

114TH CONGRESS
1ST SESSION

H. R. 3140

To require Federal oil and gas leases to report and pay royalties on oil and gas production based on the actual volume of oil and gas withdrawn under a lease, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JULY 21, 2015

Mr. LIPINSKI introduced the following bill; which was referred to the
Committee on Natural Resources

A BILL

To require Federal oil and gas leases to report and pay royalties on oil and gas production based on the actual volume of oil and gas withdrawn under a lease, and for other purposes.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 “Accounting for Meth-
5 ane in Production through Loophole Elimination with Oil
6 and Gas Royalties” or the “AMPLE Oil and Gas Royalties
7 Act”.

1 **SEC. 2. FINDINGS.**

2 The Congress finds the following:

3 (1) Some of the mineral resources owned by the
4 Federal Government on behalf of United States tax-
5 payers are being developed inefficiently, costing tax-
6 payers millions of dollars in lost royalties, especially
7 with respect to vented, flared, and leaked natural
8 gas. The Government Accountability Office esti-
9 mates that approximately 40 percent of natural gas
10 could be economically captured from Federal on-
11 shore leases, which would increase Federal royalty
12 payments by approximately \$23,000,000 and reduce
13 greenhouse gas emissions equivalent to up to 16.5
14 million metric tons of carbon dioxide, which is equiv-
15 alent to annual emissions from 3.1 million cars.

16 (2) Significant emissions of natural gas are as-
17 sociated with oil and gas production and transpor-
18 tation, including oil and gas produced on Federal
19 lands. According to a University of Maryland study,
20 these emissions can negatively impact air quality
21 hundreds of miles away.

22 (3) Methane has a much greater impact on cli-
23 mate change than carbon dioxide, and the methane
24 emissions from oil and gas production can greatly
25 diminish the benefit of using natural gas to help re-

1 duce the carbon intensity of the United States fuel
2 mix.

3 (4) Available control technologies exist to eco-
4 nomically capture a considerable amount of natural
5 gas and resulting in taxpayers being delivered the
6 royalties they deserve.

7 (5) Requiring royalty payments on natural gas
8 that is currently flared, vented, unavoidably lost, and
9 used for beneficial purposes will lead to more effi-
10 cient use of Federal resources, reduce greenhouse
11 gas emissions, and increase royalty payments to the
12 Federal Government.

13 **SEC. 3. VOLUME ALLOCATION OF OIL AND GAS PRODUC-**
14 **TION.**

15 (a) IN GENERAL.—Section 111(k) of the Federal Oil
16 and Gas Royalty Management Act of 1982 (30 U.S.C.
17 1721(k)) is amended to read as follows:

18 “(k) VOLUME ALLOCATION OF OIL AND GAS PRO-
19 DUCTION.—

20 “(1) IN GENERAL.—Except as otherwise pro-
21 vided by this subsection—

22 “(A) a lessee or its designee of a lease in
23 a unit or communitization agreement that con-
24 tains only Federal leases with the same royalty
25 rate and funds distribution shall report and pay

1 royalties on oil and gas production for each pro-
2 duction month based on the actual volume of oil
3 and gas withdrawn from the reservoir by or on
4 behalf of that lessee, including all oil and gas
5 not sold by or on behalf of that lessee;

6 “(B) a lessee or its designee of a lease in
7 any other unit or communitization agreement
8 shall report and pay royalties on oil and gas
9 production for each production month based on
10 the volume of oil and gas produced from such
11 agreement and allocated to the lease in accord-
12 ance with the terms of the agreement; and

13 “(C) a lessee or its designee of a lease that
14 is not contained in a unit or communitization
15 agreement shall report and pay royalties on oil
16 and gas production for each production month
17 based on the actual volume of oil and gas with-
18 drawn from the reservoir by or on behalf of
19 that lessee, including all oil and gas not sold by
20 or on behalf of that lessee.

21 “(2) DEFINITION.—In this subsection the term
22 ‘oil and gas withdrawn from the reservoir’ means
23 any oil and gas that is produced, sold, vented,
24 flared, used for beneficial purposes, leaked, or other-
25 wise emitted during production.”.

1 (b) CONFORMING AMENDMENTS.—The Mineral
2 Leasing Act is amended—

3 (1) in section 17(b)(1)(A) (30 U.S.C.
4 226(b)(1)(A)), by striking “the production removed
5 or sold from the lease” and inserting “oil and gas
6 withdrawn from the reservoir in accordance with sec-
7 tion 111(k) of the Federal Oil and Gas Royalty
8 Management Act of 1982”;

9 (2) in section 17(c)(1) (30 U.S.C. 226(c)(1)),
10 by striking “the production removed or sold from
11 the lease” and inserting “oil and gas withdrawn
12 from the reservoir in accordance with section 111(k)
13 of the Federal Oil and Gas Royalty Management Act
14 of 1982”;

15 (3) in section 31(e)(3) (30 U.S.C. 188(e)(3))—

16 (A) in subparagraph (A), by striking “pro-
17 duction per well per day” and inserting “oil and
18 gas withdrawn from the reservoir per well per
19 day in accordance with section 111(k) of the
20 Federal Oil and Gas Royalty Management Act
21 of 1982”; and

22 (B) in subparagraph (B), by striking “all
23 production removed or sold from such lease”
24 and inserting “all oil and gas withdrawn from
25 the reservoir in accordance with section 111(k)

1 of the Federal Oil and Gas Royalty Manage-
2 ment Act of 1982”; and

3 (4) in section 31(f)(4) (30 U.S.C. 188(f)(4)),
4 by striking “production removed or sold from the oil
5 placer mining claim” and inserting “oil and gas
6 withdrawn from the reservoir in accordance with sec-
7 tion 111(k) of the Federal Oil and Gas Royalty
8 Management Act of 1982”.

9 (c) APPLICATION.—This section, including the
10 amendments made by this section, shall not apply with
11 respect to any lease issued before the date of the enact-
12 ment of this Act.

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