

107TH CONGRESS  
2D SESSION

# S. 1952

To reacquire and permanently protect certain leases on the Outer Continental Shelf off the coast of California by issuing credits for new energy production in less environmentally sensitive areas in the Western and Central Planning Areas of the Gulf of Mexico.

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## IN THE SENATE OF THE UNITED STATES

FEBRUARY 14, 2002

Mrs. BOXER (for herself, Ms. LANDRIEU, Mrs. FEINSTEIN, and Mr. BREAUX) introduced the following bill; which was read twice and referred to the Committee on Energy and Natural Resources

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## A BILL

To reacquire and permanently protect certain leases on the Outer Continental Shelf off the coast of California by issuing credits for new energy production in less environmentally sensitive areas in the Western and Central Planning Areas of the Gulf of Mexico.

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 “California Coastal Pro-  
5       tection and Louisiana Energy Enhancement Act”.

6       **SEC. 2. DEFINITIONS.**

7       In this Act:

1           (1) ELIGIBLE LEASE.—The term “eligible  
2 lease” means any of the 40 leases on the Outer Con-  
3 tinental Shelf off the coast of California that—

4                   (A) were issued between 1968 and 1984  
5 under section 8 of the Outer Continental Shelf  
6 Lands Act (43 U.S.C. 1337); and

7                   (B) are nonproducing as of January 1,  
8 2002.

9           (2) ELIGIBLE LESSEE.—The term “eligible les-  
10 see” means the lessee under an eligible lease.

11           (3) PRESERVE.—The term “preserve” means  
12 the ecological preserve established under section  
13 3(b).

14           (4) SECRETARY.—The term “Secretary” means  
15 the Secretary of the Interior.

16 **SEC. 3. REDIRECTION OF NONPRODUCING OIL AND GAS**  
17 **LEASES TO LESS ENVIRONMENTALLY SEN-**  
18 **SITIVE AREAS ON THE OUTER CONTINENTAL**  
19 **SHELF.**

20           (a) LEASE CANCELLATION AND CREDITS.—

21                   (1) OFFER.—Not later than 30 days after the  
22 date of enactment of this Act, the Secretary shall  
23 make an offer to all eligible lessees to issue credits  
24 in exchange for the cancellation of all eligible leases  
25 in accordance with this subsection.

1           (2) ACCEPTANCE.—To accept the offer of the  
2       Secretary under paragraph (1) with respect to an el-  
3       igible lease, an eligible lessee shall submit to the  
4       Secretary a written agreement that if all eligible les-  
5       sees accept the offer and credits are issued under  
6       paragraph (3), the eligible lessee—

7           (A) will dismiss any civil action brought by  
8       the eligible lessee against the United States re-  
9       lating to the eligible lease that is pending as of  
10      the date of cancellation of the eligible lease; and

11          (B) waives the right to bring any further  
12      civil action regarding the eligible lease after  
13      that date.

14          (3) ISSUANCE OF CREDITS.—If, not later than  
15      60 days after the date of the offer under paragraph  
16      (1), all eligible lessees accept the offer in accordance  
17      with paragraph (2), the Secretary shall—

18          (A) cancel all eligible leases; and

19          (B) issue to each eligible lessee credits in  
20      the amount determined under paragraph (4).

21          (4) AMOUNT.—

22          (A) IN GENERAL.—For each eligible lease,  
23      the Secretary shall issue credits in an amount  
24      equal to the sum of—

(i) the amount of consideration paid to the Federal Government for the eligible lease; and

(ii) the difference between—

(I) the amount of direct expenditures made after the date of issuance of the eligible lease in connection with the exploration and development of the eligible lease; and

(II) the amount of revenues earned from the eligible lease before the date of cancellation.

(B) EXCLUSIONS.—The potential value of oil and gas resources associated with the eligible leases shall not be a factor in determining the amount of credits under subparagraph (A).

(5) USE OF CREDITS.—

(A) IN GENERAL.—Credits issued under paragraph (3)—

(i) subject to subparagraph (C), may be used—

(I) to bid on lease sales in the Western and Central Planning Areas of the Gulf of Mexico; or

1 (II) to make royalty payments on  
2 production for oil and gas resources in  
3 those planning areas in existence as of  
4 the date of enactment of this Act; or  
5 (ii) may be sold or transferred in ac-  
6 cordance with paragraph (6).

7 (B) ACCEPTANCE OF CREDITS.—

8 (i) IN GENERAL.—The Secretary shall  
9 accept credits issued under paragraph (3)  
10 in the same manner as—

11 (I) cash for the payment of a  
12 cash bonus bid for leases issued in the  
13 Western and Central Planning Areas  
14 of the Gulf of Mexico under the Outer  
15 Continental Shelf Lands Act (43  
16 U.S.C. 1331 et seq.); or

17 (II) royalty payments on oil and  
18 gas production in the Western and  
19 Central Planning Areas of the Gulf of  
20 Mexico in existence as of the date of  
21 enactment of this Act.

22 (ii) EXCEPTION.—The Secretary shall  
23 not accept credits issued under paragraph  
24 (3) for an activity in an area—

1 (I) that is subject to a leasing  
2 moratorium; or

3 (II) in which leasing is otherwise  
4 prohibited as of the date of enactment  
5 of this Act.

6 (C) LIMITATION.—In any 1 fiscal year, the  
7 Secretary shall accept credits in an amount no  
8 greater than 25 percent of the total amount of  
9 credits issued under paragraph (3).

10 (6) SALE OR TRANSFER.—

11 (A) IN GENERAL.—An eligible lessee may  
12 transfer or sell any credits issued under para-  
13 graph (3) to any other person qualified to hold  
14 leases under the Outer Continental Shelf Lands  
15 Act (43 U.S.C. 1331 et seq.).

16 (B) REQUIREMENTS.—A sale or transfer  
17 of credits under subparagraph (A) shall be sub-  
18 ject to—

19 (i) this Act; and

20 (ii) any other terms to which the les-  
21 see and the transferee may agree.

22 (C) LIMITATIONS.—Credits transferred or  
23 sold under subparagraph (A) shall be accepted  
24 in accordance with paragraph (5)(B).

25 (D) NOTIFICATION.—

1 (i) IN GENERAL.—Not later than 30  
2 days after the date on which an eligible  
3 lessee transfers or sells any credits, the eli-  
4 gible lessee shall notify the Secretary of  
5 the transfer or sale.

6 (ii) VALIDITY.—A transfer or sale of  
7 a credit shall not be valid until the date on  
8 which the Secretary receives notification  
9 under clause (i).

10 (7) NO ADDITIONAL COMPENSATION.—An eligi-  
11 ble lessee that participates in the cancellation of an  
12 eligible lease under this Act—

13 (A) shall be considered to be fully com-  
14 pensated for the value of the eligible lease; and

15 (B) shall not be eligible to seek additional  
16 compensation from the Federal Government for  
17 the eligible lease.

18 (8) EFFECT.—Nothing in this Act constitutes a  
19 findings by Congress, or should be understood to be  
20 based on a finding by Congress, that—

21 (A) actions by the Federal Government in-  
22 volving the eligible leases before the date of en-  
23 actment of this Act constituted a breach of con-  
24 tract; or

1 (B) the eligible leases have any particular  
2 value.

3 (b) ECOLOGICAL PRESERVE.—

4 (1) IN GENERAL.—Outer Continental Shelf  
5 land for which an eligible lease is canceled  
6 under subsection (a) shall—

7 (A) be permanently withdrawn from all  
8 forms of disposition, including mineral leasing;  
9 and

10 (B) be reserved as an ecological preserve to  
11 protect traditional fishing areas and to provide  
12 conservation, scientific, and recreational bene-  
13 fits.

14 (2) MANAGEMENT.—

15 (A) IN GENERAL.—The Secretary shall  
16 manage the preserve in a manner consistent  
17 with the management of the Santa Barbara  
18 Channel Ecological Preserve in the State of  
19 California.

20 (B) COORDINATION WITH SECRETARY OF  
21 COMMERCE.—The Secretary shall coordinate  
22 management activities relating to any portion of  
23 the preserve that is adjacent to a national ma-  
24 rine sanctuary with the Secretary of Commerce.



1           (3) BUFFER ZONE.—Not later than 1 year  
2       after the date of establishment of the preserve, the  
3       Secretary shall determine whether Outer Continental  
4       Shelf land adjacent to the preserve should be with-  
5       drawn from all forms of disposition, including min-  
6       eral leasing, to serve as a buffer zone.

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