

111TH CONGRESS
2D SESSION

S. 3687

To provide royalty relief, and for other purposes.

IN THE SENATE OF THE UNITED STATES

AUGUST 2, 2010

Mr. NELSON of Florida introduced the following bill; which was read twice and referred to the Committee on Energy and Natural Resources

A BILL

To provide royalty relief, and for other purposes.

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

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Royalty Relief for
5 American Consumers Act of 2010”.

6 **SEC. 2. ELIGIBILITY FOR NEW LEASES AND THE TRANSFER**
7 **OF LEASES.**

8 (a) ISSUANCE OF NEW LEASES.—

9 (1) IN GENERAL.—The Secretary shall not
10 issue any new lease that authorizes the production
11 of oil or natural gas under the Outer Continental
12 Shelf Lands Act (43 U.S.C. 1331 et seq.) to a per-

son described in paragraph (2) unless the person has renegotiated each covered lease with respect to which the person is a lessee, to modify the payment responsibilities of the person to require the payment of royalties if the price of oil and natural gas is greater than or equal to the price thresholds described in clauses (v) through (vii) of section 8(a)(3)(C) of the Outer Continental Shelf Lands Act (43 U.S.C. 1337(a)(3)(C)).

(2) PERSONS DESCRIBED.—A person referred to in paragraph (1) is a person that—

(A) is a lessee that—

(i) holds a covered lease on the date on which the Secretary considers the issuance of the new lease; or

(ii) was issued a covered lease before the date of enactment of this Act, but transferred the covered lease to another person or entity (including a subsidiary or affiliate of the lessee) after the date of enactment of this Act; or

(B) any other person that has any direct or indirect interest in, or that derives any benefit from, a covered lease.

(3) MULTIPLE LESSEES.—

1 (A) IN GENERAL.—For purposes of para-
2 graph (1), if there are multiple lessees that own
3 a share of a covered lease, the Secretary may
4 implement separate agreements with any lessee
5 with a share of the covered lease that modifies
6 the payment responsibilities with respect to the
7 share of the lessee to include price thresholds
8 that are equal to or less than the price thresh-
9 olds described in clauses (v) through (vii) of
10 section 8(a)(3)(C) of the Outer Continental
11 Shelf Lands Act (43 U.S.C. 1337(a)(3)(C)).

12 (B) TREATMENT OF SHARE AS COVERED
13 LEASE.—Beginning on the effective date of an
14 agreement under subparagraph (A), any share
15 subject to the agreement shall not constitute a
16 covered lease with respect to any lessees that
17 entered into the agreement.

18 (b) TRANSFERS.—A lessee or any other person who
19 has any direct or indirect interest in, or who derives a
20 benefit from, a lease shall not be eligible to obtain by sale
21 or other transfer (including through a swap, spinoff, serv-
22 icing, or other agreement) any covered lease, the economic
23 benefit of any covered lease, or any other lease for the
24 production of oil or natural gas in the Gulf of Mexico

1 under the Outer Continental Shelf Lands Act (43 U.S.C.
2 1331 et seq.), unless the lessee or other person has—

3 (1) renegotiated each covered lease with respect
4 to which the lessee or person is a lessee, to modify
5 the payment responsibilities of the lessee or person
6 to include price thresholds that are equal to or less
7 than the price thresholds described in clauses (v)
8 through (vii) of section 8(a)(3)(C) of the Outer Con-
9 tinental Shelf Lands Act (43 U.S.C. 1337(a)(3)(C));
10 or

11 (2) entered into an agreement with the Sec-
12 retary to modify the terms of all covered leases of
13 the lessee or other person to include limitations on
14 royalty relief based on market prices that are equal
15 to or less than the price thresholds described in
16 clauses (v) through (vii) of section 8(a)(3)(C) of the
17 Outer Continental Shelf Lands Act (43 U.S.C.
18 1337(a)(3)(C)).

19 (c) USE OF AMOUNTS FOR DEFICIT REDUCTION.—
20 Notwithstanding any other provision of law, any amounts
21 received by the United States as rentals or royalties under
22 covered leases shall be deposited in the Treasury and used
23 for Federal budget deficit reduction or, if there is no Fed-
24 eral budget deficit, for reducing the Federal debt in such

1 manner as the Secretary of the Treasury considers appro-
2 priate.

3 (d) DEFINITIONS.—In this section—

4 (1) COVERED LEASE.—The term “covered
5 lease” means a lease for oil or gas production in the
6 Gulf of Mexico that is—

7 (A) in existence on the date of enactment
8 of this Act;

9 (B) issued by the Department of the Inte-
10 rior under section 304 of the Outer Continental
11 Shelf Deep Water Royalty Relief Act (43
12 U.S.C. 1337 note; Public Law 104–58); and

13 (C) not subject to limitations on royalty re-
14 lief based on market price that are equal to or
15 less than the price thresholds described in
16 clauses (v) through (vii) of section 8(a)(3)(C) of
17 the Outer Continental Shelf Lands Act (43
18 U.S.C. 1337(a)(3)(C)).

19 (2) LESSEE.—The term “lessee” includes any
20 person or other entity that controls, is controlled by,
21 or is in or under common control with, a lessee.

22 (3) SECRETARY.—The term “Secretary” means
23 the Secretary of the Interior.

1 **SEC. 3. PRICE THRESHOLDS FOR ROYALTY SUSPENSION**
2 **PROVISIONS.**

3 The Secretary of the Interior shall agree to a request
4 by any lessee to amend any lease issued for any Central
5 and Western Gulf of Mexico tract in the period of January
6 1, 1996, through November 28, 2000, to incorporate price
7 thresholds applicable to royalty suspension provisions, that
8 are equal to or less than the price thresholds described
9 in clauses (v) through (vii) of section 8(a)(3)(C) of the
10 Outer Continental Shelf Lands Act (43 U.S.C.
11 1337(a)(3)(C)). Any amended lease shall impose the new
12 or revised price thresholds effective October 1, 2010. Ex-
13 isting lease provisions shall prevail through September 30,
14 2010.

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