

110TH CONGRESS
1ST SESSION

H. R. 6

AN ACT

To reduce our Nation's dependency on foreign oil by investing in clean, renewable, and alternative energy resources, promoting new emerging energy technologies, developing greater efficiency, and creating a Strategic Energy Efficiency and Renewables Reserve to invest in alternative energy, 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 “Creating Long-Term
5 Energy Alternatives for the Nation Act of 2007” or the
6 “CLEAN Energy Act of 2007”.

7 **TITLE I—DENIAL OF OIL AND**
8 **GAS TAX BENEFITS**

9 **SEC. 101. SHORT TITLE.**

10 This title may be cited as the “Ending Subsidies for
11 Big Oil Act of 2007”.

12 **SEC. 102. DENIAL OF DEDUCTION FOR INCOME ATTRIB-**
13 **UTABLE TO DOMESTIC PRODUCTION OF OIL,**
14 **NATURAL GAS, OR PRIMARY PRODUCTS**
15 **THEREOF.**

16 (a) IN GENERAL.—Subparagraph (B) of section
17 199(c)(4) of the Internal Revenue Code of 1986 (relating
18 to exceptions) is amended by striking “or” at the end of
19 clause (ii), by striking the period at the end of clause (iii)
20 and inserting “, or”, and by inserting after clause (iii) the
21 following new clause:

22 “(iv) the sale, exchange, or other dis-
23 position of oil, natural gas, or any primary
24 product thereof.”.

1 (b) PRIMARY PRODUCT.—Section 199(c)(4)(B) of
2 such Code is amended by adding at the end the following
3 flush sentence:

4 “For purposes of clause (iv), the term ‘primary
5 product’ has the same meaning as when used in
6 section 927(a)(2)(C), as in effect before its re-
7 peal.”.

8 (c) CONFORMING AMENDMENTS.—Section 199(c)(4)
9 of such Code is amended—

10 (1) in subparagraph (A)(i)(III) by striking
11 “electricity, natural gas,” and inserting “electricity”,
12 and

13 (2) in subparagraph (B)(ii) by striking “elec-
14 tricity, natural gas,” and inserting “electricity”.

15 (d) EFFECTIVE DATE.—The amendments made by
16 this section shall apply to taxable years beginning after
17 December 31, 2007.

18 **SEC. 103. 7-YEAR AMORTIZATION OF GEOLOGICAL AND**
19 **GEOPHYSICAL EXPENDITURES FOR CERTAIN**
20 **MAJOR INTEGRATED OIL COMPANIES.**

21 (a) IN GENERAL.—Subparagraph (A) of section
22 167(h)(5) of the Internal Revenue Code of 1986 (relating
23 to special rule for major integrated oil companies) is
24 amended by striking “5-year” and inserting “7-year”.

1 (b) EFFECTIVE DATE.—The amendment made by
2 this section shall apply to amounts paid or incurred after
3 the date of the enactment of this Act.

4 **TITLE II—ROYALTIES UNDER**
5 **OFFSHORE OIL AND GAS LEASES**

6 **SEC. 201. SHORT TITLE.**

7 This title may be cited as the “Royalty Relief for
8 American Consumers Act of 2007”.

9 **SEC. 202. PRICE THRESHOLDS FOR ROYALTY SUSPENSION**
10 **PROVISIONS.**

11 The Secretary of the Interior shall agree to a request
12 by any lessee to amend any lease issued for any Central
13 and Western Gulf of Mexico tract during the period of
14 January 1, 1998, through December 31, 1999, to incor-
15 porate price thresholds applicable to royalty suspension
16 provisions, that are equal to or less than the price thresh-
17 olds described in clauses (v) through (vii) of section
18 8(a)(3)(C) of the Outer Continental Shelf Lands Act (43
19 U.S.C. 1337(a)(3)(C)). Any amended lease shall impose
20 the new or revised price thresholds effective October 1,
21 2006. Existing lease provisions shall prevail through Sep-
22 tember 30, 2006.

1 **SEC. 203. CLARIFICATION OF AUTHORITY TO IMPOSE**
2 **PRICE THRESHOLDS FOR CERTAIN LEASE**
3 **SALES.**

4 Congress reaffirms the authority of the Secretary of
5 the Interior under section 8(a)(1)(H) of the Outer Conti-
6 nental Shelf Lands Act (43 U.S.C. 1337(a)(1)(H)) to
7 vary, based on the price of production from a lease, the
8 suspension of royalties under any lease subject to section
9 304 of the Outer Continental Shelf Deep Water Royalty
10 Relief Act (Public Law 104–58; 43 U.S.C. 1337 note).

11 **SEC. 204. ELIGIBILITY FOR NEW LEASES AND THE TRANS-**
12 **FER OF LEASES; CONSERVATION OF RE-**
13 **SOURCES FEES.**

14 (a) ISSUANCE OF NEW LEASES.—

15 (1) IN GENERAL.—The Secretary shall not
16 issue any new lease that authorizes the production
17 of oil or natural gas in the Gulf of Mexico under the
18 Outer Continental Shelf Lands Act (43 U.S.C. 1331
19 et seq.) to a person described in paragraph (2) un-
20 less—

21 (A) the person has renegotiated each cov-
22 ered lease with respect to which the person is
23 a lessee, to modify the payment responsibilities
24 of the person to include price thresholds that
25 are equal to or less than the price thresholds
26 described in clauses (v) through (vii) of section

1 8(a)(3)(C) of the Outer Continental Shelf
2 Lands Act (43 U.S.C. 1337(a)(3)(C)); or

3 (B) the person has—

4 (i) paid all fees established by the
5 Secretary under subsection (b) that are
6 due with respect to each covered lease for
7 which the person is a lessee; or

8 (ii) entered into an agreement with
9 the Secretary under which the person is
10 obligated to pay such fees.

11 (2) PERSONS DESCRIBED.—A person referred
12 to in paragraph (1) is a person that—

13 (A) is a lessee that—

14 (i) holds a covered lease on the date
15 on which the Secretary considers the
16 issuance of the new lease; or

17 (ii) was issued a covered lease before
18 the date of enactment of this Act, but
19 transferred the covered lease to another
20 person or entity (including a subsidiary or
21 affiliate of the lessee) after the date of en-
22 actment of this Act; or

23 (B) any other person or entity who has
24 any direct or indirect interest in, or who derives
25 any benefit from, a covered lease;

1 (3) MULTIPLE LESSEES.—

2 (A) IN GENERAL.—For purposes of para-
3 graph (1), if there are multiple lessees that own
4 a share of a covered lease, the Secretary may
5 implement separate agreements with any lessee
6 with a share of the covered lease that modifies
7 the payment responsibilities with respect to the
8 share of the lessee to include price thresholds
9 that are equal to or less than the price thresh-
10 olds described in clauses (v) through (vii) of
11 section 8(a)(3)(C) of the Outer Continental
12 Shelf Lands Act (43 U.S.C. 1337(a)(3)(C)).

13 (B) TREATMENT OF SHARE AS COVERED
14 LEASE.—Beginning on the effective date of an
15 agreement under subparagraph (A), any share
16 subject to the agreement shall not constitute a
17 covered lease with respect to any lessees that
18 entered into the agreement.

19 (b) CONSERVATION OF RESOURCES FEES.—

20 (1) IN GENERAL.—Not later than 60 days after
21 the date of enactment of this Act, the Secretary of
22 the Interior by regulation shall establish—

23 (A) a conservation of resources fee for pro-
24 ducing Federal oil and gas leases in the Gulf of
25 Mexico; and

1 (B) a conservation of resources fee for
2 nonproducing Federal oil and gas leases in the
3 Gulf of Mexico.

4 (2) PRODUCING LEASE FEE TERMS.—The fee
5 under paragraph (1)(A)—

6 (A) subject to subparagraph (C), shall
7 apply to covered leases that are producing
8 leases;

9 (B) shall be set at \$9 per barrel for oil and
10 \$1.25 per million Btu for gas, respectively, in
11 2005 dollars; and

12 (C) shall apply only to production of oil or
13 gas occurring—

14 (i) in any calendar year in which the
15 arithmetic average of the daily closing
16 prices for light sweet crude oil on the New
17 York Mercantile Exchange (NYMEX) ex-
18 ceeds \$34.73 per barrel for oil and \$4.34
19 per million Btu for gas in 2005 dollars;
20 and

21 (ii) on or after October 1, 2006.

22 (3) NONPRODUCING LEASE FEE TERMS.—The
23 fee under paragraph (1)(B)—

24 (A) subject to subparagraph (C), shall
25 apply to leases that are nonproducing leases;

1 (B) shall be set at \$3.75 per acre per year
2 in 2005 dollars; and

3 (C) shall apply on and after October 1,
4 2006.

5 (4) TREATMENT OF RECEIPTS.—Amounts re-
6 ceived by the United States as fees under this sub-
7 section shall be treated as offsetting receipts.

8 (c) TRANSFERS.—A lessee or any other person who
9 has any direct or indirect interest in, or who derives a
10 benefit from, a lease shall not be eligible to obtain by sale
11 or other transfer (including through a swap, spinoff, serv-
12 icing, or other agreement) any covered lease, the economic
13 benefit of any covered lease, or any other lease for the
14 production of oil or natural gas in the Gulf of Mexico
15 under the Outer Continental Shelf Lands Act (43 U.S.C.
16 1331 et seq.), unless—

17 (1) the lessee or other person has—

18 (A) renegotiated all covered leases of the
19 lessee or other person; and

20 (B) entered into an agreement with the
21 Secretary to modify the terms of all covered
22 leases of the lessee or other person to include
23 limitations on royalty relief based on market
24 prices that are equal to or less than the price
25 thresholds described in clauses (v) through (vii)

1 of section 8(a)(3)(C) of the Outer Continental
2 Shelf Lands Act (43 U.S.C. 1337(a)(3)(C)); or
3 (2) the lessee or other person has—

4 (A) paid all fees established by the Sec-
5 retary under subsection (b) that are due with
6 respect to each covered lease for which the per-
7 son is a lessee; or

8 (B) entered into an agreement with the
9 Secretary under which the person is obligated
10 to pay such fees.

11 (d) DEFINITIONS.—In this section—

12 (1) COVERED LEASE.—The term “covered
13 lease” means a lease for oil or gas production in the
14 Gulf of Mexico that is—

15 (A) in existence on the date of enactment
16 of this Act;

17 (B) issued by the Department of the Inte-
18 rior under section 304 of the Outer Continental
19 Shelf Deep Water Royalty Relief Act (43
20 U.S.C. 1337 note; Public Law 104–58); and

21 (C) not subject to limitations on royalty re-
22 lief based on market price that are equal to or
23 less than the price thresholds described in
24 clauses (v) through (vii) of section 8(a)(3)(C) of

1 the Outer Continental Shelf Lands Act (43
2 U.S.C. 1337(a)(3)(C)).

3 (2) LESSEE.—The term “lessee” includes any
4 person or other entity that controls, is controlled by,
5 or is in or under common control with, a lessee.

6 (3) SECRETARY.—The term “Secretary” means
7 the Secretary of the Interior.

8 **SEC. 205. REPEAL OF CERTAIN TAXPAYER SUBSIDIZED**
9 **ROYALTY RELIEF FOR THE OIL AND GAS IN-**
10 **DUSTRY.**

11 (a) REPEAL OF PROVISIONS OF ENERGY POLICY ACT
12 OF 2005.—The following provisions of the Energy Policy
13 Act of 2005 (Public Law 109–58) are repealed:

14 (1) Section 344 (42 U.S.C. 15904; relating to
15 incentives for natural gas production from deep wells
16 in shallow waters of the Gulf of Mexico).

17 (2) Section 345 (42 U.S.C. 15905; relating to
18 royalty relief for deep water production in the Gulf
19 of Mexico).

20 (3) Subsection (i) of section 365 (42 U.S.C.
21 15924; relating to the prohibition on drilling-related
22 permit application cost recovery fees).

23 (b) PROVISIONS RELATING TO PLANNING AREAS
24 OFFSHORE ALASKA.—Section 8(a)(3)(B) of the Outer
25 Continental Shelf Lands Act (43 U.S.C. 1337(a)(3)(B))

1 is amended by striking “and in the Planning Areas off-
2 shore Alaska” after “West longitude”.

3 (c) PROVISIONS RELATING TO NAVAL PETROLEUM
4 RESERVE IN ALASKA.—Section 107 of the Naval Petro-
5 leum Reserves Production Act of 1976 (as transferred, re-
6 designated, moved, and amended by section 347 of the En-
7 ergy Policy Act of 2005 (119 Stat. 704)) is amended—

8 (1) in subsection (i) by striking paragraphs (2)
9 through (6); and

10 (2) by striking subsection (k).

11 **TITLE III—STRATEGIC ENERGY**
12 **EFFICIENCY AND RENEW-**
13 **ABLES RESERVE**

14 **SEC. 301. STRATEGIC ENERGY EFFICIENCY AND RENEW-**
15 **ABLES RESERVE FOR INVESTMENTS IN RE-**
16 **NEWABLE ENERGY AND ENERGY EFFI-**
17 **CIENCY.**

18 (a) IN GENERAL.—For budgetary purposes, the addi-
19 tional Federal receipts by reason of the enactment of this
20 Act shall be held in a separate account to be known as
21 the “Strategic Energy Efficiency and Renewables Re-
22 serve”. The Strategic Energy Efficiency and Renewables
23 Reserve shall be available to offset the cost of subsequent
24 legislation—

1 (1) to accelerate the use of clean domestic re-
2 newable energy resources and alternative fuels;

3 (2) to promote the utilization of energy-efficient
4 products and practices and conservation; and

5 (3) to increase research, development, and de-
6 ployment of clean renewable energy and efficiency
7 technologies.

8 (b) PROCEDURE FOR ADJUSTMENTS.—

9 (1) BUDGET COMMITTEE CHAIRMAN.—After the
10 reporting of a bill or joint resolution, or the offering
11 of an amendment thereto or the submission of a con-
12 ference report thereon, providing funding for the
13 purposes set forth in subsection (a) in excess of the
14 amounts provided for those purposes for fiscal year
15 2007, the chairman of the Committee on the Budget
16 of the applicable House of Congress shall make the
17 adjustments set forth in paragraph (2) for the
18 amount of new budget authority and outlays in that
19 measure and the outlays flowing from that budget
20 authority.

21 (2) MATTERS TO BE ADJUSTED.—The adjust-
22 ments referred to in paragraph (1) are to be made
23 to—

1 (A) the discretionary spending limits, if
2 any, set forth in the appropriate concurrent res-
3 olution on the budget;

4 (B) the allocations made pursuant to the
5 appropriate concurrent resolution on the budget
6 pursuant to section 302(a) of the Congressional
7 Budget Act of 1974; and

8 (C) the budget aggregates contained in the
9 appropriate concurrent resolution on the budget
10 as required by section 301(a) of the Congres-
11 sional Budget Act of 1974.

12 (3) AMOUNTS OF ADJUSTMENTS.—The adjust-
13 ments referred to in paragraphs (1) and (2) shall
14 not exceed the receipts estimated by the Congres-
15 sional Budget Office that are attributable to this Act
16 for the fiscal year in which the adjustments are
17 made.

Passed the House of Representatives January 18,
2007.

Attest:

Clerk.

110TH CONGRESS
1ST SESSION

H. R. 6

AN ACT

To reduce our Nation's dependency on foreign oil by investing in clean, renewable, and alternative energy resources, promoting new emerging energy technologies, developing greater efficiency, and creating a Strategic Energy Efficiency and Renewables Reserve to invest in alternative energy, and for other purposes.