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113TH CONGRESS
1ST SESSION

H. R. 2231

[Report No. 113-125]

To amend the Outer Continental Shelf Lands Act to increase energy exploration and production on the Outer Continental Shelf, provide for equitable revenue sharing for all coastal States, implement the reorganization of the functions of the former Minerals Management Service into distinct and separate agencies, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JUNE 4, 2013

Mr. HASTINGS of Washington (for himself, Mr. LAMBORN, Mr. CRAMER, Mr. FLORES, Mr. DUNCAN of South Carolina, Mr. LAMALFA, and Mr. WITTMAN) introduced the following bill; which was referred to the Committee on Natural Resources

JUNE 24, 2013

Additional sponsors: Mr. DAINES, Mr. STEWART, Mr. BENISHEK, Mr. McCLINTOCK, and Mr. MULLIN

JUNE 24, 2013

Reported with an amendment, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed

[Strike out all after the enacting clause and insert the part printed in italics]

[For text of introduced bill, see copy of bill as introduced on June 4, 2013]

A BILL

To amend the Outer Continental Shelf Lands Act to increase energy exploration and production on the Outer Continental Shelf, provide for equitable revenue sharing for all coastal States, implement the reorganization of the functions of the former Minerals Management Service into distinct and separate agencies, 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 “Offshore Energy and*
 5 *Jobs Act”.*

6 **SEC. 2. TABLE OF CONTENTS.**

7 *The table of contents for this Act is as follows:*

Sec. 1. Short title.

Sec. 2. Table of contents.

*TITLE I—OUTER CONTINENTAL SHELF LEASING PROGRAM
REFORMS*

Sec. 101. Outer Continental Shelf leasing program reforms.

Sec. 102. Domestic oil and natural gas production goal.

Sec. 103. Development and submittal of new 5-year oil and gas leasing program.

*TITLE II—DIRECTING THE PRESIDENT TO CONDUCT NEW OCS
SALES IN VIRGINIA, SOUTH CAROLINA, AND CALIFORNIA*

*Sec. 201. Requirement to conduct proposed oil and gas Lease Sale 220 on the
Outer Continental Shelf offshore Virginia.*

Sec. 202. South Carolina lease sale.

Sec. 203. Southern California existing infrastructure lease sale.

Sec. 204. Environmental impact statement requirement.

Sec. 205. National defense.

Sec. 206. Eastern Gulf of Mexico not included.

*TITLE III—EQUITABLE SHARING OF OUTER CONTINENTAL SHELF
REVENUES*

Sec. 301. Disposition of Outer Continental Shelf revenues to coastal States.

*TITLE IV—REORGANIZATION OF MINERALS MANAGEMENT
AGENCIES OF THE DEPARTMENT OF THE INTERIOR*

*Sec. 401. Establishment of Under Secretary for Energy, Lands, and Minerals and
Assistant Secretary of Ocean Energy and Safety.*

Sec. 402. Bureau of Ocean Energy.

Sec. 403. Ocean Energy Safety Service.

Sec. 404. Office of Natural Resources revenue.

Sec. 405. Ethics and drug testing.

Sec. 406. Abolishment of Minerals Management Service.

Sec. 407. Conforming amendments to Executive Schedule pay rates.

Sec. 408. Outer Continental Shelf Energy Safety Advisory Board.

Sec. 409. Outer Continental Shelf inspection fees.

TITLE V—UNITED STATES TERRITORIES

Sec. 501. Application of Outer Continental Shelf Lands Act with respect to territories of the United States.

1 **TITLE I—OUTER CONTINENTAL**
2 **SHELF LEASING PROGRAM**
3 **REFORMS**

4 **SEC. 101. OUTER CONTINENTAL SHELF LEASING PROGRAM**
5 **REFORMS.**

6 *Section 18(a) of the Outer Continental Shelf Lands Act*
7 *(43 U.S.C. 1344(a)) is amended by adding at the end the*
8 *following:*

9 *“(5)(A) In each oil and gas leasing program*
10 *under this section, the Secretary shall make available*
11 *for leasing and conduct lease sales including at least*
12 *50 percent of the available unleased acreage within*
13 *each outer Continental Shelf planning area consid-*
14 *ered to have the largest undiscovered, technically re-*
15 *coverable oil and gas resources (on a total btu basis)*
16 *based upon the most recent national geologic assess-*
17 *ment of the outer Continental Shelf, with an emphasis*
18 *on offering the most geologically prospective parts of*
19 *the planning area.*

20 *“(B) The Secretary shall include in each pro-*
21 *posed oil and gas leasing program under this section*
22 *any State subdivision of an outer Continental Shelf*
23 *planning area that the Governor of the State that*

1 *represents that subdivision requests be made available*
2 *for leasing. The Secretary may not remove such a*
3 *subdivision from the program until publication of the*
4 *final program.*

5 *“(C) In this paragraph the term ‘available un-*
6 *leased acreage’ means that portion of the outer Conti-*
7 *ental Shelf that is not under lease at the time of a*
8 *proposed lease sale, and that has not otherwise been*
9 *made unavailable for leasing by law.*

10 *“(6)(A) In the 5-year oil and gas leasing pro-*
11 *gram, the Secretary shall make available for leasing*
12 *any outer Continental Shelf planning areas that—*

13 *“(i) are estimated to contain more than*
14 *2,500,000,000 barrels of oil; or*

15 *“(ii) are estimated to contain more than*
16 *7,500,000,000,000 cubic feet of natural gas.*

17 *“(B) To determine the planning areas described*
18 *in subparagraph (A), the Secretary shall use the doc-*
19 *ument entitled ‘Minerals Management Service Assess-*
20 *ment of Undiscovered Technically Recoverable Oil*
21 *and Gas Resources of the Nation’s Outer Continental*
22 *Shelf, 2006’.”.*

1 **SEC. 102. DOMESTIC OIL AND NATURAL GAS PRODUCTION**

2 **GOAL.**

3 *Section 18(b) of the Outer Continental Shelf Lands Act*
4 *(43 U.S.C. 1344(b)) is amended to read as follows:*

5 *“(b) DOMESTIC OIL AND NATURAL GAS PRODUCTION*
6 *GOAL.—*

7 *“(1) IN GENERAL.—In developing a 5-year oil*
8 *and gas leasing program, and subject to paragraph*
9 *(2), the Secretary shall determine a domestic strategic*
10 *production goal for the development of oil and nat-*
11 *ural gas as a result of that program. Such goal shall*
12 *be—*

13 *“(A) the best estimate of the possible in-*
14 *crease in domestic production of oil and natural*
15 *gas from the outer Continental Shelf;*

16 *“(B) focused on meeting domestic demand*
17 *for oil and natural gas and reducing the depend-*
18 *ence of the United States on foreign energy; and*

19 *“(C) focused on the production increases*
20 *achieved by the leasing program at the end of the*
21 *15-year period beginning on the effective date of*
22 *the program.*

23 *“(2) PROGRAM GOAL.—For purposes of the 5-*
24 *year oil and gas leasing program, the production goal*
25 *referred to in paragraph (1) shall be an increase by*
26 *2032 of—*

1 (2) *by not later than July 15, 2015, approve a*
2 *final oil and gas leasing program under such section*
3 *for such period.*

4 (b) *CONSIDERATION OF ALL AREAS.—In preparing*
5 *such program the Secretary shall include consideration of*
6 *areas of the Continental Shelf off the coasts of all States*
7 *(as such term is defined in section 2 of that Act, as amended*
8 *by this Act), that are subject to leasing under this Act.*

9 (c) *TECHNICAL CORRECTION.—Section 18(d)(3) of the*
10 *Outer Continental Shelf Lands Act (43 U.S.C. 1344(d)(3))*
11 *is amended by striking “or after eighteen months following*
12 *the date of enactment of this section, whichever first oc-*
13 *curs.”.*

14 **TITLE II—DIRECTING THE**
15 **PRESIDENT TO CONDUCT**
16 **NEW OCS SALES IN VIRGINIA,**
17 **SOUTH CAROLINA, AND CALI-**
18 **FORNIA**

19 **SEC. 201. REQUIREMENT TO CONDUCT PROPOSED OIL AND**
20 **GAS LEASE SALE 220 ON THE OUTER CONTI-**
21 **NENTAL SHELF OFFSHORE VIRGINIA.**

22 (a) *IN GENERAL.—Notwithstanding the exclusion of*
23 *Lease Sale 220 in the Final Outer Continental Shelf Oil*
24 *& Gas Leasing Program 2012–2017, the Secretary of the*
25 *Interior shall conduct offshore oil and gas Lease Sale 220*

1 *under section 8 of the Outer Continental Shelf Lands Act*
2 *(43 U.S.C. 1337) as soon as practicable, but not later than*
3 *one year after the date of enactment of this Act.*

4 (b) *REQUIREMENT TO MAKE REPLACEMENT LEASE*
5 *BLOCKS AVAILABLE.—For each lease block in a proposed*
6 *lease sale under this section for which the Secretary of De-*
7 *fense, in consultation with the Secretary of the Interior,*
8 *under the Memorandum of Agreement referred to in section*
9 *205(b), issues a statement proposing deferral from a lease*
10 *offering due to defense-related activities that are irreconcil-*
11 *able with mineral exploration and development, the Sec-*
12 *retary of the Interior, in consultation with the Secretary*
13 *of Defense, shall make available in the same lease sale one*
14 *other lease block in the Virginia lease sale planning area*
15 *that is acceptable for oil and gas exploration and produc-*
16 *tion in order to mitigate conflict.*

17 (c) *BALANCING MILITARY AND ENERGY PRODUCTION*
18 *GOALS.—In recognition that the Outer Continental Shelf*
19 *oil and gas leasing program and the domestic energy re-*
20 *sources produced therefrom are integral to national secu-*
21 *rity, the Secretary of the Interior and the Secretary of De-*
22 *fense shall work jointly in implementing this section in*
23 *order to ensure achievement of the following common goals:*

24 (1) *Preserving the ability of the Armed Forces of*
25 *the United States to maintain an optimum state of*

1 *readiness through their continued use of the Outer*
2 *Continental Shelf.*

3 (2) *Allowing effective exploration, development,*
4 *and production of our Nation’s oil, gas, and renew-*
5 *able energy resources.*

6 (d) *DEFINITIONS.—In this section:*

7 (1) *LEASE SALE 220.—The term “Lease Sale*
8 *220” means such lease sale referred to in the Request*
9 *for Comments on the Draft Proposed 5-Year Outer*
10 *Continental Shelf (OCS) Oil and Gas Leasing Pro-*
11 *gram for 2010–2015 and Notice of Intent To Prepare*
12 *an Environmental Impact Statement (EIS) for the*
13 *Proposed 5-Year Program published January 21,*
14 *2009 (74 Fed. Reg. 3631).*

15 (2) *VIRGINIA LEASE SALE PLANNING AREA.—The*
16 *term “Virginia lease sale planning area” means the*
17 *area of the outer Continental Shelf (as that term is*
18 *defined in the Outer Continental Shelf Lands Act (33*
19 *U.S.C. 1331 et seq.)) that is bounded by—*

20 (A) *a northern boundary consisting of a*
21 *straight line extending from the northernmost*
22 *point of Virginia’s seaward boundary to the*
23 *point on the seaward boundary of the United*
24 *States exclusive economic zone located at 37 de-*

1 *grees 17 minutes 1 second North latitude, 71 de-*
2 *grees 5 minutes 16 seconds West longitude; and*
3 *(B) a southern boundary consisting of a*
4 *straight line extending from the southernmost*
5 *point of Virginia’s seaward boundary to the*
6 *point on the seaward boundary of the United*
7 *States exclusive economic zone located at 36 de-*
8 *grees 31 minutes 58 seconds North latitude, 71*
9 *degrees 30 minutes 1 second West longitude.*

10 **SEC. 202. SOUTH CAROLINA LEASE SALE.**

11 *Notwithstanding inclusion of the South Atlantic Outer*
12 *Continental Shelf Planning Area in the Final Outer Conti-*
13 *mental Shelf Oil & Gas Leasing Program 2012–2017, the*
14 *Secretary of the Interior shall conduct a lease sale not later*
15 *than 2 years after the date of the enactment of this Act*
16 *for areas off the coast of South Carolina determined by the*
17 *Secretary to have the most geologically promising hydro-*
18 *carbon resources and constituting not less than 25 percent*
19 *of the leasable area within the South Carolina offshore ad-*
20 *ministrative boundaries depicted in the notice entitled*
21 *“Federal Outer Continental Shelf (OCS) Administrative*
22 *Boundaries Extending from the Submerged Lands Act*
23 *Boundary seaward to the Limit of the United States Outer*
24 *Continental Shelf”, published January 3, 2006 (71 Fed.*
25 *Reg. 127).*

1 **SEC. 203. SOUTHERN CALIFORNIA EXISTING INFRASTRUC-**
2 **TURE LEASE SALE.**

3 (a) *IN GENERAL.*—*The Secretary of the Interior shall*
4 *offer for sale leases of tracts in the Santa Maria and Santa*
5 *Barbara/Ventura Basins of the Southern California OCS*
6 *Planning Area as soon as practicable, but not later than*
7 *December 31, 2014.*

8 (b) *USE OF EXISTING STRUCTURES OR ONSHORE-*
9 *BASED DRILLING.*—*The Secretary of the Interior shall in-*
10 *clude in leases offered for sale under this lease sale such*
11 *terms and conditions as are necessary to require that devel-*
12 *opment and production may occur only from offshore infra-*
13 *structure in existence on the date of the enactment of this*
14 *Act or from onshore-based, extended-reach drilling.*

15 **SEC. 204. ENVIRONMENTAL IMPACT STATEMENT REQUIRE-**
16 **MENT.**

17 (a) *IN GENERAL.*—*For the purposes of this Act, the*
18 *Secretary of the Interior shall prepare a multisale environ-*
19 *mental impact statement under section 102 of the National*
20 *Environmental Policy Act of 1969 (42 U.S.C. 4332) for all*
21 *lease sales required under this title.*

22 (b) *ACTIONS TO BE CONSIDERED.*—*Notwithstanding*
23 *section 102 of the National Environmental Policy Act of*
24 *1969 (42 U.S.C. 4332), in such statement—*

25 (1) *the Secretary is not required to identify non-*
26 *leasing alternative courses of action or to analyze the*

1 *environmental effects of such alternative courses of ac-*
2 *tion; and*

3 *(2) the Secretary shall only—*

4 *(A) identify a preferred action for leasing*
5 *and not more than one alternative leasing pro-*
6 *posal; and*

7 *(B) analyze the environmental effects and*
8 *potential mitigation measures for such preferred*
9 *action and such alternative leasing proposal.*

10 **SEC. 205. NATIONAL DEFENSE.**

11 *(a) NATIONAL DEFENSE AREAS.—This Act does not*
12 *affect the existing authority of the Secretary of Defense,*
13 *with the approval of the President, to designate national*
14 *defense areas on the Outer Continental Shelf pursuant to*
15 *section 12(d) of the Outer Continental Shelf Lands Act (43*
16 *U.S.C. 1341(d)).*

17 *(b) PROHIBITION ON CONFLICTS WITH MILITARY OP-*
18 *ERATIONS.—No person may engage in any exploration, de-*
19 *velopment, or production of oil or natural gas on the Outer*
20 *Continental Shelf under a lease issued under this Act that*
21 *would conflict with any military operation, as determined*
22 *in accordance with the Memorandum of Agreement between*
23 *the Department of Defense and the Department of the Inte-*
24 *rior on Mutual Concerns on the Outer Continental Shelf*
25 *signed July 20, 1983, and any revision or replacement for*

1 *that agreement that is agreed to by the Secretary of Defense*
 2 *and the Secretary of the Interior after that date but before*
 3 *the date of issuance of the lease under which such explo-*
 4 *ration, development, or production is conducted.*

5 **SEC. 206. EASTERN GULF OF MEXICO NOT INCLUDED.**

6 *Nothing in this Act affects restrictions on oil and gas*
 7 *leasing under the Gulf of Mexico Energy Security Act of*
 8 *2006 (title I of division C of Public Law 109–432; 43*
 9 *U.S.C. 1331 note).*

10 **TITLE III—EQUITABLE SHARING**
 11 **OF OUTER CONTINENTAL**
 12 **SHELF REVENUES**

13 **SEC. 301. DISPOSITION OF OUTER CONTINENTAL SHELF**
 14 **REVENUES TO COASTAL STATES.**

15 *(a) IN GENERAL.—Section 9 of the Outer Continental*
 16 *Shelf Lands Act (43 U.S.C. 1338) is amended—*

17 *(1) in the existing text—*

18 *(A) in the first sentence, by striking “All*
 19 *rentals,” and inserting the following:*

20 *“(c) DISPOSITION OF REVENUE UNDER OLD*
 21 *LEASES.—All rentals,”; and*

22 *(B) in subsection (c) (as designated by the*
 23 *amendment made by subparagraph (A) of this*
 24 *paragraph), by striking “for the period from*
 25 *June 5, 1950, to date, and thereafter” and in-*

1 serting “in the period beginning June 5, 1950,
2 and ending on the date of enactment of the Off-
3 shore Energy and Jobs Act”;

4 (2) by adding after subsection (c) (as so des-
5 ignated) the following:

6 “(d) DEFINITIONS.—In this section:

7 “(1) COASTAL STATE.—The term ‘coastal State’
8 includes a territory of the United States.

9 “(2) NEW LEASING REVENUES.—The term ‘new
10 leasing revenues’—

11 “(A) means amounts received by the United
12 States as bonuses, rents, and royalties under
13 leases for oil and gas, wind, tidal, or other en-
14 ergy exploration, development, and production
15 on new areas of the outer Continental Shelf that
16 are authorized to be made available for leasing
17 as a result of enactment of the Offshore Energy
18 and Jobs Act and leasing under that Act; and

19 “(B) does not include amounts received by
20 the United States under any lease of an area lo-
21 cated in the boundaries of the Central Gulf of
22 Mexico and Western Gulf of Mexico Outer Conti-
23 nental Shelf Planning Areas on the date of en-
24 actment of the Offshore Energy and Jobs Act, in-

1 *cluding a lease issued before, on, or after such*
2 *date of enactment.”; and*

3 *(3) by inserting before subsection (c) (as so des-*
4 *ignated) the following:*

5 “(a) *PAYMENT OF NEW LEASING REVENUES TO*
6 *COASTAL STATES.—*

7 “(1) *IN GENERAL.—Except as provided in para-*
8 *graph (2), of the amount of new leasing revenues re-*
9 *ceived by the United States each fiscal year, 37.5 per-*
10 *cent shall be allocated and paid in accordance with*
11 *subsection (b) to coastal States that are affected States*
12 *with respect to the leases under which those revenues*
13 *are received by the United States.*

14 “(2) *PHASE-IN.—*

15 “(A) *IN GENERAL.—Except as provided in*
16 *subparagraph (B), paragraph (1) shall be ap-*
17 *plied—*

18 “(i) *with respect to new leasing reve-*
19 *nués under leases awarded under the first*
20 *leasing program under section 18(a) that*
21 *takes effect after the date of enactment of the*
22 *Offshore Energy and Jobs Act, by sub-*
23 *stituting ‘12.5 percent’ for ‘37.5 percent’;*
24 *and*

1 “(ii) with respect to new leasing reve-
2 nues under leases awarded under the second
3 leasing program under section 18(a) that
4 takes effect after the date of enactment of the
5 Offshore Energy and Jobs Act, by sub-
6 stituting ‘25 percent’ for ‘37.5 percent’.

7 “(B) EXEMPTED LEASE SALES.—This para-
8 graph shall not apply with respect to any lease
9 issued under title II of the Offshore Energy and
10 Jobs Act.

11 “(b) ALLOCATION OF PAYMENTS.—

12 “(1) IN GENERAL.—The amount of new leasing
13 revenues received by the United States with respect to
14 a leased tract that are required to be paid to coastal
15 States in accordance with this subsection each fiscal
16 year shall be allocated among and paid to coastal
17 States that are within 200 miles of the leased tract,
18 in amounts that are inversely proportional to the re-
19 spective distances between the point on the coastline
20 of each such State that is closest to the geographic
21 center of the lease tract, as determined by the Sec-
22 retary.

23 “(2) MINIMUM AND MAXIMUM ALLOCATION.—The
24 amount allocated to a coastal State under paragraph

1 (1) *each fiscal year with respect to a leased tract shall*
2 *be—*

3 “(A) *in the case of a coastal State that is*
4 *the nearest State to the geographic center of the*
5 *leased tract, not less than 25 percent of the total*
6 *amounts allocated with respect to the leased*
7 *tract;*

8 “(B) *in the case of any other coastal State,*
9 *not less than 10 percent, and not more than 15*
10 *percent, of the total amounts allocated with re-*
11 *spect to the leased tract; and*

12 “(C) *in the case of a coastal State that is*
13 *the only coastal State within 200 miles of a least*
14 *tract, 100 percent of the total amounts allocated*
15 *with respect to the leased tract.*

16 “(3) *ADMINISTRATION.—Amounts allocated to a*
17 *coastal State under this subsection—*

18 “(A) *shall be available to the coastal State*
19 *without further appropriation;*

20 “(B) *shall remain available until expended;*

21 “(C) *shall be in addition to any other*
22 *amounts available to the coastal State under this*
23 *Act; and*

24 “(D) *shall be distributed in the fiscal year*
25 *following receipt.*

1 “(4) *USE OF FUNDS.*—

2 “(A) *IN GENERAL.*—*Except as provided in*
3 *subparagraph (B), a coastal State may use funds*
4 *allocated and paid to it under this subsection for*
5 *any purpose as determined by the laws of that*
6 *State.*

7 “(B) *RESTRICTION ON USE FOR MATCH-*
8 *ING.*—*Funds allocated and paid to a coastal*
9 *State under this subsection may not be used as*
10 *matching funds for any other Federal program.”.*

11 (b) *LIMITATION ON APPLICATION.*—*This section and*
12 *the amendment made by this section shall not affect the ap-*
13 *plication of section 105 of the Gulf of Mexico Energy Secu-*
14 *rity Act of 2006 (title I of division C of Public Law 109–*
15 *432; (43 U.S.C. 1331 note)), as in effect before the enact-*
16 *ment of this Act, with respect to revenues received by the*
17 *United States under oil and gas leases issued for tracts lo-*
18 *cated in the Western and Central Gulf of Mexico Outer Con-*
19 *tinental Shelf Planning Areas, including such leases issued*
20 *on or after the date of the enactment of this Act.*

1 **TITLE IV—REORGANIZATION OF**
2 **MINERALS MANAGEMENT**
3 **AGENCIES OF THE DEPART-**
4 **MENT OF THE INTERIOR**

5 **SEC. 401. ESTABLISHMENT OF UNDER SECRETARY FOR EN-**
6 **ERGY, LANDS, AND MINERALS AND ASSIST-**
7 **ANT SECRETARY OF OCEAN ENERGY AND**
8 **SAFETY.**

9 *There shall be in the Department of the Interior—*

10 *(1) an Under Secretary for Energy, Lands, and*
11 *Minerals, who shall—*

12 *(A) be appointed by the President, by and*
13 *with the advise and consent of the Senate;*

14 *(B) report to the Secretary of the Interior*
15 *or, if directed by the Secretary, to the Deputy*
16 *Secretary of the Interior;*

17 *(C) be paid at the rate payable for level III*
18 *of the Executive Schedule; and*

19 *(D) be responsible for—*

20 *(i) the safe and responsible develop-*
21 *ment of our energy and mineral resources*
22 *on Federal lands in appropriate accordance*
23 *with United States energy demands; and*

24 *(ii) ensuring multiple-use missions of*
25 *the Department of the Interior that promote*

1 *the safe and sustained development of en-*
2 *ergy and minerals resources on public lands*
3 *(as that term is defined in the Federal*
4 *Land Policy and Management Act of 1976*
5 *(43 U.S.C. 1701 et seq.));*

6 (2) *an Assistant Secretary of Ocean Energy and*
7 *Safety, who shall—*

8 (A) *be appointed by the President, by and*
9 *with the advise and consent of the Senate;*

10 (B) *report to the Under Secretary for En-*
11 *ergy, Lands, and Minerals;*

12 (C) *be paid at the rate payable for level IV*
13 *of the Executive Schedule; and*

14 (D) *be responsible for ensuring safe and ef-*
15 *ficent development of energy and minerals on*
16 *the Outer Continental Shelf of the United States;*
17 *and*

18 (3) *an Assistant Secretary of Land and Minerals*
19 *Management, who shall—*

20 (A) *be appointed by the President, by and*
21 *with the advise and consent of the Senate;*

22 (B) *report to the Under Secretary for En-*
23 *ergy, Lands, and Minerals;*

24 (C) *be paid at the rate payable for level IV*
25 *of the Executive Schedule; and*

1 (D) be responsible for ensuring safe and ef-
2 ficient development of energy and minerals on
3 public lands and other Federal onshore lands
4 under the jurisdiction of the Department of the
5 Interior, including implementation of the Min-
6 eral Leasing Act (30 U.S.C. 181 et seq.) and the
7 Surface Mining Control and Reclamation Act
8 (30 U.S.C. 1201 et seq.) and administration of
9 the Office of Surface Mining.

10 **SEC. 402. BUREAU OF OCEAN ENERGY.**

11 (a) *ESTABLISHMENT.*—There is established in the De-
12 partment of the Interior a Bureau of Ocean Energy (re-
13 ferred to in this section as the “Bureau”), which shall—

14 (1) be headed by a Director of Ocean Energy (re-
15 ferred to in this section as the “Director”); and

16 (2) be administered under the direction of the
17 Assistant Secretary of Ocean Energy and Safety.

18 (b) *DIRECTOR.*—

19 (1) *APPOINTMENT.*—The Director shall be ap-
20 pointed by the Secretary of the Interior.

21 (2) *COMPENSATION.*—The Director shall be com-
22 pensated at the rate provided for level V of the Execu-
23 tive Schedule under section 5316 of title 5, United
24 States Code.

25 (c) *DUTIES.*—

1 (1) *IN GENERAL.*—*The Secretary of the Interior*
2 *shall carry out through the Bureau all functions,*
3 *powers, and duties vested in the Secretary relating to*
4 *the administration of a comprehensive program of off-*
5 *shore mineral and renewable energy resources man-*
6 *agement.*

7 (2) *SPECIFIC AUTHORITIES.*—*The Director shall*
8 *promulgate and implement regulations—*

9 (A) *for the proper issuance of leases for the*
10 *exploration, development, and production of non-*
11 *renewable and renewable energy and mineral re-*
12 *sources on the Outer Continental Shelf;*

13 (B) *relating to resource identification, ac-*
14 *cess, evaluation, and utilization;*

15 (C) *for development of leasing plans, lease*
16 *sales, and issuance of leases for such resources;*
17 *and*

18 (D) *regarding issuance of environmental*
19 *impact statements related to leasing and post*
20 *leasing activities including exploration, develop-*
21 *ment, and production, and the use of third party*
22 *contracting for necessary environmental analysis*
23 *for the development of such resources.*

1 (3) *LIMITATION.*—*The Secretary shall not carry*
2 *out through the Bureau any function, power, or duty*
3 *that is—*

4 (A) *required by section 403 to be carried*
5 *out through the Ocean Energy Safety Service; or*

6 (B) *required by section 404 to be carried*
7 *out through the Office of Natural Resources Rev-*
8 *enue.*

9 (d) *RESPONSIBILITIES OF LAND MANAGEMENT AGEN-*
10 *CIES.*—*Nothing in this section shall affect the authorities*
11 *of the Bureau of Land Management under the Federal Land*
12 *Policy and Management Act of 1976 (43 U.S.C. 1701 et*
13 *seq.) or of the Forest Service under the National Forest*
14 *Management Act of 1976 (Public Law 94–588).*

15 **SEC. 403. OCEAN ENERGY SAFETY SERVICE.**

16 (a) *ESTABLISHMENT.*—*There is established in the De-*
17 *partment of the Interior an Ocean Energy Safety Service*
18 *(referred to in this section as the “Service”), which shall—*

19 (1) *be headed by a Director of Energy Safety (re-*
20 *ferred to in this section as the “Director”); and*

21 (2) *be administered under the direction of the*
22 *Assistant Secretary of Ocean Energy and Safety.*

23 (b) *DIRECTOR.*—

24 (1) *APPOINTMENT.*—*The Director shall be ap-*
25 *pointed by the Secretary of the Interior.*

1 (2) *COMPENSATION.*—*The Director shall be com-*
2 *pensated at the rate provided for level V of the Execu-*
3 *utive Schedule under section 5316 of title 5, United*
4 *States Code.*

5 *(c) DUTIES.*—

6 (1) *IN GENERAL.*—*The Secretary of the Interior*
7 *shall carry out through the Service all functions, pow-*
8 *ers, and duties vested in the Secretary relating to the*
9 *administration of safety and environmental enforce-*
10 *ment activities related to offshore mineral and renew-*
11 *able energy resources on the Outer Continental Shelf*
12 *pursuant to the Outer Continental Shelf Lands Act*
13 *(43 U.S.C. 1331 et seq.) including the authority to de-*
14 *velop, promulgate, and enforce regulations to ensure*
15 *the safe and sound exploration, development, and pro-*
16 *duction of mineral and renewable energy resources on*
17 *the Outer Continental Shelf in a timely fashion.*

18 (2) *SPECIFIC AUTHORITIES.*—*The Director shall*
19 *be responsible for all safety activities related to explo-*
20 *ration and development of renewable and mineral re-*
21 *sources on the Outer Continental Shelf, including—*

22 (A) *exploration, development, production,*
23 *and ongoing inspections of infrastructure;*

24 (B) *the suspending or prohibiting, on a*
25 *temporary basis, any operation or activity, in-*

1 *cluding production under leases held on the*
2 *Outer Continental Shelf, in accordance with sec-*
3 *tion 5(a)(1) of the Outer Continental Shelf*
4 *Lands Act (43 U.S.C. 1334(a)(1));*

5 *(C) cancelling any lease, permit, or right-of-*
6 *way on the Outer Continental Shelf, in accord-*
7 *ance with section 5(a)(2) of the Outer Conti-*
8 *ental Shelf Lands Act (43 U.S.C. 1334(a)(2));*

9 *(D) compelling compliance with applicable*
10 *Federal laws and regulations relating to worker*
11 *safety and other matters;*

12 *(E) requiring comprehensive safety and en-*
13 *vironmental management programs for persons*
14 *engaged in activities connected with the explo-*
15 *ration, development, and production of mineral*
16 *or renewable energy resources;*

17 *(F) developing and implementing regula-*
18 *tions for Federal employees to carry out any in-*
19 *spection or investigation to ascertain compliance*
20 *with applicable regulations, including health,*
21 *safety, or environmental regulations;*

22 *(G) implementing the Offshore Technology*
23 *Research and Risk Assessment Program under*
24 *section 21 of the Outer Continental Shelf Lands*
25 *Act (43 U.S.C. 1347);*

1 (H) *summoning witnesses and directing the*
2 *production of evidence;*

3 (I) *levying fines and penalties and disquali-*
4 *fying operators;*

5 (J) *carrying out any safety, response, and*
6 *removal preparedness functions; and*

7 (K) *the processing of permits, exploration*
8 *plans, development plans.*

9 (d) *EMPLOYEES.—*

10 (1) *IN GENERAL.—The Secretary shall ensure*
11 *that the inspection force of the Bureau consists of*
12 *qualified, trained employees who meet qualification*
13 *requirements and adhere to the highest professional*
14 *and ethical standards.*

15 (2) *QUALIFICATIONS.—The qualification require-*
16 *ments referred to in paragraph (1)—*

17 (A) *shall be determined by the Secretary,*
18 *subject to subparagraph (B); and*

19 (B) *shall include—*

20 (i) *three years of practical experience*
21 *in oil and gas exploration, development, or*
22 *production; or*

23 (ii) *a degree in an appropriate field of*
24 *engineering from an accredited institution*
25 *of higher learning.*

1 (3) *ASSIGNMENT.*—*In assigning oil and gas in-*
2 *spectors to the inspection and investigation of indi-*
3 *vidual operations, the Secretary shall give due consid-*
4 *eration to the extent possible to their previous experi-*
5 *ence in the particular type of oil and gas operation*
6 *in which such inspections are to be made.*

7 (4) *BACKGROUND CHECKS.*—*The Director shall*
8 *require that an individual to be hired as an inspec-*
9 *tion officer undergo an employment investigation (in-*
10 *cluding a criminal history record check).*

11 (5) *LANGUAGE REQUIREMENTS.*—*Individuals*
12 *hired as inspectors must be able to read, speak, and*
13 *write English well enough to—*

14 (A) *carry out written and oral instructions*
15 *regarding the proper performance of inspection*
16 *duties; and*

17 (B) *write inspection reports and statements*
18 *and log entries in the English language.*

19 (6) *VETERANS PREFERENCE.*—*The Director shall*
20 *provide a preference for the hiring of an individual*
21 *as a inspection officer if the individual is a member*
22 *or former member of the Armed Forces and is enti-*
23 *tled, under statute, to retired, retirement, or retainer*
24 *pay on account of service as a member of the Armed*
25 *Forces.*

1 (7) *ANNUAL PROFICIENCY REVIEW.*—

2 (A) *ANNUAL PROFICIENCY REVIEW.*—*The*
3 *Director shall provide that an annual evaluation*
4 *of each individual assigned inspection duties is*
5 *conducted and documented.*

6 (B) *CONTINUATION OF EMPLOYMENT.*—*An*
7 *individual employed as an inspector may not*
8 *continue to be employed in that capacity unless*
9 *the evaluation demonstrates that the indi-*
10 *vidual—*

11 (i) *continues to meet all qualifications*
12 *and standards;*

13 (ii) *has a satisfactory record of per-*
14 *formance and attention to duty based on the*
15 *standards and requirements in the inspec-*
16 *tion program; and*

17 (iii) *demonstrates the current knowl-*
18 *edge and skills necessary to courteously,*
19 *vigilantly, and effectively perform inspec-*
20 *tion functions.*

21 (8) *LIMITATION ON RIGHT TO STRIKE.*—*Any in-*
22 *dividual that conducts permitting or inspections*
23 *under this section may not participate in a strike, or*
24 *assert the right to strike.*

1 (9) *PERSONNEL AUTHORITY.*—*Notwithstanding*
2 *any other provision of law, the Director may employ,*
3 *appoint, discipline and terminate for cause, and fix*
4 *the compensation, terms, and conditions of employ-*
5 *ment of Federal service for individuals as the employ-*
6 *ees of the Service in order to restore and maintain the*
7 *trust of the people of the United States in the ac-*
8 *countability of the management of our Nation’s en-*
9 *ergy safety program.*

10 (10) *TRAINING ACADEMY.*—

11 (A) *IN GENERAL.*—*The Secretary shall es-*
12 *tablish and maintain a National Offshore En-*
13 *ergy Safety Academy (referred to in this para-*
14 *graph as the “Academy”)* *as an agency of the*
15 *Ocean Energy Safety Service.*

16 (B) *FUNCTIONS OF ACADEMY.*—*The Sec-*
17 *retary, through the Academy, shall be responsible*
18 *for—*

19 (i) *the initial and continued training*
20 *of both newly hired and experienced offshore*
21 *oil and gas inspectors in all aspects of*
22 *health, safety, environmental, and oper-*
23 *ational inspections;*

24 (ii) *the training of technical support*
25 *personnel of the Bureau;*

1 (iii) any other training programs for
2 offshore oil and gas inspectors, Bureau per-
3 sonnel, Department personnel, or other per-
4 sons as the Secretary shall designate; and

5 (iv) certification of the successful com-
6 pletion of training programs for newly
7 hired and experienced offshore oil and gas
8 inspectors.

9 (C) COOPERATIVE AGREEMENTS.—

10 (i) IN GENERAL.—In performing func-
11 tions under this paragraph, and subject to
12 clause (ii), the Secretary may enter into co-
13 operative educational and training agree-
14 ments with educational institutions, related
15 Federal academies, other Federal agencies,
16 State governments, safety training firms,
17 and oil and gas operators and related in-
18 dustries.

19 (ii) TRAINING REQUIREMENT.—Such
20 training shall be conducted by the Academy
21 in accordance with curriculum needs and
22 assignment of instructional personnel estab-
23 lished by the Secretary.

24 (11) USE OF DEPARTMENT PERSONNEL.—In per-
25 forming functions under this subsection, the Secretary

1 shall use, to the extent practicable, the facilities and
2 personnel of the Department of the Interior. The Sec-
3 retary may appoint or assign to the Academy such of-
4 ficers and employees as the Secretary considers nec-
5 essary for the performance of the duties and functions
6 of the Academy.

7 (12) *ADDITIONAL TRAINING PROGRAMS.*—

8 (A) *IN GENERAL.*—*The Secretary shall work*
9 *with appropriate educational institutions, opera-*
10 *tors, and representatives of oil and gas workers*
11 *to develop and maintain adequate programs*
12 *with educational institutions and oil and gas op-*
13 *erators that are designed—*

14 (i) *to enable persons to qualify for po-*
15 *sitions in the administration of this Act;*
16 *and*

17 (ii) *to provide for the continuing edu-*
18 *cation of inspectors or other appropriate*
19 *Department of the Interior personnel.*

20 (B) *FINANCIAL AND TECHNICAL ASSIST-*
21 *ANCE.*—*The Secretary may provide financial*
22 *and technical assistance to educational institu-*
23 *tions in carrying out this paragraph.*

24 (e) *LIMITATION.*—*The Secretary shall not carry out*
25 *through the Service any function, power, or duty that is—*

1 (1) *required by section 402 to be carried out*
2 *through Bureau of Ocean Energy; or*

3 (2) *required by section 404 to be carried out*
4 *through the Office of Natural Resources Revenue.*

5 **SEC. 404. OFFICE OF NATURAL RESOURCES REVENUE.**

6 (a) *ESTABLISHMENT.*—*There is established in the De-*
7 *partment of the Interior an Office of Natural Resources*
8 *Revenue (referred to in this section as the “Office”) to be*
9 *headed by a Director of Natural Resources Revenue (re-*
10 *ferred to in this section as the “Director”).*

11 (b) *APPOINTMENT AND COMPENSATION.*—

12 (1) *IN GENERAL.*—*The Director shall be ap-*
13 *pointed by the Secretary of the Interior.*

14 (2) *COMPENSATION.*—*The Director shall be com-*
15 *pensated at the rate provided for Level V of the Exec-*
16 *utive Schedule under section 5316 of title 5, United*
17 *States Code.*

18 (c) *DUTIES.*—

19 (1) *IN GENERAL.*—*The Secretary of the Interior*
20 *shall carry out, through the Office, all functions, pow-*
21 *ers, and duties vested in the Secretary and relating*
22 *to the administration of offshore royalty and revenue*
23 *management functions.*

24 (2) *SPECIFIC AUTHORITIES.*—*The Secretary*
25 *shall carry out, through the Office, all functions, pow-*

1 *ers, and duties previously assigned to the Minerals*
2 *Management Service (including the authority to de-*
3 *velop, promulgate, and enforce regulations) regarding*
4 *offshore royalty and revenue collection; royalty and*
5 *revenue distribution; auditing and compliance; inves-*
6 *tigation and enforcement of royalty and revenue regu-*
7 *lations; and asset management for onshore and off-*
8 *shore activities.*

9 *(d) LIMITATION.—The Secretary shall not carry out*
10 *through the Office any function, power, or duty that is—*

11 *(1) required by section 402 to be carried out*
12 *through Bureau of Ocean Energy; or*

13 *(2) required by section 403 to be carried out*
14 *through the Ocean Energy Safety Service.*

15 **SEC. 405. ETHICS AND DRUG TESTING.**

16 *(a) CERTIFICATION.—The Secretary of the Interior*
17 *shall certify annually that all Department of the Interior*
18 *officers and employees having regular, direct contact with*
19 *lessees, contractors, concessionaires, and other businesses in-*
20 *terested before the Government as a function of their official*
21 *duties, or conducting investigations, issuing permits, or re-*
22 *sponsible for oversight of energy programs, are in full com-*
23 *pliance with all Federal employee ethics laws and regula-*
24 *tions under the Ethics in Government Act of 1978 (5 U.S.C.*

1 *App.) and part 2635 of title 5, Code of Federal Regulations,*
2 *and all guidance issued under subsection (c).*

3 (b) *DRUG TESTING.*—*The Secretary shall conduct a*
4 *random drug testing program of all Department of the Inte-*
5 *rior personnel referred to in subsection (a).*

6 (c) *GUIDANCE.*—*Not later than 90 days after the date*
7 *of enactment of this Act, the Secretary shall issue supple-*
8 *mentary ethics and drug testing guidance for the employees*
9 *for which certification is required under subsection (a). The*
10 *Secretary shall update the supplementary ethics guidance*
11 *not less than once every 3 years thereafter.*

12 **SEC. 406. ABOLISHMENT OF MINERALS MANAGEMENT SERV-**
13 **ICE.**

14 (a) *ABOLISHMENT.*—*The Minerals Management Serv-*
15 *ice is abolished.*

16 (b) *COMPLETED ADMINISTRATIVE ACTIONS.*—

17 (1) *IN GENERAL.*—*Completed administrative ac-*
18 *tions of the Minerals Management Service shall not be*
19 *affected by the enactment of this Act, but shall con-*
20 *tinue in effect according to their terms until amend-*
21 *ed, modified, superseded, terminated, set aside, or re-*
22 *voked in accordance with law by an officer of the*
23 *United States or a court of competent jurisdiction, or*
24 *by operation of law.*

1 (2) *COMPLETED ADMINISTRATIVE ACTION DE-*
2 *FINED.*—*For purposes of paragraph (1), the term*
3 *“completed administrative action” includes orders,*
4 *determinations, memoranda of understanding, memo-*
5 *randa of agreements, rules, regulations, personnel ac-*
6 *tions, permits, agreements, grants, contracts, certifi-*
7 *cates, licenses, registrations, and privileges.*

8 (c) *PENDING PROCEEDINGS.*—*Subject to the authority*
9 *of the Secretary of the Interior and the officers of the De-*
10 *partment of the Interior under this Act—*

11 (1) *pending proceedings in the Minerals Manage-*
12 *ment Service, including notices of proposed rule-*
13 *making, and applications for licenses, permits, cer-*
14 *tificates, grants, and financial assistance, shall con-*
15 *tinue, notwithstanding the enactment of this Act or*
16 *the vesting of functions of the Service in another*
17 *agency, unless discontinued or modified under the*
18 *same terms and conditions and to the same extent*
19 *that such discontinuance or modification could have*
20 *occurred if this Act had not been enacted; and*

21 (2) *orders issued in such proceedings, and ap-*
22 *peals therefrom, and payments made pursuant to*
23 *such orders, shall issue in the same manner and on*
24 *the same terms as if this Act had not been enacted,*
25 *and any such orders shall continue in effect until*

1 *amended, modified, superseded, terminated, set aside,*
2 *or revoked by an officer of the United States or a*
3 *court of competent jurisdiction, or by operation of*
4 *law.*

5 *(d) PENDING CIVIL ACTIONS.—Subject to the authority*
6 *of the Secretary of the Interior or any officer of the Depart-*
7 *ment of the Interior under this Act, pending civil actions*
8 *shall continue notwithstanding the enactment of this Act,*
9 *and in such civil actions, proceedings shall be had, appeals*
10 *taken, and judgments rendered and enforced in the same*
11 *manner and with the same effect as if such enactment had*
12 *not occurred.*

13 *(e) REFERENCES.—References relating to the Minerals*
14 *Management Service in statutes, Executive orders, rules,*
15 *regulations, directives, or delegations of authority that pre-*
16 *cede the effective date of this Act are deemed to refer, as*
17 *appropriate, to the Department, to its officers, employees,*
18 *or agents, or to its corresponding organizational units or*
19 *functions. Statutory reporting requirements that applied in*
20 *relation to the Minerals Management Service immediately*
21 *before the effective date of this Act shall continue to apply.*

22 **SEC. 407. CONFORMING AMENDMENTS TO EXECUTIVE**
23 **SCHEDULE PAY RATES.**

24 *(a) UNDER SECRETARY FOR ENERGY, LANDS, AND*
25 *MINERALS.—Section 5314 of title 5, United States Code,*

1 *is amended by inserting after the item relating to “Under*
2 *Secretaries of the Treasury (3).” the following:*

3 *“Under Secretary for Energy, Lands, and Min-*
4 *erals, Department of the Interior.”.*

5 **(b) ASSISTANT SECRETARIES.**—*Section 5315 of title 5,*
6 *United States Code, is amended by striking “Assistant Sec-*
7 *retaries of the Interior (6).” and inserting the following:*

8 *“Assistant Secretaries, Department of the Inte-*
9 *rior (7).”.*

10 **(c) DIRECTORS.**—*Section 5316 of title 5, United States*
11 *Code, is amended by striking “Director, Bureau of Mines,*
12 *Department of the Interior.” and inserting the following*
13 *new items:*

14 *“Director, Bureau of Ocean Energy, Department*
15 *of the Interior.*

16 *“Director, Ocean Energy Safety Service, Depart-*
17 *ment of the Interior.*

18 *“Director, Office of Natural Resources Revenue,*
19 *Department of the Interior.”.*

20 **SEC. 408. OUTER CONTINENTAL SHELF ENERGY SAFETY AD-**
21 **VISORY BOARD.**

22 **(a) ESTABLISHMENT.**—*The Secretary of the Interior*
23 *shall establish, under the Federal Advisory Committee Act,*
24 *an Outer Continental Shelf Energy Safety Advisory Board*
25 *(referred to in this section as the “Board”)—*

1 (1) *to provide the Secretary and the Directors es-*
2 *tablished by this Act with independent scientific and*
3 *technical advice on safe, responsible, and timely min-*
4 *eral and renewable energy exploration, development,*
5 *and production activities; and*

6 (2) *to review operations of the National Offshore*
7 *Energy Health and Safety Academy established under*
8 *section 403(d), including submitting to the Secretary*
9 *recommendations of curriculum to ensure training*
10 *scientific and technical advancements.*

11 **(b) MEMBERSHIP.—**

12 (1) *SIZE.—The Board shall consist of not more*
13 *than 11 members, who—*

14 (A) *shall be appointed by the Secretary*
15 *based on their expertise in oil and gas drilling,*
16 *well design, operations, well containment and oil*
17 *spill response; and*

18 (B) *must have significant scientific, engi-*
19 *neering, management, and other credentials and*
20 *a history of working in the field related to safe*
21 *energy exploration, development, and production*
22 *activities.*

23 (2) *CONSULTATION AND NOMINATIONS.—The Sec-*
24 *retary shall consult with the National Academy of*
25 *Sciences and the National Academy of Engineering to*

1 *identify potential candidates for the Board and shall*
2 *take nominations from the public.*

3 (3) *TERM.—The Secretary shall appoint Board*
4 *members to staggered terms of not more than 4 years,*
5 *and shall not appoint a member for more than 2 con-*
6 *secutive terms.*

7 (4) *BALANCE.—In appointing members to the*
8 *Board, the Secretary shall ensure a balanced rep-*
9 *resentation of industry and research interests.*

10 (c) *CHAIR.—The Secretary shall appoint the Chair for*
11 *the Board from among its members.*

12 (d) *MEETINGS.—The Board shall meet not less than*
13 *3 times per year and shall host, at least once per year, a*
14 *public forum to review and assess the overall energy safety*
15 *performance of Outer Continental Shelf mineral and renew-*
16 *able energy resource activities.*

17 (e) *OFFSHORE DRILLING SAFETY ASSESSMENTS AND*
18 *RECOMMENDATIONS.—As part of its duties under this sec-*
19 *tion, the Board shall, by not later than 180 days after the*
20 *date of enactment of this section and every 5 years there-*
21 *after, submit to the Secretary a report that—*

22 (1) *assesses offshore oil and gas well control tech-*
23 *nologies, practices, voluntary standards, and regula-*
24 *tions in the United States and elsewhere; and*

1 (2) *as appropriate, recommends modifications to*
2 *the regulations issued under this Act to ensure ade-*
3 *quate protection of safety and the environment, in-*
4 *cluding recommendations on how to reduce regula-*
5 *tions and administrative actions that are duplicative*
6 *or unnecessary.*

7 (f) *REPORTS.*—*Reports of the Board shall be submitted*
8 *by the Board to the Committee on Natural Resources of the*
9 *House or Representatives and the Committee on Energy*
10 *and Natural Resources of the Senate and made available*
11 *to the public in electronically accessible form.*

12 (g) *TRAVEL EXPENSES.*—*Members of the Board, other*
13 *than full-time employees of the Federal Government, while*
14 *attending meeting of the Board or while otherwise serving*
15 *at the request of the Secretary or the Director while serving*
16 *away from their homes or regular places of business, may*
17 *be allowed travel expenses, including per diem in lieu of*
18 *subsistence, as authorized by section 5703 of title 5, United*
19 *States Code, for individuals in the Government serving*
20 *without pay.*

21 **SEC. 409. OUTER CONTINENTAL SHELF INSPECTION FEES.**

22 *Section 22 of the Outer Continental Shelf Lands Act*
23 *(43 U.S.C. 1348) is amended by adding at the end of the*
24 *section the following:*

25 “(g) *INSPECTION FEES.*—

1 “(1) *ESTABLISHMENT.*—*The Secretary of the In-*
2 *terior shall collect from the operators of facilities sub-*
3 *ject to inspection under subsection (c) non-refundable*
4 *fees for such inspections—*

5 “(A) *at an aggregate level equal to the*
6 *amount necessary to offset the annual expenses of*
7 *inspections of outer Continental Shelf facilities*
8 *(including mobile offshore drilling units) by the*
9 *Department of the Interior; and*

10 “(B) *using a schedule that reflects the dif-*
11 *ferences in complexity among the classes of fa-*
12 *cilities to be inspected.*

13 “(2) *OCEAN ENERGY SAFETY FUND.*—*There is es-*
14 *tablished in the Treasury a fund, to be known as the*
15 *‘Ocean Energy Enforcement Fund’ (referred to in this*
16 *subsection as the ‘Fund’), into which shall be depos-*
17 *ited all amounts collected as fees under paragraph (1)*
18 *and which shall be available as provided under para-*
19 *graph (3).*

20 “(3) *AVAILABILITY OF FEES.*—

21 “(A) *IN GENERAL.*—*Notwithstanding sec-*
22 *tion 3302 of title 31, United States Code, all*
23 *amounts deposited in the Fund—*

24 “(i) *shall be credited as offsetting col-*
25 *lections;*

1 “(ii) shall be available for expenditure
2 for purposes of carrying out inspections of
3 outer Continental Shelf facilities (including
4 mobile offshore drilling units) and the ad-
5 ministration of the inspection program
6 under this section;

7 “(iii) shall be available only to the ex-
8 tent provided for in advance in an appro-
9 priations Act; and

10 “(iv) shall remain available until ex-
11 pended.

12 “(B) USE FOR FIELD OFFICES.—Not less
13 than 75 percent of amounts in the Fund may be
14 appropriated for use only for the respective De-
15 partment of the Interior field offices where the
16 amounts were originally assessed as fees.

17 “(4) INITIAL FEES.—Fees shall be established
18 under this subsection for the fiscal year in which this
19 subsection takes effect and the subsequent 10 years,
20 and shall not be raised without advise and consent of
21 the Congress, except as determined by the Secretary to
22 be appropriate as an adjustment equal to the percent-
23 age by which the Consumer Price Index for the month
24 of June of the calendar year preceding the adjustment
25 exceeds the Consumer Price Index for the month of

1 *June of the calendar year in which the claim was de-*
2 *termined or last adjusted.*

3 “(5) *ANNUAL FEES.*—*Annual fees shall be col-*
4 *lected under this subsection for facilities that are*
5 *above the waterline, excluding drilling rigs, and are*
6 *in place at the start of the fiscal year. Fees for fiscal*
7 *year 2013 shall be—*

8 “(A) *\$10,500 for facilities with no wells, but*
9 *with processing equipment or gathering lines;*

10 “(B) *\$17,000 for facilities with 1 to 10*
11 *wells, with any combination of active or inactive*
12 *wells; and*

13 “(C) *\$31,500 for facilities with more than*
14 *10 wells, with any combination of active or inac-*
15 *tive wells.*

16 “(6) *FEES FOR DRILLING RIGS.*—*Fees for drill-*
17 *ing rigs shall be assessed under this subsection for all*
18 *inspections completed in fiscal years 2013 through*
19 *2022. Fees for fiscal year 2013 shall be—*

20 “(A) *\$30,500 per inspection for rigs oper-*
21 *ating in water depths of 1,000 feet or more; and*

22 “(B) *\$16,700 per inspection for rigs oper-*
23 *ating in water depths of less than 1,000 feet.*

24 “(7) *BILLING.*—*The Secretary shall bill des-*
25 *ignated operators under paragraph (5) within 60*

1 *days after the date of the inspection, with payment*
2 *required within 30 days of billing. The Secretary*
3 *shall bill designated operators under paragraph (6)*
4 *within 30 days of the end of the month in which the*
5 *inspection occurred, with payment required within 30*
6 *days after billing.*

7 “(8) *SUNSET.*—*No fee may be collected under*
8 *this subsection for any fiscal year after fiscal year*
9 *2022.*

10 “(9) *ANNUAL REPORTS.*—

11 “(A) *IN GENERAL.*—*Not later than 60 days*
12 *after the end of each fiscal year beginning with*
13 *fiscal year 2013, the Secretary shall submit to*
14 *the Committee on Energy and Natural Resources*
15 *of the Senate and the Committee on Natural Re-*
16 *sources of the House of Representatives a report*
17 *on the operation of the Fund during the fiscal*
18 *year.*

19 “(B) *CONTENTS.*—*Each report shall in-*
20 *clude, for the fiscal year covered by the report,*
21 *the following:*

22 “(i) *A statement of the amounts depos-*
23 *ited into the Fund.*

24 “(ii) *A description of the expenditures*
25 *made from the Fund for the fiscal year, in-*

1 *cluding the purpose of the expenditures and*
2 *the additional hiring of personnel.*

3 *“(iii) A statement of the balance re-*
4 *maining in the Fund at the end of the fiscal*
5 *year.*

6 *“(iv) An accounting of pace of permit*
7 *approvals.*

8 *“(v) If fee increases are proposed after*
9 *the initial 10-year period referred to in*
10 *paragraph (5), a proper accounting of the*
11 *potential adverse economic impacts such fee*
12 *increases will have on offshore economic ac-*
13 *tivity and overall production, conducted by*
14 *the Secretary.*

15 *“(vi) Recommendations to increase the*
16 *efficacy and efficiency of offshore inspec-*
17 *tions.*

18 *“(vii) Any corrective actions levied*
19 *upon offshore inspectors as a result of any*
20 *form of misconduct.”.*

1 **TITLE V—UNITED STATES**
2 **TERRITORIES**

3 **SEC. 501. APPLICATION OF OUTER CONTINENTAL SHELF**
4 **LANDS ACT WITH RESPECT TO TERRITORIES**
5 **OF THE UNITED STATES.**

6 *Section 2 of the Outer Continental Shelf Lands Act*
7 *(43 U.S.C. 1331) is amended—*

8 (1) *in paragraph (a), by inserting after “con-*
9 *trol” the following: “or lying within the United States*
10 *exclusive economic zone and the Continental Shelf ad-*
11 *acent to any territory of the United States”;*

12 (2) *in paragraph (p), by striking “and” after the*
13 *semicolon at the end;*

14 (3) *in paragraph (q), by striking the period at*
15 *the end and inserting “; and”; and*

16 (4) *by adding at the end the following:*

17 “(r) *The term ‘State’ includes each territory of the*
18 *United States.”.*

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[Report No. 113-125]

A BILL

To amend the Outer Continental Shelf Lands Act to increase energy exploration and production on the Outer Continental Shelf, provide for equitable revenue sharing for all coastal States, implement the reorganization of the functions of the former Minerals Management Service into distinct and separate agencies, and for other purposes.

JUNE 24, 2013

Reported with an amendment, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed