

## TITLE III—OIL AND GAS

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- Sec. 389. Federal-State liquefied natural gas forums.

1           **TITLE III—OIL AND GAS**  
2           **Subtitle A—Petroleum Reserve and**  
3           **Home Heating Oil**

4           **SEC. 301. PERMANENT AUTHORITY TO OPERATE THE STRA-**  
5                           **TEGIC PETROLEUM RESERVE AND OTHER**  
6                           **ENERGY 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—

24                   (1) by inserting before section 273 (42 U.S.C.  
25          6283) the following:

1 “PART C—SUMMER FILL AND FUEL BUDGETING  
2 PROGRAMS”;

3 (2) by striking section 273(e) (42 U.S.C.  
4 6283(e)); and

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

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

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

“PART D—NORTHEAST HOME HEATING OIL RESERVE

“Sec. 181. Establishment.

“Sec. 182. Authority.

“Sec. 183. Conditions for release; plan.

“Sec. 184. Northeast Home Heating Oil Reserve Account.

“Sec. 185. Exemptions.”;

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

“PART C—SUMMER FILL AND FUEL BUDGETING PROGRAMS

“Sec. 273. Summer fill and fuel budgeting programs.”;

13 and

14 (3) by striking the items relating to part D of  
15 title II.

16 (d) AMENDMENT TO THE ENERGY POLICY AND CON-  
17 SERVATION ACT.—Section 183(b)(1) of the Energy Policy  
18 and Conservation Act (42 U.S.C. 6250b(b)(1)) is amended  
19 by striking “by more” and all that follows through “mid-  
20 October through March” and inserting “by more than 60

1 percent over its 5-year rolling average for the months of  
2 mid-October through March (considered as a heating sea-  
3 son average)”.

4 (e) **FILL STRATEGIC PETROLEUM RESERVE TO CA-**  
5 **PACITY.**—The Secretary shall, as expeditiously as prac-  
6 ticable, without incurring excessive cost or appreciably af-  
7 fecting the price of gasoline or heating oil to consumers,  
8 acquire petroleum in quantities sufficient to fill the Stra-  
9 tegic Petroleum Reserve to the 1,000,000,000-barrel ca-  
10 pacity authorized under section 154(a) of the Energy Pol-  
11 icy and Conservation Act (42 U.S.C. 6234(a)), in accord-  
12 ance with the sections 159 and 160 of that Act (42 U.S.C.  
13 6239, 6240).

14 **SEC. 302. NATIONAL OILHEAT RESEARCH ALLIANCE.**

15 Section 713 of the Energy Act of 2000 (Public Law  
16 106–649; 42 U.S.C. 6201 note) is amended by striking  
17 “4” and inserting “9”.

18 **Subtitle B—Production Incentives**

19 **SEC. 311. DEFINITION OF SECRETARY.**

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

22 **SEC. 312. PROGRAM ON OIL AND GAS ROYALTIES IN-KIND.**

23 (a) **APPLICABILITY OF SECTION.**—Notwithstanding  
24 any other provision of law, this section applies to all roy-  
25 alty in-kind accepted by the Secretary on or after the date

1 of enactment of this Act under any Federal oil or gas lease  
2 or permit under—

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

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

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

9 (b) TERMS AND CONDITIONS.—All royalty accruing  
10 to the United States shall, on the demand of the Sec-  
11 retary, be paid in oil or gas. If the Secretary makes such  
12 a demand, the following provisions apply to the payment:

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

20 (2) MARKETABLE CONDITION.—

21 (A) DEFINITION OF MARKETABLE CONDI-  
22 TION.—In this paragraph, the term “in market-  
23 able condition” means sufficiently free from im-  
24 purities and otherwise in a condition that the  
25 royalty production will be accepted by a pur-

1 chaser under a sales contract typical of the field  
2 or area in which the royalty production was  
3 produced.

4 (B) REQUIREMENT.—Royalty production  
5 shall be placed in marketable condition by the  
6 lessee at no cost to the United States.

7 (3) DISPOSITION BY THE SECRETARY.—The  
8 Secretary may—

9 (A) sell or otherwise dispose of any royalty  
10 production taken in-kind (other than oil or gas  
11 transferred under section 27(a)(3) of the Outer  
12 Continental Shelf Lands Act (43 U.S.C.  
13 1353(a)(3)) for not less than the market price;  
14 and

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

17 (4) RETENTION BY THE SECRETARY.—The Sec-  
18 retary may, notwithstanding section 3302 of title 31,  
19 United States Code, retain and use a portion of the  
20 revenues from the sale of oil and gas taken in-kind  
21 that otherwise would be deposited to miscellaneous  
22 receipts, without regard to fiscal year limitation, or  
23 may use oil or gas received as royalty taken in-kind  
24 (referred to in this paragraph as “royalty produc-  
25 tion”) to pay the cost of—

- 1 (A) transporting the royalty production;  
2 (B) processing the royalty production;  
3 (C) disposing of the royalty production; or  
4 (D) any combination of transporting, proc-  
5 essing, and disposing of the royalty production.

6 (5) LIMITATION.—

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

12 (B) EXCEPTION.—Notwithstanding sub-  
13 paragraph (A), the Secretary may use a portion  
14 of the revenues from the sale of oil taken in-  
15 kind, without fiscal year limitation, to pay sala-  
16 ries and other administrative costs directly re-  
17 lated to the royalty in-kind program.

18 (c) REIMBURSEMENT OF COST.—If a lessee, pursu-  
19 ant to an agreement with the United States or as provided  
20 in the lease, processes the royalty gas or delivers the roy-  
21 alty oil or gas at a point not on or adjacent to the lease  
22 area, the Secretary shall—

23 (1) reimburse the lessee for the reasonable costs  
24 of transportation (not including gathering) from the

1 lease to the point of delivery or for processing costs;  
2 or

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

6 (d) BENEFIT TO THE UNITED STATES REQUIRED.—  
7 The Secretary may receive oil or gas royalties in-kind only  
8 if the Secretary determines that receiving royalties in-kind  
9 provides benefits to the United States that are greater  
10 than or equal to the benefits that are likely to have been  
11 received had royalties been taken in-value.

12 (e) REPORTS.—

13 (1) IN GENERAL.—Not later than September  
14 30, 2006, the Secretary shall submit to Congress a  
15 report that addresses—

16 (A) actions taken to develop businesses  
17 processes and automated systems to fully sup-  
18 port the royalty-in-kind capability to be used in  
19 tandem with the royalty-in-value approach in  
20 managing Federal oil and gas revenue; and

21 (B) future royalty-in-kind businesses oper-  
22 ation plans and objectives.

23 (2) REPORTS ON OIL OR GAS ROYALTIES TAKEN  
24 IN-KIND.—For each of fiscal years 2006 through  
25 2015 in which the United States takes oil or gas



1 royalties in-kind from production in any State or  
2 from the outer Continental Shelf, excluding royalties  
3 taken in-kind and sold to refineries under subsection  
4 (h), the Secretary shall submit to Congress a report  
5 that describes—

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

13 (B) an explanation of the evaluation that  
14 led the Secretary to take royalties in-kind from  
15 a lease or group of leases, including the ex-  
16 pected revenue effect of taking royalties in-kind;

17 (C) actual amounts received by the United  
18 States derived from taking royalties in-kind and  
19 costs and savings incurred by the United States  
20 associated with taking royalties in-kind, includ-  
21 ing administrative savings and any new or in-  
22 creased administrative costs; and

23 (D) an evaluation of other relevant public  
24 benefits or detriments associated with taking  
25 royalties in-kind.

1 (f) DEDUCTION OF EXPENSES.—

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

11 (2) ACCOUNTING FOR DEDUCTIONS.—If the  
12 Secretary allows the lessee to deduct transportation  
13 or processing costs under subsection (c), the Sec-  
14 retary may not reduce any payments to recipients of  
15 revenues derived from any other Federal oil and gas  
16 lease as a consequence of that deduction.

17 (g) CONSULTATION WITH STATES.—The Secretary—

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

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

24 (3) shall consult annually with any State from  
25 which Federal oil or gas royalty is being taken in-

1 kind to ensure, to the maximum extent practicable,  
2 that the royalty in-kind program provides revenues  
3 to the State greater than or equal to the revenues  
4 likely to have been received had royalties been taken  
5 in-value.

6 (h) SMALL REFINERIES.—

7 (1) PREFERENCE.—If the Secretary finds that  
8 sufficient supplies of crude oil are not available in  
9 the open market to refineries that do not have their  
10 own source of supply for crude oil, the Secretary  
11 may grant preference to those refineries in the sale  
12 of any royalty oil accruing or reserved to the United  
13 States under Federal oil and gas leases issued under  
14 any mineral leasing law, for processing or use in  
15 those refineries at private sale at not less than the  
16 market price.

17 (2) PRORATION AMONG REFINERIES IN PRO-  
18 Duction AREA.—In disposing of oil under this sub-  
19 section, the Secretary of Energy may, at the discre-  
20 tion of the Secretary, prorate the oil among refin-  
21 eries described in paragraph (1) in the area in which  
22 the oil is produced.

23 (i) DISPOSITION TO FEDERAL AGENCIES.—

24 (1) ONSHORE ROYALTY.—Any royalty oil or gas  
25 taken by the Secretary in-kind from onshore oil and

1 gas leases may be sold at not less than the market  
2 price to any Federal agency.

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

8 (j) FEDERAL LOW-INCOME ENERGY ASSISTANCE  
9 PROGRAMS.—

10 (1) PREFERENCE.—In disposing of royalty oil  
11 or gas taken in-kind under this section, the Sec-  
12 retary may grant a preference to any person, includ-  
13 ing any Federal or State agency, for the purpose of  
14 providing additional resources to any Federal low-in-  
15 come energy assistance program.

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

19 (A) assessing the effectiveness of granting  
20 preferences specified in paragraph (1); and

21 (B) providing a specific recommendation  
22 on the continuation of authority to grant pref-  
23 erences.

1 **SEC. 313. MARGINAL PROPERTY PRODUCTION INCENTIVES.**

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

14 (b) CONDITIONS FOR REDUCTION OF ROYALTY  
15 RATE.—Until such time as the Secretary issues regula-  
16 tions under subsection (e) that prescribe different stand-  
17 ards or requirements, the Secretary shall reduce the roy-  
18 alty rate on—

19 (1) oil production from marginal properties as  
20 prescribed in subsection (c) if the spot price of West  
21 Texas Intermediate crude oil at Cushing, Oklahoma,  
22 is, on average, less than \$15 per barrel (adjusted in  
23 accordance with the Consumer Price Index for all-  
24 urban consumers, United States city average, as  
25 published by the Bureau of Labor Statistics) for 90  
26 consecutive trading days; and

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

9           (c) REDUCED ROYALTY RATE.—

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

13                   (A) 5 percent; or

14                   (B) the applicable rate under any other  
15           statutory or regulatory royalty relief provision  
16           that applies to the affected production.

17           (2) PERIOD OF EFFECTIVENESS.—The reduced  
18           royalty rate under this subsection shall be effective  
19           beginning on the first day of the production month  
20           following the date on which the applicable condition  
21           specified in subsection (b) is met.

22           (d) TERMINATION OF REDUCED ROYALTY RATE.—

23           A royalty rate prescribed in subsection (c)(1)(A) shall  
24           terminate—

1 (1) with respect to oil 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 West Texas Inter-  
5 mediate crude oil at Cushing, Oklahoma, on av-  
6 erage, exceeds \$15 per barrel (adjusted in ac-  
7 cordance with the Consumer Price Index for all-  
8 urban consumers, United States city average,  
9 as published by the Bureau of Labor Statistics)  
10 for 90 consecutive trading days; or

11 (B) the property no longer qualifies as a  
12 marginal property; and

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

16 (A) the spot price of natural gas delivered  
17 at Henry Hub, Louisiana, on average, exceeds  
18 \$2.00 per million British thermal units (ad-  
19 justed in accordance with the Consumer Price  
20 Index for all-urban consumers, United States  
21 city average, as published by the Bureau of  
22 Labor Statistics) for 90 consecutive trading  
23 days; or

24 (B) the property no longer qualifies as a  
25 marginal property.

1 (e) REGULATIONS PRESCRIBING DIFFERENT RE-  
2 LIEF.—

3 (1) DISCRETIONARY REGULATIONS.—The Sec-  
4 retary may by regulation prescribe different param-  
5 eters, standards, and requirements for, and a dif-  
6 ferent degree or extent of, royalty relief for marginal  
7 properties in lieu of those prescribed in subsections  
8 (a) through (d).

9 (2) ROYALTY RELIEF FOR OFFSHORE WELLS.—  
10 With respect to royalty relief for oil or gas produced  
11 from wells located on the outer Continental Shelf,  
12 the Secretary shall use authority available to the  
13 Secretary as of the day before the date of enactment  
14 of this Act—

15 (A) to accept and consider petitions from  
16 persons seeking, and providing justification for,  
17 royalty relief for 1 or more of those wells; and

18 (B) not later than 90 days after the date  
19 of receipt of a petition, on a case-by-case  
20 basis—

21 (i) approve the petition and provide  
22 royalty relief or a royalty reduction for oil  
23 or gas produced from the wells covered by  
24 the petition; or

25 (ii) disapprove the petition.



1           (3) CONSIDERATIONS.—In issuing regulations  
2           under this subsection, the Secretary may consider—

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

4                   (B) production costs;

5                   (C) abandonment costs;

6                   (D) Federal and State tax provisions and  
7           the effects of those provisions on production ec-  
8           onomics;

9                   (E) other royalty relief programs;

10                  (F) regional differences in average well-  
11           head prices;

12                  (G) national energy security issues; and

13                  (H) other relevant matters, as determined  
14           by the Secretary.

15           (f) SAVINGS PROVISION.—Nothing in this section  
16           prevents a lessee from receiving royalty relief or a royalty  
17           reduction pursuant to any other law (including a regula-  
18           tion) that provides more relief than the amounts provided  
19           by this section.

20   **SEC. 314. INCENTIVES FOR NATURAL GAS PRODUCTION**  
21                   **FROM DEEP WELLS IN THE SHALLOW WA-**  
22                   **TERS OF THE GULF OF MEXICO.**

23           (a) DEFINITIONS.—In this section:

24                   (1) LEASE ISSUED IN SHALLOW WATERS.—The  
25           term “lease issued in shallow waters” means—

1 (A) a lease entirely in water less than 200  
2 meters deep; or

3 (B) a lease—

4 (i) partially in water less than 200  
5 meters deep; and

6 (ii) to which no royalty relief provi-  
7 sions in law or lease terms apply.

8 (2) SIDETRACK.—

9 (A) IN GENERAL.—The term “sidetrack”  
10 means a well resulting from drilling an addi-  
11 tional hole to a new objective bottom-hole loca-  
12 tion by leaving a previously drilled hole.

13 (B) INCLUSION.—The term “sidetrack”  
14 includes—

15 (i) drilling a well from a platform slot  
16 reclaimed from a previously drilled well;

17 (ii) re-entering and deepening a pre-  
18 viously drilled well; and

19 (iii) a bypass from a sidetrack, includ-  
20 ing drilling around material blocking a hole  
21 or drilling to straighten a crooked hole.

22 (3) ULTRA DEEP WELL.—The term “ultra deep  
23 well” means a well drilled with a perforated interval,  
24 the top of which is at least 20,000 feet true vertical  
25 depth below the datum at mean sea level.

1 (b) REGULATIONS.—

2 (1) IN GENERAL.—Not later than 180 days  
3 after the date of enactment of this Act, in addition  
4 to any other regulations that may provide royalty in-  
5 centives for natural gas produced from deep wells on  
6 oil and gas leases issued pursuant to, or regulated  
7 under, the Outer Continental Shelf Lands Act (43  
8 U.S.C. 1331 et seq.), the Secretary shall issue regu-  
9 lations granting royalty relief suspension volumes of  
10 not less than 35,000,000,000 cubic feet with respect  
11 to the production of natural gas from ultra deep  
12 wells on leases issued in shallow waters located in  
13 the Gulf of Mexico wholly west of 87°, 30” West lon-  
14 gitude that are issued before the date that is 180  
15 days after the date of enactment of this Act.

16 (2) SUSPENSION VOLUMES.—The Secretary  
17 may grant suspension volumes of less than  
18 35,000,000,000 cubic feet in any case in which—

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

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

24 (c) LIMITATION.—The Secretary shall not grant roy-  
25 alty incentives under this section if the average annual

1 natural gas price on the New York Mercantile Exchange  
2 exceeds a threshold price specified, and adjusted for infla-  
3 tion, by the Secretary.

4 (d) APPLICABILITY.—

5 (1) IN GENERAL.—Royalty incentives under  
6 this subsection apply only to natural gas production  
7 from ultra deep wells that are drilled after the date  
8 of enactment of this Act.

9 (2) REVIEW AND SUSPENSION.—Not earlier  
10 than 10 years after the date of enactment of this  
11 Act, the Secretary may—

12 (A) review the relief granted under this  
13 section; and

14 (B) by regulation, modify or suspend the  
15 relief.

16 **SEC. 315. ROYALTY RELIEF FOR DEEP WATER PRODUC-**  
17 **TION.**

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

1 during the 5-year period beginning on the date of enact-  
2 ment of this Act shall use the bidding system authorized  
3 under section 8(a)(1)(H) of the Outer Continental Shelf  
4 Lands Act (43 U.S.C. 1337(a)(1)(H)).

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

8 (1) 5,000,000 barrels of oil equivalent for each  
9 lease in water depths of 400 meters or more but less  
10 than 800 meters;

11 (2) 9,000,000 barrels of oil equivalent for each  
12 lease in water depths of 800 meters or more but not  
13 greater than 1,600 meters; and

14 (3) 12,000,000 barrels of oil equivalent for each  
15 lease in water depths greater than 1,600 meters.

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

19 **SEC. 316. ALASKA OFFSHORE ROYALTY SUSPENSION.**

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

1 **SEC. 317. OIL AND GAS LEASING IN THE NATIONAL PETRO-**  
2 **LEUM RESERVE IN ALASKA.**

3 (a) TRANSFER OF AUTHORITY.—

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

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

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

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

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

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

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

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

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

6 “(b) MITIGATION OF ADVERSE EFFECTS.—

7 “(1) IN GENERAL.—Activities”;

8 (2) in subsection (b)(1) (as designated by para-  
9 graph (1)), by striking “to mitigate” and inserting  
10 “to prevent to the extent practicable, and to miti-  
11 gate,”;

12 (3) by striking “Alaska (the Reserve); (2) the”  
13 and inserting “Alaska.

14 “(2) CERTAIN RESOURCES AND FACILITIES.—

15 In carrying out the leasing program under this sec-  
16 tion, the Secretary shall minimize, to the extent  
17 practicable, the impact to surface resources and con-  
18 solidate facilities.

19 “(c) LAND USE PLANNING; BLM WILDERNESS  
20 STUDY.—The”;

21 (4) by striking “Reserve; (3) the” and inserting  
22 “Reserve.

23 “(d) FIRST LEASE SALE.—The”;

24 (5) by striking “4332); (4) the” and inserting  
25 “4321 et seq.).

26 “(e) WITHDRAWALS.—The”;

1           (6) by striking “herein; (5) bidding” and insert-  
2           ing “under this section.

3           “(f) BIDDING SYSTEMS.—Bidding”;

4           (7) by striking “629); (6) lease” and inserting  
5           “629).

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

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

9           “(h) SIZE OF LEASE TRACTS.—The”;

10          (9) by striking “Secretary; (8)” and all that fol-  
11          lows through “Drilling, production,” and inserting  
12          “Secretary.

13          “(i) TERMS.—

14               “(1) IN GENERAL.—Each lease shall be issued  
15               for an initial period of not more than 10 years, and  
16               shall be extended for so long thereafter as oil or gas  
17               is produced from the lease in paying quantities or  
18               drilling or reworking operations, as approved by the  
19               Secretary, are conducted on the leased land.

20               “(2) TERMINATION.—No lease issued under  
21               this section covering lands capable of producing oil  
22               or gas in paying quantities shall expire because the  
23               lessee fails to produce the same unless the lessee is  
24               allowed a reasonable time, which shall be not less  
25               than 60 days after notice by registered or certified



1 mail, within which to place the lands in producing  
2 status or unless, after such status is established,  
3 production is discontinued on the leased premises  
4 without permission granted by the Secretary under  
5 the provisions of this Act.

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

15 “(A) the lessee provides evidence, and the  
16 Secretary agrees that, the lessee has diligently  
17 pursued exploration that warrants continuation  
18 with the intent of continued exploration or fu-  
19 ture potential development of the leased land;  
20 or

21 “(B) all or part of the lease

22 “(i) is part of a unit agreement cov-  
23 ering a lease described in subparagraph  
24 (A); and

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

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

6                   “(j) UNIT AGREEMENTS.—

7                   “(1) IN GENERAL.—For the purpose of con-  
8                   servation of the natural resources of all or part of  
9                   any oil or gas pool, field, reservoir, or like area, les-  
10                  sees (including representatives) of the pool, field,  
11                  reservoir, or like area may unite with each other, or  
12                  jointly or separately with others, in collectively  
13                  adopting and operating under a unit agreement for  
14                  all or part of the pool, field, reservoir, or like area  
15                  (whether or not any other part of the oil or gas pool,  
16                  field, reservoir, or like area is already subject to any  
17                  cooperative or unit plan of development or oper-  
18                  ation), if the Secretary determines the action to be  
19                  necessary or advisable in the public interest. In de-  
20                  termining the public interest, the Secretary shall,  
21                  among other things, examine the extent to which the  
22                  unit agreement will minimize the impact to surface  
23                  resources of the leases and will facilitate consolida-  
24                  tion of facilities.

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

9           “(3) PRODUCTION ALLOCATION METHODO-  
10          LOGY.—(A) The Secretary may use a production  
11          allocation methodology for each participating area  
12          within a unit that includes solely federal land in the  
13          Reserve.

14          “(B) The Secretary shall use a production allo-  
15          cation methodology for each participating area with-  
16          in a unit that includes federal land in the Reserve  
17          and non-federal land based on the characteristics of  
18          each specific oil or gas pool, field, reservoir, or like  
19          area to take into account reservoir heterogeneity and  
20          area variation in reservoir producibility across di-  
21          verse leasehold interests. The implementation of the  
22          foregoing production allocation methodology shall be  
23          controlled by agreement among the affected lessors  
24          and lessees.

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

3           (10) by striking “When separate” and inserting  
4           the following:

5           “(5) POOLING.—If separate”;

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

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

12          “(k) EXPLORATION INCENTIVES.—

13           “(1) IN GENERAL.—

14           “(A) WAIVER, SUSPENSION, OR REDUC-  
15           TION.—To encourage the greatest ultimate re-  
16           covery of oil or gas or in the interest of con-  
17           servation, the Secretary may waive, suspend, or  
18           reduce the rental fees or minimum royalty, or  
19           reduce the royalty on an entire leasehold (in-  
20           cluding on any lease operated pursuant to a  
21           unit agreement), whenever (after consultation  
22           with the State of Alaska and the North Slope  
23           Borough of Alaska and the concurrence of any  
24           Regional Corporation for leases that include  
25           land that was made available for acquisition by

1 the Regional Corporation under the provisions  
2 of section 1431(o) of the Alaska National Inter-  
3 est Lands Conservation Act (16 U.S.C. 3101 et  
4 seq.) in the judgment of the Secretary it is  
5 necessary to do so to promote development, or  
6 whenever in the judgment of the Secretary the  
7 leases cannot be successfully operated under the  
8 terms provided therein.

9 “(B) APPLICABILITY.—This paragraph ap-  
10 plies to a lease that is in effect on or after the  
11 date of enactment of the Energy Policy Act of  
12 2005.”;

13 (13) by striking “The Secretary is authorized  
14 to” and inserting the following:

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

17 (14) by striking “In the event” and inserting  
18 the following:

19 “(3) SUSPENSION OF PAYMENTS.—If”;

20 (15) by striking “thereto; and (11) all” and in-  
21 serting “to the lease.

22 “(1) RECEIPTS.—All”;

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

1           (17) by striking “Any agency” and inserting  
2           the following:

3           “(m) EXPLORATIONS.—Any agency”;

4           (18) by striking “Any action” and inserting the  
5           following:

6           “(n) ENVIRONMENTAL IMPACT STATEMENTS.—

7           “(1) JUDICIAL REVIEW.—Any action”;

8           (19) by striking “The detailed” and inserting  
9           the following:

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

11          (20) by striking “of the Naval Petroleum Re-  
12          serves Production Act of 1976 (90 Stat. 304; 42  
13          U.S.C. 6504)”;

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

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

18          “(p) WAIVER OF ADMINISTRATION FOR CONVEYED  
19          LANDS.—

20          “(1) IN GENERAL.—Notwithstanding section  
21          14(g) of the Alaska Native Claims Settlement Act  
22          (43 U.S.C. 1613(g)), the Secretary of the Interior  
23          shall waive administration of any oil and gas lease  
24          to the extent that the lease covers any land in the  
25          Reserve in which all of the subsurface estate is con-

1       veyed to the Arctic Slope Regional Corporation (re-  
2       ferred to in this subsection as the ‘Corporation’).

3               “(2) PARTIAL CONVEYANCE.—

4                       “(A) IN GENERAL.—In a case in which a  
5       conveyance of a subsurface estate described in  
6       paragraph (1) does not include all of the land  
7       covered by the oil and gas lease, the person that  
8       owns the subsurface estate in any particular  
9       portion of the land covered by the lease shall be  
10      entitled to all of the revenues reserved under  
11      the lease as to that portion, including, without  
12      limitation, all the royalty payable with respect  
13      to oil or gas produced from or allocated to that  
14      portion.

15                      “(B) SEGREGATION OF LEASE.—In a case  
16      described in subparagraph (A), the Secretary of  
17      the Interior shall—

18                               “(i) segregate the lease into 2 leases,  
19                               1 of which shall cover only the subsurface  
20                               estate conveyed to the Corporation; and

21                               “(ii) waive administration of the lease  
22                               that covers the subsurface estate conveyed  
23                               to the Corporation.

24                      “(C) NO CHANGE IN LEASE OBLIGA-  
25      TIONS.—The segregation of the lease described

1 in subparagraph (B)(i) has no effect on the ob-  
2 ligations of the lessee under either of the result-  
3 ing leases, including obligations relating to op-  
4 erations, production, or other circumstances  
5 (other than payment of rentals or royalties).

6 “(3) AUTHORITY TO MANAGE FEDERALLY  
7 OWNED SURFACE ESTATE.—Nothing in this sub-  
8 section limits the authority of the Secretary of the  
9 Interior to manage the federally-owned surface es-  
10 tate within the Reserve.”.

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

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

15 (2) by redesignating subsections (b) through (d)  
16 as subsections (a) through (c), respectively.

17 **SEC. 318. NORTH SLOPE SCIENCE INITIATIVE.**

18 (a) ESTABLISHMENT.—

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

23 (2) PURPOSE.—The purpose of the Initiative  
24 shall be to implement efforts to coordinate collection  
25 of scientific data that will provide a better under-



1 standing of the terrestrial, aquatic, and marine eco-  
2 systems of the North Slope of Alaska.

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

6 (1) identify and prioritize information needs for  
7 inventory, monitoring, and research activities to ad-  
8 dress the individual and cumulative effects of past,  
9 ongoing, and anticipated development activities and  
10 environmental change on the North Slope;

11 (2) develop an understanding of information  
12 needs for regulatory and land management agencies,  
13 local governments, and the public;

14 (3) focus on prioritization of pressing natural  
15 resource management and ecosystem information  
16 needs, coordination, and cooperation among agencies  
17 and organizations;

18 (4) coordinate ongoing and future inventory,  
19 monitoring, and research activities to minimize du-  
20 plication of effort, share financial resources and ex-  
21 pertise, and assure the collection of quality informa-  
22 tion;

23 (5) identify priority needs not addressed by  
24 agency science programs in effect on the date of en-

1 actment of this Act and develop a funding strategy  
2 to meet those needs;

3 (6) provide a consistent approach to high cal-  
4 iber science, including inventory, monitoring, and re-  
5 search;

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

8 (A) accumulated and ongoing research;  
9 and

10 (B) contemporary and traditional local  
11 knowledge; and

12 (8) ensure through appropriate peer review that  
13 the science conducted by participating agencies and  
14 organizations is of the highest technical quality.

15 (c) MEMBERSHIP.—

16 (1) IN GENERAL.—To ensure comprehensive  
17 collection of scientific data, in carrying out the Ini-  
18 tiative, the Secretary shall consult and coordinate  
19 with Federal, State, and local agencies that have re-  
20 sponsibilities for land and resource management  
21 across the North Slope.

22 (2) COOPERATIVE AGREEMENTS.—The Sec-  
23 retary shall enter into cooperative agreements with  
24 the State of Alaska, the North Slope Borough, the  
25 Arctic Slope Regional Corporation, and other Fed-

1       eral agencies as appropriate to coordinate efforts,  
2       share resources, and fund projects under this sec-  
3       tion.

4       (d) SCIENCE TECHNICAL ADVISORY PANEL.—

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

8             (2) MEMBERSHIP.—The panel described in  
9       paragraph (1) shall consist of a representative group  
10      of not more than 15 scientists and technical experts  
11      from diverse professions and interests, including the  
12      oil and gas industry, subsistence users, Native Alas-  
13      kan entities, conservation organizations, wildlife  
14      management organizations, and academia, as deter-  
15      mined by the Secretary.

16      (e) REPORTS.—Not later than 3 years after the date  
17      of enactment of this section and each year thereafter, the  
18      Secretary shall publish a report that describes the studies  
19      and findings of the Initiative.

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

1 **SEC. 319. ORPHANED, ABANDONED, OR IDLED WELLS ON**  
2 **FEDERAL LAND.**

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

11 (b) ACTIVITIES.—The program under subsection (a)  
12 shall—

13 (1) include a means of ranking orphaned, aban-  
14 doned, or idled wells sites for priority in remedi-  
15 ation, reclamation, and closure, based on public  
16 health and safety, potential environmental harm,  
17 and other land use priorities;

18 (2) provide for identification and recovery of  
19 the costs of remediation, reclamation, and closure  
20 from persons or other entities currently providing a  
21 bond or other financial assurance required under  
22 State or Federal law for an oil or gas well that is  
23 orphaned, abandoned, or idled; and

24 (3) provide for recovery from the persons or en-  
25 tities identified under paragraph (2), or their sure-

1       ties or guarantors, of the costs of remediation, rec-  
2       lamation, and closure of such wells.

3       (c) COOPERATION AND CONSULTATIONS.—In car-  
4       rying out the program under subsection (a), the Secretary  
5       shall—

6               (1) work cooperatively with the Secretary of Ag-  
7       riculture and the States within which Federal land  
8       is located; and

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

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

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

17               (1) the well has been nonoperational for at least  
18       7 years; and

19               (2) there is no anticipated beneficial use for the  
20       well.

21       (f) TECHNICAL ASSISTANCE PROGRAM FOR NON-  
22       FEDERAL LAND.—

23               (1) IN GENERAL.—The Secretary of Energy  
24       shall establish a program to provide technical and fi-  
25       nancial assistance to oil and gas producing States to

1 facilitate State efforts over a 10-year period to en-  
2 sure a practical and economical remedy for environ-  
3 mental problems caused by orphaned or abandoned  
4 oil and gas exploration or production well sites on  
5 State or private land.

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

12 (3) ACTIVITIES.—The program under para-  
13 graph (1) shall include—

14 (A) mechanisms to facilitate identification,  
15 if feasible, of the persons currently providing a  
16 bond or other form of financial assurance re-  
17 quired under State or Federal law for an oil or  
18 gas well that is orphaned or abandoned;

19 (B) criteria for ranking orphaned or aban-  
20 doned well sites based on factors such as public  
21 health and safety, potential environmental  
22 harm, and other land use priorities;

23 (C) information and training programs on  
24 best practices for remediation of different types  
25 of sites; and

1 (D) funding of State mitigation efforts on  
2 a cost-shared basis.

3 (g) AUTHORIZATION OF APPROPRIATIONS.—

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

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

10 **SEC. 320. COMBINED HYDROCARBON LEASING.**

11 (a) SPECIAL PROVISIONS REGARDING LEASING.—  
12 Section 17(b)(2) of the Mineral Leasing Act (30 U.S.C.  
13 226(b)(2)) is amended—

14 (1) by inserting “(A)” after “(2)”;

15 (2) in the first sentence of subparagraph (A)  
16 (as designated by paragraph (1)), by striking “they  
17 shall be” and inserting “the lands may be”; and

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

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

22 “(i) a lease for exploration for and extraction of  
23 tar sand; and

24 “(ii) a lease for exploration for and development  
25 of oil and gas.

1       “(C) A lease described in subparagraph (B) shall  
2 have provisions addressing the appropriate accommoda-  
3 tion of resources.

4       “(D) A lease issued for tar sand development shall  
5 be issued using the same bidding process, annual rental,  
6 and posting period as a lease issued for oil and gas, except  
7 that the minimum acceptable bid required for a lease  
8 issued for tar sand shall be \$2 per acre.”.

9       (b)       CONFORMING        AMENDMENT.—Section  
10 17(b)(1)(B) of the Mineral Leasing Act (30 U.S.C.  
11 226(b)(1)(B)) is amended in the second sentence by strik-  
12 ing “The” and inserting “Subject to paragraph (2)(B),  
13 the”.

14       (c) REGULATIONS.—Not later than 45 days after the  
15 date of enactment of this Act, the Secretary of the Interior  
16 shall issue final regulations to implement the amendments  
17 made by this section.

18 **SEC. 321. ALTERNATE ENERGY-RELATED USES ON THE**  
19 **OUTER CONTINENTAL SHELF.**

20       (a) AMENDMENT TO OUTER CONTINENTAL SHELF  
21 LANDS ACT.—Section 8 of the Outer Continental Shelf  
22 Lands Act (43 U.S.C. 1337) is amended by adding at the  
23 end the following:

24       “(p) LEASES, EASEMENTS, OR RIGHTS-OF-WAY FOR  
25 ENERGY AND RELATED PURPOSES.—



1           “(1) IN GENERAL.—The Secretary, in consulta-  
2           tion with the Secretary of the Department in which  
3           the Coast Guard is operating and other relevant de-  
4           partments and agencies of the Federal Government,  
5           may grant a lease, easement, or right-of-way on the  
6           outer Continental Shelf for activities not otherwise  
7           authorized in this Act, the Deepwater Port Act of  
8           1974 (33 U.S.C. 1501 et seq.), the Ocean Thermal  
9           Energy Conversion Act of 1980 (42 U.S.C. 9101 et  
10          seq.), or other applicable law, if those activities—

11                   “(A) support exploration, development, or  
12                   production of oil or natural gas, except that a  
13                   lease, easement, or right-of-way shall not be  
14                   granted in an area in which oil and gas  
15                   preleasing, leasing, and related activities are  
16                   prohibited by a moratorium;

17                   “(B) support transportation of oil or nat-  
18                   ural gas, excluding shipping activities;

19                   “(C) produce or support production, trans-  
20                   portation, or transmission of energy from  
21                   sources other than oil and gas; or

22                   “(D) use, for energy-related purposes, fa-  
23                   cilities currently or previously used for activities  
24                   authorized under this Act, except that such  
25                   uses shall not be authorized in areas in which

1 oil and gas preleasing, leasing, and related ac-  
2 tivities are prohibited by a moratorium.

3 “(2) PAYMENTS.—The Secretary shall establish  
4 royalties, fees, rentals, bonus, or other payments to  
5 ensure a fair return to the United States for any  
6 lease, easement, or right-of-way granted under this  
7 subsection.

8 “(3) COMPETITIVE OR NONCOMPETITIVE  
9 BASIS.—Except with respect to projects that meet  
10 the criteria established under section 321(d) of the  
11 Energy Policy Act of 2005, the Secretary shall issue  
12 a lease, easement, or right-of-way under paragraph  
13 (1) on a competitive basis unless the Secretary de-  
14 termines after public notice of a proposed lease,  
15 easement, or right-of-way that there is no competi-  
16 tive interest.

17 “(4) REQUIREMENTS.—The Secretary shall en-  
18 sure that any activity under this subsection is car-  
19 ried out in a manner that provides for—

20 “(A) safety;

21 “(B) protection of the environment;

22 “(C) prevention of waste;

23 “(D) conservation of the natural resources  
24 of the outer Continental Shelf;

1           “(E) coordination with relevant Federal  
2 agencies;

3           “(F) protection of national security inter-  
4 ests of the United States;

5           “(G) protection of correlative rights in the  
6 outer Continental Shelf;

7           “(H) a fair return to the United States for  
8 any lease, easement, or right-of-way under this  
9 subsection;

10           “(I) prevention of interference with reason-  
11 able uses (as determined by the Secretary) of  
12 the exclusive economic zone, the high seas, and  
13 the territorial seas;

14           “(J) consideration of—

15           “(i) the location of, and any schedule  
16 relating to, a lease, easement, or right-of-  
17 way for an area of the outer Continental  
18 Shelf; and

19           “(ii) any other use of the sea or sea-  
20 bed, including use for a fishery, a sealane,  
21 a potential site of a deepwater port, or  
22 navigation;

23           “(K) public notice and comment on any  
24 proposal submitted for a lease, easement, or  
25 right-of-way under this subsection; and

1           “(L) oversight, inspection, research, moni-  
2           toring, and enforcement relating to a lease,  
3           easement, or right-of-way under this subsection.

4           “(5) LEASE DURATION, SUSPENSION, AND CAN-  
5           CELLATION.—The Secretary shall provide for the  
6           duration, issuance, transfer, renewal, suspension,  
7           and cancellation of a lease, easement, or right-of-way  
8           under this subsection.

9           “(6) SECURITY.—The Secretary shall require  
10          the holder of a lease, easement, or right-of-way  
11          granted under this subsection to—

12                 “(A) furnish a surety bond or other form  
13                 of security, as prescribed by the Secretary;

14                 “(B) comply with such other requirements  
15                 as the Secretary considers necessary to protect  
16                 the interests of the public and the United  
17                 States; and

18                 “(C) provide for the restoration of the  
19                 lease, easement, or right-of-way.

20           “(7) COORDINATION AND CONSULTATION WITH  
21           AFFECTED STATE AND LOCAL GOVERNMENTS.—The  
22           Secretary shall provide for coordination and con-  
23           sultation with the Governor of any State or the exec-  
24           utive of any local government that may be affected

1 by a lease, easement, or right-of-way under this sub-  
2 section.

3 “(8) REGULATIONS.—Not later than 270 days  
4 after the date of enactment of the Energy Policy Act  
5 of 2005, the Secretary, in consultation with the Sec-  
6 retary of Defense, the Secretary of the Department  
7 in which the Coast Guard is operating, the Secretary  
8 of Commerce, heads of other relevant departments  
9 and agencies of the Federal Government, and the  
10 Governor of any affected State, shall issue any nec-  
11 essary regulations to carry out this subsection.

12 “(9) EFFECT OF SUBSECTION.—Nothing in this  
13 subsection displaces, supersedes, limits, or modifies  
14 the jurisdiction, responsibility, or authority of any  
15 Federal or State agency under any other Federal  
16 law.

17 “(10) APPLICABILITY.—This subsection does  
18 not apply to any area on the outer Continental Shelf  
19 within the exterior boundaries of any unit of the Na-  
20 tional Park System, National Wildlife Refuge Sys-  
21 tem, or National Marine Sanctuary System, or any  
22 National Monument.”.

23 (b) COORDINATED OCS MAPPING INITIATIVE.—

24 (1) IN GENERAL.—The Secretary, in coopera-  
25 tion with the Secretary of Commerce, the Com-

1 mandant of the Coast Guard, and the Secretary of  
2 Defense, shall establish an interagency comprehen-  
3 sive digital mapping initiative for the outer Conti-  
4 nental Shelf to assist in decisionmaking relating to  
5 the siting of activities under subsection (p) of sec-  
6 tion 8 of the Outer Continental Shelf Lands Act (43  
7 U.S.C. 1337) (as added by subsection (a)).

8 (2) USE OF DATA.—The mapping initiative  
9 shall use, and develop procedures for accessing, data  
10 collected before the date on which the mapping ini-  
11 tiative is established, to the maximum extent prac-  
12 ticable.

13 (3) INCLUSIONS.—Mapping carried out under  
14 the mapping initiative shall include an indication of  
15 the locations on the outer Continental Shelf of—

16 (A) Federally-permitted activities;

17 (B) obstructions to navigation;

18 (C) submerged cultural resources;

19 (D) undersea cables;

20 (E) offshore aquaculture projects; and

21 (F) any area designated for the purpose of  
22 safety, national security, environmental protec-  
23 tion, or conservation and management of living  
24 marine resources.

1 (c) CONFORMING AMENDMENT.—Section 8 of the  
2 Outer Continental Shelf Lands Act (43 U.S.C. 1337) is  
3 amended by striking the section heading and inserting the  
4 following: “LEASES, EASEMENTS, AND RIGHTS-OF-WAY  
5 ON THE OUTER CONTINENTAL SHELF.—”.

6 (d) SAVINGS PROVISION.—Nothing in the amend-  
7 ment made by subsection (a) requires the resubmittal of  
8 any document that was previously submitted or the reau-  
9 thorization of any action that was previously authorized  
10 with respect to a project for which, before the date of en-  
11 actment of this Act—

12 (1) an offshore test facility has been con-  
13 structed; or

14 (2) a request for a proposal has been issued by  
15 a public authority.

16 **SEC. 322. PRESERVATION OF GEOLOGICAL AND GEO-**  
17 **PHYSICAL DATA.**

18 (a) SHORT TITLE.—This section may be cited as the  
19 “National Geological and Geophysical Data Preservation  
20 Program Act of 2005”.

21 (b) PROGRAM.—The Secretary shall carry out a Na-  
22 tional Geological and Geophysical Data Preservation Pro-  
23 gram in accordance with this section—

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

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

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

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

8           (d) DATA ARCHIVE SYSTEM.—

9           (1) ESTABLISHMENT.—The Secretary shall es-  
10          tablish, as a component of the Program, a data ar-  
11          chive system to provide for the storage, preservation,  
12          and archiving of subsurface, surface, geological, geo-  
13          physical, and engineering data and samples. The  
14          Secretary, in consultation with the Advisory Com-  
15          mittee, shall develop guidelines relating to the data  
16          archive system, including the types of data and sam-  
17          ples to be preserved.

18          (2) SYSTEM COMPONENTS.—The system shall  
19          be comprised of State agencies that elect to be part  
20          of the system and agencies within the Department  
21          of the Interior that maintain geological and geo-  
22          physical data and samples that are designated by  
23          the Secretary in accordance with this subsection.  
24          The Program shall provide for the storage of data



1 and samples through data repositories operated by  
2 such agencies.

3 (3) LIMITATION OF DESIGNATION.—The Sec-  
4 retary may not designate a State agency as a com-  
5 ponent of the data archive system unless that agency  
6 is the agency that acts as the geological survey in  
7 the State.

8 (4) DATA FROM FEDERAL LAND.—The data ar-  
9 chive system shall provide for the archiving of rel-  
10 evant subsurface data and samples obtained from  
11 Federal land—

12 (A) in the most appropriate repository des-  
13 igned under paragraph (2), with preference  
14 being given to archiving data in the State in  
15 which the data were collected; and

16 (B) consistent with all applicable law and  
17 requirements relating to confidentiality and pro-  
18 prietary data.

19 (e) NATIONAL CATALOG.—

20 (1) IN GENERAL.—As soon as practicable after  
21 the date of enactment of this Act, the Secretary  
22 shall develop and maintain, as a component of the  
23 Program, a national catalog that identifies—

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

1 (B) the repository for particular material  
2 in the system; and

3 (C) the means of accessing the material.

4 (2) AVAILABILITY.—The Secretary shall make  
5 the national catalog accessible to the public on the  
6 site of the Survey on the Internet, consistent with all  
7 applicable requirements related to confidentiality  
8 and proprietary data.

9 (f) ADVISORY COMMITTEE.—

10 (1) IN GENERAL.—The Advisory Committee  
11 shall advise the Secretary on planning and imple-  
12 mentation of the Program.

13 (2) NEW DUTIES.—In addition to its duties  
14 under the National Geologic Mapping Act of 1992  
15 (43 U.S.C. 31a et seq.), the Advisory Committee  
16 shall perform the following duties:

17 (A) Advise the Secretary on developing  
18 guidelines and procedures for providing assist-  
19 ance for facilities under subsection (g)(1).

20 (B) Review and critique the draft imple-  
21 mentation plan prepared by the Secretary under  
22 subsection (c).

23 (C) Identify useful studies of data archived  
24 under the Program that will advance under-  
25 standing of the Nation's energy and mineral re-

1 sources, geologic hazards, and engineering geol-  
2 ogy.

3 (D) Review the progress of the Program in  
4 archiving significant data and preventing the  
5 loss of such data, and the scientific progress of  
6 the studies funded under the Program.

7 (E) Include in the annual report to the  
8 Secretary required under section 5(b)(3) of the  
9 National Geologic Mapping Act of 1992 (43  
10 U.S.C. 31d(b)(3)) an evaluation of the progress  
11 of the Program toward fulfilling the purposes of  
12 the Program under subsection (b).

13 (g) FINANCIAL ASSISTANCE.—

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

19 (2) STUDIES.—Subject to the availability of ap-  
20 propriations, the Secretary shall provide financial as-  
21 sistance to any State agency designated under sub-  
22 section (d)(2) for studies and technical assistance  
23 activities that enhance understanding, interpreta-  
24 tion, and use of materials archived in the data ar-  
25 chive system established under subsection (d).

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

5           (4) PRIVATE CONTRIBUTIONS.—The Secretary  
6           shall apply to the non-Federal share of the cost of  
7           an activity carried out with assistance under this  
8           subsection the value of private contributions of prop-  
9           erty and services used for that activity.

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

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

14                 (2) an evaluation of the progress achieved in  
15                 developing the Program during the period covered by  
16                 the report; and

17                 (3) any recommendations for legislative or other  
18                 action the Secretary considers necessary and appro-  
19                 priate to fulfill the purposes of the Program under  
20                 subsection (b).

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

25          (j) DEFINITIONS.—In this section:

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

5           (2) **PROGRAM.**—The term “Program” means  
6       the National Geological and Geophysical Data Pres-  
7       ervation Program carried out under this section.

8           (3) **SECRETARY.**—The term “Secretary” means  
9       the Secretary of the Interior, acting through the Di-  
10      rector of the United States Geological Survey.

11          (4) **SURVEY.**—The term “Survey” means the  
12      United States Geological Survey.

13          (k) **AUTHORIZATION OF APPROPRIATIONS.**—There  
14      are authorized to be appropriated to carry out this section  
15      \$30,000,000 for each of fiscal years 2006 through 2010.

16      **SEC. 323. OIL AND GAS LEASE ACREAGE LIMITATIONS.**

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

1 **SEC. 324. ASSESSMENT OF DEPENDENCE OF STATE OF HA-**  
2 **WAI ON OIL.**

3 (a) **ASSESSMENT.**—The Secretary shall assess the  
4 economic implications of the dependence of the State of  
5 Hawaii on oil as the principal source of energy for the  
6 State, including—

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

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

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

18 (A) siting and facility configuration;

19 (B) environmental, operational, and safety  
20 considerations;

21 (C) the availability of technology;

22 (D) the effects on the utility system, in-  
23 cluding reliability;

24 (E) infrastructure and transport require-  
25 ments;

26 (F) community support; and

1 (G) other factors affecting the economic  
2 impact of such an increase and any effect on  
3 the economic relationship described in para-  
4 graph (2);

5 (4) the technical and economic feasibility of  
6 using liquefied natural gas to displace residual fuel  
7 oil for electric generation, including neighbor island  
8 opportunities, and the effect of the displacement on  
9 the economic relationship described in paragraph  
10 (2), including—

11 (A) the availability of supply;

12 (B) siting and facility configuration for on-  
13 shore and offshore liquefied natural gas receiv-  
14 ing terminals;

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

17 (D) other economic factors;

18 (5) the technical and economic feasibility of  
19 using renewable energy sources (including hydrogen)  
20 for ground, marine, and air transportation energy  
21 applications to displace the use of refined petroleum  
22 products, on an island-by-island basis, and the eco-  
23 nomic impact of the displacement on the relationship  
24 described in (2); and

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

1 (A) the development of hydrogen from re-  
2 newable resources; and

3 (B) the application of hydrogen to the en-  
4 ergy needs of Hawaii

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

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

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

## 18 **Subtitle C—Access to Federal Land**

### 19 **SEC. 341. FEDERAL ONSHORE OIL AND GAS LEASING PRAC-** 20 **TICES.**

21 (a) REVIEW OF ONSHORE OIL AND GAS LEASING  
22 PRACTICES.—The Secretary of the Interior shall make the  
23 necessary arrangements with the National Academy of  
24 Public Administration to commission the Academy to per-  
25 form a review of Federal onshore oil and gas leasing prac-



1 tices. The Secretary shall conduct an internal review con-  
2 current with the work of the National Academy of Public  
3 Administration. The reviews shall include the following:

4 (1) The process by which Federal land man-  
5 agers accept or reject an offer to lease, including the  
6 timeframes in which such offers are acted upon, and  
7 any recommendations for improving and expediting  
8 the process.

9 (2) The process for considering applications for  
10 permits to drill, including the timeframes in which  
11 such applications are considered, and any rec-  
12 ommendations for improving and expediting the  
13 process.

14 (3) The process for considering surface use  
15 plans of operation, including the timeframes in  
16 which such plans are considered, and any rec-  
17 ommendations for improving and expediting the  
18 process.

19 (4) The process for administrative appeal of de-  
20 cisions or orders of officers or employees of the Bu-  
21 reau of Land Management with respect to a Federal  
22 oil or gas lease, including the timeframes in which  
23 such appeals are heard and decided, and any rec-  
24 ommendations for improving and expediting the  
25 process.

1           (5) The process by which Federal land man-  
2           agers identify stipulations to address site-specific  
3           concerns and conditions, including those relating to  
4           the environment and resource use conflicts, whether  
5           stipulations are effective in addressing resource val-  
6           ues, and any recommendations for expediting and  
7           improving the identification and effectiveness of stip-  
8           ulations.

9           (6) The process by which the Federal land  
10          management agencies coordinate planning and anal-  
11          ysis with planning of Federal, State, and local agen-  
12          cies having jurisdiction over adjacent areas and  
13          other land uses, and any recommendations for im-  
14          proving and expediting the process.

15          (7) The documentation provided to lease appli-  
16          cants and lessees with respect to determinations to  
17          reject lease applications or to require modification of  
18          proposed surface use plans of operation and rec-  
19          ommendations regarding improvement of such docu-  
20          mentation to more clearly set forth the basis for the  
21          decision.

22          (8) The adequacy of resources available to the  
23          Secretary of the Interior for administering the Fed-  
24          eral onshore oil and gas leasing program.



1 (A) ensure expeditious compliance with  
2 section 102(2)(C) of the National Environ-  
3 mental Policy Act of 1969 (42 U.S.C.  
4 4332(2)(C)) and any other applicable environ-  
5 mental and cultural resources laws;

6 (B) improve consultation and coordination  
7 with the States and the public; and

8 (C) improve the collection, storage, and re-  
9 trieval of information relating to the oil and gas  
10 leasing activities.

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

15 (A) ensure expeditious compliance with all  
16 applicable environmental and cultural resources  
17 laws; and

18 (B) improve the collection, storage, and re-  
19 trieval of information relating to the oil and gas  
20 leasing activities.

21 (b) BEST MANAGEMENT PRACTICES.—

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

1 (A) improve the administration of the on-  
2 shore oil and gas leasing program under the  
3 Mineral Leasing Act (30 U.S.C. 181 et seq.);  
4 and

5 (B) ensure timely action on oil and gas  
6 leases and applications for permits to drill on  
7 land otherwise available for leasing.

8 (2) 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. 343. CONSULTATION REGARDING OIL AND GAS LEAS-**  
2 **ING 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, includ-  
20 ing applications for permits to drill consistent  
21 with applicable timelines;

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

25 (3) ensure that lease stipulations are—

26 (A) applied consistently;

- 1 (B) coordinated between agencies; and
- 2 (C) only as restrictive as necessary to pro-
- 3 tect the resource for which the stipulations are
- 4 applied;
- 5 (4) establish a joint data retrieval system that
- 6 is capable of—
- 7 (A) tracking applications and formal re-
- 8 quests made in accordance with procedures of
- 9 the Federal onshore oil and gas leasing pro-
- 10 gram; and
- 11 (B) providing information regarding the
- 12 status of the applications and requests within
- 13 the Department of the Interior and the Depart-
- 14 ment of Agriculture; and
- 15 (5) establish a joint geographic information sys-
- 16 tem mapping system for use in—
- 17 (A) tracking surface resource values to aid
- 18 in resource management; and
- 19 (B) processing surface use plans of oper-
- 20 ation and applications for permits to drill.

21 **SEC. 344. PILOT PROJECT TO IMPROVE FEDERAL PERMIT**

22 **COORDINATION.**

- 23 (a) ESTABLISHMENT.—The Secretary of the Interior
- 24 (referred to in this section as the “Secretary”) shall estab-



1 lish a Federal Permit Streamlining Pilot Project (referred  
2 to in this section as the “Pilot Project”).

3 (b) MEMORANDUM OF UNDERSTANDING.—

4 (1) IN GENERAL.—Not later than 90 days after  
5 the date of enactment of this Act, the Secretary  
6 shall enter into a memorandum of understanding for  
7 purposes of this section with—

8 (A) the Secretary of Agriculture;

9 (B) the Administrator of the Environ-  
10 mental Protection Agency; and

11 (C) the Chief of Engineers.

12 (2) STATE PARTICIPATION.—The Secretary  
13 may request that the Governors of Wyoming, Mon-  
14 tana, Colorado, Utah, and New Mexico be signato-  
15 ries to the memorandum of understanding.

16 (c) DESIGNATION OF QUALIFIED STAFF.—

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

1 (A) the consultations and the preparation  
2 of biological opinions under section 7 of the En-  
3 dangered Species Act of 1973 (16 U.S.C.  
4 1536);

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

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

9 (D) planning under the National Forest  
10 Management Act of 1976 (16 U.S.C. 472a et  
11 seq.); and

12 (E) the preparation of analyses under the  
13 National Environmental Policy Act of 1969 (42  
14 U.S.C. 4321 et seq.).

15 (2) DUTIES.—Each employee assigned under  
16 paragraph (1) shall—

17 (A) not later than 90 days after the date  
18 of assignment, report to the Bureau of Land  
19 Management Field Managers in the office to  
20 which the employee is assigned;

21 (B) be responsible for all issues relating to  
22 the jurisdiction of the home office or agency of  
23 the employee; and

1 (C) participate as part of the team of per-  
2 sonnel working on proposed energy projects,  
3 planning, and environmental analyses.

4 (d) FIELD OFFICES.—The following Bureau of Land  
5 Management Field Offices shall serve as the Pilot Project  
6 offices:

7 (1) Rawlins, Wyoming.

8 (2) Buffalo, Wyoming.

9 (3) Miles City, Montana

10 (4) Farmington, New Mexico.

11 (5) Carlsbad, New Mexico.

12 (6) Grand Junction/Glenwood Springs, Colo-  
13 rado.

14 (7) Vernal, Utah.

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

18 (1) outlines the results of the Pilot Project to  
19 date; and

20 (2) makes a recommendation to the President  
21 regarding whether the Pilot Project should be imple-  
22 mented throughout the United States.

23 (f) ADDITIONAL PERSONNEL.—The Secretary shall  
24 assign to each field office identified in subsection (d) any

1 additional personnel that are necessary to ensure the ef-  
2 fective implementation of—

3 (1) the Pilot Project; and

4 (2) other programs administered by the field of-  
5 fices, including inspection and enforcement relating  
6 to energy development on Federal land, in accord-  
7 ance with the multiple use mandate of the Federal  
8 Land Policy and Management Act of 1976 (43  
9 U.S.C. 1701 et seq).

10 (g) AUTHORIZATION OF APPROPRIATIONS.—

11 (1) IN GENERAL.—There are authorized to be  
12 appropriated to the Secretary such sums as are nec-  
13 essary to carry out this section for each of fiscal  
14 years 2006 through 2010.

15 (2) TRANSFER OF FUNDS.—For the purposes  
16 of coordination and processing of oil and gas use au-  
17 thorizations on Federal land under the administra-  
18 tion of the Pilot Project offices identified in sub-  
19 section (d), the Secretary may authorize the expendi-  
20 ture or transfer of such funds as are necessary to—

21 (A) the United States Fish and Wildlife  
22 Service;

23 (B) the Bureau of Indian Affairs;

24 (C) the Forest Service;

25 (D) the Environmental Protection Agency;

1 (E) the Corps of Engineers; and

2 (F) the States of Wyoming, Montana, Col-  
3 orado, Utah, and New Mexico.

4 (h) SAVINGS PROVISION.—Nothing in this section  
5 affects—

6 (1) the operation of any Federal or State law;

7 or

8 (2) any delegation of authority made by the  
9 head of a Federal agency whose employees are par-  
10 ticipating in the Pilot Project.

11 **SEC. 345. ENERGY FACILITY RIGHTS-OF-WAYS AND COR-**  
12 **RIDORS ON FEDERAL LAND.**

13 (a) DEFINITIONS.—In this section:

14 (1) CORRIDOR.—

15 (A) IN GENERAL.—In this section and sec-  
16 tion 503 of the Federal Land Policy and Man-  
17 agement Act of 1976 (43 U.S.C. 1763), the  
18 term “corridor” means—

19 (i) a linear strip of land—

20 (I) with a width determined with  
21 consideration given to technological,  
22 environmental, and topographical fac-  
23 tors; and

1 (II) that contains, or may in the  
2 future contain, 1 or more utility facili-  
3 ties;

4 (ii) a land use designation that is  
5 established—

6 (I) by law;

7 (II) by order of the head of a  
8 Federal agency;

9 (III) through the land use plan-  
10 ning process; or

11 (IV) by other management deci-  
12 sion; and

13 (iii) a designation made for the pur-  
14 pose of establishing the preferred location  
15 of a compatible utility facility.

16 (2) FEDERAL AUTHORIZATION.—

17 (A) IN GENERAL.—The term “Federal au-  
18 thorization” means any authorization required  
19 under Federal law in order to site a utility facil-  
20 ity.

21 (B) INCLUSIONS.—The term “Federal au-  
22 thorization” includes such permits, special use  
23 authorizations, certifications, opinions, or other  
24 approvals as may be required, that are issued  
25 by a Federal agency.

1 (3) FEDERAL LAND.—

2 (A) IN GENERAL.—The term “Federal  
3 land” means all land owned by the United  
4 States.

5 (B) EXCLUSIONS.—The term “Federal  
6 land” does not include land—

7 (i) within the National Park System;

8 (ii) within the National Wilderness  
9 Preservation System;

10 (iii) designated as a National Monu-  
11 ment;

12 (iv) held in trust for an Indian or In-  
13 dian tribe; or

14 (v) on the outer Continental Shelf.

15 (4) UTILITY CORRIDOR.—The term “utility cor-  
16 ridor” means any linear strip of land across Federal  
17 land referred to in subsection (b) of approved width,  
18 but limited for use by a utility facility by techno-  
19 logical, environmental, or topographical factors.

20 (5) UTILITY FACILITY.—The term “utility facil-  
21 ity” means any privately-, publicly-, or cooperatively-  
22 owned line, facility, or system—

23 (A) for the transportation of—

1 (i) oil or natural gas, synthetic liquid  
2 or gaseous fuel, or any refined product  
3 produced from any of those materials; or

4 (ii) products in support of production,  
5 or for storage or terminal facilities in con-  
6 nection with production; or

7 (B) for the generation, transmission, or  
8 distribution of electric energy.

9 (b) UTILITY CORRIDORS.—

10 (1) IN GENERAL.—Not later than 2 years after  
11 the document described in subsection (d)(3) is com-  
12 pleted, the Secretary of the Interior, with respect to  
13 public lands (as defined in section 103(e) of the  
14 Federal Land Policy and Management Act of 1976  
15 (43 U.S.C. 1702(e)), and the Secretary of Agri-  
16 culture, with respect to National Forest System  
17 land, shall designate utility corridors pursuant to—

18 (A) section 503 of the Federal Land Policy  
19 and Management Act (43 U.S.C. 1763) in the  
20 11 contiguous Western States (as identified in  
21 section 103(o) of that Act (43 U.S.C.  
22 1702(o))); and

23 (B) relevant departmental and agency land  
24 use and resource management plans or equiva-  
25 lent plans.



1           (2) COORDINATION.—The Secretary shall co-  
2           ordinate with affected Federal agencies to jointly—

3                   (A) identify potential utility corridors on  
4           Federal land in States not described in para-  
5           graph (1)(A); and

6                   (B) develop a schedule for the designation,  
7           environmental review, and incorporation of the  
8           utility corridors into relevant departmental and  
9           agency land use and resource management  
10          plans or equivalent plans.

11          (3) SPECIFICATIONS OF CORRIDOR.—A corridor  
12          designated under this section shall specify the cen-  
13          terline, width, and compatible uses of the corridor.

14          (d) FEDERAL PERMIT COORDINATION.—

15                (1) IN GENERAL.—The Secretary shall enter  
16                into a memorandum of understanding with the Sec-  
17                retary of the Interior, the Secretary of Agriculture,  
18                and the Secretary of Defense for the purpose of co-  
19                ordinating all applicable Federal authorizations and  
20                environmental reviews relating to a proposed or ex-  
21                isting utility facility.

22                (2) ADDITIONAL ENTITIES.—To the maximum  
23                extent practicable under applicable law, the Sec-  
24                retary shall coordinate the process developed  
25                through the memorandum of understanding under

1 paragraph (1) with any Indian tribes, multistate en-  
2 tities, and State agencies that are responsible for  
3 conducting any separate permitting and environ-  
4 mental reviews of the affected utility facility to en-  
5 sure timely review and permit decisions.

6 (3) CONTENTS OF MOU.—The memorandum of  
7 understanding under paragraph (1) shall provide  
8 for—

9 (A) coordination, among affected Federal  
10 agencies, to ensure that the necessary Federal  
11 authorizations—

12 (i) are conducted concurrently with  
13 applicable State siting processes; and

14 (ii) are considered within a specific  
15 time frame identified within the memo-  
16 randum of understanding;

17 (B) an agreement among the affected Fed-  
18 eral agencies to prepare a programmatic envi-  
19 ronmental review document to be used as the  
20 underlying basis for all Federal authorization  
21 decisions; and

22 (C) a process to expedite applications to  
23 construct or modify utility facilities within util-  
24 ity corridors.

1 **SEC. 346. OIL SHALE LEASING.**

2 (a) DECLARATION OF POLICY.—Congress declares  
3 that it is the policy of the United States that—

4 (1) United States oil shale and oil sands are  
5 strategically important domestic resources that  
6 should be developed through methods that help re-  
7 duce the growing dependence of the United States  
8 on politically and economically unstable sources of  
9 foreign oil imports;

10 (2) the development of oil shale and oil sands,  
11 for research and commercial development, should be  
12 conducted in an environmentally sound and economi-  
13 cally feasible manner; and

14 (3) development described in paragraph (2)  
15 should occur at a deliberate pace, with an emphasis  
16 on sustainability, to benefit the United States while  
17 taking into account affected States and commu-  
18 nities.

19 (b) LEASING FOR RESEARCH AND DEVELOPMENT.—

20 (1) IN GENERAL.—In accordance with section  
21 21 of the Mineral Leasing Act (30 U.S.C. 241) and  
22 any other applicable law, except as provided in this  
23 section, not later than 1 year after the date of enact-  
24 ment of this Act, from land otherwise available for  
25 leasing, the Secretary of the Interior (referred to in  
26 this section as the “Secretary”) shall, for a period

1 determined by the Secretary, make available for  
2 leasing such land as the Secretary considers to be  
3 necessary to conduct research and development ac-  
4 tivities with respect to innovative technologies for  
5 the recovery of shale oil from oil shale resources on  
6 public land.

7 (2) APPLICATION.—The Secretary may offer to  
8 lease the land to persons that submit an application  
9 for the lease, if the Secretary determines that there  
10 is no competitive interest in the land.

11 (3) ADMINISTRATION.—In carrying out this  
12 subsection, the Secretary shall—

13 (A) provide for environmentally sound re-  
14 search and development of oil shale;

15 (B) provide for an appropriate return to  
16 the public, as determined by the Secretary;

17 (C) before carrying out any activity that  
18 will disturb the surface of land, provide for an  
19 adequate bond, surety, or other financial ar-  
20 rangement to ensure reclamation;

21 (D) provide for a primary lease term of 10  
22 years, after which the lease term may be ex-  
23 tended if the Secretary determines that diligent  
24 research and development activities are occur-  
25 ring on the land leased;

1 (E) require the owner or operator of a  
2 project under this subsection, within such pe-  
3 riod as the Secretary may determine—

4 (i) to submit a plan of operations;

5 (ii) to develop an environmental pro-  
6 tection plan; and

7 (iii) to undertake diligent research  
8 and development activities;

9 (F) ensure that leases under this section  
10 are not larger than necessary to conduct re-  
11 search and development activities under an ap-  
12 plication under paragraph (2);

13 (G) provide for consultation with affected  
14 State and local governments; and

15 (H) provide for such requirements as the  
16 Secretary determines to be in the public inter-  
17 est.

18 (4) MONEYS RECEIVED.—Any moneys received  
19 from a leasing activity under this subsection shall be  
20 paid in accordance with section 35 of the Mineral  
21 Leasing Act (30 U.S.C. 191).

22 (c) PROGRAMMATIC ENVIRONMENTAL IMPACT  
23 STATEMENT.—Not later than 18 months after the date  
24 of enactment of this Act, in accordance with section  
25 102(2)(C) of the National Environmental Policy Act of

1 1969 (42 U.S.C. 4332(2)(C)), the Secretary shall com-  
2 plete a programmatic environmental impact statement  
3 that analyzes potential leasing for commercial develop-  
4 ment of oil shale resources on public land.

5 (d) ANALYSIS OF POTENTIAL LEASING PROGRAM.—

6 (1) IN GENERAL.—Not later than 18 months  
7 after the date of enactment of this Act, the Sec-  
8 retary shall submit to Congress a report (including  
9 recommendations) analyzing a potential leasing pro-  
10 gram for the commercial development of oil shale on  
11 public land.

12 (2) INCLUSIONS.—The report under paragraph  
13 (1) shall include—

14 (A) an analysis of technologies and re-  
15 search and development programs for the pro-  
16 duction of oil and other materials from oil shale  
17 and tar sands in existence on the date on which  
18 the report is prepared;

19 (B) an analysis of—

20 (i) whether leases under the program  
21 should be issued on a competitive basis;

22 (ii) the term of the leases;

23 (iii) the maximum size of the leases;

24 (iv) the use and distribution of bonus  
25 bid lease payments;

1 (v) the royalty rate to be applied, in-  
2 cluding whether a sliding scale royalty rate  
3 should be used;

4 (vi) whether an opportunity should be  
5 provided to convert research and develop-  
6 ment leases into leases for commercial de-  
7 velopment, including the terms and condi-  
8 tions that should apply to the conversion;

9 (vii) the maximum number of leases  
10 and maximum acreage to be leased under  
11 the leasing program to an individual; and

12 (vii) any infrastructure required to  
13 support oil shale development in industry  
14 and communities; and

15 (C) an analysis, developed in conjunction  
16 with the appropriate State water resource agen-  
17 cies, of the demand for, and availability of,  
18 water with respect to the development of oil  
19 shale.

20 (3) PUBLIC PARTICIPATION.—In preparing the  
21 report under this subsection, the Secretary shall pro-  
22 vide notice to, and solicit comment from—

23 (A) the public;

24 (B) representatives of local governments;

25 (C) representatives of industry; and

1 (D) other interested parties.

2 (4) PARTICIPATION BY CERTAIN STATES.—In  
3 preparing the report under this subsection, the Sec-  
4 retary shall—

5 (A) provide notice to, and solicit comment  
6 from, the Governors of the States of Colorado,  
7 Utah, and Wyoming; and

8 (B) incorporate into the report submitted  
9 to Congress under paragraph (1) any response  
10 of the Secretary to those comments.

11 (e) NATIONAL OIL SHALE ASSESSMENT.—

12 (1) ASSESSMENT.—

13 (A) IN GENERAL.—The Secretary shall  
14 carry out a national assessment of oil shale re-  
15 sources for the purposes of evaluating and map-  
16 ping oil shale deposits, in the geographic areas  
17 described in subparagraph (B).

18 (B) GEOGRAPHIC AREAS.—The geographic  
19 areas referred to in subparagraph (A), listed in  
20 the order in which the Secretary shall assign  
21 priority, are—

22 (i) the Green River Region of the  
23 States of Colorado, Utah, and Wyoming;

24 (ii) the Devonian oil shales of the  
25 eastern United States; and



1 (iii) any remaining area in the central  
2 and western United States (including the  
3 State of Alaska) that contains oil shale, as  
4 determined by the Secretary.

5 (2) USE OF STATE SURVEYS AND UNIVER-  
6 SITIES.—In carrying out the assessment under para-  
7 graph (1), the Secretary may request assistance  
8 from any State-administered geological survey or  
9 university.

10 (f) STATE WATER RIGHTS.—Nothing in this section  
11 preempts or affects any State water law or interstate com-  
12 pact relating to water.

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

## 16 **Subtitle D—Coastal Programs**

### 17 **SEC. 371. COASTAL IMPACT ASSISTANCE PROGRAM.**

18 Section 31 of the Outer Continental Shelf Lands Act  
19 (43 U.S.C. 1356a) is amended to read as follows:

#### 20 **“SEC. 31. COASTAL IMPACT ASSISTANCE PROGRAM.**

21 **“(a) DEFINITIONS.—**In this section:

22 **“(1) COASTAL POLITICAL SUBDIVISION.—**The  
23 term ‘coastal political subdivision’ means a political  
24 subdivision of a coastal State any part of which po-  
25 litical subdivision is—

1           “(A) within the coastal zone (as defined in  
2           section 304 of the Coastal Zone Management  
3           Act of 1972 (16 U.S.C. 1453)) of the coastal  
4           State; and

5           “(B) not more than 200 miles from the ge-  
6           ographic center of any leased tract.

7           “(2) COASTAL POPULATION.—The term ‘coastal  
8           population’ means the population, as determined by  
9           the most recent official data of the Census Bureau,  
10          of each political subdivision any part of which lies  
11          within the designated coastal boundary of a State  
12          (as defined in a State’s coastal zone management  
13          program under the Coastal Zone Management Act of  
14          1972 (16 U.S.C. 1451 et seq.)).

15          “(3) COASTAL STATE.—The term ‘coastal  
16          State’ has the meaning given the term in section  
17          304 of the Coastal Zone Management Act of 1972  
18          (16 U.S.C. 1453).

19          “(4) COASTLINE.—The term ‘coastline’ has the  
20          meaning given the term ‘coast line’ in section 2 of  
21          the Submerged Lands Act (43 U.S.C. 1301).

22          “(5) DISTANCE.—The term ‘distance’ means  
23          the minimum great circle distance, measured in stat-  
24          ute miles.

1           “(6) LEASED TRACT.—The term ‘leased tract’  
2 means a tract that is subject to a lease under section  
3 6 or 8 for the purpose of drilling for, developing,  
4 and producing oil or natural gas resources.

5           “(7) LEASING MORATORIA.—The term ‘leasing  
6 moratoria’ means the prohibitions on preleasing,  
7 leasing, and related activities on any geographic area  
8 of the outer Continental Shelf as contained in—

9           “(A) the ‘Memorandum on Withdrawal of  
10 Certain Areas of the United States Outer Con-  
11 tinental Shelf from Leasing Disposition’, from  
12 34 Weekly Comp. Pres. Doc. 1111, dated June  
13 12, 1998; or

14           “(B) sections 107 through 109 of division  
15 E of the Consolidated Appropriations Act, 2005  
16 (Public Law 108–447; 118 Stat. 3063).

17           “(8) POLITICAL SUBDIVISION.—The term ‘polit-  
18 ical subdivision’ means the local political jurisdiction  
19 immediately below the level of State government, in-  
20 cluding counties, parishes, and boroughs.

21           “(9) PRODUCING STATE.—

22           “(A) IN GENERAL.—The term ‘producing  
23 State’ means a coastal State that has a coastal  
24 seaward boundary within 200 miles of the geo-

1 graphic center of a leased tract within any area  
2 of the outer Continental Shelf.

3 “(B) EXCLUSION.—The term ‘producing  
4 State’ does not include a producing State, a  
5 majority of the coastline of which is subject to  
6 leasing moratoria.

7 “(10) QUALIFIED OUTER CONTINENTAL SHELF  
8 REVENUES.—

9 “(A) IN GENERAL.—The term ‘qualified  
10 Outer Continental Shelf revenues’ means all  
11 amounts received by the United States from  
12 each leased tract or portion of a leased tract—

13 “(i) lying—

14 “(I) seaward of the zone covered  
15 by section 8(g); or

16 “(II) within that zone, but to  
17 which section 8(g) does not apply; and

18 “(ii) the geographic center of which  
19 lies within a distance of 200 miles from  
20 any part of the coastline of any coastal  
21 State.

22 “(B) INCLUSIONS.—The term ‘qualified  
23 Outer Continental Shelf revenues’ includes  
24 bonus bids, rents, royalties (including payments  
25 for royalty taken in kind and sold), net profit

1 share payments, and related late-payment inter-  
2 est from natural gas and oil leases issued under  
3 this Act.

4 “(C) EXCLUSION.—The term ‘qualified  
5 Outer Continental Shelf revenues’ does not in-  
6 clude any revenues from a leased tract or por-  
7 tion of a leased tract that is located in a geo-  
8 graphic area subject to a leasing moratorium on  
9 January 1, 2005.

10 “(b) PAYMENTS TO PRODUCING STATES AND COAST-  
11 AL POLITICAL SUBDIVISIONS.—

12 “(1) IN GENERAL.—From revenues deposited  
13 under section 9, there is authorized to be appro-  
14 priated to the Secretary to disburse funds to pro-  
15 ducing States and coastal political subdivisions in  
16 accordance with this section \$500,000,000 for each  
17 of fiscal years 2006 through 2010.

18 “(2) DISBURSEMENT.—In each fiscal year, the  
19 Secretary shall, subject to appropriations, disburse  
20 to each producing State for which the Secretary has  
21 approved a plan under subsection (c), and to coastal  
22 political subdivisions under paragraph (5), such  
23 funds as are allocated to the producing State or  
24 coastal political subdivision, respectively, under this  
25 section for the fiscal year.

1 “(3) TRANSFER OF AMOUNTS.—

2 “(A) IN GENERAL.—From qualified outer  
3 Continental Shelf revenues deposited in the  
4 Treasury under this Act for a fiscal year, sub-  
5 ject to appropriations, the Secretary of the  
6 Treasury shall transfer to the Secretary to pro-  
7 vide disbursements to producing States and  
8 coastal political subdivisions under this section  
9 \$500,000,000 for each of fiscal years 2006  
10 through 2010.

11 “(B) DISBURSEMENT.—For each fiscal  
12 year, the Secretary shall, subject to the avail-  
13 ability of appropriations under subparagraph  
14 (A), disburse to each producing State for which  
15 the Secretary has an approved plan under para-  
16 graph (4), and to coastal political subdivisions  
17 under paragraph (5), the funds allocated to the  
18 producing State or coastal political subdivision  
19 under this section for the fiscal year.

20 “(4) ALLOCATION AMONG PRODUCING  
21 STATES.—

22 “(A) IN GENERAL.—Except as provided in  
23 subparagraph (C) and subject to subparagraph  
24 (D), the amounts available under paragraph (1)

1 shall be allocated to each producing State based  
2 on the ratio that—

3 “(i) the amount of qualified outer  
4 Continental Shelf revenues generated off  
5 the coastline of the producing State; bears  
6 to

7 “(ii) the amount of qualified outer  
8 Continental Shelf revenues generated off  
9 the coastline of all producing States.

10 “(B) AMOUNT OF OUTER CONTINENTAL  
11 SHELF REVENUES.—For purposes of subpara-  
12 graph (A)—

13 “(i) the amount of qualified outer  
14 Continental Shelf revenues for each of fis-  
15 cal years 2006 through 2008 shall be de-  
16 termined using qualified outer Continental  
17 Shelf revenues received for fiscal year  
18 2005; and

19 “(ii) the amount of qualified outer  
20 Continental Shelf revenues for each of fis-  
21 cal years 2009 through 2011 shall be de-  
22 termined using qualified outer Continental  
23 Shelf revenues received for fiscal year  
24 2008.

1           “(C) MULTIPLE PRODUCING STATES.—In  
2 a case in which more than 1 producing State is  
3 located within 200 miles of any portion of a  
4 leased tract, the amount allocated to each pro-  
5 ducing State for the leased tract shall be in-  
6 versely proportional to the distance between—

7                   “(i) the nearest point on the coastline  
8 of the producing State; and

9                   “(ii) the geographic center of the  
10 leased tract.

11           “(D) MINIMUM ALLOCATION.—The  
12 amount allocated to a producing State under  
13 subparagraph (A) shall be at least 1 percent of  
14 the amounts available under paragraph (1).

15           “(5) PAYMENTS TO COASTAL POLITICAL SUB-  
16 DIVISIONS.—

17                   “(A) IN GENERAL.—The Secretary shall  
18 pay 35 percent of the amount allocated under  
19 paragraph (3) to the coastal political subdivi-  
20 sions in the producing State.

21                   “(B) FORMULA.—Of the amount paid by  
22 the Secretary to coastal political subdivisions  
23 under subparagraph (A)—



1           “(i) 25 percent shall be allocated to  
2 each coastal political subdivision in the  
3 proportion that—

4                   “(I) the coastal population of the  
5 coastal political subdivision; bears to

6                   “(II) the coastal population of all  
7 coastal political subdivisions in the  
8 producing State;

9           “(ii) 25 percent shall be allocated to  
10 each coastal political subdivision in the  
11 proportion that—

12                   “(I) the number of miles of  
13 coastline of the coastal political sub-  
14 division; bears to

15                   “(II) the number of miles of  
16 coastline of all coastal political sub-  
17 divisions in the producing State; and

18           “(iii) 50 percent shall be allocated in  
19 amounts that are inversely proportional to  
20 the respective distances between the points  
21 in each coastal political subdivision that  
22 are closest to the geographic center of each  
23 leased tract, as determined by the Sec-  
24 retary.

1           “(C) EXCEPTION FOR THE STATE OF LOU-  
2 ISIANA.—For the purposes of subparagraph  
3 (B)(ii), the coastline for coastal political sub-  
4 divisions in the State of Louisiana without a  
5 coastline shall be the average length of the  
6 coastline of all other coastal political subdivi-  
7 sions in the State of Louisiana.

8           “(D) EXCEPTION FOR THE STATE OF  
9 ALASKA.—For the purposes of carrying out  
10 subparagraph (B)(iii) in the State of Alaska,  
11 the amounts allocated shall be divided equally  
12 among the 2 coastal political subdivisions that  
13 are closest to the geographic center of a leased  
14 tract.

15           “(E) EXCLUSION OF CERTAIN LEASED  
16 TRACTS.—For purposes of subparagraph  
17 (B)(iii), a leased tract or portion of a leased  
18 tract shall be excluded if the tract or portion of  
19 a leased tract is located in a geographic area  
20 subject to a leasing moratorium on January 1,  
21 2005.

22           “(6) NO APPROVED PLAN.—

23           “(A) IN GENERAL.—Subject to subpara-  
24 graph (B) and except as provided in subpara-  
25 graph (C), in a case in which any amount allo-

1 cated to a producing State or coastal political  
2 subdivision under paragraph (4) or (5) is not  
3 disbursed because the producing State does not  
4 have in effect a plan that has been approved by  
5 the Secretary under subsection (c), the Sec-  
6 retary shall allocate the undisbursed amount  
7 equally among all other producing States.

8 “(B) RETENTION OF ALLOCATION.—The  
9 Secretary shall hold in escrow an undisbursed  
10 amount described in subparagraph (A) until  
11 such date as the final appeal regarding the dis-  
12 approval of a plan submitted under subsection  
13 (c) is decided.

14 “(C) WAIVER.—The Secretary may waive  
15 subparagraph (A) with respect to an allocated  
16 share of a producing State and hold the allo-  
17 cable share in escrow if the Secretary deter-  
18 mines that the producing State is making a  
19 good faith effort to develop and submit, or up-  
20 date, a plan in accordance with subsection (c).

21 “(c) COASTAL IMPACT ASSISTANCE PLAN.—

22 “(1) SUBMISSION OF STATE PLANS.—

23 “(A) IN GENERAL.—Not later than July 1,  
24 2008, the Governor of a producing State shall

1 submit to the Secretary a coastal impact assist-  
2 ance plan.

3 “(B) PUBLIC PARTICIPATION.—In carrying  
4 out subparagraph (A), the Governor shall solicit  
5 local input and provide for public participation  
6 in the development of the plan.

7 “(2) APPROVAL.—

8 “(A) IN GENERAL.—The Secretary shall  
9 approve a plan of a producing State submitted  
10 under paragraph (1) before disbursing any  
11 amount to the producing State, or to a coastal  
12 political subdivision located in the producing  
13 State, under this section.

14 “(B) COMPONENTS.—The Secretary shall  
15 approve a plan submitted under paragraph (1)  
16 if—

17 “(i) the Secretary determines that the  
18 plan is consistent with the uses described  
19 in subsection (d); and

20 “(ii) the plan contains—

21 “(I) the name of the State agen-  
22 cy that will have the authority to rep-  
23 resent and act on behalf of the pro-  
24 ducing State in dealing with the Sec-  
25 retary for purposes of this section;

1                   “(II) a program for the imple-  
2                   mentation of the plan that describes  
3                   how the amounts provided under this  
4                   section to the producing State will be  
5                   used;

6                   “(III) for each coastal political  
7                   subdivision that receives an amount  
8                   under this section—

9                   “(aa) the name of a contact  
10                  person; and

11                  “(bb) a description of how  
12                  the coastal political subdivision  
13                  will use amounts provided under  
14                  this section;

15                  “(IV) a certification by the Gov-  
16                  ernor that ample opportunity has been  
17                  provided for public participation in  
18                  the development and revision of the  
19                  plan; and

20                  “(V) a description of measures  
21                  that will be taken to determine the  
22                  availability of assistance from other  
23                  relevant Federal resources and pro-  
24                  grams.

1           “(3) AMENDMENT.—Any amendment to a plan  
2 submitted under paragraph (1) shall be—

3           “(A) developed in accordance with this  
4 subsection; and

5           “(B) submitted to the Secretary for ap-  
6 proval or disapproval under paragraph (4).

7           “(4) PROCEDURE.—

8           “(A) IN GENERAL.—Except as provided in  
9 subparagraph (B), not later than 90 days after  
10 the date on which a plan or amendment to a  
11 plan is submitted under paragraph (1) or (3),  
12 the Secretary shall approve or disapprove the  
13 plan or amendment.

14           “(B) EXCEPTION.—For fiscal year 2006,  
15 the Secretary shall approve or disapprove a  
16 plan submitted under paragraph (1) not later  
17 than December 31, 2006.

18           “(d) AUTHORIZED USES.—

19           “(1) IN GENERAL.—A producing State or coast-  
20 al political subdivision shall use all amounts received  
21 under this section, including any amount deposited  
22 in a trust fund that is administered by the State or  
23 coastal political subdivision and dedicated to uses  
24 consistent with this section, in accordance with all

1 applicable Federal and State law, only for 1 or more  
2 of the following purposes:

3 “(A) Projects and activities for the con-  
4 servation, protection, or restoration of coastal  
5 areas, including wetland.

6 “(B) Mitigation of damage to fish, wildlife,  
7 or natural resources.

8 “(C) Planning assistance and the adminis-  
9 trative costs of complying with this section.

10 “(D) Implementation of a federally-ap-  
11 proved marine, coastal, or comprehensive con-  
12 servation management plan.

13 “(E) Mitigation of the impact of outer  
14 Continental Shelf activities through funding of  
15 onshore infrastructure projects and public serv-  
16 ice needs.

17 “(2) COMPLIANCE WITH AUTHORIZED USES.—  
18 If the Secretary determines that any expenditure  
19 made by a producing State or coastal political sub-  
20 division is not consistent with this subsection, the  
21 Secretary shall not disburse any additional amount  
22 under this section to the producing State or the  
23 coastal political subdivision until such time as all  
24 amounts obligated for unauthorized uses have been  
25 repaid or reobligated for authorized uses.”.

1                   **Subtitle E—Natural Gas**

2   **SEC. 381. EXPORTATION OR IMPORTATION OF NATURAL**  
3                   **GAS.**

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

6           “(d) Except as specifically provided in this part, noth-  
7 ing in this Act affects the rights of States under—

8                   “(1) the Coastal Zone Management Act of 1972  
9                   (16 U.S.C. 1451 et seq.)

10                   “(2) the Clean Air Act (42 U.S.C. 7401 et  
11 seq.); or

12                   “(3) the Federal Water Pollution Control Act  
13                   (33 U.S.C. 1251 et seq.).

14           “(e)(1) No facilities located onshore or in State wa-  
15 ters for the import of natural gas from a foreign country,  
16 or the export of natural gas to a foreign country, shall  
17 be sited, constructed, expanded, or operated, unless the  
18 Commission has authorized such acts or operations.

19           “(2) The Commission shall have the exclusive author-  
20 ity to approve or deny an application for the siting, con-  
21 struction, expansion, or operation of facilities located on-  
22 shore or in State waters for the import of natural gas from  
23 a foreign county or the export of natural gas to a foreign  
24 country.



1       “(3)(A) Except as provided in subparagraph (B), the  
2 Commission may approve an application described in para-  
3 graph (2), in whole or part, with such modifications and  
4 upon such terms and conditions as the Commission finds  
5 appropriate.

6       “(B) The Commission shall not—

7           “(i) deny an application solely on the basis that  
8 the applicant proposes to use the liquefied natural  
9 gas import facility exclusively or partially for gas  
10 that the applicant or an affiliate of the applicant will  
11 supply to the facility; or

12           “(ii) condition an order on—

13           “(I) a requirement that the liquefied nat-  
14 ural gas import facility offer service to cus-  
15 tomers other than the applicant, or any affiliate  
16 of the applicant, securing the order;

17           “(II) any regulation of the rates, charges,  
18 terms, or conditions of service of the liquefied  
19 natural gas import facility; or

20           “(III) a requirement to file with the Com-  
21 mission schedules or contracts related to the  
22 rates, charges, terms, or conditions of service of  
23 the liquefied natural gas import facility.

24       “(4) An order issued for a liquefied natural gas im-  
25 port facility that also offers service to customers on an

1 open access basis shall not result in subsidization of ex-  
2 pansion capacity by existing customers, degradation of  
3 service to existing customers, or undue discrimination  
4 against existing customers as to their terms or conditions  
5 of service at the facility, as all of those terms are defined  
6 by the Commission.”.

7 **SEC. 382. NEW NATURAL GAS STORAGE FACILITIES.**

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

10 “(f)(1) In exercising its authority under this Act, the  
11 Commission may authorize a natural gas company to pro-  
12 vide storage and storage-related services at market-based  
13 rates for new storage capacity placed in service after the  
14 date of enactment of the Energy Policy Act of 2005, not-  
15 withstanding the fact that the company is unable to dem-  
16 onstrate that the company lacks market power, if the  
17 Commission determines that—

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

22 “(B) customers are adequately protected.

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



1 cations, opinions, or other approvals as may be re-  
2 quired under Federal law with respect to an applica-  
3 tion for authorization under section 3 or a certificate  
4 of public convenience and necessity under section 7.

5 “(b)(1) With respect to an application for Federal au-  
6 thorization, the Commission shall, unless the Commission  
7 orders otherwise, be the lead agency for purposes of com-  
8 plying with the National Environmental Policy Act of  
9 1969 (42 U.S.C. 4321 et seq.).

10 “(2) As lead agency, the Commission, in consultation  
11 with affected agencies, shall prepare a single environ-  
12 mental review document, which shall be used as a basis  
13 for all decisions under Federal law on—

14 “(A) an application for authorization under sec-  
15 tion 3; or

16 “(B) a certificate of public convenience and ne-  
17 cessity under section 7.

18 “(c)(1) The Commission shall, in consultation with  
19 agencies responsible for Federal authorizations, and with  
20 due consideration of recommendations by the agencies, es-  
21 tablish a schedule for all Federal authorizations.

22 “(2) In establishing a schedule, the Commission shall  
23 comply with applicable schedules established by Federal  
24 law.

1       “(3) All Federal and State agencies with jurisdiction  
2 over natural gas infrastructure shall seek to coordinate  
3 their proceedings within the timeframes established by the  
4 Commission with respect to an application for authoriza-  
5 tion under section 3 or a certificate of public convenience  
6 and necessity under section 7.

7       “(d)(1) In a case in which an administrative agency  
8 or officer has failed to act by the deadline established by  
9 the Commission under this section for deciding whether  
10 to issue the authorization, the applicant or any State in  
11 which the facility would be located may file an appeal with  
12 the President, who shall, in consultation with the affected  
13 agency, take action on the pending application.

14       “(2) Based on the overall record and in consultation  
15 with the affected agency, the President may—

16               “(A) issue the necessary authorization with any  
17 appropriate conditions; or

18               “(B) deny the application.

19       “(3) Not later than 90 days after the filing of an  
20 appeal, the President shall issue a decision as to that ap-  
21 peal.

22       “(4) In making a decision under this paragraph, the  
23 President shall comply with applicable requirements of  
24 Federal law, including—

1           “(A) the Endangered Species Act of 1973 (16  
2           U.S.C. 1531 et seq.)

3           “(B) the Federal Water Pollution Control Act  
4           (33 U.S.C. 1251 et seq.);

5           “(C) the National Forest Management Act of  
6           1976 (16 U.S.C. 472a et seq.);

7           “(D) the National Environmental Policy Act of  
8           1969 (42 U.S.C. 4321 et seq.);

9           “(E) the Federal Land Policy and Management  
10          Act of 1976 (43 U.S.C. 1701 et seq.);

11          “(F) the Coastal Zone Management Act of  
12          1972 (16 U.S.C. 1451 et seq.); and

13          “(G) the Clean Air Act (42 U.S.C. 7401 et  
14          seq.).”.

15   **SEC. 384. COURT REVIEW OF ORDERS.**

16          Section 19 of the Natural Gas Act (15 U.S.C. 717r)  
17   is amended by adding at the end the following:

18          “(d) All decisions required under Federal law, other  
19   than the Coastal Zone Management Act of 1972 (16  
20   U.S.C. 1451 et seq.), in connection with the siting, con-  
21   struction, expansion, or operation of a natural gas pipeline  
22   or import or export facility authorized under this Act,  
23   shall be subject to judicial review exclusively by the United  
24   States Court of Appeals for the District of Columbia, fol-  
25   lowing action by the Commission on any application for

1 rehearing of the Commission order under section 3 or 7,  
2 and in the manner required by this section.”.

3 **SEC. 385. PENALTIES.**

4 (a) CRIMINAL PENALTIES.—

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

7 (A) in subsection (a)—

8 (i) by striking “\$5,000” and inserting  
9 “\$1,000,000”; and

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

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

14 (2) NATURAL GAS POLICY ACT OF 1978.—Sec-  
15 tion 504(c) of the Natural Gas Policy Act of 1978  
16 (15 U.S.C. 3414(c)) is amended—

17 (A) in paragraph (1)—

18 (i) in subparagraph (A), by striking  
19 “\$5,000” and inserting “\$1,000,000”;

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

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

25 (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. 386. 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 and sale of transportation services subject to the  
8 jurisdiction of the Commission, any manipulative or decep-  
9 tive device or contrivance (as those terms are used in sec-  
10 tion 10(b) of the Securities Exchange Act of 1934 (15  
11 U.S.C. 78j(b)) in contravention of such rules and regula-  
12 tions as the Commission may prescribe as necessary in the  
13 public interest or for the protection of natural gas rate-  
14 payers.”

15 **SEC. 387. NATURAL GAS MARKET TRANSPARENCY RULES.**

16 The Natural Gas Act (15 U.S.C. 717 et seq.) (as  
17 amended by section 385(b)(1)) is amended by inserting  
18 after section 22 the following:

19 “NATURAL GAS MARKET TRANSPARENCY RULES

20 “SEC. 23. (a)(1) The Commission may issue such  
21 rules as the Commission considers to be appropriate to  
22 establish an electronic information system to provide the  
23 Commission and the public with access to such informa-  
24 tion as is necessary to facilitate price transparency and  
25 participation in markets for the sale or transportation of  
26 natural gas in interstate commerce.

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

6       “(3) The Commission may—

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

9           “(B) rely on an entity other than the Commis-  
10 sion to receive and make public the information.

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

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

23       “(c)(1) This section shall not affect the exclusive ju-  
24 risdiction of the Commodity Futures Trading Commission  
25 with respect to accounts, agreements, contracts, or trans-

1 actions in commodities under the Commodity Exchange  
2 Act (7 U.S.C. 1 et seq.).

3 “(2) Any request for information to a designated con-  
4 tract market, registered derivatives transaction execution  
5 facility, board of trade, exchange, or market involving ac-  
6 counts, agreements, contracts, or transactions in commod-  
7 ities (including natural gas, electricity and other energy  
8 commodities) within the exclusive jurisdiction of the Com-  
9 modity Futures Trading Commission shall be directed to  
10 the Commodity Futures Trading Commission, which shall  
11 cooperate in responding to any information request by the  
12 Commission.

13 “(d) In carrying out this section, the Commission  
14 shall not—

15 “(1) compete with, or displace from the market  
16 place, any price publisher (including any electronic  
17 price publisher);

18 “(2) regulate price publishers (including any  
19 electronic price publisher); or

20 “(3) impose any requirements on the publica-  
21 tion of information by price publishers (including  
22 any electronic price publisher).

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

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

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

10       “(2) Paragraph (1) shall not apply in any case in  
11 which the Commission finds that a seller that has entered  
12 into a contract for the transportation or sale of natural  
13 gas subject to the jurisdiction of the Commission has en-  
14 gaged in fraudulent market manipulation activities materi-  
15 ally affecting the contract in violation of section 386.”.

16 **SEC. 388. DEADLINE FOR DECISION ON APPEALS OF CON-**  
17 **SISTENCY DETERMINATION UNDER THE**  
18 **COASTAL ZONE MANAGEMENT ACT OF 1972.**

19       (a) IN GENERAL.—Section 319 of the Coastal Zone  
20 Management Act of 1972 (16 U.S.C. 1465) is amended  
21 to read as follows:

22                   “APPEALS TO THE SECRETARY

23       “SEC. 319. (a) NOTICE.—Not later than 30 days  
24 after the date of the filing of an appeal to the Secretary  
25 of a consistency determination under section 307, the Sec-

1 retary shall publish an initial notice in the Federal Reg-  
2 ister.

3 “(b) CLOSURE OF RECORD.—

4 “(1) IN GENERAL.—Not later than the end of  
5 the 270-day period beginning on the date of publica-  
6 tion of an initial notice under subsection (a), except  
7 as provided in paragraph (3), the Secretary shall im-  
8 mediately close the decision record and receive no  
9 more filings on the appeal.

10 “(2) NOTICE.—After closing the administrative  
11 record, the Secretary shall immediately publish a no-  
12 tice in the Federal Register that the administrative  
13 record has been closed.

14 “(3) EXCEPTION.—

15 “(A) IN GENERAL.—Subject to subpara-  
16 graph (B), during the 270-day period described  
17 in paragraph (1), the Secretary may stay the  
18 closing of the decision record—

19 “(i) for a specific period mutually  
20 agreed to in writing by the appellant and  
21 the State agency; or

22 “(ii) as the Secretary determines nec-  
23 essary to receive, on an expedited basis—

24 “(I) any supplemental informa-  
25 tion specifically requested by the Sec-

1           retary to complete a consistency re-  
2           view under this Act; or

3                   “(II) any clarifying information  
4           submitted by a party to the pro-  
5           ceeding related to information already  
6           existing in the sole record.

7                   “(B) APPLICABILITY.—The Secretary may  
8           only stay the 270-day period described in para-  
9           graph (1) for a period not to exceed 60 days.

10           “(c) DEADLINE FOR DECISION.—

11                   “(1) IN GENERAL.—Not later than 90 days  
12           after the date of publication of a Federal Register  
13           notice stating when the decision record for an appeal  
14           has been closed, the Secretary shall issue a decision  
15           or publish a notice in the Federal Register explain-  
16           ing why a decision cannot be issued at that time.

17                   “(2) SUBSEQUENT DECISION.—Not later than  
18           45 days after the date of publication of a Federal  
19           Register notice explaining why a decision cannot be  
20           issued within the 90-day period, the Secretary shall  
21           issue a decision.”.

22   **SEC. 389. FEDERAL-STATE LIQUEFIED NATURAL GAS FO-**  
23                   **RUMS.**

24           (a) IN GENERAL.—Not later than 1 year after the  
25           date of enactment of this Act, the Secretary, in coopera-

1 tion and consultation with the Secretary of Transpor-  
2 tation, the Secretary of Homeland Security, the Federal  
3 Energy Regulatory Commission, and the Governors of the  
4 Coastal States, shall convene not less than 3 forums on  
5 liquefied natural gas.

6 (b) REQUIREMENTS.—The forums shall—

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

9 (2) be designed to foster dialogue among Fed-  
10 eral officials, State and local officials, the general  
11 public, independent experts, and industry represent-  
12 atives; and

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

15 (A) the role of liquefied natural gas in  
16 meeting current and future United States en-  
17 ergy supply requirements and demand, in the  
18 context of the full range of energy supply op-  
19 tions;

20 (B) the Federal and State siting and per-  
21 mitting processes;

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

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

4           (E) prevention, mitigation, and response  
5 strategies for liquefied natural gas hazards; and

6           (F) additional issues as appropriate.

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

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