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Part 1

ENERGY SECURITY ACT

JULY 25, 2001.—Ordered to be printed

Mr. HANSEN, from the Committee on Resources, submitted the following

R E P O R T

together with

DISSENTING AND ADDITIONAL VIEWS

[To accompany H.R. 2436]

The Committee on Resources, to whom was referred the bill (H.R. 2436) to provide secure energy supplies for the people of the United States, and for other purposes, having considered the same, report favorably thereon with an amendment and recommend that the bill as amended do pass.

The amendment is as follows:

Strike all after the enacting clause and insert the following:

SECTION 1. SHORT TITLE.

This Act may be cited as the "Energy Security Act".

SEC. 2. TABLE OF CONTENTS.

The table of contents for this Act is as follows:

TITLE I—GENERAL PROTECTIONS FOR ENERGY SUPPLY AND SECURITY

SEC. 101. STUDY OF EXISTING RIGHTS-OF-WAY ON FEDERAL LANDS TO DETERMINE CAPABILITY TO SUPPORT NEW PIPELINES OR OTHER TRANSMISSION FACILITIES.

(a) IN GENERAL.—Within one year after the date of enactment of this Act, the head of each Federal agency that has authorized a right-of-way across Federal lands for transportation of energy supplies or transmission of electricity shall review each such right-of-way and submit a report to the Secretary of Energy and the Chairman of the Federal Energy Regulatory Commission regarding—

(1) whether the right-of-way can be used to support new or additional capacity; and

(2) what modifications or other changes, if any, would be necessary to accommodate such additional capacity.

(b) CONSULTATIONS AND CONSIDERATIONS.—In performing the review, the head of each agency shall—

(1) consult with agencies of State, tribal, or local units of government as appropriate; and

(2) consider whether safety or other concerns related to current uses might preclude the availability of a right-of-way for additional or new transportation or transmission facilities, and set forth those considerations in the report.

SEC. 102. INVENTORY OF ENERGY PRODUCTION POTENTIAL OF ALL FEDERAL PUBLIC LANDS.

(a) INVENTORY REQUIREMENT.—The Secretary of the Interior, in consultation with the Secretary of Agriculture and the Secretary of Energy, shall conduct an inventory of the energy production potential of all Federal public lands other than national park lands and lands in any wilderness area, with respect to wind, solar, coal, and geothermal power production.

(b) LIMITATIONS.—

(1) IN GENERAL.—The Secretary shall not include in the inventory under this section the matters to be identified in the inventory under section 604 of the Energy Act of 2000 (42 U.S.C. 6217).

(2) WIND AND SOLAR POWER.—The inventory under this section—

(A) with respect to wind power production shall be limited to sites having a mean average wind speed—

(i) exceeding 12.5 miles per hour at a height of 33 feet; and

(ii) exceeding 15.7 miles per hour at a height of 164 feet; and

(B) with respect to solar power production shall be limited to areas rated as receiving 450 watts per square meter or greater.

(c) EXAMINATION OF RESTRICTIONS AND IMPEDIMENTS.—The inventory shall identify the extent and nature of any restrictions or impediments to the development of such energy production potential.

(d) GEOTHERMAL POWER.—The inventory shall include an update of the 1978 Assessment of Geothermal Resources by the United States Geological Survey.

(e) COMPLETION AND UPDATING.—The Secretary—

(1) shall complete the inventory by not later than 2 years after the date of the enactment of this Act; and

(2) shall update the inventory regularly thereafter.

(f) REPORTS.—The Secretary shall submit to the Committee on Resources of the House of Representatives and to the Committee on Energy and Natural Resources of the Senate and make publicly available—

(1) a report containing the inventory under this section, by not later than 2 years after the effective date of this section; and

(2) each update of such inventory.

SEC. 103. REVIEW OF REGULATIONS TO ELIMINATE BARRIERS TO EMERGING ENERGY TECHNOLOGY.

(a) IN GENERAL.—Each Federal agency shall carry out a review of its regulations and standards to determine those that act as a barrier to market entry for emerging energy-efficient technologies, including fuel cells, combined heat and power, and distributed generation (including small-scale renewable energy).

(b) REPORT TO CONGRESS.—No later than 18 months after date of enactment of this Act, each agency shall provide a report to the Congress and the President detailing all regulatory barriers to emerging energy-efficient technologies, along with actions the agency intends to take, or has taken, to remove such barriers.

(c) PERIODIC REVIEW.—Each agency shall subsequently review its regulations and standards in this manner no less frequently than every 5 years, and report their findings to the Congress and the President. Such reviews shall include a detailed analysis of all agency actions taken to remove existing barriers to emerging energy technologies.

SEC. 104. INTERAGENCY AGREEMENT ON ENVIRONMENTAL REVIEW OF INTERSTATE NATURAL GAS PIPELINE PROJECTS.

(a) IN GENERAL.—The Secretary of Energy, in coordination with the Federal Energy Regulatory Commission, shall establish an administrative interagency task force to develop an interagency agreement to expedite and facilitate the environmental review and permitting of interstate natural gas pipeline projects.

(b) TASK FORCE MEMBERS.—The task force shall include a representative of each of the Bureau of Land Management, the United States Fish and Wildlife Service, the Army Corps of Engineers, the Forest Service, the Environmental Protection Agency, the Advisory Council on Historic Preservation, and such other agencies as the Secretary of Energy and the Federal Energy Regulatory Commission consider appropriate.

(c) TERMS OF AGREEMENT.—The interagency agreement shall require that agencies complete their review of interstate pipeline projects within a specific period of time after referral of the matter by the Federal Energy Regulatory Commission.

(d) SUBMITTAL OF AGREEMENT.—The Secretary of Energy shall submit a final interagency agreement under this section to the Congress by not later than 6 months after the effective date of this section.

SEC. 105. ENHANCING ENERGY EFFICIENCY IN MANAGEMENT OF FEDERAL LANDS.

(a) SENSE OF THE CONGRESS.—It is the sense of Congress that Federal land managing agencies should enhance the use of energy efficient technologies in the management of natural resources.

(b) ENERGY EFFICIENT BUILDINGS.—To the extent economically practicable, the Secretary of the Interior and the Secretary of Agriculture shall seek to incorporate energy efficient technologies in public and administrative buildings associated with management of the National Park System, National Wildlife Refuge System, Na-

tional Forest System, and other public lands and resources managed by such Secretaries.

(c) ENERGY EFFICIENT VEHICLES.—To the extent economically practicable, the Secretary of the Interior and the Secretary of Agriculture shall seek to use energy efficient motor vehicles, including vehicles equipped with biodiesel or hybrid engine technologies, in the management of the National Park System, National Wildlife Refuge System, and other public lands and managed by the Secretaries.

TITLE II—OIL AND GAS DEVELOPMENT

Subtitle A—Offshore Oil and Gas

SEC. 201. SHORT TITLE.

This subtitle may be referred to as the "Royalty Relief Extension Act of 2001".

SEC. 202. LEASE SALES IN WESTERN AND CENTRAL PLANNING AREA OF THE GULF OF MEXICO.

(a) IN GENERAL.—For all tracts located in water depths of greater than 200 meters in the Western and Central Planning Area of the Gulf of Mexico, including that portion of the Eastern Planning Area of the Gulf of Mexico encompassing whole lease blocks lying west of 87 degrees, 30 minutes West longitude, any oil or gas lease sale under the Outer Continental Shelf Lands Act occurring within 2 years after the date of enactment of this Act shall use the bidding system authorized in section 8(a)(1)(H) of the Outer Continental Shelf Lands Act (30 U.S.C. 1337(a)(1)(H)), except that the suspension of royalties shall be set at a volume of not less than the following:

(1) 17.5 million barrels of oil equivalent for fields in water depths of 200 to 400 meters.

(2) 52.5 million barrels of oil equivalent for fields in 400 to 800 meters of water.

(3) 9 million barrels of oil equivalent for each lease in water depths of 800 to 1,600 meters.

(4) 12 million barrels of oil equivalent for each lease in water depths greater than 1,600 meters.

(b) RELATIONSHIP TO EXISTING AUTHORITY.—Except as expressly provided in this section, nothing in this section is intended to limit the authority of the Secretary of the Interior under the Outer Continental Shelf Lands Act (43 U.S.C. 1301 et seq.) to provide royalty suspension.

SEC. 203. SAVINGS CLAUSE.

Nothing in this subtitle shall be construed to affect any offshore pre-leasing, leasing, or development moratorium, including any moratorium applicable to the Eastern Planning Area of the Gulf of Mexico located off the Gulf Coast of Florida.

SEC. 204. ANALYSIS OF GULF OF MEXICO FIELD SIZE DISTRIBUTION, INTERNATIONAL COMPETITIVENESS, AND INCENTIVES FOR DEVELOPMENT.

(a) IN GENERAL.—The Secretary of the Interior and the Secretary of Energy shall enter into appropriate arrangements with the National Academy of Sciences to commission the Academy to perform the following:

(1) Conduct an analysis and review of existing Gulf of Mexico oil and natural gas resource assessments, including—

(A) analysis and review of assessments recently performed by the Minerals Management Service, the 1999 National Petroleum Council Gas Study, the Department of Energy's Offshore Marginal Property Study, and the Advanced Resources International, Inc. Deepwater Gulf of Mexico model; and

(B) evaluation and comparison of the accuracy of assumptions of the existing assessments with respect to resource field size distribution, hydrocarbon potential, and scenarios for leasing, exploration, and development.

(2) Evaluate the lease terms and conditions offered by the Minerals Management Service for Lease Sale 178, and compare the financial incentives offered by such terms and conditions to financial incentives offered by the terms and conditions that apply under leases for other offshore areas that are competing for the same limited offshore oil and gas exploration and development capital, including offshore areas of West Africa and Brazil.

(3) Recommend what level of incentives for all water depths are appropriate in order to ensure that the United States optimizes the domestic supply of oil and natural gas from the offshore areas of the Gulf of Mexico that are not sub-

ject to current leasing moratoria. Recommendations under this paragraph should be made in the context of the importance of the oil and natural gas resources of the Gulf of Mexico to the future energy and economic needs of the United States.

(b) REPORT.—Not later than 180 days after the date of enactment of this Act, the Secretary of the Interior shall submit a report to the Committee on Resources in the House of Representatives and the Committee on Energy and Natural Resources in the Senate, summarizing the findings of the National Academy of Sciences pursuant to subsection (a) and providing recommendations of the Secretary for new policies or other actions that could help to further increase oil and natural gas production from the Gulf of Mexico.

Subtitle B—Improvements to Federal Oil and Gas Management

SEC. 221. SHORT TITLE.

This subtitle may be cited as the "Federal Oil and Gas Lease Management Improvement Demonstration Program Act of 2001".

SEC. 222. STUDY OF IMPEDIMENTS TO EFFICIENT LEASE OPERATIONS.

(a) IN GENERAL.—The Secretary of the Interior and the Secretary of Agriculture shall jointly undertake a study of the impediments to efficient oil and gas leasing and operations on Federal onshore lands in order to identify means by which unnecessary impediments to the expeditious exploration and production of oil and natural gas on such lands can be removed.

(b) CONTENTS.—The study under subsection (a) shall include the following:

(1) A review of the process by which Federal land managers accept or reject an offer to lease, including the timeframes in which such offers are acted upon, the reasons for any delays in acting upon such offers, and any recommendations for expediting the response to such offers.

(2) A review of the approval process for applications for permits to drill, including the timeframes in which such applications are approved, the impact of compliance with other Federal laws on such timeframes, any other reasons for delays in making such approvals, and any recommendations for expediting such approvals.

(3) A review of the approval process for surface use plans of operation, including the timeframes in which such applications are approved, the impact of compliance with other Federal laws on such timeframes, any other reasons for delays in making such approvals, and any recommendations for expediting such approvals.

(4) A review of the process for administrative appeal of decisions or orders of officers or employees of the Bureau of Land Management with respect to a Federal oil or gas lease, including the timeframes in which such appeals are heard and decided, any reasons for delays in hearing or deciding such appeals, and any recommendations for expediting the appeals process.

(c) REPORT.—The Secretaries shall report the findings and recommendations resulting from the study required by this section to the Committee on Resources of the House of Representatives and to the Committee on Energy and Natural Resources of the Senate no later than 6 months after the date of the enactment of this Act.

SEC. 223. ELIMINATION OF UNWARRANTED DENIALS AND STAYS.

(a) IN GENERAL.—The Secretary shall ensure that unwarranted denials and stays of lease issuance and unwarranted restrictions on lease operations are eliminated from the administration of oil and natural gas leasing on Federal land.

(b) LAND DESIGNATED FOR MULTIPLE USE.—Federal land available for oil and natural gas leasing under any Bureau of Land Management resource management plan or Forest Service leasing analysis shall be available without lease stipulations more stringent than restrictions on surface use and operations imposed under the laws (including regulations) of the oil and natural gas conservation authority of the State in which the lands are located, unless the Secretary includes in the decision approving the management plan or leasing analysis or in the Secretary's acceptance of an offer to lease a written explanation why more stringent stipulations are warranted.

(c) REJECTION OF OFFER TO LEASE.—

(1) IN GENERAL.—If the Secretary rejects an offer to lease Federal lands for oil or natural gas development on the ground that the land is unavailable for oil and natural gas leasing, the Secretary shall provide a written, detailed explanation of the reasons the land is unavailable for leasing.

(2) PREVIOUS RESOURCE MANAGEMENT DECISION.—If the determination of unavailability is based on a previous resource management decision, the explanation shall include a careful assessment of whether the reasons underlying the previous decision are still persuasive.

(3) SEGREGATION OF AVAILABLE LAND FROM UNAVAILABLE LAND.—The Secretary may not reject an offer to lease Federal land for oil and natural gas development that is available for such leasing on the ground that the offer includes land unavailable for leasing. The Secretary shall segregate available land from unavailable land, on the offeror's request following notice by the Secretary, before acting on the offer to lease.

(d) DISAPPROVAL OR REQUIRED MODIFICATION OF SURFACE USE PLANS OF OPERATIONS AND APPLICATION FOR PERMIT TO DRILL.—The Secretary shall provide a written, detailed explanation of the reasons for disapproving or requiring modifications of any surface use plan of operations or application for permit to drill with respect to oil or natural gas development on Federal lands.

SEC. 224. LIMITATION ON COST RECOVERY FOR APPLICATIONS.

Notwithstanding sections 304 and 504 of the Federal Land Policy and Management Act of 1976 (43 U.S.C. 1734, 1764) and section 9701 of title 31, United States Code, the Secretary shall not recover the Secretary's costs with respect to applications and other documents relating to oil and gas leases.

SEC. 225. CONSULTATION WITH SECRETARY OF AGRICULTURE.

Section 17(h) of the Mineral Leasing Act (30 U.S.C. 226(h)) is amended to read as follows:

"(h)(1) In issuing any lease on National Forest System lands reserved from the public domain, the Secretary of the Interior shall consult with the Secretary of Agriculture in determining stipulations on surface use under the lease.

"(2)(A) A lease on lands referred to in paragraph (1) may not be issued if the Secretary of Agriculture determines, after consultation under paragraph (1), that the terms and conditions of the lease, including any prohibition on surface occupancy for lease operations, will not be sufficient to adequately protect such lands under the National Forest Management Act of 1976 (16 U.S.C. 1600 et seq.).

"(B) The authority of the Secretary of Agriculture under this paragraph may be delegated only to the Undersecretary of Agriculture for Natural Resources and Environment.".

Subtitle C—Miscellaneous

SEC. 231. OFFSHORE SUBSALT DEVELOPMENT.

Section 5 of the Outer Continental Shelf Lands Act of 1953 (43 U.S.C. 1334) is amended by adding at the end the following:

"(k) SUSPENSION OF OPERATIONS FOR SUBSALT EXPLORATION.—Notwithstanding any other provision of law or regulation, to prevent waste caused by the drilling of unnecessary wells and to facilitate the discovery of additional hydrocarbon reserves, the Secretary may grant a request for a suspension of operations under any lease to allow the reprocessing and reinterpretation of geophysical data to identify and define drilling objectives beneath allocthonus salt sheets.".

SEC. 232. PROGRAM ON OIL AND GAS ROYALTIES IN KIND.

(a) APPLICABILITY OF SECTION.—Notwithstanding any other provision of law, the provisions of this section shall apply to all royalty in kind accepted by the Secretary of the Interior under any Federal oil or gas lease or permit under section 36 of the Mineral Leasing Act (30 U.S.C. 192), section 27 of the Outer Continental Shelf Lands Act (43 U.S.C. 1353), or any other mineral leasing law, in the period beginning on the date of enactment of this Act through September 30, 2006.

(b) TERMS AND CONDITIONS.—All royalty accruing to the United States under any Federal oil or gas lease or permit under the Mineral Leasing Act (30 U.S.C. 181 et seq.) or the Outer Continental Shelf Lands Act (43 U.S.C. 1331 et seq.) shall, on the demand of the Secretary of the Interior, be paid in oil or gas. If the Secretary of the Interior makes such a demand, the following provisions apply to such payment:

(1) Delivery by, or on behalf of, the lessee of the royalty amount and quality due under the lease satisfies the lessee's royalty obligation for the amount delivered, except that transportation and processing reimbursements paid to, or deductions claimed by, the lessee shall be subject to review and audit.

(2) Royalty production shall be placed in marketable condition by the lessee at no cost to the United States.

(3) The Secretary of the Interior may—

(A) sell or otherwise dispose of any royalty oil or gas taken in kind for not less than the market price; and

(B) transport or process any oil or gas royalty taken in kind.

(4) The Secretary of the Interior may, notwithstanding section 3302 of title 31, United States Code, retain and use a portion of the revenues from the sale of oil and gas royalties taken in kind that otherwise would be deposited to miscellaneous receipts, without regard to fiscal year limitation, or may use royalty production, to pay the cost of—

(A) transporting the oil or gas,

(B) processing the gas, or

(C) disposing of the oil or gas.

(5) The Secretary may not use revenues from the sale of oil and gas royalties taken in kind to pay for personnel, travel, or other administrative costs of the Federal Government.

(c) REIMBURSEMENT OF COST.—If the lessee, pursuant to an agreement with the United States or as provided in the lease, processes the royalty gas or delivers the royalty oil or gas at a point not on or adjacent to the lease area, the Secretary of the Interior shall—

(1) reimburse the lessee for the reasonable costs of transportation (not including gathering) from the lease to the point of delivery or for processing costs; or

(2) at the discretion of the Secretary of the Interior, allow the lessee to deduct such transportation or processing costs in reporting and paying royalties in value for other Federal oil and gas leases.

(d) BENEFIT TO THE UNITED STATES REQUIRED.—The Secretary may receive oil or gas royalties in kind only if the Secretary determines that receiving such royalties provides benefits to the United States greater than or equal to those that would be realized under a comparable royalty in value program.

(e) REPORT TO CONGRESS.—For each of the fiscal years 2002 through 2006 in which the United States takes oil or gas royalties in kind from production in any State or from the Outer Continental Shelf, excluding royalties taken in kind and sold to refineries under subsection (h), the Secretary of the Interior shall provide a report to the Congress describing—

(1) the methodology or methodologies used by the Secretary to determine compliance with subsection (d), including performance standards for comparing amounts received by the United States derived from such royalties in kind to amounts likely to have been received had royalties been taken in value;

(2) an explanation of the evaluation that led the Secretary to take royalties in kind from a lease or group of leases, including the expected revenue effect of taking royalties in kind;

(3) actual amounts received by the United States derived from taking royalties in kind, and costs and savings incurred by the United States associated with taking royalties in kind; and

(4) an evaluation of other relevant public benefits or detriments associated with taking royalties in kind.

(f) DEDUCTION OF EXPENSES.—

(1) IN GENERAL.—Before making payments under section 35 of the Mineral Leasing Act (30 U.S.C. 191) or section 8(g) of the Outer Continental Shelf Lands Act (30 U.S.C. 1337(g)) of revenues derived from the sale of royalty production taken in kind from a lease, the Secretary of the Interior shall deduct amounts paid or deducted under subsections (b)(4) and (c), and shall deposit such amounts to miscellaneous receipts.

(2) ACCOUNTING FOR DEDUCTIONS.—If the Secretary of the Interior allows the lessee to deduct transportation or processing costs under subsection (c), the Secretary may not reduce any payments to recipients of revenues derived from any other Federal oil and gas lease as a consequence of that deduction.

(g) CONSULTATION WITH STATES.—The Secretary of the Interior—

(1) shall consult with a State before conducting a royalty in kind program under this title within the State, and may delegate management of any portion of the Federal royalty in kind program to such State except as otherwise prohibited by Federal law; and

(2) shall consult annually with any State from which Federal oil or gas royalty is being taken in kind to ensure to the maximum extent practicable that the royalty in kind program provides revenues to the State greater than or equal to those which would be realized under a comparable royalty in value program.

(h) PROVISIONS FOR SMALL REFINERIES.—

(1) PREFERENCE.—If the Secretary of the Interior determines that sufficient supplies of crude oil are not available in the open market to refineries not having their own source of supply for crude oil, the Secretary may grant preference

to such refineries in the sale of any royalty oil accruing or reserved to the United States under Federal oil and gas leases issued under any mineral leasing law, for processing or use in such refineries at private sale at not less than the market price.

(2) PRORATION AMONG REFINERIES IN PRODUCTION AREA.—In disposing of oil under this subsection, the Secretary of the Interior may, at the discretion of the Secretary, prorate such oil among such refineries in the area in which the oil is produced.

(i) DISPOSITION TO FEDERAL AGENCIES.—

(1) ONSHORE ROYALTY.—Any royalty oil or gas taken by the Secretary in kind from onshore oil and gas leases may be sold at not less than the market price to any department or agency of the United States.

(2) OFFSHORE ROYALTY.—Any royalty oil or gas taken in kind from Federal oil and gas leases on the Outer Continental Shelf may be disposed of only under section 27 of the Outer Continental Shelf Lands Act (43 U.S.C. 1353).

(j) PREFERENCE FOR FEDERAL LOW-INCOME ENERGY ASSISTANCE PROGRAMS.—In disposing of royalty oil or gas taken in kind under this section, the Secretary may grant a preference to any person, including any State or Federal agency, for the purpose of providing additional resources to any Federal low-income energy assistance program.

SEC. 233. COOPERATIVE OIL AND GAS RESEARCH AND INFORMATION CENTERS.

(a) IN GENERAL.—The Secretary of the Interior may establish and operate in accordance with this section regional centers administered by the United States Geological Survey. Each such center shall be known as a United States Geological Survey Cooperative Oil and Gas Research and Information Center.

(b) PARTNERSHIP.—Each Center shall be established and operated under a partnership with the government of the State in which the Center is located, through the agency of the State that is responsible for geological survey activities.

(c) FUNCTIONS.—The Secretary, through each such Center, shall—

(1) conduct oil and natural gas exploration and production research in the region in which the Center is located; and

(2) archive and provide public access to data regarding oil and natural gas reserves and production in the region, including information developed through research under paragraph (1).

(d) RESEARCH.—

(1) COST SHARING.—The Federal share of the cost of research conducted under this section may not exceed 50 percent.

(2) PRIVATE CONTRIBUTIONS.—The Secretary—

(A) may accept private contributions of property and services for research conducted under this section; and

(B) shall apply the value of such contributions to the non-Federal share of the costs of such research.

SEC. 234. MARGINAL WELL PRODUCTION INCENTIVES.

To enhance the economics of marginal oil and gas production by increasing the ultimate recovery from marginal wells when the cash price of West Texas Intermediate crude oil, as posted on the Dow Jones Commodities Index chart, is less than $15 per barrel for 180 consecutive pricing days or when the price of natural gas delivered at Henry Hub, Louisiana, is less than $2.00 per million British thermal units for 180 consecutive days, the Secretary shall reduce the royalty rate as production declines for—

(1) onshore oil wells producing less than 30 barrels per day;

(2) onshore gas wells producing less than 120 million British thermal units per day;

(3) offshore oil wells producing less than 300 barrels of oil per day; and

(4) offshore gas wells producing less than 1,200 million British thermal units per day.

SEC. 235. REIMBURSEMENT FOR COSTS OF NEPA ANALYSES, DOCUMENTATION, AND STUDIES.

The Mineral Leasing Act (30 U.S.C. 181 et seq.) is amended by inserting after section 37 the following:

"REIMBURSEMENT FOR COSTS OF CERTAIN ANALYSES, DOCUMENTATION, AND STUDIES

"SEC. 38. (a) IN GENERAL.—The Secretary of the Interior shall reimburse a person who is a lessee, operator, operating rights owner, or applicant for an oil or gas lease under this Act for costs incurred by the person in preparing any project-level analysis, documentation, or related study required under the National Environmental Policy Act of 1969 (42 U.S.C. 4321 et seq.) with respect to the lease, through royalty

credits attributable to the lease, unit agreement, or project area for which the analysis, documentation, or related study is prepared.

"(b) CONDITIONS.—The Secretary shall provide reimbursement under subsection (b) only if—

"(1) adequate funding to enable the Secretary to timely prepare the analysis, documentation, or related study is not appropriated;

"(2) the person paid the costs voluntarily; and

"(3) the person maintains records of its costs in accordance with regulations prescribed by the Secretary.".

(c) APPLICATION.—The amendments made by this section shall apply with respect to any lease entered into before, on, or after the date of the enactment of this Act.

(d) DEADLINE FOR REGULATIONS.—The Secretary shall issue regulations implementing the amendments made by this section by not later than 90 days after the date of the enactment of this Act.

TITLE III—GEOTHERMAL ENERGY DEVELOPMENT

SEC. 301. ROYALTY REDUCTION AND RELIEF.

(a) ROYALTY REDUCTION.—Section 5(a) of the Geothermal Steam Act of 1970 (30 U.S.C. 1004(a)) is amended by striking "not less than 10 per centum or more than 15 per centum" and inserting "not more than 8 per centum".

(b) ROYALTY RELIEF.—

(1) IN GENERAL.—Notwithstanding section 5 of the Geothermal Steam Act of 1970 (30 U.S.C. 1004(a)) and any provision of any lease under that Act, no royalty is required to be paid—

(A) under any qualified geothermal energy lease with respect to commercial production of heat or energy from a facility that begins such production in the 5-year period beginning on the date of the enactment of this Act; or

(B) on qualified expansion geothermal energy.

(2) 3-YEAR APPLICATION.—Paragraph (1) applies only to commercial production of heat or energy from a facility in the first 3 years of such production.

(c) DEFINITIONS.—In this section:

(1) QUALIFIED EXPANSION GEOTHERMAL ENERGY.—The term "qualified expansion geothermal energy"—

(A) subject to subparagraph (B), means geothermal energy produced from a generation facility for which the rated capacity is increased by more than 10 percent as a result of expansion of the facility carried out in the 5-year period beginning on the date of enactment of this Act; and

(B) does not include the rated capacity of the generation facility on the date of enactment of this Act.

(2) QUALIFIED GEOTHERMAL ENERGY LEASE.—The term "qualified geothermal energy lease" means a lease under the Geothermal Steam Act of 1970 (30 U.S.C. 1001 et seq.)—

(A) that was executed before the end of the 5-year period beginning on the date of the enactment of this Act; and

(B) under which no commercial production of any form of heat or energy occurred before the date of the enactment of this Act.

SEC. 302. EXEMPTION FROM ROYALTIES FOR DIRECT USE OF LOW TEMPERATURE GEOTHERMAL ENERGY RESOURCES.

Section 5 of the Geothermal Steam Act of 1970 (30 U.S.C. 1004) is amended—

(1) in paragraph (c) by redesignating subparagraphs (1) and (2) as subparagraphs (A) and (B);

(2) by redesignating paragraphs (a) through (d) in order as paragraphs (1) through (4);

(3) by inserting "(a) IN GENERAL.—" after "SEC. 5."; and

(4) by adding at the end the following new subsection:

"(b) EXEMPTION FOR USE OF LOW TEMPERATURE RESOURCES.—

"(1) IN GENERAL.—In lieu of any royalty or rental under subsection (a), a lease for qualified development and direct utilization of low temperature geothermal resources shall provide for payment by the lessee of an annual fee of not less than $100, and not more than $1,000, in accordance with the schedule issued under paragraph (2).

"(2) SCHEDULE.—The Secretary shall issue a schedule of fees under this section under which a fee is based on the scale of development and utilization to which the fee applies.

"(3) DEFINITIONS.—In this subsection:

"(A) LOW TEMPERATURE GEOTHERMAL RESOURCES.—The term 'low temperature geothermal resources' means geothermal steam and associated geothermal resources having a temperature of less than 195 degrees Fahrenheit.

"(B) QUALIFIED DEVELOPMENT AND DIRECT UTILIZATION.—The term 'qualified development and direct utilization' means development and utilization in which all products of geothermal resources, other than any heat utilized, are returned to the geothermal formation from which they are produced.".

SEC. 303. AMENDMENTS RELATING TO LEASING ON FOREST SERVICE LANDS.

The Geothermal Steam Act of 1970 is amended—

(1) in section 15(b) (30 U.S.C. 1014(b))—

(A) by inserting "(1)" after "(b)"; and

(B) in paragraph (1) (as designated by subparagraph (A) of this paragraph) in the first sentence—

(i) by striking "with the consent of, and" and inserting "after consultation with the Secretary of Agriculture and"; and

(ii) by striking "the head of that Department" and inserting "the Secretary of Agriculture"; and

(2) by adding at the end the following:

"(2)(A) A geothermal lease for lands withdrawn or acquired in aid of functions of the Department of Agriculture may not be issued if the Secretary of Agriculture, after the consultation required by paragraph (1), determines that no terms or conditions, including a prohibition on surface occupancy for lease operations, would be sufficient to adequately protect such lands under the National Forest Management Act of 1976 (16 U.S.C. 1600 et seq.).

"(B) The authority of the Secretary of Agriculture under this paragraph may be delegated only to the Undersecretary of Agriculture for Natural Resources and Environment.".

SEC. 304. DEADLINE FOR DETERMINATION ON PENDING NONCOMPETITIVE LEASE APPLICATIONS.

Not later than 90 days after the date of the enactment of this Act, the Secretary of the Interior shall, with respect to each application pending on the date of the enactment of this Act for a lease under the Geothermal Steam Act of 1970 (30 U.S.C. 1001 et seq.), issue a final determination of—

(1) whether or not to conduct a lease sale by competitive bidding; and

(2) whether or not to award a lease without competitive bidding.

SEC. 305. OPENING OF PUBLIC LANDS UNDER MILITARY JURISDICTION.

(a) IN GENERAL.—Except as otherwise provided in the Geothermal Steam Act of 1970 (30 U.S.C. 1001 et seq.) and other provisions of Federal law applicable to development of geothermal energy resources within public lands, all public lands under the jurisdiction of a Secretary of a military department shall be open to the operation of such laws and development and utilization of geothermal steam and associated geothermal resources, as that term is defined in section 2 of the Geothermal Steam Act of 1970 (30 U.S.C. 1001), without the necessity for further action by the Secretary or the Congress.

(b) CONFORMING AMENDMENT.—Section 2689 of title 10, United States Code, is amended by striking "including public lands," and inserting "other than public lands,".

(c) TREATMENT OF EXISTING LEASES.—Upon the expiration of any lease in effect on the date of the enactment of this Act of public lands under the jurisdiction of a military department for the development of any geothermal resource, such lease may, at the option of the lessee—

(1) be treated as a lease under the Geothermal Steam Act of 1970 (30 U.S.C. 1001 et seq.), and be renewed in accordance with such Act; or

(2) be renewed in accordance with the terms of the lease, if such renewal is authorized by such terms.

(d) REGULATIONS.—The Secretary of the Interior, with the advice and concurrence of the Secretary of the military department concerned, shall prescribe such regulations to carry out this section as may be necessary. Such regulations shall contain guidelines to assist in determining how much, if any, of the surface of any lands opened pursuant to this section may be used for purposes incident to geothermal energy resources development and utilization.

(e) CLOSURE FOR PURPOSES OF NATIONAL DEFENSE OR SECURITY.—In the event of a national emergency or for purposes of national defense or security, the Secretary of the Interior, at the request of the Secretary of the military department concerned, shall close any lands that have been opened to geothermal energy resources leasing pursuant to this section.

SEC. 306. APPLICATION OF AMENDMENTS.

The amendments made by this title apply with respect to any lease executed before, on, or after the date of the enactment of this Act.

SEC. 307. REVIEW AND REPORT TO CONGRESS.

The Secretary of the Interior shall promptly review and report to the Congress regarding the status of all moratoria on and withdrawals from leasing under the Geothermal Steam Act of 1970 (30 U.S.C. 1001 et seq.) of known geothermal resources areas (as that term is defined in section 2 of that Act (30 U.S.C. 1001), specifying for each such area whether the basis for such moratoria or withdrawal still applies.

SEC. 308. REIMBURSEMENT FOR COSTS OF NEPA ANALYSES, DOCUMENTATION, AND STUDIES.

(a) IN GENERAL.—The Geothermal Steam Act of 1970 (30 U.S.C. 1001 et seq.) is amended by adding at the end the following:

"REIMBURSEMENT FOR COSTS OF CERTAIN ANALYSES, DOCUMENTATION, AND STUDIES

"SEC. 30. (a) IN GENERAL.—The Secretary of the Interior shall reimburse a person who is a lessee, operator, operating rights owner, or applicant for a lease under this Act for costs incurred by the person in preparing any project-level analysis, documentation, or related study required under the National Environmental Policy Act of 1969 (42 U.S.C. 4321 et seq.) with respect to the lease, through royalty credits attributable to the lease, unit agreement, or project area for which the analysis, documentation, or related study is prepared.

"(b) CONDITIONS.—The Secretary shall provide reimbursement under subsection (a) only if—

"(1) adequate funding to enable the Secretary to timely prepare the analysis, documentation, or related study is not appropriated;

"(2) the person paid the costs voluntarily; and

"(3) the person maintains records of its costs in accordance with regulations prescribed by the Secretary.".

(b) APPLICATION.—The amendments made by this section shall apply with respect to any lease entered into before, on, or after the date of the enactment of this Act.

(c) DEADLINE FOR REGULATIONS.—The Secretary shall issue regulations implementing the amendments made by this section by not later than 90 days after the date of the enactment of this Act.

TITLE IV—HYDROPOWER

SEC. 401. STUDY AND REPORT ON INCREASING ELECTRIC POWER PRODUCTION CAPABILITY OF EXISTING FACILITIES.

(a) IN GENERAL.—The Secretary of the Interior shall conduct a study of the potential for increasing electric power production capability at existing facilities under the administrative jurisdiction of the Secretary.

(b) CONTENT.—The study under this section shall include identification and description in detail of each facility that is capable, with or without modification, of producing additional hydroelectric power, including estimation of the existing potential for the facility to generate hydroelectric power.

(c) REPORT.—The Secretary shall submit to the Congress a report on the findings, conclusions, and recommendations of the study under this section by not later than 12 months after the date of enactment of this Act. The Secretary shall include in the report the following:

(1) The identifications, descriptions, and estimations referred to in subsection (b).

(2) A description of activities the Secretary is currently conducting or considering, or that could be considered, to produce additional hydroelectric power from each identified facility.

(3) A summary of action that has already been taken by the Secretary to produce additional hydroelectric power from each identified facility.

(4) The costs to install, upgrade, or modify equipment or take other actions to produce additional hydroelectric power from each identified facility.

(5) The benefits that would be achieved by such installation, upgrade, modification, or other action, including quantified estimates of any additional energy or capacity from each facility identified under subsection (b).

(6) A description of actions that are planned, underway, or might reasonably be considered to increase hydroelectric power production by replacing turbine runners.

(7) A description of actions that are planned, underway, or might reasonably be considered to increase hydroelectric power production by performing generator uprates and rewinds.

(8) The impact of increased hydroelectric power production on irrigation, fish, wildlife, Indian tribes, river health, water quality, navigation, recreation, fishing, and flood control.

(9) Any additional recommendations the Secretary considers advisable to increase hydroelectric power production from, and reduce costs and improve efficiency at, facilities under the jurisdiction of the Secretary.

SEC. 402. INSTALLATION OF POWERFORMER AT FOLSOM POWER PLANT, CALIFORNIA.

(a) IN GENERAL.—The Secretary of the Interior may install a powerformer at the Bureau of Reclamation Folsom power plant in Folsom, California, to replace a generator and transformer that are due for replacement due to age.

(b) REIMBURSABLE COSTS.—Costs incurred by the United States for installation of a powerformer under this section shall be treated as reimbursable costs and shall bear interest at current long-term borrowing rates of the United States Treasury at the time of acquisition.

(c) LOCAL COST SHARING.—In addition to reimbursable costs under subsection (b), the Secretary shall seek contributions from power users toward the costs of the powerformer and its installation.

SEC. 403. CONSERVATION THROUGH PUMP MODERNIZATION.

(a) PUMP REPLACEMENT PROGRAM.—The Secretary of the Interior shall—

(1) conduct a study to determine what pumps associated with water delivery projects should be replaced, based on a cost-benefit analysis of modernizing pumping installations, including determination and consideration of the savings in energy costs that would result from such replacement; and

(2) based on the findings of the study, replace each pump for which the benefits of such replacement (including such energy costs savings) is greater than the cost of the pump replacement.

(b) COSTS.—

(1) REIMBURSABLE COSTS.—Subject to the limitation in paragraph (3), the costs incurred by the United States for replacement of any pump under this section shall be treated as reimbursable costs and shall bear interest at current long-term borrowing rates of the United States Treasury at the time of acquisition.

(2) LOCAL COST SHARING.—The Secretary may enter into an agreement with project beneficiaries to secure up-front payment of all or a portion of the reimbursable costs of any pump replacement authorized or undertaken by the Secretary under this section.

(3) COMMERCIAL FIRM POWER RATE IMPACTS.—The commercial firm power rate for the Reclamation project having a pump replacement performed under this section shall not be increased as a result of the replacement.

(c) AUTHORIZATION OF APPROPRIATIONS.—For replacement of pumps under this section there is authorized to be appropriated to the Secretary $20,000,000.

SEC. 404. STUDY AND IMPLEMENTATION OF INCREASED OPERATIONAL EFFICIENCIES IN HYDROELECTRIC POWER PROJECTS.

(a) IN GENERAL.—The Secretary of Interior shall conduct a study of operational methods and water scheduling techniques at all hydroelectric power plants under the administrative jurisdiction of the Secretary that have an electric power production capacity greater than 50 megawatts, to—

(1) determine whether such power plants and associated river systems are operated so as to maximize energy and capacity capabilities; and

(2) identify measures that can be taken to improve operational flexibility at such plants to achieve such maximization.

(b) REPORT.—The Secretary shall submit a report on the findings, conclusions, and recommendations of the study under this section by not later than 18 months after the date of the enactment of this Act, including a summary of the determinations and identifications under paragraphs (1) and (2) of subsection (a).

(c) COOPERATION BY FEDERAL POWER MARKETING ADMINISTRATIONS.—The Secretary shall coordinate with the Administrator of each Federal power marketing administration in—

(1) determining how the value of electric power produced by each hydroelectric power facility that produces power marketed by the administration can be maximized; and

(2) implementing measures identified under subsection (a)(2).

(d) LIMITATION ON IMPLEMENTATION OF MEASURES.—Implementation under subsections (a)(2) and (b)(2) shall be limited to those measures that can be implemented

within the constraints imposed on Department of the Interior facilities by other uses required by law.

SEC. 405. SHIFT OF PROJECT LOADS TO OFF-PEAK PERIODS.

(a) IN GENERAL.—The Secretary of the Interior shall—

(1) review electric power consumption by Bureau of Reclamation facilities for water pumping purposes; and

(2) make such adjustments in such pumping as possible to minimize the amount of electric power consumed for such pumping during periods of peak electric power consumption, including by performing as much of such pumping as possible during off-peak hours at night.

(b) CONSENT OF AFFECTED IRRIGATION CUSTOMERS REQUIRED.—The Secretary may not under this section make any adjustment in pumping at a facility without the consent of each person that has contracted with the United States for delivery of water from the facility for use for irrigation and that would be affected by such adjustment.

(c) EXISTING OBLIGATIONS NOT AFFECTED.—This section shall not be construed to affect any existing obligation of the Secretary to provide electric power, water, or other benefits from Bureau of Reclamation facilities.

TITLE V—ARCTIC COASTAL PLAIN DOMESTIC ENERGY

SEC. 501. SHORT TITLE.

This title may be cited as the "Arctic Coastal Plain Domestic Energy Security Act of 2001".

SEC. 502. DEFINITIONS.

In this title:

(1) COASTAL PLAIN.—The term "Coastal Plain" means that area identified as such in the map entitled "Arctic National Wildlife Refuge", dated August 1980, as referenced in section 1002(b) of the Alaska National Interest Lands Conservation Act of 1980 (16 U.S.C. 3142(b)(1)), comprising approximately 1,549,000 acres.

(2) SECRETARY.—The term "Secretary", except as otherwise provided, means the Secretary of the Interior or the Secretary's designee.

SEC. 503. LEASING PROGRAM FOR LANDS WITHIN THE COASTAL PLAIN.

(a) IN GENERAL.—The Secretary shall take such actions as are necessary—

(1) to establish and implement in accordance with this title a competitive oil and gas leasing program under the Mineral Leasing Act (30 U.S.C. 181 et seq.) that will result in an environmentally sound program for the exploration, development, and production of the oil and gas resources of the Coastal Plain; and

(2) to administer the provisions of this title through regulations, lease terms, conditions, restrictions, prohibitions, stipulations, and other provisions that ensure the oil and gas exploration, development, and production activities on the Coastal Plain will result in no significant adverse effect on fish and wildlife, their habitat, subsistence resources, and the environment, and including, in furtherance of this goal, by requiring the application of the best commercially available technology for oil and gas exploration, development, and production to all exploration, development, and production operations under this title in a manner that ensures the receipt of fair market value by the public for the mineral resources to be leased.

(b) REPEAL.—Section 1003 of the Alaska National Interest Lands Conservation Act of 1980 (16 U.S.C. 3143) is repealed.

(c) COMPLIANCE WITH REQUIREMENTS UNDER CERTAIN OTHER LAWS.—

(1) COMPATIBILITY.—For purposes of the National Wildlife Refuge System Administration Act of 1966, the oil and gas leasing program and activities authorized by this section in the Coastal Plain are deemed to be compatible with the purposes for which the Arctic National Wildlife Refuge was established, and that no further findings or decisions are required to implement this determination.

(2) ADEQUACY OF THE DEPARTMENT OF THE INTERIOR'S LEGISLATIVE ENVIRONMENTAL IMPACT STATEMENT.—The "Final Legislative Environmental Impact Statement" (April 1987) on the Coastal Plain prepared pursuant to section 1002 of the Alaska National Interest Lands Conservation Act of 1980 (16 U.S.C. 3142) and section 102(2)(C) of the National Environmental Policy Act of 1969 (42 U.S.C. 4332(2)(C)) is deemed to satisfy the requirements under the National

Environmental Policy Act of 1969 that apply with respect to actions authorized to be taken by the Secretary to develop and promulgate the regulations for the establishment of a leasing program authorized by this title before the conduct of the first lease sale.

(3) COMPLIANCE WITH NEPA FOR OTHER ACTIONS.—Before conducting the first lease sale under this title, the Secretary shall prepare an environmental impact statement under the National Environmental Policy Act of 1969 with respect to the actions authorized by this title that are not referred to in paragraph (2). Notwithstanding any other law, the Secretary is not required to identify nonleasing alternative courses of action or to analyze the environmental effects of such courses of action. The Secretary shall only identify a preferred action for such leasing and a single leasing alternative, and analyze the environmental effects and potential mitigation measures for those two alternatives. The identification of the preferred action and related analysis for the first lease sale under this title shall be completed within 18 months after the date of enactment of this Act. The Secretary shall only consider public comments that specifically address the Secretary's preferred action and that are filed within 20 days after publication of an environmental analysis. Notwithstanding any other law, compliance with this paragraph is deemed to satisfy all requirements for the analysis and consideration of the environmental effects of proposed leasing under this title.

(d) RELATIONSHIP TO STATE AND LOCAL AUTHORITY.—Nothing in this title shall be considered to expand or limit State and local regulatory authority.

(e) SPECIAL AREAS.—

(1) IN GENERAL.—The Secretary, after consultation with the State of Alaska, the city of Kaktovik, and the North Slope Borough, may designate up to a total of 45,000 acres of the Coastal Plain as a Special Area if the Secretary determines that the Special Area is of such unique character and interest so as to require special management and regulatory protection. The Secretary shall designate as such a Special Area the Sadlerochit Spring area, comprising approximately 4,000 acres as depicted on the map referred to in section 502(1).

(2) MANAGEMENT.—Each such Special Area shall be managed so as to protect and preserve the area's unique and diverse character including its fish, wildlife, and subsistence resource values.

(3) EXCLUSION FROM LEASING OR SURFACE OCCUPANCY.—The Secretary may exclude any Special Area from leasing. If the Secretary leases a Special Area, or any part thereof, for purposes of oil and gas exploration, development, production, and related activities, there shall be no surface occupancy of the lands comprising the Special Area.

(4) DIRECTIONAL DRILLING.—Notwithstanding the other provisions of this subsection, the Secretary may lease all or a portion of a Special Area under terms that permit the use of horizontal drilling technology from sites on leases located outside the area.

(f) LIMITATION ON CLOSED AREAS.—The Secretary's sole authority to close lands within the Coastal Plain to oil and gas leasing and to exploration, development, and production is that set forth in this title.

(g) REGULATIONS.—

(1) IN GENERAL.—The Secretary shall prescribe such regulations as may be necessary to carry out this title, including rules and regulations relating to protection of the fish and wildlife, their habitat, subsistence resources, and environment of the Coastal Plain, by no later than 15 months after the date of enactment of this Act.

(2) REVISION OF REGULATIONS.—The Secretary shall periodically review and, if appropriate, revise the rules and regulations issued under subsection (a) to reflect any significant biological, environmental, or engineering data that come to the Secretary's attention.

SEC. 504. LEASE SALES.

(a) IN GENERAL.—Lands may be leased pursuant to this title to any person qualified to obtain a lease for deposits of oil and gas under the Mineral Leasing Act (30 U.S.C. 181 et seq.).

(b) PROCEDURES.—The Secretary shall, by regulation, establish procedures for—

(1) receipt and consideration of sealed nominations for any area in the Coastal Plain for inclusion in, or exclusion (as provided in subsection (c)) from, a lease sale;

(2) the holding of lease sales after such nomination process; and

(3) public notice of and comment on designation of areas to be included in, or excluded from, a lease sale.

(c) LEASE SALE BIDS.—Bidding for leases under this title shall be by sealed competitive cash bonus bids.

(d) ACREAGE MINIMUM IN FIRST SALE.—In the first lease sale under this title, the Secretary shall offer for lease those tracts the Secretary considers to have the greatest potential for the discovery of hydrocarbons, taking into consideration nominations received pursuant to subsection (b)(1), but in no case less than 200,000 acres.

(e) TIMING OF LEASE SALES.—The Secretary shall—

(1) conduct the first lease sale under this title within 22 months after the date of enactment of this title; and

(2) conduct additional sales so long as sufficient interest in development exists to warrant, in the Secretary's judgment, the conduct of such sales.

SEC. 505. GRANT OF LEASES BY THE SECRETARY.

(a) IN GENERAL.—The Secretary may grant to the highest responsible qualified bidder in a lease sale conducted pursuant to section 504 any lands to be leased on the Coastal Plain upon payment by the lessee of such bonus as may be accepted by the Secretary.

(b) SUBSEQUENT TRANSFERS.—No lease issued under this title may be sold, exchanged, assigned, sublet, or otherwise transferred except with the approval of the Secretary. Prior to any such approval the Secretary shall consult with, and give due consideration to the views of, the Attorney General.

SEC. 506. LEASE TERMS AND CONDITIONS.

(a) IN GENERAL.—An oil or gas lease issued pursuant to this title shall—

(1) provide for the payment of a royalty of not less than 12½ percent in amount or value of the production removed or sold from the lease, as determined by the Secretary under the regulations applicable to other Federal oil and gas leases;

(2) provide that the Secretary may close, on a seasonal basis, portions of the Coastal Plain to exploratory drilling activities as necessary to protect caribou calving areas and other species of fish and wildlife;

(3) require that the lessee of lands within the Coastal Plain shall be fully responsible and liable for the reclamation of lands within the Coastal Plain and any other Federal lands that are adversely affected in connection with exploration, development, production, or transportation activities conducted under the lease and within the Coastal Plain by the lessee or by any of the subcontractors or agents of the lessee;

(4) provide that the lessee may not delegate or convey, by contract or otherwise, the reclamation responsibility and liability to another person without the express written approval of the Secretary;

(5) provide that the standard of reclamation for lands required to be reclaimed under this title shall be, as nearly as practicable, a condition capable of supporting the uses which the lands were capable of supporting prior to any exploration, development, or production activities, or upon application by the lessee, to a higher or better use as approved by the Secretary;

(6) contain terms and conditions relating to protection of fish and wildlife, their habitat, and the environment as required pursuant to section 503(a)(2);

(7) provide that the lessee, its agents, and its contractors use best efforts to provide a fair share, as determined by the level of obligation previously agreed to in the 1974 agreement implementing section 29 of the Federal Agreement and Grant of Right of Way for the Operation of the Trans-Alaska Pipeline, of employment and contracting for Alaska Natives and Alaska Native Corporations from throughout the State;

(8) prohibit the export of oil produced under the lease; and

(9) contain such other provisions as the Secretary determines necessary to ensure compliance with the provisions of this title and the regulations issued under this title.

(b) PROJECT LABOR AGREEMENTS.—The Secretary, as a term and condition of each lease under this title and in recognizing the Government's proprietary interest in labor stability and in the ability of construction labor and management to meet the particular needs and conditions of projects to be developed under the leases issued pursuant to this title and the special concerns of the parties to such leases, shall require that the lessee and its agents and contractors negotiate to obtain a project labor agreement for the employment of laborers and mechanics on production, maintenance, and construction under the lease.

SEC. 507. COASTAL PLAIN ENVIRONMENTAL PROTECTION.

(a) NO SIGNIFICANT ADVERSE EFFECT STANDARD TO GOVERN AUTHORIZED COASTAL PLAIN ACTIVITIES.—The Secretary shall, consistent with the requirements of section

503, administer the provisions of this title through regulations, lease terms, conditions, restrictions, prohibitions, stipulations, and other provisions that—

(1) ensure the oil and gas exploration, development, and production activities on the Coastal Plain will result in no significant adverse effect on fish and wildlife, their habitat, and the environment; and

(2) require the application of the best commercially available technology for oil and gas exploration, development, and production on all new exploration, development, and production operations.

(b) SITE-SPECIFIC ASSESSMENT AND MITIGATION.—The Secretary shall also require, with respect to any proposed drilling and related activities, that—

(1) a site-specific analysis be made of the probable effects, if any, that the drilling or related activities will have on fish and wildlife, their habitat, and the environment;

(2) a plan be implemented to avoid, minimize, and mitigate (in that order and to the extent practicable) any significant adverse effect identified under paragraph (1); and

(3) the development of the plan shall occur after consultation with the agency or agencies having jurisdiction over matters mitigated by the plan.

(c) REGULATIONS TO PROTECT COASTAL PLAIN FISH AND WILDLIFE RESOURCES, SUBSISTENCE USERS, AND THE ENVIRONMENT.—Before implementing the leasing program authorized by this title, the Secretary shall prepare and promulgate regulations, lease terms, conditions, restrictions, prohibitions, stipulations, and other measures designed to ensure that the activities undertaken on the Coastal Plain under this title are conducted in a manner consistent with the purposes and environmental requirements of this title.

(d) COMPLIANCE WITH FEDERAL AND STATE ENVIRONMENTAL LAWS AND OTHER REQUIREMENTS.—The proposed regulations, lease terms, conditions, restrictions, prohibitions, and stipulations for the leasing program under this title shall require compliance with all applicable provisions of Federal and State environmental law and shall also require the following:

(1) Standards at least as effective as the safety and environmental mitigation measures set forth in items 1 through 29 at pages 167 through 169 of the "Final Legislative Environmental Impact Statement" (April 1987) on the Coastal Plain.

(2) Seasonal limitations on exploration, development, and related activities, where necessary, to avoid significant adverse effects during periods of concentrated fish and wildlife breeding, denning, nesting, spawning, and migration.

(3) That exploration activities, except for surface geological studies, be limited to the period between approximately November 1 and May 1 each year and that exploration activities shall be supported by ice roads, winter trails with adequate snow cover, ice pads, ice airstrips, and air transport methods, except that such exploration activities may occur at other times, if—

(A) the Secretary determines, after affording an opportunity for public comment and review, that special circumstances exist necessitating that exploration activities be conducted at other times of the year; and

(B) the Secretary finds that such exploration will have no significant adverse effect on the fish and wildlife, their habitat, and the environment of the Coastal Plain.

(4) Design safety and construction standards for all pipelines and any access and service roads, that—

(A) minimize, to the maximum extent possible, adverse effects upon the passage of migratory species such as caribou; and

(B) minimize adverse effects upon the flow of surface water by requiring the use of culverts, bridges, and other structural devices.

(5) Prohibitions on public access and use on all pipeline access and service roads.

(6) Stringent reclamation and rehabilitation requirements, consistent with the standards set forth in this title, requiring the removal from the Coastal Plain of all oil and gas development and production facilities, structures, and equipment upon completion of oil and gas production operations, except that the Secretary may exempt from the requirements of this paragraph those facilities, structures, or equipment that the Secretary determines would assist in the management of the Arctic National Wildlife Refuge and that are donated to the United States for that purpose.

(7) Appropriate prohibitions or restrictions on access by all modes of transportation.

(8) Appropriate prohibitions or restrictions on sand and gravel extraction.

(9) Consolidation of facility siting.

(10) Appropriate prohibitions or restrictions on use of explosives.

(11) Avoidance, to the extent practicable, of springs, streams, and river system; the protection of natural surface drainage patterns, wetlands, and riparian habitats; and the regulation of methods or techniques for developing or transporting adequate supplies of water for exploratory drilling.

(12) Avoidance or reduction of air traffic-related disturbance to fish and wildlife.

(13) Treatment and disposal of hazardous and toxic wastes, solid wastes, reserve pit fluids, drilling muds and cuttings, and domestic wastewater, including an annual waste management report, a hazardous materials tracking system, and a prohibition on chlorinated solvents, in accordance with applicable Federal and State environmental law.

(14) Fuel storage and oil spill contingency planning.

(15) Research, monitoring, and reporting requirements.

(16) Field crew environmental briefings.

(17) Avoidance of significant adverse effects upon subsistence hunting, fishing, and trapping by subsistence users.

(18) Compliance with applicable air and water quality standards.

(19) Appropriate seasonal and safety zone designations around well sites, within which subsistence hunting and trapping shall be limited.

(20) Reasonable stipulations for protection of cultural and archeological resources.

(21) All other protective environmental stipulations, restrictions, terms, and conditions deemed necessary by the Secretary.

(e) CONSIDERATIONS.—In preparing and promulgating regulations, lease terms, conditions, restrictions, prohibitions, and stipulations under this section, the Secretary shall consider the following:

(1) The stipulations and conditions that govern the National Petroleum Reserve-Alaska leasing program, as set forth in the 1999 Northeast National Petroleum Reserve-Alaska Final Integrated Activity Plan/Environmental Impact Statement.

(2) The environmental protection standards that governed the initial Coastal Plain seismic exploration program under parts 37.31 to 37.33 of title 50, Code of Federal Regulations.

(3) The land use stipulations for exploratory drilling on the KIC–ASRC private lands that are set forth in Appendix 2 of the August 9, 1983, agreement between Arctic Slope Regional Corporation and the United States.

(f) FACILITY CONSOLIDATION PLANNING.—

(1) IN GENERAL.—The Secretary shall, after providing for public notice and comment, prepare and update periodically a plan to govern, guide, and direct the siting and construction of facilities for the exploration, development, production, and transportation of Coastal Plain oil and gas resources.

(2) OBJECTIVES.—The plan shall have the following objectives:

(A) Avoiding unnecessary duplication of facilities and activities.

(B) Encouraging consolidation of common facilities and activities.

(C) Locating or confining facilities and activities to areas that will minimize impact on fish and wildlife, their habitat, and the environment.

(D) Utilizing existing facilities wherever practicable.

(E) Enhancing compatibility between wildlife values and development activities.

SEC. 508. EXPEDITED JUDICIAL REVIEW.

(a) FILING OF COMPLAINT.—

(1) DEADLINE.—Subject to paragraph (2), any complaint seeking judicial review of any provision of this title or any action of the Secretary under this title shall be filed in any appropriate district court of the United States—

(A) except as provided in subparagraph (B), within the 90-day period beginning on the date of the action being challenged; or

(B) in the case of a complaint based solely on grounds arising after such period, within 90 days after the complainant knew or reasonably should have known of the grounds for the complaint.

(2) VENUE.—Any complaint seeking judicial review of an action of the Secretary under this title may be filed only in the United States Court of Appeals for the District of Columbia.

(3) LIMITATION ON SCOPE OF CERTAIN REVIEW.—Judicial review of a Secretarial decision to conduct a lease sale under this title, including the environmental analysis thereof, shall be limited to whether the Secretary has complied with the terms of this Act and shall be based upon the administrative record of that decision. The Secretary's identification of a preferred course of action to enable leasing to proceed and the Secretary's analysis of environmental effects

under this Act shall be presumed to be correct unless shown otherwise by clear and convincing evidence to the contrary.

(b) LIMITATION ON OTHER REVIEW.—Actions of the Secretary with respect to which review could have been obtained under this section shall not be subject to judicial review in any civil or criminal proceeding for enforcement.

SEC. 509. RIGHTS-OF-WAY ACROSS THE COASTAL PLAIN.

(a) EXEMPTION.—Title XI of the Alaska National Interest Lands Conservation Act of 1980 (16 U.S.C. 3161 et seq.) shall not apply to the issuance by the Secretary under section 28 of the Mineral Leasing Act (30 U.S.C. 185) of rights-of-way and easements across the Coastal Plain for the transportation of oil and gas.

(b) TERMS AND CONDITIONS.—The Secretary shall include in any right-of-way or easement referred to in subsection (a) such terms and conditions as may be necessary to ensure that transportation of oil and gas does not result in a significant adverse effect on the fish and wildlife, subsistence resources, their habitat, and the environment of the Coastal Plain, including requirements that facilities be sited or designed so as to avoid unnecessary duplication of roads and pipelines.

(c) REGULATIONS.—The Secretary shall include in regulations under section 503(g) provisions granting rights-of-way and easements described in subsection (a) of this section.

SEC. 510. CONVEYANCE.

In order to maximize Federal revenues by removing clouds on title to lands and clarifying land ownership patterns within the Coastal Plain, the Secretary, notwithstanding the provisions of section 1302(h)(2) of the Alaska National Interest Lands Conservation Act (16 U.S.C. 3192(h)(2)), shall convey—

(1) to the Kaktovik Inupiat Corporation the surface estate of the lands described in paragraph 2 of Public Land Order 6959, to the extent necessary to fulfill the Corporation's entitlement under section 12 of the Alaska Native Claims Settlement Act (43 U.S.C. 1611); and

(2) to the Arctic Slope Regional Corporation the subsurface estate beneath such surface estate pursuant to the August 9, 1983, agreement between the Arctic Slope Regional Corporation and the United States of America.

SEC. 511. LOCAL GOVERNMENT IMPACT AID AND COMMUNITY SERVICE ASSISTANCE.

(a) FINANCIAL ASSISTANCE AUTHORIZED.—

(1) IN GENERAL.—The Secretary may use amounts available from the Coastal Plain Local Government Impact Aid Assistance Fund established by subsection (d) to provide timely financial assistance to entities that are eligible under paragraph (2) and that are directly impacted by the exploration for or production of oil and gas on the Coastal Plain under this title.

(2) ELIGIBLE ENTITIES.—The North Slope Borough, Kaktovik, and other boroughs, municipal subdivisions, villages, and any other community organized under Alaska State law shall be eligible for financial assistance under this section.

(b) USE OF ASSISTANCE.—Financial assistance under this section may be used only for—

(1) planning for mitigation of the potential effects of oil and gas exploration and development on environmental, social, cultural, recreational and subsistence values;

(2) implementing mitigation plans and maintaining mitigation projects; and

(3) developing, carrying out, and maintaining projects and programs that provide new or expanded public facilities and services to address needs and problems associated with such effects, including firefighting, police, water, waste treatment, medivac, and medical services.

(c) APPLICATION.—

(1) IN GENERAL.—Any community that is eligible for assistance under this section may submit an application for such assistance to the Secretary, in such form and under such procedures as the Secretary may prescribe by regulation.

(2) NORTH SLOPE BOROUGH COMMUNITIES.—A community located in the North Slope Borough may apply for assistance under this section either directly to the Secretary or through the North Slope Borough.

(3) APPLICATION ASSISTANCE.—The Secretary shall work closely with and assist the North Slope Borough and other communities eligible for assistance under this section in developing and submitting applications for assistance under this section.

(d) ESTABLISHMENT OF FUND.—

(1) IN GENERAL.—There is established in the Treasury the Coastal Plain Local Government Impact Aid Assistance Fund.

(2) USE.—Amounts in the fund may be used only for providing financial assistance under this section.

(3) DEPOSITS.—Subject to paragraph (4), there shall be deposited into the fund amounts received by the United States as revenues derived from rents, bonuses, and royalties under on leases and lease sales authorized under this title.

(4) LIMITATION ON DEPOSITS.—The total amount in the fund may not exceed $10,000,000.

(5) INVESTMENT OF BALANCES.—The Secretary of the Treasury shall invest amounts in the fund in interest bearing government securities.

(e) AUTHORIZATION OF APPROPRIATIONS.—To provide financial assistance under this section there is authorized to be appropriated to the Secretary from the Coastal Plain Local Government Impact Aid Assistance Fund $5,000,000 for each fiscal year.

TITLE VI—HISTORIC PRESERVATION

SEC. 601. PROHIBITION.

For purposes of the National Historic Preservation Act (Public Law 89–665, 16 U.S.C. 470 et seq.), no privately owned and operated pipeline and related facilities (including all associated compressor stations, taps, valves, and meter stations) that is in service or available for service shall be eligible for inclusion on the National Register of Historic Places without the consent of the owner thereof.

SEC. 602. REMOVAL FROM ELIGIBILITY.

Any pipeline and related facility identified in section 601 deemed eligible for inclusion on the National Register of Historic Places prior to the date of enactment of this title shall no longer be eligible for inclusion, unless the owner of the pipeline and related facility has given written consent and agreed to such eligibility.

TITLE VII—CONSERVATION OF ENERGY BY THE DEPARTMENT OF THE INTERIOR

SEC. 701. ENERGY CONSERVATION BY THE DEPARTMENT OF THE INTERIOR.

(a) IN GENERAL.—The Secretary of the Interior shall—

(1) conduct a study to identify, evaluate, and recommend opportunities for conserving energy by reducing the amount of energy used by facilities of the Department of the Interior; and

(2) wherever feasible and appropriate, reduce the use of energy from traditional sources by encouraging use of alternative energy sources, including solar power and power from fuel cells, throughout such facilities and the public lands of the United States.

(b) REPORTS.—The Secretary shall submit to the Congress—

(1) by not later than 90 days after the date of the enactment of this Act, a report containing the findings, conclusions, and recommendations of the study under subsection (a)(1); and

(2) by not later than December 31 each year, an annual report describing progress made in—

(A) conserving energy through opportunities recommended in the report under paragraph (1); and

(B) encouraging use of alternative energy sources under subsection (a)(2).

PURPOSE OF THE BILL

The purpose of H.R. 2436 is to provide secure energy supplies for the people of the United States, and for other purposes.

BACKGROUND AND NEED FOR LEGISLATION

SUMMARY OF THE BILL

H.R. 2436, the "Energy Security Act," implements several components of the President's energy policy agenda within the jurisdiction of the Committee on Resources. It is intended to increase, diversify, and facilitate delivery of energy supplies from federal lands and off-shore areas.

Title I contains measures related to domestic energy security, including an inventory of federal lands (except areas managed by the National Park Service and wilderness areas) for their wind, solar, coal and geothermal power potential, and reviews of federal land rights-of-way to transmit energy supplies.

Title II contains measures related to federal oil and gas development, including the reestablishment of incentives for certain deepwater leases; expedited reviews of impediments to onshore federal lands oil and gas lease administration, with requirements for reporting and explanations of decisions which hinder such energy development; royalty-in-kind; and other measures.

Title III provides incentives for the development of geothermal energy on public lands.

Title IV contains measures to maximize value of the hydroelectric power production of existing Bureau of Reclamation facilities.

Title V authorizes oil and gas exploration, development and production on the Coastal Plain (1002 Area) of the Arctic National Wildlife Refuge (ANWR).

Title VI prohibits the listing of certain privately-owned and operated pipelines on the National Register of Historic Places.

BACKGROUND

As President George W. Bush noted upon the establishment of a White House-level National Energy Policy Development Group soon after his inauguration, the country is facing the most serious crisis in the supply of energy versus demand since the oil market disruptions of the 1970's. Beginning in early March, 2001, the Committee has held four full committee hearings on energy related topics and the several subcommittees have held nine hearings on various energy issues as well. This oversight was conducted during the interval when the President's task group was developing its recommendations.

On May 17, 2001, the Bush Administration released the National Energy Policy report which forms the blueprint for its proposed national energy policy. The report, compiled by the National Energy Policy Development Group chaired by Vice President Richard Cheney, assesses U.S. energy shortages and makes recommendations to close the gap between domestic energy supply and demand.

According to the U.S. Energy Information Administration (EIA), domestic energy production between 1991 and 2000 increased by 2.3 percent over the previous decade while energy consumption increased by 17 percent. Increases in domestic coal, natural gas, nuclear energy and renewable energy production have been largely offset by declines in domestic oil production. As a result, America has met almost all of its rising energy demand during the last decade with increased imports.

Currently, America is trying to meet the energy demand of a dynamic, growing 21st century economy with last decade's supply base and infrastructure. The EIA projects that by 2020 energy consumption will increase by 32 percent. If the energy production and consumption trends of the 1990's continue, the periodic energy shortages and high prices our nation is currently experiencing will soon become chronic. Ultimately, the growth of America's economy will be limited by energy availability undermining our standard of

living and national security. If we fail to resolve the energy crisis, California provides a vision of the future—homeowners, farmers and businesses facing soaring electricity prices, rolling blackouts, financial turmoil and recession.

Legislation designed to ultimately increase energy supply from federal lands and off-shore areas of the United States is necessary, as many experts believe these areas hold the most promise for new discoveries of oil and gas. Furthermore, geothermal energy resources are concentrated in the western U.S. as is much of the nation's known low-sulfur high-quality coal. Other energy resources underlie public lands managed by the Bureau of Land Management or the U.S. Forest Service.

H.R. 2436 is designed to increase energy supply from federal lands and off-shore areas of the United States. Many provisions of the legislation create new or additional incentives for oil and gas development on federal lands and areas of the outer continental shelf (OCS) that are not off-limits to such development. This bill does not open any national park, monument, or wilderness area to drilling or mining. In addition, it does not attempt to lift existing moratoria on OCS pre-leasing or leasing activities along the Atlantic Ocean, Pacific Ocean, North Aleutian Basin, or Eastern Gulf of Mexico. The bill also increases incentives for development of environmentally-friendly geothermal and Bureau of Reclamation hydroelectric power.

PARTIAL SECTION-BY-SECTION ANALYSIS

Section 1. Short title

The short title of this Act is the "Energy Security Act".

Section 2. Table of contents

This section provides a table of contents for the bill.

Title I—General Protections for Energy Supply and Security

This title is intended to add to the knowledge base which federal government agencies possess to better plan for the development of domestic energy supplies and its transmission to energy users. This title require studies and reports only. No federal lands are opened for exploration or development by the provisions of Title I.

Section 101. Study of existing rights-of-way on federal lands to determine capability to support new pipelines and other transmission facilities

Section 101 provides for a study of existing rights-of-way on federal lands to determine whether such rights-of-way could support additional capacity and what modifications may be necessary to do so. Consultation with State and local officials and Indian tribes is required, with deference to public safety expressed as well.

Section 102. Inventory of energy production potential of all federal public lands

Section 102 is parallel to inventory for oil and gas resources required under Section 604 of the Energy Act of 2000, Public Law 106–469. This section requires an inventory of all public lands with energy production potential, except for land within national parks

and Wilderness Areas designated by Congress. This inventory will identify lands with Class Four and higher wind energy potential, receiving 450 watts per square meter or greater solar radiation, coal and geothermal energy resources. The U.S. Geological Survey already has a national assessment for coal well underway and little additional work will be required to meet these requirements.

The latest geothermal energy assessment of the United States was in 1978 and needs to be updated. This assessment may have overstated the abundance of high temperature geothermal resources in the western U.S. However, the assessment did not estimate the medium temperature resources at all because it was not feasible to develop them at that time.

As part of the inventory, Section 102 requires that restrictions and impediments to development of the inventoried resources be identified and that the inventory be updated on a regular basis after completion. Furthermore, the Committee intends the exclusion of national park lands to mean any public lands administered by the National Park Service.

Section 103. Review of regulations to eliminate barriers to emerging energy technology

Section 103 provides for a review of agencies' regulations to identify barriers to market-entry for emerging energy-efficient technologies which may occur.

Section 104. Interagency agreement on environmental review of interstate natural gas pipeline projects

Section 104 provides for the establishment of an inter-agency task force to draft an agreement to expedite and facilitate the environmental review and permitting of interstate natural gas pipelines. A shortage of natural gas transmission capacity to meet forecasted demand increases, especially by planned electric generation facilities, is one of the more immediate energy problems facing the nation. A coordinated planning effort among land managers and regulatory agencies with a stake in permitting is needed. The Committee intends this provision to be fully consistent with the Interagency Task Force established under Section 3 of Executive Order 13212 of May 18, 2001, except that this provision is specific only to natural gas pipelines.

Title II—Oil and Gas Development

SUBTITLE A—OFFSHORE OIL AND GAS

Section 201. Short title

The short title of this title is the "Royalty Relief Extension Act of 2001".

Section 202. Lease sales in western and central planning area of the Gulf of Mexico

Section 202 extends for two years the mandatory suspension of certain volumes of oil and gas from royalty obligation for deepwater outer continental shelf (OCS) leases in the central and western Gulf of Mexico issued after enactment of H.R. 2436. This section replicates the 1995 Deepwater Royalty Relief Act, under which mandatory royalty relief expired in November 2000. Section 202

differs from the 1995 law: for water depths greater than 800 meters the section now reflects the suspension volume per lease rather than per field and restricts the relief to the same amount the Department of the Interior has granted administratively. This section also contains a provision expressly stating no intention to limit the Secretary of the Interior's current authority to provide royalty suspension.

Section 203. Savings clause

Section 203 establishes that the bill does not affect existing OCS moratoria on pre-leasing and leasing or development activities.

Section 204. Analysis of Gulf of Mexico field size distribution, international competitiveness, and incentives for development

Section 204 provides for a Department of the Interior/Department of Energy jointly commissioned report by the National Academy of Sciences into the various oil and gas resource assessments and models of field distribution of the Gulf of Mexico; a comparison of the current incentives for deepwater development in the Gulf versus those offered in other international deepwater areas for which investment capital competes; and a recommendation for appropriate incentives to optimize future oil and gas supplies from open areas in the Gulf of Mexico. The Committee desires that the expert panel look at the full range of water depths in the Gulf of Mexico, not just the deep or ultradeep water, when making such analysis. Furthermore the Committee expects the panel to consider recommendations for the possible need for incentives to foster subsalt exploration, the drilling of highly deviated wells, and deep drilling for natural gas. The Committee is especially concerned that as opportunity to seek new natural gas supplies in most other regions of the OCS remain closed, the central and western Gulf of Mexico must be made especially attractive for exploration and development.

SUBTITLE B—IMPROVEMENTS TO OIL AND GAS MANAGEMENT

Section 221. Short title

The short title of this subtitle is the "Federal Oil and Gas Lease Management Improvement Demonstration Program Act of 2001".

Section 222. Study of impediments to efficient lease operations

Section 222 provides for the Department of the Interior and Department of Agriculture to jointly study and report to Congress on impediments to efficient oil and gas leasing on Bureau of Land Management (BLM) and U.S. Forest Service-administered lands. The study shall include a review of: (1) action upon offers to lease and related time-frames; (2) approval process for applications for permits to drill (APD) and related time-frames with any recommendations for expediting approvals; (3) approval process for surface use plans of operation and related time-frames; and (4) the process for administrative appeals of BLM oil and gas leasing-related decisions and time-frames with recommendations for expediting such appeals.

Section 223. Elimination of unwarranted denials and stays

Section 223 provides for elimination of unwarranted denials and stays of oil and gas administrative decisions. It requires the Secretary to explain in writing the reasons in the record of decisions accepting land-use plans which incorporate lease stipulations more stringent than the relevant State's oil and gas conservation authority imposes upon fee and State lands. Likewise such written explanation of reasons is required for rejections of offers to lease federal lands, and when disapprovals or modifications of surface use plans or APDs land-use plans are issued with respect to oil and gas development.

Section 224. Limitations on cost recovery for applications

Section 224 limits the Department of the Interior from recovering administrative costs from oil and gas lease applicants or lessees in recognition that bonus and rental payments and production royalties are already paid by such persons.

Section 225. Consultation with the Secretary of Agriculture

Section 225 amends current law to require Secretary of the Interior to consult with Secretary of Agriculture with respect to leasing decisions on National Forest System lands. An amendment adopted in Committee retains the veto power of the Secretary of Agriculture over leasing decisions after such consultation, but the decision to veto leasing cannot be delegated lower than to the Under Secretary for Natural Resources and Environment.

SUBTITLE C—MISCELLANEOUS

Section 231. Offshore salt development

Section 231 provides discretionary authority under the OCS Lands Act to the Secretary of the Interior to extend the primary lease term for certain salt sheets upon a demonstration by the lessee that additional time is necessary to adequately reprocess and reinterpret geophysical data (generally seismic) to define structures and drilling targets beneath the horizontal salt sheets of the Gulf of Mexico.

Section 232. Program on oil and gas royalties in kind

Section 232 provides additional royalty-in-kind (RIK) flexibility to the Secretary of the Interior through Fiscal Year 2006 while requiring analysis of expected receipts to the Treasury compared to the usual royalty-in-value method. The section also establishes annual reporting requirement of such analyses. Consultation with a State is required before conducting an RIK program for onshore leases and the Secretary of the Interior may delegate management of the RIK program to a willing State. Preference to qualified small refiners is continued and an express provision for Secretarial preference to provide RIK volumes to entities involved in low-income energy assistance programs consistent with the National Energy Policy is included.

Section 233. Cooperative oil and gas research and information centers

Section 233 provides the Secretary of the Interior with the discretion to establish cost-shared oil and gas technology transfer centers administered by the U.S. Geological Survey in partnership with the various State geological surveys to archive and provide public access to oil and gas data and to conduct research. An amendment was adopted by the committee to change the title of such centers to "Cooperative Oil and Gas Research and Information Centers" to clarify the intent of this section is not to overlap jurisdiction of the Petroleum Technology Transfer Council and the regional centers maintained by this Department of Energy-adjunct group. The Committee intends the centers to be established by this section to be focused on the archiving of geological and geophysical data from the oil and gas industry, and the promotion of research efforts in the earth sciences with impact upon the search for oil and gas, rather than an emphasis upon petroleum engineering studies.

Section 234. Marginal well production incentives

Section 234 provides royalty rate reductions to be determined by the Secretary of the Interior for marginal oil and gas wells on federal lands and the OCS and defines the volumetric output, price threshold and length of time necessary to trigger relief. This provision is intended as a means to keeping such production on-line during oil and gas economic downturns. The Committee expects the Secretary to devise relief akin to that already in regulation for onshore lease "stripper" oil wells whereby the royalty obligation is lowered in steps versus the rate of production, i.e., the less the output of the well, the lower the rate.

Section 235. Reimbursement for costs of NEPA analyses, documentation and studies.

Section 235 amends the Mineral Leasing Act to provide for reimbursement of costs for certain project-level analyses, documentation and studies when conducted by a lessee, operator or applicant for an oil and gas lease post-enactment of this section, if the Secretary of the Interior determines appropriated funds are unavailable to timely prepare such environmental materials. The section requires the Secretary to promptly issue regulations to implement this section.

Title III—Geothermal Energy Development

Geothermal reservoirs are generally classified according to their temperature and nature of the reservoir fluid, which can range from fresh water to acidic brines. High temperature geothermal systems, greater than 300°F, offer the greatest output and lowest cost electrical generation, Medium temperature systems, 195° to 300°F, usually require the use of higher cost binary generating plants to produce electricity. Low temperature systems, less than 195°F, generally can only be used for direct use applications such as space heating, agricultural process heat, geothermal heat pumps and spas.

Based on the 1978 geothermal assessment by the U.S. Geological Survey, 12 western States have identified or potential high temperature geothermal resources. The total high temperature geothermal resource potential in these States is estimated at 22,000 megawatts (MW). Only about 2,800 MW of electricity in the United States is currently generated using geothermal energy. Most of the country's geothermal resources are on public land, which accounts for about 75 percent of the electrical power generated by geothermal resources. The United States leases rights to develop geothermal energy under the Geothermal Steam Act of 1970 (30 U.S.C. 1001 et seq.).

Most of the provisions in Title III are based on information obtained as the result of an oversight hearing held on May 3, 2001, by the Subcommittee on Energy and Mineral Resources.

Under the Geothermal Steam Act of 1970, a royalty on production of geothermal energy must be paid to the federal government—generally 10 to 15 percent of the value of the geothermal steam. Since there is no market for the steam itself, valuation of the steam requires a "net-back" method for calculating the royalty due from the value of the electricity produced from the steam. That is, the value of the electricity is the starting point from which deductions are allowed for the operating costs of the generating plant and a return on the capital investment in the plant, as well as electric transmission costs. The remaining value is the base price of the geothermal steam upon which the royalty is levied.

The capital costs for constructing a geothermal facility are higher than for a conventional fossil fuel facility. The present royalty scale makes electrical generation from geothermal energy less competitive with fossil fuels in normal electricity markets. The present royalty system also discourages the use of low temperature (less than 195 degrees F) geothermal resources.

One of the objectives of these amendments to the Geothermal Steam Act of 1970 is to make geothermal steam more competitive with fossil fuels in generating electricity. A lower royalty is key to making geothermal energy more competitive. Title III caps the royalty rate on geothermal steam at 8 percent and encourages investment in new geothermal power facilities or expansions of existing plants by allowing a royalty free period of three years. The royalty holiday allows the operator to recover some capital costs before paying a royalty. The royalty holiday expires after five years. Finally, direct use of low temperature geothermal resources is encouraged by eliminating royalties and substituting a low cost fee system.

Many of the constraints on geothermal development are due to administrative problems. Geothermal development requires the timely and reasonable administration of leasing, permitting and environmental reviews by federal land management agencies. However, applications for geothermal leases covering thousands of acres have been awaiting action for years. Permits to site geothermal steam-driven electric generating plants often take many months or years to process. Environmental reviews are unnecessarily extensive, costly and repetitive. In areas where an Environmental Impact Statement has been completed, decisions by federal agencies have been subject to years of delay and appeal.

Further complicating the process, the Secretary of the Interior may lease geothermal energy beneath U.S. Forest Service-administered lands only with the consent of the Secretary of Agriculture. There does not appear to be any common procedure in place for processing requests for this approval. Lease applications languish for years in the Forest Service bureaucracy. In the Northwest, for example, every known geothermal area is on Forest Service land and application for geothermal leases have been made for around 1,000,000 acres. Only about 50,000 acres have been leased.

Section 303 of these amendments requires consultation with the Secretary of Agriculture to consult with the Secretary of the Interior in prescribing terms and conditions of use for surface activities on National Forest System lands. Only after this consultation, the Secretary of Agriculture may veto a geothermal lease if she finds that none of the stipulations attached to the lease are sufficient to adequately protect the surface lands under the National Forest Management Act of 1976. The Committee hopes that this procedure will restore accountability to a process that currently is not working.

Many of the untapped geothermal resources in the western United States are on public land reserved for military use. The Committee believes that many these geothermal resources can be developed in a manner fully consistent with the primary military function of those reservations. Currently, the military can issue geothermal leases on these lands, but there is no uniformity among terms or royalties for these leases. Unlike leases under the Geothermal Steam Act of 1970, the States do not share in revenue collected from military geothermal leases. These amendments place geothermal leasing of public lands reserved for military use under the Geothermal Steam Act of 1970. Leases on these lands are subject to approval of the Secretary of the military department concerned. The Committee believes that these changes will encourage greater development of geothermal resources on federal land and reduce the costs to the federal government of program administration. This change also restores State participation in revenue derived from public land.

Title IV—Hydropower

Title IV seeks to maximize the benefits received from the federal hydropower facilities under the control of the Department of Interior. The Secretary of the Interior is directed to submit a report to Congress describing alternatives for enhancing capability at existing facilities. The Bureau of Reclamation provided to the Committee a report titled "Power Uprating Program. * * * to improve hydroelectric generation" on April 21, 1994. The summary of actions taken to produce additional hydroelectric power provided in the report requested under Title IV should focus on efforts taken after the completion of the Uprate program. This report is meant to focus on recent, ongoing, and potential activity; not to focus on a historical accounting of past activities. Nothing in the language should be construed to indicate that the Bureau of Reclamation should slow down efforts it is already engaged in to provide enhanced capability. This study should not include an analysis of building new dams, but should include analysis of any potential that might reasonably be considered to add power production facili-

ties to existing dams that do not currently have such facilities. This title also grants the Secretary the authority to install a powerformer at a Bureau of Reclamation power plant in Folsom, California. This high voltage generator will result in lower losses and therefore increased energy output. The word powerformer is used in this Title to refer to the newly available technology, and not to any specific vendor of the technology. The Secretary is directed to study pumps at Department facilities and proceed with replacing those that should be based on an economic analysis that includes energy savings and the cost of the new pump.

The Department of Interior shall study, report on, and implement improvements to operational methods, efficiency of operation, and water scheduling practices, used at Bureau of Reclamation powerplants to assure these plants are operated in a manner that maximizes the power producing potential of these plants, and provides as much operational flexibility for power production as possible. The hydroelectric power plant facilities under the jurisdiction of the Department of the Interior are operated for multiple purposes, one of which is power production. This title does not require that other uses be placed as subordinate to power in the operation of these facilities. Since the Power Marketing Administrations posses technical expertise relative to the value of the power production, the Secretary is directed to consult with them to determine and implement measures to maximize that value. In addition to coordinating with the Power Marketing Administrations regarding these measures, it is the intent of the Committee that the Secretary consult with the appropriate Power Marketing Administration whenever it considers taking action that will affect hydropower generation and the operational flexibility currently present at that facility. This title also directs the Department of Interior to shift as much of its pumping load as possible at Bureau of Reclamation facilities to off peak times. This will be done to increase the electrical capacity that is available during the on peak (daytime) hours when the value of the energy is the highest and it is most needed on the electrical grid.

Title V—Arctic Coastal Plain Domestic Energy

Title V opens the coastal plain of ANWR to oil and gas leasing, subject to what Secretary of the Interior Gale Norton testified would be "the most stringent environmental protection requirements ever applied to Federal energy production." The Coastal Plain is of unique interest for its giant energy potential, with estimated oil resources that could make it the largest-ever discovery of oil in the United States. The U.S. Geological Survey estimates the Coastal Plain holds 5.7 billion to 16 billion barrels of recoverable oil, with a mean estimate of 10.4 billion barrels. These estimates are based on highly conservative assumptions as to the recovery rate of oil. In reality, through continually improving technology, there is considerably higher success in recovering oil in Alaska's arctic than is assumed in these estimates. Up to 42 billion barrels are estimated to be "in-place."

Even at 10.4 billion barrels, the Coastal Plain's resources would be larger than those of the nearby Prudhoe Bay supergiant oil field at its discovery. Prudhoe Bay is the largest oil field ever discovered in the United States.

Applying modern technology and methods now used on Alaska's North Slope, a cumulative total of only 2,000 acres within the entire ANWR would be necessary to produce all oil from the Coastal Plain. Wildlife would be fully protected. Experience has shown that caribou, fish, birds, polar bears and wildlife species are unharmed by oil development in Alaska's arctic. Several species have proliferated amidst the environmentally sensitive oil operations. The Central Arctic Caribou herd in and near the Prudhoe Bay facilities has grown from a population of 3,000 right before development begun to 27,000 today a nine-fold increase during two decades in which Prudhoe Bay and the satellite oil fields have delivered more than 14 billion barrels to Americans.

The Department of Fish and Game of the State of Alaska, which has responsibility to manage fish and game resources of Alaska, has concluded that caribou can and do exist with oil development, and that potential impacts can be mitigated so as to avoid a significant adverse affect on this and other species that use the Coastal Plain.

The Coastal Plain is the home to Kaktovik, a Native Village which is the only community in ANWR. Representatives of this area have testified of overwhelming support within the Inupiat Eskimo community of Alaska's North Slope for the benefits of opening the Coastal Plain.

Choosing not to develop domestic supergiant oil fields like the one believed to underlie the Coastal Plain only guarantees that dependence on foreign sources of oil from places like Iraq (which is currently providing Americans with a million barrels of oil a day), will rise far into the future.

In the markup, an amendment was approved to add a new condition to oil leases on the Coastal Plain. The new condition prohibits the export of oil produced from the Coastal Plain. While no Alaska North Slope oil is currently exported (none has since May 2000), this amendment is an acceptable means to ensure that oil underlying federal lands is required to be sent only to the people of the United States.

Title VI—Historic Preservation

Section 601 would exempt any privately owned or operated pipeline (including all associated compressor stations, taps, valves, and meter stations) that is in service or available for service as eligible for inclusion on the National Register of Historic Places without the consent of the owner. Any pipeline and related facility deemed for inclusion on the National Register prior to the date of enactment shall no longer be eligible for inclusion unless the owner of the pipeline gives written consent and agrees to such eligibility.

Title VII—Conservation of Energy by the Department of the Interior

Title VII allows the Secretary of the Interior to conduct a study to identify and recommend opportunities for conserving energy by reducing the amount of energy used by facilities of the Department of the Interior and to encourage the use of alternative fuels. This provision was offered by Congressman John E. Peterson.

COMMITTEE ACTION

Resources Committee Chairman James V. Hansen (R–UT) introduced H.R. 2436 on July 10, 2001. The bill was originally cosponsored by Congressman Don Young (R–AK), Congressman W.J. "Billy" Tauzin (R–LA), Congresswoman Barbara Cubin (R–WY), Congressman Mac Thornberry (R–TX), Congressman C.L. "Butch" Otter (R–ID) and Congressman Ken Calvert (R–CA). The bill was referred to the Committee on Resources and additionally to the Committee on Energy and Commerce. The Committee on Resources held a hearing on the bill on July 11, 2001. On July 17, 2001, the Committee met to consider the bill. As follows is a list of the amendments which were offered at the markup, and their disposition:

Congressman Nick J. Rahall II (D–WV) offered an amendment in the nature of a substitute, which was not adopted by a roll call as follows:

COMMITTEE ON RESOURCES
U.S. House of Representatives
107th Congress

Date: Tuesday, July 17, 2001

Convened: 2:00 p.m.
Adjourned: 8:17 p.m.

Meeting on: **H.R. 2436, Energy Security Act Amendment #1**
Amendment by Mr. Rahall, Amendment in the Nature of a substitute

Attendance ☐ Voice Vote ☒ Roll Call Vote Total Yeas 21 Nays 30

Disposition: Was not agreed to by a roll call vote of 21 yeas to 30 nays

	YEA	NAY	PRESENT		YEA	NAY	PRESENT
Mr. Hansen, UT, Chairman		✓		Mr. Jones, NC		✓	
Mr. Rahall, WV	✓			*Mr. Kind, WI*	✓		
Mr. Young, AK		✓		Mr. Thornberry, TX		✓	
Mr. Miller, CA	✓			*Mr. Inslee, WA*	✓		
Mr. Tauzin, LA		✓		Mr. Cannon, UT		✓	
Mr. Markey, MA	✓			*Mrs. Napolitano, CA*	✓		
Mr. Saxton, NJ		✓		Mr. Peterson, PA		✓	
Mr. Kildee, MI	✓			*Mr. Tom Udall, NM*	✓		
Mr. Gallegly, CA				Mr. Schaffer, CO		✓	
Mr. DeFazio, OR	✓			*Mr. Mark Udall, CO*	✓		
Mr. Duncan, TN		✓		Mr. Gibbons, NV		✓	
Mr. Faleomavaega, AS		✓		*Mr. Holt, NJ*	✓		
Mr. Hefley, CO		✓		Mr. Souder, IN		✓	
Mr. Abercrombie, HI	✓			*Mr. McGovern, MA*	✓		
Mr. Gilchrest, MD		✓		Mr. Walden, OR		✓	
Mr. Ortiz, TX		✓		*Mr. Acevedo-Vilá, PR*	✓		
Mr. Calvert, CA		✓		Mr. Simpson, ID		✓	
Mr. Pallone, NJ	✓			*Ms. Solis, CA*	✓		
Mr. McInnis, CO		✓		Mr. Tancredo, CO		✓	
Mr. Dooley, CA	✓			*Mr. Carson, OK*		✓	
Mr. Pombo, CA		✓		Mr. Hayworth, AZ		✓	
Mr. Underwood, GU	✓			*Ms. McCollum, MN*	✓		
Mrs. Cubin, WY		✓		Mr. Otter, ID		✓	
Mr. Smith, WA	✓			Mr. Osborne, NE		✓	
Mr. Radanovich, CA		✓		Mr. Flake, AZ		✓	
Ms. Christensen, VI	✓			Mr. Rehberg, MT		✓	
				Total	21	30	

Congressman Edward Markey (D–MA) offered an amendment to strike Title V (Arctic Coastal Plain Domestic Energy) of the bill, which was not adopted by roll call vote as follows:

COMMITTEE ON RESOURCES
U.S. House of Representatives
107th Congress

Date: Tuesday, July 17, 2001

Convened: 2:00 p.m.
Adjourned: 8:17 p.m.

Meeting on: **H.R. 2436, Energy Security Act Amendment #2**
Amendment by Mr. Markey, "Page 41, Line 5, strike title V"

Attendance ☐ Voice Vote ☒ Roll Call Vote Total Yeas 19 Nays 30

Disposition: Was not agreed to by a roll call vote of 19 yeas to 30 nays

	YEA	NAY	PRESENT		YEA	NAY	PRESENT
Mr. Hansen, UT, Chairman		✓		Mr. Jones, NC		✓	
Mr. Rahall, WV	✓			*Mr. Kind, WI*	✓		
Mr. Young, AK		✓		Mr. Thornberry, TX		✓	
Mr. Miller, CA	✓			*Mr. Inslee, WA*	✓		
Mr. Tauzin, LA		✓		Mr. Cannon, UT		✓	
Mr. Markey, MA	✓			*Mrs. Napolitano, CA*	✓		
Mr. Saxton, NJ				Mr. Peterson, PA		✓	
Mr. Kildee, MI	✓			*Mr. Tom Udall, NM*	✓		
Mr. Gallegly, CA				Mr. Schaffer, CO		✓	
Mr. DeFazio, OR	✓			*Mr. Mark Udall, CO*	✓		
Mr. Duncan, TN		✓		Mr. Gibbons, NV		✓	
Mr. Faleomavaega, AS		✓		*Mr. Holt, NJ*	✓		
Mr. Hefley, CO		✓		Mr. Souder, IN		✓	
Mr. Abercrombie, HI	✓			*Mr. McGovern, MA*	✓		
Mr. Gilchrest, MD				Mr. Walden, OR		✓	
Mr. Ortiz, TX		✓		*Mr. Acevedo-Vilá, PR*	✓		
Mr. Calvert, CA		✓		Mr. Simpson, ID		✓	
Mr. Pallone, NJ	✓			*Ms. Solis, CA*	✓		
Mr. McInnis, CO		✓		Mr. Tancredo, CO		✓	
Mr. Dooley, CA		✓		*Mr. Carson, OK*		✓	
Mr. Pombo, CA		✓		Mr. Hayworth, AZ		✓	
Mr. Underwood, GU		✓		*Ms. McCollum, MN*	✓		
Mrs. Cubin, WY		✓		Mr. Otter, ID		✓	
Mr. Smith, WA	✓			Mr. Osborne, NE		✓	
Mr. Radanovich, CA		✓		Mr. Flake, AZ		✓	
Ms. Christensen, VI	✓			Mr. Rehberg, MT		✓	
				Total	19	30	

Congressman Peter A. DeFazio (D–OR) offered an amendment to prohibit the export of oil produced under a lease issued under Title V of the bill. The amendment was adopted by unanimous consent.

Congressman Rush D. Holt (D–NJ) offered an amendment to authorize a National Academy of Sciences study of the availability of sufficient water to conduct various activities associated with the activities authorized by Title V of the bill. The amendment was not adopted by voice vote.

Congressman Ken Calvert (R–CA) offered an amendment to Title IV (Hydropower) relating to power rates and cost sharing for Bureau of Reclamation projects. The amendment was adopted by unanimous consent.

Congressman Ron Kind (D–WI) offered an amendment to strike Title II (Oil and Gas Development). The amendment was not adopted by a roll call vote as follows:

COMMITTEE ON RESOURCES
U.S. House of Representatives
107th Congress

Date: Tuesday, July 17, 2001

Convened: 2:00 p.m.
Adjourned: 8:17 p.m.

Meeting on: **H.R. 2436, Energy Security Act Amendment #6**
Amendment by Mr. Kind, Page 21, Line 12, strike title II

Attendance ☐ Voice Vote ☒ Roll Call Vote Total Yeas 21 Nays 25

Disposition: Was not agreed to by a roll call vote of 21 yeas to 25 nays

	YEA	NAY	PRESENT		YEA	NAY	PRESENT
Mr. Hansen, UT, Chairman		✓		Mr. Jones, NC		✓	
Mr. Rahall, WV	✓			*Mr. Kind, WI*	✓		
Mr. Young, AK		✓		Mr. Thornberry, TX		✓	
Mr. Miller, CA	✓			*Mr. Inslee, WA*	✓		
Mr. Tauzin, LA		✓		Mr. Cannon, UT		✓	
Mr. Markey, MA	✓			*Mrs. Napolitano, CA*	✓		
Mr. Saxton, NJ				Mr. Peterson, PA		✓	
Mr. Kildee, MI	✓			*Mr. Tom Udall, NM*	✓		
Mr. Gallegly, CA		✓		Mr. Schaffer, CO			
Mr. DeFazio, OR	✓			*Mr. Mark Udall, CO*	✓		
Mr. Duncan, TN		✓		Mr. Gibbons, NV		✓	
Mr. Faleomavaega, AS	✓			*Mr. Holt, NJ*	✓		
Mr. Hefley, CO	✓			Mr. Souder, IN		✓	
Mr. Abercrombie, HI	✓			*Mr. McGovern, MA*	✓		
Mr. Gilchrest, MD				Mr. Walden, OR		✓	
Mr. Ortiz, TX		✓		*Mr. Acevedo-Vilá, PR*	✓		
Mr. Calvert, CA		✓		Mr. Simpson, ID		✓	
Mr. Pallone, NJ	✓			*Ms. Solis, CA*	✓		
Mr. McInnis, CO		✓		Mr. Tancredo, CO		✓	
Mr. Dooley, CA				*Mr. Carson, OK*		✓	
Mr. Pombo, CA		✓		Mr. Hayworth, AZ		✓	
Mr. Underwood, GU	✓			*Ms. McCollum, MN*	✓		
Mrs. Cubin, WY		✓		Mr. Otter, ID		✓	
Mr. Smith, WA				Mr. Osborne, NE		✓	
Mr. Radanovich, CA				Mr. Flake, AZ		✓	
Ms. Christensen, VI	✓			Mr. Rehberg, MT		✓	
				Total	21	25	

Congressman Jay Inslee (D–WA) offered an amendment to strike sections 225 (Consultation with Secretary of Agriculture) and section 303 (Amendments relating to leasing on Forest Service lands). The amendment was not adopted by voice vote.

Congressman Scott McInnis (R–CO) offered an amendment to sections 225 and 303 to clarify and condition the authority of the Secretary of Agriculture relating to the granting of oil and gas and geothermal leases. Congressman Peter DeFazio offered an amendment to the McInnis amendment to strike the two paragraphs regarding the delegation of authority from the Secretary. The DeFazio amendment to the McInnis was not adopted on a roll call vote as follows:

COMMITTEE ON RESOURCES
U.S. House of Representatives
107th Congress

Date: Tuesday, July 17, 2001

Convened: 2:00 p.m.
Adjourned: 8:17 p.m.

Meeting on: **H.R. 2436, Energy Security Act Amendment #8A**
Amendment by Mr. DeFazio to the Amendment by Mr. McInnis, Page 1, strike lines 9 through 12; and Page 2, strike lines 21 through 24.

Attendance ☐ Voice Vote ☒ Roll Call Vote Total Yeas 20 Nays 20
Disposition: Was not agreed to by a roll call vote of 20 yeas to 20 nays

	YEA	NAY	PRESENT		YEA	NAY	PRESENT
Mr. Hansen, UT, Chairman		✓		Mr. Jones, NC		✓	
Mr. Rahall, WV	✓			*Mr. Kind, WI*	✓		
Mr. Young, AK		✓		Mr. Thornberry, TX		✓	
Mr. Miller, CA	✓			*Mr. Inslee, WA*	✓		
Mr. Tauzin, LA		✓		Mr. Cannon, UT			
Mr. Markey, MA	✓			*Mrs. Napolitano, CA*	✓		
Mr. Saxton, NJ				Mr. Peterson, PA		✓	
Mr. Kildee, MI				*Mr. Tom Udall, NM*	✓		
Mr. Gallegly, CA		✓		Mr. Schaffer, CO			
Mr. DeFazio, OR	✓			*Mr. Mark Udall, CO*	✓		
Mr. Duncan, TN		✓		Mr. Gibbons, NV		✓	
Mr. Faleomavaega, AS	✓			*Mr. Holt, NJ*	✓		
Mr. Hefley, CO				Mr. Souder, IN			
Mr. Abercrombie, HI	✓			*Mr. McGovern, MA*	✓		
Mr. Gilchrest, MD				Mr. Walden, OR		✓	
Mr. Ortiz, TX	✓			*Mr. Acevedo-Vilá, PR*			
Mr. Calvert, CA		✓		Mr. Simpson, ID		✓	
Mr. Pallone, NJ	✓			*Ms. Solis, CA*			
Mr. McInnis, CO		✓		Mr. Tancredo, CO		✓	
Mr. Dooley, CA	✓			*Mr. Carson, OK*	✓		
Mr. Pombo, CA		✓		Mr. Hayworth, AZ			
Mr. Underwood, GU				*Ms. McCollum, MN*	✓		
Mrs. Cubin, WY		✓		Mr. Otter, ID		✓	
Mr. Smith, WA	✓			Mr. Osborne, NE		✓	
Mr. Radanovich, CA		✓		Mr. Flake, AZ			
Ms. Christensen, VI	✓			Mr. Rehberg, MT		✓	
				Total	20	20	

The McInnis amendment was then adopted by voice vote.

Congressman George Miller (D–CA) offered an amendment to strike section 224 (Limitation on cost recovery for applications) and insert a new section 224 (Cost recovery for oil and gas leasing). The amendment failed by a roll call vote as follows:

COMMITTEE ON RESOURCES
U.S. House of Representatives
107th Congress

Date: Tuesday, July 17, 2001

Convened: 2:00 p.m.
Adjourned: 8:17 p.m.

Meeting on: **H.R. 2436, Energy Security Act Amendment #9**
Amendment by Mr. Miller, to recover costs for oil and gas leasing

Attendance ☐ Voice Vote ☒ Roll Call Vote Total Yeas 17 Nays 19

Disposition: Was not agreed to by a roll call vote of 17 yeas to 19 nays

	YEA	NAY	PRESENT		YEA	NAY	PRESENT
Mr. Hansen, UT, Chairman		✓		Mr. Jones, NC		✓	
Mr. Rahall, WV	✓			*Mr. Kind, WI*	✓		
Mr. Young, AK		✓		Mr. Thornberry, TX		✓	
Mr. Miller, CA	✓			*Mr. Inslee, WA*	✓		
Mr. Tauzin, LA		✓		Mr. Cannon, UT			
Mr. Markey, MA				*Mrs. Napolitano, CA*			
Mr. Saxton, NJ				Mr. Peterson, PA		✓	
Mr. Kildee, MI	✓			*Mr. Tom Udall, NM*	✓		
Mr. Gallegly, CA				Mr. Schaffer, CO			
Mr. DeFazio, OR	✓			*Mr. Mark Udall, CO*	✓		
Mr. Duncan, TN		✓		Mr. Gibbons, NV		✓	
Mr. Faleomavaega, AS	✓			*Mr. Holt, NJ*	✓		
Mr. Hefley, CO				Mr. Souder, IN			
Mr. Abercrombie, HI				*Mr. McGovern, MA*	✓		
Mr. Gilchrest, MD				Mr. Walden, OR		✓	
Mr. Ortiz, TX	✓			*Mr. Acevedo-Vilá, PR*			
Mr. Calvert, CA				Mr. Simpson, ID		✓	
Mr. Pallone, NJ	✓			*Ms. Solis, CA*	✓		
Mr. McInnis, CO		✓		Mr. Tancredo, CO		✓	
Mr. Dooley, CA				*Mr. Carson, OK*		✓	
Mr. Pombo, CA		✓		Mr. Hayworth, AZ		✓	
Mr. Underwood, GU	✓			*Ms. McCollum, MN*	✓		
Mrs. Cubin, WY		✓		Mr. Otter, ID		✓	
Mr. Smith, WA				Mr. Osborne, NE		✓	
Mr. Radanovich, CA				Mr. Flake, AZ			
Ms. Christensen, VI	✓			Mr. Rehberg, MT		✓	
				Total	17	19	

Congresswoman Barbara Cubin (R–WY) offered an amendment to change the name of the oil and gas technology transfer centers authorized by section 233 to "Cooperative Oil and Gas Research and Information Center". The amendment was adopted by voice vote.

Congressman Betty McCollum (D–MN) offered and withdrew an amendment regarding project labor agreements relating to lease sales conducted under section 202 (Lease sales in Western and Central Planning Area of the Gulf of Mexico).

Congressman Mac Thornberry (R–TX) offered an amendment to prohibit privately owned and operated pipelines from being eligible for inclusion on the National Register of Historic Places and to mandate the removal of any pipelines currently on the Register without the written consent of the owner. The amendment was adopted by voice vote.

Congressman Ron Kind offered and withdrew an amendment relating to increased authorizations of appropriations for the Land and Water Conservation Fund.

Congressman John E. Peterson (R–PA) offered an amendment regarding energy conservation by the Department of the Interior. The amendment was adopted by voice vote.

Congressman Mark Udall (R–CO) offered an amendment to limit the energy resources inventoried on federal lands and limit the federal lands included in the inventory. The amendment was not adopted by a roll call vote as follows:

COMMITTEE ON RESOURCES
U.S. House of Representatives
107th Congress

Date: Tuesday, July 17, 2001

Convened: 2:00 p.m.
Adjourned: 8:17 p.m.

Meeting on: **H.R. 2436, Energy Security Act Amendment #15**
Amendment by Mr. Mark Udall, to require the Secretary of the Interior to conduct an inventory of energy production potential of onshore Federal lands; 2) except for certain specified federal lands

Attendance ☐ Voice Vote ☒ Roll Call Vote Total Yeas 14 Nays 24

Disposition: Was not agreed to by a roll call vote of 14 yeas to 24 nays

	YEA	NAY	PRESENT		YEA	NAY	PRESENT
Mr. Hansen, UT, Chairman		✓		Mr. Jones, NC		✓	
Mr. Rahall, WV	✓			*Mr. Kind, WI*	✓		
Mr. Young, AK		✓		Mr. Thornberry, TX		✓	
Mr. Miller, CA				*Mr. Inslee, WA*	✓		
Mr. Tauzin, LA		✓		Mr. Cannon, UT			
Mr. Markey, MA				*Mrs. Napolitano, CA*			
Mr. Saxton, NJ				Mr. Peterson, PA		✓	
Mr. Kildee, MI	✓			*Mr. Tom Udall, NM*	✓		
Mr. Gallegly, CA				Mr. Schaffer, CO			
Mr. DeFazio, OR	✓			*Mr. Mark Udall, CO*	✓		
Mr. Duncan, TN				Mr. Gibbons, NV		✓	
Mr. Faleomavaega, AS		✓		*Mr. Holt, NJ*	✓		
Mr. Hefley, CO		✓		Mr. Souder, IN		✓	
Mr. Abercrombie, HI				*Mr. McGovern, MA*	✓		
Mr. Gilchrest, MD				Mr. Walden, OR		✓	
Mr. Ortiz, TX				*Mr. Acevedo-Vilá, PR*			
Mr. Calvert, CA				Mr. Simpson, ID		✓	
Mr. Pallone, NJ	✓			*Ms. Solis, CA*	✓		
Mr. McInnis, CO		✓		Mr. Tancredo, CO		✓	
Mr. Dooley, CA				*Mr. Carson, OK*		✓	
Mr. Pombo, CA		✓		Mr. Hayworth, AZ		✓	
Mr. Underwood, GU	✓			*Ms. McCollum, MN*	✓		
Mrs. Cubin, WY		✓		Mr. Otter, ID		✓	
Mr. Smith, WA		✓		Mr. Osborne, NE		✓	
Mr. Radanovich, CA		✓		Mr. Flake, AZ		✓	
Ms. Christensen, VI	✓			Mr. Rehberg, MT		✓	
				Total	14	24	

Congressman Jim Gibbons (R–NV) offered an amendment to clarify the application of royalty relief to expanded geothermal facilities. The amendment was adopted by voice vote.

Congressman DeFazio offered an amendment requiring, as part of a report to Congress, the consideration of increased hydroelectric power production on irrigation, fish, wildlife, Indian tribes, river health, water quality, navigation, recreation, fishing and flood control. The amendment was adopted by voice vote.

Congressman Inslee offered an amendment requiring a consideration of pipeline safety as part of a pipeline rights-of-way study under section 101 of the bill. A point of order was sustained against the amendment for violating rule XVI of the Rules of the House of Representatives.

Congresswoman Hilda L. Solis (D–CA) offered an amendment to require consultation with Indian tribes as part of the pipeline rights-of-way study required under section 101 of the bill. The amendment was adopted by voice vote.

Congressman Inslee offered an amendment to remove the limits on the inventory of energy production potential of all federal public lands under section 102. The amendment was adopted by voice vote.

Congressman Inslee offered an amendment regarding the enhancement of energy efficiency in the management of federal lands. Congressman W. J. "Billy" Tauzin (R–LA) offered an amendment to the Inslee amendment to insert the word "economically" before "practical". The Tauzin amendment to the Inslee amendment was adopted by voice vote. The Inslee amendment, as amended, was adopted by voice vote.

H.R. 2436, as amended, was then ordered favorably reported to the House of Representatives by a roll call vote as follows:

COMMITTEE ON RESOURCES
U.S. House of Representatives
107th Congress

Date: Tuesday, July 17, 2001

Convened: 2:00 p.m.
Adjourned: 8:17 p.m.

Meeting on: **H.R. 2436, Energy Security Act**
To order H.R. 2436 reported to the House, as amended.

Attendance ☐ Voice Vote ☒ Roll Call Vote Total Yeas 26 Nays 17

Disposition: Was ordered reported to the House, amended, by a roll call vote of 26 yeas to 17 nays

	YEA	NAY	PRESENT		YEA	NAY	PRESENT
Mr. Hansen, UT, Chairman	✓			Mr. Jones, NC	✓		
Mr. Rahall, WV		✓		*Mr. Kind, WI*		✓	
Mr. Young, AK	✓			Mr. Thornberry, TX	✓		
Mr. Miller, CA				*Mr. Inslee, WA*		✓	
Mr. Tauzin, LA	✓			Mr. Cannon, UT	✓		
Mr. Markey, MA		✓		*Mrs. Napolitano, CA*			
Mr. Saxton, NJ				Mr. Peterson, PA	✓		
Mr. Kildee, MI		✓		*Mr. Tom Udall, NM*		✓	
Mr. Gallegly, CA				Mr. Schaffer, CO			
Mr. DeFazio, OR		✓		*Mr. Mark Udall, CO*		✓	
Mr. Duncan, TN	✓			Mr. Gibbons, NV	✓		
Mr. Faleomavaega, AS	✓			*Mr. Holt, NJ*		✓	
Mr. Hefley, CO	✓			Mr. Souder, IN	✓		
Mr. Abercrombie, HI		✓		*Mr. McGovern, MA*		✓	
Mr. Gilchrest, MD				Mr. Walden, OR	✓		
Mr. Ortiz, TX				*Mr. Acevedo-Vilá, PR*			
Mr. Calvert, CA	✓			Mr. Simpson, ID	✓		
Mr. Pallone, NJ		✓		*Ms. Solis, CA*		✓	
Mr. McInnis, CO	✓			Mr. Tancredo, CO	✓		
Mr. Dooley, CA				*Mr. Carson, OK*	✓		
Mr. Pombo, CA	✓			Mr. Hayworth, AZ	✓		
Mr. Underwood, GU		✓		*Ms. McCollum, MN*		✓	
Mrs. Cubin, WY	✓			Mr. Otter, ID	✓		
Mr. Smith, WA		✓		Mr. Osborne, NE	✓		
Mr. Radanovich, CA	✓			Mr. Flake, AZ	✓		
Ms. Christensen, VI		✓		Mr. Rehberg, MT	✓		
				Total	26	17	

COMMITTEE OVERSIGHT FINDINGS AND RECOMMENDATIONS

Regarding clause 2(b)(1) of rule X and clause 3(c)(1) of rule XIII of the Rules of the House of Representatives, the Committee on Resources' oversight findings and recommendations are reflected in the body of this report.

CONSTITUTIONAL AUTHORITY STATEMENT

Article I, section 8 and Article IV, section 3 of the Constitution of the United States grant Congress the authority to enact this bill.

COMPLIANCE WITH HOUSE RULE XIII

1. Cost of Legislation.—Clause 3(d)(2) of rule XIII of the Rules of the House of Representatives requires an estimate and a comparison by the Committee of the costs which would be incurred in carrying out this bill. However, clause 3(d)(3)(B) of that rule provides that this requirement does not apply when the Committee has included in its report a timely submitted cost estimate of the bill prepared by the Director of the Congressional Budget Office under section 402 of the Congressional Budget Act of 1974. The Committee has requested but has not yet received a cost estimate from the Congressional Budget Office. The Committee believes that enactment of H.R. 2436 will both raise revenues for the federal treasury and reduce receipts; however, the net result will not have a significant effect on the budget of the United States.

2. Congressional Budget Act.—As required by clause 3(c)(2) of rule XIII of the Rules of the House of Representatives and section 308(a) of the Congressional Budget Act of 1974, this bill does not contain any new budget authority, credit authority, or an increase or decrease in tax expenditures. The Committee believes that enactment of H.R. 2436 will result in increased revenue to the United States, as well as a loss of receipts. The net result will not have a significant effect on the budget of the United States. In addition, the Committee believes that the bill authorizes a minor amount of direct spending.

3. General Performance Goals and Objectives.—As required by clause 3(c)(4) of rule XIII, the general performance goal or objective of this bill is to provide secure energy supplies for the people of the United States.

4. Congressional Budget Office Cost Estimate.—Under clause 3(c)(3) of rule XIII of the Rules of the House of Representatives and section 403 of the Congressional Budget Act of 1974, the Committee has requested but not received a cost estimate for this bill from the Director of the Congressional Budget Office.

COMPLIANCE WITH PUBLIC LAW 104–4

This bill contains no unfunded mandates.

PREEMPTION OF STATE, LOCAL OR TRIBAL LAW

This bill is not intended to preempt any State, local or tribal law.

CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3(e) of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

MINERAL LEASING ACT

* * * * * * *

SEC. 17. (a) * * *

* * * * * * *

[(h) The Secretary of the Interior may not issue any lease on National Forest System Lands reserved from the public domain over the objection of the Secretary of Agriculture.]

(h)(1) In issuing any lease on National Forest System lands reserved from the public domain, the Secretary of the Interior shall consult with the Secretary of Agriculture in determining stipulations on surface use under the lease.

(2)(A) A lease on lands referred to in paragraph (1) may not be issued if the Secretary of Agriculture determines, after consultation under paragraph (1), that the terms and conditions of the lease, including any prohibition on surface occupancy for lease operations, will not be sufficient to adequately protect such lands under the National Forest Management Act of 1976 (16 U.S.C. 1600 et seq.).

(B) The authority of the Secretary of Agriculture under this paragraph may be delegated only to the Undersecretary of Agriculture for Natural Resources and Environment.

* * * * * * *

REIMBURSEMENT FOR COSTS OF CERTAIN ANALYSES, DOCUMENTATION, AND STUDIES

SEC. 38. (a) IN GENERAL.—The Secretary of the Interior shall reimburse a person who is a lessee, operator, operating rights owner, or applicant for an oil or gas lease under this Act for costs incurred by the person in preparing any project-level analysis, documentation, or related study required under the National Environmental Policy Act of 1969 (42 U.S.C. 4321 et seq.) with respect to the lease, through royalty credits attributable to the lease, unit agreement, or project area for which the analysis, documentation, or related study is prepared.

(b) CONDITIONS.—The Secretary shall provide reimbursement under subsection (b) only if—

(1) adequate funding to enable the Secretary to timely prepare the analysis, documentation, or related study is not appropriated;

(2) the person paid the costs voluntarily; and

(3) the person maintains records of its costs in accordance with regulations prescribed by the Secretary.

* * * * * * *

SECTION 5 OF THE OUTER CONTINENTAL SHELF LANDS ACT OF 1953

SEC. 5. ADMINISTRATION OF LEASING OF THE OUTER CONTINENTAL SHELF.—(a) * * *

* * * * * * *

(k) SUSPENSION OF OPERATIONS FOR SUBSALT EXPLORATION.—Notwithstanding any other provision of law or regulation, to prevent waste caused by the drilling of unnecessary wells and to facilitate the discovery of additional hydrocarbon reserves, the Secretary may grant a request for a suspension of operations under any lease to allow the reprocessing and reinterpretation of geophysical data to identify and define drilling objectives beneath allocthonus salt sheets.

* * * * * * *

GEOTHERMAL STEAM ACT OF 1970

* * * * * * *

SEC. 5. *(a) IN GENERAL.*—Geothermal leases shall provide for—

[(a)] *(1)* a royalty of [not less than 10 per centum or more than 15 per centum] *not more than 8 per centum* of the amount or value of steam, or any other form of heat or energy derived from production under the lease and sold or utilized by the lessee or reasonably susceptible to sale or utilization by the lessee;

[(b)] *(2)* a royalty of not more than 5 per centum of the value of any byproduct derived from production under the lease and sold or utilized or reasonably susceptible of sale or utilization by the lessee, except that as to any byproduct which is a mineral named in section 1 of the Mineral Leasing Act of February 25, 1920, as amended (30 U.S.C. 181), the rate of royalty for such mineral shall be the same as that provided in that Act and the maximum rate of royalty for such mineral shall not exceed the maximum royalty applicable under that Act;

[(c)] *(3)* payment in advance of an annual rental of not less than $1 per acre or fraction thereof for each year of the lease. If there is no well on the leased lands capable of producing geothermal resources in commercial quantities, the failure to pay rental on or before the anniversary date shall terminate the lease by operation of law: *Provided, however,* That whenever the Secretary discovers that the rental payment due under a lease is paid timely but the amount of the payment is deficient because of an error or other reason and the deficiency is nominal, as determined by the Secretary pursuant to regulations prescribed by him, he shall notify the lessee of the deficiency and such lease shall not automatically terminate unless the lessee fails to pay the deficiency within the period prescribed in the notice: *Provided further,* That where any lease has been terminated automatically by operation of law under this section for failure to pay rental timely and it is shown to the satisfaction of the Secretary of the Interior that the failure to pay timely the lease rental was justifiable or not due to a lack of

reasonable diligence, he in his judgment may reinstate the lease if—

[(1)] *(A)* a petition for reinstatement, together with the required rental, is filed with the Secretary of the Interior; and

[(2)] *(B)* no valid lease has been issued affecting any of the lands in the terminated lease prior to the filing of the petition for reinstatement; and

[(d)] *(4)* a minimum royalty of $2 per acre or fraction thereof in lieu of rental payable at the expiration of each lease year for each producing lease, commencing with the lease year beginning on or after the commencement of production in commercial quantities. For the purpose of determining royalties hereunder the value of any geothermal steam and byproduct used by the lessee and not sold and reasonably susceptible of sale shall be determined by the Secretary, who shall take into consideration the cost of exploration and production and the economic value of the resource in terms of its ultimate utilization.

(b) EXEMPTION FOR USE OF LOW TEMPERATURE RESOURCES.—

(1) IN GENERAL.—In lieu of any royalty or rental under subsection (a), a lease for qualified development and direct utilization of low temperature geothermal resources shall provide for payment by the lessee of an annual fee of not less than $100, and not more than $1,000, in accordance with the schedule issued under paragraph (2).

(2) SCHEDULE.—The Secretary shall issue a schedule of fees under this section under which a fee is based on the scale of development and utilization to which the fee applies.

(3) DEFINITIONS.—In this subsection:

(A) LOW TEMPERATURE GEOTHERMAL RESOURCES.—The term "low temperature geothermal resources" means geothermal steam and associated geothermal resources having a temperature of less than 195 degrees Fahrenheit.

(B) QUALIFIED DEVELOPMENT AND DIRECT UTILIZATION.—The term "qualified development and direct utilization" means development and utilization in which all products of geothermal resources, other than any heat utilized, are returned to the geothermal formation from which they are produced.

* * * * * * *

SEC. 15. (a) * * *

(b)*(1)* Geothermal leases for lands withdrawn or acquired in aid of functions of the Department of Agriculture may be issued only [with the consent of, and] *after consultation with the Secretary of Agriculture and* subject to such terms and conditions as may be prescribed by, [the head of that Department] *the Secretary of Agriculture* to insure adequate utilization of the lands for the purposes for which they were withdrawn or acquired. Geothermal leases for lands to which section 24 of the Federal Power Act, as amended (16 U.S.C. 818), is applicable, may be issued only with the consent of, and subject to, such terms and conditions as the Federal Power Commission may prescribe to insure adequate utilization of such lands for power and related purposes.

(2)(A) A geothermal lease for lands withdrawn or acquired in aid of functions of the Department of Agriculture may not be issued if the Secretary of Agriculture, after the consultation required by paragraph (1), determines that no terms or conditions, including a prohibition on surface occupancy for lease operations, would be sufficient to adequately protect such lands under the National Forest Management Act of 1976 (16 U.S.C. 1600 et seq.).

(B) The authority of the Secretary of Agriculture under this paragraph may be delegated only to the Undersecretary of Agriculture for Natural Resources and Environment.

* * * * * * *

REIMBURSEMENT FOR COSTS OF CERTAIN ANALYSES, DOCUMENTATION, AND STUDIES

SEC. 30. (a) IN GENERAL.—The Secretary of the Interior shall reimburse a person who is a lessee, operator, operating rights owner, or applicant for a lease under this Act for costs incurred by the person in preparing any project-level analysis, documentation, or related study required under the National Environmental Policy Act of 1969 (42 U.S.C. 4321 et seq.) with respect to the lease, through royalty credits attributable to the lease, unit agreement, or project area for which the analysis, documentation, or related study is prepared.

(b) CONDITIONS.—The Secretary shall provide reimbursement under subsection (a) only if—

(1) adequate funding to enable the Secretary to timely prepare the analysis, documentation, or related study is not appropriated;

(2) the person paid the costs voluntarily; and

(3) the person maintains records of its costs in accordance with regulations prescribed by the Secretary.

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SECTION 2689 OF TITLE 10, UNITED STATES CODE

§ 2689. Development of geothermal energy on military lands

The Secretary of a military department may develop, or authorize the development of, any geothermal energy resource within lands under the Secretary's jurisdiction, **[**including public lands,**]** *other than public lands,* for the use or benefit of the Department of Defense if that development is in the public interest, as determined by the Secretary concerned, and will not deter commercial development and use of other portions of such resource if offered for leasing.

* * * * * * *

SECTION 1003 OF THE ALASKA NATIONAL INTERESTS LANDS CONSERVATION ACT OF 1980

[PROHIBITION ON DEVELOPMENT

[SEC. 1003. Production of oil and gas from the Arctic National Wildlife Refuge is prohibited and no leasing or other development leading to production of oil and gas from the range shall be undertaken until authorized by an Act of Congress.]

DISSENTING VIEWS

We oppose H.R. 2436 as reported by the Resources Committee and recommend that our colleagues resist its inclusion in whatever "energy" package the House ultimately considers.

As reported by the committee, the bill represents an unprecedented assault on America's resources and on American taxpayers under the guise of contributing to our energy security. The fact of the matter is that if the Committee had simply considered legislative initiatives to implement President Bush's national energy policy, the only item included in H.R. 2436 would have been provisions to open the Arctic National Wildlife Refuge to oil and gas development.

Instead, the legislation represents a grab bag of goodies for Big Oil—from granting an unfettered ability to drill on federal lands to declaring a $7.4 billion royalty holiday at the taxpayer's expense.

Obviously, the message sent by the bipartisan trifecta of amendments to the Interior Appropriations bill recently adopted by the House—prohibiting energy development in national monuments, postponing lease sale 181 off the coast of Florida, and maintaining hardrock mining protections—has been lost on the supporters of H.R. 2436. Americans, and the majority of their Representatives in this body, do not believe we must sacrifice our heritage and our children's future to achieve greater energy self-sufficiency in this fashion.

Committee Democrats believe that there is a need for a better national energy policy. During consideration of H.R. 2436, we offered an alternative to the bill. Unlike H.R. 2436, the Democratic alternative was based on the belief that our Nation's energy policy must be balanced. In our bid for greater energy security, we must take into account the social and environmental costs of energy development as well. That concept is central to the alternative we offered. Rather than exploiting environmentally sensitive areas, we proposed facilitating the delivery of over 35 trillion cubic feet of gas from developed fields in the North Slope to the lower 48 States with the benefit of "Buy American" and project labor agreement protections.

Rather than grant a multibillion dollar royalty holiday to oil and gas companies, we proposed that the American people receive a fair return for the disposition of their resources by cracking down on royalty underpayments. Rather than potentially disrupting the distribution of western water to farmers and cities by emphasizing hydropower over all other purposes, we proposed to relieve transmission constraints in the western power grid.

The Democratic alternative was also about empowerment. It recognized the contribution Indian Country can make to our national energy mix, and the pressing need to help the tribes achieve energy

self-sufficiency. It sought to empower U.S. citizens in the insular areas to have a greater sense of energy security as well.

And our alternative was about endowment. The endowment to coastal communities of pristine beaches, viable wildlife habitat and the economic prosperity which accompanies these attributes. An endowment to the American people of a fair return for the disposition of their energy resources by combating royalty underpayments. The endowment to coalfield communities of the necessary resources to combat the constant threat they face from abandoned coal mines. And the endowment to America, that our most cherished natural resources will receive attention from the Land and Water Conservation Fund.

None of these values are reflected in H.R. 2436 as reported by the Resources Committee. We oppose H.R. 2436 because it is little more than a thinly disguised boon to the oil and gas industry, with little more than window dressing bestowed on conservation and alternative energy alternatives. Our specific concerns relating to each title of the bill follow.

Title I—General Provisions To Protect Energy Supply and Security

Contrary to the will of the House as expressed in the recent Interior Appropriations amendment prohibiting development in national monuments, H.R. 2436 would require the Interior Secretary to conduct a survey of all federal lands, with the exception of National Parks and wilderness areas for their coal and geothermal energy potential. Lands subject to this provision would include National Park System lands other than National Parks, national wildlife refuges, national forests, areas of critical environmental concern, national marine sanctuaries, national conservation areas, national wild and scenic rivers, national trails and wilderness study areas.

Title II—Oil and Gas Development

SUBTITLE A—OFFSHORE OIL AND GAS

Title II, as amended, provides "royalty relief" to major oil and gas companies seeking new leases on the Outer Continental Shelf in the Gulf of Mexico. In lease sales occurring over the next two years, the Secretary of the Interior would be required—regardless of whether there is any economic justification—to give-away, royalty-free, "not less than" the following:

—17.5 million barrels of oil equivalent for fields in water depths of 200 to 400 meters;

—52.5 million barrels of oil equivalent for fields in water depths of 400 to 800 meters;

—9 million barrels of oil equivalent for each lease in water depths of 800 to 1,600 meters;

—12 million barrels of oil equivalent for each lease in water depths of more than 1,600 meters.

By waiving federal royalty collections on huge amounts of publicly—owned oil and gas, title II constitutes a significant taxpayer subsidy—for the oil and gas industry at a time of high prices and record profits. Informal estimates from the Minerals Management Service are that the two years of royalty-free lease sales required

by title II would cost at least $7.4 billion in lost royalty revenues in future years.

The "royalty relief" provided in title II is more generous than that authorized by Congress in the OCS Deep Water Royalty Relief Act in 1995. The controversial 1995 Act was justified at the time by its proponents on the basis of countering low oil and gas prices and the need to encourage emerging technology in frontier deep water areas of the OCS. Neither rationale exists in 2001 since prices are high and technology has evolved so that operating in water deeper than 200 meters is commonplace. There is no evidence that major oil companies will abandon promising areas in the Gulf of Mexico absent additional "royalty relief" in new lease sales.

Ironically, George W. Bush attacked Vice-President Gore for supporting "royalty relief" for deep water OCS drillers during the 2000 campaign, criticizing it as "giving major oil companies a huge tax break." "Royalty relief" was not included in the President's energy legislative initiatives recently submitted to Congress.

SUBTITLE B—IMPROVEMENTS TO FEDERAL OIL AND GAS LEASE MANAGEMENT

The provisions of this subtitle largely seek to reduce or outright eliminate restrictions on onshore oil and gas leasing activities on federal lands. Four provisions in particular would achieve this goal. First, the subtitle includes a legislative directive to the Interior Secretary to eliminate "unwarranted" denials of lease issuance and restrictions on lease operations. Although the term "unwarranted" is not defined, the intent apparently is to eliminate restrictions commonly placed in leases aimed at protecting critical wildlife habitat, cultural and historical resources, or environmentally sensitive areas.

Second, the subtitle requires that BLM and Forest Service lands open to oil and gas leasing be made available without lease stipulations that are more stringent than those which may be contained in applicable State oil and gas law. The obvious effect of this provision is to prohibit restrictions on lease operations that may be required under the Endangered Species Act or other federal environmental statutes.

Third, the subtitle originally stripped the Forest Service of its authority to "consent" to leases proposed to be issued in units of the National Forest System, paving the way for lease issuance in roadless areas as well as other areas deemed sensitive by the Forest Service. While an amendment adopted by the Committee gives the Secretary of Agriculture the authority veto a decision by the Department of the Interior to open Forest Service lands to oil and gas leasing, it prohibits the Secretary from delegating this decision-making authority to the Forest Service. As such, it removes land management decisions form professional land managers in the field and instead turns them over to political appointees in Washington.

Finally, the subtitle would require taxpayers to subsidize the costs industry incurs in preparing any documents, such as environmental analyses, related to leasing. For environmental compliance documents, the Interior Secretary would provide a royalty reduction kickback to companies to reimburse them for their costs.

SUBTITLE C—MISCELLANEOUS

In a nod to the Houston-based Anadarko corporation, which reported cash flow from operations during the first quarter of 2001 of $1.1 billion, up from $135 million in the first quarter of 2000, the bill would allow the Interior Secretary to indefinitely suspend the term of existing subsalt leases so that Anadarko would not have to pay to drill a well in order to keep its subsalt lease. This company is not hurting. In the words of its chairman and CEO, their "first quarter earnings coming within striking distance of earning almost as much as [they] did for all of 2000, which was $796 million."

In another gift to Big Oil, and in the face of evidence that suggests taking royalties in-kind instead of in cash actually costs the government revenues, the bill would permanently authorize the Secretary to take, market, process and transport oil and gas taken in-kind. In other words, companies could make their royalty payments in the form of the actual oil and gas rather than in cash. The MMS would then be saddled with the responsibility of marketing the products in order to recoup a royalty. For example, MMS recently completed an RIK pilot program in Wyoming that lost $3 million when compared to fair market value of the oil and gas.

Finally, the bill would provide automatic royalty holidays for "marginal" wells, in theory a boon to smaller domestic oil and gas producers. However, without any justification, the bill sets up new definitions for marginal wells; i.e., in the tax code a marginal well is one producing 15 barrels of oil equivalent per day while in this subtitle a marginal well onshore is one producing 30 barrels of oil equivalent per day onshore and 300 barrels offshore. Under this new definition, most onshore wells would qualify for royalty relief. The bill does not specify the reduced rate, whether any royalty payment would be required, or the duration of the royalty holiday. There is also no linkage to the size of the producer. As such, major international oil companies would benefit as well as the smaller independent companies.

Title III—Geothermal Energy Development

For no apparent reason, this title would grant a three-year, blanket exemption from the payment of royalties for geothermal leases which commence production within five years after enactment of the bill. Provisions in this title would also reduce the federal geothermal royalty rate from a range of 10% to 15% to a flat 8% rate.

As with onshore oil and gas leasing, this title also strips Forest Service managers in the field of the authority to "consent" to geothermal leases proposed to be issued in units of the National Forest System, paving the way for lease issuance in roadless areas, as well as other areas deemed sensitive by the Forest Service. Also as is the case for onshore oil and gas leasing, this title would require taxpayers to subsidize the costs industry incurs in preparing any environmental compliance documents related to leasing through a royalty reduction kickback to companies.

Finally, this title would open all military land to geothermal leasing. Committee Democrats are unaware of the reason for this

particular provision. As a general matter, military bases and other lands under the administrative jurisdiction of the Defense Department are not subject to federal mineral and mining laws.

Title IV—Hydropower

Provisions of this title would require the preparation of a report to Congress on hydropower facilities, detailing their capabilities and cost estimates.

The title would also authorize the installation of a powerformer at the Bureau of Reclamation power plant in Folsom, CA. Costs incurred by the U.S. would be treated as reimbursable costs and bear interest at long-term borrowing rates.

Provisions in the title would require preparation of a report on pump replacement at unidentified facilities, presumably owned by the Bureau of Reclamation or BIA, and would mandate pump replacement when the benefits were greater than the costs. There is no requirement that the environmental effects of pump replacement be considered and there is no requirement that the size or capacity of the new pumps be controlled to avoid environmental damage over and above that already attributable to project pumping.

The title would require a report to Congress on the potential for increased operational efficiencies of hydropower facilities under the jurisdiction of the Interior Secretary. This would include studies of essentially all Bureau of Reclamation projects with hydroelectric facilities, e.g., Hoover Dam, Glen Canyon Dam, Flaming Gorge Dam, all of the Columbia River Bureau of Reclamation projects, and Shasta and Folsom Dams in California.

Consideration of revised operating criteria for these projects is highly controversial because of the potential for reallocation of project water supplies, conflicts with endangered species, and severe and irreversible environmental impacts. The bill makes no provision for considering environmental issues.

Title V—Arctic National Wildlife Refuge Development

Title V repeals provisions of the Alaska National Interest Lands Act of 1980 and opens 1.5 million acres of the Arctic National Wildlife Refuge to oil and gas leasing and development. The Department of the Interior, which opposed leasing during the Clinton Administration, has described this area—the coastal plain—as the "biological heart" of the Arctic Refuge.

The Arctic Refuge is the only area on the North Slope of Alaska that has been set aside by Congress as off-limits to oil and gas leasing. Areas currently open to leasing include state-owned lands at Prudhoe Bay and Federal, public lands in the 23-million-acre National Petroleum Reserve-Alaska (NPR–A) and the Outer Continental Shelf. The Arctic Refuge was first protected as an internationally important wildlife conservation area by the Eisenhower Administration over four decades ago and designated a 19-million-acre national wildlife refuge by Congress in 1980.

Title V authorizes oil and gas leasing in the Arctic Refuge under broad exemptions from environmental laws. For example, the title exempts oil and gas leasing in the Arctic Refuge from the National Wildlife System Administration Act of 1996's requirements that

such activities be determined to be "compatible" with the conservation purposes of the refuge. Title V also dictates that a 1987 Environmental Impact Statement prepared by the Reagan Administration satisfies National Environmental Policy Act and waives any further "no-action" analysis, thus assuring that leasing will be insulated from legal challenges and can move forward no matter what the potential environmental consequences.

Title V also arbitrarily restricts the ability of the Fish and Wildlife Service to manage caribou calving and other sensitive areas by setting a limit of 45,000 acres—only 3 percent of the 1.5 million-acre coastal plain—which may be administratively protected from development.

Under existing law, not affected by Title V, ninety percent of any revenues from Arctic Refuge oil and gas leasing would go to the State of Alaska with only ten percent going to the Federal government (generally onshore leasing revenues are split 50/50).

Even if oil were to be discovered in economic quantities, the lag time to bring Refuge oil to market (including expensive construction of production and delivery system infrastructure) would likely be over a decade or more.

NICK J. RAHALL II.
GEORGE MILLER.
ED MARKEY.
PETER DEFAZIO.
FRANK PALLONE.
DONNA CHRISTENSEN.
RON KIND.
JAY INSLEE.
GRACE NAPOLITANO.
HILDA SOLIS.
ADAM SMITH.
DALE KILDEE.
BETTY MCCOLLUM.
TOM UDALL.
RUSH HOLT.
JAMES MCGOVERN.
ANÍBAL ACEVEDO-VILÁ.
MARK UDALL.

ADDITIONAL DISSENTING VIEWS OF HON. NICK J. RAHALL

During the Resources Committee's July 17, 2001, markup of H.R. 2436, the majority of the Members of the Committee's Democratic Caucus supported an alternative to the bill. In our view, the Democratic alternative recognizes the need for a coherent, comprehensive national energy policy. In contrast to the Republican approach, the Democratic alternative relies on the recognition that under existing law the vast majority of federal lands are currently available for energy development, and that concern for the environment and social needs are equally important to development of energy resources. A summary of our alternative follows.

Title I—Alaska Natural Gas Pipeline Project

Title I would facilitate the construction of the Alaska Natural Gas Pipeline originally authorized by Congress in 1976. The provision would enhance the delivery of 35 trillion cubic feet of natural gas already discovered in existing development fields to the lower 48 States through the construction of a pipeline delivery system that follows the Alaska Highway from the North Slope to Fairbanks and east to supply U.S. markets. Annual U.S. natural gas consumption is about 23 trillion cubic feet. The title also includes a "Buy America" provision for portions of the pipeline built on federal lands and requires the development of a project labor agreement to govern construction activities.

Title II—Western Area Power Administration Provisions

Title II would provide additional authority to the Administrator of the Western Area Power Administration to take such actions as necessary to relieve power transmission constraints, including construction of new facilities, in accordance with all applicable provisions of Federal law and in coordination with State authorities. Any new transmission capacity would be available to consumers on nondiscriminatory basis. The Bonneville Power Administrator has similar authority.

Title III—Energy Alternatives and Efficiency Regarding Federal Lands

Title III would require the Interior Secretary to survey federal lands, except for federally protected areas, for their potential to be developed for solar and wind power electrical energy generating facilities. The provision also requires the Secretary to inventory the extent of geothermal resources within the U.S., except for federally protected areas, and determine whether impediments exist to its efficient development for electricity generation. A provision in the title also requires the Secretary to conduct an assessment of U.S. ocean thermal resources except for OCS areas under moratoria. In

addition, the title requires the Secretary to conduct a survey of directional oil and gas drilling on federal lands in order to assess its benefits as a means of mitigating environmental impacts. Finally, provisions in the title encourage the Secretaries of Interior, Agriculture and Commerce to incorporate energy efficient technologies in public and administrative buildings under their jurisdiction and also to utilize energy efficient vehicles in natural resources management.

Title IV—Indian Energy

Title IV would make a number changes in existing law to empower Indian country to achieve energy self-sufficiency as well as to contribute to the national energy mix. Provisions in the title would expand an existing loan and grant program for energy development and electrical generation activities on tribal lands; require the Interior Secretary, as trustee, to timely review agreements and leases entered into between tribes and energy developers to insure the tribes are accruing appropriate financial benefits and identify barriers to energy development on Indian land; require the Western Power Administration to provide transmission access for wind power generating facilities developed on tribal lands within its service area; and remove barriers to energy resource activities in Indian country due to State taxation issues.

Title V—Insular Areas Energy Security

Title V would hold the Secretary, in consultation with the Energy Secretary and the heads of insular governments, responsible for updating the 1982 Territorial Energy Assessment, which is a comprehensive energy report on consumption, importation, and potential for indigenous alternative energy that can be used by insular areas. The updated assessment would also include recommendations to reduce the reliance on imported energy and a plan to protect energy distribution lines from the effects caused by hurricanes and typhoons. Title V also includes language authorizing the Interior Secretary to grant financial assistance for projects to protect electrical power and distribution lines.

Title VI—Coastal Protection

Title VI would extend through June 30, 2012, the moratoria on OCS oil and gas leasing included in annual Interior Appropriations bills thereby alleviating the need to enact it annually. The date is consistent with Presidential determinations made in 1998. The areas included in the moratoria are the East Coast, Eastern Gulf, West Coast and the North Aleutian area in Bristol Bay, Alaska. Also include are national marine sanctuaries (most of which are included in areas subject to the annual appropriations moratoria) and the Northwest Hawaiian Islands Coral Reef Reserve.

Title VII—Royalty Reform

Title VII would insure the American public receives just compensation from the development of oil and gas resources on federal lands and waters by trebling existing fines and penalties for under-

reporting, or short-changing, royalty obligations to the government. The existing fines were last modified in 1982.

Title VIII—Reclamation of Abandoned Coal Mine Sites

Title VIII would reauthorize the collection of fees paid by the coal industry that finance efforts under the Abandoned Mine Reclamation Fund through the year 2011 in order to provide sufficient revenues to complete the reclamation of all high priority public health and threatening abandoned coal mine sites. The provision recognizes that a balanced energy policy should include measures to offset the potential adverse effects on land and water resources due to energy development activities.

Title IX—Land and Water Conservation Fund Enhancement

Title IX would double the Land and Water Conservation Fund's authorized annual use of receipts generated by Outer Continental Shelf oil and gas leasing activities from $900 million to $1.8 billion through 2015. The provision also provides for a 50/50 share of the receipts between federal and State governments (as provided for in the CARA legislation). Since 1982, the Department has collected $110.4 billion from onshore and offshore leases. Over $16.3 billion of those resources have gone to fund the Land and Water Conservation Fund. The LWCF authorized provision further represents the need to mitigate energy development through conservation programs.

NICK J. RAHALL II.

ADDITIONAL DISSENTING VIEWS OF HON. RON KIND AND HON. NICK RAHALL

Most of the attention on H.R. 2436 has focused on Title V, which would open the Alaska National Wildlife Refuge to oil and gas drilling. However, Title II contains provisions equally offensive to U.S. taxpayers and the environment. To start, under this Title, the majority would give more than $7 billion in deepwater royalty relief to oil and gas companies already awash in record profits. President Bush did not propose deepwater royalty giveaways in his National Energy Plan. In fact, during last year's presidential campaign, he opposed such royalty relief for the oil and gas industry.

Title II also contains a provision that usurps important federal environment protections by limiting oil and gas lease stipulations to only those allowed under state oil and gas law. Not only would this provision override federal environment laws, such as the Endangered Species Act—but it would also make state fish and gaming laws subservient to state oil and gas commissions. Consequently, this provision would seriously impede protection of valuable fish and wildlife habitat, such as nesting and spawning areas valuable to both environmentalists and hunters alike.

In addition, Title II strips the Forest Service of its authority to consent to proposed leases in National Forest lands, thus opening the way to drilling in roadless areas and other sensitive lands. The Committee's amendment to allow the Secretary or Deputy Secretary of Agriculture to make such leasing decisions notwithstanding, it makes little sense to elevate individual land management decisions on individual oil and gas leases in National Forests from professional land managers in the field to Cabinet-level political appointees in Washington, D.C. In all other respects, this title runs roughshod over appropriate administrative procedures to "facilitate" oil and gas leasing on public lands. Yet, in this matter, the Majority reveals its overriding antipathy for the professionals of the National Forest Service who recommended and implemented the "roadless policy" and other actions designed to protect valuable forest lands.

The list of unacceptable provisions continues. Title II provides a royalty kickback to oil and gas companies for the costs of preparing environmental impact analysis documents associated with leasing.

Title II would also provide automatic royalty holidays for "marginal wells" on public lands. However, the bill sets up new definitions for marginal wells; i.e., in the tax code, a marginal well is one producing 15 barrels of oil equivalent per day while in Title II of H.R. 2436, a marginal well onshore is one producing 30 barrels per day and 300 barrels offshore. Under this definition, most onshore wells would qualify for royalty relief. Unfortunately, the bill, as adopted by the Committee, does not specify the reduced rate, if any royalty payment would be required, or the duration of time the roy-

alty holiday would occur. Therefore, estimating the cost of this provision to the taxpayers is impossible. There is also no linkage between well production and the size of the producer. As such, this provision will benefit major international oil companies as well as the smaller independent companies. The Ways and Means Committee has also included a provision for "marginal wells" in their energy bill (although they define such wells as those producing 25 barrels of oil equivalent per day) that will provide $900 million in tax relief. Therefore, this provision in H.R. 2436 is redundant and unnecessary.

Finally, Title II would establish a "royalty in kind" program that will place federal bureaucrats in the oil and gas marketing business. Industry has claimed that royalty-in-kind programs will end disputes over the fees they owe for drilling oil and gas from federal and Indian lands. Under royalty-in-kind, companies pay in barrels of oil (or units of gas) rather than in dollars. The Department of Interior has completed several pilot programs to date in order to test whether royalty-in-kind programs work at the federal level. However, all of the pilots have failed, losing significant revenues in comparison to dollars received from programs that collect cash.

According to the Department of Interior's Inspector General, the first pilot program to collect gas royalties-in-kind lost 6.5 percent of fair market value. Further, when projects to the Gulf of Mexico, the Minerals Management Service estimated an $82 million loss in royalty revenues for one year. The second pilot, according to an audit conducted by the State of California, lost $3 million in Wyoming. In 1998, the General Accounting Office analyzed the prospect to royalty-in-kind and determined that there were significant barriers to ensuring that the federal government receives its fair share:

> According to information from studies and the programs themselves, royalty-in-kind programs seem to be feasible if certain conditions are present. However, these conditions do not exist for the federal government or for most federal leases. (Federal Oil Valuation: Efforts to Revise Regulations and an Analysis of Royalties in Kind GAO/RCED–98–242).

Title II of HR 2436 would give the Secretary of Interior authority to further expand collections of royalties-in-kind despite their lack of success to date. This provision would institutionalize a further loss of millions of taxpayer dollars of major oil and gas companies. There is no evidence that royalty-in-kind will end litigation or disputes over how much oil and gas companies should be paying.

Past litigation over oil royalty underpayments resulted in settlements with the Justice Department for $425 million. And, new, extensive litigation nationwide suggests that undervaluing royalty payments is not the only way oil and gas companies defraud the United States.

A federal jury in Oklahoma decided that Koch Industries "purposely falsified oil measurements * * * Koch admitted that it received about $170 million worth of oil it didn't pay for." (Tulsa World, 7/12/00)

In a class action suit of private owners against 100 oil and gas companies: "Defendants have systemically deployed a variety of inaccurate techniques to under measure the value of gas extracted * * *" (From Complaint)

From a $3.5 billion case between the State of Alabama and Exxon-Mobil: "Falsely reporting gross gas volumes from the Alabama tracts * * *" (From Complaint)

Do we really want to have the federal government in the business of selling oil and gas? Isn't this something best left to the private sector? Given all the rhetoric we hear from the other side about the virtues of the free market and private enterprise, it is ironic and amusing to see the Republicans proposing a new federal bureaucracy to market oil and gas.

Several weeks ago, a bipartisan House and Senate Congressional delegation was invited by President Bush to the White House to discuss energy issues. At that meeting, the President expressed concern that he was unfairly being characterized as "the Big Oil President" and asked us to work in a bipartisan fashion to develop a balanced national energy policy. Title II of H.R. 2436 does not get us there and does not heed the President's advice. Title II is largely a license for the oil and gas industry to accelerate drilling activity while simultaneously scaling back important environmental protections. We hear good words from the President and our Republican colleagues regarding renewable energy and conservation, but where the rubber meets the road, this legislation's answer to the country's energy crisis is to provide billion dollar royalty holidays to the oil companies, open national monuments to drilling, and scale back environmental protections.

H.R. 2436 is clearly out of touch with what the American people want and expect of us. Over the short term, we need to increase domestic production of our traditional energy sources to meet our needs. However, this must be done in a manner that is sensitive to the equally important need to protect our environment. We should not allow the current situation to be used as an excuse to rollback environmental protection.

Over the long term, our economic and environmental future depends on our finding 21st century solutions to our 21st century energy challenges, which means using advanced technology to develop clean, renewable energy sources and becoming more energy efficient.

RON KIND.
NICK J. RAHALL II.

DISSENTING VIEWS OF REPRESENTATIVES MARKEY, MILLER, DEFAZIO, PALLONE, SMITH, INSLEE, MARK UDALL, SOLIS, MCCOLLUM, HOLT, AND NAPOLITANO

This bill would repeal Section 1003 of the Alaska National Interest Lands Conservation Act of 1980, which explicitly prohibits the leasing or other activity leading to the production of oil or gas from the coastal plain of the Arctic National Wildlife Refuge (ANWR). In addition, it would authorize oil and gas exploration and development in an area of the Refuge, which has never before been subject to such development, and would set a precedent not only for ANWR but for national wildlife refuges and other conservation areas throughout the United States.

We oppose this provision for two overarching reasons:

1. Energy development is inherently incompatible with the purposes of the Refuge, and
2. There are preferable alternatives for energy development that allow us to meet energy needs while preserving the pristine character of the Refuge.

1. Energy development is inherently incompatible with the purposes of the Refuge

The Arctic National Wildlife Refuge is one of the most magnificent wildlife reserves in America. Initially set aside by President Eisenhower in 1960 and expanded by Congress in 1980, it is a very special place—in the words of Justice William O. Douglas "the most wondrous place on God's Earth."

While the entire Refuge now contains 19.8 million acres, much of its rich wildlife is concentrated on a "coastal plain" tucked between a range of wild, rugged, glacial peaks—the Brooks Range—and the polar Beaufort Sea. This plain—1.5 million acres—comprises less than eight percent of the Refuge, but it is considered "the biological heart of the Refuge" because it is critical to the well-being of a unique caribou herd, as well as polar bears, Arctic foxes, wolverines, muskoxen, and snow geese. It contains the greatest variety of plant and animal life of any conservation area in the circumpolar north.

Industrial development of the coastal plain will have a major impact on the existing ecosystem. The Porcupine River caribou herd, 130,000 strong, uses the plain to give birth to calves and for postcalving activities prior to the onset of migration.

Proponents of drilling assert that the "footprint" of oil development on the refuge will be small ("just 2000 acres" or "the size of Dulles Airport") because drilling technology has improved, and they intend to use ice roads in the winter that melt in the summer. Therefore, they conclude, the threat to the wildlife will be minimal.

In fact, the footprint of industrial development in the Refuge is expected to adversely impact a much larger area. To get a sense

of what oil development would mean for the Refuge, we need only look 70 miles east, at Prudhoe Bay, where oil development on Alaska state lands has continued for three decades under some of the strictest environmental controls in the world.

The actual surface area of the infrasturcture in Prudhoe Bay, for example, is approximately 12,000 acres, yet it sprawls across an area that exceeds 800 square miles.

Similarly, oil development equipment only covers 2000 acres when it is all assembled in one place. But to produce any oil, it has to be deployed over a wide area. In the case of the coastal plain of the Arctic Refuge, the infrastructure is expected to sprawl across 130,000 to 303,000 acres—one fifth of the entire area—including a huge pipeline, smaller feeder pipelines, drill pads, haul roads, gathering facilities, valves and so forth.

But the environmental consequences of drilling go well beyond the impact of the "footprint" itself. Current oil operations in Alaska's North Slope include a toxic spill of oil, acid or salt water every day, and twice the nitrogen oxide pollution of Washington, D.C. every year, causing smog and acid rain. Moreover, every year oil development on the North Slope emits an estimated 110,000 tons of methane, a greenhouse gas that contributes to global warming.

Sixty million cubic yards of gravel have been mined to build roads on the North Slope. In order to minimize that particular impact, proponents of drilling in the Refuge propose to explore using ice roads in the winter that would melt in the summer. But ice roads require huge amounts of water, which does not occur in sufficient quantities on the Refuge to support oil development. The U.S. Fish and Wildlife Service environmental analysis suggests that water on the Refuge could support perhaps 6 miles of road where more than 60 miles are needed. During the winter, the top seven feet of water in local ponds and lakes freeze, so that the water drawn for roads would have to come from what remains. If more than 15 percent of the remaining water is consumed, "overdrawing" occurs, changing the fragile tundra ecosystem and killing the food that migratory birds and fish feed on.

Moreover, seasonal ice roads are only useful in the winter for exploration, not year-round to support production. Once the development begins, haul roads would have to be built involving extensive gravel mining.

Needless to say, none of this is compatible with the purposes of the Refuge to "protect unique wildlife, wilderness and recreational value." Its pre-eminent value is that it remains one of the closet approximations of undistrubed, wholly intact, and fully functioning systems of natural ecological processes remaining on American soil.

Sacrificing this special place for a few months-worth of oil seems particularly short-sighted, especially in light of the available alternatives.

2. There are preferable alternatives for energy development that allow us to meet energy needs while preserving the pristine character of the Refuge

The same geological structures that have yielded so much oil and gas in Prudhoe Bay extend both east to the Artic Refuge and west to the National Petroleum Reserve-Alaska (NPR–A). The Refuge

has been set aside as a protected conservation area and is off-limits to the oil industry. The NPR–A, a 23 million acre land that dwarfs the size of the Refuge's coastal plain, has been specifically set aside for oil and gas development. There is simply no reason to begin expansion beyond Prudhoe Bay in the direction that is prohibited and away from the direction that is permitted.

While the potential for oil in the Refuge still appears larger than in the Reserve, the Reserve holds much greater promise for natural gas, so that every exploratory well has a greater chance of finding recoverable quantities of one fuel or the other. Oil is being found in the NPR–A. In fact, just last October, BP announced the discovery of a field in this Reserve that it said could be as large as Kuparuk, the second largest field on the North Slope. In May, Phillip's Petroleum announced three discoveries in NPR–A, which it said might be as large as the Alpine field, which would make it among the largest onshore oil discoveries in the U.S. in a decade. The USGS estimates that there may be as much as 35 trillion cubic feet of natural gas on the North Slope, and most of it appears to be in either the Prudhoe Bay area or the NPR–A. There is broad support to build a natural gas pipeline paralleling the oil pipeline south to Fairbanks and east through Canada, a project that the Democrats included in the Rahall substitute and that was rejected by the majority.

In short, the National Petroleum Reserve can be developed while leaving the Arctic National Wildlife Refuge alone.

Nevertheless, the drilling proponents have focused on the coastal plain of the Refuge alone. The USGS has reviewed seismic data and determined that the most likely scenario for oil production on the coastal plain would yield 3–5 billion barrels of "economically-recoverable" oil, or the equivalent of just a few months worth of daily consumption in the United States.

Drilling proponents cite much large numbers by relying on the notion of "technically-recoverable" oil rather than "economically-recoverable" oil. But "technically-recoverable" is a concept based on the notion that money is no object. If money were no object, we could recover all the "technically-recoverable" solar energy that falls on the surface of the earth every day and never have to build another powerplant. But money is always an object, and some of proponents of this bill persist in ignoring the fact that any oil development would still have to be a profitmaking exercise, even in the Refuge.

The amount of "economically-recoverable" oil considered likely to be found in the Refuge is small compared to our daily consumption and cannot significantly reduce our dependence on foreign supplies of oil. We consume 25 percent of the world's oil but control only 3 percent of the world's reserves. OPEC controls 76 percent of these reserves, so we will continue to look to foreign suppliers as long as we continue to fuel our transportation system with gasoline. For example, the majority has set ambitious new goals for independence by drilling not only in the Refuge, but also on other sensitive lands and on the outer continental shelf, yet this would only reduce our foreign oil dependence from 54 percent today to 50 percent 10 years from now—which simply underlines the futility of trying to drill our way to independence.

But we are not helpless. We are the technological giant of the world, and we have untapped sources of supply in the form of increased efficiencies in the energy-consuming appliances we use every day. The potential is much larger than for new supply in the Arctic Refuge. For example, fourteen years ago, the fleetwide average fuel economy of all new passenger vehicles sold in America was around 26.2 miles per gallon. That was 1987.

Now it is the year 2001, yet our automobile fuel economy has actually gone backwards! The fleetwide average has slid down, not up. It has now fallen back to 24.5 mpg—levels last seen in 1981.

If we increase our overall fuel economy by just the difference between these two numbers—1.7 mpg—we will save more oil than is expected to be economically-recoverable from the Refuge.

In conclusion, lifting the prohibition on oil and gas development in this magnificent refuge is neither wise nor necessary. If our current concern about energy supply becomes an excuse for the industry to lay claim to public treasures such as the Arctic Refuge, we will have failed twice—we will remain just as dependent on oil for our energy future, and will have hastened the demise of a unique ecosystem.

We have many choices to make regarding our energy future, but we have very few choices when it comes to industrial pressures on incomparable natural wonders. Let us be clear with the American people that there are places that are so special for their environmental, wilderness or recreational value that we simply will not drill there as long as alternatives exist.

We do not dam the Grand Canyon for hydropower.

We do not strip mine Yellowstone for coal.

And we should not drill for oil and gas in the Arctic Refuge.

EDWARD MARKEY.
PETER DEFAZIO.
ADAM SMITH.
MARK UDALL.
BETTY MCCOLLUM.
GRACE F. NAPOLITANO.
GEORGE MILLER.
FRANK PALLONE.
JAY INSLEE.
HILDA SOLIS.
RUSH D. HOLT.

APPENDIX

HOUSE OF REPRESENTATIVES,
COMMITTEE ON RESOURCES,
Washington, DC, July 19, 2001.

Hon. F. JAMES SENSENBRENNER,
Chairman, Committee on the Judiciary,
Rayburn HOB, Washington, DC.

DEAR MR. CHAIRMAN: On July 17, 2001 the Committee on Resources ordered favorably reported H.R. 2436, the Energy Security Act. The bill was referred primarily to the Committee on Resources, with an additional referral to the Committee on Energy and Commerce.

Section 508 of H.R. 2436 provides for an expedited judicial review of any challenges to Title V of the bill or any actions taken by the Secretary of the Interior under that Title. After consultation with the Parliamentarian, I acknowledge that the Committee on the Judiciary has jurisdiction over this provision under Rule X of the Rules of the House of Representatives.

H.R. 2436 is a critical part of the President's energy policy initiative and the Leadership plans on scheduling it for consideration by the full House of Representatives as early as next week. Therefore, I ask you to not seek a referral of the bill based on Section 508.

Of course, by allowing this to occur, the Committee on the Judiciary does not waive its jurisdiction over Section 508 or any other similar matter. If a conference on H.R. 2436 or a similar energy legislative package which contains any expedited judicial review provision becomes necessary, I would support the Committee on the Judiciary's request to be named to the conference. Finally, this action should not be seen as precedent for any Committee on Resources bills which affect the Committee on the Judiciary's jurisdiction. I would be pleased to place this letter and your response in the report on the bill to document this agreement.

Thank you for your consideration of my request and for the good work of William E. Moschella and John F. Mautz IV of your staff. I look forward to working with you again in the future.

Sincerely,

JAMES V. HANSEN, *Chairman.*

HOUSE OF REPRESENTATIVES,
COMMITTEE ON THE JUDICIARY,
Washington, DC, July 19, 2001.

Hon. JAMES V. HANSEN,
Chairman, House Committee on Resources, Longworth House Office Building, House of Representatives, Washington, DC.

DEAR JIM: Thank you for working with me regarding H.R. 2436, the "Energy Security Act," which was referred to the Committee on Resources. As you know, the Committee on Judiciary has a jurisdictional interest in this legislation, and I appreciate your acknowledgement of that jurisdictional interest. While the bill would be sequentially referred to the Judiciary Committee, I understand the desire to have this legislation considered expeditiously by the House; therefore, I do not intend to hold a hearing or markup on this legislation.

In agreeing to waive consideration by our Committee, I would expect you to agree that this procedural route should not be construed to prejudice the Committee on the Judiciary's jurisdictional interest and prerogatives on this or any similar legislation and will not be considered as precedent for consideration of matters of jurisdictional interest to my Committee in the future. The Committee on the Judiciary takes this action with the understanding that the Committee's jurisdiction over the provisions within the Committee's jurisdiction is in no way diminished or altered, and that the Committee's right to the appointment of conferees during any conference on the bill is preserved. I would also expect your support in my request to the speaker for the appointment of conferees from my Committee with respect to matters within the jurisdiction of my Committee should a conference with the Senate be convened on this or similar legislation.

Again, thank you for your cooperation on this important matter. I would appreciate your including our exchange of letters in your Committee's report to accompany H.R. 2436.

Sincerely,

F. JAMES SENSENBRENNER, Jr., *Chairman.*

HOUSE OF REPRESENTATIVES,
COMMITTEE ON RESOURCES,
Washington, DC, July 20, 2001.

Hon. LARRY COMBEST,
Chairman, Committee on Agriculture,
Longworth HOB, Washington, DC.

DEAR MR. CHAIRMAN: On July 17, 2001, the Committee on Resources ordered favorably reported H.R. 2436, the Energy Security Act. The bill was referred primarily to the Committee on Resources, with an additional referral to the Committee on Energy and Commerce.

H.R. 2436 is a critical part of the President's energy policy initiative. The Leadership plans on scheduling an energy legislative package for consideration by the full House of Representatives as early as next week. Therefore, I ask you to not to seek a sequential referral of the bill.

Of course, by allowing this to occur, the Committee on Agriculture does not waive its jurisdiction over H.R. 2436 or any other similar matter. If a conference on H.R. 2436 or a similar energy legislative package becomes necessary, I would support the Committee on Agriculture's request to be named to the conference. Finally, this action should not be seen as precedent for any Committee on Resources bills which affect the Committee on Agriculture's jurisdiction. I would be pleased to place this letter and your response in the report on the bill to document this agreement.

Thank you for your consideration of my request. I look forward to working with you again on the Floor.

Sincerely,

JAMES V. HANSEN, *Chairman.*

HOUSE OF REPRESENTATIVES,
COMMITTEE ON AGRICULTURE,
Washington, DC, July 23, 2001.

Hon. JAMES V. HANSEN,
Chairman, Committee on Resources,
Longworth HOB, Washington, DC.

DEAR MR. CHAIRMAN: Thank you for forwarding a draft copy of H.R. 2436, the Energy Security Act, as ordered reported by your Committee on July 17, 2001.

Under clause 1(a) of rule X, the Committee on Agriculture has jurisdiction over bills relating to forestry in general and forest reserves other than those created from the public domain. In exercising this jurisdiction, the Committee on Agriculture has worked cooperatively in the past with your Committee regarding general matters relating to forestry.

Aware of your interest in expediting this legislation, the Committee on Agriculture will agree to waive jurisdiction and will not seek a sequential referral in order to speed its timely consideration in the House. In doing so, the Committee on Agriculture does not waive any future jurisdiction claim over this or similar measures, and reserves the right to seek appropriate representation in the event the measure should go to conference.

Once again, I am grateful for the cooperative spirit in which you have worked regarding this matter and others between our respective committees.

Sincerely,

LARRY COMBEST, *Chairman.*

HOUSE OF REPRESENTATIVES,
COMMITTEE ON RESOURCES,
Washington, DC, July 19, 2001.

Hon. W.J. "BILLY" TAUZIN,
Chairman, Committee on Energy and Commerce,
Rayburn HOB, Washington, DC.

DEAR MR. CHAIRMAN: On July 17, 2001, the Committee on Resources ordered favorably reported H.R. 2436, the Energy Security Act. The bill was referred primarily to the Committee on Resources, with an additional referral to the Committee on Resources,

with an additional referral to the Committee on Energy and Commerce.

As you know from your membership on the Resources Committee, H.R. 2436 is a critical part of the President's energy policy initiative. The Leadership plans on scheduling an energy legislative package for consideration by the full House of Representatives as early as next week. Therefore, I ask you to not to exercise your full referral of the bill.

Of course, by allowing this to occur, the Committee on Energy and Commerce does not waive its jurisdiction over H.R. 2436 or any other similar matter. If a conference on H.R. 2436 or a similar energy legislative package becomes necessary, I would support the Committee on Energy and Commerce's request to be named to the conference. Finally, this action should not be seen as precedent for any Committee on Resources bills which affect the Committee on Energy and Commerce's jurisdiction. I would be pleased this letter and your response in the report on the bill to document this agreement.

Thank you for your consideration of my request and your assistance in getting a very sound bill reported from the Committee on Resources. I look forward to working with you again on the Floor.

Sincerely,

JAMES V. HANSEN, *Chairman.*

HOUSE OF REPRESENTATIVES,
COMMITTEE ON ENERGY AND COMMERCE,
Washington, DC, July 23, 2001.

Hon. JAMES V. HANSEN,
Chairman, Committee on Resources,
Longworth House Office Building, Washington, DC.

DEAR CHAIRMAN HANSEN: Thank you for your letter regarding to H.R. 2436, the Energy Security Act, which was ordered reported by the Committee on Resources on July 17, 2001. As you know, the Committee on Energy and Commerce was named as an additional Committee of jurisdiction upon the bills introduction.

I share your strong desire to bring comprehensive energy legislation to the House Floor in an expeditious manner. Accordingly, I will not exercise the Committee's right to a referral. By agreeing to waive its consideration of the bill, however, the Energy and Commerce Committee does not waive its jurisdiction over H.R. 2436. In addition, the Energy and Commerce Committee reserves its authority to seek conferees on any provisions of the bill that are within its jurisdiction during any House-Senate conference that may be convened on this or related legislation. Thank you for your willingness to support the Committee in this regard.

I request that you include this letter as a part of the Committee's report in H.R. 2436.

Thank you for your attention to these matters.

Sincerely,

W.J. "BILLY" TAUZIN, *Chairman.*

HOUSE OF REPRESENTATIVES,
COMMITTEE ON RESOURCES,
Washington, DC, July 20, 2001.

Hon. DON YOUNG,
Chairman, Committee on Transportation and Infrastructure,
Rayburn HOB, Washington, DC.

DEAR MR. CHAIRMAN: On July 17, 2001, the Committee on Resources ordered favorably reported H.R. 2436, the Energy Security Act. The bill was referred primarily to the Committee on Resources, with an additional referral to the Committee on Energy and Commerce.

As you know from your membership on the Resources Committee, H.R. 2436 is a critical part of the President's energy policy initiative. The Leadership plans on scheduling an energy legislative package for consideration by the full House or Representatives as early as next week. Therefore, I ask you to not to exercise your full referral of the bill.

Of course, by allowing this to occur, the Committee on Transportation and Infrastructure does not waive its jurisdiction over H.R. 2436 or any other similar matter. If a conference on H.R. 2436 or a similar energy legislative package becomes necessary, I would support the Committee on Transportation and Infrastructure's request to be named to the conference. Finally, this action should not be seen as precedent for any Committee on Resources bills which affect the Committee on Transportation and Infrastructure's jurisdiction. I would be pleased to place this letter and your response in the report on the bill to document this agreement.

Thank you for your consideration of my request and your assistance in getting a very sound bill reported from the Committee on Resources. I look forward to working with you again on the Floor.

Sincerely,

JAMES V. HANSEN, *Chairman.*

HOUSE OF REPRESENTATIVES,
COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE,
Washington, DC, July 20, 2001.

Hon. JAMES V. HANSEN,
Chairman, Committee on Resources,
Longworth HOB, Washington, DC.

DEAR MR. CHAIRMAN: I have received the text on H.R. 2436, the Energy Security Act as reported from the Committee on Resources. I believe that the Committee on Transportation and Infrastructure has a jurisdictional interest in a number of provisions of the bill. These include: (1) Section 104 regarding the review and permitting of interstate natural gas pipelines; (2) Section 105 regarding the use of energy efficient technologies in federally owned public buildings; (3) Section 401 relative to a study and report on hydropower; and (4) Section 601 relative to the historic designation of pipelines and related facilities.

I have no objection to inclusion of these matters within the bill and therefore will not seek a sequential referral of the bill based on its inclusion.

Knowing your interest in expediting this legislation, I would be pleased to waive any remaining referral of the bill to the Committee on Transportation and Infrastructure. I do so with the understanding that this waiver does not waive any future jurisdictional claims over this or similar measures. In addition, in the unlikely event the bill goes to conference with the Senate, I ask that the Committee on Resources be represented in that conference.

Once again, I appreciate the extensive and continuing consultation between our committees on matters of shared jurisdiction.

Sincerely,

DON YOUNG, *Chairman.*

HOUSE OF REPRESENTATIVES,
COMMITTEE ON RESOURCES,
Washington, DC, July 19, 2001.

Hon. BOB STUMP,
Chairman, Committee on Armed Services,
Rayburn HOB, Washington, DC.

DEAR MR. CHAIRMAN: On July 17, 2001, the Committee on Resources ordered favorably reported H.R. 2436, the Energy Security Act. The bill was referred primarily to the Committee on Resources, with an additional referral to the Committee on Energy and Commerce.

Section 305 of H.R. 2436 provides the opening of lands under military jurisdiction for the development of geothermal resources under the Geothermal Steam Act of 1970. After consultation with the Parliamentarian, I acknowledge that the Committee on Armed Services has jurisdiction over this provision under Rule X of the Rules of the House of Representatives.

H.R. 2436 is a critical part of the President's energy policy initiative and the Leadership plans on scheduling it for consideration by the full House of Representatives as early as next week. Therefore, I ask you to not seek a referral of the bill based on Section 305.

Of course, by allowing this to occur, the Committee on Armed Services does not waive its jurisdiction over Section 305 or any other similar matter. If a conference on H.R. 2436 or a similar energy legislative package which contains any expedited judicial review provision becomes necessary, I would support the Committee on Armed Services' request to be named to the conference. Finally, this action should not be seen as precedent for any Committee on Resources bills which affect the Committee on Armed Services' jurisdiction. I would be pleased to place this letter and your response in the report on the bill to document this agreement.

Thank you for your consideration of my request look forward to working with you again this Congress.

Sincerely,

JAMES V. HANSEN, *Chairman.*

HOUSE OF REPRESENTATIVES,
COMMITTEE ON ARMED SERVICES,
Washington, DC, July 20, 2001.

Hon. J. DENNIS HASTERT,
Speaker, House of Representatives,
Washington, DC.

DEAR MR. SPEAKER: In recognition of the desire to expedite floor consideration of H.R. 2436, the Energy Security Act, the Committee on Armed Services agrees to waive its right to consider this legislation. H.R. 2436, as introduced and ordered reported by the Committee on Resources on July 17, 2001, contains subject matter that falls within the legislative jurisdiction of the Committee on Armed Services pursuant to rule X of the Rules of the House of Representatives.

The Committee on Armed Services takes this action with the understanding that the Committee's jurisdiction over the provisions in question is in no way diminished or altered, and that the Committee's rights to the appointment of conferees during any conference on the bill remains intact.

Sincerely,

BOB STUMP, *Chairman.*

HOUSE OF REPRESENTATIVES,
COMMITTEE ON RESOURCES,
Washington, DC, July 20, 2001.

Hon. SHERWOOD L. BOEHLERT,
Chairman, Committee on Science,
Rayburn HOB, Washington, DC.

DEAR MR. CHAIRMAN: On July 17, 2001, the Committee on Resources ordered favorably reported H.R. 2436, the Energy Security Act. The bill was referred primarily to the Committee on Resources, with an additional referral to the Committee on Energy and Commerce.

H.R. 2436 is a critical part of the President's energy policy initiative. The Leadership plans on scheduling an energy legislative package for consideration by the full House of Representatives as early as next week. Therefore, I ask you to not to seek a sequential referral of the bill.

Of course, by allowing this to occur, the Committee on Science does not waive its jurisdiction over H.R. 2436 or any other similar matter. If a conference on H.R. 2436 or a similar energy legislative package becomes necessary, I would support the Committee on Science's request to be named to the conference. Finally, this action should not be seen as precedent for any Committee on Resources bills which affect the Committee on Science's jurisdiction. I would be pleased to place this letter and your response in the report on the bill to document this agreement.

Thank you for your consideration of my request. I look forward to working with you again on the Floor.

Sincerely,

JAMES V. HANSEN, *Chairman.*

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