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110TH CONGRESS
1ST SESSION

H. R. 6

IN THE SENATE OF THE UNITED STATES

JANUARY 18, 2007

Received and read the first time

JANUARY 22, 2007

Read the second time and placed on the calendar

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”.

1 **TITLE I—DENIAL OF OIL AND**
2 **GAS TAX BENEFITS**

3 **SEC. 101. SHORT TITLE.**

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

6 **SEC. 102. DENIAL OF DEDUCTION FOR INCOME ATTRIB-**
7 **UTABLE TO DOMESTIC PRODUCTION OF OIL,**
8 **NATURAL GAS, OR PRIMARY PRODUCTS**
9 **THEREOF.**

10 (a) IN GENERAL.—Subparagraph (B) of section
11 199(c)(4) of the Internal Revenue Code of 1986 (relating
12 to exceptions) is amended by striking “or” at the end of
13 clause (ii), by striking the period at the end of clause (iii)
14 and inserting “, or”, and by inserting after clause (iii) the
15 following new clause:

16 “(iv) the sale, exchange, or other dis-
17 position of oil, natural gas, or any primary
18 product thereof.”.

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

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

1 (c) CONFORMING AMENDMENTS.—Section 199(c)(4)
 2 of such Code is amended—

3 (1) in subparagraph (A)(i)(III) by striking
 4 “electricity, natural gas,” and inserting “electricity”,
 5 and

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

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

11 **SEC. 103. 7-YEAR AMORTIZATION OF GEOLOGICAL AND**
 12 **GEOPHYSICAL EXPENDITURES FOR CERTAIN**
 13 **MAJOR INTEGRATED OIL COMPANIES.**

14 (a) IN GENERAL.—Subparagraph (A) of section
 15 167(h)(5) of the Internal Revenue Code of 1986 (relating
 16 to special rule for major integrated oil companies) is
 17 amended by striking “5-year” and inserting “7-year”.

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

21 **TITLE II—ROYALTIES UNDER**
 22 **OFFSHORE OIL AND GAS LEASES**

23 **SEC. 201. SHORT TITLE.**

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

1 **SEC. 202. PRICE THRESHOLDS FOR ROYALTY SUSPENSION**
2 **PROVISIONS.**

3 The Secretary of the Interior shall agree to a request
4 by any lessee to amend any lease issued for any Central
5 and Western Gulf of Mexico tract during the period of
6 January 1, 1998, through December 31, 1999, to incor-
7 porate price thresholds applicable to royalty suspension
8 provisions, that are equal to or less than the price thresh-
9 olds described in clauses (v) through (vii) of section
10 8(a)(3)(C) of the Outer Continental Shelf Lands Act (43
11 U.S.C. 1337(a)(3)(C)). Any amended lease shall impose
12 the new or revised price thresholds effective October 1,
13 2006. Existing lease provisions shall prevail through Sep-
14 tember 30, 2006.

15 **SEC. 203. CLARIFICATION OF AUTHORITY TO IMPOSE**
16 **PRICE THRESHOLDS FOR CERTAIN LEASE**
17 **SALES.**

18 Congress reaffirms the authority of the Secretary of
19 the Interior under section 8(a)(1)(H) of the Outer Conti-
20 nental Shelf Lands Act (43 U.S.C. 1337(a)(1)(H)) to
21 vary, based on the price of production from a lease, the
22 suspension of royalties under any lease subject to section
23 304 of the Outer Continental Shelf Deep Water Royalty
24 Relief Act (Public Law 104–58; 43 U.S.C. 1337 note).

1 **SEC. 204. ELIGIBILITY FOR NEW LEASES AND THE TRANS-**
2 **FER OF LEASES; CONSERVATION OF RE-**
3 **SOURCES FEES.**

4 (a) ISSUANCE OF NEW LEASES.—

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

11 (A) the person has renegotiated each cov-
12 ered lease with respect to which the person is
13 a lessee, to modify the payment responsibilities
14 of the person to include price thresholds that
15 are equal to or less than the price thresholds
16 described in clauses (v) through (vii) of section
17 8(a)(3)(C) of the Outer Continental Shelf
18 Lands Act (43 U.S.C. 1337(a)(3)(C)); or

19 (B) the person has—

20 (i) paid all fees established by the
21 Secretary under subsection (b) that are
22 due with respect to each covered lease for
23 which the person is a lessee; or

24 (ii) entered into an agreement with
25 the Secretary under which the person is
26 obligated to pay such fees.

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

3 (A) is a lessee that—

4 (i) holds a covered lease on the date
5 on which the Secretary considers the
6 issuance of the new lease; or

7 (ii) was issued a covered lease before
8 the date of enactment of this Act, but
9 transferred the covered lease to another
10 person or entity (including a subsidiary or
11 affiliate of the lessee) after the date of en-
12 actment of this Act; or

13 (B) any other person or entity who has
14 any direct or indirect interest in, or who derives
15 any benefit from, a covered lease;

16 (3) MULTIPLE LESSEES.—

17 (A) IN GENERAL.—For purposes of para-
18 graph (1), if there are multiple lessees that own
19 a share of a covered lease, the Secretary may
20 implement separate agreements with any lessee
21 with a share of the covered lease that modifies
22 the payment responsibilities with respect to the
23 share of the lessee to include price thresholds
24 that are equal to or less than the price thresh-
25 olds described in clauses (v) through (vii) of

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

3 (B) TREATMENT OF SHARE AS COVERED
4 LEASE.—Beginning on the effective date of an
5 agreement under subparagraph (A), any share
6 subject to the agreement shall not constitute a
7 covered lease with respect to any lessees that
8 entered into the agreement.

9 (b) CONSERVATION OF RESOURCES FEES.—

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

13 (A) a conservation of resources fee for pro-
14 ducing Federal oil and gas leases in the Gulf of
15 Mexico; and

16 (B) a conservation of resources fee for
17 nonproducing Federal oil and gas leases in the
18 Gulf of Mexico.

19 (2) PRODUCING LEASE FEE TERMS.—The fee
20 under paragraph (1)(A)—

21 (A) subject to subparagraph (C), shall
22 apply to covered leases that are producing
23 leases;

1 (B) shall be set at \$9 per barrel for oil and
2 \$1.25 per million Btu for gas, respectively, in
3 2005 dollars; and

4 (C) shall apply only to production of oil or
5 gas occurring—

6 (i) in any calendar year in which the
7 arithmetic average of the daily closing
8 prices for light sweet crude oil on the New
9 York Mercantile Exchange (NYMEX) ex-
10 ceeds \$34.73 per barrel for oil and \$4.34
11 per million Btu for gas in 2005 dollars;
12 and

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

14 (3) NONPRODUCING LEASE FEE TERMS.—The
15 fee under paragraph (1)(B)—

16 (A) subject to subparagraph (C), shall
17 apply to leases that are nonproducing leases;

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

20 (C) shall apply on and after October 1,
21 2006.

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

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

10 (1) the lessee or other person has—

11 (A) renegotiated all covered leases of the
12 lessee or other person; and

13 (B) entered into an agreement with the
14 Secretary to modify the terms of all covered
15 leases of the lessee or other person to include
16 limitations on royalty relief based on market
17 prices that are equal to or less than the price
18 thresholds described in clauses (v) through (vii)
19 of section 8(a)(3)(C) of the Outer Continental
20 Shelf Lands Act (43 U.S.C. 1337(a)(3)(C)); or

21 (2) the lessee or other person has—

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

1 (B) entered into an agreement with the
2 Secretary under which the person is obligated
3 to pay such fees.

4 (d) DEFINITIONS.—In this section—

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

8 (A) in existence on the date of enactment
9 of this Act;

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

14 (C) not subject to limitations on royalty re-
15 lief based on market price that are equal to or
16 less than the price thresholds described in
17 clauses (v) through (vii) of section 8(a)(3)(C) of
18 the Outer Continental Shelf Lands Act (43
19 U.S.C. 1337(a)(3)(C)).

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

23 (3) SECRETARY.—The term “Secretary” means
24 the Secretary of the Interior.

1 **SEC. 205. REPEAL OF CERTAIN TAXPAYER SUBSIDIZED**
2 **ROYALTY RELIEF FOR THE OIL AND GAS IN-**
3 **DUSTRY.**

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

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

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

13 (3) Subsection (i) of section 365 (42 U.S.C.
14 15924; relating to the prohibition on drilling-related
15 permit application cost recovery fees).

16 (b) PROVISIONS RELATING TO PLANNING AREAS
17 OFFSHORE ALASKA.—Section 8(a)(3)(B) of the Outer
18 Continental Shelf Lands Act (43 U.S.C. 1337(a)(3)(B))
19 is amended by striking “and in the Planning Areas off-
20 shore Alaska” after “West longitude”.

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

1 (1) in subsection (i) by striking paragraphs (2)
2 through (6); and
3 (2) by striking subsection (k).

4 **TITLE III—STRATEGIC ENERGY**
5 **EFFICIENCY AND RENEW-**
6 **ABLES RESERVE**

7 **SEC. 301. STRATEGIC ENERGY EFFICIENCY AND RENEW-**
8 **ABLES RESERVE FOR INVESTMENTS IN RE-**
9 **NEWABLE ENERGY AND ENERGY EFFI-**
10 **CIENCY.**

11 (a) IN GENERAL.—For budgetary purposes, the addi-
12 tional Federal receipts by reason of the enactment of this
13 Act shall be held in a separate account to be known as
14 the “Strategic Energy Efficiency and Renewables Re-
15 serve”. The Strategic Energy Efficiency and Renewables
16 Reserve shall be available to offset the cost of subsequent
17 legislation—

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

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

22 (3) to increase research, development, and de-
23 ployment of clean renewable energy and efficiency
24 technologies.

25 (b) PROCEDURE FOR ADJUSTMENTS.—

1 (1) BUDGET COMMITTEE CHAIRMAN.—After the
2 reporting of a bill or joint resolution, or the offering
3 of an amendment thereto or the submission of a con-
4 ference report thereon, providing funding for the
5 purposes set forth in subsection (a) in excess of the
6 amounts provided for those purposes for fiscal year
7 2007, the chairman of the Committee on the Budget
8 of the applicable House of Congress shall make the
9 adjustments set forth in paragraph (2) for the
10 amount of new budget authority and outlays in that
11 measure and the outlays flowing from that budget
12 authority.

13 (2) MATTERS TO BE ADJUSTED.—The adjust-
14 ments referred to in paragraph (1) are to be made
15 to—

16 (A) the discretionary spending limits, if
17 any, set forth in the appropriate concurrent res-
18 olution on the budget;

19 (B) the allocations made pursuant to the
20 appropriate concurrent resolution on the budget
21 pursuant to section 302(a) of the Congressional
22 Budget Act of 1974; and

23 (C) the budget aggregates contained in the
24 appropriate concurrent resolution on the budget

1 as required by section 301(a) of the Congres-
2 sional Budget Act of 1974.

3 (3) AMOUNTS OF ADJUSTMENTS.—The adjust-
4 ments referred to in paragraphs (1) and (2) shall
5 not exceed the receipts estimated by the Congres-
6 sional Budget Office that are attributable to this Act
7 for the fiscal year in which the adjustments are
8 made.

Passed the House of Representatives January 18,
2007.

Attest:

KAREN L. HAAS,
Clerk.

Calendar No. 9

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.

JANUARY 22, 2007

Read the second time and placed on the calendar