

119TH CONGRESS
2D SESSION

S. 4715

To amend the Outer Continental Shelf Lands Act to establish fitness to operate standards and decommissioning escrow accounts for offshore oil and gas operators, and for other purposes.

IN THE SENATE OF THE UNITED STATES

JUNE 9, 2026

Mr. SCHIFF (for himself and Mr. PADILLA) introduced the following bill; which was read twice and referred to the Committee on Energy and Natural Resources

A BILL

To amend the Outer Continental Shelf Lands Act to establish fitness to operate standards and decommissioning escrow accounts for offshore oil and gas operators, 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 Leasing
5 Standards and Accountability Act of 2026”.

1 **SEC. 2. FITNESS TO OPERATE STANDARDS FOR OIL AND**
 2 **GAS OPERATORS ON THE OUTER CONTI-**
 3 **NENTAL SHELF.**

4 (a) IN GENERAL.—The Outer Continental Shelf
 5 Lands Act (43 U.S.C. 1331 et seq.) is amended by adding
 6 at the end the following:

7 **“SEC. 34. FITNESS TO OPERATE STANDARDS FOR OFF-**
 8 **SHORE OIL AND GAS ACTIVITIES.**

9 “(a) REQUIREMENT FOR APPROVALS.—Beginning on
 10 the date on which the Secretary issues or revises regula-
 11 tions under subsection (b)(5), the Secretary may not issue,
 12 extend the term of, or approve the transfer of a lease,
 13 easement, or right-of-way for oil or gas exploration, devel-
 14 opment, or production on the outer Continental Shelf with
 15 respect to a recipient responsible party unless the recipient
 16 responsible party is certified as fit to operate in accord-
 17 ance with subsection (b).

18 “(b) CERTIFICATION OF FITNESS TO OPERATE.—

19 “(1) IN GENERAL.—The Secretary shall certify
 20 a recipient responsible party as fit to operate based
 21 on—

22 “(A) the past compliance of the recipient
 23 responsible party, and any covered entity of the
 24 recipient responsible party, with Federal, State,
 25 and local environmental and safety laws and
 26 regulations, including deadlines and require-

ments related to environmental reclamation, decommissioning, and worker safety;

“(B) the financial solvency and capacity of the recipient responsible party, and any covered entity of the recipient responsible party, to weather market shocks and fulfill current and projected decommissioning liabilities; and

“(C) any other criteria with respect to the recipient responsible party, and any covered entity of the recipient responsible party, the Secretary may establish by regulation.

“(2) MINIMUM QUALIFICATIONS.—The Secretary may not certify a recipient responsible party as fit to operate unless the recipient responsible party—

“(A) demonstrates, and the Secretary verifies, that—

“(i) the recipient responsible party, and any covered entity of the recipient responsible party, did not violate any deadline or requirement of Federal, State, or local environmental or safety laws or regulations related to environmental reclamation, decommissioning, or worker safety during the period of 10 years ending on

1 (as applicable) the date on which the re-
2 quest for certification was made or the
3 date on which the Secretary makes an as-
4 sessment under paragraph (4)(B);

5 “(ii) the recipient responsible party,
6 and any covered entity of the recipient re-
7 sponsible party, are not in violation of this
8 Act or any other Federal, State, or local
9 environmental or safety law or regulation,
10 including with respect to any overdue de-
11 commissioning orders for oil and gas infra-
12 structure located on the outer Continental
13 Shelf;

14 “(iii) the recipient responsible party,
15 and any covered entity of the recipient re-
16 sponsible party, took timely and effective
17 corrective actions to address any worker
18 safety incidents, oil spills, or other unau-
19 thorized pollutant discharges, and infra-
20 structure failures or disruptions disclosed
21 under paragraph (B)(iv);

22 “(iv) the recipient responsible party,
23 and any covered entity of the recipient re-
24 sponsible party, do not owe any rentals,

1 royalties, or other fees for any Federal or
2 State lease, easement, or right-of-way;

3 “(v) a Federal or State authority did
4 not reduce the rate for royalties on oil or
5 gas produced under any Federal or State
6 lease held by the recipient responsible
7 party, or any covered entity of the recipi-
8 ent responsible party, during the period of
9 10 years ending on (as applicable) the date
10 on which the request for certification was
11 made or the date on which the Secretary
12 makes an assessment under paragraph
13 (4)(B);

14 “(vi) the recipient responsible party,
15 and any parent company of the recipient
16 responsible party, possess an investment
17 grade credit rating from a nationally rec-
18 ognized statistical rating organization, as
19 such term is defined in section 3(a)(62) of
20 the Securities Exchange Act of 1934;

21 “(vii) the recipient responsible party,
22 and any parent company of the recipient
23 responsible party, have not filed a petition
24 for bankruptcy under title 11, United
25 States Code, during the period of 10 years

1 ending on (as applicable) the date on
2 which the request for certification was
3 made or the date on which the Secretary
4 makes an assessment under paragraph
5 (4)(B); and

6 “(viii) the recipient responsible party,
7 and any covered entity of the recipient re-
8 sponsible party, have sufficient financial
9 capacity to—

10 “(I) fulfill all current and pro-
11 jected decommissioning liabilities, in-
12 cluding demonstration that the liabil-
13 ities disclosed under subparagraph
14 (B)(i)(I) are fully collateralized or
15 otherwise financially secured;

16 “(II) implement and maintain
17 up-to-date risk mitigation tech-
18 nologies, environmental protection
19 measures, and worker safety meas-
20 ures, including the use of effective
21 blow-out preventer systems and well-
22 control processes pursuant to the re-
23 quirements specified in section
24 250.730 of title 30, Code of Federal

1 Regulations (or any successor regula-
2 tions); and

3 “(III) support a sufficient
4 amount of staff needed for mainte-
5 nance and oversight of oil and gas in-
6 frastructure on the outer Continental
7 Shelf in accordance with environ-
8 mental, health, and safety require-
9 ments; and

10 “(B) provides to the Secretary a disclosure
11 of—

12 “(i) current and projected decommis-
13 sioning liabilities of the recipient respon-
14 sible party, and any covered entity of the
15 recipient responsible party, related to all
16 leases, easements, and rights-of-way ad-
17 ministered by a Federal or State authority,
18 including—

19 “(I) domestic and global oil and
20 gas decommissioning liabilities; and

21 “(II) the value of decommis-
22 sioning obligations relative to the
23 proven value of oil and gas reserves of
24 the areas subject to such leases, ease-
25 ments, and rights-of-way;

1 “(ii) past results of inspections of oil
2 and gas infrastructure operated by the re-
3 cipient responsible party and any covered
4 entity of the recipient responsible party;

5 “(iii) the number, length of owner-
6 ship, and decommissioning status of each
7 non-producing oil and gas well located on
8 an area subject to a State or Federal oil
9 and gas lease held by the recipient respon-
10 sible party or any covered entity of the re-
11 cipient responsible party; and

12 “(iv) the number of worker safety in-
13 cidents, oil spills or other unauthorized
14 pollutant discharges, and infrastructure
15 failures or disruptions that have occurred
16 on areas subject to State and Federal oil
17 and gas leases held by the recipient re-
18 sponsible party, or any covered entity of
19 the recipient responsible party, during the
20 period of 15 years ending on (as applica-
21 ble) the date on which the request for cer-
22 tification was made or the date on which
23 the Secretary makes an assessment under
24 paragraph (4)(B).

1 “(3) INITIAL REQUEST FOR CERTIFICATION.—A
 2 recipient responsible party may request to be cer-
 3 tified as fit to operate pursuant to the process estab-
 4 lished by regulation under paragraph (5).

5 “(4) MAINTENANCE OF CERTIFICATION.—

6 “(A) REQUIREMENT.—A certification that
 7 the holder of a lease, easement, or right-of-way
 8 for oil or gas exploration, development, or pro-
 9 duction on the outer Continental Shelf issued,
 10 extended, or transferred after the date on which
 11 the Secretary issues or revises regulations
 12 under paragraph (5) is fit to operate shall be
 13 maintained in accordance with subparagraph
 14 (B).

15 “(B) ANNUAL COMPLIANCE
 16 VERIFICATION.—

17 “(i) IN GENERAL.—The Secretary
 18 shall annually assess whether each holder
 19 of a lease, easement, or right-of-way de-
 20 scribed in subparagraph (A) remains in
 21 compliance with standards established pur-
 22 suant to paragraph (5).

23 “(ii) SUSPENSION OF CERTIFI-
 24 CATION.—If the Secretary determines
 25 under subparagraph (A) that a holder of a

1 lease, easement, or right-of-way described
2 in subparagraph (A) is not in compliance
3 with the standards established pursuant to
4 paragraph (5), the Secretary shall suspend
5 the certification and impose one or more of
6 the following penalties until such holder
7 complies with such standards:

8 “(I) Suspend the applicable lease,
9 easement, or right-of-way pursuant to
10 section 5(a)(1).

11 “(II) Issue fines or other civil
12 penalties.

13 “(III) Require supplemental fi-
14 nancial assurance in an amount equal
15 to the total expected cost of decom-
16 missioning.

17 “(IV) Issue an order to the hold-
18 er of the lease, easement, or right-of-
19 way to commence decommissioning,
20 including a requirement that such en-
21 tity develop and submit a decommis-
22 sioning plan pursuant to section
23 250.1704 of title 30, Code of Federal
24 Regulations (or successor regulations),
25 for approval by the Secretary, and

1 issue a notice to any previous holders
2 of the lease, easement, or right-of-way
3 to commence joint and several liability
4 proceedings.

5 “(5) REGULATIONS.—Not later than 1 year
6 after the date of enactment of this section, the Sec-
7 retary shall issue or revise regulations to—

8 “(A) establish standards which the Sec-
9 retary shall use to determine whether to certify
10 a recipient responsible party as fit to operate;

11 “(B) establish a process for recipient re-
12 sponsible parties to request such certification;
13 and

14 “(C) carry out any other requirements of
15 this section.

16 “(c) REPORT TO CONGRESS.—Not later than 1 year
17 after the Secretary issues or revises regulations under sub-
18 section (b)(5), and annually thereafter, the Secretary shall
19 submit to Congress a report that includes—

20 “(1) a summary of the most recent assessments
21 made under subsection (b)(4)(B), including a list
22 of—

23 “(A) each person that holds an active or
24 inactive lease, easement, or right-of-way for oil
25 or gas exploration, development, or production

1 on the outer Continental Shelf that failed to
2 meet any of the standards established pursuant
3 to subsection (b)(5);

4 “(B) the specific standards for which the
5 person is or was non-compliant, disaggregated
6 by—

7 “(i) person; and

8 “(ii) lease, easement, and right-of-
9 way; and

10 “(C) enforcement actions taken by the De-
11 partment of the Interior against each person
12 identified under subparagraph (A);

13 “(2) decommissioning cost estimates for each
14 lease, easement, and right-of-way for oil or gas ex-
15 ploration, development, or production on the outer
16 Continental Shelf, as calculated by the Secretary
17 pursuant to section 5(k)(2), and any modifications
18 to such estimates since the previous report; and

19 “(3) the amount of funds currently held in each
20 decommissioning escrow accounts established pursu-
21 ant to section 5(k).

22 “(d) AUTHORIZATION OF APPROPRIATIONS.—There
23 is authorized to be appropriated to the Secretary
24 \$30,000,000 for each of fiscal years 2027 through 2031
25 to carry out the requirements of this section.

1 “(e) DEFINITIONS.—In this section:

2 “(1) COVERED ENTITY.—The term ‘covered en-
3 tity’, with respect to a recipient responsible party,
4 means—

5 “(A) any parent company of the recipient
6 responsible party;

7 “(B) any subsidiary company of the recipi-
8 ent responsible party;

9 “(C) any entity that the recipient respon-
10 sible party enters into a contract with to con-
11 struct, develop, or operate a facility on the
12 outer Continental Shelf; and

13 “(D) any entity that—

14 “(i) shares officers, directors, or key
15 managerial personnel with any entity speci-
16 fied in subparagraph (A) or (B); or

17 “(ii) is a predecessor to any entity
18 specified in subparagraph (A) or (B).

19 “(2) DECOMMISSIONING.—The term ‘decommis-
20 sioning’, with respect to oil and gas infrastructure
21 on the outer Continental Shelf, means—

22 “(A) ending oil and gas operations;

23 “(B) permanently plugging all wells;

1 “(C) monitoring the efficacy of activities to
2 end such operations, including monitoring the
3 safety and soundness of plugged wells; and

4 “(D) returning the area subject to the
5 lease, easement, or right-of-way to a condition
6 that meets the environmental reclamation re-
7 quirements of the Department of the Interior
8 and any other Federal agency that has jurisdic-
9 tion over such operations.

10 “(3) PARENT COMPANY.—The term ‘parent
11 company’ means a company that directly or indi-
12 rectly controls another company.

13 “(4) RECIPIENT RESPONSIBLE PARTY.—The
14 term ‘recipient responsible party’ means a person
15 seeking the issuance, extension, or transfer of a
16 lease, easement, or right-of-way for oil or gas explo-
17 ration, development, or production on the outer Con-
18 tinental Shelf.

19 “(5) SUBSIDIARY COMPANY.—The term ‘sub-
20 sidiary company’—

21 “(A) means any company that is owned or
22 controlled directly or indirectly by another com-
23 pany; and

24 “(B) includes any subsidiary of the com-
25 pany that is so owned or controlled.”.

1 (b) CONFORMING AMENDMENT.—Section 5(b) of the
 2 Outer Continental Shelf Lands Act (43 U.S.C. 1334(b))
 3 is amended by inserting “, including the regulations issued
 4 or revised under section 34 relating to fitness to operate”
 5 after “regulations issued under this Act”.

6 **SEC. 3. DECOMMISSIONING ESCROW ACCOUNTS.**

7 Section 5 of the Outer Continental Shelf Lands Act
 8 (43 U.S.C. 1334) is amended by adding at the end the
 9 following:

10 “(k) ESCROW ACCOUNT FOR DECOMMISSIONING LI-
 11 ABILITY.—

12 “(1) IN GENERAL.—The holder of an oil and
 13 gas lease shall, in accordance with this subsection,
 14 make payments to an interest-bearing escrow ac-
 15 count, established and administered by the Sec-
 16 retary, in order to fully meet the total cost of decom-
 17 missioning the oil and gas infrastructure located on
 18 the area subject to the lease.

19 “(2) DECOMMISSIONING COST ESTIMATE.—

20 “(A) IN GENERAL.—For each oil and gas
 21 lease, the Secretary, or an independent third-
 22 party entity designated by the Secretary, shall
 23 calculate and periodically update a probabilistic
 24 estimate of the total cost of decommissioning
 25 existing and proposed oil and gas infrastruc-

1 ture, including platforms, wells, and pipelines,
2 located on the area subject to such lease.

3 “(B) INITIAL ESTIMATE.—The Secretary,
4 or the independent third-party, shall calculate
5 an initial estimate of the total costs described
6 in subparagraph (A) prior to the issuance of a
7 new lease.

8 “(C) REEVALUATION AND UPDATES.—The
9 Secretary, or the independent third-party, shall
10 reevaluate and, if necessary, update the esti-
11 mate of the total costs described in subpara-
12 graph (A) at a minimum—

13 “(i) not less frequently than once
14 every 2 years, to reflect any changes in
15 such total costs;

16 “(ii) prior to the approval of a devel-
17 opment and production plan pursuant to
18 section 25;

19 “(iii) prior to the end of the schedule
20 for payments established under paragraph
21 (3); and

22 “(iv) following the disbursal of funds
23 from the escrow accounts for a use ap-
24 proved under paragraph (4).

25 “(3) PAYMENT SCHEDULE.—

1 “(A) IN GENERAL.—The Secretary shall
2 establish a mandatory schedule for payments
3 required by paragraph (1).

4 “(B) DEADLINES TO ESTABLISH SCHED-
5 ULES.—

6 “(i) NEW LEASES.—With respect to
7 the issuance, extension, or transfer of an
8 oil and gas lease after the date of enact-
9 ment of this subsection, the Secretary shall
10 establish the schedule for payments prior
11 to such issuance, extension, or transfer.

12 “(ii) EXISTING LEASES.—With re-
13 spect to any lease in effect as of the date
14 of enactment of this subsection, the Sec-
15 retary shall establish the schedule for pay-
16 ments by not later than 1 year after such
17 date of enactment.

18 “(C) MINIMUM PAYMENTS BY 5 YEARS.—
19 Each schedule of payments established under
20 subparagraph (A) shall provide that the total
21 amount of payments made to the escrow ac-
22 count by the date that is 5 years after the
23 schedule is established be not less than the total
24 decommissioning costs for all oil and gas infra-

1 structure located on the area of the applicable
2 lease.

3 “(D) INITIAL PAYMENTS.—No lease may
4 be issued, and no development and production
5 plan may be approved under section 25, unless
6 the recipient responsible party or leaseholder
7 makes a payment to the escrow account in an
8 amount equal to the greater of—

9 “(i) 25 percent of the average cost to
10 decommission oil and gas infrastructure lo-
11 cated on a typical lease at similar depths;
12 and

13 “(ii) 25 percent of the total decom-
14 missioning costs for all oil and gas infra-
15 structure proposed to be installed on the
16 area subject to the lease pursuant to the
17 plan.

18 “(E) LEASE EXTENSIONS AND TRANS-
19 FERS.—

20 “(i) MISSED PAYMENTS.—The Sec-
21 retary may not extend the term of, or ap-
22 prove the transfer of, a lease if the holder
23 of the lease owes any outstanding pay-
24 ments to the escrow account.

1 “(ii) ADOPTION OF PAYMENT SCHED-
2 ULE.—The Secretary may not approve the
3 transfer of a lease unless the recipient re-
4 sponsible party agrees to adopt the sched-
5 ule for payments established for the lease.

6 “(F) ADJUSTMENTS.—The Secretary shall
7 adjust a schedule for payments established
8 under subparagraph (A) to reflect any update
9 to the applicable cost estimate under paragraph
10 (2)(C).

11 “(G) SUPPLEMENTAL FINANCIAL ASSUR-
12 ANCES.—If the combined amount of the funds
13 in an escrow account for a lease and any sup-
14 plemental financial assurances provided by the
15 holder of the lease exceeds the total decommis-
16 sioning cost estimate calculated by the Sec-
17 retary pursuant to paragraph (2), the Secretary
18 shall correspondingly reduce the supplemental
19 financial assurances required until the com-
20 bined figure is equivalent to the decommis-
21 sioning cost estimate.

22 “(H) INTEREST.—Any interest paid on
23 funds in an escrow account established under
24 paragraph (1) shall become part of the prin-
25 cipal funds in the account.

1 “(I) AMOUNTS FROM JOINT AND SEVERAL
 2 LIABILITY.—All funds accrued from previous
 3 holders of an oil and gas lease as a result of
 4 joint and several liability for the purposes of de-
 5 commissioning shall be deposited into the cor-
 6 responding escrow account.

7 “(J) RETURN OF REMAINING FUNDS
 8 AFTER DECOMMISSIONING.—After decommis-
 9 sioning is complete, any funds remaining in an
 10 escrow account for a lease established under
 11 paragraph (1) shall be returned to any parties
 12 that made payments to the escrow account, ex-
 13 cluding any amounts deposited pursuant to sub-
 14 paragraph (I), based on the proportion of the
 15 payments made by the respective party.

16 “(4) USE OF FUNDS.—

17 “(A) IN GENERAL.—The holder of a lease
 18 may only use funds in an escrow account estab-
 19 lished under paragraph (1)—

20 “(i) for the purposes of decommis-
 21 sioning the oil and gas infrastructure lo-
 22 cated on the area subject to the lease; and

23 “(ii) if the use is approved by the Sec-
 24 retary.

1 “(B) NO USE AS COLLATERAL.—No person
2 may commit funds held in an escrow account
3 established under paragraph (1) as collateral.

4 “(5) PENALTIES.—If the required payments
5 into an escrow account established under paragraph
6 (1) are delinquent by more than 60 days, the Sec-
7 retary shall—

8 “(A) raise the royalty rate for the applica-
9 ble lease at a rate sufficient to recover the de-
10 linquent amount within 6 months and deposit
11 the recovered amount into the applicable escrow
12 account established under paragraph (1); or

13 “(B) suspend the lease, pursuant to sec-
14 tion 5(a)(2), until the holder of the lease pro-
15 vides the delinquent amount.

16 “(6) DEFINITIONS.—In this subsection, the
17 terms ‘decommissioning’, ‘parent company’, and ‘re-
18 cipient responsible party’ have the meanings given
19 such terms, respectively, in section 34.”.

20 **SEC. 4. RESTRICTION ON TEMPORARY ABANDONMENT OF**
21 **WELLS.**

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

1 “(1) RESTRICTION ON TEMPORARY ABANDONMENT
2 OF WELLS.—

3 “(1) IN GENERAL.—The Secretary—

4 “(A) may not approve the placement of an
5 oil well in temporary abandonment status for a
6 period longer than 3 years; and

7 “(B) may only approve such placement
8 after submission and validation of an accom-
9 panying economic analysis verifying the poten-
10 tial for temporary abandonment to improve
11 operational stability of the oil well or mitigate
12 environmental impacts of operating the oil well.

13 “(2) EXTENSION.—Notwithstanding paragraph
14 (1)(A), the Secretary may, on a one-time basis for
15 an oil well, extend the maximum period the oil well
16 may be placed in temporary abandonment status to
17 5 years if the Secretary determines such extension
18 is necessary to ensure operational stability or envi-
19 ronmental safety.”.

○