

107TH CONGRESS  
2D SESSION

# S. 2680

To direct the Secretary of the Interior to evaluate opportunities to enhance domestic oil and gas production through the exchange of nonproducing Federal oil and gas leases located in the Lewis and Clark National Forest, in the Flathead National Forest, and on Bureau of Land Management land in the State of Montana, and for other purposes.

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## IN THE SENATE OF THE UNITED STATES

JUNE 25, 2002

Mr. BAUCUS 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 direct the Secretary of the Interior to evaluate opportunities to enhance domestic oil and gas production through the exchange of nonproducing Federal oil and gas leases located in the Lewis and Clark National Forest, in the Flathead National Forest, and on Bureau of Land Management land in the State of Montana, 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. DEFINITIONS.**

4       In this Act:

1 (1) BADGER-TWO MEDICINE AREA.—The term  
 2 “Badger-Two Medicine Area” means the Forest  
 3 Service land located in—

4 (A) T. 31 N., R. 12–13 W.;

5 (B) T. 30 N., R. 11–13 W.;

6 (C) T. 29 N., R. 10–16 W.; and

7 (D) T. 28 N., R. 10–14 W.

8 (2) BLACKLEAF AREA.—The term “Blackleaf  
 9 Area” means the Federal land owned by the Forest  
 10 Service and Bureau of Land Management that is lo-  
 11 cated in—

12 (A) T. 27 N., R. 9 W.;

13 (B) T. 26 N., R. 9–10 W.;

14 (C) T. 25 N., R. 8–10 W.; and

15 (D) T. 24 N., R. 8–9 W.

16 (3) ELIGIBLE LESSEE.—The term “eligible les-  
 17 see” means a lessee under a nonproducing lease.

18 (4) NONPRODUCING LEASE.—The term “non-  
 19 producing lease” means a Federal oil or gas lease  
 20 that is—

21 (A) in existence and in good standing on  
 22 the date of enactment of this Act; and

23 (B) located in the Badger-Two Medicine  
 24 Area or the Blackleaf Area.

1           (5) PLANNING AREA.—The term “Planning  
2           Area” means each of the Western and Central Plan-  
3           ning Areas of the Gulf of Mexico on the outer Conti-  
4           nental Shelf.

5           (6) SECRETARY.—The term “Secretary” means  
6           the Secretary of the Interior.

7           (7) STATE.—The term “State” means the State  
8           of Montana.

9   **SEC. 2. EVALUATION.**

10          (a) IN GENERAL.—The Secretary, in consultation  
11          with the Governor of the State, the eligible lessees, and  
12          any other interested persons, shall evaluate opportunities  
13          to enhance domestic oil and gas production through the  
14          exchange of the nonproducing leases.

15          (b) REQUIREMENTS.—In carrying out the evaluation  
16          under subsection (a), the Secretary shall—

17               (1) consider opportunities to enhance domestic  
18               production of oil and gas through—

19                       (A) the exchange of the nonproducing  
20                       leases for oil and gas lease tracts of comparable  
21                       value in the State or in the Planning Areas;  
22                       and

23                       (B) the issuance of bidding, royalty, or  
24                       rental credits for Federal onshore oil and gas  
25                       leases in the State or in the Planning Areas in

1 exchange for the cancellation of the nonpro-  
 2 ducing leases;

3 (2) consider any other appropriate means to ex-  
 4 change, or provide compensation for the cancellation  
 5 of, nonproducing leases, subject to the consent of the  
 6 eligible lessees;

7 (3) consider the views of any interested persons,  
 8 including the State;

9 (4) determine the level of interest of the eligible  
 10 lessees in exchanging the nonproducing leases; and

11 (5) provide recommendations on—

12 (A) whether to pursue an exchange of the  
 13 nonproducing leases; and

14 (B) any changes in laws (including regula-  
 15 tions) that are necessary for the Secretary to  
 16 carry out the exchange.

17 (c) VALUATION OF NONPRODUCING LEASES.—For  
 18 the purpose of the evaluation under subsection (a), the  
 19 value of a nonproducing lease shall be an amount equal  
 20 to the difference between—

21 (1) the sum of—

22 (A) the amount paid by the eligible lessee  
 23 for the nonproducing lease;

24 (B) any direct expenditures made by the  
 25 eligible lessee before the date of enactment of

1           this Act associated with the exploration and de-  
2           velopment of the nonproducing lease; and

3                   (C) interest on any amounts under sub-  
4           paragraphs (A) and (B) during the period be-  
5           ginning on the date on which the amount was  
6           paid and ending on the date on which credits  
7           are issued under subsection (b)(1)(B); and

8                   (2) the sum of the revenues from the nonpro-  
9           ducing lease.

10          (d) **SUSPENSION OF LEASES IN THE BADGER-TWO**  
11 **MEDICINE AREA.**—To facilitate the evaluation under sub-  
12 section (a) and review of the report under subsection (e),  
13 the terms of nonproducing leases in the Badger-Two Medi-  
14 cine Area shall be suspended for a 3-year period beginning  
15 on the date of enactment of this Act.

16          (e) **REPORT TO CONGRESS.**—Not later than 2 years  
17 after the date of enactment of this Act, the Secretary shall  
18 submit to the Committee on Energy and Natural Re-  
19 sources of the Senate and to the Committee on Resources  
20 of the House of Representatives a report on the evaluation  
21 carried out under subsection (a).

22 **SEC. 3. AUTHORIZATION OF APPROPRIATIONS.**

23          There are authorized to be appropriated such sums  
24 as are necessary to carry out this Act.

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