

# U.S. Resumes Oil and Gas Auctions With Major New Mexico Sale

(Reuters) - The Trump administration will resume its oil and gas leasing program on Wednesday with a large sale of acreage in three states, ending a five-month pause due to the coronavirus pandemic and a crash in oil prices.

The sale will be a key test of industry appetite for investment as crude oil prices remain below levels at which many companies can drill profitably and bankruptcies in the sector are mounting.

Drilling on federal lands is a crucial part of U.S. President Donald Trump's "energy dominance" agenda to maximize domestic production of fossil fuels. His opponent in the November election, Joe Biden, has pledged to ban new oil and gas leasing on public lands.

The U.S. Bureau of Land Management will offer 106 parcels on more than 48,000 acres of federal land in New Mexico, Texas and Oklahoma over two days, according to online auction site EnergyNet and sale planning documents.

Many of the parcels scheduled for sale are in New Mexico's southeast corner, overlaying parts of the sprawling Permian Basin, the world's biggest oil field. Just four of the parcels are in Texas and Oklahoma.

Most of the acreage had previously been scheduled to be offered in May. That sale was postponed to give drillers time to recover from challenges posed by the sharp drop in crude oil demand precipitated by state lockdown orders to slow the spread of the virus.

BLM ultimately shelved auctions in a slew of states in May and June. Several lease sales the agency held in March, just as states were implementing steps to contain the virus, attracted meager bidding.

BLM will offer 12 parcels on 2,867 acres on Wednesday and 94 parcels covering 45,406 acres on Thursday, according to EnergyNet.

(Reporting by Nichola Groom; Editing by Andrea Ricci)