

AMENDMENT NO. _____ Calendar No. _____

Purpose: To require the conduct of a review of opportunities to produce oil and gas from public land and to establish a demonstration program to improve the recovery of oil and natural gas from tight sedimentary foundations.

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

S. _____

To enhance the energy security of the United States, and for other purposes.

Referred to the Committee on _____
and ordered to be printed

Ordered to lie on the table and to be printed

AMENDMENT intended to be proposed by
_____ to Title III—Oil and Gas
(END05461.LC)

Viz:

1 On page 56, between lines 17 and 18, insert the fol-
2 lowing:

3 **SEC. 325. REVIEW AND DEMONSTRATION PROGRAM FOR**
4 **OIL AND NATURAL GAS PRODUCTION.**

5 (a) REVIEW.—

6 (1) IN GENERAL.—Not later than 18 months
7 after the date of enactment of this Act, the Sec-

1 retary of the Interior, in consultation with the Sec-
2 retary of Energy (referred to in this section as the
3 “Secretary”), shall carry out a review of, and submit
4 to Congress a report on opportunities to enhance
5 production of oil and natural gas from public land
6 and the outer Continental Shelf, and increase se-
7 questration of carbon dioxide through the provision
8 of royalty or other production incentives to lessees
9 that inject carbon dioxide as a means of enhanced
10 recovery.

11 (2) COMPONENTS.—The Secretary of the Inte-
12 rior shall describe in the review and report under
13 paragraph (1)—

14 (A) eligibility requirements for incentives;

15 (B) the appropriate level of royalty relief,
16 if any;

17 (C) other appropriate production incen-
18 tives, if any;

19 (D) an estimate of the increased quantity
20 of oil and gas production that could be achieved
21 through implementation of those incentives;

22 (E) an estimate of the quantity of carbon
23 sequestration that could be achieved through
24 implementation of those incentives;

1 (F) practices (and the extent of the use of
2 the practices) as of the date of enactment of
3 this Act that rely on carbon dioxide injection
4 for enhanced oil and gas recovery; and

5 (G) any recommendations for implementa-
6 tion of royalty relief or other production incen-
7 tives, including—

8 (i) the period of time during which
9 those incentives should be available; and

10 (ii) any geographic or other limita-
11 tions that should apply to the incentives.

12 (b) DEMONSTRATION PROGRAM.—

13 (1) ESTABLISHMENT.—

14 (A) IN GENERAL.—The Secretary shall es-
15 tablish a competitive grant program to provide
16 grants to producers of oil and gas to carry out
17 projects to inject carbon dioxide for the purpose
18 of enhancing recovery of oil or natural gas while
19 increasing the sequestration of carbon dioxide.

20 (B) PROJECTS.—The demonstration pro-
21 gram shall provide for—

22 (i) not more than 10 projects in the
23 Willistin Basin in North Dakota and Mon-
24 tana; and

1 (ii) 1 project in the Cook Inlet Basin
2 in Alaska.

3 (2) REQUIREMENTS.—

4 (A) IN GENERAL.—The Secretary shall
5 issue requirements relating to applications for
6 grants under paragraph (1).

7 (B) RULEMAKING.—The issuance of re-
8 quirements under subparagraph (A) shall not
9 require a rulemaking.

10 (C) MINIMUM REQUIREMENTS.—At a min-
11 imum, the Secretary shall require under sub-
12 paragraph (A) that an application for a grant
13 include—

14 (i) a description of the project pro-
15 posed in the application;

16 (ii) an estimate of the production in-
17 crease and the duration of the production
18 increase from the project, as compared to
19 conventional recovery techniques, including
20 water flooding;

21 (iii) an estimate of the carbon dioxide
22 sequestered by project, over the life of the
23 project;

1 (iv) a plan to collect and disseminate
2 data relating to each project to be funded
3 by the grant;

4 (v) a description of the means by
5 which the project will be sustainable with-
6 out Federal assistance after the completion
7 of the term of the grant;

8 (vi) a complete description of the
9 costs of the project, including acquisition,
10 construction, operation, and maintenance
11 costs over the expected life of the project;

12 (vii) a description of which costs of
13 the project will be supported by Federal
14 assistance under this section; and

15 (viii) a description of any secondary
16 or tertiary recovery efforts in the field and
17 the efficacy of water flood recovery tech-
18 niques used.

19 (3) PARTNERS.—An applicant for a grant
20 under paragraph (1) may carry out a project under
21 a pilot program in partnership with 1 or more other
22 public or private entities.

23 (4) SELECTION CRITERIA.—In evaluating appli-
24 cations under this subsection, the Secretary shall—

1 (A) consider the previous experience with
2 similar projects of each applicant;

3 (B) give priority consideration to applica-
4 tions that—

5 (i) are most likely to maximize pro-
6 duction of oil and gas in a cost-effective
7 manner;

8 (ii) sequester significant quantities of
9 carbon dioxide from anthropogenic sources;

10 (iii) demonstrate the greatest commit-
11 ment on the part of the applicant to ensure
12 funding for the proposed project and the
13 greatest likelihood that the project will be
14 maintained or expanded after Federal as-
15 sistance under this section is completed;
16 and

17 (iv) minimize any adverse environ-
18 mental effects from the project.

19 (5) DEMONSTRATION PROGRAM REQUIRE-
20 MENTS.—

21 (A) MAXIMUM AMOUNT.—The Secretary
22 shall not provide more than \$3,000,000 in Fed-
23 eral assistance under this subsection to any ap-
24 plicant.

1 (B) COST SHARING.—The Secretary shall
2 require cost-sharing in accordance with section
3 1002.

4 (C) PERIOD OF GRANTS.—

5 (i) IN GENERAL.—A project funded by
6 a grant under this subsection shall begin
7 construction not later than 2 years after
8 the date of provision of the grant, but in
9 any case not later than December 31,
10 2010.

11 (ii) TERM.—The Secretary shall not
12 provide grant funds to any applicant under
13 this subsection for a period of more than
14 5 years.

15 (6) TRANSFER OF INFORMATION AND KNOWL-
16 EDGE.—The Secretary shall establish mechanisms to
17 ensure that the information and knowledge gained
18 by participants in the program under this subsection
19 are transferred among other participants and inter-
20 ested parties, including other applicants that sub-
21 mitted applications for a grant under this sub-
22 section.

23 (7) SCHEDULE.—

24 (A) PUBLICATION.—Not later than 180
25 days after the date of enactment of this Act,

1 the Secretary shall publish in the Federal Reg-
2 ister, and elsewhere, as appropriate, a request
3 for applications to carry out projects under this
4 subsection.

5 (B) DATE FOR APPLICATIONS.—An appli-
6 cation for a grant under this subsection shall be
7 submitted not later than 180 days after the
8 date of publication of the request under sub-
9 paragraph (A).

10 (C) SELECTION.—After the date by which
11 applications for grants are required to be sub-
12 mitted under subparagraph (B), the Secretary,
13 in a timely manner, shall select, after peer re-
14 view and based on the criteria under paragraph
15 (4), those projects to be awarded a grant under
16 this subsection.

17 (c) AUTHORIZATION OF APPROPRIATIONS.—There
18 are authorized to be appropriated such sums as are nec-
19 essary to carry out this section.