

TITLE III—OIL AND GAS

Subtitle A—Petroleum reserve and home heating oil

- Sec. 301. [H301/S301; HR w/amdts.] Permanent authority to operate the Strategic Petroleum Reserve and other energy programs.
- Sec. 302. [H302/S302; HR] National Oilheat Research Alliance.
- Sec. 303. [H303; SR] Site selection.

Subtitle B—Natural gas

- Sec. 311. [H320/S381; HR w/amdts.] Exportation or importation of natural gas.
- Sec. 312. [S382; HR w/ amdts.] New natural gas storage facilities.
- Sec. 313. [S383; HR w/ amdts.] Process coordination; hearings; rules of procedure.
- Sec. 314. [H332/ S384; HR] Penalties.
- Sec. 315. [S385; HR w/amdts.] Market manipulation.
- Sec. 316. [H333/S 386; HR w/ amdts.] Natural gas market transparency rules.
- Sec. 317. [S388; HR] Federal-State liquefied natural gas forums.
- Sec. 318. [S389; HR W/Amdts.] Prohibition of trading and serving by certain individuals.

Subtitle C—Production

- Sec. 321. [H329; SR W/Amdts.] Outer Continental Shelf provisions.
- Sec. 322. [H327; SR/w Amdt] Hydraulic fracturing.
- Sec. 323. [H328; SR] Oil and gas exploration and production defined.

Subtitle D—Naval Petroleum Reserve

- Sec. 331. [H2041 SR w/amdt] Transfer of administrative jurisdiction and environmental remediation, Naval Petroleum Reserve Numbered 2, Kern County, California.
- Sec. 332. [new] Naval Petroleum Reserve Numbered 2 Lease Revenue Account.
- Sec. 333. [H2042 SR w/amdt] Land conveyance, portion of Naval Petroleum Reserve Numbered 2, to City of Taft, California.
- Sec. 334. [H2043 SR] Revocation of land withdrawal.

Subtitle E—Production incentives

- Sec. 341 [H2001/S311; HR]. Definition of Secretary.
- Sec. 342 [H2002/S312; HR, w/amdt]. Program on oil and gas royalties in-kind.
- Sec. 343 [H2003/S313; HR, w/ amdt]. Marginal property production incentives.
- Sec. 344 [H2004/S314; HR, w/amdt]. Incentives for natural gas production from deep wells in the shallow waters of the Gulf of Mexico.
- Sec. 345 [H2005/S315; HR, w/amdt]. Royalty relief for deep water production.
- Sec. 346 [H2006/S316; SR]. Alaska offshore royalty suspension.
- Sec. 347 [H2007/S317; HR, w/amdt]. Oil and gas leasing in the National Petroleum Reserve in Alaska.
- Sec. 348 [S318; HR]. North Slope Science Initiative.



- Sec. 349 [H2008/S319; HR]. Orphaned, abandoned, or idled wells on Federal land.
- Sec. 350 [H2009/S320; SR]. Combined hydrocarbon leasing.
- Sec. 351 [H2011/S322; HR]. Preservation of geological and geophysical data.
- Sec. 352 [H2012/S323; HR]. Oil and gas lease acreage limitations.
- Sec. 353 [H2015; SR, w/amdt]. Gas hydrate production incentive.
- Sec. 354 [H2017/S327; ?R, w/amdt]. Enhanced oil and natural gas production through carbon dioxide injection.
- Sec. 355 [S324; HR]. Assessment of dependence of State of Hawaii on oil.
- Sec. 356 [S325; HR]. Denali Commission.
- Sec. 357 [S326; HR]. Comprehensive inventory of OCS oil and natural gas resources.

Subtitle F—Access to Federal lands

- Sec. 361 [H2022/S341; SR]. Federal onshore oil and gas leasing and permitting practices.
- Sec. 362 [H2023/S342; HR, w/amdt]. Management of Federal oil and gas leasing programs.
- Sec. 363 [H2024/S343; HR w/amdt]. Consultation regarding oil and gas leasing on public land.
- Sec. 364 [H2025; SR]. Estimates of oil and gas resources underlying onshore Federal land.
- Sec. 365 [H2026/S344; HR w/amdt]. Pilot Project to improve Federal permit coordination.
- Sec. 366 [H2027; SR, w/amdt]. Deadline for consideration of applications for permits.
- Sec. 367 [H2028; SR, w/amdt]. Fair market value determinations for linear rights-of-way across public lands and National Forests.
- Sec. 368 [H2029; SR, w/amdt]. Energy right-of-way corridors on Federal land.
- Sec. 369 [H2018/S346; ?R, w/amdt]. Oil shale, tar sands, and other strategic unconventional fuels.
- Sec. 370 [S347; HR]. Finger Lakes withdrawal.
- Sec. 371 [S348; HR, w/amdt]. Reinstatement of leases.
- Sec. 372 [H2030; SR]. Consultation regarding energy rights-of-way on public land.
- Sec. 373 [H2032; SR]. Sense of Congress regarding development of minerals under Padre Island National Seashore.
- Sec. 374 [H2033; SR, w/amdt]. [Livingston Parish mineral rights transfer].

Subtitle G—Miscellaneous

- Sec. 381 [H2013/S387; HR, w/amdt]. Deadline for decision on appeals of consistency determination under the Coastal Zone Management Act of 1972.
- Sec. 382 [H330; SR, w/amdt]. Appeals relating to pipeline construction or offshore mineral development projects.
- Sec. 383 [H2052; SR]. Royalty payments under leases under the Outer Continental Shelf Lands Act.
- Sec. 384 [H2053/S371; HR]. Coastal impact assistance program.
- Sec. 385. [H334/S1337; HR] Study of availability of skilled workers.
- Sec. 386. [H355; SR] Encouraging Great Lakes oil and gas drilling ban.
- Sec. 387. [H358; SR] Federal coalbed methane regulation.
- Sec. 388 [H2010/S321; HR, w/amdt]. [Alternate energy-related uses on the outer Continental Shelf].



Sec. 389. [H2055][NEPA review].

Subtitle H—[REFINERY REVITALIZATION]

1 **Subtitle A—Petroleum Reserve and**
2 **Home Heating Oil**

3 **SECTION 301. [H301/S301; HR W/AMDTS.] PERMANENT AU-**
4 **THORITY TO OPERATE THE STRATEGIC PE-**
5 **TROLEUM RESERVE AND OTHER ENERGY**
6 **PROGRAMS.**

7 (a) AMENDMENT TO TITLE I OF THE ENERGY POL-
8 ICY AND CONSERVATION ACT.—Title I of the Energy Pol-
9 icy and Conservation Act (42 U.S.C. 6212 et seq.) is
10 amended—

11 (1) by striking section 166 (42 U.S.C. 6246)
12 and inserting the following:

13 “AUTHORIZATION OF APPROPRIATIONS

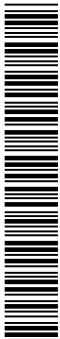
14 “SEC. 166. There are authorized to be appropriated
15 to the Secretary such sums as are necessary to carry out
16 this part and part D, to remain available until expended.”;

17 (2) by striking section 186 (42 U.S.C. 6250e);

18 and

19 (3) by striking part E (42 U.S.C. 6251).

20 (b) AMENDMENT TO TITLE II OF THE ENERGY POL-
21 ICY AND CONSERVATION ACT.—Title II of the Energy
22 Policy and Conservation Act (42 U.S.C. 6271 et seq.) is
23 amended—



1 (1) by inserting before section 273 (42 U.S.C.
2 6283) the following:

3 **“PART C—SUMMER FILL AND FUEL BUDGETING**
4 **PROGRAMS”;**

5 (2) by striking section 273(e) (42 U.S.C.
6 6283(e)); and

7 (3) by striking part D (42 U.S.C. 6285).

8 (c) TECHNICAL AMENDMENTS.—The table of con-
9 tents for the Energy Policy and Conservation Act is
10 amended—

11 (1) by inserting after the items relating to part
12 C of title I the following:

“PART D—NORTHEAST HOME HEATING OIL RESERVE

“181. Establishment.

“182. Authority.

“183. Conditions for release; plan.

“184. Northeast Home Heating Oil Reserve Account.

“185. Exemptions.”;

13 (2) by amending the items relating to part C of
14 title II to read as follows:

“PART C—SUMMER FILL AND FUEL BUDGETING PROGRAMS

“273. Summer fill and fuel budgeting programs.”

15 ; and

16 (3) by striking the items relating to part D of
17 title II.

18 (d) AMENDMENT TO THE ENERGY POLICY AND CON-
19 SERVATION ACT.—Section 183(b)(1) of the Energy Policy
20 and Conservation Act (42 U.S.C. 6250b(b)(1)) is amended



1 by striking “by more” and all that follows through “mid-
2 October through March” and inserting “by more than 60
3 percent over its 5-year rolling average for the months of
4 mid-October through March (considered as a heating sea-
5 son average)”.

6 (e) **FILL STRATEGIC PETROLEUM RESERVE TO CA-
7 PACITY.**—

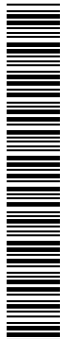
8 (1) **IN GENERAL.**—The Secretary shall, as expe-
9 ditiously as practicable, without incurring excessive
10 cost or appreciably affecting the price of petroleum
11 products to consumers, acquire petroleum in quan-
12 tities sufficient to fill the Strategic Petroleum Re-
13 serve to the 1,000,000,000-barrel capacity author-
14 ized under section 154(a) of the Energy Policy and
15 Conservation Act (42 U.S.C. 6234(a)), in accord-
16 ance with the sections 159 and 160 of that Act (42
17 U.S.C. 6239, 6240).

18 (2) **PROCEDURES.**—

19 (A) **AMENDMENT.**—Section 160 of the En-
20 ergy Policy and Conservation Act (42 U.S.C.
21 6240) is amended by inserting after subsection

22 (b) the following new subsection:

23 “(c) **PROCEDURES.**—The Secretary shall develop,
24 with public notice and opportunity for comment, proce-
25 dures consistent with the objectives of this section to ac-



1 quire petroleum products for the Reserve. Such procedures
2 shall take into account the need to—

3 “(1) maximize overall domestic supply of crude
4 oil (including quantities stored in private sector in-
5 ventories);

6 “(2) avoid incurring excessive cost or appre-
7 ciably affecting the price of petroleum products to
8 consumers;

9 “(3) minimize the costs to the Department of
10 the Interior and the Department of acquiring such
11 petroleum products (including foregone revenues to
12 the Treasury when petroleum products for the Re-
13 serve are obtained through the royalty-in-kind pro-
14 gram);

15 “(4) protect national security;

16 “(5) current and futures prices, supplies, and
17 inventories of oil; and

18 “(6) address other factors that the Secretary
19 determines to be appropriate.”.

20 (B) REVIEW OF REQUESTS FOR DEFER-
21 RALS OF SCHEDULED DELIVERIES.—The proce-
22 dures developed under section 160(c) of the En-
23 ergy Policy and Conservation Act, as added by
24 subparagraph (A), shall include procedures and



1 criteria for the review of requests for the defer-
2 rals of scheduled deliveries.

3 (C) DEADLINES.—The Secretary shall—

4 (i) propose the procedures required
5 under the amendment made by subpara-
6 graph (A) not later than 120 days after
7 the date of enactment of this Act;

8 (ii) promulgate the procedures not
9 later than 180 days after the date of en-
10 actment of this Act; and

11 (iii) comply with the procedures in ac-
12 quiring petroleum products for the Reserve
13 effective beginning on the date that is 180
14 days after the date of enactment of this
15 Act.

16 **SEC. 302. [H302/S302; HR] NATIONAL OILHEAT RESEARCH**
17 **ALLIANCE.**

18 Section 713 of the Energy Act of 2000 (Public Law
19 106–469; 42 U.S.C. 6201 note) is amended by striking
20 “4” and inserting “9”.

21 **SEC. 303. [H303; SR] SITE SELECTION.**

22 Not later than 1 year after the date of enactment
23 of this Act, the Secretary shall complete a proceeding to
24 select, from sites that the Secretary has previously stud-
25 ied, sites necessary to enable acquisition by the Secretary



1 of the full authorized volume of the Strategic Petroleum
2 Reserve.

3 **Subtitle B—Natural Gas**

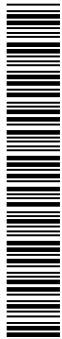
4 **SEC. 311. [H320/S381; HR W/AMDTs.] EXPORTATION OR IM- 5 PORTATION OF NATURAL GAS.**

6 (a) SCOPE OF NATURAL GAS ACT.—Section 1(b) of
7 the Natural Gas Act (15 U.S.C. 717(b)) is amended by
8 inserting “and to the importation or exportation of natural
9 gas in foreign commerce and to persons engaged in such
10 importation or exportation,” after “such transportation or
11 sale,”.

12 (b) DEFINITION.—Section 2 of the Natural Gas Act
13 (15 U.S.C. 717a) is amended by adding at the end the
14 following new paragraph:

15 “(11) ‘LNG terminal’ includes all natural gas
16 facilities located onshore or in State waters that are
17 used to receive, unload, load, store, transport, gasify,
18 liquefy, or process natural gas that is imported to
19 the United States from a foreign country, exported
20 to a foreign country from the United States, or
21 transported in interstate commerce by waterborne
22 vessel, but does not include—

23 “(A) waterborne vessels used to deliver
24 natural gas to or from any such facility; or



1 “(B) any pipeline or storage facility sub-
2 ject to the jurisdiction of the Commission under
3 section 7.”.

4 (c) AUTHORIZATION FOR SITING, CONSTRUCTION,
5 EXPANSION, OR OPERATION OF LNG TERMINALS.—(1)
6 The title for section 3 of the Natural Gas Act (15 U.S.C.
7 717b) is amended by inserting “; LNG TERMINALS” after
8 “EXPORTATION OR IMPORTATION OF NATURAL GAS”.

9 (2) Section 3 of the Natural Gas Act (15 U.S.C.
10 717b) is amended by adding at the end the following:

11 [“(d) Except as specifically provided in this Act,
12 nothing in this Act affects the rights of States under—

13 [“(1) the Coastal Zone Management Act of
14 1972 (16 U.S.C. 1451 et seq.);

15 [“(2) the Clean Air Act (42 U.S.C. 7401 et
16 seq.); or

17 [“(3) the Federal Water Pollution Control Act
18 (33 U.S.C. 1251 et seq.).]

19 “(e)(1) The Commission shall have the exclusive au-
20 thority to approve or deny an application for the siting,
21 construction, expansion, or operation of an LNG terminal.
22 Except as specifically provided in this Act, nothing in this
23 Act is intended to affect otherwise applicable law related
24 to any Federal agency’s authorities or responsibilities re-
25 lated to LNG terminals.



1 “(2) Upon the filing of any application to site, con-
2 struct, expand, or operate an LNG terminal, the Commis-
3 sion shall—

4 “(A) set the matter for hearing;

5 “(B) give reasonable notice of the hearing to all
6 interested persons, including the State commission
7 of the State in which the LNG terminal is located
8 and, if not the same, the Governor-appointed State
9 agency described in section 3A;

10 “(C) decide the matter in accordance with this
11 subsection; and

12 “(D) issue or deny the appropriate order ac-
13 cordingly.

14 “(3)(A) Except as provided in subparagraph (B), the
15 Commission may approve an application described in para-
16 graph (2), in whole or part, with such modifications and
17 upon such terms and conditions as the Commission find
18 necessary or appropriate.

19 “(B) Before January 1, 2015, the Commission shall
20 not—

21 “(i) deny an application solely on the basis that
22 the applicant proposes to use the LNG terminal ex-
23 clusively or partially for gas that the applicant or an
24 affiliate of the applicant will supply to the facility;
25 or



1 “(ii) condition an order on—

2 “(I) a requirement that the LNG terminal
3 offer service to customers other than the appli-
4 cant, or any affiliate of the applicant, securing
5 the order;

6 “(II) any regulation of the rates, charges,
7 terms, or conditions of service of the LNG ter-
8 minal; or

9 “(III) a requirement to file with the Com-
10 mission schedules or contracts related to the
11 rates, charges, terms, or conditions of service of
12 the LNG terminal.

13 “(C) Subparagraph (B) shall cease to have effect on
14 January 1, 2030.

15 “(4) An order issued for an LNG terminal that also
16 offers service to customers on an open access basis shall
17 not result in subsidization of expansion capacity by exist-
18 ing customers, degradation of service to existing cus-
19 tomers, or undue discrimination against existing cus-
20 tomers as to their terms or conditions of service at the
21 facility, as all of those terms are defined by the Commis-
22 sion.”.

23 (d) LNG TERMINAL STATE AND LOCAL SAFETY
24 CONCERNS.—After section 3 of the Natural Gas Act (15
25 U.S.C. 717b) insert the following:



1 “STATE AND LOCAL SAFETY CONSIDERATIONS

2 “SEC. 3A. (a) The Commission shall promulgate reg-
3 ulations on the National Environmental Policy Act of
4 1969 (42 U.S.C. 4321 et seq) pre-filing process within 60
5 days after the date of enactment of this section. An appli-
6 cant shall comply with pre-filing process required under
7 the National Environmental Policy Act of 1969 prior to
8 filing an application with the Commission. The regulations
9 shall require that the pre-filing process commence at least
10 6 months prior to the filing of an application for author-
11 ization to construct an LNG terminal and encourage ap-
12 plicants to cooperate with State and local officials.

13 “(b) The Governor of a State in which an LNG ter-
14 minal is proposed to be located shall designate the appro-
15 priate State agency for the purposes of consulting with
16 the Commission regarding an application under section 3.
17 The Commission shall consult with such State agency re-
18 garding State and local safety considerations prior to
19 issuing an order pursuant to section 3. For the purposes
20 of this section, State and local safety considerations
21 include—

22 “(1) the kind and use of the facility;

23 “(2) the existing and projected population and
24 demographic characteristics of the location;



1 “(3) the existing and proposed land use near
2 the location;

3 “(4) the natural and physical aspects of the lo-
4 cation;

5 “(5) the emergency response capabilities near
6 the facility location; and

7 “(6) the need to encourage remote siting.

8 “(c) The State agency may furnish an advisory report
9 on State and local safety considerations to the Commission
10 with respect to an application no later than 30 days after
11 the application was filed with the Commission. Before
12 issuing an order authorizing an applicant to site, con-
13 struct, expand, or operate an LNG terminal, the Commis-
14 sion shall review and respond specifically to the issues
15 raised by the State agency described in subsection (b) in
16 the advisory report. This subsection shall apply to any ap-
17 plication filed after the date of enactment of the Energy
18 Policy Act of 2005. A State agency has 30 days after such
19 date of enactment to file an advisory report related to any
20 applications pending at the Commission as of such date
21 of enactment.

22 “(d) The State commission of the State in which an
23 LNG terminal is located may, after the terminal is oper-
24 ational, conduct safety inspections in conformance with
25 Federal regulations and guidelines with respect to the



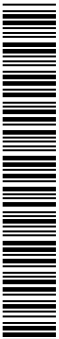
1 LNG terminal upon written notice to the Commission. The
2 State commission may notify the Commission of any al-
3 leged safety violations. The Commission shall transmit in-
4 formation regarding such allegations to the appropriate
5 Federal agency, which shall take appropriate action and
6 notify the State commission.

7 “(e)(1) In any order authorizing an LNG terminal
8 the Commission shall require the LNG terminal operator
9 to develop an Emergency Response Plan. The Emergency
10 Response Plan shall be prepared in consultation with the
11 United States Coast Guard and State and local agencies
12 and be approved by the Commission prior to any final ap-
13 proval to begin construction. The Plan shall include a cost-
14 sharing plan.

15 “(2) A cost-sharing plan developed under paragraph
16 (1) shall include a description of any direct cost reim-
17 bursements that the applicant agrees to provide to any
18 State and local agencies with responsibility for security
19 and safety—

20 “(A) at the LNG terminal; and

21 “(B) in proximity to vessels that serve the facil-
22 ity.”.



1 **SEC. 312. [S382; HR W/ AMDTS.] NEW NATURAL GAS STOR-**
2 **AGE FACILITIES.**

3 Section 4 of the Natural Gas Act (15 U.S.C. 717c)
4 is amended by adding at the end the following:

5 “(f)(1) In exercising its authority under this Act or
6 the Natural Gas Policy Act of 1978 (15 U.S.C. 3301 et
7 seq.), the Commission may authorize a natural gas com-
8 pany (or any person that will be a natural gas company
9 on completion of any proposed construction) to provide
10 storage and storage-related services at market-based rates
11 for new storage capacity related to a specific facility
12 placed in service after the date of enactment of the Energy
13 Policy Act of 2005, notwithstanding the fact that the com-
14 pany is unable to demonstrate that the company lacks
15 market power, if the Commission determines that—

16 “(A) market-based rates are in the public inter-
17 est and necessary to encourage the construction of
18 the storage capacity in the area needing storage
19 services; and

20 “(B) customers are adequately protected.

21 “(2) The Commission shall ensure that reasonable
22 terms and conditions are in place to protect consumers.

23 “(3) If the Commission authorizes a natural gas com-
24 pany to charge market-based rates under this subsection,
25 the Commission shall review periodically whether the mar-



1 ket-based rate is just, reasonable, and not unduly discrimi-
2 natory or preferential.”.

3 **SEC. 313. [S383; HR W/ AMDTS.] PROCESS COORDINATION;**
4 **HEARINGS; RULES OF PROCEDURE.**

5 (a) IN GENERAL.—Section 15 of the Natural Gas Act
6 (15 U.S.C. 717n) is amended—

7 (1) by striking the section heading and insert-
8 ing the following:

9 “PROCESS COORDINATION; HEARINGS; RULES OF
10 PROCEDURE”;

11 (2) by redesignating subsections (a) and (b) as
12 subsections (e) and (f), respectively; and

13 (3) by striking “SEC. 15.” and inserting the fol-
14 lowing:

15 “SEC. 15. (a) In this section, the term ‘Federal
16 authorization’—

17 “(1) means any authorization required under
18 Federal law with respect to an application for au-
19 thorization under section 3 or a certificate of public
20 convenience and necessity under section 7; and

21 “(2) includes any permits, special use author-
22 izations, certifications, opinions, or other approvals
23 as may be required under Federal law with respect
24 to an application for authorization under section 3
25 or a certificate of public convenience and necessity
26 under section 7.



1 “(b) DESIGNATION AS LEAD AGENCY.—

2 “(1) IN GENERAL.—The Commission shall act
3 as the lead agency for the purposes of coordinating
4 all applicable Federal authorizations and for the
5 purposes of complying with the National Environ-
6 mental Policy Act of 1969 (42 U.S.C. 4321 et seq.).

7 “(2) OTHER AGENCIES.—Each Federal and
8 State agency considering an aspect of an application
9 for Federal authorization shall cooperate with the
10 Commission and comply with the deadlines estab-
11 lished by the Commission.

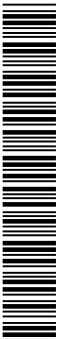
12 “(c) SCHEDULE.—

13 “(1) COMMISSION AUTHORITY TO SET SCHED-
14 ULE.—The Commission shall establish a schedule
15 for all Federal authorizations. In establishing the
16 schedule, the Commission shall—

17 “(A) ensure expeditious completion of all
18 such proceedings; and

19 “(B) comply with applicable schedules es-
20 tablished by Federal law.

21 “(2) FAILURE TO MEET SCHEDULE.—If a Fed-
22 eral or State administrative agency does not com-
23 plete a proceeding for an approval that is required
24 for a Federal authorization in accordance with the



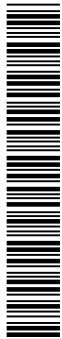
1 schedule established by the Commission, the appli-
2 cant may pursue remedies under section 19(d).

3 “(d) CONSOLIDATED RECORD.— The Commission
4 shall, with the cooperation of Federal and State adminis-
5 trative agencies and officials, maintain a complete consoli-
6 dated record of all decisions made or actions taken by the
7 Commission or by a Federal administrative agency or offi-
8 cer (or State administrative agency or officer acting under
9 delegated Federal authority) with respect to any Federal
10 authorization. Such record shall be the record for—

11 “(1) appeals or reviews under the Coastal Zone
12 Management Act of 1972 (16 U.S.C. 1451 et seq.),
13 provided that the record may be supplemented as ex-
14 pressly provided pursuant to section 319 of that Act;
15 or

16 [“(2) judicial review under section 19(d) of de-
17 cisions made or actions taken of Federal and State
18 administrative agencies and officials, provided that,
19 if the Court determines that the record does not
20 contain sufficient information, the Court may re-
21 mand the proceeding to the Commission for further
22 development of the consolidated record.”.

23 [(b) JUDICIAL REVIEW.—Section 19 of the Natural
24 Gas Act (15 U.S.C. 717r) is amended by adding at the
25 end the following:



1 [“(d) JUDICIAL REVIEW.—”.]

2 **SEC. 314. [H332/ S384; HR] PENALTIES.**

3 (a) CRIMINAL PENALTIES.—

4 (1) NATURAL GAS ACT.—Section 21 of the Nat-
5 ural Gas Act (15 U.S.C. 717t) is amended—

6 (A) in subsection (a)—

7 (i) by striking “\$5,000” and inserting

8 “\$1,000,000”; and—

9 (ii) by striking “two years” and in-
10 sserting “5 years”; and

11 (B) in subsection (b), by striking “\$500”
12 and inserting “\$50,000”.

13 (2) NATURAL GAS POLICY ACT OF 1978.—Sec-
14 tion 504(c) of the Natural Gas Policy Act of 1978
15 (15 U.S.C. 3414(c)) is amended—

16 (A) in paragraph (1)—

17 (i) in subparagraph (A), by striking
18 “\$5,000” and inserting “\$1,000,000”; and

19 (ii) in subparagraph (B), by striking
20 “two years” and inserting “5 years”; and

21 (B) in paragraph (2), by striking “\$500
22 for each violation” and inserting “\$50,000 for
23 each day on which the offense occurs”.

24 (b) CIVIL PENALTIES.—



1 (1) NATURAL GAS ACT.—The Natural Gas Act
2 (15 U.S.C. 717 et seq.) is amended—

3 (A) by redesignating sections 22 through
4 24 as sections 24 through 26, respectively; and

5 (B) by inserting after section 21 (15
6 U.S.C. 717t) the following:

7 “CIVIL PENALTY AUTHORITY

8 “SEC. 22. (a) Any person that violates this Act, or
9 any rule, regulation, restriction, condition, or order made
10 or imposed by the Commission under authority of this Act,
11 shall be subject to a civil penalty of not more than
12 \$1,000,000 per day per violation for as long as the viola-
13 tion continues.

14 “(b) The penalty shall be assessed by the Commission
15 after notice and opportunity for public hearing.

16 “(c) In determining the amount of a proposed pen-
17 alty, the Commission shall take into consideration the na-
18 ture and seriousness of the violation and the efforts to
19 remedy the violation.”.

20 (2) NATURAL GAS POLICY ACT OF 1978.—Sec-
21 tion 504(b)(6)(A) of the Natural Gas Policy Act of
22 1978 (15 U.S.C. 3414(b)(6)(A)) is amended—

23 (A) in clause (i), by striking “\$5,000” and
24 inserting “\$1,000,000”; and

25 (B) in clause (ii), by striking “\$25,000”
26 and inserting “\$1,000,000”.



1 **SEC. 315. [S385; HR W/AMDTS.] MARKET MANIPULATION.**

2 The Natural Gas Act is amended by inserting after
3 section 4 (15 U.S.C. 717c) the following:

4 “PROHIBITION ON MARKET MANIPULATION

5 “SEC. 4A. It shall be unlawful for any entity, directly
6 or indirectly, to use or employ, in connection with the pur-
7 chase or sale of natural gas or the purchase or sale of
8 transportation services subject to the jurisdiction of the
9 Commission, any manipulative or deceptive device or con-
10 trivance (as those terms are used in section 10(b) of the
11 Securities Exchange Act of 1934 (15 U.S.C. 78j(b))) in
12 contravention of such rules and regulations as the Com-
13 mission may prescribe as necessary in the public interest
14 or for the protection of natural gas ratepayers. Nothing
15 in this section shall be construed to create a private right
16 of action.”.

17 **SEC. 316. [H333/S 386; HR W/ AMDTS.] NATURAL GAS MARKET**
18 **TRANSPARENCY RULES.**

19 The Natural Gas Act (15 U.S.C. 717 et seq.) (as
20 amended by section 314(b)(1)) is amended by inserting
21 after section 22 the following:

22 “NATURAL GAS MARKET TRANSPARENCY RULES

23 “SEC. 23. (a)(1) The Commission may issue such
24 rules as the Commission considers to be appropriate to
25 provide the Commission and the public with access to such
26 information as is necessary to facilitate price transparency



1 and participation in markets for the sale or transportation
2 of physical natural gas in interstate commerce.

3 “(2) The rules under paragraph (1) shall provide for,
4 on a timely basis, information about the availability and
5 prices of natural gas sold at wholesale and in interstate
6 commerce to the Commission, State commissions, buyers
7 and sellers of wholesale natural gas, and the public.

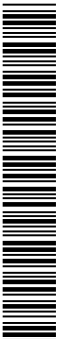
8 “(3) The Commission may—

9 “(A) obtain information described in paragraph
10 (2) from any market participant; and

11 “(B) rely on entities other than the Commission
12 to receive and make public the information, subject
13 to subsection (b).

14 “(b)(1) Rules described in subsection (a)(1), if adopt-
15 ed, shall exempt from disclosure information the Commis-
16 sion determines would, if disclosed, be detrimental to the
17 operation of an effective market or jeopardize system secu-
18 rity.

19 “(2) In determining the information to be made avail-
20 able under this section and time to make the information
21 available, the Commission shall seek to ensure that con-
22 sumers and competitive markets are protected from the
23 adverse effects of potential collusion or other anticompeti-
24 tive behaviors that can be facilitated by untimely public
25 disclosure of transaction-specific information.



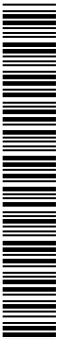
1 “(c)(1) This section shall not affect the exclusive ju-
2 risdiction of the Commodity Futures Trading Commission
3 with respect to accounts, agreements, contracts, or trans-
4 actions in commodities under the Commodity Exchange
5 Act (7 U.S.C. 1 et seq.).

6 “(2) Any request by the Commission for information
7 to a designated contract market, registered derivatives
8 transaction execution facility, board of trade, exchange, or
9 market involving accounts, agreements, contracts, or
10 transactions in commodities (including natural gas, elec-
11 tricity and other energy commodities) within the exclusive
12 jurisdiction of the Commodity Futures Trading Commis-
13 sion shall be directed to the Commodity Futures Trading
14 Commission, which shall cooperate in responding to any
15 information request by the Commission.

16 “(d) In carrying out this section, the Commission
17 shall not—

18 “(1) compete with, or displace from the market
19 place, any price publisher (including any electronic
20 price publisher) or any provider of trade processing
21 services;

22 “(2) regulate price publishers (including any
23 electronic price publisher) or any provider of trade
24 processing services; or



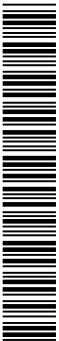
1 “(3) impose any requirements on the publica-
2 tion of information by price publishers (including
3 any electronic price publisher) or any provider of
4 trade processing services.

5 “(e)(1) The Commission shall not condition access to
6 interstate pipeline transportation on the reporting require-
7 ments of this section.

8 “(2) The Commission shall not require natural gas
9 producers, processors, or users who have a de minimis
10 market presence to comply with the reporting require-
11 ments of this section.

12 “(f)(1) Except as provided in paragraph (2), no per-
13 son shall be subject to any civil penalty under this section
14 with respect to any violation occurring more than 3 years
15 before the date on which the person is provided notice of
16 the proposed penalty under section 22(b).

17 “(2) Paragraph (1) shall not apply in any case in
18 which the Commission finds that a seller that has entered
19 into a contract for the transportation or sale of natural
20 gas subject to the jurisdiction of the Commission has en-
21 gaged in fraudulent market manipulation activities materi-
22 ally affecting the contract in violation of section 4A.”.



1 **SEC. 317. [S388; HR] FEDERAL-STATE LIQUEFIED NATURAL**
2 **GAS FORUMS.**

3 (a) IN GENERAL.—Not later than 1 year after the
4 date of enactment of this Act, the Secretary, in coopera-
5 tion and consultation with the Secretary of Transpor-
6 tation, the Secretary of Homeland Security, the Federal
7 Energy Regulatory Commission, and the Governors of the
8 Coastal States, shall convene not less than 3 forums on
9 liquefied natural gas.

10 (b) REQUIREMENTS.—The forums shall—

11 (1) be located in areas where liquefied natural
12 gas facilities are under consideration;

13 (2) be designed to foster dialogue among Fed-
14 eral officials, State and local officials, the general
15 public, independent experts, and industry represent-
16 atives; and

17 (3) at a minimum, provide an opportunity for
18 public education and dialogue on—

19 (A) the role of liquefied natural gas in
20 meeting current and future United States en-
21 ergy supply requirements and demand, in the
22 context of the full range of energy supply op-
23 tions;

24 (B) the Federal and State siting and per-
25 mitting processes;



1 (C) the potential risks and rewards associ-
2 ated with importing liquefied natural gas;

3 (D) the Federal safety and environmental
4 requirements (including regulations) applicable
5 to liquefied natural gas;

6 (E) prevention, mitigation, and response
7 strategies for liquefied natural gas hazards; and

8 (F) additional issues as appropriate.

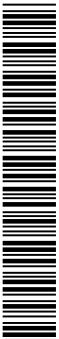
9 (c) PURPOSE.—The purpose of the forums shall be
10 to identify and develop best practices for addressing the
11 issues and challenges associated with liquefied natural gas
12 imports, building on existing cooperative efforts.

13 (d) AUTHORIZATION OF APPROPRIATIONS.—There
14 are authorized to be appropriated such sums as are nec-
15 essary to carry out this section.

16 **SEC. 318. [S389; HR W/AMDTS.] PROHIBITION OF TRADING**
17 **AND SERVING BY CERTAIN INDIVIDUALS.**

18 Section 20 of the Natural Gas Act (15 U.S.C. 717s)
19 is amended by adding at the end the following:

20 “(d) In any proceedings under subsection (a), the
21 court may prohibit, conditionally or unconditionally, and
22 permanently or for such period of time as the court deter-
23 mines, any individual who is engaged or has engaged in
24 practices constituting a violation of section 4A (including
25 related rules and regulations) from—



1 “(1) acting as an officer or director of a natural
2 gas company; or

3 “(2) engaging in the business of—

4 “(A) the purchasing or selling of natural
5 gas; or

6 “(B) the purchasing or selling of trans-
7 mission services subject to the jurisdiction of
8 the Commission.”.

9 **Subtitle C—Production**

10 **SEC. 321. [H329; SR W/AMDT.] OUTER CONTINENTAL SHELF** 11 **PROVISIONS.**

12 (a) STORAGE ON THE OUTER CONTINENTAL
13 SHELF.—Section 5(a)(5) of the Outer Continental Shelf
14 Lands Act (43 U.S.C. 1334(a)(5)) is amended by insert-
15 ing “from any source” after “oil and gas”.

16 (b) NATURAL GAS DEFINED.—Section 3(13) of the
17 Deepwater Port Act of 1974 (33 U.S.C. 1502(13)) is
18 amended by adding at the end before the semicolon the
19 following: “, natural gas liquids, liquefied petroleum gas,
20 and condensate recovered from natural gas”.

21 **SEC. 322. [H327; SR/W AMDT] HYDRAULIC FRACTURING.**

22 Paragraph (1) of section 1421(d) of the Safe Drink-
23 ing Water Act (42 U.S.C. 300h(d)) is amended to read
24 as follows:



1 “(1) UNDERGROUND INJECTION.—The term
2 ‘underground injection’—

3 “(A) means the subsurface emplacement of
4 fluids by well injection; and

5 “(B) excludes—

6 “(i) the underground injection of nat-
7 ural gas for purposes of storage; and

8 “(ii) the underground injection of
9 fluids or propping agents pursuant to hy-
10 draulic fracturing operations related to oil,
11 gas, or geothermal production activities.”.

12 **SEC. 323. [H328; SR] OIL AND GAS EXPLORATION AND PRO-**
13 **DUCTION DEFINED.**

14 Section 502 of the Federal Water Pollution Control
15 Act (33 U.S.C. 1362) is amended by adding at the end
16 the following:

17 “(24) OIL AND GAS EXPLORATION AND PRO-
18 DUCTION.—The term ‘oil and gas exploration, pro-
19 duction, processing, or treatment operations or
20 transmission facilities’ means all field activities or
21 operations associated with exploration, production,
22 processing, or treatment operations, or transmission
23 facilities, including activities necessary to prepare a
24 site for drilling and for the movement and placement
25 of drilling equipment, whether or not such field ac-



1 activities or operations may be considered to be con-
2 struction activities.”.

3 **Subtitle D—Naval Petroleum**
4 **Reserve**

5 **SEC. 331. [H2041 SR W/AMDT] TRANSFER OF ADMINISTRA-**
6 **TIVE JURISDICTION AND ENVIRONMENTAL**
7 **REMEDiation, NAVAL PETROLEUM RESERVE**
8 **NUMBERED 2, KERN COUNTY, CALIFORNIA.**

9 (a) ADMINISTRATION JURISDICTION TRANSFER TO
10 SECRETARY OF THE INTERIOR.—Effective on the date of
11 the enactment of this Act, administrative jurisdiction and
12 control over all public domain lands included within Naval
13 Petroleum Reserve Numbered 2 located in Kern County,
14 California, (other than the lands specified in subsection
15 (b)) are transferred from the Secretary to the Secretary
16 of the Interior for management, subject to subsection (c),
17 in accordance with the laws governing management of the
18 public lands, and the regulations promulgated under such
19 laws, including the Mineral Leasing Act (30 U.S.C. 181
20 et seq.) and the Federal Land Policy and Management
21 Act of 1976 (43 U.S.C. 1701 et seq.).

22 (b) EXCLUSION OF CERTAIN RESERVE LANDS.—The
23 transfer of administrative jurisdiction made by subsection
24 (a) does not include the following lands:



1 (1) That portion of Naval Petroleum Reserve
2 Numbered 2 authorized for disposal under section
3 3403(a) of the Strom Thurmond National Defense
4 Authorization Act for Fiscal Year 1999 (Public Law
5 105-261; 10 U.S.C. 7420 note).

6 (2) That portion of the surface estate of Naval
7 Petroleum Reserve Numbered 2 conveyed to the City
8 of Taft, California, by section 333.

9 (c) PURPOSE OF TRANSFER.—

10 (1) PRODUCTION OF HYDROCARBON RE-
11 SOURCES.—Notwithstanding any other provision of
12 law, the principal purpose of the lands subject to
13 transfer under subsection (a) is the production of
14 hydrocarbon resources, and the Secretary of the In-
15 terior shall manage the lands in a fashion consistent
16 with this purpose. In managing the lands, the Sec-
17 retary of the Interior shall regulate operations only
18 to prevent unnecessary degradation and to provide
19 for ultimate economic recovery of the resources.

20 (2) DISPOSAL AUTHORITY AND SURFACE
21 USE.—The Secretary of the Interior may make dis-
22 posals of lands subject to transfer under subsection
23 (a), or allow commercial or non-profit surface use of
24 such lands, not to exceed 10 acres each, so long as
25 the disposals or surface uses do not materially inter-



1 fere with the ultimate economic recovery of the hy-
2 drocarbon resources of such lands. All revenues re-
3 ceived from the disposal of lands under this para-
4 graph or from allowing the surface use of such lands
5 shall be deposited in the Naval Petroleum Reserve
6 Numbered 2 Lease Revenue Account established by
7 section 332.

8 (d) CONFORMING AMENDMENT.—Section 3403 of the
9 Strom Thurmond National Defense Authorization Act for
10 Fiscal Year 1999 (Public Law 105–261; 10 U.S.C 7420
11 note) is amended by striking subsection (b).

12 **SEC. 332. [NEW] NAVAL PETROLEUM RESERVE NUMBERED**
13 **2 LEASE REVENUE ACCOUNT.**

14 (a) ESTABLISHMENT.—There is established in the
15 Treasury a special deposit account to be known as the
16 “Naval Petroleum Reserve Numbered 2 Lease Revenue
17 Account” (in this section referred to as the “lease revenue
18 account”). The lease revenue account is a revolving ac-
19 count, and amounts in the lease revenue account shall be
20 available to the Secretary of the Interior, without further
21 appropriation, for the purposes specified in subsection (b).

22 (b) PURPOSES OF ACCOUNT.—

23 (1) ENVIRONMENTAL-RELATED COSTS.—The
24 lease revenue account shall be the sole and exclusive



1 source of funds to pay for any and all costs and ex-
2 penses incurred by the United States for—

3 (A) environmental investigations (other
4 than any environmental investigations that were
5 conducted by the Secretary before the transfer
6 of the Naval Petroleum Reserve Numbered 2
7 lands under section 331), remediation, compli-
8 ance actions, response, waste management, im-
9 pediments, fines or penalties, or any other costs
10 or expenses of any kind arising from, or relat-
11 ing to, conditions existing on or below the
12 Naval Petroleum Reserve Numbered 2 lands, or
13 activities occurring or having occurred on such
14 lands, on or before the date of the transfer of
15 such lands; and

16 (B) any future remediation necessitated as
17 a result of pre-transfer and leasing activities on
18 such lands.

19 (2) **TRANSITION COSTS.**—The lease revenue ac-
20 count shall also be available for use by the Secretary
21 of the Interior to pay for transition costs incurred
22 by the Department of the Interior associated with
23 the transfer and leasing of the Naval Petroleum Re-
24 serve Numbered 2 lands.

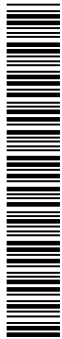


1 (c) FUNDING.—The lease revenue account shall con-
2 sist of the following:

3 (1) Notwithstanding any other provision of law,
4 for a period of three years after the date of the
5 transfer of the Naval Petroleum Reserve Numbered
6 2 lands under section 331, the sum of \$500,000 per
7 year of revenue from leases entered into before that
8 date, including bonuses, rents, royalties, and interest
9 charges collected pursuant to the Federal Oil and
10 Gas Royalty Management Act of 1982 (30 U.S.C.
11 1701 et. seq.), derived from the Naval Petroleum
12 Reserve Numbered 2 lands, shall be deposited into
13 the lease revenue account.

14 (2) Subject to subsection (d), all revenues de-
15 rived from leases on Naval Petroleum Reserve Num-
16 bered 2 lands issued on or after the date of the
17 transfer of such lands, including bonuses, rents, roy-
18 alties, and interest charges collected pursuant to the
19 Federal Oil and Gas Royalty Management Act of
20 1982 (30 U.S.C. 1701 et seq.), shall be deposited
21 into the lease revenue account.

22 (d) LIMITATION.—Funds in the lease revenue ac-
23 count shall not exceed \$3,000,000 at any one time. When-
24 ever funds in the lease revenue account are obligated or
25 expended so that the balance in the account falls below



1 that amount, lease revenues referred to in subsection
2 (c)(2) shall be deposited in the account to maintain a bal-
3 ance of \$3,000,000.

4 (e) TERMINATION OF ACCOUNT.—At such time as
5 the Secretary of the Interior certifies that remediation of
6 all environmental contamination of Naval Petroleum Re-
7 serve Numbered 2 lands in existence as of the date of the
8 transfer of such lands under section 331 has been success-
9 fully completed, that all costs and expenses of investiga-
10 tion, remediation, compliance actions, response, waste
11 management, impediments, fines, or penalties associated
12 with environmental contamination of such lands in exist-
13 ence as of the date of the transfer have been paid in full,
14 and that the transition costs of the Department of the In-
15 terior referred to in subsection (b)(2) have been paid in
16 full, the lease revenue account shall be terminated and any
17 remaining funds shall be distributed in accordance with
18 subsection (f).

19 (f) DISTRIBUTION OF REMAINING FUNDS.—Section
20 35 of the Mineral Leasing Act (30 U.S.C. 191) shall apply
21 to the payment and distribution of all funds remaining in
22 the lease revenue account upon its termination under sub-
23 section (e).



1 **SEC. 333. [H2042 SR W/AMDT] LAND CONVEYANCE, PORTION**
2 **OF NAVAL PETROLEUM RESERVE NUMBERED**
3 **2, TO CITY OF TAFT, CALIFORNIA.**

4 (a) CONVEYANCE.—Effective on the date of the en-
5 actment of this Act, there is conveyed to the City of Taft,
6 California (in this section referred to as the “City”), all
7 surface right, title, and interest of the United States in
8 and to a parcel of real property consisting of approxi-
9 mately 220 acres located in the NE¹/₄, the NE¹/₄ of the
10 NW¹/₄, and the N¹/₂ of the SE¹/₄ of the NW¹/₄ of section
11 18, township 32 south, range 24 east, Mount Diablo me-
12 ridian, Kern County, California.

13 (b) CONSIDERATION.—The conveyance under sub-
14 section (a) is made without the payment of consideration
15 by the City.

16 (c) TREATMENT OF EXISTING RIGHTS.—The convey-
17 ance under subsection (a) is subject to valid existing
18 rights, including Federal oil and gas lease SAC—019577.

19 (d) TREATMENT OF MINERALS.—All coal, oil, gas,
20 and other minerals within the lands conveyed under sub-
21 section (a) are reserved to the United States, except that
22 the United States and its lessees, licensees, permittees, or
23 assignees shall have no right of surface use or occupancy
24 of the lands. Nothing in this subsection shall be construed
25 to require the United States or its lessees, licensees, per-



1 mittees, or assignees to support the surface of the con-
2 veyed lands.

3 (e) INDEMNIFY AND HOLD HARMLESS.—The City
4 shall indemnify, defend, and hold harmless the United
5 States for, from, and against, and the City shall assume
6 all responsibility for, any and all liability of any kind or
7 nature, including all loss, cost, expense, or damage, arising
8 from the City’s use or occupancy of, or operations on, the
9 land conveyed under subsection (a), whether such use or
10 occupancy of, or operations on, occurred before or occur
11 after the date of the enactment of this Act.

12 (f) INSTRUMENT OF CONVEYANCE.—Not later than
13 one year after the date of the enactment of this Act, the
14 Secretary shall execute, file, and cause to be recorded in
15 the appropriate office a deed or other appropriate instru-
16 ment documenting the conveyance made by this section.

17 **SEC. 334. [H2043 SR] REVOCATION OF LAND WITHDRAWAL.**

18 Effective on the date of the enactment of this Act,
19 the Executive Order of December 13, 1912, which created
20 Naval Petroleum Reserve Numbered 2, is revoked in its
21 entirety.

22 **Subtitle E—Production Incentives**

23 **SEC. 341 [H2001/S311; HR]. DEFINITION OF SECRETARY.**

24 In this subtitle, the term “Secretary” means the Sec-
25 retary of the Interior.



1 **SEC. 342 [H2002/S312; HR, w/amdt]. PROGRAM ON OIL AND**
2 **GAS ROYALTIES IN-KIND.**

3 (a) **APPLICABILITY OF SECTION.**—Notwithstanding
4 any other provision of law, this section applies to all roy-
5 alty in-kind accepted by the Secretary on or after the date
6 of enactment of this Act under any Federal oil or gas lease
7 or permit under—

8 (1) section 36 of the Mineral Leasing Act (30
9 U.S.C. 192);

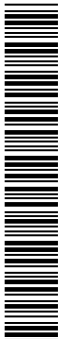
10 (2) section 27 of the Outer Continental Shelf
11 Lands Act (43 U.S.C. 1353); or

12 (3) any other Federal law governing leasing of
13 Federal land for oil and gas development.

14 (b) **TERMS AND CONDITIONS.**—All royalty accruing
15 to the United States shall, on the demand of the Sec-
16 retary, be paid in-kind. If the Secretary makes such a de-
17 mand, the following provisions apply to the payment:

18 (1) **SATISFACTION OF ROYALTY OBLIGATION.**—
19 Delivery by, or on behalf of, the lessee of the royalty
20 amount and quality due under the lease satisfies
21 royalty obligation of the lessee for the amount deliv-
22 ered, except that transportation and processing re-
23 imbursements paid to, or deductions claimed by, the
24 lessee shall be subject to review and audit.

25 (2) **MARKETABLE CONDITION.**—



1 (A) DEFINITION OF MARKETABLE CONDI-
2 TION.—In this paragraph, the term “in market-
3 able condition” means sufficiently free from im-
4 purities and otherwise in a condition that the
5 royalty production will be accepted by a pur-
6 chaser under a sales contract typical of the field
7 or area in which the royalty production was
8 produced.

9 (B) REQUIREMENT.—Royalty production
10 shall be placed in marketable condition by the
11 lessee at no cost to the United States.

12 (3) DISPOSITION BY THE SECRETARY.—The
13 Secretary may—

14 (A) sell or otherwise dispose of any royalty
15 production taken in-kind (other than oil or gas
16 transferred under section 27(a)(3) of the Outer
17 Continental Shelf Lands Act (43 U.S.C.
18 1353(a)(3)) for not less than the market price;
19 and

20 (B) transport or process (or both) any roy-
21 alty production taken in-kind.

22 (4) RETENTION BY THE SECRETARY.—The Sec-
23 retary may, notwithstanding section 3302 of title 31,
24 United States Code, retain and use a portion of the
25 revenues from the sale of oil and gas taken in-kind



1 that otherwise would be deposited to miscellaneous
2 receipts, without regard to fiscal year limitation, or
3 may use oil or gas received as royalty taken in-kind
4 (referred to in this paragraph as “royalty produc-
5 tion”) to pay the cost of—

6 (A) transporting the royalty production;

7 (B) processing the royalty production;

8 (C) disposing of the royalty production; or

9 (D) any combination of transporting, proc-
10 essing, and disposing of the royalty production.

11 (5) LIMITATION.—

12 (A) IN GENERAL.—Except as provided in
13 subparagraph (B), the Secretary may not use
14 revenues from the sale of oil and gas taken in-
15 kind to pay for personnel, travel, or other ad-
16 ministrative costs of the Federal Government.

17 (B) EXCEPTION.—Notwithstanding sub-
18 paragraph (A), the Secretary may use a portion
19 of the revenues from royalty in-kind sales, with-
20 out fiscal year limitation, to pay salaries and
21 other administrative costs directly related to the
22 royalty in-kind program.

23 (c) REIMBURSEMENT OF COST.—If the lessee, pursu-
24 ant to an agreement with the United States or as provided
25 in the lease, processes the royalty gas or delivers the roy-



1 alty oil or gas at a point not on or adjacent to the lease
2 area, the Secretary shall—

3 (1) reimburse the lessee for the reasonable costs
4 of transportation (not including gathering) from the
5 lease to the point of delivery or for processing costs;
6 or

7 (2) allow the lessee to deduct the transportation
8 or processing costs in reporting and paying royalties
9 in-value for other Federal oil and gas leases.

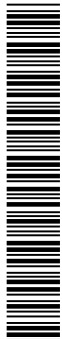
10 (d) BENEFIT TO THE UNITED STATES REQUIRED.—

11 The Secretary may receive oil or gas royalties in-kind only
12 if the Secretary determines that receiving royalties in-kind
13 provides benefits to the United States that are greater
14 than or equal to the benefits that are likely to have been
15 received had royalties been taken in-value.

16 (e) REPORTS.—

17 (1) IN GENERAL.—Not later than September
18 30, 2006, the Secretary shall submit to Congress a
19 report that addresses—

20 (A) actions taken to develop business proc-
21 esses and automated systems to fully support
22 the royalty-in-kind capability to be used in tan-
23 dem with the royalty-in-value approach in man-
24 aging Federal oil and gas revenue; and



1 (B) future royalty-in-kind businesses oper-
2 ation plans and objectives.

3 (2) REPORTS ON OIL OR GAS ROYALTIES TAKEN
4 IN-KIND.—For each of fiscal years 2006 through
5 2015 in which the United States takes oil or gas
6 royalties in-kind from production in any State or
7 from the outer Continental Shelf, excluding royalties
8 taken in-kind and sold to refineries under subsection
9 (h), the Secretary shall submit to Congress a report
10 that describes—

11 (A) the 1 or more methodologies used by
12 the Secretary to determine compliance with sub-
13 section (d), including the performance standard
14 for comparing amounts received by the United
15 States derived from royalties in-kind to
16 amounts likely to have been received had royal-
17 ties been taken in-value;

18 (B) an explanation of the evaluation that
19 led the Secretary to take royalties in-kind from
20 a lease or group of leases, including the ex-
21 pected revenue effect of taking royalties in-kind;

22 (C) actual amounts received by the United
23 States derived from taking royalties in-kind and
24 costs and savings incurred by the United States
25 associated with taking royalties in-kind, includ-



1 ing administrative savings and any new or in-
2 creased administrative costs; and

3 (D) an evaluation of other relevant public
4 benefits or detriments associated with taking
5 royalties in-kind.

6 (f) DEDUCTION OF EXPENSES.—

7 (1) IN GENERAL.—Before making payments
8 under section 35 of the Mineral Leasing Act (30
9 U.S.C. 191) or section 8(g) of the Outer Continental
10 Shelf Lands Act (43 U.S.C. 1337(g)) of revenues
11 derived from the sale of royalty production taken in-
12 kind from a lease, the Secretary shall deduct
13 amounts paid or deducted under subsections (b)(4)
14 and (c) and deposit the amount of the deductions in
15 the miscellaneous receipts of the Treasury.

16 (2) ACCOUNTING FOR DEDUCTIONS.—When the
17 Secretary allows the lessee to deduct transportation
18 or processing costs under subsection (c), the Sec-
19 retary may not reduce any payments to recipients of
20 revenues derived from any other Federal oil and gas
21 lease as a consequence of that deduction.

22 (g) CONSULTATION WITH STATES.—The
23 Secretary—



1 (1) shall consult with a State before conducting
2 a royalty in-kind program under this subtitle within
3 the State;

4 (2) may delegate management of any portion of
5 the Federal royalty in-kind program to the State ex-
6 cept as otherwise prohibited by Federal law; and

7 (3) shall consult annually with any State from
8 which Federal oil or gas royalty is being taken in-
9 kind to ensure, to the maximum extent practicable,
10 that the royalty in-kind program provides revenues
11 to the State greater than or equal to the revenues
12 likely to have been received had royalties been taken
13 in-value.

14 (h) SMALL REFINERIES.—

15 (1) PREFERENCE.—If the Secretary finds that
16 sufficient supplies of crude oil are not available in
17 the open market to refineries that do not have their
18 own source of supply for crude oil, the Secretary
19 may grant preference to those refineries in the sale
20 of any royalty oil accruing or reserved to the United
21 States under Federal oil and gas leases issued under
22 any mineral leasing law, for processing or use in
23 those refineries at private sale at not less than the
24 market price.



1 (2) PRORATION AMONG REFINERIES IN PRO-
2 DUCTION AREA.—In disposing of oil under this sub-
3 section, the Secretary may, at the discretion of the
4 Secretary, prorate the oil among refineries described
5 in paragraph (1) in the area in which the oil is pro-
6 duced.

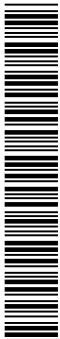
7 (i) DISPOSITION TO FEDERAL AGENCIES.—

8 (1) ONSHORE ROYALTY.—Any royalty oil or gas
9 taken by the Secretary in-kind from onshore oil and
10 gas leases may be sold at not less than the market
11 price to any Federal agency.

12 (2) OFFSHORE ROYALTY.—Any royalty oil or
13 gas taken in-kind from a Federal oil or gas lease on
14 the outer Continental Shelf may be disposed of only
15 under section 27 of the Outer Continental Shelf
16 Lands Act (43 U.S.C. 1353).

17 (j) FEDERAL LOW-INCOME ENERGY ASSISTANCE
18 PROGRAMS.—

19 (1) PREFERENCE.—In disposing of royalty oil
20 or gas taken in-kind under this section, the Sec-
21 retary may grant a preference to any person, includ-
22 ing any Federal or State agency, for the purpose of
23 providing additional resources to any Federal low-in-
24 come energy assistance program.



1 (2) REPORT.—Not later than 3 years after the
2 date of enactment of this Act, the Secretary shall
3 submit a report to Congress—

4 (A) assessing the effectiveness of granting
5 preferences specified in paragraph (1); and

6 (B) providing a specific recommendation
7 on the continuation of authority to grant pref-
8 erences.

9 **SEC. 343 [H2003/S313; HR, w/ amdt]. MARGINAL PROPERTY**
10 **PRODUCTION INCENTIVES.**

11 (a) DEFINITION OF MARGINAL PROPERTY.—Until
12 such time as the Secretary issues regulations under sub-
13 section (e) that prescribe a different definition, in this sec-
14 tion, the term “marginal property” means an onshore
15 unit, communitization agreement, or lease not within a
16 unit or communitization agreement, that produces on av-
17 erage the combined equivalent of less than 15 barrels of
18 oil per well per day or 90,000,000 British thermal units
19 of gas per well per day calculated based on the average
20 over the 3 most recent production months, including only
21 wells that produce on more than half of the days during
22 those 3 production months.

23 (b) CONDITIONS FOR REDUCTION OF ROYALTY
24 RATE.—Until such time as the Secretary issues regula-
25 tions under subsection (e) that prescribe different stand-



1 ards or requirements, the Secretary shall reduce the roy-
2 alty rate on—

3 (1) oil production from marginal properties as
4 prescribed in subsection (c) if the spot price of West
5 Texas Intermediate crude oil at Cushing, Oklahoma,
6 is, on average, less than \$15 per barrel (adjusted in
7 accordance with the Consumer Price Index for all-
8 urban consumers, United States city average, as
9 published by the Bureau of Labor Statistics) for 90
10 consecutive trading days; and

11 (2) gas production from marginal properties as
12 prescribed in subsection (c) if the spot price of nat-
13 ural gas delivered at Henry Hub, Louisiana, is, on
14 average, less than \$2.00 per million British thermal
15 units (adjusted in accordance with the Consumer
16 Price Index for all-urban consumers, United States
17 city average, as published by the Bureau of Labor
18 Statistics) for 90 consecutive trading days.

19 (c) REDUCED ROYALTY RATE.—

20 (1) IN GENERAL.—When a marginal property
21 meets the conditions specified in subsection (b), the
22 royalty rate shall be the lesser of—

23 (A) 5 percent; or



1 (B) the applicable rate under any other
2 statutory or regulatory royalty relief provision
3 that applies to the affected production.

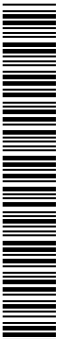
4 (2) PERIOD OF EFFECTIVENESS.—The reduced
5 royalty rate under this subsection shall be effective
6 beginning on the first day of the production month
7 following the date on which the applicable condition
8 specified in subsection (b) is met.

9 (d) TERMINATION OF REDUCED ROYALTY RATE.—
10 A royalty rate prescribed in subsection (c)(1) shall
11 terminate—

12 (1) with respect to oil production from a mar-
13 ginal property, on the first day of the production
14 month following the date on which—

15 (A) the spot price of West Texas Inter-
16 mediate crude oil at Cushing, Oklahoma, on av-
17 erage, exceeds \$15 per barrel (adjusted in ac-
18 cordance with the Consumer Price Index for all-
19 urban consumers, United States city average,
20 as published by the Bureau of Labor Statistics)
21 for 90 consecutive trading days; or

22 (B) the property no longer qualifies as a
23 marginal property; and



1 (2) with respect to gas production from a mar-
2 ginal property, on the first day of the production
3 month following the date on which—

4 (A) the spot price of natural gas delivered
5 at Henry Hub, Louisiana, on average, exceeds
6 \$2.00 per million British thermal units (ad-
7 justed in accordance with the Consumer Price
8 Index for all-urban consumers, United States
9 city average, as published by the Bureau of
10 Labor Statistics) for 90 consecutive trading
11 days; or

12 (B) the property no longer qualifies as a
13 marginal property.

14 (e) REGULATIONS PRESCRIBING DIFFERENT RE-
15 LIEF.—

16 (1) DISCRETIONARY REGULATIONS.—The Sec-
17 retary may by regulation prescribe different param-
18 eters, standards, and requirements for, and a dif-
19 ferent degree or extent of, royalty relief for marginal
20 properties in lieu of those prescribed in subsections
21 (a) through (d).

22 (2) MANDATORY REGULATIONS.—Not later
23 than 18 months after the date of enactment of this
24 Act, the Secretary shall by regulation—



1 (A) prescribe standards and requirements
2 for, and the extent of royalty relief for, mar-
3 ginal properties for oil and gas leases on the
4 outer Continental Shelf; and

5 (B) define what constitutes a marginal
6 property on the outer Continental Shelf for pur-
7 poses of this section.

8 (3) REPORT.—To the extent the Secretary de-
9 termines that it is not practicable to issue the regu-
10 lations referred to in paragraph (2), the Secretary
11 shall provide a report to Congress explaining such
12 determination by not later than 18 months after the
13 date of enactment of this Act.

14 (4) CONSIDERATIONS.—In issuing regulations
15 under this subsection, the Secretary may consider—

16 (A) oil and gas prices and market trends;

17 (B) production costs;

18 (C) abandonment costs;

19 (D) Federal and State tax provisions and
20 the effects of those provisions on production ec-
21 onomics;

22 (E) other royalty relief programs;

23 (F) regional differences in average well-
24 head prices;

25 (G) national energy security issues; and



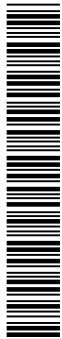
1 (H) other relevant matters, as determined
2 by the Secretary.

3 (f) SAVINGS PROVISION.—Nothing in this section
4 prevents a lessee from receiving royalty relief or a royalty
5 reduction pursuant to any other law (including a regula-
6 tion) that provides more relief than the amounts provided
7 by this section.

8 **SEC. 344 [H2004/S314; HR, w/amdt]. INCENTIVES FOR NAT-**
9 **URAL GAS PRODUCTION FROM DEEP WELLS**
10 **IN THE SHALLOW WATERS OF THE GULF OF**
11 **MEXICO.**

12 (a) ROYALTY INCENTIVE REGULATIONS FOR ULTRA
13 DEEP GAS WELLS.—

14 (1) IN GENERAL.—Not later than 180 days
15 after the date of enactment of this Act, in addition
16 to any other regulations that may provide royalty in-
17 centives for natural gas produced from deep wells on
18 oil and gas leases issued pursuant to the Outer Con-
19 tinental Shelf Lands Act (43 U.S.C. 1331 et seq.),
20 the Secretary shall issue regulations granting royalty
21 relief suspension volumes of not less than 35 billion
22 cubic feet with respect to the production of natural
23 gas from ultra deep wells on leases issued in shallow
24 waters less than 400 meters deep located in the Gulf
25 of Mexico wholly west of 87 degrees, 30 minutes



1 west longitude. Regulations issued under this sub-
2 section shall be retroactive to the date that the no-
3 tice of proposed rulemaking is published in the Fed-
4 eral Register.

5 (2) SUSPENSION VOLUMES.—The Secretary
6 may grant suspension volumes of not less than 35
7 billion cubic feet in any case in which—

8 (A) the ultra deep well is a sidetrack; or

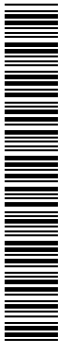
9 (B) the lease has previously produced from
10 wells with a perforated interval the top of which
11 is at least 15,000 feet true vertical depth below
12 the datum at mean sea level.

13 (3) DEFINITIONS.—In this subsection:

14 (A) ULTRA DEEP WELL.—The term “ultra
15 deep well” means a well drilled with a per-
16 forated interval, the top of which is at least
17 20,000 true vertical depth below the datum at
18 mean sea level.

19 (B) SIDETRACK.—

20 (i) IN GENERAL.—The term “side-
21 track” means a well resulting from drilling
22 an additional hole to a new objective bot-
23 tom-hole location by leaving a previously
24 drilled hole.



1 (ii) INCLUSION.—The term “side-
2 track” includes—

3 (I) drilling a well from a plat-
4 form slot reclaimed from a previously
5 drilled well;

6 (II) re-entering and deepening a
7 previously drilled well; and

8 (III) a bypass from a sidetrack,
9 including drilling around material
10 blocking a hole or drilling to straight-
11 en a crooked hole.

12 (b) ROYALTY INCENTIVE REGULATIONS FOR DEEP
13 GAS WELLS.—Not later than 180 days after the date of
14 enactment of this Act, in addition to any other regulations
15 that may provide royalty incentives for natural gas pro-
16 duced from deep wells on oil and gas leases issued pursu-
17 ant to the Outer Continental Shelf Lands Act (43 U.S.C.
18 1331 et seq.), the Secretary shall issue regulations grant-
19 ing royalty relief suspension volumes with respect to pro-
20 duction of natural gas from deep wells on leases issued
21 in waters more than 200 meters but less than 400 meters
22 deep located in the Gulf of Mexico wholly west of 87 de-
23 grees, 30 minutes west longitude. The suspension volumes
24 for deep wells within 200 to 400 meters of water depth
25 shall be calculated using the same methodology used to

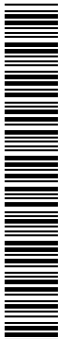


1 calculate the suspension volumes for deep wells in the
2 shallower waters of the Gulf of Mexico, and in no case
3 shall the suspension volumes for deep wells within 200 to
4 400 meters of water depth be lower than those for deep
5 wells in shallower waters. Regulations issued under this
6 subsection shall be retroactive to the date that the notice
7 of proposed rulemaking is published in the Federal Reg-
8 ister.

9 (c) LIMITATIONS.—The Secretary may place limita-
10 tions on the royalty relief granted under this section based
11 on market price. The royalty relief granted under this sec-
12 tion shall not apply to a lease for which deep water royalty
13 relief is available.

14 **SEC. 345 [H2005/S315; HR, w/amdt]. ROYALTY RELIEF FOR**
15 **DEEP WATER PRODUCTION.**

16 (a) IN GENERAL.—Subject to subsections (b) and (c),
17 for each tract located in water depths of greater than 400
18 meters in the Western and Central Planning Area of the
19 Gulf of Mexico (including the portion of the Eastern Plan-
20 ning Area of the Gulf of Mexico encompassing whole lease
21 blocks lying west of 87 degrees, 30 minutes West lon-
22 gitude), any oil or gas lease sale under the Outer Conti-
23 nental Shelf Lands Act (43 U.S.C. 1331 et seq.) occurring
24 during the 5-year period beginning on the date of enact-
25 ment of this Act shall use the bidding system authorized



1 under section 8(a)(1)(H) of the Outer Continental Shelf
2 Lands Act (43 U.S.C. 1337(a)(1)(H)).

3 (b) SUSPENSION OF ROYALTIES.—The suspension of
4 royalties under subsection (a) shall be established at a vol-
5 ume of not less than—

6 (1) 5,000,000 barrels of oil equivalent for each
7 lease in water depths of 400 to 800 meters;

8 (2) 9,000,000 barrels of oil equivalent for each
9 lease in water depths of 800 to 1,600 meters;

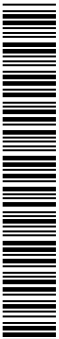
10 (3) 12,000,000 barrels of oil equivalent for each
11 lease in water depths of 1,600 to 2,000 meters; and

12 (4) 16,000,000 barrels of oil equivalent for each
13 lease in water depths greater than 2,000 meters.

14 (c) LIMITATION.—The Secretary may place limita-
15 tions on royalty relief granted under this section based on
16 market price.

17 **SEC. 346 [H2006/S316; SR]. ALASKA OFFSHORE ROYALTY**
18 **SUSPENSION.**

19 Section 8(a)(3)(B) of the Outer Continental Shelf
20 Lands Act (43 U.S.C. 1337(a)(3)(B)) is amended by in-
21 serting “and in the Planning Areas offshore Alaska” after
22 “West longitude”.



1 **SEC. 347 [H2007/S317; HR, w/amdt]. OIL AND GAS LEASING IN**
2 **THE NATIONAL PETROLEUM RESERVE IN**
3 **ALASKA.**

4 (a) TRANSFER OF AUTHORITY.—

5 (1) REDESIGNATION.—The Naval Petroleum
6 Reserves Production Act of 1976 (42 U.S.C. 6501
7 et seq.) is amended by redesignating section 107 (42
8 U.S.C. 6507) as section 108.

9 (2) TRANSFER.—The matter under the heading
10 **“EXPLORATION OF NATIONAL PETROLEUM RE-**
11 **SERVE IN ALASKA”** under the heading **“ENERGY**
12 **AND MINERALS”** of title I of Public Law 96–514
13 (42 U.S.C. 6508) is—

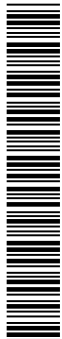
14 (A) transferred to the Naval Petroleum
15 Reserves Production Act of 1976 (42 U.S.C.
16 6501 et seq.);

17 (B) redesignated as section 107 of that
18 Act; and

19 (C) moved so as to appear after section
20 106 of that Act (42 U.S.C. 6506).

21 (b) COMPETITIVE LEASING.—Section 107 of the
22 Naval Petroleum Reserves Production Act of 1976 (as
23 amended by subsection (a)(2)) is amended—

24 (1) by striking the heading and all that follows
25 through *“Provided, That (1) activities”* and insert-
26 ing the following:



1 **“SEC. 107. COMPETITIVE LEASING OF OIL AND GAS.**

2 “(a) IN GENERAL.—The Secretary shall conduct an
3 expeditious program of competitive leasing of oil and gas
4 in the Reserve in accordance with this Act.

5 “(b) MITIGATION OF ADVERSE EFFECTS.—Activi-
6 ties”;

7 (2) by striking “Alaska (the Reserve); (2) the”
8 and inserting “Alaska.

9 “(c) LAND USE PLANNING; BLM WILDERNESS
10 STUDY.—The”;

11 (3) by striking “Reserve; (3) the” and inserting
12 “Reserve.

13 “(d) FIRST LEASE SALE.—The”;

14 (4) by striking “4332); (4) the” and inserting
15 “4321 et seq.).

16 “(e) WITHDRAWALS.—The”;

17 (5) by striking “herein; (5) bidding” and insert-
18 ing “under this section.

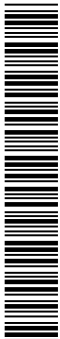
19 “(f) BIDDING SYSTEMS.—Bidding”;

20 (6) by striking “629); (6) lease” and inserting
21 “629).

22 “(g) GEOLOGICAL STRUCTURES.—Lease”;

23 (7) by striking “structures; (7) the” and insert-
24 ing “structures.

25 “(h) SIZE OF LEASE TRACTS.—The”;

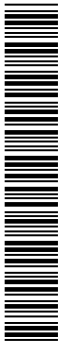


1 (8) by striking “Secretary; (8)” and all that fol-
2 lows through “Drilling, production,” and inserting
3 “Secretary.

4 “(i) TERMS.—

5 “(1) IN GENERAL.—Each lease shall be issued
6 for an initial period of not more than 10 years, and
7 shall be extended for so long thereafter as oil or gas
8 is produced from the lease in paying quantities, oil
9 or gas is capable of being produced in paying quan-
10 tities, or drilling or reworking operations, as ap-
11 proved by the Secretary, are conducted on the leased
12 land.

13 “(2) RENEWAL OF LEASES WITH DISCOV-
14 ERIES.—At the end of the primary term of a lease
15 the Secretary shall renew for an additional 10-year
16 term a lease that does not meet the requirements of
17 paragraph (1) if the lessee submits to the Secretary
18 an application for renewal not later than 60 days be-
19 fore the expiration of the primary lease and the les-
20 see certifies, and the Secretary agrees, that hydro-
21 carbon resources were discovered on one or more
22 wells drilled on the leased land in such quantities
23 that a prudent operator would hold the lease for po-
24 tential future development.



1 “(3) RENEWAL OF LEASES WITHOUT DISCOV-
2 ERIES.—At the end of the primary term of a lease
3 the Secretary shall renew for an additional 10-year
4 term a lease that does not meet the requirements of
5 paragraph (1) if the lessee submits to the Secretary
6 an application for renewal not later than 60 days be-
7 fore the expiration of the primary lease and pays the
8 Secretary a renewal fee of \$100 per acre of leased
9 land, and—

10 “(A) the lessee provides evidence, and the
11 Secretary agrees that, the lessee has diligently
12 pursued exploration that warrants continuation
13 with the intent of continued exploration or fu-
14 ture potential development of the leased land;
15 or

16 “(B) all or part of the lease—

17 “(i) is part of a unit agreement cov-
18 ering a lease described in subparagraph
19 (A); and

20 “(ii) has not been previously con-
21 tracted out of the unit.

22 “(4) APPLICABILITY.—This subsection applies
23 to a lease that is in effect on or after the date of
24 enactment of the Energy Policy Act of 2005.



1 “(5) EXPIRATION FOR FAILURE TO
2 PRODUCE.—Notwithstanding any other provision of
3 this Act, if no oil or gas is produced from a lease
4 within 30 years after the date of the issuance of the
5 lease the lease shall expire.

6 “(6) TERMINATION.—No lease issued under
7 this section covering lands capable of producing oil
8 or gas in paying quantities shall expire because the
9 lessee fails to produce the same due to cir-
10 cumstances beyond the control of the lessee.

11 “(j) UNIT AGREEMENTS.—

12 “(1) IN GENERAL.—For the purpose of con-
13 servation of the natural resources of all or part of
14 any oil or gas pool, field, reservoir, or like area, les-
15 sees (including representatives) of the pool, field,
16 reservoir, or like area may unite with each other, or
17 jointly or separately with others, in collectively
18 adopting and operating under a unit agreement for
19 all or part of the pool, field, reservoir, or like area
20 (whether or not any other part of the oil or gas pool,
21 field, reservoir, or like area is already subject to any
22 cooperative or unit plan of development or oper-
23 ation), if the Secretary determines the action to be
24 necessary or advisable in the public interest. In de-
25 termining the public interest, the Secretary should



1 consider, among other things, the extent to which
2 the unit agreement will minimize the impact to sur-
3 face resources of the leases and will facilitate con-
4 solidation of facilities.

5 “(2) CONSULTATION.—In making a determina-
6 tion under paragraph (1), the Secretary shall consult
7 with and provide opportunities for participation by
8 the State of Alaska or a Regional Corporation (as
9 defined in section 3 of the Alaska Native Claims
10 Settlement Act (43 U.S.C. 1602)) with respect to
11 the creation or expansion of units that include acre-
12 age in which the State of Alaska or the Regional
13 Corporation has an interest in the mineral estate.

14 “(3) PRODUCTION ALLOCATION METHODOLOGY.—(A) The Secretary may use a production
15 allocation methodology for each participating area
16 within a unit that includes solely Federal land in the
17 Reserve.
18

19 “(B) The Secretary shall use a production allo-
20 cation methodology for each participating area with-
21 in a unit that includes Federal land in the Reserve
22 and non-Federal land based on the characteristics of
23 each specific oil or gas pool, field, reservoir, or like
24 area to take into account reservoir heterogeneity and
25 area variation in reservoir producibility across di-



1 verse leasehold interests. The implementation of the
2 foregoing production allocation methodology shall be
3 controlled by agreement among the affected lessors
4 and lessees.

5 “(4) BENEFIT OF OPERATIONS.—Drilling, pro-
6 duction,”;

7 (9) by striking “When separate” and inserting
8 the following:

9 “(5) POOLING.—If separate”;

10 (10) by inserting “(in consultation with the
11 owners of the other land)” after “determined by the
12 Secretary of the Interior”;

13 (11) by striking “thereto; (10) to” and all that
14 follows through “the terms provided therein” and in-
15 serting “to the agreement.

16 “(k) EXPLORATION INCENTIVES.—

17 “(1) IN GENERAL.—

18 “(A) WAIVER, SUSPENSION, OR REDUC-
19 TION.—To encourage the greatest ultimate re-
20 covery of oil or gas or in the interest of con-
21 servation, the Secretary may waive, suspend, or
22 reduce the rental fees or minimum royalty, or
23 reduce the royalty on an entire leasehold (in-
24 cluding on any lease operated pursuant to a
25 unit agreement), whenever (after consultation



1 with the State of Alaska and the North Slope
2 Borough of Alaska and the concurrence of any
3 Regional Corporation for leases that include
4 land that was made available for acquisition by
5 the Regional Corporation under the provisions
6 of section 1431(o) of the Alaska National Inter-
7 est Lands Conservation Act (16 U.S.C. 3101 et
8 seq.) in the judgment of the Secretary it is
9 necessary to do so to promote development, or
10 whenever in the judgment of the Secretary the
11 leases cannot be successfully operated under the
12 terms provided therein.

13 “(B) APPLICABILITY.—This paragraph ap-
14 plies to a lease that is in effect on or after the
15 date of enactment of the Energy Policy Act of
16 2005.”;

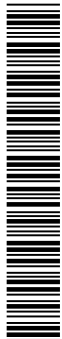
17 (12) by striking “The Secretary is authorized
18 to” and inserting the following:

19 “(2) SUSPENSION OF OPERATIONS AND PRO-
20 Duction.—The Secretary may”;

21 (13) by striking “In the event” and inserting
22 the following:

23 “(3) SUSPENSION OF PAYMENTS.—If”;

24 (14) by striking “thereto; and (11) all” and in-
25 serting “to the lease.



1 “(l) RECEIPTS.—All”;

2 (15) by redesignating subparagraphs (A), (B),
3 and (C) as paragraphs (1), (2), and (3), respectively;

4 (16) by striking “Any agency” and inserting
5 the following:

6 “(m) EXPLORATIONS.—Any agency”;

7 (17) by striking “Any action” and inserting the
8 following:

9 “(n) ENVIRONMENTAL IMPACT STATEMENTS.—

10 “(1) JUDICIAL REVIEW.—Any action”;

11 (18) by striking “The detailed” and inserting
12 the following:

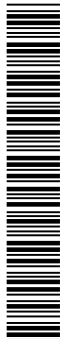
13 “(2) INITIAL LEASE SALES.—The detailed”;

14 (19) by striking “section 104(b) of the Naval
15 Petroleum Reserves Production Act of 1976 (90
16 Stat. 304; 42 U.S.C. 6504)” and inserting “section
17 104(a)”;

18 (20) by adding at the end the following:

19 “(o) REGULATIONS.—As soon as practicable after the
20 date of enactment of the Energy Policy Act of 2005, the
21 Secretary shall issue regulations to implement this section.

22 “(p) WAIVER OF ADMINISTRATION FOR CONVEYED
23 LANDS.—



1 “(1) IN GENERAL.—Notwithstanding section
2 14(g) of the Alaska Native Claims Settlement Act
3 (43 U.S.C. 1613(g))—

4 “(A) the Secretary of the Interior shall
5 waive administration of any oil and gas lease to
6 the extent that the lease covers any land in the
7 Reserve in which all of the subsurface estate is
8 conveyed to the Arctic Slope Regional Corpora-
9 tion (referred to in this subsection as the ‘Cor-
10 poration’);

11 “(B)(i) in a case in which a conveyance of
12 a subsurface estate described in subparagraph
13 (A) does not include all of the land covered by
14 the oil and gas lease, the person that owns the
15 subsurface estate in any particular portion of
16 the land covered by the lease shall be entitled
17 to all of the revenues reserved under the lease
18 as to that portion, including, without limitation,
19 all the royalty payable with respect to oil or gas
20 produced from or allocated to that portion;

21 “(ii) in a case described in clause (i),
22 the Secretary of the Interior shall—

23 “(I) segregate the lease into 2
24 leases, 1 of which shall cover only the



1 subsurface estate conveyed to the Cor-
2 poration; and

3 “(II) waive administration of the
4 lease that covers the subsurface estate
5 conveyed to the Corporation; and

6 “(iii) the segregation of the lease de-
7 scribed in clause (ii)(I) has no effect on
8 the obligations of the lessee under either of
9 the resulting leases, including obligations
10 relating to operations, production, or other
11 circumstances (other than payment of
12 rentals or royalties); and

13 “(C) nothing in this subsection limits the
14 authority of the Secretary of the Interior to
15 manage the federally-owned surface estate with-
16 in the Reserve.”.

17 (c) CONFORMING AMENDMENTS.—Section 104 of the
18 Naval Petroleum Reserves Production Act of 1976 (42
19 U.S.C. 6504) is amended—

20 (1) by striking subsection (a); and

21 (2) by redesignating subsections (b) through (d)
22 as subsections (a) through (c), respectively.

23 **SEC. 348 [S318; HR]. NORTH SLOPE SCIENCE INITIATIVE.**

24 (a) ESTABLISHMENT.—



1 (1) IN GENERAL.—The Secretary of the Inte-
2 rior shall establish a long-term initiative to be known
3 as the “North Slope Science Initiative” (referred to
4 in this section as the “Initiative”).

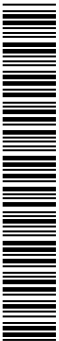
5 (2) PURPOSE.—The purpose of the Initiative
6 shall be to implement efforts to coordinate collection
7 of scientific data that will provide a better under-
8 standing of the terrestrial, aquatic, and marine eco-
9 systems of the North Slope of Alaska.

10 (b) OBJECTIVES.—To ensure that the Initiative is
11 conducted through a comprehensive science strategy and
12 implementation plan, the Initiative shall, at a minimum—

13 (1) identify and prioritize information needs for
14 inventory, monitoring, and research activities to ad-
15 dress the individual and cumulative effects of past,
16 ongoing, and anticipated development activities and
17 environmental change on the North Slope;

18 (2) develop an understanding of information
19 needs for regulatory and land management agencies,
20 local governments, and the public;

21 (3) focus on prioritization of pressing natural
22 resource management and ecosystem information
23 needs, coordination, and cooperation among agencies
24 and organizations;



1 (4) coordinate ongoing and future inventory,
2 monitoring, and research activities to minimize du-
3 plication of effort, share financial resources and ex-
4 pertise, and assure the collection of quality informa-
5 tion;

6 (5) identify priority needs not addressed by
7 agency science programs in effect on the date of en-
8 actment of this Act and develop a funding strategy
9 to meet those needs;

10 (6) provide a consistent approach to high cal-
11 iber science, including inventory, monitoring, and re-
12 search;

13 (7) maintain and improve public and agency ac-
14 cess to—

15 (A) accumulated and ongoing research;

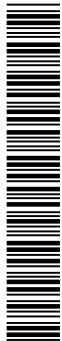
16 and

17 (B) contemporary and traditional local
18 knowledge; and

19 (8) ensure through appropriate peer review that
20 the science conducted by participating agencies and
21 organizations is of the highest technical quality.

22 (c) MEMBERSHIP.—

23 (1) IN GENERAL.—To ensure comprehensive
24 collection of scientific data, in carrying out the Ini-
25 tiative, the Secretary shall consult and coordinate



1 with Federal, State, and local agencies that have re-
2 sponsibilities for land and resource management
3 across the North Slope.

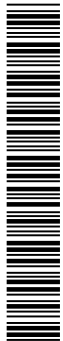
4 (2) COOPERATIVE AGREEMENTS.—The Sec-
5 retary shall enter into cooperative agreements with
6 the State of Alaska, the North Slope Borough, the
7 Arctic Slope Regional Corporation, and other Fed-
8 eral agencies as appropriate to coordinate efforts,
9 share resources, and fund projects under this sec-
10 tion.

11 (d) SCIENCE TECHNICAL ADVISORY PANEL.—

12 (1) IN GENERAL.—The Initiative shall include a
13 panel to provide advice on proposed inventory, moni-
14 toring, and research functions.

15 (2) MEMBERSHIP.—The panel described in
16 paragraph (1) shall consist of a representative group
17 of not more than 15 scientists and technical experts
18 from diverse professions and interests, including the
19 oil and gas industry, subsistence users, Native Alas-
20 kan entities, conservation organizations, wildlife
21 management organizations, and academia, as deter-
22 mined by the Secretary.

23 (e) REPORTS.—Not later than 3 years after the date
24 of enactment of this section and each year thereafter, the



1 Secretary shall publish a report that describes the studies
2 and findings of the Initiative.

3 (f) AUTHORIZATION OF APPROPRIATIONS.—There
4 are authorized to be appropriated such sums as are nec-
5 essary to carry out this section.

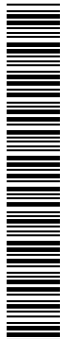
6 **SEC. 349 [H2008/S319; HR]. ORPHANED, ABANDONED, OR**
7 **IDLED WELLS ON FEDERAL LAND.**

8 (a) IN GENERAL.—The Secretary, in cooperation
9 with the Secretary of Agriculture, shall establish a pro-
10 gram not later than 1 year after the date of enactment
11 of this Act to remediate, reclaim, and close orphaned,
12 abandoned, or idled oil and gas wells located on land ad-
13 ministered by the land management agencies within the
14 Department of the Interior and the Department of Agri-
15 culture.

16 (b) ACTIVITIES.—The program under subsection (a)
17 shall—

18 (1) include a means of ranking orphaned, aban-
19 doned, or idled wells sites for priority in remedi-
20 ation, reclamation, and closure, based on public
21 health and safety, potential environmental harm,
22 and other land use priorities;

23 (2) provide for identification and recovery of
24 the costs of remediation, reclamation, and closure
25 from persons or other entities currently providing a



1 bond or other financial assurance required under
2 State or Federal law for an oil or gas well that is
3 orphaned, abandoned, or idled; and

4 (3) provide for recovery from the persons or en-
5 tities identified under paragraph (2), or their sure-
6 ties or guarantors, of the costs of remediation, rec-
7 lamation, and closure of such wells.

8 (c) COOPERATION AND CONSULTATIONS.—In car-
9 rying out the program under subsection (a), the Secretary
10 shall—

11 (1) work cooperatively with the Secretary of Ag-
12 riculture and the States within which Federal land
13 is located; and

14 (2) consult with the Secretary of Energy and
15 the Interstate Oil and Gas Compact Commission.

16 (d) PLAN.—Not later than 1 year after the date of
17 enactment of this Act, the Secretary, in cooperation with
18 the Secretary of Agriculture, shall submit to Congress a
19 plan for carrying out the program under subsection (a).

20 (e) IDLED WELL.—For the purposes of this section,
21 a well is idled if—

22 (1) the well has been nonoperational for at least
23 7 years; and

24 (2) there is no anticipated beneficial use for the
25 well.



1 (f) TECHNICAL ASSISTANCE PROGRAM FOR NON-
2 FEDERAL LAND.—

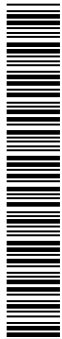
3 (1) IN GENERAL.—The Secretary of Energy
4 shall establish a program to provide technical and fi-
5 nancial assistance to oil and gas producing States to
6 facilitate State efforts over a 10-year period to en-
7 sure a practical and economical remedy for environ-
8 mental problems caused by orphaned or abandoned
9 oil and gas exploration or production well sites on
10 State or private land.

11 (2) ASSISTANCE.—The Secretary of Energy
12 shall work with the States, through the Interstate
13 Oil and Gas Compact Commission, to assist the
14 States in quantifying and mitigating environmental
15 risks of onshore orphaned or abandoned oil or gas
16 wells on State and private land.

17 (3) ACTIVITIES.—The program under para-
18 graph (1) shall include—

19 (A) mechanisms to facilitate identification,
20 if feasible, of the persons currently providing a
21 bond or other form of financial assurance re-
22 quired under State or Federal law for an oil or
23 gas well that is orphaned or abandoned;

24 (B) criteria for ranking orphaned or aban-
25 doned well sites based on factors such as public



1 health and safety, potential environmental
2 harm, and other land use priorities;

3 (C) information and training programs on
4 best practices for remediation of different types
5 of sites; and

6 (D) funding of State mitigation efforts on
7 a cost-shared basis.

8 (g) AUTHORIZATION OF APPROPRIATIONS.—

9 (1) IN GENERAL.—There are authorized to be
10 appropriated to carry out this section \$25,000,000
11 for each of fiscal years 2006 through 2010.

12 (2) USE.—Of the amounts authorized under
13 paragraph (1), \$5,000,000 are authorized for each
14 fiscal year for activities under subsection (f).

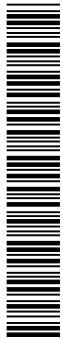
15 **SEC. 350 [H2009/S320; SR]. COMBINED HYDROCARBON LEAS-**
16 **ING.**

17 (a) SPECIAL PROVISIONS REGARDING LEASING.—
18 Section 17(b)(2) of the Mineral Leasing Act (30 U.S.C.
19 226(b)(2)) is amended—

20 (1) by inserting “(A)” after “(2)”; and

21 (2) by adding at the end the following:

22 “(B) For any area that contains any combination of
23 tar sand and oil or gas (or both), the Secretary may issue
24 under this Act, separately—



1 “(i) a lease for exploration for and extraction of
2 tar sand; and

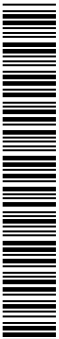
3 “(ii) a lease for exploration for and development
4 of oil and gas.

5 “(C) A lease issued for tar sand shall be issued using
6 the same bidding process, annual rental, and posting pe-
7 riod as a lease issued for oil and gas, except that the min-
8 imum acceptable bid required for a lease issued for tar
9 sand shall be \$2 per acre.

10 “(D) The Secretary may waive, suspend, or alter any
11 requirement under section 26 that a permittee under a
12 permit authorizing prospecting for tar sand must exercise
13 due diligence, to promote any resource covered by a com-
14 bined hydrocarbon lease.”.

15 (b) CONFORMING AMENDMENT.—Section
16 17(b)(1)(B) of the Mineral Leasing Act (30 U.S.C.
17 226(b)(1)(B)) is amended in the second sentence by in-
18 serting “, subject to paragraph (2)(B),” after “Sec-
19 retary”.

20 (c) REGULATIONS.—Not later than 45 days after the
21 date of enactment of this Act, the Secretary shall issue
22 final regulations to implement this section.



1 **SEC. 351 [H2011/S322; HR]. PRESERVATION OF GEOLOGICAL**
2 **AND GEOPHYSICAL DATA.**

3 (a) **SHORT TITLE.**—This section may be cited as the
4 “National Geological and Geophysical Data Preservation
5 Program Act of 2005”.

6 (b) **PROGRAM.**—The Secretary shall carry out a Na-
7 tional Geological and Geophysical Data Preservation Pro-
8 gram in accordance with this section—

9 (1) to archive geologic, geophysical, and engi-
10 neering data, maps, well logs, and samples;

11 (2) to provide a national catalog of such archi-
12 val material; and

13 (3) to provide technical and financial assistance
14 related to the archival material.

15 (c) **PLAN.**—Not later than 1 year after the date of
16 enactment of this Act, the Secretary shall submit to Con-
17 gress a plan for the implementation of the Program.

18 (d) **DATA ARCHIVE SYSTEM.**—

19 (1) **ESTABLISHMENT.**—The Secretary shall es-
20 tablish, as a component of the Program, a data ar-
21 chive system to provide for the storage, preservation,
22 and archiving of subsurface, surface, geological, geo-
23 physical, and engineering data and samples. The
24 Secretary, in consultation with the Advisory Com-
25 mittee, shall develop guidelines relating to the data



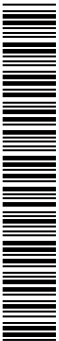
1 archive system, including the types of data and sam-
2 ples to be preserved.

3 (2) SYSTEM COMPONENTS.—The system shall
4 be comprised of State agencies that elect to be part
5 of the system and agencies within the Department
6 of the Interior that maintain geological and geo-
7 physical data and samples that are designated by
8 the Secretary in accordance with this subsection.
9 The Program shall provide for the storage of data
10 and samples through data repositories operated by
11 such agencies.

12 (3) LIMITATION OF DESIGNATION.—The Sec-
13 retary may not designate a State agency as a com-
14 ponent of the data archive system unless that agency
15 is the agency that acts as the geological survey in
16 the State.

17 (4) DATA FROM FEDERAL LAND.—The data ar-
18 chive system shall provide for the archiving of rel-
19 evant subsurface data and samples obtained from
20 Federal land—

21 (A) in the most appropriate repository des-
22 igned under paragraph (2), with preference
23 being given to archiving data in the State in
24 which the data were collected; and



1 (B) consistent with all applicable law and
2 requirements relating to confidentiality and pro-
3 prietary data.

4 (e) NATIONAL CATALOG.—

5 (1) IN GENERAL.—As soon as practicable after
6 the date of enactment of this Act, the Secretary
7 shall develop and maintain, as a component of the
8 Program, a national catalog that identifies—

9 (A) data and samples available in the data
10 archive system established under subsection (d);

11 (B) the repository for particular material
12 in the system; and

13 (C) the means of accessing the material.

14 (2) AVAILABILITY.—The Secretary shall make
15 the national catalog accessible to the public on the
16 site of the Survey on the Internet, consistent with all
17 applicable requirements related to confidentiality
18 and proprietary data.

19 (f) ADVISORY COMMITTEE.—

20 (1) IN GENERAL.—The Advisory Committee
21 shall advise the Secretary on planning and imple-
22 mentation of the Program.

23 (2) NEW DUTIES.—In addition to its duties
24 under the National Geologic Mapping Act of 1992



1 (43 U.S.C. 31a et seq.), the Advisory Committee
2 shall perform the following duties:

3 (A) Advise the Secretary on developing
4 guidelines and procedures for providing assist-
5 ance for facilities under subsection (g)(1).

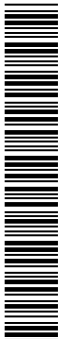
6 (B) Review and critique the draft imple-
7 mentation plan prepared by the Secretary under
8 subsection (c).

9 (C) Identify useful studies of data archived
10 under the Program that will advance under-
11 standing of the Nation's energy and mineral re-
12 sources, geologic hazards, and engineering geol-
13 ogy.

14 (D) Review the progress of the Program in
15 archiving significant data and preventing the
16 loss of such data, and the scientific progress of
17 the studies funded under the Program.

18 (E) Include in the annual report to the
19 Secretary required under section 5(b)(3) of the
20 National Geologic Mapping Act of 1992 (43
21 U.S.C. 31d(b)(3)) an evaluation of the progress
22 of the Program toward fulfilling the purposes of
23 the Program under subsection (b).

24 (g) FINANCIAL ASSISTANCE.—



1 (1) ARCHIVE FACILITIES.—Subject to the avail-
2 ability of appropriations, the Secretary shall provide
3 financial assistance to a State agency that is des-
4 ignated under subsection (d)(2) for providing facili-
5 ties to archive energy material.

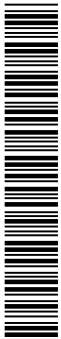
6 (2) STUDIES.—Subject to the availability of ap-
7 propriations, the Secretary shall provide financial as-
8 sistance to any State agency designated under sub-
9 section (d)(2) for studies and technical assistance
10 activities that enhance understanding, interpreta-
11 tion, and use of materials archived in the data ar-
12 chive system established under subsection (d).

13 (3) FEDERAL SHARE.—The Federal share of
14 the cost of an activity carried out with assistance
15 under this subsection shall be not more than 50 per-
16 cent of the total cost of the activity.

17 (4) PRIVATE CONTRIBUTIONS.—The Secretary
18 shall apply to the non-Federal share of the cost of
19 an activity carried out with assistance under this
20 subsection the value of private contributions of prop-
21 erty and services used for that activity.

22 (h) REPORT.—The Secretary shall include in each re-
23 port under section 8 of the National Geologic Mapping Act
24 of 1992 (43 U.S.C. 31g)—

25 (1) a description of the status of the Program;



1 (2) an evaluation of the progress achieved in
2 developing the Program during the period covered by
3 the report; and

4 (3) any recommendations for legislative or other
5 action the Secretary considers necessary and appro-
6 priate to fulfill the purposes of the Program under
7 subsection (b).

8 (i) MAINTENANCE OF STATE EFFORT.—It is the in-
9 tent of Congress that the States not use this section as
10 an opportunity to reduce State resources applied to the
11 activities that are the subject of the Program.

12 (j) DEFINITIONS.—In this section:

13 (1) ADVISORY COMMITTEE.—The term “Advi-
14 sory Committee” means the advisory committee es-
15 tablished under section 5 of the National Geologic
16 Mapping Act of 1992 (43 U.S.C. 31d).

17 (2) PROGRAM.—The term “Program” means
18 the National Geological and Geophysical Data Pres-
19 ervation Program carried out under this section.

20 (3) SECRETARY.—The term “Secretary” means
21 the Secretary of the Interior, acting through the Di-
22 rector of the United States Geological Survey.

23 (4) SURVEY.—The term “Survey” means the
24 United States Geological Survey.



1 (k) AUTHORIZATION OF APPROPRIATIONS.—There
2 are authorized to be appropriated to carry out this section
3 \$30,000,000 for each of fiscal years 2006 through 2010.

4 **SEC. 352 [H2012/S323; HR]. OIL AND GAS LEASE ACREAGE**
5 **LIMITATIONS.**

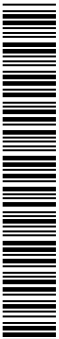
6 Section 27(d)(1) of the Mineral Leasing Act (30
7 U.S.C. 184(d)(1)) is amended by inserting after “acreage
8 held in special tar sand areas” the following: “, and acre-
9 age under any lease any portion of which has been com-
10 mitted to a federally approved unit or cooperative plan or
11 communitization agreement or for which royalty (includ-
12 ing compensatory royalty or royalty in-kind) was paid in
13 the preceding calendar year,”.

14 **SEC. 353 [H2015; SR, w/amdt]. GAS HYDRATE PRODUCTION**
15 **INCENTIVE .**

16 (a) PURPOSE.—The purpose of this section is to pro-
17 mote natural gas production from the natural gas hydrate
18 resources on the outer Continental Shelf and Federal
19 lands in Alaska by providing royalty incentives.

20 (b) SUSPENSION OF ROYALTIES.—

21 (1) IN GENERAL.—The Secretary may grant
22 royalty relief in accordance with this section for nat-
23 ural gas produced from gas hydrate resources under
24 an eligible lease.



1 (2) ELIGIBLE LEASES.—A lease shall be an eli-
2 gible lease for purposes of this section if—

3 (A) it is issued under the Outer Conti-
4 nental Shelf Lands Act (43 U.S.C. 1331 et
5 seq.), or is an oil and gas lease issued for on-
6 shore Federal lands in Alaska;

7 (B) it is issued prior to January 1, 2016;
8 and

9 (C) production under the lease of natural
10 gas from gas hydrate resources commences
11 prior to January 1, 2018.

12 (3) AMOUNT OF RELIEF.—The Secretary shall
13 conduct a rulemaking and grant royalty relief under
14 this section as a suspension volume if the Secretary
15 determines that such royalty relief would encourage
16 production of natural gas from gas hydrate re-
17 sources from an eligible lease. The maximum sus-
18 pension volume shall be 30 billion cubic feet of nat-
19 ural gas per lease. Such relief shall be in addition
20 to any other royalty relief under any other provision
21 applicable to the lease that does not specifically
22 grant a gas hydrate production incentive. Such roy-
23 alty suspension volume shall be applied to any eligi-
24 ble production occurring on or after the date of pub-



1 lication of the advanced notice of proposed rule-
2 making.

3 (4) LIMITATION.—The Secretary may place lim-
4 itations on royalty relief granted under this section
5 based on market price.

6 (c) APPLICATION.—This section shall apply to any el-
7 igible lease issued before, on, or after the date of enact-
8 ment of this Act.

9 (d) RULEMAKINGS.—

10 (1) REQUIREMENT.—The Secretary shall pub-
11 lish the advanced notice of proposed rulemaking
12 within 180 days after the date of enactment of this
13 Act and complete the rulemaking implementing this
14 section within 365 days after the date of enactment
15 of this Act.

16 (2) GAS HYDRATE RESOURCES DEFINED.—
17 Such regulations shall define the term “gas hydrate
18 resources” to include both the natural gas content of
19 gas hydrates within the hydrate stability zone and
20 free natural gas trapped by and beneath the hydrate
21 stability zone.

22 (e) REVIEW.—Not later than 365 days after the date
23 of enactment of this Act, the Secretary, in consultation
24 with the Secretary of Energy, shall carry out a review of,
25 and submit to Congress a report on, further opportunities



1 to enhance production of natural gas from gas hydrate re-
2 sources on the outer Continental Shelf and on Federal
3 lands in Alaska through the provision of other production
4 incentives or through technical or financial assistance.

5 **SEC. 354 [H2017/S327; ?R, w/amdt]. ENHANCED OIL AND NAT-**
6 **URAL GAS PRODUCTION THROUGH CARBON**
7 **DIOXIDE INJECTION.**

8 (a) PRODUCTION INCENTIVE.—

9 (1) FINDINGS.—Congress finds the following:

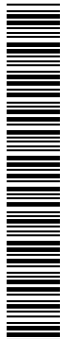
10 (A) Approximately two-thirds of the origi-
11 nal oil in place in the United States remains
12 unproduced.

13 (B) Enhanced oil and natural gas produc-
14 tion from the sequestering of carbon dioxide
15 and other appropriate gases has the potential to
16 increase oil and natural gas production.

17 (C) Capturing and productively using car-
18 bon dioxide would help reduce the carbon inten-
19 sity of the economy.

20 (2) PURPOSE.—The purpose of this section is—

21 (A) to promote the capturing, transpor-
22 tation, and injection of produced carbon diox-
23 ide, natural carbon dioxide, and other appro-
24 priate gases or other matter for sequestration
25 into oil and gas fields; and



1 (B) to promote oil and natural gas produc-
2 tion from the outer Continental Shelf and on-
3 shore Federal lands under lease by providing
4 royalty incentives to use enhanced recovery
5 techniques using injection of the substances re-
6 ferred to in subparagraph (A).

7 (b) SUSPENSION OF ROYALTIES.—

8 (1) IN GENERAL.—If the Secretary determines
9 that reduction of the royalty under a Federal oil and
10 gas lease that is an eligible lease is in the public in-
11 terest and promotes the purposes of this section, the
12 Secretary shall undertake a rulemaking to provide
13 for such reduction for an eligible lease.

14 (2) RULEMAKINGS.—The Secretary shall pub-
15 lish the advanced notice of proposed rulemaking
16 within 180 days after the date of enactment of this
17 Act and complete the rulemaking implementing this
18 section within 365 days after the date of enactment
19 of this Act.

20 (3) ELIGIBLE LEASES.—A lease shall be an eli-
21 gible lease for purposes of this section if—

22 (A) it is a lease for production of oil and
23 gas from the outer Continental Shelf or Federal
24 onshore lands;



1 (B) the injection of the substances referred
2 to in subsection (a)(2)(A) will be used as an en-
3 hanced recovery technique on such lease; and

4 (C) the Secretary determines that the lease
5 contains oil or gas that would not likely be pro-
6 duced without the royalty reduction provided
7 under this section.

8 (4) AMOUNT OF RELIEF.—The rulemaking shall
9 provide for a suspension volume, which shall not ex-
10 ceed 5,000,000 barrels of oil equivalent for each eli-
11 gible lease. Such suspension volume shall be applied
12 to any production from an eligible lease occurring on
13 or after the date of publication of any advanced no-
14 tice of proposed rulemaking under this subsection.

15 (5) LIMITATION.—The Secretary may place lim-
16 itations on the royalty reduction granted under this
17 section based on market price.

18 (6) APPLICATION.—This section shall apply to
19 any eligible lease issued before, on, or after the date
20 of enactment of this Act.

21 (c) DEMONSTRATION PROGRAM.—

22 (1) ESTABLISHMENT.—

23 (A) IN GENERAL.—The Secretary of En-
24 ergy shall establish a competitive grant pro-
25 gram to provide grants to producers of oil and



1 gas to carry out projects to inject carbon diox-
2 ide for the purpose of enhancing recovery of oil
3 or natural gas while increasing the sequestra-
4 tion of carbon dioxide.

5 (B) PROJECTS.—The demonstration pro-
6 gram shall provide for—

- 7 (i) not more than 10 projects in the
8 Willistin Basin in North Dakota and Mon-
9 tana; and
10 (ii) 1 project in the Cook Inlet Basin
11 in Alaska.

12 (2) REQUIREMENTS.—

13 (A) IN GENERAL.—The Secretary of En-
14 ergy shall issue requirements relating to appli-
15 cations for grants under paragraph (1).

16 (B) RULEMAKING.—The issuance of re-
17 quirements under subparagraph (A) shall not
18 require a rulemaking.

19 (C) MINIMUM REQUIREMENTS.—At a min-
20 imum, the Secretary shall require under sub-
21 paragraph (A) that an application for a grant
22 include—

- 23 (i) a description of the project pro-
24 posed in the application;



1 (ii) an estimate of the production in-
2 crease and the duration of the production
3 increase from the project, as compared to
4 conventional recovery techniques, including
5 water flooding;

6 (iii) an estimate of the carbon dioxide
7 sequestered by project, over the life of the
8 project;

9 (iv) a plan to collect and disseminate
10 data relating to each project to be funded
11 by the grant;

12 (v) a description of the means by
13 which the project will be sustainable with-
14 out Federal assistance after the completion
15 of the term of the grant;

16 (vi) a complete description of the
17 costs of the project, including acquisition,
18 construction, operation, and maintenance
19 costs over the expected life of the project;

20 (vii) a description of which costs of
21 the project will be supported by Federal
22 assistance under this section; and

23 (viii) a description of any secondary
24 or tertiary recovery efforts in the field and



1 the efficacy of water flood recovery tech-
2 niques used.

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

7 (4) SELECTION CRITERIA.—In evaluating appli-
8 cations under this subsection, the Secretary of En-
9 ergy shall—

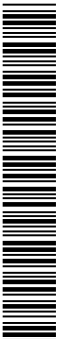
10 (A) consider the previous experience with
11 similar projects of each applicant; and

12 (B) give priority consideration to applica-
13 tions that—

14 (i) are most likely to maximize pro-
15 duction of oil and gas in a cost-effective
16 manner;

17 (ii) sequester significant quantities of
18 carbon dioxide from anthropogenic sources;

19 (iii) demonstrate the greatest commit-
20 ment on the part of the applicant to ensure
21 funding for the proposed project and the
22 greatest likelihood that the project will be
23 maintained or expanded after Federal as-
24 sistance under this section is completed;
25 and



1 (iv) minimize any adverse environ-
2 mental effects from the project.

3 (5) DEMONSTRATION PROGRAM REQUIRE-
4 MENTS.—

5 (A) MAXIMUM AMOUNT.—The Secretary of
6 Energy shall not provide more than \$3,000,000
7 in Federal assistance under this subsection to
8 any applicant.

9 (B) COST SHARING.—The Secretary of En-
10 ergy shall require cost-sharing under this sub-
11 section in accordance with section 988.

12 (C) PERIOD OF GRANTS.—

13 (i) IN GENERAL.—A project funded by
14 a grant under this subsection shall begin
15 construction not later than 2 years after
16 the date of provision of the grant, but in
17 any case not later than December 31,
18 2010.

19 (ii) TERM.—The Secretary shall not
20 provide grant funds to any applicant under
21 this subsection for a period of more than
22 5 years.

23 (6) TRANSFER OF INFORMATION AND KNOWL-
24 EDGE.—The Secretary shall establish mechanisms to
25 ensure that the information and knowledge gained



1 by participants in the program under this subsection
2 are transferred among other participants and inter-
3 ested persons, including other applicants that sub-
4 mitted applications for a grant under this sub-
5 section.

6 (7) SCHEDULE.—

7 (A) PUBLICATION.—Not later than 180
8 days after the date of enactment of this Act,
9 the Secretary shall publish in the Federal Reg-
10 ister, and elsewhere, as appropriate, a request
11 for applications to carry out projects under this
12 subsection.

13 (B) DATE FOR APPLICATIONS.—An appli-
14 cation for a grant under this subsection shall be
15 submitted not later than 180 days after the
16 date of publication of the request under sub-
17 paragraph (A).

18 (C) SELECTION.—After the date by which
19 applications for grants are required to be sub-
20 mitted under subparagraph (B), the Secretary,
21 in a timely manner, shall select, after peer re-
22 view and based on the criteria under paragraph
23 (4), those projects to be awarded a grant under
24 this subsection.



1 (d) AUTHORIZATION OF APPROPRIATIONS.—There
2 are authorized to be appropriated such sums as are nec-
3 essary to carry out this section.

4 **SEC. 355 [S324; HR]. ASSESSMENT OF DEPENDENCE OF**
5 **STATE OF HAWAII ON OIL.**

6 (a) ASSESSMENT.—The Secretary shall assess the
7 economic implications of the dependence of the State of
8 Hawaii on oil as the principal source of energy for the
9 State, including—

10 (1) the short- and long-term prospects for crude
11 oil supply disruption and price volatility and poten-
12 tial impacts on the economy of Hawaii;

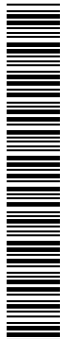
13 (2) the economic relationship between oil-fired
14 generation of electricity from residual fuel and re-
15 fined petroleum products consumed for ground, ma-
16 rine, and air transportation;

17 (3) the technical and economic feasibility of in-
18 creasing the contribution of renewable energy re-
19 sources for generation of electricity, on an island-by-
20 island basis, including—

21 (A) siting and facility configuration;

22 (B) environmental, operational, and safety
23 considerations;

24 (C) the availability of technology;



1 (D) the effects on the utility system, in-
2 cluding reliability;

3 (E) infrastructure and transport require-
4 ments;

5 (F) community support; and

6 (G) other factors affecting the economic
7 impact of such an increase and any effect on
8 the economic relationship described in para-
9 graph (2);

10 (4) the technical and economic feasibility of
11 using liquefied natural gas to displace residual fuel
12 oil for electric generation, including neighbor island
13 opportunities, and the effect of the displacement on
14 the economic relationship described in paragraph
15 (2), including—

16 (A) the availability of supply;

17 (B) siting and facility configuration for on-
18 shore and offshore liquefied natural gas receiv-
19 ing terminals;

20 (C) the factors described in subparagraphs
21 (B) through (F) of paragraph (3); and

22 (D) other economic factors;

23 (5) the technical and economic feasibility of
24 using renewable energy sources (including hydrogen)
25 for ground, marine, and air transportation energy



1 applications to displace the use of refined petroleum
2 products, on an island-by-island basis, and the eco-
3 nomic impact of the displacement on the relationship
4 described in paragraph (2); and

5 (6) an island-by-island approach to—

6 (A) the development of hydrogen from re-
7 newable resources; and

8 (B) the application of hydrogen to the en-
9 ergy needs of Hawaii

10 (b) CONTRACTING AUTHORITY.—The Secretary may
11 carry out the assessment under subsection (a) directly or,
12 in whole or in part, through 1 or more contracts with
13 qualified public or private entities.

14 (c) REPORT.—Not later than 300 days after the date
15 of enactment of this Act, the Secretary shall prepare (in
16 consultation with agencies of the State of Hawaii and
17 other stakeholders, as appropriate), and submit to Con-
18 gress, a report describing the findings, conclusions, and
19 recommendations resulting from the assessment.

20 (d) AUTHORIZATION OF APPROPRIATIONS.—There
21 are authorized to be appropriated such sums as are nec-
22 essary to carry out this section.

23 **SEC. 356 [S325; HR]. DENALI COMMISSION.**

24 (a) DEFINITION OF COMMISSION.—In this section,
25 the term “Commission” means the Denali Commission es-



1 tablished by the Denali Commission Act of 1998 (42
2 U.S.C. 3121 note; Public Law 105–277).

3 (b) ENERGY PROGRAMS.—The Commission shall use
4 amounts made available under subsection (d) to carry out
5 energy programs, including—

6 (1) energy generation and development,
7 including—

8 (A) fuel cells, hydroelectric, solar, wind,
9 wave, and tidal energy; and

10 (B) alternative energy sources;

11 (2) the construction of energy transmission, in-
12 cluding interties;

13 (3) the replacement and cleanup of fuel tanks;

14 (4) the construction of fuel transportation net-
15 works and related facilities;

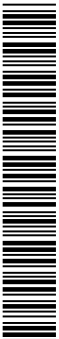
16 (5) power cost equalization programs; and

17 (6) projects using coal as a fuel, including coal
18 gasification projects.

19 (c) OPEN MEETINGS.—

20 (1) IN GENERAL.—Except as provided in para-
21 graph (2), a meeting of the Commission shall be
22 open to the public if—

23 (A) the Commission members take action
24 on behalf of the Commission; or



1 (B) the deliberations of the Commission
2 determine, or result in the joint conduct or dis-
3 position of, official Commission business.

4 (2) EXCEPTIONS.—Paragraph (1) shall not
5 apply to any portion of a Commission meeting for
6 which the Commission, in public session, votes to
7 close the meeting for the reasons described in para-
8 graph (2), (4), (5), or (6) of subsection (c) of section
9 552b of title 5, United States Code.

10 (3) PUBLIC NOTICE.—

11 (A) IN GENERAL.—At least 1 week before
12 a meeting of the Commission, the Commission
13 shall make a public announcement of the meet-
14 ing that describes—

15 (i) the time, place, and subject matter
16 of the meeting;

17 (ii) whether the meeting is to be open
18 or closed to the public; and

19 (iii) the name and telephone number
20 of an appropriate person to respond to re-
21 quests for information about the meeting.

22 (B) ADDITIONAL NOTICE.—The Commis-
23 sion shall make a public announcement of any
24 change to the information made available under



1 subparagraph (A) at the earliest practicable
2 time.

3 (4) MINUTES.—The Commission shall keep,
4 and make available to the public, a transcript, elec-
5 tronic recording, or minutes from each Commission
6 meeting, except for portions of the meeting closed
7 under paragraph (2).

8 (d) AUTHORIZATION OF APPROPRIATIONS.—There is
9 authorized to be appropriated to the Commission not more
10 than \$55,000,000 for each of fiscal years 2006 through
11 2015 to carry out subsection (b).

12 **SEC. 357 [S326; HR]. COMPREHENSIVE INVENTORY OF OCS**

13 **OIL AND NATURAL GAS RESOURCES.**

14 (a) IN GENERAL.—The Secretary shall conduct an
15 inventory and analysis of oil and natural gas resources be-
16 neath all of the waters of the United States Outer Conti-
17 nental Shelf (“OCS”). The inventory and analysis shall—

18 (1) use available data on oil and gas resources
19 in areas offshore of Mexico and Canada that will
20 provide information on trends of oil and gas accu-
21 mulation in areas of the OCS;

22 (2) use any available technology, except drilling,
23 but including 3-D seismic technology to obtain accu-
24 rate resource estimates;



1 (3) analyze how resource estimates in OCS
2 areas have changed over time in regards to gath-
3 ering geological and geophysical data, initial explo-
4 ration, or full field development, including areas
5 such as the deepwater and subsalt areas in the Gulf
6 of Mexico;

7 (4) estimate the effect that understated oil and
8 gas resource inventories have on domestic energy in-
9 vestments; and

10 (5) identify and explain how legislative, regu-
11 latory, and administrative programs or processes re-
12 strict or impede the development of identified re-
13 sources and the extent that they affect domestic sup-
14 ply, such as moratoria, lease terms and conditions,
15 operational stipulations and requirements, approval
16 delays by the Federal Government and coastal
17 States, and local zoning restrictions for onshore
18 processing facilities and pipeline landings.

19 (b) REPORTS.—The Secretary shall submit a report
20 to Congress on the inventory of estimates and the analysis
21 of restrictions or impediments, together with any rec-
22 ommendations, within 6 months of the date of enactment
23 of the section. The report shall be publicly available and
24 updated at least every 5 years.



1 **Subtitle F—Access to Federal**
2 **Lands**

3 **SEC. 361 [H2022/S341; SR]. FEDERAL ONSHORE OIL AND GAS**
4 **LEASING AND PERMITTING PRACTICES.**

5 (a) REVIEW OF ONSHORE OIL AND GAS LEASING
6 PRACTICES.—

7 (1) IN GENERAL.—The Secretary of the Inte-
8 rior, in consultation with the Secretary of Agri-
9 culture with respect to National Forest System lands
10 under the jurisdiction of the Department of Agri-
11 culture, shall perform an internal review of current
12 Federal onshore oil and gas leasing and permitting
13 practices.

14 (2) INCLUSIONS.—The review shall include the
15 process for—

16 (A) accepting or rejecting offers to lease;

17 (B) administrative appeals of decisions or
18 orders of officers or employees of the Bureau of
19 Land Management with respect to a Federal oil
20 or gas lease;

21 (C) considering surface use plans of oper-
22 ation, including the timeframes in which the
23 plans are considered, and any recommendations
24 for improving and expediting the process; and



1 (D) identifying stipulations to address site-
2 specific concerns and conditions, including those
3 stipulations relating to the environment and re-
4 source use conflicts.

5 (b) REPORT.—Not later than 180 days after the date
6 of enactment of this Act, the Secretary of the Interior and
7 the Secretary of Agriculture shall transmit a report to
8 Congress that describes—

9 (1) actions taken under section 3 of Executive
10 Order No. 13212 (42 U.S.C. 13201 note); and

11 (2) actions taken or any plans to improve the
12 Federal onshore oil and gas leasing program.

13 **SEC. 362 [H2023/S342; HR, w/amdt]. MANAGEMENT OF FED-**
14 **ERAL OIL AND GAS LEASING PROGRAMS.**

15 (a) TIMELY ACTION ON LEASES AND PERMITS.—

16 (1) SECRETARY OF THE INTERIOR.—To ensure
17 timely action on oil and gas leases and applications
18 for permits to drill on land otherwise available for
19 leasing, the Secretary of the Interior (referred to in
20 this section as the “Secretary”) shall—

21 (A) ensure expeditious compliance with
22 section 102(2)(C) of the National Environ-
23 mental Policy Act of 1969 (42 U.S.C.
24 4332(2)(C)) and any other applicable environ-
25 mental and cultural resources laws;



1 (B) improve consultation and coordination
2 with the States and the public; and

3 (C) improve the collection, storage, and re-
4 trieval of information relating to the oil and gas
5 leasing activities.

6 (2) SECRETARY OF AGRICULTURE.—To ensure
7 timely action on oil and gas lease applications for
8 permits to drill on land otherwise available for leas-
9 ing, the Secretary of Agriculture shall—

10 (A) ensure expeditious compliance with all
11 applicable environmental and cultural resources
12 laws; and

13 (B) improve the collection, storage, and re-
14 trieval of information relating to the oil and gas
15 leasing activities.

16 (b) BEST MANAGEMENT PRACTICES.—

17 (1) IN GENERAL.—Not later than 18 months
18 after the date of enactment of this Act, the Sec-
19 retary shall develop and implement best manage-
20 ment practices to—

21 (A) improve the administration of the on-
22 shore oil and gas leasing program under the
23 Mineral Leasing Act (30 U.S.C. 181 et seq.);
24 and



1 (B) ensure timely action on oil and gas
2 leases and applications for permits to drill on
3 land otherwise available for leasing.

4 (2) CONSIDERATIONS.—In developing the best
5 management practices under paragraph (1), the Sec-
6 retary shall consider any recommendations from the
7 review under section 361.

8 (3) REGULATIONS.—Not later than 180 days
9 after the development of the best management prac-
10 tices under paragraph (1), the Secretary shall pub-
11 lish, for public comment, proposed regulations that
12 set forth specific timeframes for processing leases
13 and applications in accordance with the best man-
14 agement practices, including deadlines for—

15 (A) approving or disapproving—

16 (i) resource management plans and
17 related documents;

18 (ii) lease applications;

19 (iii) applications for permits to drill;

20 and

21 (iv) surface use plans; and

22 (B) related administrative appeals.

23 (c) IMPROVED ENFORCEMENT.—The Secretary and
24 the Secretary Agriculture shall improve inspection and en-
25 forcement of oil and gas activities, including enforcement



1 of terms and conditions in permits to drill on land under
2 the jurisdiction of the Secretary and the Secretary of Agri-
3 culture, respectively.

4 (d) AUTHORIZATION OF APPROPRIATIONS.—In addi-
5 tion to amounts made available to carry out activities re-
6 lating to oil and gas leasing on public land administered
7 by the Secretary and National Forest System land admin-
8 istered by the Secretary of Agriculture, there are author-
9 ized to be appropriated for each of fiscal years 2006
10 through 2010—

11 (1) to the Secretary, acting through the Direc-
12 tor of the Bureau of Land Management—

13 (A) \$40,000,000 to carry out subsections

14 (a)(1) and (b); and

15 (B) \$20,000,000 to carry out subsection

16 (c);

17 (2) to the Secretary, acting through the Direc-

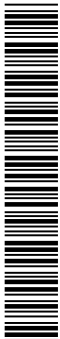
18 tor of the United States Fish and Wildlife Service,

19 \$5,000,000 to carry out subsection (a)(1); and

20 (3) to the Secretary of Agriculture, acting

21 through the Chief of the Forest Service, \$5,000,000

22 to carry out subsections (a)(2) and (c).



1 **SEC. 363 [H2024/S343; HR w/amdt]. CONSULTATION REGARD-**
2 **ING OIL AND GAS LEASING ON PUBLIC LAND.**

3 (a) IN GENERAL.—Not later than 180 days after the
4 date of enactment of this Act, the Secretary of the Interior
5 and the Secretary of Agriculture shall enter into a memo-
6 randum of understanding regarding oil and gas leasing
7 on—

8 (1) public land under the jurisdiction of the
9 Secretary of the Interior; and

10 (2) National Forest System land under the ju-
11 risdiction of the Secretary of Agriculture.

12 (b) CONTENTS.—The memorandum of understanding
13 shall include provisions that—

14 (1) establish administrative procedures and
15 lines of authority that ensure timely processing of—

16 (A) oil and gas lease applications;

17 (B) surface use plans of operation, includ-
18 ing steps for processing surface use plans; and

19 (C) applications for permits to drill con-
20 sistent with applicable timelines;

21 (2) eliminate duplication of effort by providing
22 for coordination of planning and environmental com-
23 pliance efforts;

24 (3) ensure that lease stipulations are—

25 (A) applied consistently;

26 (B) coordinated between agencies; and



1 (C) only as restrictive as necessary to pro-
2 tect the resource for which the stipulations are
3 applied;

4 (4) establish a joint data retrieval system that
5 is capable of—

6 (A) tracking applications and formal re-
7 quests made in accordance with procedures of
8 the Federal onshore oil and gas leasing pro-
9 gram; and

10 (B) providing information regarding the
11 status of the applications and requests within
12 the Department of the Interior and the Depart-
13 ment of Agriculture; and

14 (5) establish a joint geographic information sys-
15 tem mapping system for use in—

16 (A) tracking surface resource values to aid
17 in resource management; and

18 (B) processing surface use plans of oper-
19 ation and applications for permits to drill.

20 **SEC. 364 [H2025; SR]. ESTIMATES OF OIL AND GAS RE-**
21 **SOURCES UNDERLYING ONSHORE FEDERAL**
22 **LAND.**

23 (a) ASSESSMENT.—Section 604 of the Energy Act of
24 2000 (42 U.S.C. 6217) is amended—

25 (1) in subsection (a)—



- 1 (A) in paragraph (1)—
- 2 (i) by striking “reserve”; and
- 3 (ii) by striking “and” after the semi-
- 4 colon; and
- 5 (B) by striking paragraph (2) and insert-
- 6 ing the following:
- 7 “(2) the extent and nature of any restrictions
- 8 or impediments to the development of the resources,
- 9 including—
- 10 “(A) impediments to the timely granting of
- 11 leases;
- 12 “(B) post-lease restrictions, impediments,
- 13 or delays on development for conditions of ap-
- 14 proval, applications for permits to drill, or proc-
- 15 essing of environmental permits; and
- 16 “(C) permits or restrictions associated with
- 17 transporting the resources for entry into com-
- 18 merce; and
- 19 “(3) the quantity of resources not produced or
- 20 introduced into commerce because of the restric-
- 21 tions.”;
- 22 (2) in subsection (b)—
- 23 (A) by striking “reserve” and inserting
- 24 “resource”; and



1 (B) by striking “publically” and inserting
2 “publicly”; and

3 (3) by striking subsection (d) and inserting the
4 following:

5 “(d) ASSESSMENTS.—Using the inventory, the Sec-
6 retary of Energy shall make periodic assessments of eco-
7 nomically recoverable resources accounting for a range of
8 parameters such as current costs, commodity prices, tech-
9 nology, and regulations.”.

10 (b) METHODOLOGY.—The Secretary of the Interior
11 shall use the same assessment methodology across all geo-
12 logical provinces, areas, and regions in preparing and
13 issuing national geological assessments to ensure accurate
14 comparisons of geological resources.

15 **SEC. 365 [H2026/S344; HR w/amdt]. PILOT PROJECT TO IM-
16 PROVE FEDERAL PERMIT COORDINATION.**

17 (a) ESTABLISHMENT.—The Secretary of the Interior
18 (referred to in this section as the “Secretary”) shall estab-
19 lish a Federal Permit Streamlining Pilot Project (referred
20 to in this section as the “Pilot Project”).

21 (b) MEMORANDUM OF UNDERSTANDING.—

22 (1) IN GENERAL.—Not later than 90 days after
23 the date of enactment of this Act, the Secretary
24 shall enter into a memorandum of understanding for
25 purposes of this section with—



1 (A) the Secretary of Agriculture;

2 (B) the Administrator of the Environ-
3 mental Protection Agency; and

4 (C) the Chief of Engineers.

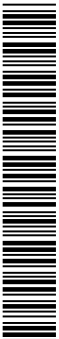
5 (2) STATE PARTICIPATION.—The Secretary
6 may request that the Governors of Wyoming, Mon-
7 tana, Colorado, Utah, and New Mexico be signato-
8 ries to the memorandum of understanding.

9 (c) DESIGNATION OF QUALIFIED STAFF.—

10 (1) IN GENERAL.—Not later than 30 days after
11 the date of the signing of the memorandum of un-
12 derstanding under subsection (b), all Federal signa-
13 tory parties shall, if appropriate, assign to each of
14 the field offices identified in subsection (d) an em-
15 ployee who has expertise in the regulatory issues re-
16 lating to the office in which the employee is em-
17 ployed, including, as applicable, particular expertise
18 in—

19 (A) the consultations and the preparation
20 of biological opinions under section 7 of the En-
21 dangered Species Act of 1973 (16 U.S.C.
22 1536);

23 (B) permits under section 404 of Federal
24 Water Pollution Control Act (33 U.S.C. 1344);



1 (C) regulatory matters under the Clean Air
2 Act (42 U.S.C. 7401 et seq.);

3 (D) planning under the National Forest
4 Management Act of 1976 (16 U.S.C. 472a et
5 seq.); and

6 (E) the preparation of analyses under the
7 National Environmental Policy Act of 1969 (42
8 U.S.C. 4321 et seq.).

9 (2) DUTIES.—Each employee assigned under
10 paragraph (1) shall—

11 (A) not later than 90 days after the date
12 of assignment, report to the Bureau of Land
13 Management Field Managers in the office to
14 which the employee is assigned;

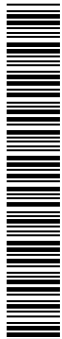
15 (B) be responsible for all issues relating to
16 the jurisdiction of the home office or agency of
17 the employee; and

18 (C) participate as part of the team of per-
19 sonnel working on proposed energy projects,
20 planning, and environmental analyses.

21 (d) FIELD OFFICES.—The following Bureau of Land
22 Management Field Offices shall serve as the Pilot Project
23 offices:

24 (1) Rawlins, Wyoming.

25 (2) Buffalo, Wyoming.



1 (3) Miles City, Montana

2 (4) Farmington, New Mexico.

3 (5) Carlsbad, New Mexico.

4 (6) Grand Junction/Glenwood Springs, Colo-
5 rado.

6 (7) Vernal, Utah.

7 (e) REPORTS.—Not later than 3 years after the date
8 of enactment of this Act, the Secretary shall submit to
9 Congress a report that—

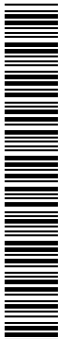
10 (1) outlines the results of the Pilot Project to
11 date; and

12 (2) makes a recommendation to the President
13 regarding whether the Pilot Project should be imple-
14 mented throughout the United States.

15 (f) ADDITIONAL PERSONNEL.—The Secretary shall
16 assign to each field office identified in subsection (d) any
17 additional personnel that are necessary to ensure the ef-
18 fective implementation of—

19 (1) the Pilot Project; and

20 (2) other programs administered by the field of-
21 fices, including inspection and enforcement relating
22 to energy development on Federal land, in accord-
23 ance with the multiple use mandate of the Federal
24 Land Policy and Management Act of 1976 (43
25 U.S.C. 1701 et seq).



1 (g) PERMIT PROCESSING IMPROVEMENT FUND.—
2 Section 35 of the Mineral Leasing Act (30 U.S.C. 191)
3 is amended by adding at the end the following:

4 “(c)(1) Notwithstanding the first sentence of sub-
5 section (a), any rentals received from leases in any State
6 (other than the State of Alaska) on or after the date of
7 enactment of this subsection shall be deposited in the
8 Treasury, to be allocated in accordance with paragraph
9 (2).

10 “(2) Of the amounts deposited in the Treasury under
11 paragraph (1)—

12 “(A) 50 percent shall be paid by the Secretary
13 of the Treasury to the State within the boundaries
14 of which the leased land is located or the deposits
15 were derived; and

16 “(B) 50 percent shall be deposited in a special
17 fund in the Treasury, to be known as the ‘BLM Per-
18 mit Processing Improvement Fund’ (referred to in
19 this subsection as the ‘Fund’).

20 “(3) For each of fiscal years 2006 through 2015, the
21 Fund shall be available to the Secretary of the Interior
22 for expenditure, without further appropriation and with-
23 out fiscal year limitation, for the coordination and proc-
24 essing of oil and gas use authorizations on onshore Fed-
25 eral land under the jurisdiction of the Pilot Project offices



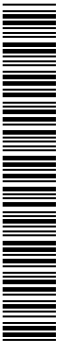
1 identified in section 365(d) of the Energy Policy Act of
2 2005.”.

3 (h) TRANSFER OF FUNDS.—For the purposes of co-
4 ordination and processing of oil and gas use authorizations
5 on Federal land under the administration of the Pilot
6 Project offices identified in subsection (d), the Secretary
7 may authorize the expenditure or transfer of such funds
8 as are necessary to—

- 9 (1) the United States Fish and Wildlife Service;
- 10 (2) the Bureau of Indian Affairs;
- 11 (3) the Forest Service;
- 12 (4) the Environmental Protection Agency;
- 13 (5) the Corps of Engineers; and
- 14 (6) the States of Wyoming, Montana, Colorado,
15 Utah, and New Mexico.

16 (i) SAVINGS PROVISION.—Nothing in this section
17 affects—

- 18 (1) the operation of any Federal or State law;
- 19 or
- 20 (2) any delegation of authority made by the
21 head of a Federal agency whose employees are par-
22 ticipating in the Pilot Project.



1 **SEC. 366 [H2027; SR, w/amdt]. DEADLINE FOR CONSIDER-**
2 **ATION OF APPLICATIONS FOR PERMITS.**

3 Section 17 of the Mineral Leasing Act (30 U.S.C.
4 226) is amended by adding at the end the following:

5 “(p) DEADLINES FOR CONSIDERATION OF APPLICA-
6 TIONS FOR PERMITS.—

7 “(1) IN GENERAL.—Not later than 10 days
8 after the date on which the Secretary receives an ap-
9 plication for any permit to drill, the Secretary
10 shall—

11 “(A) notify the applicant that the applica-
12 tion is complete; or

13 “(B) notify the applicant that information
14 is missing and specify any information that is
15 required to be submitted for the application to
16 be complete.

17 “(2) ISSUANCE OR DEFERRAL.—Not later than
18 30 days after the applicant for a permit has sub-
19 mitted a complete application, the Secretary shall—

20 “(A) issue the permit, if the requirements
21 under the National Environmental Policy Act of
22 1969 and other applicable law have been com-
23 pleted within such timeframe; or

24 “(B) defer the decision on the permit and
25 provide to the applicant a notice—



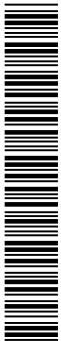
1 “(i) that specifies any steps that the
2 applicant could take for the permit to be
3 issued; and

4 “(ii) a list of actions that need to be
5 taken by the agency to complete compli-
6 ance with applicable law together with
7 timelines and deadlines for completing
8 such actions.

9 “(3) REQUIREMENTS FOR DEFERRED APPLICA-
10 TIONS.—

11 “(A) IN GENERAL.—If the Secretary pro-
12 vides notice under paragraph (2)(B), the appli-
13 cant shall have a period of 2 years from the
14 date of receipt of the notice in which to com-
15 plete all requirements specified by the Sec-
16 retary, including providing information needed
17 for compliance with the National Environmental
18 Policy Act of 1969.

19 “(B) ISSUANCE OF DECISION ON PER-
20 MIT.—If the applicant completes the require-
21 ments within the period specified in subpara-
22 graph (A), the Secretary shall issue a decision
23 on the permit not later than 10 days after the
24 date of completion of the requirements de-
25 scribed in subparagraph (A), unless compliance



1 with the National Environmental Policy Act of
2 1969 and other applicable law has not been
3 completed within such timeframe.

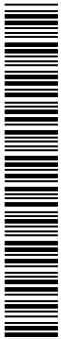
4 “(C) DENIAL OF PERMIT.—If the appli-
5 cant does not complete the requirements within
6 the period specified in subparagraph (A) or if
7 the applicant does not comply with applicable
8 law, the Secretary shall deny the permit.”.

9 **SEC. 367 [H2028; SR, w/amdt]. FAIR MARKET VALUE DETER-**
10 **MINATIONS FOR LINEAR RIGHTS-OF-WAY**
11 **ACROSS PUBLIC LANDS AND NATIONAL FOR-**
12 **ESTS.**

13 (a) UPDATE OF FEE SCHEDULE.—Not later than one
14 year after the date of enactment of this section—

15 (1) the Secretary of the Interior shall update
16 section 2806.20 of title 43, Code of Federal Regula-
17 tions, as in effect on the date of enactment of this
18 section, to revise the per acre rental fee zone value
19 schedule by State, county, and type of linear right-
20 of-way use to reflect current values of land in each
21 zone; and

22 (2) the Secretary of Agriculture shall make the
23 same revision for linear rights-of-way granted,
24 issued, or renewed under title V of the Federal
25 Lands Policy and Management Act of 1976 (43

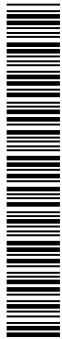


1 U.S.C. 1761 et seq.) on National Forest System
2 land.

3 (b) FAIR MARKET VALUE RENTAL DETERMINATION
4 FOR LINEAR RIGHTS-OF-WAY.—The fair market value
5 rent of a linear right-of-way across public lands or Na-
6 tional Forest System lands issued under section 504 of
7 the Federal Land Policy and Management Act of 1976
8 (43 U.S.C. 1764) or section 28 of the Mineral Leasing
9 Act (30 U.S.C. 185) shall be determined in accordance
10 with subpart 2806 of title 43, Code of Federal Regula-
11 tions, as in effect on the date of enactment of this section
12 (including the annual or periodic updates specified in the
13 regulations) and as updated in accordance with subsection
14 (a).

15 **SEC. 368 [H2029; SR, w/amdt]. ENERGY RIGHT-OF-WAY COR-**
16 **RIDORS ON FEDERAL LAND.**

17 (a) WESTERN STATES.—Not later than 2 years after
18 the date of enactment of this Act, the Secretary of Agri-
19 culture, the Secretary of Commerce, the Secretary of De-
20 fense, the Secretary of Energy, and the Secretary of the
21 Interior (in this section referred to collectively as “the Sec-
22 retaries”), in consultation with the Federal Energy Regu-
23 latory Commission, States, tribal or local units of govern-
24 ments as appropriate, affected utility industries, and other



1 interested persons, shall consult with each other and
2 shall—

3 (1) designate, under their respective authorities,
4 corridors for oil, gas, and hydrogen pipelines and
5 electricity transmission and distribution facilities on
6 Federal land in the eleven contiguous Western
7 States (as defined in section 103(o) of the Federal
8 Land Policy and Management Act of 1976 (43
9 U.S.C. 1702(o));

10 (2) perform any environmental reviews that
11 may be required to complete the designation of such
12 corridors; and

13 (3) incorporate the designated corridors into
14 the relevant agency land use and resource manage-
15 ment plans or equivalent plans.

16 (b) OTHER STATES.—Not later than 4 years after
17 the date of enactment of this Act, the Secretaries, in con-
18 sultation with the Federal Energy Regulatory Commis-
19 sion, affected utility industries, and other interested per-
20 sons, shall jointly—

21 (1) identify corridors for oil, gas, and hydrogen
22 pipelines and electricity transmission and distribu-
23 tion facilities on Federal land in States other than
24 those described in subsection (a); and



1 (2) schedule prompt action to identify, des-
2 ignate, and incorporate the corridors into the appli-
3 cable land use plans.

4 (c) ONGOING RESPONSIBILITIES.—The Secretaries,
5 in consultation with the Federal Energy Regulatory Com-
6 mission, affected utility industries, and other interested
7 parties, shall establish procedures under their respective
8 authorities that—

9 (1) ensure that additional corridors for oil, gas,
10 and hydrogen pipelines and electricity transmission
11 and distribution facilities on Federal land are
12 promptly identified and designated as necessary; and

13 (2) expedite applications to construct or modify
14 oil, gas, and hydrogen pipelines and electricity trans-
15 mission and distribution facilities within such cor-
16 ridors, taking into account prior analyses and envi-
17 ronmental reviews undertaken during the designa-
18 tion of such corridors.

19 (d) CONSIDERATIONS.—In carrying out this section,
20 the Secretaries shall take into account the need for up-
21 graded and new electricity transmission and distribution
22 facilities to—

23 (1) improve reliability;
24 (2) relieve congestion; and



1 (3) enhance the capability of the national grid
2 to deliver electricity.

3 (e) SPECIFICATIONS OF CORRIDOR.—A corridor des-
4 igned under this section shall, at a minimum, specify
5 the centerline, width, and compatible uses of the corridor.

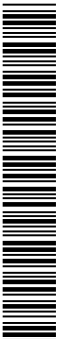
6 **SEC. 369 [H2018/S346; ?R, w/amdt]. OIL SHALE, TAR SANDS,**
7 **AND OTHER STRATEGIC UNCONVENTIONAL**
8 **FUELS.**

9 (a) SHORT TITLE.—This section may be cited as the
10 “Oil Shale, Tar Sands, and Other Strategic Unconven-
11 tional Fuels Act of 2005”.

12 (b) DECLARATION OF POLICY.—Congress declares
13 that it is the policy of the United States that—

14 (1) United States oil shale, tar sands, and other
15 unconventional fuels are strategically important do-
16 mestic resources that should be developed to reduce
17 the growing dependence of the United States on po-
18 litically and economically unstable sources of foreign
19 oil imports;

20 (2) the development of oil shale, tar sands, and
21 other strategic unconventional fuels, for research
22 and commercial development, should be conducted in
23 an environmentally sound manner, using practices
24 that minimize impacts; and



1 (3) development of those strategic unconven-
2 tional fuels should occur, with an emphasis on sus-
3 tainability, to benefit the United States while taking
4 into account affected States and communities.

5 (c) LEASING PROGRAM FOR RESEARCH AND DEVEL-
6 OPMENT OF OIL SHALE AND TAR SANDS.—In accordance
7 with section 21 of the Mineral Leasing Act (30 U.S.C.
8 241) and any other applicable law, except as provided in
9 this section, not later than 180 days after the date of en-
10 actment of this Act, from land otherwise available for leas-
11 ing, the Secretary of the Interior (referred to in this sec-
12 tion as the “Secretary”) shall make available for leasing
13 such land as the Secretary considers to be necessary to
14 conduct research and development activities with respect
15 to technologies for the recovery of liquid fuels from oil
16 shale and tar sands resources on public lands. Prospective
17 public lands within each of the States of Colorado, Utah,
18 and Wyoming shall be made available for such research
19 and development leasing.

20 (d) PROGRAMMATIC ENVIRONMENTAL IMPACT
21 STATEMENT AND COMMERCIAL LEASING PROGRAM FOR
22 OIL SHALE AND TAR SANDS.—

23 (1) PROGRAMMATIC ENVIRONMENTAL IMPACT
24 STATEMENT.—Not later than 18 months after the
25 date of enactment of this Act, in accordance with



1 section 102(2)(C) of the National Environmental
2 Policy Act of 1969 (42 U.S.C. 4332(2)(C)), the Sec-
3 retary shall complete a programmatic environmental
4 impact statement for a commercial leasing program
5 for oil shale and tar sands resources on public lands,
6 with an emphasis on the most geologically prospec-
7 tive lands within each of the States of Colorado,
8 Utah, and Wyoming.

9 (2) FINAL REGULATION.—Not later than 6
10 months after the completion of the programmatic
11 environmental impact statement under this sub-
12 section, the Secretary shall publish a final regulation
13 establishing such program.

14 (e) COMMENCEMENT OF COMMERCIAL LEASING OF
15 OIL SHALE AND TAR SANDS.—Not later than 180 days
16 after publication of the final regulation required by sub-
17 section (d), the Secretary shall consult with the Governors
18 of States with significant oil shale and tar sands resources
19 on public lands, representatives of local governments in
20 such States, interested Indian tribes, and other interested
21 persons, to determine the level of support and interest in
22 the States in the development of tar sands and oil shale
23 resources. If the Secretary finds sufficient support and in-
24 terest exists in a State, the Secretary may conduct a lease
25 sale in that State under the commercial leasing program



1 regulations. Evidence of interest in a lease sale under this
2 subsection shall include, but not be limited to, appropriate
3 areas nominated for leasing by potential lessees and other
4 interested parties.

5 (f) DILIGENT DEVELOPMENT REQUIREMENTS.—The
6 Secretary shall, by regulation, designate work require-
7 ments and milestones to ensure the diligent development
8 of the lease.

9 (g) INITIAL REPORT BY THE SECRETARY OF THE IN-
10 TERIOR.—Within 90 days after the date of enactment of
11 this Act, the Secretary of the Interior shall report to the
12 Committee on Resources of the House of Representatives
13 and the Committee on Energy and Natural Resources of
14 the Senate on—

15 (1) the interim actions necessary to—

16 (A) develop the program, complete the pro-
17 grammatic environmental impact statement,
18 and promulgate the final regulation as required
19 by subsection (d); and,

20 (B) conduct the first lease sales under the
21 program as required by subsection (e); and

22 (2) a schedule to complete such actions within
23 the time limits mandated by this section.

24 (h) TASK FORCE.—



1 (1) ESTABLISHMENT.—The Secretary of En-
2 ergy, in cooperation with the Secretary of the Inte-
3 rior and the Secretary of Defense, shall establish a
4 task force to develop a program to coordinate and
5 accelerate the commercial development of strategic
6 unconventional fuels, including but not limited to oil
7 shale and tar sands resources within the United
8 States, in an integrated manner.

9 (2) COMPOSITION.—The Task Force shall be
10 composed of

11 (A) the Secretary of Energy (or the des-
12 ignee of the Secretary);

13 (B) the Secretary of the Interior (or the
14 designee of the Secretary of the Interior);

15 (C) the Secretary of Defense (or the des-
16 ignee of the Secretary of Defense);

17 (D) the Governors of affected States; and

18 (E) representatives of local governments in
19 affected areas.

20 (3) RECOMMENDATIONS.—The Task Force
21 shall make such recommendations regarding pro-
22 moting the development of the strategic unconven-
23 tional fuels resources within the United States as it
24 may deem appropriate.



1 (4) PARTNERSHIPS.—The Task Force shall
2 make recommendations with respect to initiating a
3 partnership with the Province of Alberta, Canada,
4 for purposes of sharing information relating to the
5 development and production of oil from tar sands,
6 and similar partnerships with other nations that
7 contain significant oil shale resources

8 (5) REPORTS.—

9 (A) INITIAL REPORT.—Not later than 180
10 days after the date of enactment of this Act,
11 the Task Force shall submit to the President
12 and Congress a report that describes the anal-
13 ysis and recommendations of the Task Force.

14 (B) SUBSEQUENT REPORTS.—The Sec-
15 retary shall provide an annual report describing
16 the progress in developing the strategic uncon-
17 ventional fuels resources within the United
18 States for each of the 5 years following submis-
19 sion of the report provided for in subparagraph
20 (A).

21 (i) OFFICE OF PETROLEUM RESERVES.—

22 (1) IN GENERAL.—The Office of Petroleum Re-
23 serves of the Department of Energy shall—



1 (A) coordinate the creation and implemen-
2 tation of a commercial strategic fuel develop-
3 ment program for the United States;

4 (B) evaluate the strategic importance of
5 unconventional sources of strategic fuels to the
6 security of the United States;

7 (C) promote and coordinate Federal Gov-
8 ernment actions that facilitate the development
9 of strategic fuels in order to effectively address
10 the energy supply needs of the United States;

11 (D) identify, assess, and recommend ap-
12 propriate actions of the Federal Government re-
13 quired to assist in the development and manu-
14 facturing of strategic fuels; and

15 (E) coordinate and facilitate appropriate
16 relationships between private industry and the
17 Federal Government to promote sufficient and
18 timely private investment to commercialize stra-
19 tegic fuels for domestic and military use.

20 (2) CONSULTATION AND COORDINATION.—The
21 Office of Petroleum Reserves shall work closely with
22 the Task Force and coordinate its staff support.

23 (3) ANNUAL REPORTS.—Not later than 180
24 days after the date of enactment of this Act and an-
25 nually thereafter, the Secretary shall submit to Con-



1 gress a report that describes the activities of the Of-
2 fice of Petroleum Reserves carried out under this
3 subsection.

4 **[(j) MINERAL LEASING ACT AMENDMENTS.—**

5 **[(1) SECTION 17.—**Section 17(b)(2) of the Min-
6 eral Leasing Act (30 U.S.C. 226(b)(2)), as amended
7 by section 350, is further amended—

8 **[(A)** in subparagraph (A) (as designated
9 by the amendment made by subsection (a)(1) of
10 that section) by designating the first, second,
11 and third sentences as clauses (i), (ii), and (iii),
12 respectively;

13 **[(B)** by moving clause (ii), as so des-
14 ignated, so as to begin immediately after and
15 below clause (i);

16 **[(C)** by moving clause (iii), as so des-
17 ignated, so as to begin immediately after and
18 below clause (ii);

19 **[(D)** in clause (i) of subparagraph (A) (as
20 designated by subparagraph (A) of this para-
21 graph) by striking “five thousand one hundred
22 and twenty” and inserting “5,760”; and

23 **[(E)** by adding at the end the following:]



1 “(iv) No lease issued under this paragraph shall
2 be included in any chargeability limitation associated
3 with oil and gas leases. ”.

4 [(2) SECTION 21.—Section 21(a) of the Mineral
5 Leasing Act (30 U.S.C. 241(a)) is amended—

6 [(A) by striking “(a) That the Secretary”
7 and inserting the following:]

8 “(a)(1) The Secretary”;

9 [(B) by striking “; that no lease” and in-
10 serting a period, followed by the following:]

11 “(2) No lease”;

12 [(C) by striking “Leases may be for” and
13 inserting the following:]

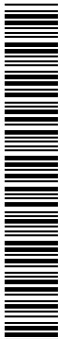
14 “(3) Leases may be for ”;

15 [(D) by striking “For the privilege” and
16 inserting the following:]

17 “(4) For the privilege ”;

18 [(E) in paragraph (2) (as designated by
19 subparagraph (B) of this paragraph) by strik-
20 ing “five thousand one hundred and twenty”
21 and inserting “5,760”;

22 [(F) in paragraph (4) (as designated by
23 subparagraph (D) of this paragraph) by strik-
24 ing “rate of 50 cents per acre” and inserting
25 “rate of \$2.00 per acre”;



1 [(G)](i) by striking “: *Provided further,*
2 That not more than one lease shall be granted
3 under this section to any” and inserting “: *Pro-*
4 *vided further,* That no”; and

5 [(ii) by striking “except that with respect
6 to leases for” and inserting “shall acquire or
7 hold more than 50,000 acres of oil shale leases
8 in any one State for”; and

9 [(H) by adding at the end the following:]
10 “(5) No lease issued under this section shall be
11 included in any chargeability limitation associated
12 with oil and gas leases. ”.

13 (k) INTERAGENCY COORDINATION AND EXPEDITIOUS
14 REVIEW OF PERMITTING PROCESS.—

15 (1) DEPARTMENT OF THE INTERIOR AS LEAD
16 AGENCY.—Upon written request of a prospective ap-
17 plicant for Federal authorization to develop a pro-
18 posed oil shale or tar sands project, the Department
19 of the Interior shall act as the lead Federal agency
20 for the purposes of coordinating all applicable Fed-
21 eral authorizations and environmental reviews. To
22 the maximum extent practicable under applicable
23 Federal law, the Secretary shall coordinate this Fed-
24 eral authorization and review process with any In-
25 dian tribes and State and local agencies responsible



1 for conducting any separate permitting and environ-
2 mental reviews.

3 (2) IMPLEMENTING REGULATIONS.—Not later
4 than 6 months after the date of enactment of this
5 Act, the Secretary shall issue any regulations nec-
6 essary to implement this subsection.

7 (l) COST-SHARED DEMONSTRATION TECH-
8 NOLOGIES.—

9 (1) IDENTIFICATION.—The Secretary shall
10 identify technologies for the development of oil shale
11 and tar sands that—

12 (A) are ready for demonstration at a com-
13 mercially-representative scale; and

14 (B) have a high probability of leading to
15 commercial production.

16 (2) ASSISTANCE.—For each technology identi-
17 fied under paragraph (1), the Secretary may
18 provide—

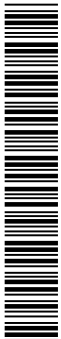
19 (A) technical assistance;

20 (B) assistance in meeting environmental
21 and regulatory requirements; and

22 (C) cost-sharing assistance.

23 (m) NATIONAL OIL SHALE AND TAR SANDS ASSESS-
24 MENT.—

25 (1) ASSESSMENT.—



1 (A) IN GENERAL.—The Secretary shall
2 carry out a national assessment of oil shale and
3 tar sands resources for the purposes of evalu-
4 ating and mapping oil shale and tar sands de-
5 posits, in the geographic areas described in sub-
6 paragraph (B). In conducting such an assess-
7 ment, the Secretary shall make use of the ex-
8 tensive geological assessment work for oil shale
9 and tar sands already conducted by the United
10 States Geological Survey.

11 (B) GEOGRAPHIC AREAS.—The geographic
12 areas referred to in subparagraph (A), listed in
13 the order in which the Secretary shall assign
14 priority, are—

15 (i) the Green River Region of the
16 States of Colorado, Utah, and Wyoming;

17 (ii) the Devonian oil shales and other
18 hydrocarbon-bearing rocks having the no-
19 menclature of “shale” located east of the
20 Mississippi River; and

21 (iii) any remaining area in the central
22 and western United States (including the
23 State of Alaska) that contains oil shale
24 and tar sands, as determined by the Sec-
25 retary.



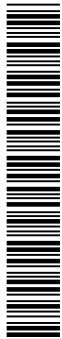
1 (2) USE OF STATE SURVEYS AND UNIVER-
2 SITIES.—In carrying out the assessment under para-
3 graph (1), the Secretary may request assistance
4 from any State- administered geological survey or
5 university.

6 (n) LAND EXCHANGES.—

7 (1) IN GENERAL.—To facilitate the recovery of
8 oil shale and tar sands, especially in areas where
9 Federal, State, and private lands are intermingled,
10 the Secretary shall consider the use of land ex-
11 changes where appropriate and feasible to consoli-
12 date land ownership and mineral interests into man-
13 ageable areas.

14 (2) IDENTIFICATION AND PRIORITY OF PUBLIC
15 LANDS.—The Secretary shall identify public lands
16 containing deposits of oil shale or tar sands within
17 the Green River, Piceance Creek, Uintah, and
18 Washakie geologic basins, and shall give priority to
19 implementing land exchanges within those basins.
20 The Secretary shall consider the geology of the re-
21 spective basin in determining the optimum size of
22 the lands to be consolidated.

23 (3) COMPLIANCE WITH SECTION 206 OF
24 FLPMA.—A land exchange undertaken in furtherance
25 of this subsection shall be implemented in accord-



1 ance with section 206 of the Federal Land Policy
2 and Management Act of 1976 (43 U.S.C. 1716).

3 (o) ROYALTY RATES FOR LEASES.—The Secretary
4 shall establish royalties, fees, rentals, bonus, or other pay-
5 ments for leases under this section that shall—

6 (1) encourage development of the oil shale and
7 tar sands resource; and

8 (2) ensure a fair return to the United States.

9 (p) HEAVY OIL TECHNICAL AND ECONOMIC ASSESS-
10 MENT.—The Secretary shall update the 1987 technical
11 and economic assessment of domestic heavy oil resources
12 that was prepared by the Interstate Oil and Gas Compact
13 Commission. Such an update should include all of North
14 America and cover all unconventional oil, including heavy
15 oil, tar sands (oil sands), and oil shale.

16 (q) PROCUREMENT OF UNCONVENTIONAL FUELS BY
17 THE DEPARTMENT OF DEFENSE.—

18 (1) IN GENERAL.—Chapter 141 of title 10,
19 United States Code, is amended by inserting after
20 section 2398 the following:

21 “§ 2398a. Procurement of fuel derived from coal, oil
22 shale, and tar sands

23 “(a) USE OF FUEL TO MEET DEPARTMENT OF DE-
24 FENSE NEEDS.—The Secretary of Defense shall develop
25 a strategy to use fuel produced, in whole or in part, from



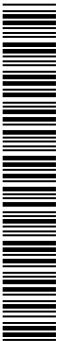
1 coal, oil shale, and tar sands (referred to in this section
2 as a ‘covered fuel’) that are extracted by either mining
3 or in-situ methods and refined or otherwise processed in
4 the United States in order to assist in meeting the fuel
5 requirements of the Department of Defense when the Sec-
6 retary determines that it is in the national interest.

7 “(b) **AUTHORITY TO PROCURE.**—The Secretary of
8 Defense may enter into 1 or more contracts or other
9 agreements (that meet the requirements of this section)
10 to procure a covered fuel to meet 1 or more fuel require-
11 ments of the Department of Defense.

12 “(c) **CLEAN FUEL REQUIREMENTS.**—A covered fuel
13 may be procured under subsection (b) only if the covered
14 fuel meets such standards for clean fuel produced from
15 domestic sources as the Secretary of Defense shall estab-
16 lish for purposes of this section in consultation with the
17 Department of Energy.

18 “(d) **MULTIYEAR CONTRACT AUTHORITY.**—Subject
19 to applicable provisions of law, any contract or other
20 agreement for the procurement of covered fuel under sub-
21 section (b) may be for 1 or more years at the election of
22 the Secretary of Defense.

23 “(e) **FUEL SOURCE ANALYSIS.**—In order to facilitate
24 the procurement by the Department of Defense of covered
25 fuel under subsection (b), the Secretary of Defense may



1 carry out a comprehensive assessment of current and po-
2 tential locations in the United States for the supply of cov-
3 ered fuel to the Department.”.

4 (2) CLERICAL AMENDMENT.—The table of sec-
5 tions for chapter 141 of title 10, United States
6 Code, is amended by inserting after the item relating
7 to section 2398 the following:

“2398a. Procurement of fuel derived from coal, oil shale, and tar sands.”.

8 (r) STATE WATER RIGHTS.—Nothing in this section
9 preempts or affects any State water law or interstate com-
10 pact relating to water.

11 (s) AUTHORIZATION OF APPROPRIATIONS.—There
12 are authorized to be appropriated such sums as are nec-
13 essary to carry out this section.

14 **SEC. 370 [S347; HR]. FINGER LAKES WITHDRAWAL.**

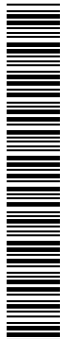
15 All Federal land within the boundary of Finger Lakes
16 National Forest in the State of New York is withdrawn
17 from—

18 (1) all forms of entry, appropriation, or disposal
19 under the public land laws; and

20 (2) disposition under all laws relating to oil and
21 gas leasing.

22 **SEC. 371 [S348; HR, w/amdt]. REINSTATEMENT OF LEASES.**

23 (a) LEASES TERMINATED FOR CERTAIN FAILURE TO
24 PAY RENTAL.—Notwithstanding section 31(d)(2)(B) of
25 the Mineral Leasing Act (30 U.S.C. 188(d)(2)(B)) as in



1 effect before the effective date of this section, and notwith-
2 standing the amendment made by subsection (b) of this
3 section, the Secretary of the Interior may reinstate any
4 oil and gas lease issued under that Act that was termi-
5 nated for failure of a lessee to pay the full amount of rent-
6 al on or before the anniversary date of the lease, during
7 the period beginning on September 1, 2001, and ending
8 on June 30, 2004, if—

9 (1) not later than 120 days after the date of
10 enactment of this Act, the lessee—

11 (A) files a petition for reinstatement of the
12 lease;

13 (B) complies with the conditions of section
14 31(e) of the Mineral Leasing Act (30 U.S.C.
15 188(e)); and

16 (C) certifies that the lessee did not receive
17 a notice of termination by the date that was 13
18 months before the date of termination; and

19 (2) the land is available for leasing.

20 (b) DEADLINE FOR PETITIONS, GENERALLY.—Sec-
21 tion 31(d)(2) of the Mineral Leasing Act (30 U.S.C.
22 188(d)(2)) is amended by striking subparagraphs (A) and
23 (B) and inserting the following:

24 “(A) with respect to any lease that termi-
25 nated under subsection (b) on or before the



1 date of the enactment of the Energy Policy Act
2 of 2005, a petition for reinstatement (together
3 with the required back rental and royalty accru-
4 ing after the date of termination) is filed on or
5 before the earlier of—

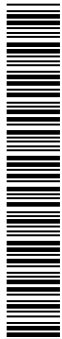
6 “(i) 60 days after the lessee receives
7 from the Secretary notice of termination,
8 whether by return of check or by any other
9 form of actual notice; or

10 “(ii) 15 months after the termination
11 of the lease; or

12 “(B) with respect to any lease that termi-
13 nates under subsection (b) after the date of the
14 enactment of the Energy Policy Act of 2005, a
15 petition for reinstatement (together with the re-
16 quired back rental and royalty accruing after
17 the date of termination) is filed on or before the
18 earlier of—

19 “(i) 60 days after receipt of the notice
20 of termination sent by the Secretary by
21 certified mail to all lessees of record; or

22 “(ii) 24 months after the termination
23 of the lease.”.



1 **SEC. 372 [H2030; SR]. CONSULTATION REGARDING ENERGY**
2 **RIGHTS-OF-WAY ON PUBLIC LAND.**

3 (a) MEMORANDUM OF UNDERSTANDING.—

4 (1) IN GENERAL.—Not later than 6 months
5 after the date of enactment of this Act, the Sec-
6 retary of Energy, in consultation with the Secretary
7 of the Interior, the Secretary of Agriculture, and the
8 Secretary of Defense with respect to lands under
9 their respective jurisdictions, shall enter into a
10 memorandum of understanding to coordinate all ap-
11 plicable Federal authorizations and environmental
12 reviews relating to a proposed or existing utility fa-
13 cility. To the maximum extent practicable under ap-
14 plicable law, the Secretary of Energy shall, to ensure
15 timely review and permit decisions, coordinate such
16 authorizations and reviews with any Indian tribes,
17 multi-State entities, and State agencies that are re-
18 sponsible for conducting any separate permitting
19 and environmental reviews of the affected utility fa-
20 cility.

21 (2) CONTENTS.—The memorandum of under-
22 standing shall include provisions that—

23 (A) establish—

24 (i) a unified right-of-way application
25 form; and



1 (ii) an administrative procedure for
2 processing right-of-way applications, in-
3 cluding lines of authority, steps in applica-
4 tion processing, and timeframes for applica-
5 tion processing;

6 (B) provide for coordination of planning
7 relating to the granting of the rights-of-way;

8 (C) provide for an agreement among the
9 affected Federal agencies to prepare a single
10 environmental review document to be used as
11 the basis for all Federal authorization decisions;
12 and

13 (D) provide for coordination of use of
14 right-of-way stipulations to achieve consistency.

15 (b) NATURAL GAS PIPELINES.—

16 (1) IN GENERAL.—With respect to permitting
17 activities for interstate natural gas pipelines, the
18 May 2002 document entitled “Interagency Agree-
19 ment On Early Coordination Of Required Environ-
20 mental And Historic Preservation Reviews Con-
21 ducted In Conjunction With The Issuance Of Au-
22 thorizations To Construct And Operate Interstate
23 Natural Gas Pipelines Certificated By The Federal
24 Energy Regulatory Commission” shall constitute
25 compliance with subsection (a).



1 (2) REPORT.—

2 (A) IN GENERAL.—Not later than 1 year
3 after the date of enactment of this Act, and
4 every 2 years thereafter, agencies that are sig-
5 natories to the document referred to in para-
6 graph (1) shall transmit to Congress a report
7 on how the agencies under the jurisdiction of
8 the Secretaries are incorporating and imple-
9 menting the provisions of the document referred
10 to in paragraph (1).

11 (B) CONTENTS.—The report shall
12 address—

13 (i) efforts to implement the provisions
14 of the document referred to in paragraph
15 (1);

16 (ii) whether the efforts have had a
17 streamlining effect;

18 (iii) further improvements to the per-
19 mitting process of the agency; and

20 (iv) recommendations for inclusion of
21 State and tribal governments in a coordi-
22 nated permitting process.

23 (c) DEFINITION OF UTILITY FACILITY.—In this sec-
24 tion, the term “utility facility” means any privately, pub-
25 licly, or cooperatively owned line, facility, or system—



1 (1) for the transportation of—

2 (A) oil, natural gas, synthetic liquid fuel,
3 or gaseous fuel;

4 (B) any refined product produced from oil,
5 natural gas, synthetic liquid fuel, or gaseous
6 fuel; or

7 (C) products in support of the production
8 of material referred to in subparagraph (A) or
9 (B);

10 (2) for storage and terminal facilities in connec-
11 tion with the production of material referred to in
12 paragraph (1); or

13 (3) for the generation, transmission, and dis-
14 tribution of electric energy.

15 **SEC. 373 [H2032; SR]. SENSE OF CONGRESS REGARDING DE-**
16 **VELOPMENT OF MINERALS UNDER PADRE IS-**
17 **LAND NATIONAL SEASHORE.**

18 (a) FINDINGS.—Congress finds the following:

19 (1) Pursuant to Public Law 87–712 (16 U.S.C.
20 459d et seq.; popularly known as the “Federal Ena-
21 bling Act”) and various deeds and actions under
22 that Act, the United States is the owner of only the
23 surface estate of certain lands constituting the
24 Padre Island National Seashore.



1 (2) Ownership of the oil, gas, and other min-
2 erals in the subsurface estate of the lands consti-
3 tuting the Padre Island National Seashore was never
4 acquired by the United States, and ownership of
5 those interests is held by the State of Texas and pri-
6 vate parties.

7 (3) Public Law 87-712 (16 U.S.C. 459d et
8 seq.)—

9 (A) expressly contemplated that the United
10 States would recognize the ownership and fu-
11 ture development of the oil, gas, and other min-
12 erals in the subsurface estate of the lands con-
13 stituting the Padre Island National Seashore by
14 the owners and their mineral lessees; and

15 (B) recognized that approval of the State
16 of Texas was required to create Padre Island
17 National Seashore.

18 (4) Approval was given for the creation of
19 Padre Island National Seashore by the State of
20 Texas through Tex. Rev. Civ. Stat. Ann. Art.
21 6077(t) (Vernon 1970), which expressly recognized
22 that development of the oil, gas, and other minerals
23 in the subsurface of the lands constituting Padre Is-
24 land National Seashore would be conducted with full



1 rights of ingress and egress under the laws of the
2 State of Texas.

3 (b) SENSE OF CONGRESS.—It is the sense of Con-
4 gress that with regard to Federal law, any regulation of
5 the development of oil, gas, or other minerals in the sub-
6 surface of the lands constituting Padre Island National
7 Seashore should be made as if those lands retained the
8 status that the lands had on September 27, 1962.

9 **SEC. 374 [H2033; SR, w/amdt]. [LIVINGSTON PARISH MIN-**
10 **ERAL RIGHTS TRANSFER].**

11 Section 102 of Public Law 102–562 (106 Stat. 4234)
12 is amended by striking subsection (b) and inserting the
13 following:

14 “(b) RESERVATION OF OIL AND GAS RIGHTS AND
15 CONVEYANCE OF REMAINING MINERAL RIGHTS.—Subject
16 to the limitations set forth in subsection (c), the United
17 States hereby excepts and reserves from the provisions of
18 subsection (a), all rights to oil and gas underlying such
19 lands, along with the right to explore for, and produce the
20 oil and gas under applicable law and such regulations as
21 the Secretary of the Interior may prescribe. Not later than
22 180 days after the date of enactment of the Energy Policy
23 Act of 2005, the Secretary of the Interior shall convey the
24 remaining mineral rights to the parties who as of the date
25 of enactment of the Energy Policy Act of 2005 would be



1 recognized as holders of a right, title, or interest to any
2 portion of such minerals under the laws of the State of
3 Louisiana, but for the interest of the United States in
4 such minerals.

5 “(c) OIL AND GAS RESOURCE ASSESSMENT AND RE-
6 PORT.—The United States Geological Survey shall con-
7 duct a resource assessment and publish a report of the
8 findings of such resource assessment (‘USGS Assessment
9 and Report’) within one year of the date of enactment of
10 the Energy Policy Act of 2005. The USGS Assessment
11 and Report shall provide an assessment of all oil and gas
12 resources underlying the certain lands in Livingston Par-
13 ish, Louisiana, as described in section 103 (the ‘Living-
14 ston Parish lands’). Upon a finding by the Secretary of
15 the Interior based upon the USGS Assessment and Report
16 that it is unlikely that economically recoverable oil and gas
17 resources are present, the Secretary shall convey all rights
18 to oil and gas underlying such lands to the recipients of
19 the conveyances under subsection (b). Such further con-
20 veyances shall be made within 180 days after a finding
21 by the Secretary that it is unlikely that economically re-
22 coverable oil and gas resources are present.”.



1 **Subtitle G—Miscellaneous**

2 **SEC. 381 [H2013/S387; HR, w/amdt]. DEADLINE FOR DECISION**
3 **ON APPEALS OF CONSISTENCY DETERMINA-**
4 **TION UNDER THE COASTAL ZONE MANAGE-**
5 **MENT ACT OF 1972.**

6 Section 319 of the Coastal Zone Management Act of
7 1972 (16 U.S.C. 1465) is amended to read as follows:

8 “APPEALS TO THE SECRETARY

9 “SEC. 319. (a) NOTICE.—Not later than 30 days
10 after the date of the filing of an appeal to the Secretary
11 of a consistency determination under section 307, the Sec-
12 retary shall publish an initial notice in the Federal Reg-
13 ister.

14 “(b) CLOSURE OF RECORD.—

15 “(1) IN GENERAL.—Not later than the end of
16 the 160-day period beginning on the date of publica-
17 tion of an initial notice under subsection (a), except
18 as provided in paragraph (3), the Secretary shall im-
19 mediately close the decision record and receive no
20 more filings on the appeal.

21 “(2) NOTICE.—After closing the administrative
22 record, the Secretary shall immediately publish a no-
23 tice in the Federal Register that the administrative
24 record has been closed.

25 “(3) EXCEPTION.—



1 “(A) IN GENERAL.—Subject to subpara-
2 graph (B), during the 160-day period described
3 in paragraph (1), the Secretary may stay the
4 closing of the decision record—

5 “(i) for a specific period mutually
6 agreed to in writing by the appellant and
7 the State agency; or

8 “(ii) as the Secretary determines nec-
9 essary to receive, on an expedited basis—

10 “(I) any supplemental informa-
11 tion specifically requested by the Sec-
12 retary to complete a consistency re-
13 view under this Act; or

14 “(II) any clarifying information
15 submitted by a party to the pro-
16 ceeding related to information in the
17 consolidated record compiled by the
18 lead Federal permitting agency.

19 “(B) APPLICABILITY.—The Secretary may
20 only stay the 160-day period described in para-
21 graph (1) for a period not to exceed 60 days.

22 “(c) DEADLINE FOR DECISION.—

23 “(1) IN GENERAL.—Not later than 60 days
24 after the date of publication of a Federal Register
25 notice stating when the decision record for an appeal



1 has been closed, the Secretary shall issue a decision
2 or publish a notice in the Federal Register explain-
3 ing why a decision cannot be issued at that time.

4 “(2) SUBSEQUENT DECISION.—Not later than
5 15 days after the date of publication of a Federal
6 Register notice explaining why a decision cannot be
7 issued within the 90-day period, the Secretary shall
8 issue a decision.”.

9 **SEC. 382 [H330; SR, w/amdt]. APPEALS RELATING TO PIPE-**
10 **LINE CONSTRUCTION OR OFFSHORE MIN-**
11 **ERAL DEVELOPMENT PROJECTS.**

12 For any Federal administrative agency proceeding
13 that is an appeal or review under section 319 of the Coast-
14 al Zone Management Act of 1972 (16 U.S.C. 1465), as
15 amended by this Act, related to any Federal authorization
16 for the permitting, approval, or other authorization of an
17 energy project, the lead Federal permitting agency for the
18 project shall, with the cooperation of Federal and State
19 administrative agencies, maintain a consolidated record of
20 all decisions made or actions taken by the lead agency or
21 by another Federal or State administrative agency or offi-
22 cer. Such record shall be the initial record for appeals or
23 reviews under that Act, provided that the record may be
24 supplemented as expressly provided pursuant to section
25 319 of that Act.



1 **SEC. 383 [H2052; SR]. ROYALTY PAYMENTS UNDER LEASES**
2 **UNDER THE OUTER CONTINENTAL SHELF**
3 **LANDS ACT.**

4 (a) ROYALTY RELIEF.—

5 (1) IN GENERAL.—For purposes of providing
6 compensation for lessees and a State for which
7 amounts are authorized by section 6004(c) of the Oil
8 Pollution Act of 1990 (Public Law 101–380), a les-
9 see may withhold from payment any royalty due and
10 owing to the United States under any leases under
11 the Outer Continental Shelf Lands Act (43 U.S.C.
12 1301 et seq.) for offshore oil or gas production from
13 a covered lease tract if, on or before the date that
14 the payment is due and payable to the United
15 States, the lessee makes a payment to the State of
16 44 cents for every \$1 of royalty withheld.

17 (2) TREATMENT OF AMOUNTS.—Any royalty
18 withheld by a lessee in accordance with this section
19 (including any portion thereof that is paid to the
20 State under paragraph (1)) shall be treated as paid
21 for purposes of satisfaction of the royalty obligations
22 of the lessee to the United States.

23 (3) CERTIFICATION OF WITHHELD AMOUNTS.—
24 The Secretary of the Treasury shall—

25 (A) determine the amount of royalty with-
26 held by a lessee under this section; and



1 (B) promptly publish a certification when
2 the total amount of royalty withheld by the les-
3 see under this section is equal to—

4 (i) the dollar amount stated at page
5 47 of Senate Report number 101–534,
6 which is designated therein as the total
7 drainage claim for the West Delta field;
8 plus

9 (ii) interest as described at page 47 of
10 that Report.

11 (b) PERIOD OF ROYALTY RELIEF.—Subsection (a)
12 shall apply to royalty amounts that are due and payable
13 in the period beginning on October 1, 2006, and ending
14 on the date on which the Secretary of the Treasury pub-
15 lishes a certification under subsection (a)(3)(B).

16 (c) DEFINITIONS.—As used in this section:

17 (1) COVERED LEASE TRACT.—The term “cov-
18 ered lease tract” means a leased tract (or portion of
19 a leased tract)—

20 (A) lying seaward of the zone defined and
21 governed by section 8(g) of the Outer Conti-
22 nental Shelf Lands Act (43 U.S.C. 1337(g)); or

23 (B) lying within such zone but to which
24 such section does not apply.

25 (2) LESSEE.—The term “lessee”—



1 (A) means a person or entity that, on the
2 date of the enactment of the Oil Pollution Act
3 of 1990, was a lessee referred to in section
4 6004(c) of that Act (as in effect on that date
5 of the enactment), but did not hold lease rights
6 in Federal offshore lease OCS-G-5669; and

7 (B) includes successors and affiliates of a
8 person or entity described in subparagraph (A).

9 **SEC. 384 [H2053/S371; HR]. COASTAL IMPACT ASSISTANCE**
10 **PROGRAM.**

11 Section 31 of the Outer Continental Shelf Lands Act
12 (43 U.S.C. 1356a) is amended to read as follows:

13 **“SEC. 31. COASTAL IMPACT ASSISTANCE PROGRAM.**

14 **“(a) DEFINITIONS.—**In this section:

15 **“(1) COASTAL POLITICAL SUBDIVISION.—**The
16 term ‘coastal political subdivision’ means a political
17 subdivision of a coastal State any part of which po-
18 litical subdivision is—

19 **“(A)** within the coastal zone (as defined in
20 section 304 of the Coastal Zone Management
21 Act of 1972 (16 U.S.C. 1453)) of the coastal
22 State as of the date of enactment of the Energy
23 Policy Act of 2005; and

24 **“(B)** not more than 200 nautical miles
25 from the geographic center of any leased tract.



1 “(2) COASTAL POPULATION.—The term ‘coastal
2 population’ means the population, as determined by
3 the most recent official data of the Census Bureau,
4 of each political subdivision any part of which lies
5 within the designated coastal boundary of a State
6 (as defined in a State’s coastal zone management
7 program under the Coastal Zone Management Act of
8 1972 (16 U.S.C. 1451 et seq.)).

9 “(3) COASTAL STATE.—The term ‘coastal
10 State’ has the meaning given the term in section
11 304 of the Coastal Zone Management Act of 1972
12 (16 U.S.C. 1453).

13 “(4) COASTLINE.—The term ‘coastline’ has the
14 meaning given the term ‘coast line’ in section 2 of
15 the Submerged Lands Act (43 U.S.C. 1301).

16 “(5) DISTANCE.—The term ‘distance’ means
17 the minimum great circle distance, measured in stat-
18 ute miles.

19 “(6) LEASED TRACT.—The term ‘leased tract’
20 means a tract that is subject to a lease under section
21 6 or 8 for the purpose of drilling for, developing,
22 and producing oil or natural gas resources.

23 “(7) LEASING MORATORIA.—The term ‘leasing
24 moratoria’ means the prohibitions on preleasing,
25 leasing, and related activities on any geographic area



1 of the outer Continental Shelf as contained in sec-
2 tions 107 through 109 of division E of the Consoli-
3 dated Appropriations Act, 2005 (Public Law 108-
4 447; 118 Stat. 3063).

5 “(8) POLITICAL SUBDIVISION.—The term ‘polit-
6 ical subdivision’ means the local political jurisdiction
7 immediately below the level of State government, in-
8 cluding counties, parishes, and boroughs.

9 “(9) PRODUCING STATE.—

10 “(A) IN GENERAL.—The term ‘producing
11 State’ means a coastal State that has a coastal
12 seaward boundary within 200 nautical miles of
13 the geographic center of a leased tract within
14 any area of the outer Continental Shelf.

15 “(B) EXCLUSION.—The term ‘producing
16 State’ does not include a producing State, a
17 majority of the coastline of which is subject to
18 leasing moratoria, unless production was occur-
19 ring on January 1, 2005, from a lease within
20 10 nautical miles of the coastline of that State.

21 “(10) QUALIFIED OUTER CONTINENTAL SHELF
22 REVENUES.—

23 “(A) IN GENERAL.—The term ‘qualified
24 Outer Continental Shelf revenues’ means all



1 amounts received by the United States from
2 each leased tract or portion of a leased tract—

3 “(i) lying—

4 “(I) seaward of the zone covered
5 by section 8(g); or

6 “(II) within that zone, but to
7 which section 8(g) does not apply; and

8 “(ii) the geographic center of which
9 lies within a distance of 200 nautical miles
10 from any part of the coastline of any
11 coastal State.

12 “(B) INCLUSIONS.—The term ‘qualified
13 Outer Continental Shelf revenues’ includes
14 bonus bids, rents, royalties (including payments
15 for royalty taken in kind and sold), net profit
16 share payments, and related late-payment inter-
17 est from natural gas and oil leases issued under
18 this Act.

19 “(C) EXCLUSION.—The term ‘qualified
20 Outer Continental Shelf revenues’ does not in-
21 clude any revenues from a leased tract or por-
22 tion of a leased tract that is located in a geo-
23 graphic area subject to a leasing moratorium on
24 January 1, 2005, unless the lease was in pro-
25 duction on January 1, 2005.



1 “(b) PAYMENTS TO PRODUCING STATES AND COAST-
2 AL POLITICAL SUBDIVISIONS.—

3 “(1) IN GENERAL.—The Secretary shall, with-
4 out further appropriation, disburse to producing
5 States and coastal political subdivisions in accord-
6 ance with this section \$250,000,000 for each of fis-
7 cal years 2007 through 2010.

8 “(2) DISBURSEMENT.—In each fiscal year, the
9 Secretary shall disburse to each producing State for
10 which the Secretary has approved a plan under sub-
11 section (c), and to coastal political subdivisions
12 under paragraph (4), such funds as are allocated to
13 the producing State or coastal political subdivision,
14 respectively, under this section for the fiscal year.

15 “(3) ALLOCATION AMONG PRODUCING
16 STATES.—

17 “(A) IN GENERAL.—Except as provided in
18 subparagraph (C) and subject to subparagraph
19 (D), the amounts available under paragraph (1)
20 shall be allocated to each producing State based
21 on the ratio that—

22 “(i) the amount of qualified outer
23 Continental Shelf revenues generated off
24 the coastline of the producing State; bears
25 to



1 “(ii) the amount of qualified outer
2 Continental Shelf revenues generated off
3 the coastline of all producing States.

4 “(B) AMOUNT OF OUTER CONTINENTAL
5 SHELF REVENUES.—For purposes of subpara-
6 graph (A)—

7 “(i) the amount of qualified outer
8 Continental Shelf revenues for each of fis-
9 cal years 2007 and 2008 shall be deter-
10 mined using qualified outer Continental
11 Shelf revenues received for fiscal year
12 2006; and

13 “(ii) the amount of qualified outer
14 Continental Shelf revenues for each of fis-
15 cal years 2009 and 2010 shall be deter-
16 mined using qualified outer Continental
17 Shelf revenues received for fiscal year
18 2008.

19 “(C) MULTIPLE PRODUCING STATES.—In
20 a case in which more than 1 producing State is
21 located within 200 nautical miles of any portion
22 of a leased tract, the amount allocated to each
23 producing State for the leased tract shall be in-
24 versely proportional to the distance between—



1 “(i) the nearest point on the coastline
2 of the producing State; and

3 “(ii) the geographic center of the
4 leased tract.

5 “(D) MINIMUM ALLOCATION.—The
6 amount allocated to a producing State under
7 subparagraph (A) shall be at least 1 percent of
8 the amounts available under paragraph (1).

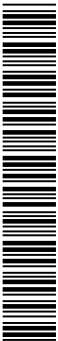
9 “(4) PAYMENTS TO COASTAL POLITICAL SUB-
10 DIVISIONS.—

11 “(A) IN GENERAL.—The Secretary shall
12 pay 35 percent of the allocable share of each
13 producing State, as determined under para-
14 graph (3) to the coastal political subdivisions in
15 the producing State.

16 “(B) FORMULA.—Of the amount paid by
17 the Secretary to coastal political subdivisions
18 under subparagraph (A)—

19 “(i) 25 percent shall be allocated to
20 each coastal political subdivision in the
21 proportion that—

22 “(I) the coastal population of the
23 coastal political subdivision; bears to



1 “(II) the coastal population of all
2 coastal political subdivisions in the
3 producing State;

4 “(ii) 25 percent shall be allocated to
5 each coastal political subdivision in the
6 proportion that—

7 “(I) the number of miles of
8 coastline of the coastal political sub-
9 division; bears to

10 “(II) the number of miles of
11 coastline of all coastal political sub-
12 divisions in the producing State; and

13 “(iii) 50 percent shall be allocated in
14 amounts that are inversely proportional to
15 the respective distances between the points
16 in each coastal political subdivision that
17 are closest to the geographic center of each
18 leased tract, as determined by the Sec-
19 retary.

20 “(C) EXCEPTION FOR THE STATE OF LOU-
21 ISIANA.—For the purposes of subparagraph
22 (B)(ii), the coastline for coastal political sub-
23 divisions in the State of Louisiana without a
24 coastline shall be considered to be $\frac{1}{3}$ the aver-
25 age length of the coastline of all coastal political



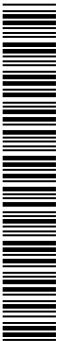
1 subdivisions with a coastline in the State of
2 Louisiana.

3 “(D) EXCEPTION FOR THE STATE OF
4 ALASKA.—For the purposes of carrying out
5 subparagraph (B)(iii) in the State of Alaska,
6 the amounts allocated shall be divided equally
7 among the 2 coastal political subdivisions that
8 are closest to the geographic center of a leased
9 tract.

10 “(E) EXCLUSION OF CERTAIN LEASED
11 TRACTS.—For purposes of subparagraph
12 (B)(iii), a leased tract or portion of a leased
13 tract shall be excluded if the tract or portion of
14 a leased tract is located in a geographic area
15 subject to a leasing moratorium on January 1,
16 2005, unless the lease was in production on
17 that date.

18 “(6) NO APPROVED PLAN.—

19 “(A) IN GENERAL.—Subject to subpara-
20 graph (B) and except as provided in subpara-
21 graph (C), in a case in which any amount allo-
22 cated to a producing State or coastal political
23 subdivision under paragraph (4) or (5) is not
24 disbursed because the producing State does not
25 have in effect a plan that has been approved by



1 the Secretary under subsection (c), the Sec-
2 retary shall allocate the undisbursed amount
3 equally among all other producing States.

4 “(B) RETENTION OF ALLOCATION.—The
5 Secretary shall hold in escrow an undisbursed
6 amount described in subparagraph (A) until
7 such date as the final appeal regarding the dis-
8 approval of a plan submitted under subsection
9 (c) is decided.

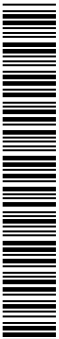
10 “(C) WAIVER.—The Secretary may waive
11 subparagraph (A) with respect to an allocated
12 share of a producing State and hold the allo-
13 cable share in escrow if the Secretary deter-
14 mines that the producing State is making a
15 good faith effort to develop and submit, or up-
16 date, a plan in accordance with subsection (c).

17 “(c) COASTAL IMPACT ASSISTANCE PLAN.—

18 “(1) SUBMISSION OF STATE PLANS.—

19 “(A) IN GENERAL.—Not later than July 1,
20 2008, the Governor of a producing State shall
21 submit to the Secretary a coastal impact assist-
22 ance plan.

23 “(B) PUBLIC PARTICIPATION.—In carrying
24 out subparagraph (A), the Governor shall solicit



1 local input and provide for public participation
2 in the development of the plan.

3 “(2) APPROVAL.—

4 “(A) IN GENERAL.—The Secretary shall
5 approve a plan of a producing State submitted
6 under paragraph (1) before disbursing any
7 amount to the producing State, or to a coastal
8 political subdivision located in the producing
9 State, under this section.

10 “(B) COMPONENTS.—The Secretary shall
11 approve a plan submitted under paragraph (1)
12 if—

13 “(i) the Secretary determines that the
14 plan is consistent with the uses described
15 in subsection (d); and

16 “(ii) the plan contains—

17 “(I) the name of the State agen-
18 cy that will have the authority to rep-
19 resent and act on behalf of the pro-
20 ducing State in dealing with the Sec-
21 retary for purposes of this section;

22 “(II) a program for the imple-
23 mentation of the plan that describes
24 how the amounts provided under this



1 section to the producing State will be
2 used;

3 “(III) for each coastal political
4 subdivision that receives an amount
5 under this section—

6 “(aa) the name of a contact
7 person; and

8 “(bb) a description of how
9 the coastal political subdivision
10 will use amounts provided under
11 this section;

12 “(IV) a certification by the Gov-
13 ernor that ample opportunity has been
14 provided for public participation in
15 the development and revision of the
16 plan; and

17 “(V) a description of measures
18 that will be taken to determine the
19 availability of assistance from other
20 relevant Federal resources and pro-
21 grams.

22 “(3) AMENDMENT.—Any amendment to a plan
23 submitted under paragraph (1) shall be—

24 “(A) developed in accordance with this
25 subsection; and



1 “(B) submitted to the Secretary for ap-
2 proval or disapproval under paragraph (4).

3 “(4) PROCEDURE.—Not later than 90 days
4 after the date on which a plan or amendment to a
5 plan is submitted under paragraph (1) or (3), the
6 Secretary shall approve or disapprove the plan or
7 amendment.

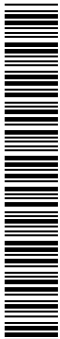
8 “(d) AUTHORIZED USES.—

9 “(1) IN GENERAL.—A producing State or coast-
10 al political subdivision shall use all amounts received
11 under this section, including any amount deposited
12 in a trust fund that is administered by the State or
13 coastal political subdivision and dedicated to uses
14 consistent with this section, in accordance with all
15 applicable Federal and State law, only for 1 or more
16 of the following purposes:

17 “(A) Projects and activities for the con-
18 servation, protection, or restoration of coastal
19 areas, including wetland.

20 “(B) Mitigation of damage to fish, wildlife,
21 or natural resources.

22 “(C) Planning assistance and the adminis-
23 trative costs of complying with this section.



1 “(D) Implementation of a federally-ap-
2 proved marine, coastal, or comprehensive con-
3 servation management plan.

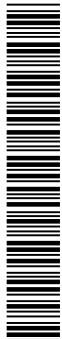
4 “(E) Mitigation of the impact of outer
5 Continental Shelf activities through funding of
6 onshore infrastructure projects and public serv-
7 ice needs.

8 “(2) COMPLIANCE WITH AUTHORIZED USES.—
9 If the Secretary determines that any expenditure
10 made by a producing State or coastal political sub-
11 division is not consistent with this subsection, the
12 Secretary shall not disburse any additional amount
13 under this section to the producing State or the
14 coastal political subdivision until such time as all
15 amounts obligated for unauthorized uses have been
16 repaid or reobligated for authorized uses.

17 “(3) LIMITATION.—Not more than 23 percent
18 of amounts received by a producing State or coastal
19 political subdivision for any 1 fiscal year shall be
20 used for the purposes described subparagraphs (C)
21 and (E) of paragraph (1).”.

22 **SEC. 385. [H334/S1337; HR] STUDY OF AVAILABILITY OF**
23 **SKILLED WORKERS.**

24 (a) IN GENERAL.—The Secretary shall enter into an
25 arrangement with the National Academy of Sciences



1 under which the National Academy of Sciences shall con-
2 duct a study of the short-term and long-term availability
3 of skilled workers to meet the energy and mineral security
4 requirements of the United States.

5 (b) INCLUSIONS.—The study shall include an analysis
6 of—

7 (1) the need for and availability of workers for
8 the oil, gas, and mineral industries;

9 (2) the availability of skilled labor at both entry
10 level and more senior levels; and

11 (3) recommendations for future actions needed
12 to meet future labor requirements.

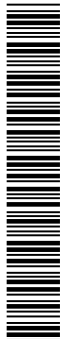
13 (c) REPORT.—Not later than 2 years after the date
14 of enactment of this Act, the Secretary shall submit to
15 Congress a report that describes the results of the study.

16 **SEC. 386. [H355; SR] ENCOURAGING GREAT LAKES OIL AND**
17 **GAS DRILLING BAN.**

18 Congress encourages no Federal or State permit or
19 lease to be issued for new oil and gas slant, directional,
20 or offshore drilling in or under one or more of the Great
21 Lakes.

22 **SEC. 387. [H358; SR] FEDERAL COALBED METHANE REGULA-**
23 **TION.**

24 Any State currently on the list of Affected States es-
25 tablished under section 1339(b) of the Energy Policy Act



1 of 1992 (42 U.S.C. 13368(b)) shall be removed from the
2 list if, not later than 3 years after the date of enactment
3 of this Act, the State takes, or prior to the date of enact-
4 ment has taken, any of the actions required for removal
5 from the list under such section 1339(b).

6 **SEC. 388 [H2010/S321; HR, w/amdt]. [ALTERNATE ENERGY-RE-**
7 **LATED USES ON THE OUTER CONTINENTAL**
8 **SHELF].**

9 (a) AMENDMENT TO OUTER CONTINENTAL SHELF
10 LANDS ACT.—Section 8 of the Outer Continental Shelf
11 Lands Act (43 U.S.C. 1337) is amended by adding at the
12 end the following:

13 “(p) LEASES, EASEMENTS, OR RIGHTS-OF-WAY FOR
14 ENERGY AND RELATED PURPOSES.—

15 “(1) IN GENERAL.—The Secretary, in consulta-
16 tion with the Secretary of the Department in which
17 the Coast Guard is operating and other relevant de-
18 partments and agencies of the Federal Government,
19 may grant a lease, easement, or right-of-way on the
20 outer Continental Shelf for activities not otherwise
21 authorized in this Act, the Deepwater Port Act of
22 1974 (33 U.S.C. 1501 et seq.), the Ocean Thermal
23 Energy Conversion Act of 1980 (42 U.S.C. 9101 et
24 seq.), or other applicable law, if those activities—



1 “(A) support exploration, development,
2 production, or storage of oil or natural gas, ex-
3 cept that a lease, easement, or right-of-way
4 shall not be granted in an area in which oil and
5 gas preleasing, leasing, and related activities
6 are prohibited by a moratorium;

7 “(B) support transportation of oil or nat-
8 ural gas, excluding shipping activities;

9 “(C) produce or support production, trans-
10 portation, or transmission of energy from
11 sources other than oil and gas; or

12 “(D) use, for energy-related purposes or
13 for other authorized marine-related purposes,
14 facilities currently or previously used for activi-
15 ties authorized under this Act, except that any
16 oil and gas energy-related uses shall not be au-
17 thorized in areas in which oil and gas
18 preleasing, leasing, and related activities are
19 prohibited by a moratorium.

20 “(2) PAYMENTS AND REVENUES.—(A) The Sec-
21 retary shall establish royalties, fees, rentals, bo-
22 nuses, or other revenues to ensure a fair return to
23 the United States for any lease, easement, or right-
24 of-way granted under this subsection.



1 “(B) The Secretary shall provide for the pay-
2 ment of 27 percent of the revenues received by the
3 Federal Government as a result of payments under
4 this section from projects that are located wholly or
5 partially within the area extending three nautical
6 miles seaward of State submerged lands. Payments
7 shall be made based on a formula established by the
8 Secretary by rulemaking no later than 180 days
9 after the date of enactment of this section that pro-
10 vides for equitable distribution, based on proximity
11 to the project, among coastal states that have a
12 coastline that is located within 15 miles of the geo-
13 graphic center of the project.

14 “(3) COMPETITIVE OR NONCOMPETITIVE
15 BASIS.—Except with respect to projects that meet
16 the criteria established under section 388(d) of the
17 Energy Policy Act of 2005, the Secretary shall issue
18 a lease, easement, or right-of-way under paragraph
19 (1) on a competitive basis unless the Secretary de-
20 termines after public notice of a proposed lease,
21 easement, or right-of-way that there is no competi-
22 tive interest.

23 “(4) REQUIREMENTS.—The Secretary shall en-
24 sure that any activity under this subsection is car-
25 ried out in a manner that provides for—



- 1 “(A) safety;
- 2 “(B) protection of the environment;
- 3 “(C) prevention of waste;
- 4 “(D) conservation of the natural resources
- 5 of the outer Continental Shelf;
- 6 “(E) coordination with relevant Federal
- 7 agencies;
- 8 “(F) protection of national security inter-
- 9 ests of the United States;
- 10 “(G) protection of correlative rights in the
- 11 outer Continental Shelf;
- 12 “(H) a fair return to the United States for
- 13 any lease, easement, or right-of-way under this
- 14 subsection;
- 15 “(I) prevention of interference with reason-
- 16 able uses (as determined by the Secretary) of
- 17 the exclusive economic zone, the high seas, and
- 18 the territorial seas;
- 19 “(J) consideration of—
- 20 “(i) the location of, and any schedule
- 21 relating to, a lease, easement, or right-of-
- 22 way for an area of the outer Continental
- 23 Shelf; and
- 24 “(ii) any other use of the sea or sea-
- 25 bed, including use for a fishery, a sealane,



1 a potential site of a deepwater port, or
2 navigation;

3 “(K) public notice and comment on any
4 proposal submitted for a lease, easement, or
5 right-of-way under this subsection; and

6 “(L) oversight, inspection, research, moni-
7 toring, and enforcement relating to a lease,
8 easement, or right-of-way under this subsection.

9 “(5) LEASE DURATION, SUSPENSION, AND CAN-
10 CELLATION.—The Secretary shall provide for the
11 duration, issuance, transfer, renewal, suspension,
12 and cancellation of a lease, easement, or right-of-way
13 under this subsection.

14 “(6) SECURITY.—The Secretary shall require
15 the holder of a lease, easement, or right-of-way
16 granted under this subsection to—

17 “(A) furnish a surety bond or other form
18 of security, as prescribed by the Secretary;

19 “(B) comply with such other requirements
20 as the Secretary considers necessary to protect
21 the interests of the public and the United
22 States; and

23 “(C) provide for the restoration of the
24 lease, easement, or right-of-way.



1 “(7) COORDINATION AND CONSULTATION WITH
2 AFFECTED STATE AND LOCAL GOVERNMENTS.—The
3 Secretary shall provide for coordination and con-
4 sultation with the Governor of any State or the execu-
5 tive of any local government that may be affected
6 by a lease, easement, or right-of-way under this sub-
7 section.

8 “(8) REGULATIONS.—Not later than 270 days
9 after the date of enactment of the Energy Policy Act
10 of 2005, the Secretary, in consultation with the Sec-
11 retary of Defense, the Secretary of the Department
12 in which the Coast Guard is operating, the Secretary
13 of Commerce, heads of other relevant departments
14 and agencies of the Federal Government, and the
15 Governor of any affected State, shall issue any nec-
16 essary regulations to carry out this subsection.

17 “(9) EFFECT OF SUBSECTION.—Nothing in this
18 subsection displaces, supersedes, limits, or modifies
19 the jurisdiction, responsibility, or authority of any
20 Federal or State agency under any other Federal
21 law.

22 “(10) APPLICABILITY.—This subsection does
23 not apply to any area on the outer Continental Shelf
24 within the exterior boundaries of any unit of the Na-
25 tional Park System, National Wildlife Refuge Sys-



1 tem, or National Marine Sanctuary System, or any
2 National Monument.”.

3 (b) COORDINATED OCS MAPPING INITIATIVE.—

4 (1) IN GENERAL.—The Secretary, in coopera-
5 tion with the Secretary of Commerce, the Com-
6 mandant of the Coast Guard, and the Secretary of
7 Defense, shall establish an interagency comprehen-
8 sive digital mapping initiative for the outer Conti-
9 nental Shelf to assist in decisionmaking relating to
10 the siting of activities under subsection (p) of sec-
11 tion 8 of the Outer Continental Shelf Lands Act (43
12 U.S.C. 1337) (as added by subsection (a)).

13 (2) USE OF DATA.—The mapping initiative
14 shall use, and develop procedures for accessing, data
15 collected before the date on which the mapping ini-
16 tiative is established, to the maximum extent prac-
17 ticable.

18 (3) INCLUSIONS.—Mapping carried out under
19 the mapping initiative shall include an indication of
20 the locations on the outer Continental Shelf of—

21 (A) Federally-permitted activities;

22 (B) obstructions to navigation;

23 (C) submerged cultural resources;

24 (D) undersea cables;

25 (E) offshore aquaculture projects; and



1 (F) any area designated for the purpose of
2 safety, national security, environmental protec-
3 tion, or conservation and management of living
4 marine resources.

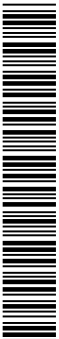
5 (c) CONFORMING AMENDMENT.—Section 8 of the
6 Outer Continental Shelf Lands Act (43 U.S.C. 1337) is
7 amended by striking the section heading and inserting the
8 following: “LEASES, EASEMENTS, AND RIGHTS-OF-WAY
9 ON THE OUTER CONTINENTAL SHELF.—”.

10 (d) SAVINGS PROVISION.—Nothing in the amend-
11 ment made by subsection (a) requires the resubmittal of
12 any document that was previously submitted or the reau-
13 thorization of any action that was previously authorized
14 with respect to a project for which, before the date of en-
15 actment of this Act—

16 (1) an offshore test facility has been con-
17 structed; or

18 (2) a request for a proposal has been issued by
19 a public authority.

20 (e) STATE CLAIMS TO JURISDICTION OVER SUB-
21 MERGED LANDS.—Nothing in this section shall be con-
22 strued to alter, limit, or modify any claim of any State
23 to any jurisdiction over, or any right, title, or interest in,
24 any submerged lands.



1 SEC. 389. [H2055][NEPA REVIEW].

2 **Subtitle H—[Refinery**
3 **Revitalization]**

