

109TH CONGRESS
2D SESSION

S. 2290

To provide for affordable natural gas by rebalancing domestic supply and demand and to promote the production of natural gas from domestic resources.

IN THE SENATE OF THE UNITED STATES

FEBRUARY 15, 2006

Mr. PRYOR (for himself, Mr. WARNER, and Mr. TALENT) introduced the following bill; which was read twice and referred to the Committee on Energy and Natural Resources

A BILL

To provide for affordable natural gas by rebalancing domestic supply and demand and to promote the production of natural gas from domestic resources.

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; TABLE OF CONTENTS.**

4 (a) SHORT TITLE.—This Act may be cited as the
5 “Reliable and Affordable Natural Gas Energy Reform Act
6 of 2006”.

7 (b) TABLE OF CONTENTS.—The table of contents of
8 this Act is as follows:

Sec. 1. Short title; table of contents.

- Sec. 2. Natural gas leases.
- Sec. 3. Determination of adjacent zones and planning areas.
- Sec. 4. Leasing moratoria in the OCS.
- Sec. 5. Option to petition for extension of withdrawal from leasing within certain areas of the outer Continental Shelf.
- Sec. 6. State requests to examine energy areas.
- Sec. 7. Availability of certain areas for leasing.
- Sec. 8. Neighboring State concurrence.
- Sec. 9. Revenue sharing from moratorium areas.
- Sec. 10. Revenue sharing from nonmoratorium areas.
- Sec. 11. Repeal of requirement to conduct comprehensive inventory of OCS natural gas resources.
- Sec. 12. Leases for areas located within 100 miles off California or Florida.
- Sec. 13. Repurchase of certain leases.

1 SEC. 2. NATURAL GAS LEASES.

2 Section 8 of the Outer Continental Shelf Lands Act
 3 (43 U.S.C. 1337) is amended by adding at the end the
 4 following:

5 “(q) NATURAL GAS LEASES.—

6 “(1) IN GENERAL.—Beginning with the 5-year
 7 outer Continental Shelf oil and gas leasing program
 8 for 2007 through 2012, the Secretary may issue a
 9 lease under this section that authorizes development
 10 and production of gas and associated condensate
 11 and other hydrocarbon liquids in a moratorium area
 12 (as defined in section 18(j)(1)) in accordance with
 13 regulations issued under paragraph (2).

14 “(2) REGULATIONS.—Not later than October 1,
 15 2006, the Secretary shall issue regulations that, for
 16 purposes of this section—

17 “(A) define ‘natural gas’ in a manner that
 18 includes—

1 “(i) hydrocarbons and other sub-
2 stances in a gaseous state at atmospheric
3 pressure and a temperature of 60 degrees
4 Fahrenheit;

5 “(ii) liquids that condense (gas liq-
6 uids) from natural gas in the process of
7 treatment, dehydration, decompression, or
8 compression prior to the point for meas-
9 uring volume and quality of the production
10 established by the Secretary, acting
11 through the Minerals Management Service;

12 “(iii) other associated hydrocarbon
13 liquids if the predominant component is
14 natural gas and gas liquids; and

15 “(iv) natural gas liquefied for trans-
16 portation;

17 “(B) provide that natural gas leases shall
18 contain the same rights and obligations as oil
19 and gas leases;

20 “(C) provide that, in reviewing the ade-
21 quacy of bids for natural gas leases, the Sec-
22 retary, acting through the Minerals Manage-
23 ment Service, shall exclude the value of any
24 crude oil estimated to be discovered within the
25 boundaries of the leasing area;

1 “(D) provide for cancellation of a natural
2 gas lease, with payment of the fair value of the
3 lease rights canceled, if the Secretary deter-
4 mines that hydrocarbons other than natural gas
5 and natural gas liquids will be the predominant
6 production from the lease; and

7 “(E) provide that, at the request and with
8 the consent of the Governor of the State adja-
9 cent to the lease area, as determined under sec-
10 tion 18(j)(2)(B)(i), and with the consent of the
11 lessee, an existing natural gas lease may be
12 converted, without an increase in the rental roy-
13 alty rate and without further payment in the
14 nature of a lease bonus, to a lease under sub-
15 section (b), in accordance with a process, to be
16 established by the Secretary, that requires—

17 “(i) consultation by the Secretary
18 with the Governor of the State and the les-
19 see with respect to the operating conditions
20 of the lease, taking into consideration envi-
21 ronmental resource conservation and recov-
22 ery, economic factors, and other factors, as
23 the Secretary determines to be relevant;
24 and

1 “(ii) compliance with the National
 2 Environmental Policy Act of 1969 (42
 3 U.S.C. 4321 et seq.).

4 “(3) EFFECT OF OTHER LAWS.—Any Federal
 5 law (including regulations) that applies to an oil and
 6 gas lease on the outer Continental Shelf shall apply
 7 to a natural gas lease issued under this subsection.”.

8 **SEC. 3. DETERMINATION OF ADJACENT ZONES AND PLAN-**
 9 **NING AREAS.**

10 Section 4(a)(2)(A) of the Outer Continental Shelf
 11 Lands Act (43 U.S.C. 1333(a)(2)(A)) is amended—

12 (1) by designating the first, second, and third
 13 sentences as clause (i), (iii), and (iv), respectively;

14 (2) in clause (i) (as so designated), by striking
 15 “, and the President” and all that follows through
 16 the end of the sentence; and

17 (3) by inserting after clause (i) (as so des-
 18 ignated) the following:

19 “(ii) The lines extending seaward and defining the
 20 Adjacent Zone of each State, and each Planning Area of
 21 the outer Continental Shelf, shall be as indicated on the
 22 maps for each outer Continental Shelf region entitled—

23 “(I) ‘Alaska OCS Region State Adjacent Zone
 24 and OCS Planning Areas’;

1 “(II) ‘Pacific OCS Region State Adjacent Zones
2 and OCS Planning Areas’;

3 “(III) ‘Gulf of Mexico OCS Region State Adja-
4 cent Zones and OCS Planning Areas’; and

5 “(IV) ‘Atlantic OCS Region State Adjacent
6 Zones and OCS Planning Areas’;

7 all of which are dated September 2005 and on file in the
8 Office of the Director, Minerals Management Service.”.

9 **SEC. 4. LEASING MORATORIA IN THE OCS.**

10 Section 18 of the Outer Continental Shelf Lands Act
11 (43 U.S.C. 1344) is amended by adding at the end the
12 following:

13 “(i) LEASING WITHIN CERTAIN AREAS OF THE
14 OUTER CONTINENTAL SHELF.—

15 “(1) PROHIBITION AGAINST LEASING.—Except
16 as otherwise provided in this subsection and sub-
17 section (k), prior to June 30, 2012, the Secretary
18 shall not offer for leasing for natural gas—

19 “(A) any area withdrawn from disposition
20 by leasing in the Atlantic OCS Region, the Pa-
21 cific OCS Region, or the Gulf of Mexico OCS
22 Region Eastern Planning Area, as depicted on
23 the applicable map described in subparagraph
24 (B), under the ‘Memorandum on Withdrawal of
25 Certain Areas of the United States Outer Con-

1 tinenta Shelf from Leasing Disposition', from
 2 34 Weekly Comp. Pres. Doc. 1111, dated June
 3 12, 1998; or

4 “(B) any area not withdrawn under that
 5 Memorandum that is included within—

6 “(i) the Gulf of Mexico OCS Region
 7 Eastern Planning Area as indicated on the
 8 map entitled ‘Gulf of Mexico OCS Region
 9 State Adjacent Zones and OCS Planning
 10 Areas’; or

11 “(ii) the Florida Straits Planning
 12 Area as indicated on the map entitled ‘At-
 13 lantic OCS Region State Adjacent Zones
 14 and OCS Planning Areas’;

15 both of which are dated September 2005 and
 16 on file in the Office of the Director, Minerals
 17 Management Service.

18 “(2) REVOCATION OF WITHDRAWAL.—

19 “(A) IN GENERAL.—The withdrawal of
 20 any area from disposition by leasing under the
 21 ‘Memorandum on Withdrawal of Certain Areas
 22 of the United States Outer Continental Shelf
 23 from Leasing Disposition’, from 34 Weekly
 24 Comp. Pres. Doc. 1111, dated June 12, 1998,
 25 shall have no force or effect with respect to any

1 area included within the Gulf of Mexico OCS
2 Region Central Planning Area as indicated on
3 the map entitled ‘Gulf of Mexico OCS Region
4 State Adjacent Zones and OCS Planning
5 Areas’, dated September 2005 and on file in the
6 Office of the Director, Minerals Management
7 Service.

8 “(B) ADDITIONAL AREAS.—The Secretary
9 shall amend the 5-year outer Continental Shelf
10 oil and gas leasing program for 2002 through
11 2007 to include—

12 “(i) the areas added to the Gulf of
13 Mexico OCS Region Central Planning Area
14 by this paragraph to the extent that the
15 areas were included within the original
16 boundaries of proposed Lease Sale 181;
17 and

18 “(ii) 2 sales in such additional areas,
19 1 of which shall be held not later than
20 January 2007 and 1 of which shall be held
21 not later than June 2007.

22 “(C) ENVIRONMENTAL IMPACT STATE-
23 MENT.—The final environmental impact state-
24 ment prepared for an area covered by this para-
25 graph for Lease Sale 181 shall be considered

sufficient for all purposes for each lease sale in which the area is offered for lease during the 5-year outer Continental Shelf oil and gas leasing program for 2002 through 2007 without need for supplementation.

“(D) PARTIAL TRACTS.—

“(i) PART WITHIN PLANNING AREA.—

Any tract only partially added to the Gulf of Mexico OCS Region Central Planning Area by this paragraph shall be eligible for leasing of the part of the tract that is included within the Gulf of Mexico OCS Region Central Planning Area.

“(ii) PART OUTSIDE PLANNING

AREA.—The remainder of the tract that lies outside of the Gulf of Mexico OCS Region Central Planning Area may be developed and produced by the lessee of the partial tract using extended reach or similar drilling from a location on a leased area.”.

SEC. 5. OPTION TO PETITION FOR EXTENSION OF WITHDRAWAL FROM LEASING WITHIN CERTAIN AREAS OF THE OUTER CONTINENTAL SHELF.

(a) OPTION TO PETITION.—

1 (1) IN GENERAL.—The Governor of a State
2 may submit to the Secretary a petition requesting
3 that the Secretary extend for a period of time de-
4 scribed in paragraph (2) the withdrawal from leasing
5 for all or part of any area within the Adjacent Zone
6 of the State within 125 miles of the coastline of the
7 State.

8 (2) LENGTH OF EXTENSION.—

9 (A) IN GENERAL.—The period of time re-
10 quested in a petition submitted under para-
11 graph (1) shall not exceed 5 years for each peti-
12 tion.

13 (B) LIMITATION.—The Secretary shall not
14 grant a petition submitted under paragraph (1)
15 that extends the remaining period of a with-
16 drawal of an area from leasing for a total of
17 more than 10 years.

18 (3) MULTIPLE PETITIONS.—A State may peti-
19 tion multiple times for a particular area, but not
20 more than once per calendar year for any particular
21 area.

22 (4) CONTENTS OF PETITION.—A petition sub-
23 mitted under paragraph (1) may—

24 (A) apply to natural gas leasing; and

1 (B) request some areas to be withdrawn
2 from all leasing and some areas only withdrawn
3 from one type of leasing.

4 (5) ALABAMA ADJACENT ZONE.—A petition for
5 extending the withdrawal from leasing of any part of
6 the Alabama Adjacent Zone that is a part of the
7 Gulf of Mexico OCS Region Eastern Planning Area,
8 as indicated on the map entitled “Gulf of Mexico
9 OCS Region State Adjacent Zones and OCS Plan-
10 ning Areas”, dated September 2005 and on file in
11 the Office of the Director, Minerals Management
12 Service, may be made by either the Governor of Ala-
13 bama or the Governor of Florida.

14 (b) ACTION BY SECRETARY.—Not later than 90 days
15 after receipt of a petition submitted under subsection (a),
16 the Secretary shall approve the petition, unless the Sec-
17 retary determines that extending the withdrawal from
18 leasing would likely have an adverse effect on the avail-
19 ability of necessary energy resources, which would con-
20 tribute to significant economic hardship on a national or
21 regional basis, or would otherwise not be in the national
22 interest.

23 (c) FAILURE TO ACT.—If the Secretary fails to ap-
24 prove or deny a petition in accordance with subsection (b),

1 the petition shall be considered to be approved 90 days
 2 after the date on which the Secretary received the petition.

3 **SEC. 6. STATE REQUESTS TO EXAMINE ENERGY AREAS.**

4 Section 18 of the Outer Continental Shelf Lands Act
 5 (43 U.S.C. 1344) (as amended by section 4) is amended
 6 by adding at the end the following:

7 “(j) STATE REQUESTS TO EXAMINE ENERGY
 8 AREAS.—

9 “(1) DEFINITIONS.—In this subsection through
 10 subsection (m):

11 “(A) LEASE.—The term ‘lease’ includes a
 12 natural gas lease under section 8(q).

13 “(B) MORATORIUM AREA.—The term
 14 ‘moratorium area’ means—

15 “(i) any area withdrawn from disposi-
 16 tion by leasing by the ‘Memorandum on
 17 Withdrawal of Certain Areas of the United
 18 States Outer Continental Shelf from Leas-
 19 ing Disposition’, from 34 Weekly Comp.
 20 Pres. Doc. 1111, dated June 12, 1998;
 21 and

22 “(ii) any area of the outer Continental
 23 Shelf as to which Congress has denied the
 24 use of appropriated funds or other means
 25 for preleasing, leasing, or related activities.

1 “(2) RESOURCE ESTIMATES.—

2 “(A) REQUESTS.—At any time, the Gov-
3 ernor of an affected State (acting on behalf of
4 the State) may request the Secretary to provide
5 a current estimate of proven and potential nat-
6 ural gas resources that may result, and result-
7 ing State revenues, in any moratorium area (or
8 any part of the moratorium area the Governor
9 identifies) adjacent to, or lying seaward of the
10 coastline of, that State.

11 “(B) RESPONSE OF SECRETARY.—Not
12 later than 45 days after the date on which the
13 Governor of a State requests an estimate under
14 subparagraph (A), the Secretary shall provide—

15 “(i) a current estimate of proven and
16 potential natural gas resources in any mor-
17 atorium areas off the shore of a State;

18 “(ii) an estimate of potential revenues
19 that could be shared under this Act if re-
20 sources were developed and produced; and

21 “(iii) an explanation of the planning
22 processes that could lead to the leasing, ex-
23 ploration, development, and production of
24 the natural gas resources within the area
25 identified.”.

1 **SEC. 7. AVAILABILITY OF CERTAIN AREAS FOR LEASING.**

2 Section 18 of the Outer Continental Shelf Lands Act
3 (43 U.S.C. 1344) (as amended by section 6) is amended
4 by adding at the end the following:

5 “(k) AVAILABILITY OF CERTAIN AREAS FOR LEAS-
6 ING.—

7 “(1) PETITION.—

8 “(A) IN GENERAL.—On consideration of
9 the information received from the Secretary, the
10 Governor (acting on behalf of the State of the
11 Governor) may submit to the Secretary a peti-
12 tion requesting that the Secretary make avail-
13 able for leasing any portion of a moratorium
14 area in the Adjacent Zone of the State.

15 “(B) CONTENTS.—In a petition under sub-
16 paragraph (A), a Governor may request that an
17 area described in subparagraph (A) be made
18 available for leasing under subsection (b) or (q),
19 or both, of section 8.

20 “(2) ACTION BY SECRETARY.—Not later than
21 90 days after the date of receipt of a petition under
22 paragraph (1), the Secretary shall approve the peti-
23 tion unless the Secretary determines that leasing in
24 the affected area presents a significant likelihood of
25 incidents associated with the development of re-
26 sources that would cause serious harm or damage to

1 the marine resources of the area or of an adjacent
2 State.

3 “(3) FAILURE TO ACT.—If the Secretary fails
4 to approve or deny a petition in accordance with
5 paragraph (2), the petition shall be considered to be
6 approved as of the date that is 90 days after the
7 date of receipt of the petition.

8 “(4) TREATMENT.—Notwithstanding any other
9 provision of this section, not later than 180 days
10 after the date on which a petition is approved, or
11 considered to be approved, under paragraph (2) or
12 (3), the Secretary shall—

13 “(A) treat the petition of the Governor
14 under paragraph (1) as a proposed revision to
15 a leasing program under this section; and

16 “(B) except as provided in paragraph (5),
17 expedite the revision of the 5-year outer Conti-
18 nental Shelf oil and gas leasing program in ef-
19 fect as of that date to include any lease sale for
20 any area covered by the petition.

21 “(5) INCLUSION IN SUBSEQUENT PLANS.—

22 “(A) IN GENERAL.—If there are less than
23 18 months remaining in the 5-year outer Conti-
24 nental Shelf oil and gas leasing program de-
25 scribed in paragraph (4)(B), the Secretary,

1 without consultation with any State, shall in-
2 clude the areas covered by the petition in lease
3 sales under the subsequent 5-year outer Conti-
4 nental Shelf oil and gas leasing program.

5 “(B) ENVIRONMENTAL ASSESSMENT.—Be-
6 fore modifying a 5-Year outer Continental Shelf
7 oil and gas leasing program under subpara-
8 graph (A), the Secretary shall complete an envi-
9 ronmental assessment that describes any antici-
10 pated environmental effect of leasing in the
11 area covered by the petition.

12 “(6) SPENDING LIMITATIONS.—Any Federal
13 spending limitation with respect to preleasing, leas-
14 ing, or a related activity in an area made available
15 for leasing under this subsection shall terminate as
16 of the date on which the petition of the Governor re-
17 lating to the area is approved, or considered to be
18 approved, under paragraph (2) or (3).

19 “(7) APPLICATION.—This subsection shall not
20 apply to—

21 “(A) any area designated as a national
22 marine sanctuary or a national wildlife refuge;

23 “(B) any area not included in the outer
24 Continental Shelf;

1 “(C) the Great Lakes (as defined in sec-
 2 tion 118(a)(3) of the Federal Water Pollution
 3 Control Act (33 U.S.C. 1268(a)(3));

4 “(D) the eastern coast of the State of
 5 Florida; or

6 “(E) Bristol Bay.

7 “(8) GREAT LAKES.—The Great Lakes (as de-
 8 fined in section 118(a)(3) of the Federal Water Pol-
 9 lution Control Act (33 U.S.C. 1268(a)(3)))—

10 “(A) shall not be considered part of the
 11 outer Continental Shelf under this Act; and

12 “(B) shall not be subject to production.”.

13 **SEC. 8. NEIGHBORING STATE CONCURRENCE.**

14 (a) NOTICE.—The Secretary of the Interior shall pro-
 15 vide notice to a neighboring State of any proposed lease
 16 of natural gas if the lease would be located within 20 miles
 17 of the nearest point on the coastline of the State.

18 (b) OBJECTION.—Not later than 30 days after receiv-
 19 ing the notice, the Governor of the State may object to
 20 the issuance of the lease on grounds that the lease pre-
 21 sents a significant risk to environmental and economic re-
 22 sources of the State.

23 (c) SECRETARY REVIEW.—If the Secretary, after re-
 24 view of the objection and consultation with the adjacent
 25 State, concurs that the lease presents a significant risk

1 described in subsection (b), and that the risk cannot be
2 reasonably mitigated—

3 (1) the Secretary shall not approve an explo-
4 ration plan for the lease; and

5 (2) the lease shall be eligible for repurchase in
6 accordance with section 13.

7 (d) NONAPPLICABILITY.—This section does not apply
8 to a State covered by section 12.

9 **SEC. 9. REVENUE SHARING FROM MORATORIUM AREAS.**

10 Section 18 of the Outer Continental Shelf Lands Act
11 (43 U.S.C. 1344) (as amended by section 7) is amended
12 by adding at the end the following:

13 “(l) REVENUE SHARING FROM MORATORIUM
14 AREAS.—

15 “(1) BONUS BIDS.—If the Governor of a State
16 requests the Secretary to allow natural gas leasing
17 in a moratorium area and the Secretary allows the
18 leasing, the State shall, without further appropria-
19 tion or action, receive 50 percent of any bonus bid
20 paid for leasing rights in the area.

21 “(2) POST LEASING REVENUES.—In addition to
22 bonus bids under paragraph (1), a State described
23 in paragraph (1) shall receive, from leasing of the
24 area, 50 percent of—

25 “(A) any lease rental minimum royalty;

1 “(B) any royalty proceeds from a sale of
2 royalties taken in kind by the Secretary; and

3 “(C) any other revenues from a bidding
4 system under section 8.

5 “(3) CONSERVATION ROYALTIES.—After mak-
6 ing distributions in accordance with paragraphs (1)
7 and (2) and in accordance with section 31, the Sec-
8 retary shall, without further appropriation or action,
9 distribute a conservation royalty equal to 12.5 per-
10 cent of Federal royalty revenues derived from an
11 area leased under this section in an amount not to
12 exceed \$1,250,000,000 from all areas leased under
13 this section for any year, into the following pro-
14 grams that distribute conservation funds to States:

15 “(A) The Federal aid to wildlife restora-
16 tion fund established under section 3(a)(1) of
17 the Pittman-Robertson Wildlife Restoration Act
18 (16 U.S.C. 669b(a)(1)).

19 “(B) The land and water conservation
20 fund established under section 2 of the Land
21 and Water Conservation Fund Act of 1965 (16
22 U.S.C. 460l–5) to provide financial assistance
23 to States under section 6 of that Act (16
24 U.S.C. 460l–8).”.

1 **SEC. 10. REVENUE SHARING FROM NONMORATORIUM**
2 **AREAS.**

3 Section 18 of the Outer Continental Shelf Lands Act
4 (43 U.S.C. 1344) (as amended by section 9) is amended
5 by adding at the end the following:

6 “(m) REVENUE SHARING FROM NONMORATORIUM
7 AREA.—Revenues from production that occurs beginning
8 on the date that is 5 years after the date of enactment
9 of this subsection in an area that is not a moratorium
10 area shall be distributed in the same proportion and for
11 the same uses as provided in subsection (l).”.

12 **SEC. 11. REPEAL OF REQUIREMENT TO CONDUCT COM-**
13 **PREHENSIVE INVENTORY OF OCS NATURAL**
14 **GAS RESOURCES.**

15 Section 357 of the Energy Policy Act of 2005 (42
16 U.S.C. 15912) is repealed.

17 **SEC. 12. LEASES FOR AREAS LOCATED WITHIN 100 MILES**
18 **OFF CALIFORNIA OR FLORIDA.**

19 (a) IN GENERAL.—Effective beginning on the date
20 that is 180 days after the date of enactment of this Act,
21 the lessee of a natural gas lease in existence on the date
22 of enactment of this Act for an area located completely
23 within 100 miles of the coastline and within the California
24 or Florida Adjacent Zones shall have the option, without
25 compensation, of exchanging the lease for a new natural
26 gas lease having a primary term of 5 years.

1 (b) TRACTS.—For the area subject to the new lease,
2 the lessee may select any unleased tract—

3 (1) at least part of which is located within the
4 area between 100 and 125 miles from the coastline;
5 and

6 (2) that is located—

7 (A) completely beyond 100 miles from the
8 coastline; and

9 (B) within the same Adjacent Zone of the
10 adjacent State as the lease being exchanged.

11 (c) ADMINISTRATIVE PROCESS.—

12 (1) IN GENERAL.—The Secretary of the Inte-
13 rior (referred to in this section as the “Secretary”)
14 shall establish a reasonable administrative process
15 through which a lessee may exercise the option of
16 the lessee to exchange a natural gas lease for a new
17 natural gas lease in accordance with this section.

18 (2) RELATIONSHIP TO OTHER LAWS.—An ex-
19 change of leases conducted in accordance with this
20 section (including the issuance of a new lease)—

21 (A) shall not be considered to be a major
22 Federal action for purposes of the National En-
23 vironmental Policy Act of 1969 (42 U.S.C.
24 4321 et seq.); and

1 (B) shall be considered in compliance with
2 the Outer Continental Shelf Lands Act (43
3 U.S.C. 1331 et seq.).

4 (3) WITHDRAWAL.—The Secretary shall issue a
5 new lease in exchange for the lease being exchanged
6 notwithstanding that the area that will be subject to
7 the lease may be withdrawn from leasing under the
8 Outer Continental Shelf Lands Act (43 U.S.C. 1331
9 et seq.) or otherwise unavailable for leasing under
10 any other law.

11 (d) OPERATING RESTRICTIONS.—A new lease issued
12 in exchange for an existing lease under this section shall
13 be subject to such national defense operating restrictions
14 on the outer Continental Shelf tract covered by the new
15 lease as apply on the date of issuance of the new lease.

16 (e) PRIORITY.—

17 (1) BONUS BID.—The Secretary shall give pri-
18 ority in the lease exchange process under this section
19 based on the amount of the original bonus bid paid
20 for the issuance of each lease to be exchanged.

21 (2) EXCHANGE OF PARTIAL TRACTS FOR FULL
22 TRACTS.—The Secretary shall allow leases covering
23 partial tracts to be exchanged for leases covering full
24 tracts under this section conditioned on payment of
25 additional bonus bids on a per-acre basis, as deter-

1 mined based on the average per acre of the original
2 bonus bid per acre for the partial tract being ex-
3 changed.

4 (f) EXPLORATION PLANS.—An exploration plan sub-
5 mitted to the Secretary during the period beginning on
6 the date of enactment of this Act and ending June 30,
7 2012, for a natural gas lease for an area wholly within
8 100 miles of the coastline within the California Adjacent
9 Zone or the Florida Adjacent Zone shall not be treated
10 as received by the Secretary until the earlier of—

11 (1) July 1, 2012; or

12 (2) the date of approval of a petition by the Ad-
13 jacent State for natural gas leasing covering the
14 area within which is located the area subject to the
15 natural gas lease.

16 (g) CANCELLATION OF LEASE.—As part of the lease
17 exchange process under this section, the Secretary shall
18 cancel a lease that is exchanged under this section.

19 (h) CONDITIONS FOR LEASE EXCHANGE.—For a
20 lease to be cancelled and exchanged under this section—

21 (1) each lessee holding an interest in the lease
22 must consent to cancellation of the leasehold interest
23 of the lessee;

1 (2) each lessee must waive any rights to bring
 2 any litigation against the United States related to
 3 the transaction; and

4 (3) the plugging and abandonment require-
 5 ments for any well located on any lease to be can-
 6 celled and exchanged under this section must be
 7 complied with by the lessees prior to the cancellation
 8 and exchange.

9 (i) AREA PARTIALLY WITHIN 100 MILES OF FLOR-
 10 IDA.—A natural gas lease in existence on the date of en-
 11 actment of this Act for an area located partially within
 12 100 miles of the coastline within the Florida Adjacent
 13 Zone may only be developed and produced under this sec-
 14 tion using wells drilled from well-head locations at least
 15 100 miles from the coastline to any bottom-hole location
 16 on the area of the lease.

17 **SEC. 13. REPURCHASE OF CERTAIN LEASES.**

18 (a) IN GENERAL.—The Secretary of the Interior (re-
 19 ferred to in this section as the “Secretary”) shall repur-
 20 chase and cancel any Federal natural gas lease in the
 21 outer Continental Shelf, if the Secretary finds that the
 22 lease qualifies for repurchase and cancellation under the
 23 regulations authorized by this section.

24 (b) REGULATIONS.—

1 (1) IN GENERAL.—Not later than 1 year after
2 the date of enactment of this Act, the Secretary
3 shall publish a final regulation prescribing the condi-
4 tions under which a lease referred to in subsection
5 (a) would qualify for repurchase and cancellation,
6 and the process to be followed regarding repurchase
7 and cancellation, in a manner consistent with this
8 subsection.

9 (2) FINDING.—The Secretary shall repurchase
10 and cancel a lease under this section on a written re-
11 quest by the lessee and a finding by the Secretary
12 that—

13 (A) a request by the lessee for a required
14 permit or other approval complied with applica-
15 ble law (other than the Coastal Zone Manage-
16 ment Act of 1972 (16 U.S.C. 1451 et seq.))
17 and terms of the lease and the permit or other
18 approval was denied;

19 (B) a Federal agency failed to act on a re-
20 quest by the lessee for a required permit, other
21 approval, or administrative appeal—

22 (i) within a time period established by
23 law (including regulations) for the re-
24 quested action, whether advisory or man-
25 datory; or

1 (ii) if no such period is established,
2 within 180 days after receipt of the re-
3 quest; or

4 (C) a Federal agency attached a condition
5 of approval, without agreement by the lessee, to
6 a required permit or other approval that—

7 (i) was not required by Federal law
8 (including regulations) in effect on the
9 date of lease issuance; or

10 (ii) was not specifically allowed under
11 the terms of the lease.

12 (3) EXHAUSTION OF REMEDIES.—A lessee shall
13 not be required to exhaust administrative remedies
14 regarding a permit request, administrative appeal, or
15 other required request for approval under this sec-
16 tion.

17 (4) DEADLINE.—The Secretary shall make a
18 final agency decision on a request by a lessee under
19 this section not later than 180 days after receipt of
20 the request.

21 (5) COMPENSATION.—

22 (A) AMOUNT.—The amount of compensa-
23 tion to a lessee to repurchase and cancel a lease
24 under this section shall be equal to the amount

1 that a lessee would receive in a restitution case
2 for a material breach of contract.

3 (B) FORM.—The compensation shall be in
4 the form of a check or electronic transfer from
5 the Secretary of the Treasury from funds de-
6 posited into miscellaneous receipts under the
7 authority of the Act that authorized the
8 issuance of the lease being repurchased.

9 (C) DEADLINE.—The failure of the Sec-
10 retary to make a final agency decision on a re-
11 quest by a lessee under this section in accord-
12 ance with paragraph (4) shall result in a per-
13 cent increase in the compensation due to the
14 lessee if the lease is ultimately repurchased.

15 (c) OTHER RIGHTS.—This section does not affect any
16 other right the lessee may have in the absence of this sec-
17 tion.

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