

106TH CONGRESS  
1ST SESSION

# H. R. 2250

To establish and implement a competitive oil and gas leasing program that will result in an environmentally sound and job creating program for the exploration, development, and production of the oil and gas resources of the Coastal Plain, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

JUNE 16, 1999

Mr. YOUNG of Alaska introduced the following bill; which was referred to the Committee on Resources

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## A BILL

To establish and implement a competitive oil and gas leasing program that will result in an environmentally sound and job creating program for the exploration, development, and production of the oil and gas resources of the Coastal Plain, and for other purposes.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*

3       **SECTION 1. SHORT TITLE.**

4       This Act may be cited as the “Arctic Coastal Plain  
5       Domestic Energy Security Act of 1999”.

6       **SEC. 2. FINDINGS AND POLICY.**

7       (a) FINDINGS.—Congress finds the following:

1           (1) The Nation's domestic oil and gas produc-  
2           tion is in substantial decline and dependence upon  
3           unreliable foreign sources of energy is growing at an  
4           alarming rate.

5           (2) The oil-rich Middle East is a highly volatile,  
6           turbulent region of the world, upon which the  
7           United States cannot continue to grow more depend-  
8           ent for its energy resources critical to our industrial  
9           and economic might.

10          (3) The United States currently spends over  
11          \$100,000,000,000 per year for foreign energy and  
12          equally significant amounts on our military presence  
13          in the Persian Gulf oil arena.

14          (4) Within the next decade, world production of  
15          conventional oil is expected to peak and enter a de-  
16          cline phase that will increase the cost of imported oil  
17          and the value of domestic oil.

18          (5) Production from the Prudhoe Bay fields on  
19          Alaska's North Slope, which now constitutes 21 per-  
20          cent of the Nation's total domestic crude oil produc-  
21          tion, has declined 50 percent from its peak output.

22          (6) In 1980, Congress designated almost 1/2 of  
23          the 19,600,000 acre Arctic National Wildlife Refuge  
24          in Alaska as wilderness and directed the Secretary  
25          of the Interior to study the oil and gas potential and

1 the fish and wildlife resources of the Refuge's  
2 1,500,000 acre Coastal Plain, which lies east of  
3 Prudhoe Bay.

4 (7) Reports prepared by the Department of the  
5 Interior and other Federal, State, and private stud-  
6 ies clearly indicate that the Coastal Plain is the  
7 most outstanding oil and gas prospect in the United  
8 States, onshore or offshore, with potential resources  
9 in place estimated to be from 11,600,000,000 to  
10 31,500,000,000 barrels of oil.

11 (8) The results of over 20 years of operations  
12 at Prudhoe Bay and other North Slope fields are  
13 compelling evidence that carefully planned and exe-  
14 cuted oil and gas exploration, development, produc-  
15 tion, and transportation are compatible with the  
16 North Slope's fish and wildlife resources and the  
17 needs of subsistence users of those resources. Fur-  
18 ther, environmental care and protection practiced in  
19 the North Slope fields equals or exceeds that of any  
20 other oil field worldwide.

21 (9) Technological advancements have substan-  
22 tially reduced the impacts of arctic oil and gas oper-  
23 ations on the North Slope. A new well pad, using  
24 current technology, utilizes 75 percent less surface  
25 area than pads used 25 years ago. Winter oper-

1 ations, using technological advances like ice roads,  
2 protect vegetation, fish, and wildlife.

3 (10) The long lead time of 10 or more years re-  
4 quired for development of a new North Slope field  
5 requires a prompt decision by the Congress on the  
6 future use of available Federal lands in the Coastal  
7 Plain.

8 (11) Several significant fields have been discov-  
9 ered to underlie State lands adjacent to the 1002  
10 area of the Arctic National Wildlife Refuge, high-  
11 lighting the promise of the area. The presence of  
12 these fields raises the possibility of drainage of the  
13 Federal mineral estate from adjacent State lands.

14 (12) Exploration, development, production, and  
15 transportation of the Coastal Plain's oil and gas re-  
16 sources, which are supported by the State of Alaska,  
17 the North Slope Borough and other local govern-  
18 ments in Alaska, and the Inupiat Eskimo people of  
19 the North Slope, serve vital interests of the Nation,  
20 including—

21 (A) national security interests, by pro-  
22 viding dependable new sources of domestic oil  
23 production outside of the control and influence  
24 of the Organization of Petroleum Exporting  
25 Countries;

1 (B) interests of United States consumers,  
2 by expanding domestic sources of reasonably  
3 priced gasoline, jet fuel, heating oil, and the  
4 wide array of products derived from crude oil;  
5 and

6 (C) national economic interests, by improv-  
7 ing the balance of trade through reductions in  
8 foreign oil imports, generating new economic  
9 activity, creating domestic jobs, and reducing  
10 the Federal deficit through increased tax and  
11 royalty revenues.

12 (b) POLICY.—Congress declares that it is the policy  
13 of the United States—

14 (1) to permit exploration, development, produc-  
15 tion, and transportation of the oil and gas resources  
16 in the Coastal Plain Study Area of the Arctic Na-  
17 tional Wildlife Refuge, which is—

18 (A) located east of Prudhoe Bay and south  
19 of the Beaufort Sea, areas where oil exploration  
20 and development have been conducted in an en-  
21 vironmentally sound manner for more than 2  
22 decades; and

23 (B) served by an existing crude oil pipeline  
24 and tanker transportation system;

1           (2) that exploration, development, production,  
 2           and transportation of the oil and gas resources of  
 3           the Coastal Plain, the Nation’s foremost prospect for  
 4           the discovery of significant new oil and gas accumu-  
 5           lations, should proceed with dispatch; and

6           (3) that such activities should be conducted in  
 7           a manner consistent with the protection of the  
 8           Coastal Plain’s fish and wildlife resources and envi-  
 9           ronment and the needs of the area’s subsistence  
 10          users.

11 **SEC. 3. DEFINITIONS.**

12          When used in this Act the term—

13           (1) “Coastal Plain” means that area identified  
 14           as such in the map entitled “Arctic National Wildlife  
 15           Refuge”, dated August 1980, as referenced in sec-  
 16           tion 1002(b) of the Alaska National Interest Lands  
 17           Conservation Act of 1980 (16 U.S.C. 3142(b)(1)),  
 18           comprising approximately 1,549,000 acres; and

19           (2) “Secretary” except as otherwise provided,  
 20           means the Secretary of the Interior or the Sec-  
 21           retary’s designee.

22 **SEC. 4. LEASING PROGRAM FOR LANDS WITHIN THE**  
 23 **COASTAL PLAIN.**

24          (a) **AUTHORIZATION.**—The Secretary shall take such  
 25          actions as are necessary to establish and implement a com-

1 petitive oil and gas leasing program that will result in an  
2 environmentally sound program for the exploration, devel-  
3 opment, and production of the oil and gas resources of  
4 the Coastal Plain and to administer the provisions of this  
5 Act through regulations, lease terms, conditions, restric-  
6 tions, prohibitions, stipulations and other provisions that  
7 ensure the oil and gas exploration, development, and pro-  
8 duction activities on the Coastal Plain will result in no  
9 significant adverse effect on fish and wildlife, their habi-  
10 tat, subsistence resources, and the environment, and shall  
11 require the application of the best available technology for  
12 oil and gas exploration, development, and production, on  
13 all new exploration, development, and production oper-  
14 ations, and whenever practicable, on existing operations,  
15 and in a manner to ensure the receipt of fair market value  
16 by the public for the mineral resources to be leased.

17 (b) REPEAL.—The prohibitions and limitations con-  
18 tained in section 1003 of the Alaska National Interest  
19 Lands Conservation Act of 1980 (16 U.S.C. 3143) are  
20 hereby repealed.

21 (c) COMPATIBILITY.—Congress hereby determines  
22 that the oil and gas leasing program and activities author-  
23 ized by this section in the Coastal Plain are compatible  
24 with the purposes for which the Arctic National Wildlife

1 Refuge was established, and that no further findings or  
2 decisions are required to implement this determination.

3 (d) SOLE AUTHORITY.—This Act shall be the sole au-  
4 thority for leasing on the Coastal Plain: *Provided*, That  
5 nothing in this Act shall be deemed to expand or limit  
6 State and local regulatory authority.

7 (e) FEDERAL LAND.—The Coastal Plain shall be  
8 considered “Federal land” for the purposes of the Federal  
9 Oil and Gas Royalty Management Act of 1982 .

10 (f) SPECIAL AREAS.—The Secretary, after consulta-  
11 tion with the State of Alaska, the city of Kaktovik, and  
12 the North Slope Borough, is authorized to designate up  
13 to a total of 45,000 acres of the Coastal Plain as Special  
14 Areas and close such areas to leasing if the Secretary de-  
15 termines that these Special Areas are of such unique char-  
16 acter and interest so as to require special management  
17 and regulatory protection. The Secretary may, however,  
18 permit leasing of all or portions of any Special Areas with-  
19 in the Coastal Plain by setting lease terms that limit or  
20 condition surface use and occupancy by lessees of such  
21 lands but permit the use of horizontal drilling technology  
22 from sites on leases located outside the designated Special  
23 Areas.

24 (g) LIMITATION ON CLOSED AREAS.—The Sec-  
25 retary’s sole authority to close lands within the Coastal



1 Plain to oil and gas leasing and to exploration, develop-  
2 ment, and production is that set forth in this Act.

3 **SEC. 5. RULES AND REGULATIONS.**

4 (a) PROMULGATION.—The Secretary shall prescribe  
5 such rules and regulations as may be necessary to carry  
6 out the purposes and provisions of this Act, including rules  
7 and regulations relating to protection of the fish and wild-  
8 life, their habitat, subsistence resources, and the environ-  
9 ment of the Coastal Plain. Such rules and regulations  
10 shall be promulgated no later than 10 months after the  
11 date of enactment of this Act and shall, as of their effec-  
12 tive date, apply to all operations conducted under a lease  
13 issued or maintained under the provisions of this Act and  
14 all operations on the Coastal Plain related to the leasing,  
15 exploration, development and production of oil and gas.

16 (b) REVISION OF REGULATIONS.—The Secretary  
17 shall periodically review and, if appropriate, revise the  
18 rules and regulations issued under subsection (a) of this  
19 section to reflect any significant biological, environmental,  
20 or engineering data which come to the Secretary's atten-  
21 tion.

22 **SEC. 6. LEASE SALES.**

23 (a) LEASE SALES.—Lands may be leased pursuant  
24 to the provisions of this Act to any person qualified to

1 obtain a lease for deposits of oil and gas under the Mineral  
2 Leasing Act (30 U.S.C. 181 et seq.).

3 (b) PROCEDURES.—The Secretary shall, by regula-  
4 tion, establish procedures for—

5 (1) receipt and consideration of sealed nomina-  
6 tions for any area in the Coastal Plain for inclusion  
7 in, or exclusion (as provided in subsection (c)) from,  
8 a lease sale; and

9 (2) public notice of and comment on designa-  
10 tion of areas to be included in, or excluded from, a  
11 lease sale.

12 (c) LEASE SALES ON COASTAL PLAIN.—The Sec-  
13 retary shall, by regulation, provide for lease sales of lands  
14 on the Coastal Plain. When lease sales are to be held, they  
15 shall occur after the nomination process provided for in  
16 subsection (b). For the first lease sale, the Secretary shall  
17 offer for lease those acres receiving the greatest number  
18 of nominations, but no less than 200,000 acres and no  
19 more than 300,000 acres shall be offered. If the total acre-  
20 age nominated is less than 200,000 acres, the Secretary  
21 shall include in such sale any other acreage which he be-  
22 lieves has the highest resource potential, but in no event  
23 shall more than 300,000 acres of the Coastal Plain be of-  
24 fered in such sale. With respect to subsequent lease sales,  
25 the Secretary shall offer for lease no less than 200,000

1 acres of the Coastal Plain. The initial lease sale shall be  
2 held within 12 months of the date of enactment of this  
3 Act, with additional sales conducted no later than 12  
4 months thereafter so long as sufficient interest in develop-  
5 ment exists to warrant, in the Secretary's judgment, the  
6 conduct of such sales.

7 **SEC. 7. GRANT OF LEASES BY THE SECRETARY.**

8 (a) IN GENERAL.—The Secretary may grant to the  
9 highest responsible qualified bidder by sealed competitive  
10 cash bonus bid any lands to be leased on the Coastal Plain  
11 upon payment by the lessee of such bonus as may be ac-  
12 cepted by the Secretary and of such royalty as may be  
13 fixed in the lease, which shall be not less than 12½ per-  
14 cent in amount or value of the production removed or sold  
15 from the lease.

16 (b) ANTITRUST REVIEW.—Following each notice of  
17 a proposed lease sale and before the acceptance of bids  
18 and the issuance of leases based on such bids, the Sec-  
19 retary shall allow the Attorney General, in consultation  
20 with the Federal Trade Commission, 30 days to perform  
21 an antitrust review of the results of such lease sale on  
22 the likely effects the issuance of such leases would have  
23 on competition and the Attorney General shall advise the  
24 Secretary with respect to such review, including any rec-  
25 ommendation for the nonacceptance of any bid or the im-

1 position of terms or conditions on any lease, as may be  
2 appropriate to prevent any situation inconsistent with the  
3 antitrust laws.

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

10 (d) IMMUNITY.—Nothing in this Act shall be deemed  
11 to convey to any person, association, corporation, or other  
12 business organization immunity from civil or criminal li-  
13 ability, or to create defenses to actions, under any anti-  
14 trust law.

15 (e) DEFINITIONS.—As used in this section, the  
16 term—

17 (1) “antitrust review” shall be deemed an  
18 “antitrust investigation” for the purposes of the  
19 Antitrust Civil Process Act (15 U.S.C. 1311); and

20 (2) “antitrust laws” means those Acts set forth  
21 in section 1 of the Clayton Act (15 U.S.C. 12).

22 **SEC. 8. LEASE TERMS AND CONDITIONS.**

23 An oil or gas lease issued pursuant to this Act shall—

24 (1) be for a tract consisting of a compact area  
25 not to exceed 5,760 acres, or 9 surveyed or pro-

1       tracted sections which shall be as compact in form  
2       as possible;

3           (2) be for an initial period of 10 years and shall  
4       be extended for so long thereafter as oil or gas is  
5       produced in paying quantities from the lease or unit  
6       area to which the lease is committed or for so long  
7       as drilling or reworking operations, as approved by  
8       the Secretary, are conducted on the lease or unit  
9       area;

10          (3) require the payment of royalty as provided  
11       for in section 7;

12          (4) require that exploration activities pursuant  
13       to any lease issued or maintained under this Act  
14       shall be conducted in accordance with an exploration  
15       plan or a revision of such plan approved by the Sec-  
16       retary;

17          (5) require that all development and production  
18       pursuant to a lease issued or maintained pursuant  
19       to this Act shall be conducted in accordance with de-  
20       velopment and production plans approved by the  
21       Secretary;

22          (6) provide that the Secretary may close, on a  
23       seasonal basis, portions of the Coastal Plain to ex-  
24       ploratory drilling activities as necessary to protect

1 caribou calving areas and other species of fish and  
2 wildlife;

3 (7) contain such provisions relating to rental  
4 and other fees as the Secretary may prescribe at the  
5 time of offering the area for lease;

6 (8) provide that—

7 (A) the Secretary may direct or assent to  
8 the suspension of operations and production  
9 under any lease granted under the terms of this  
10 Act in the interest of conservation of the re-  
11 source or where there is no available system to  
12 transport the resource; and

13 (B) if such a suspension is directed or as-  
14 sented to by the Secretary, any payment of  
15 rental prescribed by such lease shall be sus-  
16 pended during such period of suspension of op-  
17 erations and production, and the term of the  
18 lease shall be extended by adding any such sus-  
19 pension period thereto;

20 (9) provide that whenever the owner of a non-  
21 producing lease fails to comply with any of the pro-  
22 visions of this Act, or of any applicable provision of  
23 Federal or State environmental law, or of the lease,  
24 or of any regulation issued under this Act, such  
25 lease may be canceled by the Secretary if such de-

1        fault continues for more than 30 days after mailing  
2        of notice by registered letter to the lease owner at  
3        the lease owner's record post office address of  
4        record;

5            (10) provide that whenever the owner of any  
6        producing lease fails to comply with any of the pro-  
7        visions of this Act, of any applicable provision of  
8        Federal or State environmental law, of the lease, or  
9        of any regulation issued under this Act, such lease  
10       may be forfeited and canceled by any appropriate  
11       proceeding brought by the Secretary in any United  
12       States district court having jurisdiction under the  
13       provisions of this Act;

14           (11) provide that cancellation of a lease under  
15       this Act shall in no way release the owner of the  
16       lease from the obligation to provide for reclamation  
17       of the lease site;

18           (12) allow the lessee, at the discretion of the  
19       Secretary, to make written relinquishment of all  
20       rights under any lease issued pursuant to this Act,  
21       and provide that the Secretary shall accept such re-  
22       linquishment by the lessee of any lease issued under  
23       this Act where there has not been surface disturb-  
24       ance on the lands covered by the lease;

1           (13) provide that for the purpose of conserving  
2           the natural resources of any oil or gas pool, field, or  
3           like area, or any part thereof, and in order to avoid  
4           the unnecessary duplication of facilities, to protect  
5           the environment of the Coastal Plain, and to protect  
6           correlative rights, the Secretary shall require that, to  
7           the greatest extent practicable, lessees unite with  
8           each other in collectively adopting and operating  
9           under a cooperative or unit plan of development for  
10          operation of such pool, field, or like area, or any  
11          part thereof, and that the Secretary is also author-  
12          ized and directed to enter into such agreements as  
13          are necessary or appropriate for the protection of  
14          the United States against drainage;

15          (14) require that the holder of a lease or leases  
16          on lands within the Coastal Plain shall be fully re-  
17          sponsible and liable for the reclamation of lands  
18          within the Coastal Plain and any other Federal  
19          lands adversely affected in connection with explo-  
20          ration, development, production, or transportation  
21          activities on a lease within the Coastal Plain by the  
22          holder of a lease or as a result of activities con-  
23          ducted on the lease by any of the leaseholder's sub-  
24          contractors or agents;



1           (15) provide that the holder of a lease may not  
2       delegate or convey, by contract or otherwise, the rec-  
3       lamation responsibility and liability to another party  
4       without the express written approval of the Sec-  
5       retary;

6           (16) provide that the standard of reclamation  
7       for lands required to be reclaimed under this Act be,  
8       as nearly as practicable, a condition capable of sup-  
9       porting the uses which the lands were capable of  
10      supporting prior to any exploration, development, or  
11      production activities, or upon application by the les-  
12      see, to a higher or better use as approved by the  
13      Secretary;

14          (17) contain the terms and conditions relating  
15      to protection of fish and wildlife, their habitat, and  
16      the environment, as required by section 4(a);

17          (18) provide that the holder of a lease, its  
18      agents, and its contractors use best efforts to pro-  
19      vide a fair share, as determined by the level of obli-  
20      gation previously agreed to in the 1974 agreement  
21      implementing Section 29 of the Federal Agreement  
22      and Grant of Right of Way for the Operation of the  
23      Trans-Alaska Pipeline, of employment and con-  
24      tracting for Alaska Natives and Alaska Native Cor-  
25      porations from throughout the State; and

1           (19) contain such other provisions as the Sec-  
2       retary determines necessary to ensure compliance  
3       with the provisions of this Act and the regulations  
4       issued under this Act.

5   **SEC. 9. EXPEDITED JUDICIAL REVIEW.**

6       (a) FILING OF COMPLAINT.—

7           (1) Subject to paragraph (2), any complaint  
8       seeking judicial review of any provision of this Act  
9       or any action of the Secretary under this Act may  
10      be filed in any appropriate district court of the  
11      United States. Such complaint must be filed within  
12      90 days from the date of the action being chal-  
13      lenged, or after such date if such complaint is based  
14      solely on grounds arising after such 90th day, in  
15      which case the complaint must be filed within 90  
16      days after the complainant knew or reasonably  
17      should have known of the grounds for the complaint.

18           (2) Any complaint seeking judicial review of an  
19      action of the Secretary in promulgating any regula-  
20      tion under this Act may be filed only in the United  
21      States Court of Appeals for the District of Colum-  
22      bia.

23       (b) LIMITATION ON OTHER REVIEW.—Actions of the  
24      Secretary with respect to which review could have been

1 obtained under this section shall not be subject to judicial  
2 review in any civil or criminal proceeding for enforcement.

3 **SEC. 10. RIGHTS-OF-WAY ACROSS THE COASTAL PLAIN.**

4       Notwithstanding title XI of the Alaska National In-  
5 terest Lands Conservation Act of 1980 (16 U.S.C. 3161  
6 et seq.), the Secretary is authorized and directed to grant,  
7 in accordance with the provisions of subsections (c)  
8 through (t) and (v) through (y) of section 28 of the Min-  
9 eral Leasing Act (30 U.S.C. 185), rights-of-way and ease-  
10 ments across the Coastal Plain for the transportation of  
11 oil and gas under such terms and conditions as may be  
12 necessary so as not to result in a significant adverse effect  
13 on the fish and wildlife, subsistence resources, their habi-  
14 tat, and the environment of the Coastal Plain. Such terms  
15 and conditions shall include requirements that facilities be  
16 sited or modified so as to avoid unnecessary duplication  
17 of roads and pipelines. The regulations issued as required  
18 by section 5 shall include provisions granting rights-of-way  
19 and easements across the Coastal Plain.

○