

111TH CONGRESS
1ST SESSION

H. R. 1108

To provide for State enhanced authority for coastal and ocean resources, expansion of America's supply of natural gas and oil, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 23, 2009

Mr. SCALISE introduced the following bill; which was referred to the Committee on Natural Resources, and in addition to the Committees on Ways and Means, Armed Services, and Energy and Commerce, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

To provide for State enhanced authority for coastal and ocean resources, expansion of America's supply of natural gas and oil, 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 (a) SHORT TITLE.—This Act may be cited as the
5 “Grow American Supply Act”.

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

Sec. 1. Short title.

- Sec. 2. Policy.
- Sec. 3. Definitions under the Outer Continental Shelf Lands Act.
- Sec. 4. Determination of Adjacent Zones and Planning Areas.
- Sec. 5. Administration of leasing.
- Sec. 6. Grant of leases by Secretary.
- Sec. 7. Disposition of receipts.
- Sec. 8. Review of outer Continental Shelf exploration plans.
- Sec. 9. Reservation of lands and rights.
- Sec. 10. Outer Continental Shelf leasing program.
- Sec. 11. Coordination with Adjacent States.
- Sec. 12. Environmental studies.
- Sec. 13. Review of outer Continental Shelf development and production plans.
- Sec. 14. Termination of effect of laws prohibiting the spending of appropriated funds for certain purposes.
- Sec. 15. Outer Continental Shelf incompatible use.
- Sec. 16. Repurchase of certain leases.
- Sec. 17. Offsite environmental mitigation.
- Sec. 18. Regulation of onshore surface-disturbing activities.
- Sec. 19. Authority to use decommissioned offshore oil and gas platforms and other facilities for artificial reef, scientific research, or other uses.
- Sec. 20. OCS regional headquarters.
- Sec. 21. Oil shale and tar sands amendments.
- Sec. 22. Buy and build American.
- Sec. 23. Repeal of the Gulf of Mexico Energy Security Act of 2006.
- Sec. 24. Royalty-in-kind.
- Sec. 25. Mandatory issuance of regulations promoting production of natural gas from gas hydrates.
- Sec. 26. Mandatory issuance of regulations promoting enhanced oil and natural gas production through carbon dioxide injection.
- Sec. 27. Minimum rental rates for future oil, gas, and coal Federal leases.
- Sec. 28. Outer Continental Shelf discharges and emissions.
- Sec. 29. Onshore oil and gas royalties.
- Sec. 30. OCS joint permitting offices.

1 SEC. 2. POLICY.

2 It is the policy of the United States that—

- 3 (1) the United States is blessed with abundant
- 4 energy resources on the outer Continental Shelf and
- 5 has developed a comprehensive framework of envi-
- 6 ronmental laws and regulations and fostered the de-
- 7 velopment of state-of-the-art technology that allows
- 8 for the responsible development of these resources
- 9 for the benefit of its citizenry;

1 (2) adjacent States are required by the cir-
2 cumstances to commit significant resources in sup-
3 port of exploration, development, and production ac-
4 tivities for mineral resources on the outer Conti-
5 nental Shelf, and it is fair and proper for a portion
6 of the receipts from such activities to be shared with
7 Adjacent States and their local coastal governments;

8 (3) the existing laws governing the leasing and
9 production of the mineral resources of the outer
10 Continental Shelf have reduced the production of
11 mineral resources, have preempted Adjacent States
12 from being sufficiently involved in the decisions re-
13 garding the allowance of mineral resource develop-
14 ment, and have been harmful to the national inter-
15 est;

16 (4) the national interest is served by granting
17 the Adjacent States more options related to whether
18 or not mineral leasing should occur in the outer
19 Continental Shelf within their Adjacent Zones;

20 (5) it is not reasonably foreseeable that explo-
21 ration of a leased tract located more than 25 miles
22 seaward of the coastline, development and produc-
23 tion of a natural gas discovery located more than 25
24 miles seaward of the coastline, or development and
25 production of an oil discovery located more than 50

1 miles seaward of the coastline will adversely affect
2 resources near the coastline;

3 (6) transportation of oil from a leased tract
4 might reasonably be foreseen, under limited cir-
5 cumstances, to have the potential to adversely affect
6 resources near the coastline if the oil is within 50
7 miles of the coastline, but such potential to adversely
8 affect such resources is likely no greater, and prob-
9 ably less, than the potential impacts from tanker
10 transportation because tanker spills usually involve
11 large releases of oil over a brief period of time; and

12 (7) among other bodies of inland waters, the
13 Great Lakes, Long Island Sound, Delaware Bay,
14 Chesapeake Bay, Albemarle Sound, San Francisco
15 Bay, and Puget Sound are not part of the outer
16 Continental Shelf, and are not subject to leasing by
17 the Federal Government for the exploration, develop-
18 ment, and production of any mineral resources that
19 might lie beneath them.

20 **SEC. 3. DEFINITIONS UNDER THE OUTER CONTINENTAL**
21 **SHELF LANDS ACT.**

22 Section 2 of the Outer Continental Shelf Lands Act
23 (43 U.S.C. 1331) is amended—

24 (1) by amending subsection (f) to read as fol-
25 lows:

1 “(f) The term ‘affected State’ means the Adjacent
2 State.”;

3 (2) by striking the semicolon at the end of each
4 of subsections (a) through (o) and inserting a pe-
5 riod;

6 (3) by striking “; and” at the end of subsection
7 (p) and inserting a period;

8 (4) by adding at the end the following:

9 “(r) The term ‘Adjacent State’ means, with respect
10 to any program, plan, lease sale, leased tract or other ac-
11 tivity, proposed, conducted, or approved pursuant to the
12 provisions of this Act, any State the laws of which are
13 declared, pursuant to section 4(a)(2), to be the law of the
14 United States for the portion of the outer Continental
15 Shelf on which such program, plan, lease sale, leased tract
16 or activity appertains or is, or is proposed to be, con-
17 ducted. For purposes of this Act, the term ‘State’ includes
18 all States having a coastline contiguous to the Arctic, At-
19 lantic, and Pacific Oceans and the Gulf of Mexico, the
20 Commonwealth of Puerto Rico, the Commonwealth of the
21 Northern Mariana Islands, the Virgin Islands, American
22 Samoa, Guam, the other Territories of the United States,
23 and the District of Columbia.

24 “(s) The term ‘Adjacent Zone’ means, with respect
25 to any program, plan, lease sale, leased tract, or other ac-

1 tivity, proposed, conducted, or approved pursuant to the
2 provisions of this Act, the portion of the outer Continental
3 Shelf for which the laws of a particular Adjacent State
4 are declared, pursuant to section 4(a)(2), to be the law
5 of the United States.

6 “(t) The term ‘miles’ means statute miles.

7 “(u) The term ‘coastline’ has the same meaning as
8 the term ‘coast line’ as defined in section 2(c) of the Sub-
9 merged Lands Act (43 U.S.C. 1301(c)).

10 “(v) The term ‘Neighboring State’ means a coastal
11 State having a common boundary at the coastline with the
12 Adjacent State.”; and

13 (5) in subsection (a), by inserting after “con-
14 trol” the following: “or lying within the United
15 States’ Exclusive Economic Zone and outer Conti-
16 nental Shelf adjacent to the Commonwealth of Puer-
17 to Rico, the Commonwealth of the Northern Mar-
18 iana Islands, the Virgin Islands, American Samoa,
19 Guam, and the other Territories of the United
20 States”.

21 **SEC. 4. DETERMINATION OF ADJACENT ZONES AND PLAN-**
22 **NING AREAS.**

23 Section 4(a)(2)(A) of the Outer Continental Shelf
24 Lands Act (43 U.S.C. 1333(a)(2)(A)) is amended in the
25 first sentence by striking “, and the President” and all

1 that follows through the end of the sentence and inserting
2 the following: “. The lines extending seaward and defining
3 each State’s Adjacent Zone, and each OCS Planning Area,
4 are as indicated on the maps for each outer Continental
5 Shelf region entitled ‘Alaska OCS Region State Adjacent
6 Zone and OCS Planning Areas’, ‘Pacific OCS Region
7 State Adjacent Zones and OCS Planning Areas’, ‘Gulf of
8 Mexico OCS Region State Adjacent Zones and OCS Plan-
9 ning Areas’, and ‘Atlantic OCS Region State Adjacent
10 Zones and OCS Planning Areas’, all of which are dated
11 September 2005 and on file in the Office of the Director,
12 Minerals Management Service. The Secretary shall des-
13 ignate the Adjacent Zones of States, and additional OCS
14 Planning Areas, for parts of the United States’ Exclusive
15 Economic Zone and outer Continental Shelf not covered
16 by the referenced maps.”.

17 **SEC. 5. ADMINISTRATION OF LEASING.**

18 Section 5 of the Outer Continental Shelf Lands Act
19 (43 U.S.C. 1334) is amended by adding at the end the
20 following:

21 “(k) VOLUNTARY PARTIAL RELINQUISHMENT OF A
22 LEASE.—Any lessee of a producing lease may relinquish
23 to the Secretary any portion of a lease that the lessee has
24 no interest in producing and that the Secretary finds is
25 geologically prospective. In return for any such relinquish-

1 ment, the Secretary shall provide to the lessee a royalty
2 incentive for the portion of the lease retained by the lessee,
3 in accordance with regulations promulgated by the Sec-
4 retary to carry out this subsection. The Secretary shall
5 publish final regulations implementing this subsection
6 within 365 days after the date of enactment of the Grow
7 American Supply Act.

8 “(1) NATURAL GAS LEASE REGULATIONS.—Not later
9 than July 1, 2010, the Secretary shall publish a final regu-
10 lation that shall—

11 “(1) establish procedures for entering into nat-
12 ural gas leases;

13 “(2) ensure that natural gas leases are only
14 available for tracts on the outer Continental Shelf
15 that are wholly within 75 miles of the coastline with-
16 in an area withdrawn from disposition by leasing on
17 the day after the date of enactment of the Grow
18 American Supply Act;

19 “(3) provide that natural gas leases shall con-
20 tain the same rights and obligations established for
21 oil and gas leases, except as otherwise provided in
22 the Grow American Supply Act;

23 “(4) provide that, in reviewing the adequacy of
24 bids for natural gas leases, the value of any crude

1 oil estimated to be contained within any tract shall
2 be excluded;

3 “(5) provide that any crude oil produced from
4 a well and reinjected into the leased tract shall not
5 be subject to payment of royalty, and that the Sec-
6 retary shall consider, in setting the royalty rates for
7 a natural gas lease, the additional cost to the lessee
8 of not producing any crude oil; and

9 “(6) provide that any Federal law that applies
10 to an oil and gas lease on the outer Continental
11 Shelf shall apply to a natural gas lease unless other-
12 wise clearly inapplicable.”.

13 **SEC. 6. GRANT OF LEASES BY SECRETARY.**

14 Section 8 of the Outer Continental Shelf Lands Act
15 (43 U.S.C. 1337) is amended—

16 (1) in subsection (a)(1) by inserting after the
17 first sentence the following: “Further, the Secretary
18 may grant natural gas leases in a manner similar to
19 the granting of oil and gas leases and under the var-
20 ious bidding systems available for oil and gas
21 leases.”;

22 (2) in subsection (a)(1) by striking “12½ per
23 centum” in each occurrence and inserting “16⅔ per
24 centum” for each;

1 (3) in subsection (a)(1) by redesignating sub-
2 paragraph (I) as subparagraph (J), and inserting
3 the following new subparagraph (I):

4 “(I) cash bonus bid with royalty fixed by
5 the Secretary at $18\frac{3}{4}$ per centum in the
6 amount or value of production saved, removed,
7 or sold, subject to the following adjustments:

8 “(i) if the arithmetic average of the
9 closing prices on the New York Mercantile
10 Exchange for light sweet crude oil, or a
11 similar index as determined by the Sec-
12 retary, for the 365 days prior to issuance
13 of the final notice of lease sale exceeded
14 \$150.00 per barrel (in January 1, 2008,
15 dollars), the royalty rate shall be fixed by
16 the Secretary at 20 per centum in the
17 amount or value of production, removed, or
18 sold;

19 “(ii) if the arithmetic average of the
20 closing prices on the New York Mercantile
21 Exchange for light sweet crude oil, or a
22 similar index as determined by the Sec-
23 retary, for the 365 days prior to issuance
24 of the final notice of lease sale was less
25 than \$75.00 per barrel (in January 1,

1 2008, dollars), the royalty rate shall be
2 fixed by the Secretary at 17½ per centum
3 in the amount or value of production, re-
4 moved, or sold;

5 “(iii) the royalty rate fixed in the
6 lease shall be reduced up to 4 per centum
7 as follows:

8 “(I) 100 per centum of this
9 amount if the first production well is
10 spudded within 3 years after issuance
11 of the lease,

12 “(II) 75 per centum of this
13 amount if the first production well is
14 spudded between 3 and 4 years after
15 issuance of the lease,

16 “(III) 50 per centum of this
17 amount if the first production well is
18 spudded between 4 and 5 years after
19 issuance of the lease, and

20 “(IV) 25 per centum of this
21 amount if the first production well is
22 spudded between 5 and 6 years after
23 issuance of the lease.”;

24 (4) in subsection (a) by adding the following:

1 “(9) The Secretary shall use only the bidding
2 system provided for in paragraph (1)(I) of this sub-
3 section for all lease sales conducted from January 1,
4 2010, through January 1, 2020. However, the Sec-
5 retary may reduce the royalty rate fixed under that
6 bidding system by up to 2 per centum for tracts lo-
7 cated in frontier areas, as determined by the Sec-
8 retary, if the Secretary finds that the royalty rate
9 otherwise fixed by the bidding system would likely
10 significantly reduce production resulting from use of
11 such bidding system in frontier areas.

12 “(10) The royalty rate for leases in effect on
13 January 1, 2010, having a royalty rate of $18\frac{3}{4}$ per
14 centum, that have not spudded the first production
15 well prior to July 1, 2009, shall be reduced up to
16 4 per centum as follows:

17 “(A) 100 per centum of this amount if the
18 first production well is spudded within 3 years
19 after issuance of the lease,

20 “(B) 75 per centum of this amount if the
21 first production well is spudded between 3 and
22 4 years after issuance of the lease,

23 “(C) 50 per centum of this amount if the
24 first production well is spudded between 4 and
25 5 years after issuance of the lease, and

1 “(D) 25 per centum of this amount if the
2 first production well is spudded between 5 and
3 6 years after issuance of the lease.

4 “(11) The royalty rate for leases in effect on
5 January 1, 2010, having a royalty rate of less than
6 18³/₄ per centum, that have not spudded the first
7 production well prior to July 1, 2009, shall be re-
8 duced by up to 2 per centum as follows:

9 “(A) 100 per centum of this amount if the
10 first production well is spudded within 3 years
11 after issuance of the lease,

12 “(B) 75 per centum of this amount if the
13 first production well is spudded between 3 and
14 4 years after issuance of the lease,

15 “(C) 50 per centum of this amount if the
16 first production well is spudded between 4 and
17 5 years after issuance of the lease, and

18 “(D) 25 per centum of this amount if the
19 first production well is spudded between 5 and
20 6 years after issuance of the lease.”;

21 (5) by adding at the end of subsection (b) the
22 following: “The Secretary may issue more than one
23 lease for a given tract if each lease applies to a sepa-
24 rate and distinct range of vertical depths, horizontal
25 surface area, or a combination of the two. The Sec-

1 retary may issue regulations that the Secretary de-
2 termines are necessary to manage such leases con-
3 sistent with the purposes of this Act.”;

4 (6) by amending subsection (p)(2)(B) to read
5 as follows:

6 “(B) The Secretary shall provide for the
7 payment to coastal States, and their local coast-
8 al governments, of 50 percent of Federal re-
9 ceipts from projects authorized under this sec-
10 tion located within the area extending seaward
11 of State submerged lands. Payments shall be
12 based on a formula established by the Secretary
13 by rulemaking no later than 180 days after the
14 date of enactment of the that provides for equi-
15 table distribution, based on proximity to the
16 project, among coastal States that have a coast-
17 line that is located within 200 miles of the geo-
18 graphic center of the project.”; and

19 (7) by adding at the end the following:

20 “(q) NATURAL GAS LEASES.—

21 “(1) RIGHT TO PRODUCE NATURAL GAS.—A
22 lessee of a natural gas lease shall have the right to
23 produce the natural gas from a field on a natural
24 gas leased tract if the Secretary estimates that the
25 discovered field has at least 40 percent of the eco-

1 nominally recoverable Btu content of the field con-
2 tained within natural gas and such natural gas is ec-
3 onomical to produce.

4 “(2) CRUDE OIL.—A lessee of a natural gas
5 lease may not produce crude oil from the lease un-
6 less the Governor of the Adjacent State agrees to
7 such production.

8 “(3) ESTIMATES OF BTU CONTENT.—The Sec-
9 retary shall make estimates of the natural gas Btu
10 content of discovered fields on a natural gas lease
11 only after the completion of at least one exploration
12 well, the data from which has been tied to the re-
13 sults of a three-dimensional seismic survey of the
14 field. The Secretary may not require the lessee to
15 further delineate any discovered field prior to mak-
16 ing such estimates.

17 “(4) DEFINITION OF NATURAL GAS.—For pur-
18 poses of a natural gas lease, natural gas means nat-
19 ural gas and all substances produced in association
20 with gas, including, but not limited to, hydrocarbon
21 liquids (other than crude oil) that are obtained by
22 the condensation of hydrocarbon vapors and sepa-
23 rate out in liquid form from the produced gas
24 stream.

1 “(r) REMOVAL OF RESTRICTIONS ON JOINT BIDDING
2 IN CERTAIN AREAS OF THE OUTER CONTINENTAL
3 SHELF.—Restrictions on joint bidders shall no longer
4 apply to tracts determined to be ‘frontier tracts’ or other-
5 wise ‘high cost tracts’ under final regulations that shall
6 be published by the Secretary by not later than 365 days
7 after the date of enactment of the Grow American Supply
8 Act.

9 “(s) ROYALTY SUSPENSION PROVISIONS.—The Sec-
10 retary shall agree to a request by any lessee to amend
11 any lease issued for Central and Western Gulf of Mexico
12 tracts during the period of December 1, 1995, through
13 December 31, 2000, to incorporate price thresholds appli-
14 cable to royalty suspension provisions, or amend existing
15 price thresholds, in the amount of \$40.50 per barrel (Jan-
16 uary 1, 2008, dollars) for oil and for natural gas of \$6.75
17 per million Btu (January 1, 2008, dollars). Any royalties
18 paid because of such new or revised price thresholds shall
19 be treated as offsetting receipts. Any royalties paid under
20 lease price thresholds agreed to after the date of enact-
21 ment of the Grow American Supply Act shall be subject
22 to immediate receipts sharing under section 9, and the
23 balance not shared under that section shall be transferred
24 by the Secretary of the Interior to the Treasury.

1 “(t) MANDATORY PRICE THRESHOLDS FOR ROYALTY
2 SUSPENSION VOLUMES.—After the date of enactment of
3 the Grow American Supply Act, price thresholds shall
4 apply to any royalty suspension volumes granted by the
5 Secretary. Unless otherwise set by the Secretary by regu-
6 lation or for a particular lease sale within the final notice
7 of sale, the price thresholds shall be \$40.50 for oil (Janu-
8 ary 1, 2008, dollars) and \$6.75 for natural gas (January
9 1, 2008, dollars).”.

10 **SEC. 7. DISPOSITION OF RECEIPTS.**

11 (a) AMENDMENT OF OUTER CONTINENTAL SHELF
12 LANDS ACT.—Section 9 of the Outer Continental Shelf
13 Lands Act (43 U.S.C. 1338) is amended as follows:

14 (1) By designating the existing text as sub-
15 section (a).

16 (2) In subsection (a) (as so designated) by in-
17 serting “, if not paid as otherwise provided in this
18 title” after “receipts”.

19 (3) by adding the following:

20 “(b) TREATMENT OF OCS RECEIPTS.—

21 “(1) DEPOSIT.—The Secretary shall deposit
22 into a separate account in the Treasury the portion
23 of OCS Receipts for each fiscal year that will be
24 shared under paragraph (2).

1 “(2) IMMEDIATE RECEIPTS SHARING.—Begin-
2 ning October 1, 2009, the Secretary shall share 50
3 percent of OCS Receipts derived from all leases, ex-
4 cept that the Secretary shall only share 25 percent
5 of such OCS Receipts derived from all such leases
6 within a State’s Adjacent Zone if leasing is not al-
7 lowed within at least 25 percent of that State’s Ad-
8 jacent Zone located completely within 75 miles of
9 any coastline.

10 “(3) ALLOCATIONS.—The Secretary shall allo-
11 cate the OCS Receipts deposited into the separate
12 account established by paragraph (1) that are
13 shared under paragraph (2) as follows:

14 “(A) BONUS BIDS.—Deposits derived from
15 bonus bids from a leased tract, including inter-
16 est thereon, shall be allocated at the end of
17 each fiscal year to the Adjacent State.

18 “(B) ROYALTIES.—Deposits derived from
19 royalties and net profit shares from a leased
20 tract, including interest thereon, shall be allo-
21 cated at the end of each fiscal year as follows:

22 “(i) 50 percent to the Adjacent State.

23 “(ii) 50 percent to all States, includ-
24 ing the Adjacent State, having a coastline
25 point within 300 miles of the leased tract,

1 divided equally, if such State allows leasing
2 within at least 25 percent of its Adjacent
3 Zone within 75 miles of the coastline.

4 “(C) LIMITATION IF NOT ADMITTED TO
5 THE UNION AS A STATE.—Any entity defined as
6 a ‘State’ under section 2(r), that has not been
7 admitted to the Union as a State shall only be
8 entitled to one-half of a ‘State’ share under this
9 paragraph.

10 “(c) TRANSMISSION OF ALLOCATIONS.—

11 “(1) IN GENERAL.—Not later than 90 days
12 after the end of each fiscal year, the Secretary shall
13 transmit—

14 “(A) to each State 60 percent of such
15 State’s allocations under subsections (b)(2),
16 (b)(3)(A), and (b)(3)(B)(i) and (ii) for the im-
17 mediate prior fiscal year; and

18 “(B) to each coastal county-equivalent and
19 municipal political subdivisions of such State a
20 total of 40 percent of such State’s allocations
21 under subsections (b)(2), (b)(3)(A), and
22 (b)(3)(B)(i) and (ii), for the immediate prior
23 fiscal year, together with all accrued interest
24 thereon.

1 “(2) ALLOCATIONS TO COASTAL COUNTY-
2 EQUIVALENT POLITICAL SUBDIVISIONS.—The Sec-
3 retary shall make an initial allocation of the OCS
4 Receipts to be shared under paragraph (1)(B) as fol-
5 lows:

6 “(A) 25 percent shall be allocated to coast-
7 al county-equivalent political subdivisions that
8 are completely more than 25 miles landward of
9 the coastline and at least a part of which lies
10 not more than 75 miles landward from the
11 coastline, with the allocation among such coast-
12 al county-equivalent political subdivisions based
13 on population.

14 “(B) 75 percent shall be allocated to coast-
15 al county-equivalent political subdivisions that
16 are completely or partially less than 25 miles
17 landward of the coastline, with the allocation
18 among such coastal county-equivalent political
19 subdivisions to be further allocated as follows:

20 “(i) 25 percent shall be allocated
21 based on the ratio of such coastal county-
22 equivalent political subdivision’s population
23 to the coastal population of all coastal
24 county-equivalent political subdivisions in
25 the State.

1 “(ii) 25 percent shall be allocated
2 based on the ratio of such coastal county-
3 equivalent political subdivision’s coastline
4 miles to the coastline miles of all coastal
5 county-equivalent political subdivisions in
6 the State as calculated by the Secretary.
7 In such calculations, coastal county-equa-
8 lent political subdivisions without a coast-
9 line shall be considered to have 50 percent
10 of the average coastline miles of the coast-
11 al county-equivalent political subdivisions
12 that do have coastlines.

13 “(iii) 50 percent shall be allocated
14 equally to all coastal county-equivalent po-
15 litical subdivisions having a coastline point
16 within 300 miles of the leased tract for
17 which OCS Receipts are being shared.

18 “(3) ALLOCATIONS TO COASTAL MUNICIPAL PO-
19 LITICAL SUBDIVISIONS.—The initial allocation to
20 each coastal county-equivalent political subdivision
21 under paragraph (2) shall be further allocated to the
22 coastal county-equivalent political subdivision and
23 any coastal municipal political subdivisions located
24 partially or wholly within the boundaries of the

1 coastal county-equivalent political subdivision as fol-
2 lows:

3 “(A) One-third shall be allocated to the
4 coastal county-equivalent political subdivision.

5 “(B) Two-thirds shall be allocated on a per
6 capita basis to the municipal political subdivi-
7 sions and the county-equivalent political sub-
8 division, with the allocation to the latter based
9 upon its population not included within the
10 boundaries of a municipal political subdivision.

11 “(d) INVESTMENT OF DEPOSITS.—Amounts depos-
12 ited under this section shall be invested by the Secretary
13 of the Treasury in securities backed by the full faith and
14 credit of the United States having maturities suitable to
15 the needs of the account in which they are deposited and
16 yielding the highest reasonably available interest rates as
17 determined by the Secretary of the Treasury.

18 “(e) USE OF FUNDS.—A recipient of funds under
19 this section may use the funds for one or more of the fol-
20 lowing:

21 “(1) To reduce in-State college tuition at public
22 institutions of higher learning and otherwise support
23 public education, including career technical edu-
24 cation.

1 “(2) To make transportation infrastructure im-
2 provements.

3 “(3) To reduce taxes.

4 “(4) To promote, fund, and provide for—

5 “(A) coastal or environmental restoration;

6 “(B) fish, wildlife, and marine life habitat
7 enhancement;

8 “(C) waterways construction and mainte-
9 nance;

10 “(D) levee construction and maintenance
11 and shore protection; and

12 “(E) marine and oceanographic education
13 and research.

14 “(5) To promote, fund, and provide for—

15 “(A) infrastructure associated with energy
16 production activities conducted on the outer
17 Continental Shelf;

18 “(B) energy demonstration projects;

19 “(C) supporting infrastructure for shore-
20 based energy projects;

21 “(D) State geologic programs, including
22 geologic mapping and data storage programs,
23 and State geophysical data acquisition;

24 “(E) State seismic monitoring programs,
25 including operation of monitoring stations;

1 “(F) development of oil and gas resources
2 through enhanced recovery techniques;

3 “(G) alternative energy development, in-
4 cluding bio fuels, coal-to-liquids, oil shale, tar
5 sands, geothermal, geopressure, wind, waves,
6 currents, hydro, and other renewable energy;

7 “(H) energy efficiency and conservation
8 programs; and

9 “(I) front-end engineering and design for
10 facilities that produce liquid fuels from hydro-
11 carbons and other biological matter.

12 “(6) To promote, fund, and provide for—

13 “(A) historic preservation programs and
14 projects;

15 “(B) natural disaster planning and re-
16 sponse; and

17 “(C) hurricane and natural disaster insur-
18 ance programs.

19 “(7) For any other purpose as determined by
20 State law.

21 “(f) NO ACCOUNTING REQUIRED.—No recipient of
22 funds under this section shall be required to account to
23 the Federal Government for the expenditure of such
24 funds, except as otherwise may be required by law. How-
25 ever, States may enact legislation providing for accounting

1 for and auditing of such expenditures. Further, funds allo-
2 cated under this section to States and political subdivi-
3 sions may be used as matching funds for other Federal
4 programs.

5 “(g) EFFECT OF FUTURE LAWS.—Enactment of any
6 future Federal statute that has the effect, as determined
7 by the Secretary, of restricting any Federal agency from
8 spending appropriated funds, or otherwise preventing it
9 from fulfilling its pre-existing responsibilities as of the
10 date of enactment of the statute, unless such responsibil-
11 ities have been reassigned to another Federal agency by
12 the statute with no prevention of performance, to issue
13 any permit or other approval impacting on the OCS oil
14 and gas leasing program, or any lease issued thereunder,
15 or to implement any provision of this Act shall automati-
16 cally prohibit any sharing of OCS Receipts under this sec-
17 tion directly with the States, and their coastal political
18 subdivisions, for the duration of the restriction. The Sec-
19 retary shall make the determination of the existence of
20 such restricting effects within 30 days of a petition by any
21 outer Continental Shelf lessee or producing State.

22 “(h) USE OF FEDERAL REVENUES FROM CERTAIN
23 NEW LEASES TO REDUCE SOCIAL SECURITY DEBT.—

24 “(1) SPECIAL DEDICATED ACCOUNT IN SOCIAL
25 SECURITY TRUST FUND.—25 percent of OCS Re-

1 ceipts that are derived from leases under this Act on
2 tracts that would not have been available for leasing
3 prior to the enactment of the Grow American Supply
4 Act and that would otherwise have been deposited in
5 the General Fund of the Treasury and not allocated
6 to any other specific use shall be deposited in a Spe-
7 cial Dedicated Account in the Federal Old-Age and
8 Survivors Insurance Trust Fund. Notwithstanding
9 section 201(d) of the Social Security Act, amounts
10 deposited in the Special Dedicated Account under
11 this subsection shall be invested by the Secretary of
12 the Treasury in securities backed by the full faith
13 and credit of the United States having maturities
14 suitable to the needs of the account in which they
15 are deposited and yielding the highest reasonably
16 available interest rates as determined by the Sec-
17 retary of the Treasury.

18 “(2) EXPENDITURES.—No portion of the prin-
19 cipal amount of such Special Dedicated Account or
20 of the accrued interest in such account may be ex-
21 pended in any fiscal year unless the Secretary of the
22 Treasury determines that revenues allocated to the
23 Federal Old-Age and Survivors Insurance Trust
24 Fund in that fiscal year will be less than expendi-
25 tures from the Fund in that fiscal year, and in any

1 such fiscal year the Secretary may transfer such
2 amounts as may be necessary from the Special Dedi-
3 cated Account to the general account in the Federal
4 Old-Age and Survivors Insurance Trust Fund for ex-
5 penditure in that fiscal year to the extent necessary
6 to equalize revenues and expenditures from such
7 Trust Fund in that fiscal year.

8 “(i) DEFINITIONS.—In this section:

9 “(1) COASTAL COUNTY-EQUIVALENT POLITICAL
10 SUBDIVISION.—The term ‘coastal county-equivalent
11 political subdivision’ means a political jurisdiction
12 immediately below the level of State government, in-
13 cluding a county, parish, borough in Alaska, inde-
14 pendent municipality not part of a county, parish, or
15 borough in Alaska, or other equivalent subdivision of
16 a coastal State, that lies within the coastal zone.

17 “(2) COASTAL MUNICIPAL POLITICAL SUBDIVI-
18 SION.—The term ‘coastal municipal political subdivi-
19 sion’ means a municipality located within and part
20 of a county, parish, borough in Alaska, or other
21 equivalent subdivision of a State, all or part of which
22 coastal municipal political subdivision lies within the
23 coastal zone.

24 “(3) COASTAL POPULATION.—The term ‘coastal
25 population’ means the population of all coastal coun-

1 ty-equivalent political subdivisions, as determined by
2 the most recent official data of the Census Bureau.

3 “(4) COASTAL ZONE.—The term ‘coastal zone’
4 means that portion of a coastal State, including the
5 entire territory of any coastal county-equivalent po-
6 litical subdivision at least a part of which lies, within
7 75 miles landward from the coastline, or a greater
8 distance as determined by State law enacted to im-
9 plement this section.

10 “(5) BONUS BIDS.—The term ‘bonus bids’
11 means all funds received by the Secretary to issue
12 an outer Continental Shelf minerals lease.

13 “(6) ROYALTIES.—The term ‘royalties’ means
14 all funds received by the Secretary from production
15 of oil or natural gas, or the sale of production taken
16 in-kind, or from net profit shares, from an outer
17 Continental Shelf minerals lease.

18 “(7) PRODUCING STATE.—The term ‘producing
19 State’ means an Adjacent State having an Adjacent
20 Zone containing leased tracts from which OCS Re-
21 ceipts were derived.

22 “(8) OCS RECEIPTS.—The term ‘OCS Receipts’
23 means bonus bids and royalties, excluding royalties
24 from leases amended under the authority of section
25 8(s) of this Act.”.

1 (b) AMENDMENT OF INTERNAL REVENUE CODE OF
2 1986.—

3 (1) IN GENERAL.—Subchapter A of chapter 98
4 of the Internal Revenue Code of 1986 is amended by
5 adding at the end the following new section:

6 **“SEC. 9511. DEFICIT REDUCTION TRUST FUND.**

7 “(a) CREATION.—There is established in the Treas-
8 ury of the United States a trust fund to be known as the
9 ‘Deficit Reduction Trust Fund’, consisting of such
10 amounts as may be appropriated or credited to the Deficit
11 Reduction Trust Fund as provided in this section.

12 “(b) TRANSFERS.—There are hereby appropriated to
13 the Deficit Reduction Trust Fund amounts equivalent to
14 25 percent of all OCS Receipts, as defined in section
15 9(i)(8) of the Outer Continental Shelf Lands Act (43
16 U.S.C. 1338), that are derived from leases under that Act
17 on tracts that would not have been available for leasing
18 prior to the enactment of the Grow American Supply Act
19 and that would otherwise have been deposited in the Gen-
20 eral Fund of the Treasury and not allocated to any other
21 specific use.

22 “(c) EXPENDITURES.—Amounts in the Deficit Re-
23 duction Trust Fund shall be available as provided in ap-
24 propriation Acts only for the purpose of reducing the Fed-
25 eral debt.”.

1 (2) CLERICAL AMENDMENT.—The table of sec-
2 tions at the beginning of such subchapter is amend-
3 ed by adding at the end the following new item:

“9511. Deficit Reduction Trust Fund.”.

4 **SEC. 8. REVIEW OF OUTER CONTINENTAL SHELF EXPLO-**
5 **RATION PLANS.**

6 Subsections (c) and (d) of section 11 of the Outer
7 Continental Shelf Lands Act (43 U.S.C. 1340) are amend-
8 ed to read as follows:

9 “(c) PLAN REVIEW; PLAN PROVISIONS.—

10 “(1) Except as otherwise provided in this Act,
11 prior to commencing exploration pursuant to any oil
12 and gas lease issued or maintained under this Act,
13 the holder thereof shall submit an exploration plan
14 (hereinafter in this section referred to as a ‘plan’) to
15 the Secretary for review which shall include all infor-
16 mation and documentation required under para-
17 graphs (2) and (3). The Secretary shall review the
18 plan for completeness within 10 days of submission.
19 If the Secretary finds that the plan is not complete,
20 the Secretary shall notify the lessee with a detailed
21 explanation and require such modifications of such
22 plan as are necessary to achieve completeness. The
23 Secretary shall have 10 days to review a modified
24 plan for completeness. Such plan may apply to more
25 than one lease held by a lessee in any one region of

1 the outer Continental Shelf, or by a group of lessees
2 acting under a unitization, pooling, or drilling agree-
3 ment, and the lessee shall certify that such plan is
4 consistent with the terms of the lease and is con-
5 sistent with all statutory and regulatory require-
6 ments in effect on the date of issuance of the lease,
7 and any regulations promulgated under this Act to
8 the conservation of resources after the date of lease
9 issuances. The Secretary shall have 30 days from
10 the date the plan is deemed complete to conduct a
11 review of the plan. If the Secretary finds the plan
12 is not consistent with the lease and all such statu-
13 tory and regulatory requirements, the Secretary
14 shall notify the lessee with a detailed explanation of
15 such modifications of such plan as are necessary to
16 achieve compliance. The Secretary shall have 30
17 days to review any modified plan submitted by the
18 lessee. The lessee shall not take any action under
19 the exploration plan within the 30-day review period,
20 or thereafter until the plan has been modified to
21 achieve compliance as so notified.

22 “(2) An exploration plan submitted under this
23 subsection shall include, in the degree of detail
24 which the Secretary may by regulation require—

1 “(A) a schedule of anticipated exploration
2 activities to be undertaken;

3 “(B) a description of equipment to be used
4 for such activities;

5 “(C) the general location of each well to be
6 drilled; and

7 “(D) such other information deemed perti-
8 nent by the Secretary.

9 “(3) The Secretary may, by regulation, require
10 that such plan be accompanied by a general state-
11 ment of development and production intentions
12 which shall be for planning purposes only and which
13 shall not be binding on any party.

14 “(d) PLAN REVISIONS; CONDUCT OF EXPLORATION
15 ACTIVITIES.—

16 “(1) If a significant revision of an exploration
17 plan under this subsection is submitted to the Sec-
18 retary, the process to be used for the review of such
19 revision shall be the same as set forth in subsection
20 (c) of this section.

21 “(2) All exploration activities pursuant to any
22 lease shall be conducted in accordance with an explo-
23 ration plan or a revised plan which has been sub-
24 mitted to and reviewed by the Secretary.”.

1 **SEC. 9. RESERVATION OF LANDS AND RIGHTS.**

2 Section 12 of the Outer Continental Shelf Lands Act
3 (43 U.S.C. 1341) is amended—

4 (1) in subsection (a) by adding at the end the
5 following: “The President may partially or com-
6 pletely revise or revoke any prior withdrawal made
7 by the President under the authority of this section.
8 The President may not revise or revoke a withdrawal
9 that is extended by a State under subsection (h), nor
10 may the President withdraw from leasing any area
11 for which a State failed to prohibit, or petition to
12 prohibit, leasing under subsection (g). Further, in
13 the area of the outer Continental Shelf more than
14 75 miles from any coastline, not more than 25 per-
15 cent of the acreage of any OCS Planning Area may
16 be withdrawn from leasing under this section at any
17 point in time. A withdrawal by the President may be
18 for a term not to exceed 5 years. Except when other-
19 wise provided by law, when considering potential
20 uses of the outer Continental Shelf, to the maximum
21 extent possible, the President shall accommodate
22 competing interests and potential uses.”; and

23 (2) by adding at the end the following:

24 “(g) AVAILABILITY FOR LEASING WITHIN CERTAIN
25 AREAS OF THE OUTER CONTINENTAL SHELF.—

26 “(1) PROHIBITION AGAINST LEASING.—

1 “(A) UNAVAILABLE FOR LEASING WITH-
2 OUT STATE REQUEST.—Except as otherwise
3 provided in this subsection, from and after the
4 date of enactment of the Grow American Sup-
5 ply Act, the Secretary shall not offer for leasing
6 for oil and gas, or natural gas, any area within
7 35 miles of the coastline that was withdrawn
8 from disposition by leasing in the Atlantic OCS
9 Region or the Pacific OCS Region, or the Gulf
10 of Mexico OCS Region Eastern Planning Area,
11 as depicted on the maps referred to in this sub-
12 paragraph, under the ‘Memorandum on With-
13 drawal of Certain Areas of the United States
14 Outer Continental Shelf from Leasing Disposi-
15 tion’, 34 Weekly Comp. Pres. Doc. 1111, dated
16 June 12, 1998, or any area within 35 miles of
17 the coastline not withdrawn from leasing under
18 that Memorandum that is included within the
19 territorial waters and Exclusive Economic Zone
20 adjacent to the Commonwealth of Puerto Rico,
21 the Commonwealth of the Northern Mariana Is-
22 lands, the Virgin Islands, American Samoa,
23 Guam, and the other Territories of the United
24 States, or any area within 35 miles of the
25 coastline within the Florida Straits Planning

1 Area as indicated on the map entitled ‘Atlantic
2 OCS Region State Adjacent Zones and OCS
3 Planning Areas’, which is dated September
4 2005 and on file in the Office of the Director,
5 Minerals Management Service.

6 “(B) AREAS BETWEEN 35 AND 75 MILES
7 FROM THE COASTLINE.—Unless an Adjacent
8 State petitions under subsection (h) within one
9 year after the date of enactment of the Grow
10 American Supply Act for natural gas leasing or
11 within three years after date of enactment for
12 oil and gas leasing, the Secretary shall offer for
13 leasing any area more than 35 miles but less
14 than 75 miles from the coastline that was with-
15 drawn from disposition by leasing in the Atlan-
16 tic OCS Region, the Pacific OCS Region, or the
17 Gulf of Mexico OCS Region Eastern Planning
18 Area, as depicted on the maps referred to in
19 this subparagraph, under the ‘Memorandum on
20 Withdrawal of Certain Areas of the United
21 States Outer Continental Shelf from Leasing
22 Disposition’, 34 Weekly Comp. Pres. Doc.
23 1111, dated June 12, 1998, or any area more
24 than 35 miles but less than 75 miles of the
25 coastline not withdrawn under that Memo-

1 randum that is included within the Exclusive
2 Economic Zone adjacent to the Commonwealth
3 of Puerto Rico, the Commonwealth of the
4 Northern Mariana Islands, the Virgin Islands,
5 American Samoa, Guam, and the other Terri-
6 tories of the United States, or any area more
7 than 35 miles but less than 75 miles of the
8 coastline within the Florida Straits Planning
9 Area as indicated on the map entitled ‘Atlantic
10 OCS Region State Adjacent Zones and OCS
11 Planning Areas’, which is dated September
12 2005 and on file in the Office of the Director,
13 Minerals Management Service.

14 “(2) REVOCATION OF WITHDRAWAL.—The pro-
15 visions of the ‘Memorandum on Withdrawal of Cer-
16 tain Areas of the United States Outer Continental
17 Shelf from Leasing Disposition’, 34 Weekly Comp.
18 Pres. Doc. 1111, dated June 12, 1998, are hereby
19 revoked and are no longer in effect. Any area in the
20 OCS withdrawn from leasing may be leased, and
21 thereafter developed and produced by the lessee
22 using extended reach or similar drilling from a loca-
23 tion on a leased area located in an area available for
24 leasing.

25 “(3) PETITION FOR LEASING.—

1 “(A) IN GENERAL.—The Governor of the
2 State, upon enactment of a State statute pro-
3 viding for such, shall submit to the Secretary a
4 petition requesting that the Secretary make
5 available any area that is within the State’s Ad-
6 jacent Zone, included within the provisions of
7 paragraph (1), and that (i) is greater than 35
8 miles from any point on the coastline of a
9 Neighboring State for the conduct of offshore
10 leasing, pre-leasing, and related activities with
11 respect to natural gas leasing; or (ii) is greater
12 than 50 miles from any point on the coastline
13 of a Neighboring State for the conduct of off-
14 shore leasing, pre-leasing, and related activities
15 with respect to oil and gas leasing. The Adja-
16 cent State may also petition for leasing any
17 other area within its Adjacent Zone if leasing is
18 allowed in the similar area of the Adjacent
19 Zone of the applicable Neighboring State, or if
20 not allowed, if the Neighboring State, acting
21 through its Governor, expresses its concurrence
22 with the petition. The Secretary shall only con-
23 sider such a petition upon making a finding
24 that leasing is allowed in the similar area of the
25 Adjacent Zone of the applicable Neighboring

1 State or upon receipt of the concurrence of the
2 Neighboring State. The date of receipt by the
3 Secretary of such concurrence by the Neigh-
4 boring State shall constitute the date of receipt
5 of the petition for that area for which the con-
6 currence applies.

7 “(B) LIMITATIONS ON LEASING.—In its
8 petition, a State with an Adjacent Zone that
9 contains leased tracts may condition new leas-
10 ing for oil and gas, or natural gas for tracts
11 within 35 miles of the coastline by—

12 “(i) requiring a net reduction in the
13 number of production platforms;

14 “(ii) requiring a net increase in the
15 average distance of production platforms
16 from the coastline;

17 “(iii) limiting permanent surface occu-
18 pancy on new leases to areas that are more
19 than 10 miles from the coastline;

20 “(iv) limiting some tracts to being
21 produced from shore or from platforms lo-
22 cated on other tracts; or

23 “(v) other conditions that the Adja-
24 cent State may deem appropriate as long
25 as the Secretary does not determine that

1 production is made economically or tech-
2 nically impracticable or otherwise impos-
3 sible.

4 “(C) ACTION BY SECRETARY.—Not later
5 than 90 days after receipt of a petition under
6 subparagraph (A), the Secretary shall approve
7 the petition, unless the Secretary determines
8 that leasing the area would probably cause seri-
9 ous harm or damage to the marine resources of
10 the State’s Adjacent Zone. Prior to approving
11 the petition, the Secretary shall complete an en-
12 vironmental assessment that documents the an-
13 ticipated environmental effects of leasing in the
14 area included within the scope of the petition.

15 “(D) FAILURE TO ACT.—If the Secretary
16 fails to approve or deny a petition in accordance
17 with subparagraph (C) the petition shall be con-
18 sidered to be approved 90 days after receipt of
19 the petition.

20 “(E) AMENDMENT OF THE 5-YEAR LEAS-
21 ING PROGRAM.—Notwithstanding section 18,
22 within 180 days of the approval of a petition
23 under subparagraph (C) or (D), after the expi-
24 ration of the time limits in paragraph (1)(B),
25 and within 180 days after the date of enact-

1 ment of the Grow American Supply Act for the
2 areas made available for leasing under para-
3 graph (2), the Secretary shall amend the cur-
4 rent 5-Year Outer Continental Shelf Oil and
5 Gas Leasing Program to include a lease sale or
6 sales for at least 75 percent of the associated
7 areas, unless there are, from the date of ap-
8 proval, expiration of such time limits, or enact-
9 ment, as applicable, fewer than 12 months re-
10 maining in the current 5-Year Leasing Program
11 in which case the Secretary shall include the as-
12 sociated areas within lease sales under the next
13 5-Year Leasing Program. For purposes of
14 amending the 5-Year Program in accordance
15 with this section, further consultations with
16 States shall not be required. For purposes of
17 this section, an environmental assessment per-
18 formed under the provisions of the National
19 Environmental Policy Act of 1969 to assess the
20 effects of approving the petition shall be suffi-
21 cient to amend the 5-Year Leasing Program.

22 “(h) OPTION TO EXTEND WITHDRAWAL FROM
23 LEASING WITHIN CERTAIN AREAS OF THE OUTER CON-
24 TINENTAL SHELF.—A State, through enactment of a
25 State statute, may extend for a period of time of up to

1 5 years for each extension the withdrawal from leasing for
2 all or part of any area within the State's Adjacent Zone
3 located more than 35 miles, but less than 75 miles, from
4 the coastline that is subject to subsection (g)(1)(B). A
5 State may extend multiple times for any particular area
6 but not more than once per calendar year for any par-
7 ticular area, may a State extend the withdrawal for an
8 area to cause it to extend to a total of more than 5 years
9 from the date of concurrence by the legislature. A State
10 must prepare separate extensions, with enactment of sepa-
11 rate State statutes, for oil and gas leasing and for natural
12 gas leasing. An extension by a State may affect some areas
13 to be withdrawn from all leasing and some areas to be
14 withdrawn only from one type of leasing.

15 “(i) EFFECT OF OTHER LAWS.—Adoption by any
16 Adjacent State of any constitutional provision, or enact-
17 ment of any State statute, that has the effect, as deter-
18 mined by the Secretary, of restricting either the Governor
19 or the Legislature, or both, from exercising full discretion
20 related to subsection (g) or (h), or both, shall automati-
21 cally (1) prohibit any sharing of OCS Receipts under this
22 Act with the Adjacent State, and its coastal political sub-
23 divisions, and (2) prohibit the Adjacent State from exer-
24 cising any authority under subsection (h), for the duration
25 of the restriction. The Secretary shall make the determina-

1 tion of the existence of such restricting constitutional pro-
2 vision or State statute within 30 days of a petition by any
3 outer Continental Shelf lessee or any State.

4 “(j) PROHIBITION ON LEASING EAST OF THE MILI-
5 TARY MISSION LINE.—

6 “(1) Notwithstanding any other provision of
7 law, from and after the date of enactment of the
8 Grow American Supply Act, prior to January 1,
9 2022, no area of the outer Continental Shelf located
10 in the Gulf of Mexico east of the military mission
11 line may be offered for leasing for oil and gas or
12 natural gas unless a waiver is issued by the Sec-
13 retary of Defense. If such a waiver is granted, 50
14 percent of the OCS Receipts from a lease within
15 such area issued because of such waiver shall be
16 paid under section 9 and the other 50 percent shall
17 be paid annually to the National Guards of all
18 States, allocated by the Secretary among the States
19 on a per capita basis using the entire population of
20 such States.

21 “(2) In this subsection, the term ‘military mis-
22 sion line’ means a line located at 86 degrees, 41
23 minutes West Longitude, and extending south from
24 the coast of Florida to the outer boundary of United

1 States exclusive economic zone in the Gulf of Mex-
2 ico.”.

3 **SEC. 10. OUTER CONTINENTAL SHELF LEASING PROGRAM.**

4 Section 18 of the Outer Continental Shelf Lands Act
5 (43 U.S.C. 1344) is amended—

6 (1) in subsection (a), by adding at the end of
7 paragraph (3) the following: “The Secretary shall, in
8 each 5-year program, include lease sales that when
9 viewed as a whole propose to offer for oil and gas
10 or natural gas leasing at least 75 percent of the
11 available unleased acreage within each OCS Plan-
12 ning Area. Available unleased acreage is that portion
13 of the outer Continental Shelf that is not under
14 lease at the time of the proposed lease sale, and has
15 not otherwise been made unavailable for leasing by
16 law.”;

17 (2) in subsection (c), by striking so much as
18 precedes paragraph (3) and inserting the following:

19 “(c)(1) During the preparation of any proposed leas-
20 ing program under this section, the Secretary shall con-
21 sider and analyze leasing throughout the entire outer Con-
22 tinental Shelf without regard to any other law affecting
23 such leasing. During this preparation the Secretary shall
24 invite and consider suggestions from any interested Fed-
25 eral agency, including the Attorney General, in consulta-

1 tion with the Federal Trade Commission, and from the
2 Governor of any coastal State. The Secretary may also in-
3 vite or consider any suggestions from the executive of any
4 local government in a coastal State that have been pre-
5 viously submitted to the Governor of such State, and from
6 any other person. Further, the Secretary shall consult
7 with the Secretary of Defense regarding military oper-
8 ational needs in the outer Continental Shelf. The Sec-
9 retary shall work with the Secretary of Defense to resolve
10 any conflicts that might arise regarding offering any area
11 of the outer Continental Shelf for oil and gas or natural
12 gas leasing. If the Secretaries are not able to resolve all
13 such conflicts, any unresolved issues shall be elevated to
14 the President for resolution.

15 “(2) After the consideration and analysis required by
16 paragraph (1), including the consideration of the sugges-
17 tions received from any interested Federal agency, the
18 Federal Trade Commission, the Governor of any coastal
19 State, any local government of a coastal State, and any
20 other person, the Secretary shall publish in the Federal
21 Register a proposed leasing program accompanied by a
22 draft environmental impact statement prepared pursuant
23 to the National Environmental Policy Act of 1969. After
24 the publishing of the proposed leasing program and during
25 the comment period provided for on the draft environ-

1 mental impact statement, the Secretary shall submit a
2 copy of the proposed program to the Governor of each af-
3 fected State for review and comment. The Governor may
4 solicit comments from those executives of local govern-
5 ments in the Governor's State that the Governor, in the
6 discretion of the Governor, determines will be affected by
7 the proposed program. If any comment by such Governor
8 is received by the Secretary at least 15 days prior to sub-
9 mission to the Congress pursuant to paragraph (3) and
10 includes a request for any modification of such proposed
11 program, the Secretary shall reply in writing, granting or
12 denying such request in whole or in part, or granting such
13 request in such modified form as the Secretary considers
14 appropriate, and stating the Secretary's reasons therefor.
15 All such correspondence between the Secretary and the
16 Governor of any affected State, together with any addi-
17 tional information and data relating thereto, shall accom-
18 pany such proposed program when it is submitted to the
19 Congress.”; and

20 (3) by adding at the end the following:

21 “(i) PROJECTION OF STATE ADJACENT ZONE RE-
22 SOURCES AND STATE AND LOCAL GOVERNMENT SHARES
23 OF OCS RECEIPTS.—Concurrent with the publication of
24 the scoping notice at the beginning of the development of
25 each 5-Year Outer Continental Shelf Oil and Gas Leasing

1 Program, or as soon thereafter as possible, the Secretary
2 shall—

3 “(1) provide to each Adjacent State a current
4 estimate of proven and potential oil and gas re-
5 sources located within the State’s Adjacent Zone;
6 and

7 “(2) provide to each Adjacent State, and coast-
8 al political subdivisions thereof, a best-efforts projec-
9 tion of the OCS Receipts that the Secretary expects
10 will be shared with each Adjacent State, and its
11 coastal political subdivisions, using the assumption
12 that the unleased tracts within the State’s Adjacent
13 Zone are fully made available for leasing, including
14 long-term projected OCS Receipts. In addition, the
15 Secretary shall include a macroeconomic estimate of
16 the impact of such leasing on the national economy
17 and each State’s economy, including investment,
18 jobs, revenues, personal income, and other cat-
19 egories.”.

20 **SEC. 11. COORDINATION WITH ADJACENT STATES.**

21 Section 19 of the Outer Continental Shelf Lands Act
22 (43 U.S.C. 1345) is amended—

23 (1) in subsection (a) in the first sentence by in-
24 serting “, for any tract located within the Adjacent
25 State’s Adjacent Zone,” after “government”; and

1 (2) by adding the following:

2 “(f)(1) No Federal agency may permit or otherwise
3 approve, without the concurrence of the Adjacent State,
4 the construction of a crude oil or petroleum products (or
5 both) pipeline within the part of the Adjacent State’s Ad-
6 jacent Zone that is withdrawn from oil and gas or natural
7 gas leasing, except that such a pipeline may be approved,
8 without such Adjacent State’s concurrence, to pass
9 through such Adjacent Zone if at least 50 percent of the
10 production projected to be carried by the pipeline within
11 its first 10 years of operation is from areas of the Adja-
12 cent State’s Adjacent Zone.

13 “(2) No State may prohibit the construction within
14 its Adjacent Zone or its State waters of a natural gas pipe-
15 line that will transport natural gas produced from the
16 outer Continental Shelf. However, an Adjacent State may
17 prevent a proposed natural gas pipeline landing location
18 if it proposes two alternate landing locations in the Adja-
19 cent State, acceptable to the Adjacent State, located with-
20 in 50 miles on either side of the proposed landing loca-
21 tion.”.

22 **SEC. 12. ENVIRONMENTAL STUDIES.**

23 Section 20(d) of the Outer Continental Shelf Lands
24 Act (43 U.S.C. 1346) is amended—

25 (1) by inserting “(1)” after “(d)”; and

1 (2) by adding at the end the following:

2 “(2) For all programs, lease sales, leases, and actions
3 under this Act, the following shall apply regarding the ap-
4 plication of the National Environmental Policy Act of
5 1969:

6 “(A) Granting or directing lease suspensions
7 and the conduct of all preliminary activities on outer
8 Continental Shelf tracts, including seismic activities,
9 are categorically excluded from the need to prepare
10 either an environmental assessment or an environ-
11 mental impact statement, and the Secretary shall
12 not be required to analyze whether any exceptions to
13 a categorical exclusion apply for activities conducted
14 under the authority of this Act.

15 “(B) The environmental impact statement de-
16 veloped in support of each 5-year oil and gas leasing
17 program provides the environmental analysis for all
18 lease sales to be conducted under the program and
19 such sales shall not be subject to further environ-
20 mental analysis.

21 “(C) Exploration plans shall not be subject to
22 any requirement to prepare an environmental impact
23 statement, and the Secretary may find that explo-
24 ration plans are eligible for categorical exclusion due
25 to the impacts already being considered within an

1 environmental impact statement or due to mitigation
2 measures included within the plan.

3 “(D) Within each OCS Planning Area, after the
4 preparation of the first development and production
5 plan environmental impact statement for a leased
6 tract within the Area, future development and pro-
7 duction plans for leased tracts within the Area shall
8 only require the preparation of an environmental as-
9 sessment unless the most recent development and
10 production plan environmental impact statement
11 within the Area was finalized more than 10 years
12 prior to the date of the approval of the plan, in
13 which case an environmental impact statement shall
14 be required.”.

15 **SEC. 13. REVIEW OF OUTER CONTINENTAL SHELF DEVEL-**
16 **OPMENT AND PRODUCTION PLANS.**

17 Section 25 of the Outer Continental Shelf Lands Act
18 (43 U.S.C. 1351(a)) is amended to read as follows:

19 **“SEC. 25. REVIEW OF OUTER CONTINENTAL SHELF DEVEL-**
20 **OPMENT AND PRODUCTION PLANS.**

21 “(a) DEVELOPMENT AND PRODUCTION PLANS; SUB-
22 MISSION TO SECRETARY; STATEMENT OF FACILITIES AND
23 OPERATION; SUBMISSION TO GOVERNORS OF AFFECTED
24 STATES AND LOCAL GOVERNMENTS.—

1 “(1) Prior to development and production pur-
2 suant to an oil and gas lease issued on or after Sep-
3 tember 18, 1978, for any area of the outer Conti-
4 nental Shelf, or issued or maintained prior to Sep-
5 tember 18, 1978, for any area of the outer Conti-
6 nental Shelf, with respect to which no oil or gas has
7 been discovered in paying quantities prior to Sep-
8 tember 18, 1978, the lessee shall submit a develop-
9 ment and production plan (hereinafter in this sec-
10 tion referred to as a ‘plan’) to the Secretary for re-
11 view.

12 “(2) A plan shall be accompanied by a state-
13 ment describing all facilities and operations, other
14 than those on the outer Continental Shelf, proposed
15 by the lessee and known by the lessee (whether or
16 not owned or operated by such lessee) that will be
17 constructed or utilized in the development and pro-
18 duction of oil or gas from the lease area, including
19 the location and site of such facilities and oper-
20 ations, the land, labor, material, and energy require-
21 ments associated with such facilities and operations,
22 and all environmental and safety safeguards to be
23 implemented.

24 “(3) Except for any privileged or proprietary
25 information (as such term is defined in regulations

1 issued by the Secretary), the Secretary, within 30
2 days after receipt of a plan and statement, shall—

3 “(A) submit such plan and statement to
4 the Governor of any affected State, and upon
5 request to the executive of any affected local
6 government; and

7 “(B) make such plan and statement avail-
8 able to any appropriate interstate regional enti-
9 ty and the public.

10 “(b) DEVELOPMENT AND PRODUCTION ACTIVITIES
11 IN ACCORDANCE WITH PLAN AS LEASE REQUIREMENT.—

12 After the date of enactment of the Grow American Supply
13 Act, no oil and gas lease may be issued pursuant to this
14 Act in any region of the outer Continental Shelf, unless
15 such lease requires that development and production ac-
16 tivities be carried out in accordance with a plan that com-
17 plies with the requirements of this section. This section
18 shall also apply to leases that do not have an approved
19 development and production plan as of the date of enact-
20 ment of the Grow American Supply Act.

21 “(c) SCOPE AND CONTENTS OF PLAN.—A plan may
22 apply to more than one oil and gas lease, and shall set
23 forth, in the degree of detail established by regulations
24 issued by the Secretary—

25 “(1) the general work to be performed;

1 “(2) a description of all facilities and operations
2 located on the outer Continental Shelf that are pro-
3 posed by the lessee or known by the lessee (whether
4 or not owned or operated by such lessee) to be di-
5 rectly related to the proposed development, including
6 the location and size of such facilities and oper-
7 ations, and the land, labor, material, and energy re-
8 quirements associated with such facilities and oper-
9 ations;

10 “(3) the environmental safeguards to be imple-
11 mented on the outer Continental Shelf and how such
12 safeguards are to be implemented;

13 “(4) all safety standards to be met and how
14 such standards are to be met;

15 “(5) an expected rate of development and pro-
16 duction and a time schedule for performance; and

17 “(6) such other relevant information as the Sec-
18 retary may by regulation require.

19 “(d) COMPLETENESS REVIEW OF THE PLAN.—

20 “(1) Prior to commencing any activity under a
21 development and production plan pursuant to any oil
22 and gas lease issued or maintained under this Act,
23 the lessee shall certify that the plan is consistent
24 with the terms of the lease and that it is consistent
25 with all statutory and regulatory requirements in ef-

1 fect on the date of issuance of the lease, and any
2 regulations promulgated under this Act related to
3 the conservation of resources after the date of lease
4 issuance. The plan shall include all required infor-
5 mation and documentation required under sub-
6 section (c).

7 “(2) The Secretary shall review the plan for
8 completeness within 30 days of submission. If the
9 Secretary finds that the plan is not complete, the
10 Secretary shall notify the lessee with a detailed ex-
11 planation of such modifications of such plan as are
12 necessary to achieve completeness. The Secretary
13 shall have 30 days to review a modified plan for
14 completeness.

15 “(e) REVIEW FOR CONSISTENCY OF THE PLAN.—

16 “(1) After a determination that a plan is com-
17 plete, the Secretary shall have 120 days to conduct
18 a review of the plan, to ensure that it is consistent
19 with the terms of the lease, and that it is consistent
20 with all such statutory and regulatory requirements
21 applicable to the lease. The review shall ensure that
22 the plan is consistent with lease terms, and statutory
23 and regulatory requirements applicable to the lease,
24 related to national security or national defense, in-
25 cluding any military operating stipulations or other

1 restrictions. The Secretary shall seek the assistance
2 of the Department of Defense in the conduct of the
3 review of any plan prepared under this section for
4 a lease containing military operating stipulations or
5 other restrictions and shall accept the assistance of
6 the Department of Defense in the conduct of the re-
7 view of any plan prepared under this section for any
8 other lease when the Secretary of Defense requests
9 an opportunity to participate in the review. If the
10 Secretary finds that the plan is not consistent, the
11 Secretary shall notify the lessee with a detailed ex-
12 planation of such modifications of such plan as are
13 necessary to achieve consistency.

14 “(2) The Secretary shall have 120 days to re-
15 view a modified plan.

16 “(3) The lessee shall not conduct any activities
17 under the plan during any 120-day review period, or
18 thereafter until the plan has been modified to
19 achieve compliance as so notified.

20 “(4) After review by the Secretary provided for
21 by this section, a lessee may operate pursuant to the
22 plan without further review or approval by the Sec-
23 retary.

24 “(f) REVIEW OF REVISION OF THE APPROVED
25 PLAN.—The lessee may submit to the Secretary any revi-

1 sion of a plan if the lessee determines that such revision
2 will lead to greater recovery of oil and natural gas, im-
3 prove the efficiency, safety, and environmental protection
4 of the recovery operation, is the only means available to
5 avoid substantial economic hardship to the lessee, or is
6 otherwise not inconsistent with the provisions of this Act,
7 to the extent such revision is consistent with protection
8 of the human, marine, and coastal environments. The
9 process to be used for the review of any such revision shall
10 be the same as that set forth in subsections (d) and (e).

11 “(g) CANCELLATION OF LEASE ON FAILURE TO
12 SUBMIT PLAN OR COMPLY WITH A PLAN.—Whenever the
13 owner of any lease fails to submit a plan in accordance
14 with regulations issued under this section, or fails to com-
15 ply with a plan, the lease may be canceled in accordance
16 with section 5(c) and (d). Termination of a lease because
17 of failure to comply with a plan, including required modi-
18 fications or revisions, shall not entitle a lessee to any com-
19 pensation.

20 “(h) PRODUCTION AND TRANSPORTATION OF NAT-
21 URAL GAS; SUBMISSION OF PLAN TO FEDERAL ENERGY
22 REGULATORY COMMISSION; IMPACT STATEMENT.—If any
23 development and production plan submitted to the Sec-
24 retary pursuant to this section provides for the production
25 and transportation of natural gas, the lessee shall contem-

1 poraneously submit to the Federal Energy Regulatory
2 Commission that portion of such plan that relates to the
3 facilities for transportation of natural gas. The Secretary
4 and the Federal Energy Regulatory Commission shall
5 agree as to which of them shall prepare an environmental
6 impact statement pursuant to the National Environmental
7 Policy Act of 1969 (42 U.S.C. 4321 et seq.) applicable
8 to such portion of such plan, or conduct studies as to the
9 effect on the environment of implementing it. Thereafter,
10 the findings and recommendations by the agency pre-
11 paring such environmental impact statement or con-
12 ducting such studies pursuant to such agreement shall be
13 adopted by the other agency, and such other agency shall
14 not independently prepare another environmental impact
15 statement or duplicate such studies with respect to such
16 portion of such plan, but the Federal Energy Regulatory
17 Commission, in connection with its review of an applica-
18 tion for a certificate of public convenience and necessity
19 applicable to such transportation facilities pursuant to sec-
20 tion 7 of the Natural Gas Act (15 U.S.C. 717f), may pre-
21 pare such environmental studies or statement relevant to
22 certification of such transportation facilities as have not
23 been covered by an environmental impact statement or
24 studies prepared by the Secretary. The Secretary, in con-
25 sultation with the Federal Energy Regulatory Commis-

1 sion, shall promulgate rules to implement this subsection,
2 but the Federal Energy Regulatory Commission shall re-
3 tain sole authority with respect to rules and procedures
4 applicable to the filing of any application with the Com-
5 mission and to all aspects of the Commission's review of,
6 and action on, any such application.”.

7 **SEC. 14. TERMINATION OF EFFECT OF LAWS PROHIBITING**
8 **THE SPENDING OF APPROPRIATED FUNDS**
9 **FOR CERTAIN PURPOSES.**

10 All provisions of existing Federal law prohibiting the
11 spending of appropriated funds to conduct oil and natural
12 gas leasing and preleasing activities, or to issue a lease
13 to any person, for any area of the outer Continental Shelf
14 shall have no force or effect.

15 **SEC. 15. OUTER CONTINENTAL SHELF INCOMPATIBLE USE.**

16 (a) IN GENERAL.—No Federal agency may permit
17 construction or operation (or both) of any facility, or des-
18 ignate or maintain a restricted transportation corridor or
19 operating area on the Federal outer Continental Shelf or
20 in State waters, that will be incompatible with, as deter-
21 mined by the Secretary of the Interior, oil and gas or nat-
22 ural gas leasing and substantially full exploration and pro-
23 duction of tracts that are geologically prospective for oil
24 or natural gas (or both).

1 (b) EXCEPTIONS.—Subsection (a) shall not apply to
2 any facility, transportation corridor, or operating area the
3 construction, operation, designation, or maintenance of
4 which is or will be—

5 (1) located in an area of the outer Continental
6 Shelf that is unavailable for oil and gas or natural
7 gas leasing by operation of Federal law;

8 (2) used for a military readiness activity (as de-
9 fined in section 315(f) of Public Law 107–314; 16
10 U.S.C. 703 note); or

11 (3) required in the national interest, as deter-
12 mined by the President.

13 **SEC. 16. REPURCHASE OF CERTAIN LEASES.**

14 (a) AUTHORITY TO REPURCHASE AND CANCEL CER-
15 TAIN LEASES.—The Secretary of the Interior shall repur-
16 chase and cancel any Federal oil and gas, geothermal,
17 coal, oil shale, tar sands, or other mineral lease, whether
18 onshore or offshore, but not including any outer Conti-
19 nental Shelf oil and gas leases that were subject to litiga-
20 tion in the Court of Federal Claims on January 1, 2008,
21 if the Secretary finds that such lease qualifies for repur-
22 chase and cancellation under the regulations authorized
23 by this section.

24 (b) REGULATIONS.—Not later than 365 days after
25 the date of enactment of this Act, the Secretary shall pub-

1 lish a final regulation stating the conditions under which
2 a lease referred to in subsection (a) would qualify for re-
3 purchase and cancellation, and the process to be followed
4 regarding repurchase and cancellation. Such regulation
5 shall include, but not be limited to, the following:

6 (1) The Secretary shall repurchase and cancel
7 a lease after written request by the lessee upon a
8 finding by the Secretary that—

9 (A) a request by the lessee for a required
10 permit or other approval complied with applica-
11 ble law, except the Coastal Zone Management
12 Act of 1972 (16 U.S.C. 1451 et seq.), and
13 terms of the lease, and such permit or other ap-
14 proval was denied;

15 (B) a Federal agency failed to act on a re-
16 quest by the lessee for a required permit, other
17 approval, or administrative appeal within a reg-
18 ulatory or statutory timeframe associated with
19 the requested action, whether advisory or man-
20 datory, or if none, within 180 days; or

21 (C) a Federal agency attached a condition
22 of approval, without agreement by the lessee, to
23 a required permit or other approval if such con-
24 dition of approval was not mandated by Federal
25 statute or regulation in effect on the date of

1 lease issuance, or was not specifically allowed
2 under the terms of the lease.

3 (2) A lessee shall not be required to exhaust ad-
4 ministrative remedies regarding a permit request,
5 administrative appeal, or other required request for
6 approval for the purposes of this section.

7 (3) The Secretary shall make a final agency de-
8 cision on a request by a lessee under this section
9 within 180 days of request.

10 (4) Compensation to a lessee to repurchase and
11 cancel a lease under this section shall be the amount
12 that a lessee would receive in a restitution case for
13 a material breach of contract.

14 (5) Compensation shall be in the form of a
15 check or electronic transfer from the Department of
16 the Treasury from funds deposited into miscella-
17 neous receipts under the authority of the same Act
18 that authorized the issuance of the lease being re-
19 purchased.

20 (6) Failure of the Secretary to make a final
21 agency decision on a request by a lessee under this
22 section within 180 days of request shall result in a
23 10 percent increase in the compensation due to the
24 lessee if the lease is ultimately repurchased.

1 (c) NO PREJUDICE.—This section shall not be inter-
2 preted to prejudice any other rights that the lessee would
3 have in the absence of this section.

4 **SEC. 17. OFFSITE ENVIRONMENTAL MITIGATION.**

5 Notwithstanding any other provision of law, any per-
6 son conducting activities under the Mineral Leasing Act
7 (30 U.S.C. 181 et seq.), the Geothermal Steam Act (30
8 U.S.C. 1001 et seq.), the Mineral Leasing Act for Ac-
9 quired Lands (30 U.S.C. 351 et seq.), the Weeks Act (16
10 U.S.C. 552 et seq.), the General Mining Act of 1872 (30
11 U.S.C. 22 et seq.), the Materials Act of 1947 (30 U.S.C.
12 601 et seq.), or the Outer Continental Shelf Lands Act
13 (43 U.S.C. 1331 et seq.), may in satisfying any mitigation
14 requirements associated with such activities propose miti-
15 gation measures on a site away from the area impacted
16 and the Secretary of the Interior shall accept these pro-
17 posed measures if the Secretary finds that they generally
18 achieve the purposes for which mitigation measures apper-
19 tained.

20 **SEC. 18. REGULATION OF ONSHORE SURFACE-DISTURBING**
21 **ACTIVITIES.**

22 Section 17(g) of the Mineral Leasing Act (30 U.S.C.
23 226(g)) is amended to read as follows:

24 “(g) REGULATION OF SURFACE-DISTURBING ACTIVI-
25 TIES.—

1 “(1) REGULATION OF SURFACE-DISTURBING
2 ACTIVITIES.—The Secretary of the Interior, or for
3 National Forest lands, the Secretary of Agriculture,
4 shall regulate all surface-disturbing activities con-
5 ducted pursuant to any lease issued under this Act,
6 and shall determine reclamation and other actions as
7 required in the interest of conservation of surface re-
8 sources.

9 “(2) SUBMISSION OF EXPLORATION PLAN; COM-
10 PLETION REVIEW; COMPLIANCE REVIEW.—

11 “(A) Prior to beginning oil and gas explo-
12 ration activities, a lessee shall submit an explo-
13 ration plan to the Secretary of the Interior for
14 review.

15 “(B) The Secretary shall review the plan
16 for completeness within 10 days of submission.

17 “(C) In the event the exploration plan is
18 determined to be incomplete, the Secretary shall
19 notify the lessee in writing and specify the
20 items or information needed to complete the ex-
21 ploration plan.

22 “(D) The Secretary shall have 10 days to
23 review any modified exploration plan submitted
24 by the lessee.

1 “(E) To be deemed complete, an explo-
2 ration plan shall include, in the degree of detail
3 to be determined by the Secretary by rule or
4 regulation—

5 “(i) a drilling plan containing a de-
6 scription of the drilling program;

7 “(ii) the surface and projected com-
8 pletion zone location;

9 “(iii) pertinent geologic data;

10 “(iv) expected hazards, and proposed
11 mitigation measures to address such haz-
12 ards;

13 “(v) a schedule of anticipated explo-
14 ration activities to be undertaken;

15 “(vi) a description of equipment to be
16 used for such activities;

17 “(vii) a certification from the lessee
18 stating that the exploration plan complies
19 with all lease, regulatory and statutory re-
20 quirements in effect on the date of the
21 issuance of the lease and any regulations
22 promulgated after the date of lease
23 issuance related to the conservation of re-
24 sources;

1 “(viii) evidence that the lessee has se-
2 cured an adequate bond, surety, or other
3 financial arrangement prior to commence-
4 ment of any surface disturbing activity;

5 “(ix) a plan that details the complete
6 and timely reclamation of the lease tract;
7 and

8 “(x) such other relevant information
9 as the Secretary may by regulation require.

10 “(F) Upon a determination that the explo-
11 ration plan is complete, the Secretary shall have
12 30 days from the date the plan is deemed com-
13 plete to conduct a review of the plan.

14 “(G) If the Secretary finds the exploration
15 plan is not consistent with all statutory and
16 regulatory requirements described in subpara-
17 graph (E)(vii), the Secretary shall notify the
18 lessee with a detailed explanation of such modi-
19 fications of the exploration plan as are nec-
20 essary to achieve compliance.

21 “(H) The lessee shall not take any action
22 under the exploration plan within a 30-day re-
23 view period, or thereafter until the plan has
24 been modified to achieve compliance as so noti-
25 fied.

1 “(I) After review by the Secretary provided
2 by this subsection, a lessee may operate pursu-
3 ant to the plan without further review or ap-
4 proval by the Secretary.

5 “(3) PLAN REVISIONS; CONDUCT OF EXPLO-
6 RATION ACTIVITIES.—

7 “(A) If a significant revision of an explo-
8 ration plan under this subsection is submitted
9 to the Secretary, the process to be used for the
10 review of such revision shall be the same as set
11 forth in paragraph (1) of this subsection.

12 “(B) All exploration activities pursuant to
13 any lease shall be conducted in accordance with
14 an exploration plan that has been submitted to
15 and reviewed by the Secretary or a revision of
16 such plan.

17 “(4) SUBMISSION OF DEVELOPMENT AND PRO-
18 DUCTION PLAN; COMPLETENESS REVIEW; COMPLI-
19 ANCE REVIEW.—

20 “(A) Prior to beginning oil and gas devel-
21 opment and production activities, a lessee shall
22 submit a development and exploration plan to
23 the Secretary of the Interior. Upon submission,
24 such plans shall be subject to a review for com-
25 pleteness.

1 “(B) The Secretary shall review the plan
2 for completeness within 30 days of submission.

3 “(C) In the event a development and pro-
4 duction plan is determined to be incomplete, the
5 Secretary shall notify the lessee in writing and
6 specify the items or information needed to com-
7 plete the plan.

8 “(D) The Secretary shall have 30 days to
9 review for completeness any modified develop-
10 ment and production plan submitted by the les-
11 see.

12 “(E) To be deemed complete, a develop-
13 ment and production plan shall include, in the
14 degree of detail to be determined by the Sec-
15 retary by rule or regulation—

16 “(i) a drilling plan containing a de-
17 scription of the drilling program;

18 “(ii) the surface and projected com-
19 pletion zone location;

20 “(iii) pertinent geologic data;

21 “(iv) expected hazards, and proposed
22 mitigation measures to address such haz-
23 ards;

24 “(v) a statement describing all facili-
25 ties and operations proposed by the lessee

1 and known by the lessee (whether or not
2 owned or operated by such lessee) that
3 shall be constructed or utilized in the de-
4 velopment and production of oil or gas
5 from the leases areas, including the loca-
6 tion and site of such facilities and oper-
7 ations, the land, labor, material, and en-
8 ergy requirements associated with such fa-
9 cilities and operations;

10 “(vi) the general work to be per-
11 formed;

12 “(vii) the environmental safeguards to
13 be implemented in connection with the de-
14 velopment and production and how such
15 safeguards are to be implemented;

16 “(viii) all safety standards to be met
17 and how such standards are to be met;

18 “(ix) an expected rate of development
19 and production and a time schedule for
20 performance;

21 “(x) a certification from the lessee
22 stating that the development and produc-
23 tion plan complies with all lease, regu-
24 latory, and statutory requirements in effect
25 on the date of issuance of the lease, and

1 any regulations promulgated after the date
2 of lease issuance related to the conserva-
3 tion of resources;

4 “(xi) evidence that the lessee has se-
5 cured an adequate bond, surety, or other
6 financial arrangement prior to commence-
7 ment of any surface disturbing activity;

8 “(xii) a plan that details the complete
9 and timely reclamation of the lease tract;
10 and

11 “(xiii) such other relevant information
12 as the Secretary may by regulation require.

13 “(F) Upon a determination that the devel-
14 opment and production plan is complete, the
15 Secretary shall have 120 days from the date the
16 plan is deemed complete to conduct a review of
17 the plan.

18 “(G) If the Secretary finds the develop-
19 ment and production plan is not consistent with
20 all statutory and regulatory requirements de-
21 scribed in subparagraph (E)(x), the Secretary
22 shall notify the lessee with a detailed expla-
23 nation of such modifications of the development
24 and production plan as are necessary to achieve
25 compliance.

1 “(H) The lessee shall not take any action
2 under the development and production plan
3 within a 120 day review period, or thereafter
4 until the plan has been modified to achieve
5 compliance as so notified.

6 “(5) PLAN REVISIONS; CONDUCT OF DEVELOP-
7 MENT AND PRODUCTION ACTIVITIES.—

8 “(A) If a significant revision of a develop-
9 ment and production plan under this subsection
10 is submitted to the Secretary, the process to be
11 used for the review of such revision shall be the
12 same as set forth in paragraph (4) of this sub-
13 section.

14 “(B) All development and production ac-
15 tivities pursuant to any lease shall be conducted
16 in accordance with a development and produc-
17 tion plan that has been submitted to and re-
18 viewed by the Secretary or a revision of such
19 plan.

20 “(6) CANCELLATION OF LEASE ON FAILURE TO
21 SUBMIT PLAN OR COMPLY WITH APPROVED PLAN.—

22 Whenever the owner of any lease fails to submit a
23 plan in accordance with regulations issued under
24 this section, or fails to comply with a plan, the lease
25 may be canceled in accordance with section 31. Ter-

1 mination of a lease because of failure to comply with
2 a plan, including required modifications or revisions,
3 shall not entitle a lessee to any compensation.”.

4 **SEC. 19. AUTHORITY TO USE DECOMMISSIONED OFFSHORE**
5 **OIL AND GAS PLATFORMS AND OTHER FA-**
6 **CILITIES FOR ARTIFICIAL REEF, SCIENTIFIC**
7 **RESEARCH, OR OTHER USES.**

8 (a) **SHORT TITLE.**—This section may be cited as the
9 “Rigs to Reefs Act of 2009”.

10 (b) **IN GENERAL.**—The Outer Continental Shelf
11 Lands Act (43 U.S.C. 1301 et seq.) is amended by insert-
12 ing after section 9 the following:

13 **“SEC. 10. USE OF DECOMMISSIONED OFFSHORE OIL AND**
14 **GAS PLATFORMS AND OTHER FACILITIES**
15 **FOR ARTIFICIAL REEF, SCIENTIFIC RE-**
16 **SEARCH, OR OTHER USES.**

17 “(a) **IN GENERAL.**—The Secretary shall issue regula-
18 tions under which the Secretary may authorize use of an
19 offshore oil and gas platform or other facility that is de-
20 commissioned from service for oil and gas purposes for
21 an artificial reef, scientific research, or any other use au-
22 thorized under section 8(p) or any other applicable Fed-
23 eral law.

24 “(b) **TRANSFER REQUIREMENTS.**—The Secretary
25 shall not allow the transfer of a decommissioned offshore

1 oil and gas platform or other facility to another person
2 unless the Secretary is satisfied that the transferee is suf-
3 ficiently bonded, endowed, or otherwise financially able to
4 fulfill its obligations, including but not limited to—

5 “(1) ongoing maintenance of the platform or
6 other facility;

7 “(2) any liability obligations that might arise;

8 “(3) removal of the platform or other facility if
9 determined necessary by the Secretary; and

10 “(4) any other requirements and obligations
11 that the Secretary may deem appropriate by regula-
12 tion.

13 “(c) PLUGGING AND ABANDONMENT.—The Sec-
14 retary shall ensure that plugging and abandonment of
15 wells is accomplished at an appropriate time.

16 “(d) POTENTIAL TO PETITION TO OPT-OUT OF REG-
17 ULATIONS.—An Adjacent State acting through a resolu-
18 tion of its legislature, with concurrence of its Governor,
19 may preliminarily petition to opt-out of the application of
20 regulations promulgated under this section to platforms
21 and other facilities located in the area of its Adjacent Zone
22 within 12 miles of the coastline. Upon receipt of the pre-
23 liminary petition, the Secretary shall complete an environ-
24 mental assessment that documents the anticipated envi-
25 ronmental effects of approving the petition. The Secretary

1 shall provide the environmental assessment to the State,
2 which then has the choice of no action or confirming its
3 petition by further action of its legislature, with the con-
4 currence of its Governor. The Secretary is authorized to
5 except such area from the application of such regulations,
6 and shall approve any confirmed petition.

7 “(e) LIMITATION ON LIABILITY.—A person that had
8 used an offshore oil and gas platform or other facility for
9 oil and gas purposes and that no longer has any ownership
10 or control of the platform or other facility shall not be
11 liable under Federal law for any costs or damages arising
12 from such platform or other facility after the date the plat-
13 form or other facility is used for any purpose under sub-
14 section (a), unless such costs or damages arise from—

15 “(1) use of the platform or other facility by the
16 person for development or production of oil or gas;
17 or

18 “(2) another act or omission of the person.

19 “(f) OTHER LEASING AND USE NOT AFFECTED.—
20 This section, and the use of any offshore oil and gas plat-
21 form or other facility for any purpose under subsection
22 (a), shall not affect—

23 “(1) the authority of the Secretary to lease any
24 area under this Act; or

1 “(2) any activity otherwise authorized under
2 this Act.”.

3 (c) **DEADLINE FOR REGULATIONS.**—The Secretary of
4 the Interior shall issue regulations under subsection (b)
5 by not later than 180 days after the date of enactment
6 of this Act.

7 (d) **STUDY AND REPORT ON EFFECTS OF REMOVAL**
8 **OF PLATFORMS.**—Not later than one year after the date
9 of enactment of this Act, the Secretary of the Interior,
10 in consultation with other Federal agencies as the Sec-
11 retary deems advisable, shall study and report to the Con-
12 gress regarding how the removal of offshore oil and gas
13 platforms and other facilities from the outer Continental
14 Shelf would affect existing fish stocks and coral popu-
15 lations.

16 **SEC. 20. OCS REGIONAL HEADQUARTERS.**

17 Not later than July 1, 2011, the Secretary of the In-
18 terior shall establish the headquarters for the Atlantic
19 OCS Region and the headquarters for the Pacific OCS
20 Region within a State bordering the Atlantic OCS Region
21 and a State bordering the Pacific OCS Region, respec-
22 tively, from among the States bordering those Regions,
23 that petitions by no later than January 1, 2011, for leas-
24 ing, for oil and gas or natural gas, covering at least 40
25 percent of the area of its Adjacent Zone within 75 miles

1 of the coastline. Such Atlantic and Pacific OCS Regions
2 headquarters shall be located within 25 miles of the coast-
3 line and each Minerals Management Service OCS regional
4 headquarters shall be the permanent duty station for all
5 Minerals Management Service personnel that on a daily
6 basis spend on average 60 percent or more of their time
7 in performance of duties in support of the activities of the
8 respective Region, except that the Minerals Management
9 Service may house regional inspection staff in other loca-
10 tions. Each OCS Region shall each be led by a Regional
11 Director who shall be an employee within the Senior Exec-
12 utive Service.

13 **SEC. 21. OIL SHALE AND TAR SANDS AMENDMENTS.**

14 (a) ROYALTY RATES FOR LEASES.—Section 369(o)
15 of the Energy Policy Act of 2005 (Public Law 109–58;
16 119 Stat. 728; 42 U.S.C. 15927) is amended by desig-
17 nating the existing language as (1), by redesignating the
18 existing (1) and (2) as (A) and (B), respectively, and by
19 adding a new paragraph (2), as follows:

20 “(2) DEFAULT PROVISIONS.—In the absence of
21 the issuance of regulations or other designation by
22 the Secretary, the following shall be the royalties,
23 fees, rentals, bonus provisions and other payments
24 for research, development and demonstration leases,

1 and commercial leases, issued under the authority of
2 this section:

3 “(A) ROYALTY RATES FOR COMMERCIAL
4 LEASES.—

5 “(i) ROYALTY RATES.—The royalty
6 rate for commercial leases shall be 10 per
7 centum of the value of production at the
8 first sale.

9 “(ii) REDUCTION.—The royalty rate
10 fixed in the lease shall be reduced up to 5
11 per centum as follows:

12 “(I) 100 per centum of this
13 amount if the lease is brought to first
14 sustained production within 3 years
15 after issuance of the lease.

16 “(II) 80 per centum of this
17 amount if the lease is brought to first
18 sustained production between 3 and 4
19 years after issuance of the lease.

20 “(III) 60 per centum of this
21 amount if the lease is brought to first
22 sustained production between 4 and 5
23 years after issuance of the lease.

24 “(IV) 40 per centum of this
25 amount if the lease is brought to first

1 sustained production between 5 and 6
2 years after issuance of the lease.

3 “(V) 20 per centum of this
4 amount if the lease is brought to first
5 sustained production between 6 and 7
6 years after issuance of the lease.

7 “(B) ROYALTY RATES FOR RESEARCH, DE-
8 VELOPMENT, AND DEMONSTRATION LEASES.—

9 “(i) ROYALTY RATES.—The royalty
10 rate for research, development, and dem-
11 onstration leases that have been converted
12 to full-sized leases shall be 8 percent of the
13 value of production at the first sale.

14 “(ii) REDUCTION.—The royalty rate
15 fixed in the lease shall be reduced up to 3
16 per centum as follows:

17 “(I) 100 per centum of this
18 amount if the lease is brought to first
19 sustained production within 3 years
20 after conversion to a full-sized lease.

21 “(II) 80 per centum of this
22 amount if the lease is brought to first
23 sustained production between 3 and 4
24 years after conversion to a full-sized
25 lease.

1 “(III) 60 per centum of this
2 amount if the lease is brought to first
3 sustained production between 4 and 5
4 years after conversion to a full-sized
5 lease.

6 “(IV) 40 per centum of this
7 amount if the lease is brought to first
8 sustained production between 5 and 6
9 years after conversion to a full-sized
10 lease.

11 “(V) 20 per centum of this
12 amount if the lease is brought to first
13 sustained production between 6 and 7
14 years after conversion to a full-sized
15 lease.

16 “(C) OTHER PROVISIONS.—Commercial
17 tracts shall be leased to the highest bidder
18 based on sealed bids. The provisions for depos-
19 its, rentals, fees, and other matters shall be the
20 same for commercial oil shale and tar sands
21 leases as for oil and gas leases under the Min-
22 eral Leasing Act.”.

23 (b) TREATMENT OF RECEIPTS.—Section 21 of the
24 Mineral Leasing Act (30 U.S.C. 241) is amended by add-
25 ing at the end the following:

1 “(e) RECEIPTS.—

2 “(1) IN GENERAL.—Notwithstanding the provi-
3 sions of section 35, all funds received from and
4 under an oil shale or tar sands lease shall be dis-
5 posed of as provided in this subsection.

6 “(2) DISPOSITION OF RECEIPTS.—

7 “(A) DEPOSIT.—The Secretary shall de-
8 posit into a separate account in the Treasury
9 all receipts derived from any oil shale or tar
10 sands lease.

11 “(B) ALLOCATIONS TO STATES AND LOCAL
12 POLITICAL SUBDIVISIONS.—The Secretary shall
13 allocate 50 percent of the receipts deposited
14 into the account established under subpara-
15 graph (A) to the State within the boundaries of
16 which the leased lands are located, with a por-
17 tion of that to be paid directly by the Secretary
18 to the State’s local political subdivisions as pro-
19 vided in this paragraph.

20 “(C) TRANSMISSION OF ALLOCATIONS.—

21 “(i) IN GENERAL.—Not later than the
22 last business day of the month after the
23 month in which the revenues were received,
24 the Secretary shall transmit—

1 “(I) to each State two-thirds of
2 such State’s allocations under sub-
3 paragraph (B), and in accordance
4 with clauses (ii) and (iii) to certain
5 county-equivalent and municipal polit-
6 ical subdivisions of such State a total
7 of one-third of such State’s allocations
8 under subparagraph (B), together
9 with all accrued interest thereon; and

10 “(II) the remaining balance of
11 such receipts deposited into the ac-
12 count that are not allocated under
13 subparagraph (B), together with in-
14 terest thereon, shall be transmitted to
15 the miscellaneous receipts account of
16 the Treasury, except that until a lease
17 has been in production for 20 years
18 20 percent of such remaining balance
19 derived from a lease shall be paid in
20 accordance with subclause (I).

21 “(ii) ALLOCATIONS TO CERTAIN
22 COUNTY-EQUIVALENT POLITICAL SUBDIVI-
23 SIONS.—The Secretary shall under clause
24 (i)(I) make equitable allocations of the re-
25 ceipts to county-equivalent political sub-

1 divisions that the Secretary determines are
2 closely associated with the leasing and pro-
3 duction of oil shale and tar sands, under a
4 formula that the Secretary shall determine
5 by regulation.

6 “(iii) ALLOCATIONS TO MUNICIPAL
7 POLITICAL SUBDIVISIONS.—The initial al-
8 location to each county-equivalent political
9 subdivision under clause (ii) shall be fur-
10 ther allocated to the county-equivalent po-
11 litical subdivision and any municipal polit-
12 ical subdivisions located partially or wholly
13 within the boundaries of the county-equiva-
14 lent political subdivision on an equitable
15 basis under a formula that the Secretary
16 shall determine by regulation.

17 “(D) INVESTMENT OF DEPOSITS.—The de-
18 posits in the Treasury account established
19 under this section shall be invested by the Sec-
20 retary of the Treasury in securities backed by
21 the full faith and credit of the United States
22 having maturities suitable to the needs of the
23 account and yielding the highest reasonably
24 available interest rates as determined by the
25 Secretary of the Treasury.

1 “(E) USE OF FUNDS.—A recipient of
2 funds under this subsection may use the funds
3 for any lawful purpose as determined by State
4 law. Funds allocated under this subsection to
5 States and local political subdivisions may be
6 used as matching funds for other Federal pro-
7 grams without limitation. Funds allocated to
8 local political subdivisions under this subsection
9 may not be used in calculation of payments to
10 such local political subdivisions under programs
11 for payments in lieu of taxes or other similar
12 programs.

13 “(F) NO ACCOUNTING REQUIRED.—No re-
14 cipient of funds under this subsection shall be
15 required to account to the Federal Government
16 for the expenditure of such funds, except as
17 otherwise may be required by law.

18 “(3) DEFINITIONS.—In this subsection:

19 “(A) COUNTY-EQUIVALENT POLITICAL
20 SUBDIVISION.—The term ‘county-equivalent po-
21 litical subdivision’ means a political jurisdiction
22 immediately below the level of State govern-
23 ment, including a county, parish, borough in
24 Alaska, independent municipality not part of a

1 county, parish, or borough in Alaska, or other
2 equivalent subdivision of a State.

3 “(B) MUNICIPAL POLITICAL SUBDIVI-
4 SION.—The term ‘municipal political subdivi-
5 sion’ means a municipality located within and
6 part of a county, parish, borough in Alaska, or
7 other equivalent subdivision of a State.”.

8 (c) INTERAGENCY COORDINATION AND EXPEDITIOUS
9 REVIEW OF PERMITTING PROCESS.—

10 (1) DEPARTMENT OF INTERIOR AS LEAD AGEN-
11 CY.—Upon written request of a prospective applicant
12 for Federal authorization to develop a proposed oil
13 shale or tar sands project, the Department shall act
14 as the lead Federal agency for the purposes of co-
15 ordinating all applicable Federal authorizations and
16 environmental reviews. To the maximum extent
17 practicable under applicable Federal law, the Sec-
18 retary shall coordinate this Federal authorization
19 and review process with any Indian tribes and State
20 and local agencies responsible for conducting any
21 separate permitting and environmental reviews.

22 (2) SCHEDULE.—The Secretary, in coordination
23 with the agencies with authority over Federal au-
24 thorizations and, as appropriate, with Indian tribes
25 and State and local agencies that are willing to co-

1 ordinate their separate permitting and environ-
2 mental reviews with the Federal authorizations and
3 environmental reviews, shall establish a schedule
4 with prompt and binding intermediate and ultimate
5 deadlines, not to exceed 18 months from the date of
6 the written request, for the review of, and Federal
7 authorization decisions relating to, oil shale or tar
8 sands project development and operation.

9 (3) CONSOLIDATED ENVIRONMENTAL RE-
10 VIEW.—If the Department determines that two or
11 more environmental impact statements are required,
12 the Department shall consolidate all or some of such
13 statements in order to promote efficiency and timeli-
14 ness in the permitting process to the extent prac-
15 ticable. The Department may consolidate the envi-
16 ronmental reviews of any Federal agency considering
17 any aspect of the proposed oil shale or tar sands
18 project including ancillary surface processing facili-
19 ties, electric generation or transmission facilities,
20 and other related facilities.

21 (4) APPEALS.—In the event any agency has de-
22 nied a Federal authorization required for an oil
23 shale or tar sands project, or has failed to act by a
24 deadline established by the Secretary pursuant to
25 paragraph (2) for deciding whether to issue the Fed-

1 eral authorization, the applicant or any State in
2 which the proposed oil shale or tar sands project
3 would be located may file an appeal with the Sec-
4 retary. In consultation with the affected agency, the
5 Secretary may then either issue the necessary Fed-
6 eral authorization with appropriate conditions, or
7 deny the appeal. The Secretary shall issue a decision
8 within 60 days after the filing of the appeal.

9 (5) CONFORMING REGULATIONS.—Not later
10 than 6 months after the date of enactment of this
11 Act, the Secretary shall issue any regulations nec-
12 essary to implement this section.

13 (d) OIL SHALE AND TAR SANDS LAND EX-
14 CHANGES.—Section 206 of the Federal Land Policy and
15 Management Act of 1976 (43 U.S.C. 1716), is hereby
16 amended by adding the following new subsection:

17 “(j) OIL SHALE AND TAR SANDS LAND EX-
18 CHANGES.—For the purpose of promoting the economic
19 recovery of oil shale and tar sands resources, the Secretary
20 of the Interior shall identify and pursue to completion ex-
21 change and disposition of non-park, non-wilderness Fed-
22 eral lands, including lands having a non-Federal surface
23 owner, containing deposits of oil shale and/or tar sands.
24 The Secretary shall identify blocks of land containing oil
25 shale and/or tar sands deposits for the purpose of maxi-

1 mizing consolidation of land ownership, and mineral inter-
2 ests, into manageable blocks within the following geologic
3 basins located in Colorado, Utah, and Wyoming: Green
4 River, Piceance Creek, Uinta, and Washakie. The Sec-
5 retary shall consider the geology of the basin when deter-
6 mining the size of manageable blocks. The Secretary shall
7 conduct exchanges that are favorable to and in the overall
8 best interest of the United States.”.

9 (e) **PROCUREMENT OF UNCONVENTIONAL FUELS.**—
10 Section 2398a of title 10, United States Code, is amended
11 in subsection (d) by striking “1 or more” and inserting
12 “up to 25”.

13 **SEC. 22. BUY AND BUILD AMERICAN.**

14 (a) **BUY AND BUILD AMERICAN.**—It is the intention
15 of the Congress that this Act, among other things, results
16 in a healthy and growing American industrial, manufac-
17 turing, transportation, and service sector employing the
18 vast talents of America’s workforce to assist in the devel-
19 opment of affordable energy from the outer Continental
20 Shelf. Moreover, the Congress intends to monitor the de-
21 ployment of personnel and material in the outer Conti-
22 nental Shelf to encourage the development of American
23 technology and manufacturing to enable United States
24 workers to benefit from this Act by good jobs and careers,

1 as well as the establishment of important industrial facili-
2 ties to support expanded access to American resources.

3 (b) SAFEGUARD FOR EXTRAORDINARY ABILITY.—

4 Section 30(a) of the Outer Continental Shelf Lands Act
5 (43 U.S.C. 1356(a)) is amended in the matter preceding
6 paragraph (1) by striking “regulations which” and insert-
7 ing “regulations that shall be supplemental and com-
8 plimentary with and under no circumstances a substi-
9 tution for the provisions of the Constitution and laws of
10 the United States extended to the subsoil and seabed of
11 the outer Continental Shelf pursuant to section 4(a)(1)
12 of this Act, except insofar as such laws would otherwise
13 apply to individuals who have extraordinary ability in the
14 sciences, arts, education, or business, which has been dem-
15 onstrated by sustained national or international acclaim,
16 and that”.

17 **SEC. 23. REPEAL OF THE GULF OF MEXICO ENERGY SECU-**
18 **RITY ACT OF 2006.**

19 The Gulf of Mexico Energy Security Act of 2006 is
20 repealed effective October 1, 2009, except the Secretary
21 of the Interior shall make any payments to State and local
22 governments based on fiscal year 2009 receipts under the
23 Gulf of Mexico Energy Security Act of 2006.

1 **SEC. 24. ROYALTY-IN-KIND.**

2 Section 27 of the Outer Continental Shelf Lands Act
3 (43 U.S.C. 1353) is amended as follows:

4 (1) By striking paragraph (3) of subsection (a)
5 and replacing it with the following:

6 “(3) Title to any royalty or net profit share oil
7 or gas from leases issued under this Act or the Min-
8 eral Leasing Act may not be transferred by the Sec-
9 retary to another Federal Government agency except
10 by sale for cash at fair market value. If not pur-
11 chased by another Federal Government agency, such
12 oil and gas must be sold under subsections (b), (c),
13 or (d). Proceeds from sales under this section shall
14 be treated as offsetting receipts and shall be subject
15 to any receipts sharing provisions applicable to the
16 leases from which the in-kind royalty or net profit
17 share production was produced in the same manner
18 as if it had been paid in value. After payment of
19 such shared receipts to State and local governments,
20 the Secretary shall deposit the remainder of the re-
21 cepts from sales into the Treasury of the United
22 States and they shall be credited to miscellaneous
23 receipts.”.

24 (2) In the first sentence of subsection (d) strike
25 “transferred” and insert “sold”.

1 **SEC. 25. MANDATORY ISSUANCE OF REGULATIONS PRO-**
2 **MOTING PRODUCTION OF NATURAL GAS**
3 **FROM GAS HYDRATES.**

4 (a) Section 353 of the Energy Policy Act of 2005 (42
5 U.S.C. 15909) is amended as follows:

6 (1) In subsection (b)(1) strike “may” and in-
7 sert “shall”.

8 (2) In subsection (b)(3) in the first sentence
9 strike “if the Secretary determines that such royalty
10 relief would encourage production”.

11 (3) In subsection (b)(4) by inserting at the end
12 “when the price of natural gas on NYMEX (Henry
13 Hub) exceeds \$6.75/million btu (January 1, 2008
14 dollars)”.

15 (b) The Secretary shall issue the final regulations
16 under section 353 of the Energy Policy Act of 2005 not
17 later than 180 days after the date of enactment of this
18 Act.

19 **SEC. 26. MANDATORY ISSUANCE OF REGULATIONS PRO-**
20 **MOTING ENHANCED OIL AND NATURAL GAS**
21 **PRODUCTION THROUGH CARBON DIOXIDE**
22 **INJECTION.**

23 (a) Subsection (b)(1) of section 354 of the Energy
24 Policy Act of 2005 (42 U.S.C. 15910) is amended to read
25 as follows:

1 **SEC. 28. OUTER CONTINENTAL SHELF DISCHARGES AND**
2 **EMISSIONS.**

3 The Secretary of the Interior shall require that all
4 operations related to oil and gas exploration, development,
5 and production on the outer Continental Shelf utilize the
6 best available and safest technology to minimize air emis-
7 sions and discharges into the water, including but not lim-
8 ited to drilling muds and fluids, unless the Minerals Man-
9 agement Service Regional Supervisor determines that the
10 interests of safety require such discharges or emissions.

11 **SEC. 29. ONSHORE OIL AND GAS ROYALTIES.**

12 (a) IN GENERAL.—Effective January 1, 2010, the
13 royalty rate for all new oil and gas leases issued under
14 the authority of the Mineral Leasing Act (30 U.S.C. 181
15 et seq.), the Mineral Leasing Act for Acquired Lands (30
16 U.S.C. 351 et seq.), and other statutes providing for the
17 issuance of oil and gas leases on public lands or other
18 lands containing mineral rights owned by the United
19 States Government, excluding the Outer Continental Shelf
20 Lands Act (43 U.S.C. 1331 et seq.), shall be fixed by the
21 Secretary at 15 per centum in the amount or value of pro-
22 duction saved, removed, or sold, subject to the following
23 adjustments—

24 (1) if the arithmetic average of the closing
25 prices on the New York Mercantile Exchange for
26 light sweet crude oil, or a similar index as deter-

1 mined by the Secretary, for the 365 days prior to
2 issuance of the final notice of lease sale exceeded
3 \$150.00 per barrel (in January 1, 2008, dollars),
4 the royalty rate shall be fixed by the Secretary at
5 $16\frac{1}{4}$ per centum in the amount or value of produc-
6 tion, removed, or sold;

7 (2) if the arithmetic average of the closing
8 prices on the New York Mercantile Exchange for
9 light sweet crude oil, or a similar index as deter-
10 mined by the Secretary, for the 365 days prior to
11 issuance of the final notice of lease sale was less
12 than \$75.00 per barrel (in January 1, 2008, dol-
13 lars), the royalty rate shall be fixed by the Secretary
14 at $13\frac{3}{4}$ per centum in the amount or value of pro-
15 duction, removed, or sold; and

16 (3) the royalty rate fixed in the lease shall be
17 reduced up to 4 per centum as follows: (A) 100 per
18 centum of this amount if the first production well is
19 spudded within 3 years after issuance of the lease,
20 (B) 75 per centum of this amount if the first pro-
21 duction well is spudded between 3 and 4 years after
22 issuance of the lease, (C) 50 per centum of this
23 amount if the first production well is spudded be-
24 tween 4 and 5 years after issuance of the lease, (D)
25 25 per centum of this amount if the first production

1 well is spudded between 5 and 6 years after issuance
2 of the lease.

3 (b) REDUCTION.—The Secretary may reduce the roy-
4 alty rate fixed under subsection (a) by up to 2 per centum
5 for tracts located in frontier areas, as determined by the
6 Secretary, if the Secretary finds that the royalty rate oth-
7 erwise fixed by subsection (a) would likely significantly re-
8 duce production resulting from use of such bidding system
9 in frontier areas.

10 (c) RATE FOR CERTAIN LEASES.—The royalty rate
11 for oil and gas leases in effect on January 1, 2010, that
12 have not spudded the first production well prior to July
13 1, 2009, issued under the authority of the Mineral Leasing
14 Act (30 U.S.C. 181 et seq.), the Mineral Leasing Act for
15 Acquired Lands (30 U.S.C. 351 et seq.), and other stat-
16 utes providing for the issuance of oil and gas leases on
17 public lands or other lands containing mineral rights
18 owned by the United States Government, excluding the
19 Outer Continental Shelf Lands Act (43 U.S.C. 1331 et
20 seq.) shall be reduced up to 2 per centum as follows:

21 (1) 100 per centum of this amount if the first
22 production well is spudded within 3 years after
23 issuance of the lease,

1 (2) 75 per centum of this amount if the first
2 production well is spudded between 3 and 4 years
3 after issuance of the lease,

4 (3) 50 per centum of this amount if the first
5 production well is spudded between 4 and 5 years
6 after issuance of the lease, and

7 (4) 25 per centum of this amount if the first
8 production well is spudded between 5 and 6 years
9 after issuance of the lease.

10 **SEC. 30. OCS JOINT PERMITTING OFFICES.**

11 (a) ESTABLISHMENT.—The Secretary of the Interior
12 (referred to in this section as the “Secretary”) shall estab-
13 lish Federal OCS Joint Regional Permitting Offices (re-
14 ferred to in this section as the “Regional Permitting Of-
15 fices”).

16 (b) MEMORANDUM OF UNDERSTANDING.—Not later
17 than 90 days after the date of enactment of this Act, the
18 Secretary shall enter into a memorandum of under-
19 standing for purposes of this section with—

20 (1) the Secretary of Commerce;

21 (2) the Administrator of the Environmental
22 Protection Agency; and

23 (3) the Chief of Engineers.

24 (c) DESIGNATION OF QUALIFIED STAFF.—

1 (1) IN GENERAL.—Not later than 30 days after
2 the date of the signing of the memorandum of un-
3 derstanding under subsection (b), all Federal signa-
4 tory parties shall assign to each of the Regional Per-
5 mitting Offices identified in subsection (d) a suffi-
6 cient number of employees with expertise to address
7 the full spectrum of agency regulatory issues relat-
8 ing to the Regional Permitting Office in which the
9 employee is employed, including, as applicable, par-
10 ticular expertise in—

11 (A) the consultations and the preparation
12 of biological opinions under section 7 of the En-
13 dangered Species Act of 1973 (16 U.S.C.
14 1536);

15 (B) permits under section 404 of Federal
16 Water Pollution Control Act (33 U.S.C. 1344);

17 (C) regulatory matters under the Clean Air
18 Act (42 U.S.C. 7401 et seq.);

19 (D) the consultations and preparation of
20 documents under the Marine Mammals Protec-
21 tion Act; and

22 (E) the preparation of analyses under the
23 National Environmental Policy Act of 1969 (42
24 U.S.C. 4321 et seq.).

1 (2) DUTIES.—Each employee assigned under
2 paragraph (1) shall—

3 (A) not later than 90 days after the date
4 of assignment, report to the Minerals Manage-
5 ment Service Regional Director in the Regional
6 Permitting Office to which the employee is as-
7 signed;

8 (B) be responsible for all issues relating to
9 the jurisdiction of the home office or agency of
10 the employee; and

11 (C) participate as part of the team of per-
12 sonnel working on proposed energy projects,
13 planning, and environmental analyses.

14 (d) REGIONAL PERMITTING OFFICES.—The fol-
15 lowing Minerals Management Service Regional Head-
16 quarters shall serve as the Regional Permitting Offices:

17 (1) Anchorage, Alaska.

18 (2) New Orleans, Louisiana.

19 (3) Minerals Management Service Pacific Re-
20 gional Headquarters.

21 (4) Minerals Management Service Atlantic Re-
22 gional Headquarters.

23 (e) REPORTS.—Not later than 3 years after the date
24 of enactment of this Act, the Secretary shall submit to

1 Congress a report that outlines the results of the Regional
2 Permitting Offices to date.

3 (f) TRANSFER OF FUNDS.—For the purposes of co-
4 ordination and processing of oil and gas use authorizations
5 on the Federal outer Continental Shelf under the adminis-
6 tration of the Regional Permitting Offices identified in
7 subsection (d), the Secretary may authorize the expendi-
8 ture or transfer of such funds as are necessary to—

- 9 (1) the United States Fish and Wildlife Service;
10 (2) the Bureau of Indian Affairs;
11 (3) the Environmental Protection Agency;
12 (4) the National Oceanic and Atmospheric Ad-
13 ministration; and
14 (5) the Corps of Engineers.

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