

109TH CONGRESS
2^D SESSION

H. R. 5649

To provide for exploration, development, and production activities for mineral resources on the outer Continental Shelf, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JUNE 20, 2006

Ms. HARRIS introduced the following bill; which was referred to the Committee on Resources

A BILL

To provide for exploration, development, and production activities for mineral resources on the outer Continental Shelf, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Coastal Economic and
5 Environmental Protection Act”.

6 **SEC. 2. POLICY.**

7 It is the policy of the United States that—

8 (1) adjacent States are required by the cir-
9 cumstances to commit significant resources in sup-
10 port of exploration, development, and production ac-

1 activities for mineral resources on the outer Conti-
2 nental Shelf, and it is fair and proper for a portion
3 of the receipts from such activities to be shared with
4 Adjacent States and their local coastal governments;

5 (2) the existing laws governing the leasing and
6 production of the mineral resources of the outer
7 Continental Shelf have reduced the production of
8 mineral resources, have preempted Adjacent States
9 from being sufficiently involved in the decisions re-
10 garding the allowance of mineral resource develop-
11 ment;

12 (3) the national interest is served by granting
13 the Adjacent States more options related to whether
14 or not mineral leasing should occur in the outer
15 Continental Shelf within their Adjacent Zones;

16 (4) transportation of oil from a leased tract
17 might reasonably be foreseen, under limited cir-
18 cumstances, to have the potential to adversely affect
19 resources near the coastline if the oil is within 50
20 miles of the coastline, but such potential to adversely
21 affect such resources is likely no greater, and prob-
22 ably less, than the potential impacts from tanker
23 transportation because tanker spills usually involve
24 large releases of oil over a brief period of time; and

1 (5) among other bodies of inland waters, the
2 Great Lakes, Long Island Sound, Delaware Bay,
3 Chesapeake Bay, Albemarle Sound, San Francisco
4 Bay, and Puget Sound are not part of the outer
5 Continental Shelf, and are not subject to leasing by
6 the Federal Government for the exploration, develop-
7 ment, and production of any mineral resources that
8 might lie beneath them.

9 **SEC. 3. DEFINITIONS UNDER THE OUTER CONTINENTAL**
10 **SHELF LANDS ACT.**

11 Section 2 of the Outer Continental Shelf Lands Act
12 (43 U.S.C. 1331) is amended—

13 (1) by amending paragraph (f) to read as fol-
14 lows:

15 “(f) The term ‘affected State’ means the Adjacent
16 State.”;

17 (2) by striking the semicolon at the end of each
18 of paragraphs (a) through (o) and inserting a pe-
19 riod;

20 (3) by striking “; and” at the end of paragraph
21 (p) and inserting a period;

22 (4) by adding at the end the following:

23 “(r) The term ‘Adjacent State’ means, with respect
24 to any program, plan, lease sale, leased tract or other ac-
25 tivity, proposed, conducted, or approved pursuant to the

1 provisions of this Act, any State the laws of which are
2 declared, pursuant to section 4(a)(2), to be the law of the
3 United States for the portion of the outer Continental
4 Shelf on which such program, plan, lease sale, leased tract
5 or activity appertains or is, or is proposed to be, con-
6 ducted. For purposes of this paragraph, the term ‘State’
7 includes Puerto Rico and the other Territories of the
8 United States.

9 “(s) The term ‘Adjacent Zone’ means, with respect
10 to any program, plan, lease sale, leased tract, or other ac-
11 tivity, proposed, conducted, or approved pursuant to the
12 provisions of this Act, the portion of the outer Continental
13 Shelf for which the laws of a particular Adjacent State
14 are declared, pursuant to section 4(a)(2), to be the law
15 of the United States.

16 “(t) The term ‘miles’ means statute miles.

17 “(u) The term ‘coastline’ has the same meaning as
18 the term ‘coast line’ as defined in section 2(c) of the Sub-
19 merged Lands Act (43 U.S.C. 1301(c)).

20 “(v) The term ‘Neighboring State’ means a coastal
21 state having a common boundary at the coastline with the
22 Adjacent State.”; and

23 (5) in paragraph (a), by inserting after “con-
24 trol” the following: “or lying within the United

1 States exclusive economic zone adjacent to the Terri-
2 tories of the United States”.

3 **SEC. 4. DETERMINATION OF ADJACENT ZONES AND PLAN-**
4 **NING AREAS.**

5 Section 4(a)(2)(A) of the Outer Continental Shelf
6 Lands Act (43 U.S.C. 1333(a)(2)(A)) is amended in the
7 first sentence by striking “, and the President” and all
8 that follows through the end of the sentence and inserting
9 the following: “The lines extending seaward and defining
10 each State’s Adjacent Zone, and each OCS Planning Area,
11 are as indicated on the maps for each outer Continental
12 Shelf region entitled ‘Alaska OCS Region State Adjacent
13 Zone and OCS Planning Areas’, ‘Pacific OCS Region
14 State Adjacent Zones and OCS Planning Areas’ , ‘Gulf
15 of Mexico OCS Region State Adjacent Zones and OCS
16 Planning Areas’, and ‘Atlantic OCS Region State Adja-
17 cent Zones and OCS Planning Areas’, all of which are
18 dated September 2005 and on file in the Office of the Di-
19 rector, Minerals Management Service.”.

20 **SEC. 5. ADMINISTRATION OF LEASING.**

21 Section 5 of the Outer Continental Shelf Lands Act
22 (43 U.S.C. 1334) is amended by adding at the end the
23 following:

24 “(k) VOLUNTARY PARTIAL RELINQUISHMENT OF A
25 LEASE.—Any lessee of a producing lease may relinquish

1 to the Secretary any portion of a lease that the lessee has
2 no interest in producing and that the Secretary finds is
3 geologically prospective. In return for any such relinquish-
4 ment, the Secretary shall provide to the lessee a royalty
5 incentive for the portion of the lease retained by the lessee,
6 in accordance with regulations promulgated by the Sec-
7 retary to carry out this subsection. The Secretary shall
8 publish final regulations implementing this subsection
9 within 365 days after the date of the enactment of the
10 Coastal Economic and Environmental Protection Act.

11 “(1) NATURAL GAS LEASE REGULATIONS.—Not later
12 than July 1, 2007, the Secretary shall publish a final regu-
13 lation that shall—

14 “(1) establish procedures for entering into nat-
15 ural gas leases;

16 “(2) ensure that natural gas leases are only
17 available for tracts on the outer Continental Shelf
18 that are wholly within 125 miles of the coastline
19 within an area withdrawn from disposition by leas-
20 ing on the day after the date of enactment of the
21 Coastal Economic and Environmental Protection
22 Act;

23 “(3) provide that natural gas leases shall con-
24 tain the same rights and obligations established for
25 oil and gas leases, except as otherwise provided in

1 the Coastal Economic and Environmental Protection
2 Act;

3 “(4) provide that, in reviewing the adequacy of
4 bids for natural gas leases, the value of any crude
5 oil estimated to be contained within any tract shall
6 be excluded;

7 “(5) provide that any crude oil produced from
8 a well and reinjected into the leased tract shall not
9 be subject to payment of royalty, and that the Sec-
10 retary shall consider, in setting the royalty rates for
11 a natural gas lease, the additional cost to the lessee
12 of not producing any crude oil; and

13 “(6) provide that any Federal law that applies
14 to an oil and gas lease on the outer Continental
15 Shelf shall apply to a natural gas lease unless other-
16 wise clearly inapplicable.”.

17 **SEC. 6. GRANT OF LEASES BY SECRETARY.**

18 Section 8 of the Outer Continental Shelf Lands Act
19 (43 U.S.C. 1337) is amended—

20 (1) in subsection (a)(1) by inserting after the
21 first sentence the following: “Further, the Secretary
22 may grant natural gas leases in a manner similar to
23 the granting of oil and gas leases and under the var-
24 ious bidding systems available for oil and gas
25 leases.”;

1 (2) by adding at the end of subsection (b) the
2 following: “The Secretary may issue more than one
3 lease for a given tract if each lease applies to a sepa-
4 rate and distinct range of vertical depths, horizontal
5 surface area, or a combination of the two. The Sec-
6 retary may issue regulations that the Secretary de-
7 termines are necessary to manage such leases con-
8 sistent with the purposes of this Act.”;

9 (3) in subsection (p)(2)(B)—

10 (A) by striking “27” and inserting “50”;

11 and

12 (B) by striking “15” and inserting “200”;

13 (4) by adding at the end the following:

14 “(q) NATURAL GAS LEASES.—

15 “(1) RIGHT TO PRODUCE NATURAL GAS.—A
16 lessee of a natural gas lease shall have the right to
17 produce the natural gas from a natural gas leased
18 tract if the Secretary estimates that the discovered
19 field has at least 40 percent of the economically re-
20 coverable Btu content of the field contained within
21 natural gas and such natural gas is economical to
22 produce.

23 “(2) RIGHT TO PRODUCE CRUDE OIL.—A lessee
24 of a natural gas lease may produce crude oil from
25 the lease unless the Governor and the legislature of

1 the Adjacent State object to such production within
2 180 days after receipt of written notice from the les-
3 see of intent to produce crude oil from the lease. If
4 the leased tract is located within 50 miles of the
5 nearest point on the coastline of a Neighboring
6 State, the Governor and legislature of the Neigh-
7 boring State shall also receive such notice and have
8 the right to object to such production within 180
9 days after receipt of such notice.

10 “(3) ESTIMATES OF BTU CONTENT.—The Sec-
11 retary shall make estimates of the natural gas Btu
12 content of discovered fields on a natural gas lease
13 only after the completion of at least one exploration
14 well, the data from which has been tied to the re-
15 sults of a three-dimensional seismic survey of the
16 field. The Secretary may not require the lessee to
17 further delineate any discovered field prior to mak-
18 ing such estimates.

19 “(4) TRANSPORTATION OF CRUDE OIL.—If an
20 Adjacent State or any applicable Neighboring State
21 does not object to production of crude oil from a
22 natural gas lease, the lessee shall be permitted to
23 transport the crude oil from the leased tract through
24 Adjacent State waters, and Neighboring State wa-
25 ters if applicable, to facilities onshore in the Adja-

1 cent State, and Neighboring State if applicable, un-
2 less the lessee agreed to other arrangements with
3 the Adjacent State or Neighboring State, or both.

4 “(5) REPURCHASE OF CERTAIN NATURAL GAS
5 LEASES.—Upon request of the lessee and certifi-
6 cation by the Secretary of the Interior that a natural
7 gas lease contains all or part of a commercial oil and
8 gas discovery that is not allowed to be produced be-
9 cause it does not meet the standard set in paragraph
10 (1), the Secretary of the Treasury shall repurchase
11 the lease by issuance of a check or electronic pay-
12 ment from OCS Receipts to the lessee in full com-
13 pensation for the repurchase. The Secretary shall re-
14 coup from the State and local governments any
15 funds previously shared with them that were derived
16 from the repurchased lease. Such recoupment shall
17 only be from the State and local governments’
18 shares of OCS receipts that are payable after the
19 date of repurchase.

20 “(6) AMOUNT OF COMPENSATION.—Repurchase
21 compensation for each lease repurchased under the
22 authority of this section shall be in the amount of
23 the lesser of the original bonus bid paid for the lease
24 or, if the lessee is not the original lessee, the com-
25 pensation paid by the current lessee to obtain its in-

1 terest in the lease. In addition, the lessee shall be
2 compensated for any expenses directly attributable
3 to the lease that the lessee incurs after acquisition
4 of its interest in the lease to be repurchased, includ-
5 ing rentals, seismic acquisition costs, drilling costs,
6 and other reasonable expenses on the lease, includ-
7 ing expenses incurred in the repurchase process, to
8 the extent that the lessee has not previously been
9 compensated by the United States for such expenses.
10 The lessee shall not be compensated for general
11 overhead expenses or employee salaries.

12 “(7) PRIORITY RIGHT TO OBTAIN FUTURE OIL
13 AND GAS LEASE.—The lessee, or a designee of the
14 lessee, of a repurchased natural gas leased tract
15 shall have the right to repurchase such tract as an
16 oil and gas lease, on a noncompetitive basis, by re-
17 paying the amount received by the lessee if the tract
18 is made available for lease under an oil and gas
19 lease within 30 years after the repurchase.

20 “(8) DEFINITION OF NATURAL GAS.—For pur-
21 poses of a natural gas lease, natural gas means nat-
22 ural gas and all substances produced in association
23 with gas, including, but not limited to, hydrocarbon
24 liquids (other than crude oil) that are obtained by
25 the condensation of hydrocarbon vapors and sepa-

1 rate out in liquid form from the produced gas
2 stream.

3 “(r) REMOVAL OF RESTRICTIONS ON JOINT BIDDING
4 IN CERTAIN AREAS OF THE OUTER CONTINENTAL
5 SHELF.—Restrictions on joint bidders shall no longer
6 apply to tracts located in the Alaska OCS Region. Such
7 restrictions shall not apply to tracts in other OCS regions
8 determined to be ‘frontier tracts’ or otherwise ‘high cost
9 tracts’ under final regulations that shall be published by
10 the Secretary by not later than 365 days after the date
11 of the enactment of the Coastal Economic and Environ-
12 mental Protection Act.”;

13 (5) by striking subsection (a)(3)(A) and redesi-
14 gnating the subsequent subparagraphs as subpara-
15 graphs (A) and (B), respectively;

16 (6) in subsection (a)(3)(A) (as so redesignated)
17 by striking “In the Western” and all that follows
18 through “the Secretary” the first place it appears
19 and inserting “The Secretary”; and

20 (7) effective October 1, 2006, in subsection
21 (g)—

22 (A) by striking all after “(g)”, except para-
23 graph (3);

24 (B) by striking the last sentence of para-
25 graph (3); and

1 (C) by striking “(3)”.

2 **SEC. 7. DISPOSITION OF RECEIPTS.**

3 Section 9 of the Outer Continental Shelf Lands Act
4 (43 U.S.C. 1338) is amended—

5 (1) by designating the existing text as sub-
6 section (a);

7 (2) in subsection (a) (as so designated) by in-
8 serting “, if not paid as otherwise provided in this
9 title” after “receipts”; and

10 (3) by adding the following:

11 “(b) TREATMENT OF OCS RECEIPTS FROM TRACTS
12 COMPLETELY WITHIN 100 MILES OF THE COASTLINE.—

13 “(1) DEPOSIT.—The Secretary shall deposit
14 into a separate account in the Treasury the portion
15 of OCS Receipts for each fiscal year that will be
16 shared under paragraphs (2), (3), and (4).

17 “(2) PHASED-IN RECEIPTS SHARING.—

18 “(A) Beginning October 1, 2005, the Sec-
19 retary shall share OCS Receipts derived from
20 the following areas:

21 “(i) Lease tracts located on portions
22 of the Gulf of Mexico OCS Region com-
23 pletely beyond 4 marine leagues from any
24 coastline and completely within 125 miles
25 of any coastline that are available for leas-

1 ing under the 2002–2007 5-Year Oil and
2 Gas Leasing Program in effect prior to the
3 date of the enactment of the Coastal Eco-
4 nomic and Environmental Protection Act.

5 “(ii) Lease tracts in production prior
6 to October 1, 2005, completely beyond 4
7 marine leagues from any coastline and
8 completely within 125 miles of any coast-
9 line located on portions of the OCS that
10 were not available for leasing under the
11 2002–2007 5-Year OCS Oil and Gas Leas-
12 ing Program in effect prior to the date of
13 the enactment of the Coastal Economic
14 and Environmental Protection Act.

15 “(iii) Lease tracts for which leases are
16 issued prior to October 1, 2005, located in
17 the Alaska OCS Region completely beyond
18 4 marine leagues from any coastline and
19 completely within 125 miles of the coast-
20 line.

21 “(B) The Secretary shall share the fol-
22 lowing percentages of OCS Receipts from the
23 leases described in subparagraph (A) derived
24 during the fiscal year indicated:

25 “(i) For fiscal year 2006, 6.0 percent.

1 “(ii) For fiscal year 2007, 7.0 per-
2 cent.

3 “(iii) For fiscal year 2008, 8.0 per-
4 cent.

5 “(iv) For fiscal year 2009, 9.0 per-
6 cent.

7 “(v) For fiscal year 2010, 12.0 per-
8 cent.

9 “(vi) For fiscal year 2011, 15.0 per-
10 cent.

11 “(vii) For fiscal year 2012, 18.0 per-
12 cent.

13 “(viii) For fiscal year 2013, 21.0 per-
14 cent.

15 “(ix) For fiscal year 2014, 24.0 per-
16 cent.

17 “(x) For fiscal year 2015, 27.0 per-
18 cent.

19 “(xi) For fiscal year 2016, 30.0 per-
20 cent.

21 “(xii) For fiscal year 2017, 33.0 per-
22 cent.

23 “(xiii) For fiscal year 2018, 36.0 per-
24 cent.

1 “(xiv) For fiscal year 2019, 39.0 per-
2 cent.

3 “(xv) For fiscal year 2020, 42.0 per-
4 cent.

5 “(xvi) For fiscal year 2021, 45.0 per-
6 cent.

7 “(xvii) For fiscal year 2022 and each
8 subsequent fiscal year, 50.0 percent.

9 “(C) The provisions of this paragraph shall
10 not apply to leases that could not have been
11 issued but for section 5(k) of this Act or section
12 6(2) of the Coastal Economic and Environ-
13 mental Protection Act.

14 “(3) IMMEDIATE RECEIPTS SHARING.—Begin-
15 ning October 1, 2005, the Secretary shall share 50
16 percent of OCS Receipts derived from all leases lo-
17 cated completely beyond 4 marine leagues from any
18 coastline and completely within 125 miles of any
19 coastline not included within the provisions of para-
20 graph (2).

21 “(4) RECEIPTS SHARING FROM TRACTS WITHIN
22 4 MARINE LEAGUES OF ANY COASTLINE.—Beginning
23 October 1, 2005, the Secretary shall share 75 per-
24 cent of OCS Receipts derived from all leases located

1 completely or partially within 4 marine leagues from
2 any coastline.

3 “(5) ALLOCATIONS.—The Secretary shall allo-
4 cate the OCS Receipts deposited into the separate
5 account established by paragraph (1) that are
6 shared under paragraphs (2), (3), and (4) as follows:

7 “(A) BONUS BIDS.—Deposits derived from
8 bonus bids from a leased tract, including inter-
9 est thereon, shall be allocated at the end of
10 each fiscal year as follows:

11 “(i) 87.5 percent to the Adjacent
12 State.

13 “(ii) 6.25 percent into the Treasury,
14 which shall be allocated to the account es-
15 tablished by section 14 of the Coastal Eco-
16 nomic and Environmental Protection Act.

17 “(iii) 5 percent into the account es-
18 tablished by section 23 of the Coastal Eco-
19 nomic and Environmental Protection Act.

20 “(iv) 1.25 percent into the account es-
21 tablished by section 26 of the Coastal Eco-
22 nomic and Environmental Protection Act.

23 “(B) ROYALTIES.—Deposits derived from
24 royalties from a leased tract, including interest

1 thereon, shall be allocated at the end of each
2 fiscal year as follows:

3 “(i) 87.5 percent to the Adjacent
4 State and any other producing State or
5 States with a leased tract within its Adja-
6 cent Zone within 125 miles of its coastline
7 that generated royalties during the fiscal
8 year, if the other producing or States have
9 a coastline point within 300 miles of any
10 portion of the leased tract, in which case
11 the amount allocated for the leased tract
12 shall be—

13 “(I) one-third to the Adjacent
14 State; and

15 “(II) two-thirds to each pro-
16 ducing State, including the Adjacent
17 State, inversely proportional to the
18 distance between the nearest point on
19 the coastline of the producing State
20 and the geographic center of the
21 leased tract.

22 “(ii) 6.25 percent into the Treasury,
23 which shall be allocated to the account es-
24 tablished by section 14 of the Coastal Eco-
25 nomic and Environmental Protection Act;

1 “(iii) 5 percent into the account es-
2 tablished by section 23 of the Coastal Eco-
3 nomic and Environmental Protection Act;
4 and

5 “(iv) 1.25 percent into the account es-
6 tablished by section 26 of the Coastal Eco-
7 nomic and Environmental Protection Act.

8 “(c) TREATMENT OF OCS RECEIPTS FROM TRACTS
9 PARTIALLY OR COMPLETELY BEYOND 125 MILES OF THE
10 COASTLINE.—

11 “(1) DEPOSIT.—The Secretary shall deposit
12 into a separate account in the Treasury the portion
13 of OCS Receipts for each fiscal year that will be
14 shared under paragraphs (2) and (3).

15 “(2) PHASED-IN RECEIPTS SHARING.—

16 “(A) Beginning October 1, 2005, the Sec-
17 retary shall share OCS Receipts derived from
18 the following areas:

19 “(i) Lease tracts located on portions
20 of the Gulf of Mexico OCS Region partially
21 or completely beyond 125 miles of any
22 coastline that are available for leasing
23 under the 2002–2007 5-Year Oil and Gas
24 Leasing Program in effect prior to the

1 date of enactment of the Coastal Economic
2 and Environmental Protection Act.

3 “(ii) Lease tracts in production prior
4 to October 1, 2005, partially or completely
5 beyond 125 miles of any coastline located
6 on portions of the OCS that were not
7 available for leasing under the 2002–2007
8 5-Year OCS Oil and Gas Leasing Program
9 in effect prior to the date of enactment of
10 the Coastal Economic and Environmental
11 Protection Act.

12 “(iii) Lease tracts for which leases are
13 issued prior to October 1, 2005, located in
14 the Alaska OCS Region partially or com-
15 pletely beyond 125 miles of the coastline.

16 “(B) The Secretary shall share the fol-
17 lowing percentages of OCS Receipts from the
18 leases described in subparagraph (A) derived
19 during the fiscal year indicated:

20 “(i) For fiscal year 2006, 6.0 percent.

21 “(ii) For fiscal year 2007, 7.0 per-
22 cent.

23 “(iii) For fiscal year 2008, 8.0 per-
24 cent.

1 “(iv) For fiscal year 2009, 9.0 per-
2 cent.

3 “(v) For fiscal year 2010, 12.0 per-
4 cent.

5 “(vi) For fiscal year 2011, 15.0 per-
6 cent.

7 “(vii) For fiscal year 2012, 18.0 per-
8 cent.

9 “(viii) For fiscal year 2013, 21.0 per-
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11 “(ix) For fiscal year 2014, 24.0 per-
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13 “(x) For fiscal year 2015, 27.0 per-
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15 “(xi) For fiscal year 2016, 30.0 per-
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17 “(xii) For fiscal year 2017, 33.0 per-
18 cent.

19 “(xiii) For fiscal year 2018, 36.0 per-
20 cent.

21 “(xiv) For fiscal year 2019, 39.0 per-
22 cent.

23 “(xv) For fiscal year 2020, 42.0 per-
24 cent.

1 “(xvi) For fiscal year 2021, 45.0 per-
2 cent.

3 “(xvii) For fiscal year 2022 and each
4 subsequent fiscal year, 50.0 percent.

5 “(C) The provisions of this paragraph shall
6 not apply to leases that could not have been
7 issued but for section 5(k) of this Act or section
8 6(2) of the Coastal Economic and Environ-
9 mental Protection Act.

10 “(3) IMMEDIATE RECEIPTS SHARING.—Begin-
11 ning October 1, 2005, the Secretary shall share 50
12 percent of OCS Receipts derived on and after Octo-
13 ber 1, 2005, from all leases located partially or com-
14 pletely beyond 125 miles of any coastline not in-
15 cluded within the provisions of paragraph (2).

16 “(4) ALLOCATIONS.—The Secretary shall allo-
17 cate the OCS Receipts deposited into the separate
18 account established by paragraph (1) that are
19 shared under paragraphs (2) and (3) as follows:

20 “(A) BONUS BIDS.—Deposits derived from
21 bonus bids from a leased tract, including inter-
22 est thereon, shall be allocated at the end of
23 each fiscal year as follows:

24 “(i) 87.5 percent to the Adjacent
25 State.

1 “(ii) 6.25 percent into the Treasury,
2 which shall be allocated to the account es-
3 tablished by section 14 of the Coastal Eco-
4 nomic and Environmental Protection Act.

5 “(iii) 5 percent into the account es-
6 tablished by section 23 of the Coastal Eco-
7 nomic and Environmental Protection Act.

8 “(iv) 1.25 percent into the account es-
9 tablished by section 26 of the Coastal Eco-
10 nomic and Environmental Protection Act.

11 “(B) ROYALTIES.—Deposits derived from
12 royalties from a leased tract, including interest
13 thereon, shall be allocated at the end of each
14 fiscal year as follows:

15 “(i) 87.5 percent to the Adjacent
16 State and any other producing State or
17 States with a leased tract within its Adja-
18 cent Zone partially or completely beyond
19 125 miles of its coastline that generated
20 royalties during the fiscal year, if the other
21 producing State or States have a coastline
22 point within 300 miles of any portion of
23 the leased tract, in which case the amount
24 allocated for the leased tract shall be—

1 “(I) one-third to the Adjacent
2 State; and

3 “(II) two-thirds to each pro-
4 ducing State, including the Adjacent
5 State, inversely proportional to the
6 distance between the nearest point on
7 the coastline of the producing State
8 and the geographic center of the
9 leased tract.

10 “(ii) 6.25 percent into the account es-
11 tablished by section 14 of the Coastal Eco-
12 nomic and Environmental Protection Act.

13 “(iii) 5 percent into the account es-
14 tablished by section 23 of the Coastal Eco-
15 nomic and Environmental Protection Act.

16 “(iv) 1.25 percent into the account es-
17 tablished by section 26 of the Coastal Eco-
18 nomic and Environmental Protection Act.

19 “(d) TRANSMISSION OF ALLOCATIONS.—

20 “(1) IN GENERAL.—Not later than 90 days
21 after the end of each fiscal year, the Secretary shall
22 transmit—

23 “(A) to each State two-thirds of such
24 State’s allocations under subsections

1 (b)(5)(A)(i), (b)(5)(B)(i), (c)(4)(A)(i), and
2 (c)(4)(B)(i) for the immediate prior fiscal year;

3 “(B) to coastal county-equivalent and mu-
4 nicipal political subdivisions of such State a
5 total of one-third of such State’s allocations
6 under subsections (b)(5)(A)(i), (b)(5)(B)(i),
7 (c)(4)(A)(i), and (c)(4)(B)(i), together with all
8 accrued interest thereon; and

9 “(C) the remaining allocations under sub-
10 sections (b)(5) and (c)(4), together with all ac-
11 crued interest thereon.

12 “(2) ALLOCATIONS TO COASTAL COUNTY-
13 EQUIVALENT POLITICAL SUBDIVISIONS.—The Sec-
14 retary shall make an initial allocation of the OCS
15 Receipts to be shared under paragraph (1)(B) as fol-
16 lows:

17 “(A) 25 percent shall be allocated based on
18 the ratio of such coastal county-equivalent polit-
19 ical subdivision’s population to the coastal pop-
20 ulation of all coastal county-equivalent political
21 subdivisions in the State.

22 “(B) 25 percent shall be allocated based on
23 the ratio of such coastal county-equivalent polit-
24 ical subdivision’s coastline miles to the coastline
25 miles of all coastal county-equivalent political

1 subdivisions in the State as calculated by the
2 Secretary. In such calculations, coastal county-
3 equivalent political subdivisions without a coast-
4 line shall be considered to have 50 percent of
5 the average coastline miles of the coastal coun-
6 ty-equivalent political subdivisions that do have
7 coastlines.

8 “(C) 25 percent shall be allocated to all
9 coastal county-equivalent political subdivisions
10 having a coastline point within 300 miles of the
11 leased tract for which OCS Receipts are being
12 shared based on a formula that allocates the
13 funds based on such coastal county-equivalent
14 political subdivision’s relative distance from the
15 leased tract.

16 “(D) 25 percent shall be allocated to all
17 coastal county-equivalent political subdivisions
18 having a coastline point within 300 miles of the
19 leased tract for which OCS Receipts are being
20 shared based on the relative level of outer Con-
21 tinental Shelf oil and gas activities in a coastal
22 political subdivision compared to the level of
23 outer Continental Shelf activities in all coastal
24 political subdivisions in the State. The Sec-
25 retary shall define the term ‘outer Continental

1 Shelf oil and gas activities' for purposes of this
2 subparagraph to include, but not be limited to,
3 construction of vessels, drillships, and platforms
4 involved in exploration, production, and develop-
5 ment on the outer Continental Shelf; support
6 and supply bases, ports, and related activities;
7 offices of geologists, geophysicists, engineers,
8 and other professionals involved in support of
9 exploration, production, and development of oil
10 and gas on the outer Continental Shelf; pipe-
11 lines and other means of transporting oil and
12 gas production from the outer Continental
13 Shelf; and processing and refining of oil and
14 gas production from the outer Continental
15 Shelf. For purposes of this subparagraph, if a
16 coastal county-equivalent political subdivision
17 does not have a coastline, its coastal point shall
18 be the point on the coastline closest to it.

19 “(3) ALLOCATIONS TO COASTAL MUNICIPAL PO-
20 LITICAL SUBDIVISIONS.—The initial allocation to
21 each coastal county-equivalent political subdivision
22 under paragraph (2) shall be further allocated to the
23 coastal county-equivalent political subdivision and
24 any coastal municipal political subdivisions located
25 partially or wholly within the boundaries of the

1 coastal county-equivalent political subdivision as fol-
2 lows:

3 “(A) One-third shall be allocated to the
4 coastal county-equivalent political subdivision.

5 “(B) Two-thirds shall be allocated on a per
6 capita basis to the municipal political subdivi-
7 sions and the county-equivalent political sub-
8 division, with the allocation to the latter based
9 upon its population not included within the
10 boundaries of a municipal political subdivision.

11 “(e) INVESTMENT OF DEPOSITS.—Amounts depos-
12 ited under this section shall be invested by the Secretary
13 of the Treasury in securities backed by the full faith and
14 credit of the United States having maturities suitable to
15 the needs of the account in which they are deposited and
16 yielding the highest reasonably available interest rates as
17 determined by the Secretary of the Treasury.

18 “(f) USE OF FUNDS.—A recipient of funds under this
19 section may use the funds for one or more of the following:

20 “(1) To reduce in-State college tuition at public
21 institutions of higher learning and otherwise support
22 public education, including career technical edu-
23 cation.

24 “(2) To make transportation infrastructure im-
25 provements.

1 “(3) To reduce taxes.

2 “(4) To promote and provide for—

3 “(A) coastal or environmental restoration;

4 “(B) fish, wildlife, and marine life habitat
5 enhancement;

6 “(C) waterways maintenance;

7 “(D) shore protection; and

8 “(E) marine and oceanographic education
9 and research.

10 “(5) To improve infrastructure associated with
11 energy production activities conducted on the outer
12 Continental Shelf.

13 “(6) To fund energy demonstration projects
14 and supporting infrastructure for energy projects.

15 “(7) For any other purpose as determined by
16 State law.

17 “(g) NO ACCOUNTING REQUIRED.—No recipient of
18 funds under this section shall be required to account to
19 the Federal Government for the expenditure of such
20 funds, except as otherwise may be required by law. How-
21 ever, States may enact legislation providing for accounting
22 for and auditing of such expenditures. Further, funds allo-
23 cated under this section to States and political subdivi-
24 sions may be used as matching funds for other Federal
25 programs.

1 “(h) EFFECT OF FUTURE LAWS.—Enactment of any
2 future Federal statute that has the effect, as determined
3 by the Secretary, of restricting any Federal agency from
4 spending appropriated funds, or otherwise preventing it
5 from fulfilling its pre-existing responsibilities as of the
6 date of enactment of the statute, unless such responsibil-
7 ities have been reassigned to another Federal agency by
8 the statute with no prevention of performance, to issue
9 any permit or other approval impacting on the OCS oil
10 and gas leasing program, or any lease issued thereunder,
11 or to implement any provision of this Act shall automati-
12 cally prohibit any sharing of OCS Receipts under this sec-
13 tion directly with the States, and their coastal political
14 subdivisions, for the duration of the restriction. The Sec-
15 retary shall make the determination of the existence of
16 such restricting effects within 30 days of a petition by any
17 outer Continental Shelf lessee or producing State.

18 “(i) DEFINITIONS.—In this section:

19 “(1) COASTAL COUNTY-EQUIVALENT POLITICAL
20 SUBDIVISION.—The term ‘coastal county-equivalent
21 political subdivision’ means a political jurisdiction
22 immediately below the level of State government, in-
23 cluding a county, parish, borough in Alaska, inde-
24 pendent municipality not part of a county, parish, or

1 borough in Alaska, or other equivalent subdivision of
2 a coastal State, that lies within the coastal zone.

3 “(2) COASTAL MUNICIPAL POLITICAL SUBDIVI-
4 SION.—The term ‘coastal municipal political subdivi-
5 sion’ means a municipality located within and part
6 of a county, parish, borough in Alaska, or other
7 equivalent subdivision of a State, all or part of which
8 coastal municipal political subdivision lies within the
9 coastal zone.

10 “(3) COASTAL POPULATION.—The term ‘coastal
11 population’ means the population of all coastal coun-
12 ty-equivalent political subdivisions, as determined by
13 the most recent official data of the Census Bureau.

14 “(4) COASTAL ZONE.—The term ‘coastal zone’
15 means that portion of a coastal State, including the
16 entire territory of any coastal county-equivalent po-
17 litical subdivision at least a part of which lies, within
18 75 miles landward from the coastline, or a greater
19 distance as determined by State law enacted to im-
20 plement this section.

21 “(5) BONUS BIDS.—The term ‘bonus bids’
22 means all funds received by the Secretary to issue
23 an outer Continental Shelf minerals lease.

24 “(6) ROYALTIES.—The term ‘royalties’ means
25 all funds received by the Secretary from production

1 of oil or natural gas, or the sale of production taken
2 in-kind, from an outer Continental Shelf minerals
3 lease.

4 “(7) PRODUCING STATE.—The term ‘producing
5 State’ means an Adjacent State having an Adjacent
6 Zone containing leased tracts from which OCS Re-
7 ceipts were derived.

8 “(8) OCS RECEIPTS.—The term ‘OCS Receipts’
9 means bonus bids and royalties.”.

10 **SEC. 8. REVIEW OF OUTER CONTINENTAL SHELF EXPLORATION PLANS.**
11

12 Subsections (c) and (d) of section 11 of the Outer
13 Continental Shelf Lands Act (43 U.S.C. 1340) are amend-
14 ed to read as follows:

15 “(c) PLAN REVIEW; PLAN PROVISIONS.—

16 “(1) Except as otherwise provided in this Act,
17 prior to commencing exploration pursuant to any oil
18 and gas lease issued or maintained under this Act,
19 the holder thereof shall submit an exploration plan
20 (hereinafter in this section referred to as a ‘plan’) to
21 the Secretary for review which shall include all infor-
22 mation and documentation required under para-
23 graphs (2) and (3). The Secretary shall review the
24 plan for completeness within 10 days of submission.

25 If the Secretary finds that the plan is not complete,

1 the Secretary shall notify the lessee with a detailed
2 explanation and require such modifications of such
3 plan as are necessary to achieve completeness. The
4 Secretary shall have 10 days to review a modified
5 plan for completeness. Such plan may apply to more
6 than one lease held by a lessee in any one region of
7 the outer Continental Shelf, or by a group of lessees
8 acting under a unitization, pooling, or drilling agree-
9 ment, and the lessee shall certify that such plan is
10 consistent with the terms of the lease and is con-
11 sistent with all statutory and regulatory require-
12 ments in effect on the date of issuance of the lease.
13 The Secretary shall have 30 days from the date the
14 plan is deemed complete to conduct a review of the
15 plan. If the Secretary finds the plan is not con-
16 sistent with the lease and all such statutory and reg-
17 ulatory requirements, the Secretary shall notify the
18 lessee with a detailed explanation of such modifica-
19 tions of such plan as are necessary to achieve com-
20 pliance. The Secretary shall have 30 days to review
21 any modified plan submitted by the lessee. The les-
22 see shall not take any action under the exploration
23 plan within the 30-day review period, or thereafter
24 until the plan has been modified to achieve compli-
25 ance as so notified.

1 “(2) An exploration plan submitted under this
2 subsection shall include, in the degree of detail
3 which the Secretary may by regulation require—

4 “(A) a schedule of anticipated exploration
5 activities to be undertaken;

6 “(B) a description of equipment to be used
7 for such activities;

8 “(C) the general location of each well to be
9 drilled; and

10 “(D) such other information deemed perti-
11 nent by the Secretary.

12 “(3) The Secretary may, by regulation, require
13 that such plan be accompanied by a general state-
14 ment of development and production intentions
15 which shall be for planning purposes only and which
16 shall not be binding on any party.

17 “(d) PLAN REVISIONS; CONDUCT OF EXPLORATION
18 ACTIVITIES.—

19 “(1) If a significant revision of an exploration
20 plan under this subsection is submitted to the Sec-
21 retary, the process to be used for the review of such
22 revision shall be the same as set forth in subsection
23 (c) of this section.

24 “(2) All exploration activities pursuant to any
25 lease shall be conducted in accordance with an explo-

1 ration plan or a revised plan which has been sub-
2 mitted to and reviewed by the Secretary.”.

3 **SEC. 9. RESERVATION OF LANDS AND RIGHTS.**

4 Section 12 of the Outer Continental Shelf Lands Act
5 (43 U.S.C. 1341) is amended—

6 (1) in subsection (a) by adding at the end the
7 following: “The President may partially or com-
8 pletely revise or revoke any prior withdrawal made
9 by the President under the authority of this section.
10 The President may not revise or revoke a withdrawal
11 that was initiated by a petition from a State and ap-
12 proved by the Secretary of the Interior under sub-
13 section (h). A withdrawal by the President may be
14 for a term not to exceed 10 years. In considering a
15 potential withdrawal under this subsection, to the
16 maximum extent practicable the President shall ac-
17 commodate competing interests and potential uses of
18 the outer Continental Shelf.”;

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

20 “(g) OPTION TO PETITION FOR LEASING WITHIN
21 CERTAIN AREAS OF THE OUTER CONTINENTAL SHELF.—

22 “(1) PROHIBITION AGAINST LEASING.—

23 “(A) PROHIBITION PRIOR TO JULY 1,
24 2012.—Except as otherwise provided in this sub-
25 section, prior to July 1, 2012, the Secretary

1 shall not offer for leasing for oil and gas, or for
2 natural gas, any area withdrawn from disposi-
3 tion by leasing in the Atlantic OCS Region or
4 the Pacific OCS Region, or the Gulf of Mexico
5 OCS Region Eastern Planning Area, as de-
6 picted on the map referred to within this para-
7 graph, under the ‘Memorandum on Withdrawal
8 of Certain Areas of the United States Outer
9 Continental Shelf from Leasing Disposition’, 34
10 Weekly Comp. Pres. Doc. 1111, dated June 12,
11 1998, or any area not withdrawn under that
12 Memorandum that is included within the Gulf
13 of Mexico OCS Region Eastern Planning Area
14 as indicated on the map entitled ‘Gulf of Mexico
15 OCS Region State Adjacent Zones and OCS
16 Planning Areas’ or within the Florida Straits
17 Planning Area as indicated on the map entitled
18 ‘Atlantic OCS Region State Adjacent Zones and
19 OCS Planning Areas’, both of which are dated
20 September 2005 and on file in the Office of the
21 Director, Minerals Management Service.

22 “(B) PROHIBITION FROM AND AFTER JULY
23 1, 2012.—Except as otherwise provided in this
24 subsection, from and after July 1, 2012, the
25 Secretary shall not offer for leasing for oil and

1 gas, or for natural gas, any area not available
2 for leasing under subparagraph (A) located
3 within 125 miles of the coastline.

4 “(2) REVOCATION OF WITHDRAWAL.—The pro-
5 visions of the ‘Memorandum on Withdrawal of Cer-
6 tain Areas of the United States Outer Continental
7 Shelf from Leasing Disposition’, 34 Weekly Comp.
8 Pres. Doc. 1111, dated June 12, 1998, are hereby
9 revoked and are no longer in effect regarding any
10 areas included within the Gulf of Mexico OCS Re-
11 gion Central Planning Area as indicated on the map
12 entitled ‘Gulf of Mexico OCS Region State Adjacent
13 Zones and OCS Planning Areas’ dated September
14 2005 and on file in the Office of the Director, Min-
15 erals Management Service. The 2002–2007 5-Year
16 Outer Continental Shelf Oil and Gas Leasing Pro-
17 gram is hereby amended to include the areas added
18 to the Gulf of Mexico OCS Region Central Planning
19 Area by this Act to the extent that such areas were
20 included within the original boundaries of proposed
21 Lease Sale 181. The amendment to such leasing
22 program includes two sales in such additional areas,
23 one of which shall be held in January 2007 and one
24 of which shall be held in June 2007. The Final En-
25 vironmental Impact Statement prepared for this

1 area for Lease Sale 181 shall be deemed sufficient
2 for all purposes for each lease sale in which such
3 area is offered for lease during the 2002–2007 5-
4 Year Outer Continental Shelf Oil and Gas Leasing
5 Program without need for supplementation. Any
6 tract only partially added to the Gulf of Mexico OCS
7 Region Central Planning Area by this Act shall be
8 eligible for leasing of the part of such tract that is
9 included within the Gulf of Mexico OCS Region Cen-
10 tral Planning Area, and the remainder of such tract
11 that lies outside of the Gulf of Mexico OCS Region
12 Central Planning Area may be developed and pro-
13 duced by the lessee of such partial tract using ex-
14 tended reach or similar drilling from a location on
15 a leased area.

16 “(3) PETITION FOR LEASING.—

17 “(A) IN GENERAL.—The Governor of the
18 State, upon concurrence of its legislature, may
19 submit to the Secretary a petition requesting
20 that the Secretary make available any area that
21 is within the State’s Adjacent Zone, included
22 within the provisions of paragraph (1), and that
23 (i) is greater than 25 miles from any point on
24 the coastline of a Neighboring State for the
25 conduct of offshore leasing, pre-leasing, and re-

1 lated activities with respect to natural gas leas-
2 ing; or (ii) is greater than 50 miles from any
3 point on the coastline of a Neighboring State
4 for the conduct of offshore leasing, pre-leasing,
5 and related activities with respect to oil and gas
6 leasing. The Adjacent State may also petition
7 for leasing any other area within its Adjacent
8 Zone if leasing is allowed in the similar area of
9 the Adjacent Zone of the applicable Neigh-
10 boring State, or if not allowed, if the Neigh-
11 boring State, acting through its Governor, ex-
12 presses its concurrence with the petition. The
13 Secretary shall only consider such a petition
14 upon making a finding that leasing is allowed
15 in the similar area of the Adjacent Zone of the
16 applicable Neighboring State or upon receipt of
17 the concurrence of the Neighboring State. The
18 date of receipt by the Secretary of such concur-
19 rence by the Neighboring State shall constitute
20 the date of receipt of the petition for that area
21 for which the concurrence applies. A petition
22 for leasing any part of the Alabama Adjacent
23 Zone that is a part of the Gulf of Mexico East-
24 ern Planning Area, as indicated on the map en-
25 titled ‘Gulf of Mexico OCS Region State Adja-

1 cent Zones and OCS Planning Areas’ which is
2 dated September 2005 and on file in the Office
3 of the Director, Minerals Management Service,
4 shall require the concurrence of both Alabama
5 and Florida.

6 “(B) LIMITATIONS ON LEASING.—In its
7 petition, a State with an Adjacent Zone that
8 contains leased tracts may condition oil and
9 gas, or natural gas, new leasing for tracts with-
10 in 25 miles of the coastline by—

11 “(i) requiring a net reduction in the
12 number of production platforms;

13 “(ii) requiring a net increase in the
14 average distance of production platforms
15 from the coastline;

16 “(iii) limiting permanent surface occu-
17 pancy on new leases to areas that are more
18 than 10 miles from the coastline;

19 “(iv) limiting some tracts to being
20 produced from shore or from platforms lo-
21 cated on other tracts; or

22 “(v) other conditions that the Adja-
23 cent State may deem appropriate as long
24 as the Secretary does not determine that
25 production is made economically or tech-

1 nically impracticable or otherwise impos-
2 sible.

3 “(C) ACTION BY SECRETARY.—Not later
4 than 90 days after receipt of a petition under
5 subparagraph (A), the Secretary shall approve
6 the petition, unless the Secretary determines
7 that leasing the area would probably cause seri-
8 ous harm or damage to the marine resources of
9 the State’s Adjacent Zone. Prior to approving
10 the petition, the Secretary shall complete an en-
11 vironmental assessment that documents the an-
12 ticipated environmental effects of leasing in the
13 area included within the scope of the petition.

14 “(D) FAILURE TO ACT.—If the Secretary
15 fails to approve or deny a petition in accordance
16 with subparagraph (C) the petition shall be con-
17 sidered to be approved 90 days after receipt of
18 the petition.

19 “(E) AMENDMENT OF THE 5-YEAR LEAS-
20 ING PROGRAM.—Notwithstanding section 18,
21 within 180 days of the approval of a petition
22 under subparagraph (C) or (D), the Secretary
23 shall amend the current 5-Year Outer Conti-
24 nental Shelf Oil and Gas Leasing Program to
25 include a lease sale or sales for the entire area

1 covered by the approved petition, unless there
2 are, from the date of approval, fewer than 12
3 months remaining in the current 5-Year Leas-
4 ing Program in which case the Secretary shall
5 include the areas covered by the approved peti-
6 tion within lease sales under the next 5-Year
7 Leasing Program. For purposes of amending
8 the 5-Year Program in accordance with this
9 section, further consultations with States shall
10 not be required. The environmental assessment
11 performed under the provisions of the National
12 Environmental Policy Act of 1969 to assess the
13 effects of approving the petition shall be suffi-
14 cient to amend the 5-Year Leasing Program.

15 “(h) EFFECT OF OTHER LAWS.—Adoption by any
16 Adjacent State of any constitutional provision, or enact-
17 ment of any State statute, that has the effect, as deter-
18 mined by the Secretary, of restricting either the Governor
19 or the Legislature, or both, from exercising full discretion
20 related to subsection (g) or (h), or both, shall automati-
21 cally (1) prohibit any sharing of OCS Receipts under this
22 Act with the Adjacent State, and its coastal political sub-
23 divisions, and (2) prohibit the Adjacent State from exer-
24 cising any authority under subsection (h), for the duration
25 of the restriction. The Secretary shall make the determina-

1 tion of the existence of such restricting constitutional pro-
2 vision or State statute within 30 days of a petition by any
3 outer Continental Shelf lessee or coastal State.”.

4 **SEC. 10. OUTER CONTINENTAL SHELF LEASING PROGRAM.**

5 Section 18 of the Outer Continental Shelf Lands Act
6 (43 U.S.C. 1344) is amended—

7 (1) in subsection (a), by adding at the end of
8 paragraph (3) the following: “The Secretary shall, in
9 each 5-year program, include lease sales that when
10 viewed as a whole propose to offer for oil and gas
11 or natural gas leasing at least 75 percent of the
12 available unleased acreage within each OCS Plan-
13 ning Area. Available unleased acreage is that portion
14 of the outer Continental Shelf that is not under
15 lease at the time of the proposed lease sale, and has
16 not otherwise been made unavailable for leasing by
17 law.”;

18 (2) in subsection (c), by striking so much as
19 precedes paragraph (3) and inserting the following:
20 “(c)(1) During the preparation of any proposed leas-
21 ing program under this section, the Secretary shall con-
22 sider and analyze leasing throughout the entire Outer
23 Continental Shelf without regard to any other law affect-
24 ing such leasing. During this preparation the Secretary
25 shall invite and consider suggestions from any interested

1 Federal agency, including the Attorney General, in con-
2 sultation with the Federal Trade Commission, and from
3 the Governor of any coastal State. The Secretary may also
4 invite or consider any suggestions from the executive of
5 any local government in a coastal State that have been
6 previously submitted to the Governor of such State, and
7 from any other person. Further, the Secretary shall con-
8 sult with the Secretary of Defense regarding military oper-
9 ational needs in the outer Continental Shelf. The Sec-
10 retary shall work with the Secretary of Defense to resolve
11 any conflicts that might arise regarding offering any area
12 of the outer Continental Shelf for oil and gas or natural
13 gas leasing. If the Secretaries are not able to resolve all
14 such conflicts, any unresolved issues shall be elevated to
15 the President for resolution.

16 “(2) After the consideration and analysis required by
17 paragraph (1), including the consideration of the sugges-
18 tions received from any interested Federal agency, the
19 Federal Trade Commission, the Governor of any coastal
20 State, any local government of a coastal State, and any
21 other person, the Secretary shall publish in the Federal
22 Register a proposed leasing program accompanied by a
23 draft environmental impact statement prepared pursuant
24 to the National Environmental Policy Act of 1969. After
25 the publishing of the proposed leasing program and during

1 the comment period provided for on the draft environ-
2 mental impact statement, the Secretary shall submit a
3 copy of the proposed program to the Governor of each af-
4 fected State for review and comment. The Governor may
5 solicit comments from those executives of local govern-
6 ments in the Governor's State that the Governor, in the
7 discretion of the Governor, determines will be affected by
8 the proposed program. If any comment by such Governor
9 is received by the Secretary at least 15 days prior to sub-
10 mission to the Congress pursuant to paragraph (3) and
11 includes a request for any modification of such proposed
12 program, the Secretary shall reply in writing, granting or
13 denying such request in whole or in part, or granting such
14 request in such modified form as the Secretary considers
15 appropriate, and stating the Secretary's reasons therefor.
16 All such correspondence between the Secretary and the
17 Governor of any affected State, together with any addi-
18 tional information and data relating thereto, shall accom-
19 pany such proposed program when it is submitted to the
20 Congress."; and

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

22 (i) PROJECTION OF STATE ADJACENT ZONE RE-
23 SOURCES AND STATE AND LOCAL GOVERNMENT SHARES
24 OF OCS RECEIPTS.—Concurrent with the publication of
25 the scoping notice at the beginning of the development of

1 each 5-year outer Continental Shelf oil and gas leasing
2 program, or as soon thereafter as possible, the secretary
3 shall—

4 “(1) provide to each Adjacent State a current
5 estimate of proven and potential oil and gas re-
6 sources located within the State’s Adjacent Zone;
7 and

8 “(2) provide to each Adjacent State, and coast-
9 al political subdivisions thereof, a best-efforts projec-
10 tion of the OCS Receipts that the Secretary expects
11 will be shared with each Adjacent State, and its
12 coastal political subdivisions, using the assumption
13 that the unleased tracts within the State’s Adjacent
14 Zone are fully made available for leasing, including
15 long-term projected OCS Receipts. In addition, the
16 Secretary shall include a macroeconomic estimate of
17 the impact of such leasing on the national economy
18 and each State’s economy, including investment,
19 jobs, revenues, personal income, and other cat-
20 egories.”.

21 **SEC. 11. COORDINATION WITH ADJACENT STATES.**

22 Section 19 of the Outer Continental Shelf Lands Act
23 (43 U.S.C. 1345) is amended—

1 (1) in subsection (a) in the first sentence by in-
2 serting “, for any tract located within the Adjacent
3 State’s Adjacent Zone,” after “government”; and

4 (2) by adding the following:

5 “(f)(1) No Federal agency may permit or otherwise
6 approve, without the concurrence of the Adjacent State,
7 the construction of a crude oil or petroleum products (or
8 both) pipeline within the part of the Adjacent State’s Ad-
9 jacent Zone that is not available by law for oil and gas
10 or natural gas leasing, except that such a pipeline may
11 be approved to pass through such Adjacent Zone if at least
12 50 percent of the production projected to be carried by
13 the pipeline within its first 10 years of operation is from
14 areas of the Adjacent State’s Adjacent Zone.

15 “(2) No State may prohibit the construction within
16 its Adjacent Zone or its State waters of a natural gas pipe-
17 line that will transport natural gas produced from the
18 outer Continental Shelf. However, an Adjacent State may
19 prevent a proposed natural gas pipeline landing location
20 if it proposes two alternate landing locations in the Adja-
21 cent State, acceptable to the Adjacent State, located with-
22 in 50 miles on either side of the proposed landing loca-
23 tion.”.

1 **SEC. 12. ENVIRONMENTAL STUDIES.**

2 Section 20(d) of the Outer Continental Shelf Lands
3 Act (43 U.S.C. 1346) is amended—

4 (1) by inserting “(1)” after “(d)”; and

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

6 “(2) For all programs, lease sales, leases, and
7 actions under this Act, the following shall apply re-
8 garding the application of the National Environ-
9 mental Policy Act of 1969:

10 “(A) Granting or directing lease suspen-
11 sions and the conduct of all preliminary activi-
12 ties on outer Continental Shelf tracts, including
13 seismic activities, are categorically excluded
14 from the need to prepare either an environ-
15 mental assessment or an environmental impact
16 statement, and the Secretary shall not be re-
17 quired to analyze whether any exceptions to a
18 categorical exclusion apply for activities con-
19 ducted under the authority of this Act.

20 “(B) The environmental impact statement
21 developed in support of each 5-year oil and gas
22 leasing program provides the environmental
23 analysis for all lease sales to be conducted
24 under the program and such sales shall not be
25 subject to further environmental analysis.

1 “(C) Exploration plans shall not be subject
2 to any requirement to prepare an environmental
3 impact statement, and the Secretary may find
4 that exploration plans are eligible for categor-
5 ical exclusion due to the impacts already being
6 considered within an environmental impact
7 statement or due to mitigation measures in-
8 cluded within the plan.

9 “(D) Within each OCS Planning Area,
10 after the preparation of the first development
11 and production plan environmental impact
12 statement for a leased tract within the Area, fu-
13 ture development and production plans for
14 leased tracts within the Area shall only require
15 the preparation of an environmental assessment
16 unless the most recent development and produc-
17 tion plan environmental impact statement with-
18 in the Area was finalized more than 10 years
19 prior to the date of the approval of the plan, in
20 which case an environmental impact statement
21 shall be required.”.

22 **SEC. 13. REVIEW OF OUTER CONTINENTAL SHELF DEVEL-**
23 **OPMENT AND PRODUCTION PLANS.**

24 Section 25 of the Outer Continental Shelf Lands Act
25 (43 U.S.C. 1351(a)) is amended to read as follows:

1 **“SEC. 25. REVIEW OF OUTER CONTINENTAL SHELF DEVELOP-**
2 **MENT AND PRODUCTION PLANS.**

3 “(a) DEVELOPMENT AND PRODUCTION PLANS; SUB-
4 MISSION TO SECRETARY; STATEMENT OF FACILITIES AND
5 OPERATION; SUBMISSION TO GOVERNORS OF AFFECTED
6 STATES AND LOCAL GOVERNMENTS.—

7 “(1) Prior to development and production pur-
8 suant to an oil and gas lease issued on or after Sep-
9 tember 18, 1978, for any area of the outer Conti-
10 nental Shelf, or issued or maintained prior to Sep-
11 tember 18, 1978, for any area of the outer Conti-
12 nental Shelf, with respect to which no oil or gas has
13 been discovered in paying quantities prior to Sep-
14 tember 18, 1978, the lessee shall submit a develop-
15 ment and production plan (hereinafter in this sec-
16 tion referred to as a ‘plan’) to the Secretary for re-
17 view.

18 “(2) A plan shall be accompanied by a state-
19 ment describing all facilities and operations, other
20 than those on the outer Continental Shelf, proposed
21 by the lessee and known by the lessee (whether or
22 not owned or operated by such lessee) that will be
23 constructed or utilized in the development and pro-
24 duction of oil or gas from the lease area, including
25 the location and site of such facilities and oper-
26 ations, the land, labor, material, and energy require-

1 ments associated with such facilities and operations,
2 and all environmental and safety safeguards to be
3 implemented.

4 “(3) Except for any privileged or proprietary
5 information (as such term is defined in regulations
6 issued by the Secretary), the Secretary, within 30
7 days after receipt of a plan and statement, shall—

8 “(A) submit such plan and statement to
9 the Governor of any affected State, and upon
10 request to the executive of any affected local
11 government; and

12 “(B) make such plan and statement avail-
13 able to any appropriate interstate regional enti-
14 ty and the public.

15 “(b) DEVELOPMENT AND PRODUCTION ACTIVITIES
16 IN ACCORDANCE WITH PLAN AS LEASE REQUIREMENT.—

17 After enactment of the Coastal Economic and Environ-
18 mental Protection Act, no oil and gas lease may be issued
19 pursuant to this Act in any region of the outer Continental
20 Shelf, unless such lease requires that development and
21 production activities be carried out in accordance with a
22 plan that complies with the requirements of this section.
23 This section shall also apply to leases that do not have
24 an approved development and production plan as of the

1 date of enactment of the Coastal Economic and Environ-
2 mental Protection Act.

3 “(c) SCOPE AND CONTENTS OF PLAN.—A plan may
4 apply to more than one oil and gas lease, and shall set
5 forth, in the degree of detail established by regulations
6 issued by the Secretary—

7 “(1) the general work to be performed;

8 “(2) a description of all facilities and operations
9 located on the outer Continental Shelf that are pro-
10 posed by the lessee or known by the lessee (whether
11 or not owned or operated by such lessee) to be di-
12 rectly related to the proposed development, including
13 the location and size of such facilities and oper-
14 ations, and the land, labor, material, and energy re-
15 quirements associated with such facilities and oper-
16 ations;

17 “(3) the environmental safeguards to be imple-
18 mented on the outer Continental Shelf and how such
19 safeguards are to be implemented;

20 “(4) all safety standards to be met and how
21 such standards are to be met;

22 “(5) an expected rate of development and pro-
23 duction and a time schedule for performance; and

24 “(6) such other relevant information as the Sec-
25 retary may by regulation require.

1 “(d) COMPLETENESS REVIEW OF THE PLAN.—

2 “(1) Prior to commencing any activity under a
3 development and production plan pursuant to any oil
4 and gas lease issued or maintained under this Act,
5 the lessee shall certify that the plan is consistent
6 with the terms of the lease and that it is consistent
7 with all statutory and regulatory requirements in ef-
8 fect on the date of issuance of the lease. The plan
9 shall include all required information and docu-
10 mentation required under subsection (c).

11 “(2) The Secretary shall review the plan for
12 completeness within 30 days of submission. If the
13 Secretary finds that the plan is not complete, the
14 Secretary shall notify the lessee with a detailed ex-
15 planation of such modifications of such plan as are
16 necessary to achieve completeness. The Secretary
17 shall have 30 days to review a modified plan for
18 completeness.

19 “(e) REVIEW FOR CONSISTENCY OF THE PLAN.—

20 “(1) After a determination that a plan is com-
21 plete, the Secretary shall have 120 days to conduct
22 a review of the plan, to ensure that it is consistent
23 with the terms of the lease, and that it is consistent
24 with all such statutory and regulatory requirements
25 applicable to the lease. The review shall ensure that

1 the plan is consistent with lease terms, and statutory
2 and regulatory requirements applicable to the lease,
3 related to national security or national defense, in-
4 cluding any military operating stipulations or other
5 restrictions. The Secretary shall seek the assistance
6 of the Department of Defense in the conduct of the
7 review of any plan prepared under this section for
8 a lease containing military operating stipulations or
9 other restrictions and shall accept the assistance of
10 the Department of Defense in the conduct of the re-
11 view of any plan prepared under this section for any
12 other lease when the Secretary of Defense requests
13 an opportunity to participate in the review. If the
14 Secretary finds that the plan is not consistent, the
15 Secretary shall notify the lessee with a detailed ex-
16 planation of such modifications of such plan as are
17 necessary to achieve consistency.

18 “(2) The Secretary shall have 120 days to re-
19 view a modified plan.

20 “(3) The lessee shall not conduct any activities
21 under the plan during any 120-day review period, or
22 thereafter until the plan has been modified to
23 achieve compliance as so notified.

24 “(4) After review by the Secretary provided for
25 by this section, a lessee may operate pursuant to the

1 plan without further review or approval by the Sec-
2 retary.

3 “(f) REVIEW OF REVISION OF THE APPROVED
4 PLAN.—The lessee may submit to the Secretary any revi-
5 sion of a plan if the lessee determines that such revision
6 will lead to greater recovery of oil and natural gas, im-
7 prove the efficiency, safety, and environmental protection
8 of the recovery operation, is the only means available to
9 avoid substantial economic hardship to the lessee, or is
10 otherwise not inconsistent with the provisions of this Act,
11 to the extent such revision is consistent with protection
12 of the human, marine, and coastal environments. The
13 process to be used for the review of any such revision shall
14 be the same as that set forth in subsections (d) and (e).

15 “(g) CANCELLATION OF LEASE ON FAILURE TO SUB-
16 MIT PLAN OR COMPLY WITH A PLAN.—Whenever the
17 owner of any lease fails to submit a plan in accordance
18 with regulations issued under this section, or fails to com-
19 ply with a plan, the lease may be canceled in accordance
20 with section 5(c) and (d). Termination of a lease because
21 of failure to comply with a plan, including required modi-
22 fications or revisions, shall not entitle a lessee to any com-
23 pensation.

24 “(h) PRODUCTION AND TRANSPORTATION OF NAT-
25 URAL GAS; SUBMISSION OF PLAN TO FEDERAL ENERGY

1 REGULATORY COMMISSION; IMPACT STATEMENT.—If any
2 development and production plan submitted to the Sec-
3 retary pursuant to this section provides for the production
4 and transportation of natural gas, the lessee shall contem-
5 poraneously submit to the Federal Energy Regulatory
6 Commission that portion of such plan that relates to the
7 facilities for transportation of natural gas. The Secretary
8 and the Federal Energy Regulatory Commission shall
9 agree as to which of them shall prepare an environmental
10 impact statement pursuant to the National Environmental
11 Policy Act of 1969 (42 U.S.C. 4321 et seq.) applicable
12 to such portion of such plan, or conduct studies as to the
13 effect on the environment of implementing it. Thereafter,
14 the findings and recommendations by the agency pre-
15 paring such environmental impact statement or con-
16 ducting such studies pursuant to such agreement shall be
17 adopted by the other agency, and such other agency shall
18 not independently prepare another environmental impact
19 statement or duplicate such studies with respect to such
20 portion of such plan, but the Federal Energy Regulatory
21 Commission, in connection with its review of an applica-
22 tion for a certificate of public convenience and necessity
23 applicable to such transportation facilities pursuant to sec-
24 tion 7 of the Natural Gas Act (15 U.S.C. 717f), may pre-
25 pare such environmental studies or statement relevant to

1 certification of such transportation facilities as have not
2 been covered by an environmental impact statement or
3 studies prepared by the Secretary. The Secretary, in con-
4 sultation with the Federal Energy Regulatory Commis-
5 sion, shall promulgate rules to implement this subsection,
6 but the Federal Energy Regulatory Commission shall re-
7 tain sole authority with respect to rules and procedures
8 applicable to the filing of any application with the Com-
9 mission and to all aspects of the Commission's review of,
10 and action on, any such application.”.

11 **SEC. 14. FEDERAL ENERGY NATURAL RESOURCES EN-**
12 **HANCEMENT FUND ACT OF 2006.**

13 (a) FINDINGS.—The Congress finds the following:

14 (1) Energy and minerals exploration, develop-
15 ment, and production on Federal onshore and off-
16 shore lands, including bio-based fuel, natural gas,
17 minerals, oil, geothermal, and power from wind,
18 waves, currents, and thermal energy, involves signifi-
19 cant outlays of funds by Federal and State wildlife,
20 fish, and natural resource management agencies for
21 environmental studies, planning, development, moni-
22 toring, and management of wildlife, fish, air, water,
23 and other natural resources.

24 (2) State wildlife, fish, and natural resource
25 management agencies are funded primarily through

1 permit and license fees paid to the States by the
2 general public to hunt and fish, and through Federal
3 excise taxes on equipment used for these activities.

4 (3) Funds generated from consumptive and rec-
5 reational uses of wildlife, fish, and other natural re-
6 sources currently are inadequate to address the nat-
7 ural resources related to energy and minerals devel-
8 opment on Federal onshore and offshore lands.

9 (4) Funds available to Federal agencies respon-
10 sible for managing Federal onshore and offshore
11 lands and Federal-trust wildlife and fish species and
12 their habitats are inadequate to address the natural
13 resources related to energy and minerals develop-
14 ment on Federal onshore and offshore lands.

15 (5) Receipts derived from sales, bonus bids, and
16 royalties under the mineral leasing laws of the
17 United States are paid to the Treasury through the
18 Minerals Management Service of the Department of
19 the Interior.

20 (6) None of the receipts derived from sales,
21 bonus bids, and royalties under the minerals leasing
22 laws of the United States are paid to the Federal or
23 State agencies to examine, monitor, and manage
24 wildlife, fish, air, water, and other natural resources

1 related to natural gas, oil, and mineral exploration
2 and development.

3 (b) PURPOSES.—It is the purpose of this section to—

4 (1) establish a fund for the monitoring and
5 management of wildlife and fish, and their habitats,
6 and air, water, and other natural resources related
7 to energy and minerals development on Federal on-
8 shore and offshore lands;

9 (2) make available receipts derived from sales,
10 bonus bids, and royalties from onshore and offshore
11 gas, mineral, oil, and any additional form of energy
12 exploration and development under the laws of the
13 United States for the purposes of such fund;

14 (3) distribute funds from such fund each fiscal
15 year to the Secretary of the Interior and the States;
16 and

17 (4) use the distributed funds to secure the nec-
18 essary trained workforce or contractual services to
19 conduct environmental studies, planning, develop-
20 ment, monitoring, and post-development manage-
21 ment of wildlife and fish and their habitats and air,
22 water, and other natural resources that may be re-
23 lated to bio-based fuel, gas, mineral, oil, wind, or
24 other energy exploration, development, transpor-
25 tation, transmission, and associated activities on

1 Federal onshore and offshore lands, including, but
2 not limited to—

3 (A) pertinent research, surveys, and envi-
4 ronmental analyses conducted to identify any
5 impacts on wildlife, fish, air, water, and other
6 natural resources from energy and mineral ex-
7 ploration, development, production, and trans-
8 portation or transmission;

9 (B) projects to maintain, improve, or en-
10 hance wildlife and fish populations and their
11 habitats or air, water, or other natural re-
12 sources, including activities under the Endan-
13 gered Species Act of 1973;

14 (C) research, surveys, environmental anal-
15 yses, and projects that assist in managing, in-
16 cluding mitigating either onsite or offsite, or
17 both, the impacts of energy and mineral activi-
18 ties on wildlife, fish, air, water, and other nat-
19 ural resources; and

20 (D) projects to teach young people to live
21 off the land.

22 (c) DEFINITIONS.—In this section:

23 (1) ENHANCEMENT FUND.—The term “En-
24 hancement Fund” means the Federal Energy Nat-

1 ural Resources Enhancement Fund established by
2 subsection (d).

3 (2) STATE.—The term “State” means the State
4 government agency primarily responsible for fish
5 and wildlife trust resources within a State.

6 (d) ESTABLISHMENT AND USE OF FEDERAL ENERGY
7 NATURAL RESOURCES ENHANCEMENT FUND.—

8 (1) ENHANCEMENT FUND.—There is estab-
9 lished in the Treasury a separate account to be
10 known as the “Federal Energy Natural Resources
11 Enhancement Fund”.

12 (2) FUNDING.—The Secretary of the Treasury
13 shall deposit in the Enhancement Fund—

14 (A) such sums as are provided by sections
15 9(b)(5)(A)(ii), 9(b)(5)(B)(ii), 9(c)(4)(A)(ii), and
16 9(c)(4)(B)(ii) of the Outer Continental Shelf
17 Lands Act, as amended by this Act;

18 (B)(i) during the period of October 1,
19 2006, through September 30, 2015, 0.5 percent
20 of all sums paid into the Treasury under sec-
21 tion 35 of the Mineral Leasing Act (30 U.S.C.
22 191), and

23 (ii) beginning October 1, 2015, and there-
24 after, 2.5 percent of all sums paid into the

1 Treasury under section 35 of the Mineral Leas-
2 ing Act (30 U.S.C. 191); and

3 (C)(i) during the period of October 1,
4 2006, through September 30, 2015, 0.5 percent
5 of all sums paid into the Treasury from receipts
6 derived from bonus bids and royalties from
7 other mineral leasing on public lands, and

8 (ii) beginning October 1, 2015, and there-
9 after, 2.5 percent of all sums paid into the
10 Treasury from receipts derived from bonus bids
11 and royalties from other mineral leasing on
12 public lands.

13 (3) INVESTMENTS.—The Secretary of the
14 Treasury shall invest the amounts deposited under
15 paragraph (2) and all accrued interest on the
16 amounts deposited under paragraph (2) only in in-
17 terest bearing obligations of the United States or in
18 obligations guaranteed as to both principal and in-
19 terest by the United States.

20 (4) PAYMENT TO SECRETARY OF THE INTE-
21 RIOR.—

22 (A) IN GENERAL.—Beginning with fiscal
23 year 2007, and in each fiscal year thereafter,
24 one-third of amounts deposited into the En-
25 hancement Fund, together with the interest

1 thereon, shall be available, without fiscal year
2 limitations, to the Secretary of the Interior for
3 use for the purposes described in (b)(4).

4 (B) WITHDRAWALS AND TRANSFER OF
5 FUNDS.—The Secretary of the Treasury shall
6 withdraw such amounts from the Enhancement
7 Fund as the Secretary of the Interior may re-
8 quest, subject to the limitation in (A), and
9 transfer such amounts to the Secretary of the
10 Interior to be used, at the discretion of the Sec-
11 retary of the Interior, by the Minerals Manage-
12 ment Service, the Bureau of Land Manage-
13 ment, and the United States Fish and Wildlife
14 Service for use for the purposes described in
15 subsection (b)(4).

16 (5) PAYMENT TO STATES.—

17 (A) IN GENERAL.—Beginning with fiscal
18 year 2007, and in each fiscal year thereafter,
19 two-thirds of amounts deposited into the En-
20 hancement Fund, together with the interest
21 thereon, shall be available, without fiscal year
22 limitations, to the States for use for the pur-
23 poses described in (b)(4).

24 (B) WITHDRAWALS AND TRANSFER OF
25 FUNDS.—Within the first 90 days of each fiscal

1 year, the Secretary of the Treasury shall with-
2 draw amounts from the Enhancement Fund
3 and transfer such amounts to the States based
4 on the proportion of all receipts that were col-
5 lected the previous fiscal year from Federal
6 leases within the boundaries of each State and
7 each State's outer Continental Shelf Adjacent
8 Zone as determined in accordance with section
9 4(a) of the Outer Continental Shelf Lands Act
10 (43 U.S.C. 1333(a)), as amended by this Act.

11 (C) USE OF PAYMENTS BY STATE.—Each
12 State shall use the payments made under sub-
13 paragraph (B) only for carrying out projects
14 and programs for the purposes described in
15 (b)(4).

16 (D) ENCOURAGE USE OF PRIVATE FUNDS
17 BY STATE.—Each State shall use the payments
18 made under subparagraph (B) to leverage pri-
19 vate funds for carrying out projects for the pur-
20 poses described in (b)(4).

21 (e) LIMITATION ON USE.—Amounts available under
22 this section may not be used for the purchase of any inter-
23 est in land.

24 (f) REPORTS TO CONGRESS.—

1 (1) IN GENERAL.—Beginning in fiscal year
2 2008 and continuing for each fiscal year thereafter,
3 the Secretary of the Interior and each State receiv-
4 ing funds from the Enhancement Fund shall submit
5 a report to the Committee on Energy and Natural
6 Resources of the Senate and the Committee on Re-
7 sources of the House of Representatives.

8 (2) REQUIRED INFORMATION.—Reports sub-
9 mitted to the Congress by the Secretary of the Inte-
10 rior and States under this subsection shall include
11 the following information regarding expenditures
12 during the previous fiscal year:

13 (A) A summary of pertinent scientific re-
14 search and surveys conducted to identify im-
15 pacts on wildlife, fish, and other natural re-
16 sources from energy and mineral developments.

17 (B) A summary of projects planned and
18 completed to maintain, improve or enhance
19 wildlife and fish populations and their habitats
20 or other natural resources.

21 (C) A list of additional actions that assist,
22 or would assist, in managing, including miti-
23 gating either onsite or offsite, or both, the im-
24 pacts of energy and mineral development on
25 wildlife, fish, and other natural resources.

1 (D) A summary of private (non-Federal)
2 funds used to plan, conduct, and complete the
3 plans and programs identified in paragraphs
4 (2)(A) and (2)(B).

5 **SEC. 15. TERMINATION OF EFFECT OF LAWS PROHIBITING**
6 **THE SPENDING OF APPROPRIATED FUNDS**
7 **FOR CERTAIN PURPOSES.**

8 All provisions of existing Federal law prohibiting the
9 spending of appropriated funds to conduct oil and natural
10 gas leasing and preleasing activities for any area of the
11 outer Continental Shelf shall have no force or effect.

12 **SEC. 16. OUTER CONTINENTAL SHELF INCOMPATIBLE USE.**

13 (a) IN GENERAL.—No Federal agency may permit
14 construction or operation (or both) of any facility, or des-
15 ignate or maintain a restricted transportation corridor or
16 operating area on the Federal outer Continental Shelf or
17 in State waters, that will be incompatible with, as deter-
18 mined by the Secretary of the Interior, oil and gas or nat-
19 ural gas leasing and substantially full exploration and pro-
20 duction of tracts that are geologically prospective for oil
21 or natural gas (or both).

22 (b) EXCEPTIONS.—Subsection (a) shall not apply to
23 any facility, transportation corridor, or operating area the
24 construction, operation, designation, or maintenance of
25 which is or will be—

1 (1) located in an area of the outer Continental
2 Shelf that is unavailable for oil and gas or natural
3 gas leasing by operation of law;

4 (2) used for a military readiness activity (as de-
5 fined in section 315(f) of Public Law 107–314; 16
6 U.S.C. 703 note); or

7 (3) required in the national interest, as deter-
8 mined by the President.

9 **SEC. 17. REPURCHASE OF CERTAIN LEASES.**

10 (a) **AUTHORITY TO REPURCHASE AND CANCEL CER-**
11 **TAIN LEASES.**—The Secretary of the Interior shall repur-
12 chase and cancel any Federal oil and gas, geothermal,
13 coal, oil shale, tar sands, or other mineral lease, whether
14 onshore or offshore, if the Secretary finds that such lease
15 qualifies for repurchase and cancellation under the regula-
16 tions authorized by this section.

17 (b) **REGULATIONS.**—Not later than 365 days after
18 the date of the enactment of this Act, the Secretary shall
19 publish a final regulation stating the conditions under
20 which a lease referred to in subsection (a) would qualify
21 for repurchase and cancellation, and the process to be fol-
22 lowed regarding repurchase and cancellation. Such regula-
23 tion shall include, but not be limited to, the following:

1 (1) The Secretary shall repurchase and cancel
2 a lease after written request by the lessee upon a
3 finding by the Secretary that—

4 (A) a request by the lessee for a required
5 permit or other approval complied with applica-
6 ble law, except the Coastal Zone Management
7 Act of 1972 (16 U.S.C. 1451 et seq.), and
8 terms of the lease and such permit or other ap-
9 proval was denied;

10 (B) a Federal agency failed to act on a re-
11 quest by the lessee for a required permit, other
12 approval, or administrative appeal within a reg-
13 ulatory or statutory time-frame associated with
14 the requested action, whether advisory or man-
15 datory, or if none, within 180 days; or

16 (C) a Federal agency attached a condition
17 of approval, without agreement by the lessee, to
18 a required permit or other approval if such con-
19 dition of approval was not mandated by Federal
20 statute or regulation in effect on the date of
21 lease issuance, or was not specifically allowed
22 under the terms of the lease.

23 (2) A lessee shall not be required to exhaust ad-
24 ministrative remedies regarding a permit request,

1 administrative appeal, or other required request for
2 approval for the purposes of this section.

3 (3) The Secretary shall make a final agency de-
4 cision on a request by a lessee under this section
5 within 180 days of request.

6 (4) Compensation to a lessee to repurchase and
7 cancel a lease under this section shall be the amount
8 that a lessee would receive in a restitution case for
9 a material breach of contract.

10 (5) Compensation shall be in the form of a
11 check or electronic transfer from the Department of
12 the Treasury from funds deposited into miscella-
13 neous receipts under the authority of the same Act
14 that authorized the issuance of the lease being re-
15 purchased.

16 (6) Failure of the Secretary to make a final
17 agency decision on a request by a lessee under this
18 section within 180 days of request shall result in a
19 10 percent increase in the compensation due to the
20 lessee if the lease is ultimately repurchased.

21 (c) NO PREJUDICE.—This section shall not be inter-
22 preted to prejudice any other rights that the lessee would
23 have in the absence of this section.

1 SEC. 18. OFFSITE ENVIRONMENTAL MITIGATION.

2 Notwithstanding any other provision of law, any per-
3 son conducting activities under the Mineral Leasing Act
4 (30 U.S.C. 181 et seq.), the Geothermal Steam Act (30
5 U.S.C. 1001 et seq.), the Mineral Leasing Act for Ac-
6 quired Lands (30 U.S.C. 351 et seq.), the Weeks Act (16
7 U.S.C. 552 et seq.), the General Mining Act of 1872 (30
8 U.S.C. 22 et seq.), the Materials Act of 1947 (30 U.S.C.
9 601 et seq.), or the Outer Continental Shelf Lands Act
10 (43 U.S.C. 1331 et seq.), may in satisfying any mitigation
11 requirements associated with such activities propose miti-
12 gation measures on a site away from the area impacted
13 and the Secretary of the Interior shall accept these pro-
14 posed measures if the Secretary finds that they generally
15 achieve the purposes for which mitigation measures apper-
16 tained.

17 SEC. 19. AMENDMENTS TO THE MINERAL LEASING ACT.

18 Section 17(g) of the Mineral Leasing Act (30 U.S.C.
19 226(g)) is amended to read as follows:

20 “(g) REGULATION OF SURFACE-DISTURBING ACTIVI-
21 TIES.—

22 “(1) REGULATION OF SURFACE-DISTURBING
23 ACTIVITIES.—The Secretary of the Interior, or for
24 National Forest lands, the Secretary of Agriculture,
25 shall regulate all surface-disturbing activities con-
26 ducted pursuant to any lease issued under this Act,

1 and shall determine reclamation and other actions as
2 required in the interest of conservation of surface re-
3 sources.

4 “(2) SUBMISSION OF EXPLORATION PLAN; COM-
5 PLETION REVIEW; COMPLIANCE REVIEW.—

6 “(A) Prior to beginning oil and gas explo-
7 ration activities, a lessee shall submit an explo-
8 ration plan to the Secretary of the Interior for
9 review.

10 “(B) The Secretary shall review the plan
11 for completeness within 10 days of submission.

12 “(C) In the event the exploration plan is
13 determined to be incomplete, the Secretary shall
14 notify the lessee in writing and specify the
15 items or information needed to complete the ex-
16 ploration plan.

17 “(D) The Secretary shall have 10 days to
18 review any modified exploration plan submitted
19 by the lessee.

20 “(E) To be deemed complete, an explo-
21 ration plan shall include, in the degree of detail
22 to be determined by the Secretary by rule or
23 regulation—

24 “(i) a drilling plan containing a de-
25 scription of the drilling program;

- 1 “(ii) the surface and projected com-
2 pletion zone location;
- 3 “(iii) pertinent geologic data;
- 4 “(iv) expected hazards, and proposed
5 mitigation measures to address such haz-
6 ards;
- 7 “(v) a schedule of anticipated explo-
8 ration activities to be undertaken;
- 9 “(vi) a description of equipment to be
10 used for such activities;
- 11 “(vii) a certification from the lessee
12 stating that the exploration plan complies
13 with all lease, regulatory and statutory re-
14 quirements in effect on the date of the
15 issuance of the lease;
- 16 “(viii) evidence that the lessee has se-
17 cured an adequate bond, surety, or other
18 financial arrangement prior to commence-
19 ment of any surface disturbing activity;
- 20 “(ix) a plan that details the complete
21 and timely reclamation of the lease tract;
22 and
- 23 “(x) such other relevant information
24 as the Secretary may by regulation require.

1 “(F) Upon a determination that the explo-
2 ration plan is complete, the Secretary shall have
3 30 days from the date the plan is deemed com-
4 plete to conduct a review of the plan.

5 “(G) If the Secretary finds the exploration
6 plan is not consistent with all statutory and
7 regulatory requirements in effect on the date of
8 issuance of the lease, the Secretary shall notify
9 the lessee with a detailed explanation of such
10 modifications of the exploration plan as are nec-
11 essary to achieve compliance.

12 “(H) The lessee shall not take any action
13 under the exploration plan within a 30 day re-
14 view period, or thereafter until the plan has
15 been modified to achieve compliance as so noti-
16 fied.

17 “(I) After review by the Secretary provided
18 by this subsection, a lessee may operate pursu-
19 ant to the plan without further review or ap-
20 proval by the Secretary.

21 “(3) PLAN REVISIONS; CONDUCT OF EXPLO-
22 RATION ACTIVITIES.—

23 “(A) If a significant revision of an explo-
24 ration plan under this subsection is submitted
25 to the Secretary, the process to be used for the

1 review of such revision shall be the same as set
2 forth in paragraph (1) of this subsection.

3 “(B) All exploration activities pursuant to
4 any lease shall be conducted in accordance with
5 an exploration plan that has been submitted to
6 and reviewed by the Secretary or a revision of
7 such plan.

8 “(4) SUBMISSION OF DEVELOPMENT AND PRO-
9 Duction PLAN; COMPLETENESS REVIEW; COMPLI-
10 ANCE REVIEW.—

11 “(A) Prior to beginning oil and gas devel-
12 opment and production activities, a lessee shall
13 submit a development and exploration plan to
14 the Secretary of the Interior. Upon submission,
15 such plans shall be subject to a review for com-
16 pleteness.

17 “(B) The Secretary shall review the plan
18 for completeness within 30 days of submission.

19 “(C) In the event a development and pro-
20 duction plan is determined to be incomplete, the
21 Secretary shall notify the lessee in writing and
22 specify the items or information needed to com-
23 plete the plan.

24 “(D) The Secretary shall have 30 days to
25 review for completeness any modified develop-

1 ment and production plan submitted by the les-
2 see.

3 “(E) To be deemed complete, a develop-
4 ment and production plan shall include, in the
5 degree of detail to be determined by the Sec-
6 retary by rule or regulation—

7 “(i) a drilling plan containing a de-
8 scription of the drilling program;

9 “(ii) the surface and projected com-
10 pletion zone location;

11 “(iii) pertinent geologic data;

12 “(iv) expected hazards, and proposed
13 mitigation measures to address such haz-
14 ards;

15 “(v) a statement describing all facili-
16 ties and operations proposed by the lessee
17 and known by the lessee (whether or not
18 owned or operated by such lessee) that
19 shall be constructed or utilized in the de-
20 velopment and production of oil or gas
21 from the leases areas, including the loca-
22 tion and site of such facilities and oper-
23 ations, the land, labor, material, and en-
24 ergy requirements associated with such fa-
25 cilities and operations;

1 “(vi) the general work to be per-
2 formed;

3 “(vii) the environmental safeguards to
4 be implemented in connection with the de-
5 velopment and production and how such
6 safeguards are to be implemented;

7 “(viii) all safety standards to be met
8 and how such standards are to be met;

9 “(ix) an expected rate of development
10 and production and a time schedule for
11 performance;

12 “(x) a certification from the lessee
13 stating that the development and produc-
14 tion plan complies with all lease, regu-
15 latory, and statutory requirements in effect
16 on the date of issuance of the lease;

17 “(xi) evidence that the lessee has se-
18 cured an adequate bond, surety, or other
19 financial arrangement prior to commence-
20 ment of any surface disturbing activity;

21 “(xii) a plan that details the complete
22 and timely reclamation of the lease tract;
23 and

24 “(xiii) such other relevant information
25 as the Secretary may by regulation require.

1 “(F) Upon a determination that the devel-
2 opment and production plan is complete, the
3 Secretary shall have 120 days from the date the
4 plan is deemed complete to conduct a review of
5 the plan.

6 “(G) If the Secretary finds the develop-
7 ment and production plan is not consistent with
8 all statutory and regulatory requirements in ef-
9 fect on the date of issuance of the lease, the
10 Secretary shall notify the lessee with a detailed
11 explanation of such modifications of the devel-
12 opment and production plan as are necessary to
13 achieve compliance.

14 “(H) The lessee shall not take any action
15 under the development and production plan
16 within a 120 day review period, or thereafter
17 until the plan has been modified to achieve
18 compliance as so notified.

19 “(5) PLAN REVISIONS; CONDUCT OF DEVELOP-
20 MENT AND PRODUCTION ACTIVITIES.—

21 “(A) If a significant revision of a develop-
22 ment and production plan under this subsection
23 is submitted to the Secretary, the process to be
24 used for the review of such revision shall be the

1 same as set forth in paragraph (4) of this sub-
2 section.

3 “(B) All development and production ac-
4 tivities pursuant to any lease shall be conducted
5 in accordance with an exploration plan that has
6 been submitted to and reviewed by the Sec-
7 retary or a revision of such plan.

8 “(6) CANCELLATION OF LEASE ON FAILURE TO
9 SUBMIT PLAN OR COMPLY WITH APPROVED PLAN.—
10 Whenever the owner of any lease fails to submit a
11 plan in accordance with regulations issued under
12 this section, or fails to comply with a plan, the lease
13 may be canceled in accordance with section 31. Ter-
14 mination of a lease because of failure to comply with
15 a plan, including required modifications or revisions,
16 shall not entitle a lessee to any compensation.”.

17 **SEC. 20. MINERALS MANAGEMENT SERVICE.**

18 The bureau known as the “Minerals Management
19 Service” in the Department of the Interior shall be known
20 as the “National Ocean Resources and Royalty Service”.

1 **SEC. 21. AUTHORITY TO USE DECOMMISSIONED OFFSHORE**
2 **OIL AND GAS PLATFORMS AND OTHER FA-**
3 **CILITIES FOR MARICULTURE, ARTIFICIAL**
4 **REEF, SCIENTIFIC RESEARCH, OR OTHER**
5 **USES.**

6 (a) **SHORT TITLE.**—This section may be cited as the
7 “Rigs to Reefs Act of 2005”.

8 (b) **IN GENERAL.**—The Outer Continental Shelf
9 Lands Act (43 U.S.C. 1301 et seq.) is amended by insert-
10 ing after section 9 the following:

11 **“SEC. 10. USE OF DECOMMISSIONED OFFSHORE OIL AND**
12 **GAS PLATFORMS AND OTHER FACILITIES**
13 **FOR MARICULTURE, ARTIFICIAL REEF, SCI-**
14 **ENTIFIC RESEARCH, OR OTHER USES.**

15 “(a) **IN GENERAL.**—The Secretary shall issue regula-
16 tions under which the Secretary may authorize use of an
17 offshore oil and gas platform or other facility that is de-
18 commissioned from service for oil and gas purposes for
19 culture of marine organisms, an artificial reef, scientific
20 research, or any other use authorized under section 8(p).

21 “(b) **TRANSFER REQUIREMENTS.**—The Secretary
22 shall not allow the transfer of a decommissioned offshore
23 oil and gas platform or other facility to another person
24 unless the Secretary is satisfied that the transferee is suf-
25 ficiently bonded, endowed, or otherwise financially able to
26 fulfill its obligations, including but not limited to—

1 “(1) ongoing maintenance of the platform or
2 other facility;

3 “(2) any liability obligations that might arise;

4 “(3) removal of the platform or other facility if
5 determined necessary by the Secretary; and

6 “(4) any other requirements and obligations
7 that the Secretary may deem appropriate by regula-
8 tion.

9 “(c) PLUGGING AND ABANDONMENT.—The Sec-
10 retary shall ensure that obligations of a lessee regarding
11 the plugging and abandonment of wells are unaffected by
12 implementation of this section.

13 “(d) POTENTIAL TO PETITION TO OPT-OUT OF REG-
14 ULATIONS.—An Adjacent State acting through a resolu-
15 tion of its legislature, with concurrence of its Governor,
16 may petition to opt-out of the application of regulations
17 promulgated under this section to platforms and other fa-
18 cilities located in the area of its Adjacent Zone within 25
19 miles of the coastline. The Secretary is authorized to ex-
20 cept such area from the application of such regulations,
21 and shall approve such petition, unless the Secretary finds
22 that approving the petition would probably cause serious
23 harm or damage to the marine resources of the State’s
24 Adjacent Zone. Prior to acting on the petition, the Sec-
25 retary shall complete an environmental assessment that

1 documents the anticipated environmental effects of ap-
2 proving the petition.

3 “(e) LIMITATION ON LIABILITY.—A person that had
4 used an offshore oil and gas platform or other facility for
5 oil and gas purposes and that no longer has any ownership
6 or control of the platform or other facility shall not be
7 liable under Federal law for any costs or damages arising
8 from such platform or other facility after the date the plat-
9 form or other facility is used for any purpose under sub-
10 section (a), unless such costs or damages arise from—

11 “(1) use of the platform or other facility by the
12 person for development or production of oil or gas;
13 or

14 “(2) another act or omission of the person.

15 “(f) OTHER LEASING AND USE NOT AFFECTED.—
16 This section, and the use of any offshore oil and gas plat-
17 form or other facility for any purpose under subsection
18 (a), shall not affect—

19 “(1) the authority of the Secretary to lease any
20 area under this Act; or

21 “(2) any activity otherwise authorized under
22 this Act.”.

23 “(c) DEADLINE FOR REGULATIONS.—The Secretary of
24 the Interior shall issue regulations under subsection (b)

1 by not later than 180 days after the date of the enactment
2 of this Act.

3 (d) **STUDY AND REPORT ON EFFECTS OF REMOVAL**
4 **OF PLATFORMS.**—Not later than one year after the date
5 of enactment of this Act, the Secretary of the Interior,
6 in consultation with other Federal agencies as the Sec-
7 retary deems advisable, shall study and report to the Con-
8 gress regarding how the removal of offshore oil and gas
9 platforms and other facilities from the outer Continental
10 Shelf would affect existing fish stocks and coral popu-
11 lations.

12 **SEC. 22. REPEAL OF REQUIREMENT TO CONDUCT COM-**
13 **PREHENSIVE INVENTORY OF OCS OIL AND**
14 **NATURAL GAS RESOURCES.**

15 The Energy Policy Act of 2005 (Public Law 109–
16 58) is amended—

17 (1) by repealing section 357 (119 Stat. 720; 42
18 U.S.C. 15912); and

19 (2) in the table of contents in section 1(b), by
20 striking the item relating to such section 357.

21 **SEC. 23. ONSHORE AND OFFSHORE MINERAL LEASE FEES.**

22 Notwithstanding any other provision of law, the De-
23 partment of the Interior is prohibited from charging fees
24 applicable to actions on Federal onshore and offshore oil
25 and gas, coal, geothermal, and other mineral leases, in-

1 cluding transportation of any production from such leases,
2 if such fees were not established in final regulations prior
3 to the date of issuance of the lease.

4 **SEC. 24. LEASES FOR AREAS LOCATED WITHIN 125 MILES**
5 **OF CALIFORNIA OR FLORIDA.**

6 (a) AUTHORIZATION TO CANCEL AND EXCHANGE
7 CERTAIN EXISTING OIL AND GAS LEASES; PROHIBITION
8 ON SUBMITTAL OF EXPLORATION PLANS FOR CERTAIN
9 LEASES PRIOR TO JUNE 30, 2012.—

10 (1) AUTHORITY.—Effective 180 days after the
11 date of enactment of this Act, the lessee of an exist-
12 ing oil and gas lease for an area located completely
13 within 125 miles of the coastline within the Cali-
14 fornia or Florida Adjacent Zones shall have the op-
15 tion, without compensation, of exchanging such lease
16 for a new oil and gas lease having a primary term
17 of 5 years. For the area subject to the new lease, the
18 lessee may select any unleased tract that is com-
19 pletely beyond 100 miles from the coastline of the
20 Adjacent State and is located within the same Adja-
21 cent State's Adjacent Zone as the lease being ex-
22 changed, except that leases being exchanged within
23 the Florida Adjacent Zone may be exchanged for
24 any unleased tract that is completely beyond 100

1 miles from the coastline of Florida and is located
2 west of 86 degrees 41 minutes longitude.

3 (2) ADMINISTRATIVE PROCESS.—The Secretary
4 of the Interior shall establish a reasonable adminis-
5 trative process through which a lessee may exercise
6 its option to exchange an oil and gas lease for a new
7 oil and gas lease as provided for in this section.
8 Such exchanges, including the issuance of new
9 leases, shall not be considered to be major Federal
10 actions for purposes of the National Environmental
11 Policy Act of 1969 (42 U.S.C. 4321 et seq.). Fur-
12 ther, such exchanges conducted in accordance with
13 this section are deemed to be in compliance all provi-
14 sions of the Outer Continental Shelf Lands Act (43
15 U.S.C. 1331 et seq.). The Secretary shall issue a
16 new lease in exchange for the lease being exchanged
17 notwithstanding that the area that will be subject to
18 the lease may be withdrawn from leasing under the
19 Outer Continental Shelf Lands Act or otherwise un-
20 available for leasing under the provisions of any
21 other law.

22 (3) OPERATING RESTRICTIONS.—A new lease
23 issued in exchange for an existing lease under this
24 section shall be subject to such national defense op-

1 erating restrictions on the OCS tract covered by the
2 new lease as may be applicable upon issuance.

3 (4) PRIORITY.—The Secretary shall give pri-
4 ority in the lease exchange process based on the
5 amount of the original bonus bid paid for the
6 issuance of each lease to be exchanged. The Sec-
7 retary shall allow leases covering partial tracts to be
8 exchanged for leases covering full tracts conditioned
9 upon payment of additional bonus bids on a per-acre
10 basis as determined by the average per acre of the
11 original bonus bid per acre for the partial tract
12 being exchanged.

13 (5) EXPLORATION PLANS.—Any exploration
14 plan submitted to the Secretary of the Interior after
15 the date of the enactment of this Act and before
16 July 1, 2012, for an oil and gas lease for an area
17 wholly within 125 miles of the coastline within the
18 California Adjacent Zone or Florida Adjacent Zone
19 shall not be treated as received by the Secretary
20 until the earlier of July 1, 2012, or the date on
21 which a petition by the Adjacent State for oil and
22 gas leasing covering the area within which is located
23 the area subject to the oil and gas lease was ap-
24 proved.

1 (b) FURTHER LEASE CANCELLATION AND EX-
2 CHANGE PROVISIONS.—

3 (1) CANCELLATION OF LEASE.—As part of the
4 lease exchange process under this section, the Sec-
5 retary shall cancel a lease that is exchanged under
6 this section.

7 (2) CONSENT OF LESSEES.—All lessees holding
8 an interest in a lease must consent to cancellation
9 of their leasehold interests in order for the lease to
10 be cancelled and exchanged under this section.

11 (3) WAIVER OF RIGHTS.—As a prerequisite to
12 the exchange of a lease under this section, the lessee
13 must waive any rights to bring any litigation against
14 the United States related to the transaction.

15 (4) PLUGGING AND ABANDONMENT.—The plug-
16 ging and abandonment requirements for any wells
17 located on any lease to be cancelled and exchanged
18 under this section must be complied with by the les-
19 sees prior to the cancellation and exchange.

20 (c) EXISTING OIL AND GAS LEASE DEFINED.—In
21 this section the term “existing oil and gas lease” means
22 an oil and gas lease in effect on the date of the enactment
23 of this Act.

1 **SEC. 25. COASTAL IMPACT ASSISTANCE.**

2 Section 31 of the Outer Continental Shelf Lands Act
3 (43 U.S.C. 1356a) is repealed.

4 **SEC. 26. OIL SHALE AND TAR SANDS AMENDMENTS.**

5 (a) REPEAL OF REQUIREMENT TO ESTABLISH PAY-
6 MENTS.—Section 369(o) of the Energy Policy Act of 2005
7 (Public Law 109–58; 119 Stat. 728; 42 U.S.C. 15927)
8 is repealed.

9 (b) TREATMENT OF REVENUES.—Section 21 of the
10 Mineral Leasing Act (30 U.S.C. 241) is amended by add-
11 ing at the end the following:

12 “(e) REVENUES.—

13 “(1) IN GENERAL.—Notwithstanding the provi-
14 sions of section 35, all revenues received from and
15 under an oil shale or tar sands lease shall be dis-
16 posed of as provided in this subsection.

17 “(2) ROYALTY RATES FOR COMMERCIAL
18 LEASES.—

19 “(A) INITIAL PRODUCTION.—For the first
20 10 years after initial production under each oil
21 shale or tar sands lease issued under the com-
22 mercial leasing program established under sub-
23 section (d), the Secretary shall set the royalty
24 rate at not less than 1 percent nor more than
25 3 percent of the gross value of production.
26 However, the initial production period royalty

1 rate set by the Secretary shall not apply to pro-
2 duction occurring more than 15 years after the
3 date of issuance of the lease.

4 “(B) SUBSEQUENT PERIODS.—After the
5 periods of time specified in subparagraph (A),
6 the Secretary shall set the royalty rate on each
7 oil shale or tar sands lease issued under the
8 commercial leasing program established under
9 subsection (d) at not less than 6 percent nor
10 more than 9 percent of the gross value of pro-
11 duction.

12 “(C) REDUCTION.—The Secretary shall re-
13 duce any royalty otherwise required to be paid
14 under subparagraphs (A) and (B) under any oil
15 shale or tar sands lease on a sliding scale based
16 upon market price, with a 10 percent reduction
17 if the monthly average price of NYMEX West
18 Texas Intermediate crude oil at Cushing, Okla-
19 homa, (WTI) drops below \$50 (in 2005 dollars)
20 for the month in which the production is sold,
21 and an 80 percent reduction if the monthly av-
22 erage price of WTI drops below \$30 (in 2005
23 dollars) for the month in which the production
24 is sold.

25 “(3) DISPOSITION OF REVENUES.—

1 “(A) DEPOSIT.—The Secretary shall de-
2 posit into a separate account in the Treasury
3 all revenues derived from any oil shale or tar
4 sands lease.

5 “(B) ALLOCATIONS TO STATES AND LOCAL
6 POLITICAL SUBDIVISIONS.—The Secretary shall
7 allocate 50 percent of the revenues deposited
8 into the account established under subpara-
9 graph (A) to the State within the boundaries of
10 which the leased lands are located, with a por-
11 tion of that to be paid directly by the Secretary
12 to the State’s local political subdivisions as pro-
13 vided in this paragraph.

14 “(C) TRANSMISSION OF ALLOCATIONS.—

15 “(i) IN GENERAL.—Not later than the
16 last business day of the month after the
17 month in which the revenues were received,
18 the Secretary shall transmit—

19 “(I) to each State two-thirds of
20 such State’s allocations under sub-
21 paragraph (B), and in accordance
22 with clauses (ii) and (iii) to certain
23 county-equivalent and municipal polit-
24 ical subdivisions of such State a total
25 of one-third of such State’s allocations

1 under subparagraph (B), together
2 with all accrued interest thereon; and

3 “(II) the remaining balance of
4 such revenues deposited into the ac-
5 count that are not allocated under
6 subparagraph (B), together with in-
7 terest thereon, shall be transmitted to
8 the miscellaneous receipts account of
9 the Treasury, except that until a lease
10 has been in production for 20 years
11 50 percent of such remaining balance
12 derived from a lease shall be paid in
13 accordance with subclause (I).

14 “(ii) ALLOCATIONS TO CERTAIN
15 COUNTY-EQUIVALENT POLITICAL SUBDIVI-
16 SIONS.—The Secretary shall under clause
17 (i)(I) make equitable allocations of the rev-
18 enues to county-equivalent political sub-
19 divisions that the Secretary determines are
20 closely associated with the leasing and pro-
21 duction of oil shale and tar sands, under a
22 formula that the Secretary shall determine
23 by regulation.

24 “(iii) ALLOCATIONS TO MUNICIPAL
25 POLITICAL SUBDIVISIONS.—The initial al-

1 location to each county-equivalent political
2 subdivision under clause (ii) shall be fur-
3 ther allocated to the county-equivalent po-
4 litical subdivision and any municipal polit-
5 ical subdivisions located partially or wholly
6 within the boundaries of the county-equiva-
7 lent political subdivision on an equitable
8 basis under a formula that the Secretary
9 shall determine by regulation.

10 “(D) INVESTMENT OF DEPOSITS.—The de-
11 posits in the Treasury account established
12 under this section shall be invested by the Sec-
13 retary of the Treasury in securities backed by
14 the full faith and credit of the United States
15 having maturities suitable to the needs of the
16 account and yielding the highest reasonably
17 available interest rates as determined by the
18 Secretary of the Treasury.

19 “(E) USE OF FUNDS.—A recipient of
20 funds under this subsection may use the funds
21 for any lawful purpose as determined by State
22 law. Funds allocated under this subsection to
23 States and local political subdivisions may be
24 used as matching funds for other Federal pro-
25 grams without limitation. Funds allocated to

1 local political subdivisions under this subsection
2 may not be used in calculation of payments to
3 such local political subdivisions under programs
4 for payments in lieu of taxes or other similar
5 programs.

6 “(F) NO ACCOUNTING REQUIRED.—No re-
7 cipient of funds under this subsection shall be
8 required to account to the Federal Government
9 for the expenditure of such funds, except as
10 otherwise may be required by law.

11 “(4) DEFINITIONS.—In this subsection:

12 “(A) COUNTY-EQUIVALENT POLITICAL
13 SUBDIVISION.—The term ‘county-equivalent po-
14 litical subdivision’ means a political jurisdiction
15 immediately below the level of State govern-
16 ment, including a county, parish, borough in
17 Alaska, independent municipality not part of a
18 county, parish, or borough in Alaska, or other
19 equivalent subdivision of a State.

20 “(B) MUNICIPAL POLITICAL SUBDIVI-
21 SION.—The term ‘municipal political subdivi-
22 sion’ means a municipality located within and
23 part of a county, parish, borough in Alaska, or
24 other equivalent subdivision of a State.”.

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