

116TH CONGRESS
1ST SESSION

H. R. 4364

To amend the Mineral Leasing Act to make certain adjustments to the fiscal terms for fossil fuel development and to make other reforms to improve returns to taxpayers for the development of Federal energy resources, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

SEPTEMBER 17, 2019

Mr. MCADAMS (for himself and Mr. ROONEY of Florida) introduced the following bill; which was referred to the Committee on Natural Resources

A BILL

To amend the Mineral Leasing Act to make certain adjustments to the fiscal terms for fossil fuel development and to make other reforms to improve returns to taxpayers for the development of Federal energy resources, 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 “Taxpayer Fairness for
5 Resource Development Act of 2019”.

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

7 The table of contents for this Act is the following:

- Sec. 1. Short title.
- Sec. 2. Table of contents.
- Sec. 3. Onshore fossil fuel royalty rates.
- Sec. 4. Minimum bid amount.
- Sec. 5. Onshore oil and gas rental rates.
- Sec. 6. Penalties.
- Sec. 7. Royalty relief.
- Sec. 8. Revision of Royalty Policy Committee charter.
- Sec. 9. Royalty in kind.
- Sec. 10. Amendments to definitions.
- Sec. 11. Compliance reviews.
- Sec. 12. Liability for royalty payments.
- Sec. 13. Recordkeeping.
- Sec. 14. Adjustments and refunds.
- Sec. 15. Obligation period.
- Sec. 16. Tolling agreements and subpoenas.
- Sec. 17. Appeals.
- Sec. 18. Assessments.
- Sec. 19. Pilot project on automatic data transfer.
- Sec. 20. Penalty for late or incorrect reporting of data.
- Sec. 21. Required recordkeeping for natural gas plants.
- Sec. 22. Shared penalties.
- Sec. 23. Applicability to other minerals.
- Sec. 24. Entitlements.
- Sec. 25. Royalties on all extracted methane.

1 SEC. 3. ONSHORE FOSSIL FUEL ROYALTY RATES.

2 The Mineral Leasing Act (30 U.S.C. 181 et seq.) is
3 amended—

4 (1) in section 7—

5 (A) by striking “12½” and inserting
6 “18.75”; and

7 (B) by adding at the end the following:

8 “(d) PERIODIC EVALUATION OF ROYALTY RATES.—

9 The Secretary shall establish a periodic process of evalu-
10 ating increases in royalty rates to achieve a fair market
11 value return for the public. The process should include:

12 “(1) publishing annually the average, weighted
13 by relative production per State, of the top fossil

1 fuel royalty rates charged by States for fossil fuels
2 production on State-owned public lands;

3 “(2) evaluating triennially increases in the Fed-
4 eral fossil fuel royalty rates above the minimum
5 rates required under this Act to match the produc-
6 tion-weighted average of State royalty rates. The tri-
7 ennial review shall include and benefit from public
8 participation through written comment, public hear-
9 ings and other meetings open to all interested par-
10 ties; and

11 “(3) submitting the triennial evaluation to Con-
12 gress, including a summary of the views expressed in
13 the public participation processes related to the eval-
14 uation.”.

15 (2) in section 17, by—

16 (A) striking “12.5” each place such term
17 appears and inserting “18.75”; and

18 (B) striking “12½” each place such term
19 appears and inserting “18.75”; and

20 (3) in section 31(e), by striking “16²/₃” both
21 places such term appears and inserting “25”.

22 **SEC. 4. MINIMUM BID AMOUNT.**

23 Section 17 of the Mineral Leasing Act (30 U.S.C.
24 226) is amended—

25 (1) in subsection (b)(1)(B)—

1 (A) by striking “\$2 per acre” and insert-
2 ing “\$5 per acre, except as otherwise provided
3 by this paragraph”; and

4 (B) by striking “Federal Onshore Oil and
5 Gas Leasing Reform Act of 1987” and insert-
6 ing “Taxpayer Fairness for Resource Develop-
7 ment Act of 2019”;

8 (2) in subsection (b)(2)(C), by striking “\$2 per
9 acre” and inserting “\$5 per acre”; and

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

11 “(q) INFLATION ADJUSTMENT.—The Secretary
12 shall—

13 “(1) by regulation, at least once every 4 years,
14 adjust each of the dollar amounts that apply under
15 subsections (b)(1)(B), (b)(2)(C), and (d) to reflect
16 the change in the Consumer Price Index for All
17 Urban Consumers published by the Bureau of Labor
18 Statistics; and

19 “(2) publish each such regulation in the Fed-
20 eral Register.”.

21 **SEC. 5. ONSHORE OIL AND GAS RENTAL RATES.**

22 The Mineral Leasing Act (30 U.S.C. 181 et seq.) is
23 amended—

24 (1) in section 17(d)—

1 (A) by striking “\$1.50 per acre” and in-
2 serting “\$3 per acre”; and

3 (B) by striking “\$2 per acre” and insert-
4 ing “\$5 per acre”; and

5 (2) in section 31(e), by striking “\$10” and in-
6 serting “\$20”.

7 **SEC. 6. PENALTIES.**

8 (a) MINERAL LEASING ACT.—Section 41 of the Min-
9 eral Leasing Act (30 U.S.C. 195) is amended—

10 (1) in subsection (b), by striking “\$500,000”
11 and inserting “\$1,000,000”; and

12 (2) in subsection (c), by striking “\$100,000”
13 and inserting “\$250,000”.

14 (b) FEDERAL OIL AND GAS ROYALTY MANAGEMENT
15 ACT OF 1982.—The Federal Oil and Gas Royalty Man-
16 agement Act of 1982 (30 U.S.C. 1701 et seq.) is amend-
17 ed—

18 (1) in section 109—

19 (A) in subsection (a), by striking “\$500”
20 and inserting “\$1,500”;

21 (B) in subsection (b), by striking “\$5,000”
22 and inserting “\$15,000”;

23 (C) in subsection (c), by striking
24 “\$10,000” and inserting “\$25,000”; and

1 (D) in subsection (d), by striking
2 “\$25,000” and inserting “\$75,000”; and
3 (2) in section 110, by striking “\$50,000” and
4 inserting “\$150,000”.

5 (c) OUTER CONTINENTAL SHELF LANDS ACT.—

6 (1) CIVIL PENALTY, GENERALLY.—Section
7 24(b) of the Outer Continental Shelf Lands Act (43
8 U.S.C. 1350(b)) is amended to read as follows:

9 “(b) CIVIL PENALTIES.—

10 “(1) IN GENERAL.—Except as provided in para-
11 graph (2), any person who fails to comply with any
12 provision of this Act, or any term of a lease, license,
13 or permit issued pursuant to this Act, or any regula-
14 tion or order issued under this Act, shall be liable
15 for a civil administrative penalty of not more than
16 \$75,000 for each day of the continuance of such fail-
17 ure. The Secretary may assess, collect, and com-
18 promise any such penalty.

19 “(2) OPPORTUNITY FOR A HEARING.—No pen-
20 alty shall be assessed until the person charged with
21 a violation has been given an opportunity for a hear-
22 ing.

23 “(3) ADJUSTMENT FOR INFLATION.—The Sec-
24 retary shall, by regulation at least every 3 years, ad-
25 just the penalty specified in this paragraph to reflect

1 any increases in the Consumer Price Index (all
2 items, United States city average) as prepared by
3 the Department of Labor.

4 “(4) THREAT OF HARM.—If a failure described
5 in paragraph (1) constitutes or constituted a threat
6 of harm or damage to life, property, any mineral de-
7 posit, or the marine, coastal, or human environment,
8 a civil penalty of not more than \$150,000 shall be
9 assessed for each day of the continuance of the fail-
10 ure.”.

11 (2) KNOWING AND WILLFUL VIOLATIONS.—Sec-
12 tion 24(c) of the Outer Continental Shelf Lands Act
13 (43 U.S.C. 1350(c)) is amended by striking
14 “\$100,000” and inserting “\$1,000,000”.

15 (3) OFFICERS AND AGENTS OF CORPORA-
16 TIONS.—Section 24(d) of the Outer Continental
17 Shelf Lands Act (43 U.S.C. 1350(d)) is amended by
18 striking “knowingly and willfully authorized, or-
19 dered, or carried out” and inserting “authorized, or-
20 dered, carried out, or through reckless disregard of
21 the law caused”.

22 **SEC. 7. ROYALTY RELIEF.**

23 (a) GULF OF MEXICO ROYALTY RELIEF.—The fol-
24 lowing provisions of the Energy Policy Act of 2005 (42
25 U.S.C. 15801 et seq.) are hereby repealed:

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

4 (2) Section 345 (42 U.S.C. 15905) (relating to
5 royalty relief for deep water production).

6 (b) ALASKA ROYALTY RELIEF.—

7 (1) PROVISIONS RELATING TO PLANNING AREAS
8 OFFSHORE ALASKA.—Section 8(a)(3)(B) of the
9 Outer Continental Shelf Lands Act (43 U.S.C.
10 1337(a)(3)(B)) is amended by striking “and in the
11 Planning Areas offshore Alaska” after “West lon-
12 gitude”.

13 (2) PROVISIONS RELATING TO NAVAL PETRO-
14 LEUM RESERVE IN ALASKA.—Section 107 of the
15 Naval Petroleum Reserves Production Act of 1976
16 (42 U.S.C. 6506a) is amended—

17 (A) in subsection (i)—

18 (i) by striking “(1) IN GENERAL”; and

19 (ii) by striking paragraphs (2)
20 through (6); and

21 (B) by striking subsection (k).

22 **SEC. 8. REVISION OF ROYALTY POLICY COMMITTEE CHAR-**
23 **TER.**

24 Not later than one year after the date of enactment
25 of this Act, or March 29, 2021, whichever is earlier, the

1 Secretary of the Interior shall revise the charter of the
2 Royalty Policy Committee (as signed on March 29, 2017)
3 to—

4 (1) require that of the 6 members of such Com-
5 mittee who are representatives of the Governors of
6 States, no more than 4 members may be representa-
7 tives of Governors of the same political party;

8 (2) increase to 6 the number of members who
9 are representatives of academia or the public, of
10 whom—

11 (A) 2 members shall be representatives of
12 academia;

13 (B) 2 members shall be representatives of
14 public interest groups; and

15 (C) 2 members shall be representatives of
16 nonprofit environmental groups; and

17 (3) require that for a person to be eligible to
18 serve as a member who is a representative of a per-
19 son who is a mineral stakeholder or energy stake-
20 holder (or both) in Federal and Indian royalty pol-
21 icy, the employer of that member shall provide to the
22 Secretary, who shall publish—

23 (A) for the preceding 10-year period—

- 1 (i) aggregated information on all Fed-
2 eral royalty payments made by the em-
3 ployer, by year and by commodity;
- 4 (ii) conclusions from compliance re-
5 views and audits conducted by Federal or
6 State revenue collection entities; and
- 7 (iii) a description of all enforcement
8 actions taken against the employer regard-
9 ing payment of Federal or State royalties;
10 and
- 11 (B) records of—
- 12 (i) prices charged by the employer for
13 sales of minerals to captive affiliates of the
14 employer; and
- 15 (ii) prices charged by such affiliates
16 for subsequent resales of such minerals.

17 **SEC. 9. ROYALTY IN KIND.**

18 (a) **ONSHORE OIL AND GAS LEASE ROYALTIES.**—
19 Section 36 of the Mineral Leasing Act (30 U.S.C. 192)
20 is amended by inserting “, except that the Secretary may
21 not demand such payment in oil or gas if the amount of
22 such payment would exceed the amount necessary to fill
23 the strategic petroleum reserve” after “in oil or gas”.

24 (b) **OFFSHORE OIL AND GAS LEASE ROYALTIES.**—
25 Section 27(a)(1) of the Outer Continental Shelf Lands Act

1 (43 U.S.C. 1353(a)) is amended by striking the period at
2 the end and inserting “, except that the Secretary may
3 not demand such payment in oil or gas if the amount of
4 such payment would exceed the amount necessary to fill
5 the strategic petroleum reserve.”.

6 **SEC. 10. AMENDMENTS TO DEFINITIONS.**

7 Section 3 of the Federal Oil and Gas Royalty Man-
8 agement Act of 1982 (30 U.S.C. 1702) is amended—

9 (1) in paragraph (20)(A), by striking “: *Pro-*
10 *vided, That*” and all that follows through “subject of
11 the judicial proceeding”;

12 (2) in paragraph (20)(B), by striking “(with
13 written notice to the lessee who designated the des-
14 ignee)”;

15 (3) in paragraph (23)(A), by striking “(with
16 written notice to the lessee who designated the des-
17 ignee)”;

18 (4) by amending paragraph (24) to read as fol-
19 lows:

20 “(24) ‘designee’ means a person who pays, off-
21 sets, or credits monies, makes adjustments, requests
22 and receives refunds, or submits reports with respect
23 to payments a lessee must make pursuant to section
24 102(a);”;

25 (5) in paragraph (25), in subparagraph (B)—

1 (A) by striking “(subject to the provisions
2 of section 102(a) of this Act)”; and

3 (B) in clause (ii), by striking subclause
4 (IV) and all that follows through the end of the
5 subparagraph and inserting the following:

6 “(IV) any assignment,
7 that arises from or relates to any lease,
8 easement, right-of-way, permit, or other
9 agreement regardless of form administered
10 by the Secretary for, or any mineral leas-
11 ing law related to, the exploration, produc-
12 tion, and development of oil and gas or
13 other energy resource on Federal lands or
14 the Outer Continental Shelf;”;

15 (6) in paragraph (29), by inserting “or permit”
16 after “lease”; and

17 (7) by striking “and” after the semicolon at the
18 end of paragraph (32), by striking the period at the
19 end of paragraph (33) and inserting a semicolon,
20 and by adding at the end the following new para-
21 graphs:

22 “(34) ‘compliance review’ means an examina-
23 tion of a lessee’s lease accounts to compare one or
24 all elements of the royalty equation (volume, value,
25 royalty rate, and allowances) against anticipated ele-

1 ments of the royalty equation to test for variances;
2 and

3 “(35) ‘marketing affiliate’ means an affiliate of
4 a lessee whose function is to acquire the lessee’s pro-
5 duction and to market that production.”.

6 **SEC. 11. COMPLIANCE REVIEWS.**

7 Section 101 of the Federal Oil and Gas Royalty Man-
8 agement Act of 1982 (30 U.S.C. 1711) is amended by
9 adding at the end the following new subsection:

10 “(d) The Secretary may, as an adjunct to audits of
11 accounts for leases, conduct compliance reviews of ac-
12 counts. Such reviews shall not constitute nor substitute
13 for audits of lease accounts. The Secretary shall imme-
14 diately refer any disparity uncovered in such a compliance
15 review to a program auditor. The Secretary shall, before
16 completion of a compliance review, provide notice of the
17 review to designees whose obligations are the subject of
18 the review.”.

19 **SEC. 12. LIABILITY FOR ROYALTY PAYMENTS.**

20 Section 102(a) of the Federal Oil and Gas Royalty
21 Management Act of 1982 (30 U.S.C. 1712(a)) is amended
22 to read as follows:

23 “(a) LIABILITY FOR ROYALTY PAYMENTS.—

24 “(1) TIME AND MANNER OF PAYMENT.—In
25 order to increase receipts and achieve effective col-

1 lections of royalty and other payments, a lessee who
2 is required to make any royalty or other payment
3 under a lease, easement, right-of-way, permit, or
4 other agreement, regardless of form, or under the
5 mineral leasing laws, shall make such payment in
6 the time and manner as may be specified by the Sec-
7 retary or the applicable delegated State.

8 “(2) DESIGNEE.—Any person who pays, offsets,
9 or credits monies, makes adjustments, requests and
10 receives refunds, or submits reports with respect to
11 payments the lessee must make is the lessee’s des-
12 ignee under this Act.

13 “(3) LIABILITY.—Notwithstanding any other
14 provision of this Act, a designee shall be liable for
15 any payment obligation of any lessee on whose be-
16 half the designee pays royalty under the lease. The
17 person owning operating rights in a lease and a per-
18 son owning legal record title in a lease shall be liable
19 for that person’s pro rata share of payment obliga-
20 tions under the lease.”.

21 **SEC. 13. RECORDKEEPING.**

22 Section 103(b) of the Federal Oil and Gas Royalty
23 Management Act of 1982 (30 U.S.C. 1713(b)) is amended
24 by striking “6” and inserting “7”.

1 **SEC. 14. ADJUSTMENTS AND REFUNDS.**

2 Section 111A of the Federal Oil and Gas Royalty
3 Management Act of 1982 (30 U.S.C. 1721a) is amend-
4 ed—

5 (1) in subsection (a)—

6 (A) by amending paragraph (3) to read as
7 follows:

8 “(3)(A) An adjustment or a request for a re-
9 fund for an obligation may be made after the adjust-
10 ment period only upon written notice to and ap-
11 proval by the Secretary or the applicable delegated
12 State, as appropriate, during an audit of the period
13 which includes the production month for which the
14 adjustment is being made.

15 “(B) Except as provided in subparagraph (C),
16 no adjustment may be made with respect to an obli-
17 gation after the completion of an audit or compli-
18 ance review of such obligation unless such adjust-
19 ment is approved by the Secretary or the applicable
20 delegated State, as appropriate.

21 “(C) If an overpayment is identified during an
22 audit, the Secretary shall allow a credit in the
23 amount of the overpayment.”; and

24 (B) in paragraph (4)—

25 (i) by striking “six-year” and insert-
26 ing “four-year”; and

1 (ii) by striking “period shall” and in-
2 serting “period may”; and
3 (2) in subsection (b)(1)—
4 (A) in subparagraph (C), by striking
5 “and”;
6 (B) in subparagraph (D), by striking the
7 period and inserting “; and”; and
8 (C) by adding at the end the following:
9 “(E) is made within the adjustment period
10 for that obligation.”.

11 **SEC. 15. OBLIGATION PERIOD.**

12 Section 115(c) of the Federal Oil and Gas Royalty
13 Management Act of 1982 (30 U.S.C. 1724(c)) is amended
14 by adding at the end the following new paragraph:

15 “(3) ADJUSTMENTS.—In the case of an adjust-
16 ment under section 111A(a) in which a recoument
17 by the lessee results in an underpayment of an obli-
18 gation, the obligation becomes due on the date the
19 lessee or its designee makes the adjustment.”.

20 **SEC. 16. TOLLING AGREEMENTS AND SUBPOENAS.**

21 (a) TOLLING AGREEMENTS.—Section 115(d)(1) of
22 the Federal Oil and Gas Royalty Management Act of 1982
23 (30 U.S.C. 1724(d)(1)) is amended by striking “(with no-
24 tice to the lessee who designated the designee)”.

1 (b) SUBPOENAS.—Section 115(d)(2)(A) of the Fed-
2 eral Oil and Gas Royalty Management Act of 1982 (30
3 U.S.C. 1724(d)(2)(A)) is amended by striking “(with no-
4 tice to the lessee who designated the designee, which notice
5 shall not constitute a subpoena to the lessee)”.

6 **SEC. 17. APPEALS.**

7 Section 115(h) of the Federal Oil and Gas Royalty
8 Management Act of 1982 (30 U.S.C. 1724(h)) is amend-
9 ed—

10 (1) in paragraph (1), in the heading, by strik-
11 ing “33-MONTH” and inserting “48-MONTH”;

12 (2) by striking “33 months” each place it ap-
13 pears and inserting “48 months”; and

14 (3) by striking “33-month” each place it ap-
15 pears and inserting “48-month”.

16 **SEC. 18. ASSESSMENTS.**

17 Section 116 of the Federal Oil and Gas Royalty Man-
18 agement Act of 1982 (30 U.S.C. 1724) is repealed.

19 **SEC. 19. PILOT PROJECT ON AUTOMATIC DATA TRANSFER.**

20 (a) PILOT PROJECT.—Not later than 2 years after
21 the date of enactment of this Act, the Secretary of the
22 Interior shall complete a pilot project with willing opera-
23 tors of oil and gas leases on the outer Continental Shelf
24 (as such term is defined in the Outer Continental Shelf
25 Lands Act (43 U.S.C. 1331 et seq.)) that assesses the

1 costs and benefits of automatic transmission of data re-
2 garding the volume and quality of oil and gas produced
3 under Federal leases on the outer Continental Shelf in
4 order to improve the production verification systems used
5 to ensure accurate royalty collection and audit.

6 (b) REPORT.—The Secretary shall submit to Con-
7 gress a report on findings and recommendations based on
8 the pilot project not later than 3 years after the date of
9 enactment of this Act.

10 **SEC. 20. PENALTY FOR LATE OR INCORRECT REPORTING**
11 **OF DATA.**

12 (a) IN GENERAL.—The Secretary of the Interior shall
13 issue regulations by not later than 1 year after the date
14 of enactment of this Act that establish a civil penalty for
15 late or incorrect reporting of data under the Federal Oil
16 and Gas Royalty Management Act of 1982 (30 U.S.C.
17 1701 et seq.).

18 (b) AMOUNT.—The amount of the civil penalty shall
19 be—

20 (1) an amount (subject to paragraph (2)) that
21 the Secretary determines is sufficient to ensure filing
22 of data in accordance with that Act; and

23 (2) not less than \$10 for each failure to file
24 correct data in accordance with that Act.

1 (c) CONTENT OF REGULATIONS.—Except as provided
2 in subsection (b), the regulations issued under this section
3 shall be substantially similar to section 216.40 of title 30,
4 Code of Federal Regulations, as most recently in effect
5 before the date of enactment of this Act.

6 **SEC. 21. REQUIRED RECORDKEEPING FOR NATURAL GAS**
7 **PLANTS.**

8 Not later than 1 year after the date of enactment
9 of this Act, the Secretary of the Interior shall publish final
10 regulations with respect to required recordkeeping of nat-
11 ural gas measurement data as set forth in section
12 250.1203 of title 30, Code of Federal Regulations (as in
13 effect on the date of enactment of this Act), to include
14 operators and other persons involved in the transporting,
15 purchasing, or selling of gas under the requirements of
16 that rule, under the authority provided in section 103 of
17 the Federal Oil and Gas Royalty Management Act of 1982
18 (30 U.S.C. 1713).

19 **SEC. 22. SHARED PENALTIES.**

20 Section 206 of the Federal Oil and Gas Royalty Man-
21 agement Act of 1982 (30 U.S.C. 1736) is amended by
22 striking “Any payments under this section shall be re-
23 duced by an amount equal to any payments provided or
24 due to such State or Indian tribe under the cooperative
25 agreement or delegation, as applicable, during the fiscal

1 year in which the civil penalty is received, up to the total
2 amount provided or due for that fiscal year.”.

3 **SEC. 23. APPLICABILITY TO OTHER MINERALS.**

4 Section 304 of the Federal Oil and Gas Royalty Man-
5 agement Act of 1982 (30 U.S.C. 1753) is amended by
6 adding at the end the following new subsection:

7 “(e) APPLICABILITY TO OTHER MINERALS.—

8 “(1) Notwithstanding any other provision of
9 law, sections 107, 109, and 110 of this Act and the
10 regulations duly promulgated with respect thereto
11 shall apply to any lease authorizing the development
12 of coal or any other solid mineral on any Federal
13 lands or Indian lands, to the same extent as if such
14 lease were an oil and gas lease, on the same terms
15 and conditions as those authorized for oil and gas
16 leases.

17 “(2) Notwithstanding any other provision of
18 law, sections 107, 109, and 110 of this Act and the
19 regulations issued under such sections shall apply
20 with respect to any lease, easement, right-of-way, or
21 other agreement, regardless of form (including any
22 royalty, rent, or other payment due thereunder)—

23 “(A) under section 8(k) or 8(p) of the
24 Outer Continental Shelf Lands Act (43 U.S.C.
25 1337(k) and 1337(p)); or

1 “(B) under the Geothermal Steam Act (30
2 U.S.C. 1001 et seq.), to the same extent as if
3 such lease, easement, right-of-way, or other
4 agreement were an oil and gas lease on the
5 same terms and conditions as those authorized
6 for oil and gas leases.

7 “(3) For the purposes of this subsection, the
8 term ‘solid mineral’ means any mineral other than
9 oil, gas, and geo-pressured-geothermal resources,
10 that is authorized by an Act of Congress to be pro-
11 duced from public lands (as that term is defined in
12 section 103 of the Federal Land Policy and Manage-
13 ment Act of 1976 (43 U.S.C. 1702)).”.

14 **SEC. 24. ENTITLEMENTS.**

15 (a) **DIRECTED RULEMAKING.**—Not later than 180
16 days after the date of enactment of this Act, the Secretary
17 of the Interior shall publish final regulations prescribing
18 when a Federal lessee or designee must report and pay
19 royalties on—

20 (1) the volume of oil and gas such lessee or des-
21 ignee produces or takes under a Federal lease or In-
22 dian lease; or

23 (2) the volume of oil and gas that such lessee
24 or designee is entitled to based on its ownership in-

1 terest under a unitization agreement for Federal
2 leases or Indian leases.

3 (b) 100 PERCENT ENTITLEMENT REPORTING AND
4 PAYING.—The Secretary shall give consideration to re-
5 quiring 100 percent entitlement reporting and paying
6 based on Federal or Indian oil and gas lease ownership.

7 **SEC. 25. ROYALTIES ON ALL EXTRACTED METHANE.**

8 (a) ASSESSMENT ON ALL PRODUCTION.—

9 (1) IN GENERAL.—Except as provided in para-
10 graph (2), royalties otherwise authorized or required
11 under the mineral leasing laws (as that term is de-
12 fined in the Federal Oil and Gas Royalty Manage-
13 ment Act of 1982 (30 U.S.C. 1701 et seq.)) to be
14 paid for gas shall be assessed on all gas produced
15 under the mineral leasing laws, including—

16 (A) gas used or consumed within the area
17 of the lease tract for the benefit of the lease;
18 and

19 (B) all gas that is consumed or lost by
20 venting, flaring, or fugitive releases through any
21 equipment during upstream operations.

22 (2) EXCEPTION.—Paragraph (1) shall not
23 apply with respect to—

1 (A) gas vented or flared for not longer
2 than 48 hours in an acute emergency situation
3 that poses a danger to human health; and

4 (B) gas injected into the ground on a lease
5 tract in order to enhance production of an oil
6 or gas well or for some other purpose.

7 (b) CONFORMING AMENDMENTS.—

8 (1) MINERAL LEASING ACT.—The Mineral
9 Leasing Act is amended—

10 (A) in section 14 (30 U.S.C. 223), by add-
11 ing at the end the following: “Notwithstanding
12 any other provision of this Act (including this
13 section), royalty shall be assessed with respect
14 to oil and gas, other than gas described in sec-
15 tion 124(a)(2) of the Sustainable Energy Devel-
16 opment Reform Act, without regard to whether
17 oil or gas is removed or sold from the leased
18 land.”;

19 (B) in section 17 (30 U.S.C. 226), by
20 striking “removed or sold” each place it ap-
21 pears;

22 (C) in section 22 (30 U.S.C. 251), by
23 striking “sold or removed”; and

1 (D) in section 31 (30 U.S.C. 188), by
2 striking “removed or sold” each place it ap-
3 pears.

4 (2) OUTER CONTINENTAL SHELF LANDS ACT.—
5 The Outer Continental Shelf Lands Act is amend-
6 ed—

7 (A) in section 6(a)(8) (43 U.S.C.
8 1335(a)(8)), by striking “saved, removed, or
9 sold” each place it appears; and

10 (B) in section 8(a) (43 U.S.C. 1337(a))—

11 (i) in paragraph (1), by striking
12 “saved, removed, or sold” each place it ap-
13 pears; and

14 (ii) by adding at the end the fol-
15 lowing:

16 “(9) Notwithstanding any other provision of
17 this Act (including this section), royalty under this
18 Act shall be assessed with respect to oil and gas,
19 other than gas described in section 124(a)(2) of the
20 Sustainable Energy Development Reform Act, with-
21 out regard to whether oil or gas is removed or sold
22 from the leased land.”.

23 (c) APPLICATION.—The provisions of this section and
24 the amendments made by this section shall apply only with

1 respect to leases issued on or after the date of the enact-
2 ment of this Act.

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