to pay the maximum bid amount. Stage-two sealed or ascending bidding commences at some predetermined time after the end of stage-one bidding.
(4) Multiple-factor bidding	Factors may include, but are not limited to: technical merit, timeliness, financing and economics, environmental considerations, public benefits, compatibility with State and local needs, cash bonus, rental rate, and an operating fee rate.	One proposal per company per lease or packaged bidding unit.

(b) You must submit your bid and a deposit as specified in §§ 585.500 and 585.501 to cover the bid for each lease area, according to the terms specified in the Final Sale Notice.

§ 585.221 What bidding systems may BOEM use for commercial leases and limited leases?

(a) For commercial leases, we will specify minimum bids in the Final Sale Notice and use one of the following bidding systems, as specified in the Proposed Sale Notice and in the Final Sale Notice:

Bid system	Bid variable
(1) Cash bonus with a constant fee rate (decimal)	Cash bonus.
(2) Constant operating fee rate with fixed cash bonus	A fee rate used in the formula found in § 585.506 to set the operating fee per year during the operations term of your lease.
(3) Sliding operating fee rate with a fixed cash bonus	A fee rate used in the formula in § 585.506 to set the operating fee for the first year of the operations term of your lease. The fee rate for subsequent years changes by a mathematical function we specify in the Final Sale Notice.
(4) Cash bonus *and* constant operating fee rate	Cash bonus and operating fee rate as stated in paragraph (2) of this section (two-stage auction format only).
(5) Cash bonus *and* sliding operating fee rate	Cash bonus and operating fee rate as stated in paragraph (3) of this section (two-stage auction format only).
(6) Multiple-factor combination of nonmonetary and monetary factors.	BOEM will identify bidding variables in the Final Sale Notice. Variables may include: (i) Nonmonetary (e.g., technical merit) factors and (ii) Monetary (e.g., cash bonus, rental rate, fee rate) factors.

(b) For limited leases, the bid variable will be a cash bonus, with a minimum bid as we specify in the Final Sale Notice.

§ 585.222 What does BOEM do with my bid?

(a) If sealed bidding is used:

(1) We open the sealed bids at the place, date, and hour specified in the Final Sale Notice for the sole purpose of publicly announcing and recording the bids. We do not accept or reject any bids at that time.

(2) We reserve the right to reject any and all high bids, including a bid for any proposal submitted under the multiple-factor bidding format, regardless of the amount offered or bidding system used. The reasons for the rejection of a winning bid may include, but are not necessarily limited to, insufficiency, illegality, anti-competitive behavior, administrative error, and the presence of unusual bidding patterns.