

**PENDING**  
**HC-13**

AMENDMENT NO. \_\_\_\_\_ Calendar No. \_\_\_\_\_

Purpose: To provide for gas-only leases and State requests to examine energy areas on the outer Continental Shelf.

IN THE SENATE OF THE UNITED STATES—109th Cong., 1st Sess.

**H.R. 6**

To e **AMENDMENT No. 0972** id

By **Warner**

To: **H.R. 6**

Referr \_\_\_\_\_

**13**  
Page(s)

GPO: 2004 97-290(Mac)

AMENDMENT intended to be proposed by Mr. ~~WARNER~~ **WARNER,**

Viz: **ALEXANDER, VOINOVICH**

1 On page 327, after line 21, add the following:

2 **SEC. 390. GAS-ONLY LEASES; STATE REQUESTS TO EXAMINE**  
3 **ENERGY AREAS.**

4 (a) **GAS-ONLY LEASES.**—Section 8 of the Outer Con-  
5 tinental Shelf Lands Act (43 U.S.C. 1337) (as amended  
6 by section 321) is amended by adding at the end the fol-  
7 lowing:

8 “(q) **GAS-ONLY LEASES.**—

9 “(1) **IN GENERAL.**—The Secretary may issue a  
10 lease under this section beginning in the 2007–2012

1 plan period that authorizes development and produc-  
2 tion only of gas and associated condensate in accord-  
3 ance with regulations issued under paragraph (2).

4 “(2) REGULATIONS.—Not later than October 1,  
5 2006, the Secretary shall issue regulations that, for  
6 purposes of this section—

7 “(A) define natural gas so that the  
8 definition—

9 “(i) includes—

10 “(I) hydrocarbons and other sub-  
11 stances in a gaseous state at atmos-  
12 pheric pressure and a temperature of  
13 60 degrees Fahrenheit;

14 “(II) liquids that condense from  
15 natural gas in the process of treat-  
16 ment, dehydration, decompression, or  
17 compression prior to the point for  
18 measuring volume and quality of the  
19 production established by the Minerals  
20 Management Service; and

21 “(III) natural gas liquefied for  
22 transportation; and

23 “(ii) excludes crude oil;

1           “(B) provide that gas-only leases shall con-  
2           tain the same rights and obligations established  
3           for oil and gas leases;

4           “(C) provide that, in reviewing the ade-  
5           quacy of bids for gas-only leases, the Minerals  
6           Management Service shall exclude the value of  
7           any crude oil estimated to be discovered within  
8           the boundaries of the leasing area;

9           “(D) provide for cancellation of a gas-only  
10          lease, with payment of the fair value of the  
11          lease rights canceled, if the Secretary deter-  
12          mines that any natural gas discovered within  
13          the boundaries of the leasing area cannot be  
14          produced without causing an unacceptable  
15          waste of crude oil discovered in association with  
16          the natural gas; and

17          “(E) provide that, at the request and with  
18          the consent of the Governor of the State adja-  
19          cent to the lease area, as determined under sec-  
20          tion 18(i)(2)(B)(i), and with the consent of the  
21          lessee, an existing gas-only lease may be con-  
22          verted, without an increase in the rental or roy-  
23          alty rate and without further payment in the  
24          nature of a lease bonus, to a lease under sub-

1 section (b), in accordance with a process, to be  
2 established by the Secretary, that requires—

3 “(i) consultation by the Secretary  
4 with the Governor of the State and the les-  
5 see with respect to the operating conditions  
6 of the lease, taking into consideration envi-  
7 ronmental resource conservation and recov-  
8 ery, economic factors, and other factors, as  
9 the Secretary determines to be relevant;  
10 and

11 “(ii) compliance with the National  
12 Environmental Policy Act of 1969 (42  
13 U.S.C. 4321 et seq.).

14 “(3) EFFECT OF OTHER LAWS.—Any Federal  
15 law (including regulations) that applies to an oil and  
16 gas lease on the Outer Continental Shelf shall apply  
17 to a gas-only lease issued under this subsection.”.

18 (b) STATE REQUESTS TO EXAMINE ENERGY  
19 AREAS.—Section 18 of the Outer Continental Shelf Lands  
20 Act (43 U.S.C. 1344) is amended by adding at the end  
21 the following:

22 “(i) STATE REQUESTS TO EXAMINE ENERGY  
23 AREAS.—

24 “(1) DEFINITIONS.—In this subsection:

1           “(A) LEASE.—The term ‘lease’ includes a  
2 gas-only lease under section 8(q).

3           “(B) MORATORIUM AREA.—The term  
4 ‘moratorium area’ means—

5           “(i) any area withdrawn from disposi-  
6 tion by leasing by the memorandum enti-  
7 tled ‘Memorandum on Withdrawal of Cer-  
8 tain Areas of the United States Outer  
9 Continental Shelf from Leasing Disposi-  
10 tion’ (34 Weekly Comp. Pres. Doc. 1111  
11 (June 12, 1998)); and

12           “(ii) any area of the outer Continental  
13 Shelf as to which Congress has denied the  
14 use of appropriated funds or other means  
15 for preleasing, leasing, or related activities.

16           “(2) RESOURCE ESTIMATES.—

17           “(A) REQUESTS.—At any time, the Gov-  
18 ernor of an affected State, acting on behalf of  
19 the State, may request the Secretary to provide  
20 a current estimate of proven and potential gas,  
21 or oil and gas, resources in any moratorium  
22 area (or any part of the moratorium area the  
23 Governor identifies) adjacent to, or lying sea-  
24 ward of the coastline of, that State.

1                   “(B) RESPONSE OF SECRETARY.—Not  
2 later than 45 days after the date on which the  
3 Governor of a State requests an estimate under  
4 subparagraph (A), the Secretary shall provide—  
5                   “(i) a delineation of the lateral bound-  
6 aries between the coastal States, in accord-  
7 ance with—  
8                   “(I) any judicial decree or inter-  
9 state compact delineating lateral off-  
10 shore boundaries between coastal  
11 States:  
12                   “(II) any principles of domestic  
13 and international law governing the  
14 delineation of lateral offshore bound-  
15 aries; and  
16                   “(III) to the maximum extent  
17 practicable, existing lease boundaries  
18 and block lines based on the official  
19 protraction diagrams of the Secretary;  
20                   “(ii) a current inventory of proven  
21 and potential gas, or oil and gas, resources  
22 in any moratorium areas within the area  
23 off the shore of a State, in accordance with  
24 the lateral boundaries delineated under

1 clause (i), as requested by the Governor;  
2 and

3 “(iii) an explanation of the planning  
4 processes that could lead to the leasing, ex-  
5 ploration, development, and production of  
6 the gas, or oil and gas, resources within  
7 the area identified.

8 “(3) MAKING CERTAIN AREAS AVAILABLE FOR  
9 LEASING.—

10 “(A) PETITION.—

11 “(i) IN GENERAL.—On consideration  
12 of the information received from the Sec-  
13 retary, the Governor (acting on behalf of  
14 the State of the Governor) may submit to  
15 the Secretary a petition requesting that the  
16 Secretary make available for leasing any  
17 portion of a moratorium area off the coast  
18 of the State, in accordance with the lateral  
19 boundaries delineated under paragraph  
20 (2)(B)(i).

21 “(ii) CONTENTS.—In a petition under  
22 clause (i), a Governor may request that an  
23 area described in that clause be made  
24 available for leasing under subsection (b)  
25 or (q), or both, of section 8.

1           “(B) ACTION BY SECRETARY.—Not later  
2 than 90 days after the date of receipt of a peti-  
3 tion under subparagraph (A), the Secretary  
4 shall approve the petition unless the Secretary  
5 determines that leasing in the affected area pre-  
6 sents a significant likelihood of incidents associ-  
7 ated with the development of resources that  
8 would cause serious harm or damage to the ma-  
9 rine resources of the area or of an adjacent  
10 State.

11           “(C) FAILURE TO ACT.—If the Secretary  
12 fails to approve or deny a petition in accordance  
13 with subparagraph (B), the petition shall be  
14 considered to be approved as of the date that  
15 is 90 days after the date of receipt of the peti-  
16 tion.

17           “(D) TREATMENT.—Notwithstanding any  
18 other provision of this section, not later than  
19 180 days after the date on which a petition is  
20 approved, or considered to be approved, under  
21 subparagraph (B) or (C), the Secretary shall—

22           “(i) treat the petition of the Governor  
23 under subparagraph (A) as a proposed re-  
24 vision to a leasing program under this sec-  
25 tion; and



1           “(ii) except as provided in subpara-  
2 graph (E), expedite the revision of the 5-  
3 year outer Continental Shelf oil and gas  
4 leasing program in effect as of that date to  
5 include any lease sale for any area covered  
6 by the petition.

7           “(E) INCLUSION IN SUBSEQUENT  
8 PLANS.—

9           “(i) IN GENERAL.—If there are fewer  
10 than 18 months remaining in the 5-year  
11 outer Continental Shelf oil and gas leasing  
12 program described in subparagraph  
13 (D)(ii), the Secretary, without consultation  
14 with any State, shall include the areas cov-  
15 ered by the petition in lease sales under  
16 the subsequent 5-year outer Continental  
17 Shelf oil and gas leasing program.

18           “(ii) ENVIRONMENTAL ASSESS-  
19 MENT.—Before modifying a 5-Year Outer  
20 Continental Shelf Oil and Gas Leasing  
21 Program under clause (i), the Secretary  
22 shall complete an environmental assess-  
23 ment that describes any anticipated envi-  
24 ronmental effect of leasing in the area  
25 under the petition.

1           “(F) SPENDING LIMITATIONS.—Any Fed-  
2           eral spending limitation with respect to  
3           preleasing, leasing, or a related activity in an  
4           area made available for leasing under this para-  
5           graph shall terminate as of the date on which  
6           the petition of the Governor relating to the area  
7           is approved, or considered to be approved,  
8           under subparagraph (B) or (C).

9           “(G) COASTAL ZONE MANAGEMENT.—For  
10          purposes of title III of the Coastal Zone Man-  
11          agement Act of 1972 (16 U.S.C. 1451 et seq.),  
12          any activity relating to leasing and subsequent  
13          production in an area made available for leasing  
14          under this paragraph shall—

15               “(i) if the leased area is located more  
16               than 20 miles offshore of an adjacent  
17               State (or the boundaries of the State as  
18               delineated under paragraph (2)(B)), be  
19               considered by the Secretary of Commerce  
20               to be necessary to the interest of national  
21               security and be carried out notwith-  
22               standing the objection of a State to a con-  
23               sistency certification under that Act; or

24               “(ii) if the leased area is located not  
25               greater than 20 miles offshore of an adja-

1 cent State, be subject to section 307(c) of  
2 that Act (16 U.S.C. 1456(c)).

3 “(4) REVENUE SHARING.—

4 “(A) BONUS BIDS.—If the Governor of a  
5 State requests the Secretary to allow gas, or oil  
6 or natural gas, leasing in the moratorium area  
7 and the Secretary allows that leasing, the State  
8 shall, without further appropriation or action,  
9 receive 25 percent of any bonus bid paid for  
10 leasing rights in the area.

11 “(B) POST LEASING REVENUES.—In addi-  
12 tion to bonus bids under subparagraph (A), a  
13 State described in subparagraph (A) shall re-  
14 ceive 25 percent of—

15 “(i) any lease rental minimum royalty;

16 “(ii) any royalty proceeds from a sale  
17 of royalties taken in kind by the Secretary;  
18 and

19 “(iii) any other revenues from a bid-  
20 ding system under section 8.

21 “(C) CONSERVATION ROYALTIES.—After  
22 making distributions in accordance with sub-  
23 paragraphs (A) and (B), and in accordance  
24 with section 31, the Secretary, in coordination  
25 with the Governor of a State, shall, without fur-

1           ther appropriation or action, distribute a con-  
2           servation royalty of 12.5 percent of Federal  
3           royalty revenues in an area leased under this  
4           section, not to exceed \$1,250,000,000 for any  
5           year, to 1 or more of the following:

6                   “(i) The Coastal and Estuary Habitat  
7                   Restoration Trust Fund.

8                   “(ii) The wildlife restoration fund es-  
9                   tablished under section 3 of the Pittman-  
10                  Robertson Wildlife Restoration Act (16  
11                  U.S.C. 669b).

12                  “(iii) The Land and Water Conserva-  
13                  tion Fund to provide financial assistance  
14                  to States under section 6 of that Act (16  
15                  U.S.C. 460l-8).

16                  “(5) APPLICATION.—This subsection shall not  
17                  apply to—

18                   “(A) any area designated as a national  
19                   marine sanctuary or a national wildlife refuge;

20                   “(B) the Lease Sale 181 planning area;

21                   “(C) any area not included in the outer  
22                   Continental Shelf;

23                   “(D) the Great Lakes, as defined in sec-  
24                   tion 118(a)(3) of the Federal Water Pollution  
25                   Control Act (33 U.S.C. 1268(a)(3)); or

1                   “(E) the eastern coast of the State of  
2                   Florida.”.

**(F) Bristol Bay.**

3                   (c) GREAT LAKES OIL AND GAS DRILLING BAN.—  
4                   No Federal or State permit or lease shall be issued for  
5                   new oil and gas slant, directional, or offshore drilling in  
6                   or under 1 or more of the Great Lakes (as defined in sec-  
7                   tion 118(a)(3) of the Federal Water Pollution Control Act  
8                   (33 U.S.C. 1268(a)(3))).