

114TH CONGRESS
1ST SESSION

S. 494

To authorize the exploration, leasing, development, production, and economically feasible and prudent transportation of oil and gas in and from the Coastal Plain in Alaska.

IN THE SENATE OF THE UNITED STATES

FEBRUARY 12, 2015

Ms. MURKOWSKI (for herself and Mr. SULLIVAN) introduced the following bill; which was read twice and referred to the Committee on Energy and Natural Resources

A BILL

To authorize the exploration, leasing, development, production, and economically feasible and prudent transportation of oil and gas in and from the Coastal Plain in Alaska.

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 “Authorizing Alaska
5 Production Act”.

6 **SEC. 2. DEFINITIONS.**

7 In this Act:

1 (1) COASTAL PLAIN.—The term “Coastal
2 Plain” means the area described in appendix I to
3 part 37 of title 50, Code of Federal Regulations.

4 (2) FEDERAL AGREEMENT.—The term “Fed-
5 eral Agreement” means the Federal Agreement and
6 Grant Right-of-Way for the Trans-Alaska Pipeline
7 issued on January 23, 1974, in accordance with sec-
8 tion 28 of the Mineral Leasing Act (30 U.S.C. 185)
9 and the Trans-Alaska Pipeline Authorization Act
10 (43 U.S.C. 1651 et seq.).

11 (3) FINAL STATEMENT.—The term “Final
12 Statement” means the final legislative environmental
13 impact statement on the Coastal Plain, dated April
14 1987, and prepared pursuant to—

15 (A) section 1002 of the Alaska National
16 Interest Lands Conservation Act (16 U.S.C.
17 3142); and

18 (B) section 102(2)(C) of the National En-
19 vironmental Policy Act of 1969 (42 U.S.C.
20 4332(2)(C)).

21 (4) MAP.—The term “map” means the map en-
22 titled “Arctic National Wildlife Refuge”, dated Sep-
23 tember 2005, and prepared by the United States Ge-
24 ological Survey.

1 (5) SECRETARY.—The term “Secretary”
2 means—

3 (A) the Secretary of the Interior; or

4 (B) the designee of the Secretary.

5 **SEC. 3. LEASING PROGRAM FOR LAND WITHIN THE COAST-**
6 **AL PLAIN.**

7 (a) IN GENERAL.—

8 (1) AUTHORIZATION.—Congress authorizes the
9 exploration, leasing, development, production, and
10 economically feasible and prudent transportation of
11 oil and gas in and from the Coastal Plain.

12 (2) ACTIONS.—The Secretary shall take such
13 actions as are necessary—

14 (A) to establish and implement, in accord-
15 ance with this Act, a competitive oil and gas
16 leasing program that will result in an environ-
17 mentally sound program for the exploration, de-
18 velopment, and production of the oil and gas re-
19 sources of the Coastal Plain; and

20 (B) to administer this Act through regula-
21 tions, lease terms, conditions, restrictions, pro-
22 hibitions, stipulations, and other provisions
23 that—

24 (i) ensure the oil and gas exploration,
25 development, and production activities on

the Coastal Plain will result in no significant adverse effect on fish and wildlife, fish and wildlife habitat, subsistence resources, and the environment; and

(ii) require the application of the best commercially available technology for oil and gas exploration, development, and production to all exploration, development, and production operations under this Act in a manner that ensures the receipt of fair market value by the public for the mineral resources to be leased.

(b) REPEAL.—

(1) REPEAL.—Section 1003 of the Alaska National Interest Lands Conservation Act (16 U.S.C. 3143) is repealed.

(2) CONFORMING AMENDMENT.—The table of contents contained in section 1 of that Act (16 U.S.C. 3101 note) is amended by striking the item relating to section 1003.

(c) COMPLIANCE WITH REQUIREMENTS UNDER CERTAIN OTHER LAWS.—

(1) COMPATIBILITY.—For purposes of the National Wildlife Refuge System Administration Act of 1966 (16 U.S.C. 668dd et seq.)—

1 (A) the oil and gas preleasing and leasing
2 program, and activities authorized by this sec-
3 tion in the Coastal Plain, shall be considered to
4 be compatible with the purposes for which the
5 Arctic National Wildlife Refuge was established;
6 and

7 (B) no further findings or decisions shall
8 be required to implement that program and
9 those activities.

10 (2) ADEQUACY OF THE DEPARTMENT OF THE
11 INTERIOR'S LEGISLATIVE ENVIRONMENTAL IMPACT
12 STATEMENT.—The Final Statement shall be consid-
13 ered to satisfy the requirements under the National
14 Environmental Policy Act of 1969 (42 U.S.C. 4321
15 et seq.) that apply with respect to preleasing, includ-
16 ing exploration programs and actions authorized to
17 be taken by the Secretary to develop and promulgate
18 the regulations for the establishment of a leasing
19 program authorized by this Act before the conduct
20 of the first lease sale.

21 (3) COMPLIANCE WITH NEPA FOR OTHER AC-
22 TIONS.—

23 (A) IN GENERAL.—Before conducting the
24 first lease sale under this Act, the Secretary
25 shall prepare an environmental impact state-

1 ment in accordance with the National Environ-
2 mental Policy Act of 1969 (42 U.S.C. 4321 et
3 seq.) with respect to the actions authorized by
4 this Act that are not referred to in paragraph
5 (2).

6 (B) IDENTIFICATION AND ANALYSIS.—
7 Notwithstanding any other provision of law, in
8 carrying out this paragraph, the Secretary shall
9 not—

10 (i) identify nonleasing alternative
11 courses of action; or

12 (ii) analyze the environmental effects
13 of those courses of action.

14 (C) IDENTIFICATION OF PREFERRED AC-
15 TION.—Not later than 1 year after the date of
16 enactment of this Act, the Secretary shall iden-
17 tify only a preferred action and a single leasing
18 alternative for the first lease sale authorized
19 under this Act.

20 (D) EFFECT OF COMPLIANCE.—Notwith-
21 standing any other provision of law, compliance
22 with this paragraph shall be considered to sat-
23 isfy all requirements for the analysis and con-
24 sideration of the environmental effects of pro-
25 posed leasing under this Act.

1 (d) RELATIONSHIP TO STATE AND LOCAL AUTHOR-
 2 ITY.—Nothing in this Act expands or limits any State or
 3 local regulatory authority.

4 (e) LIMITATION ON CLOSED AREAS.—The Secretary
 5 shall not close land within the Coastal Plain to oil and
 6 gas leasing or to exploration, development, or production
 7 except in accordance with this Act.

8 (f) REGULATIONS.—Not later than 1 year after the
 9 date of enactment of this Act, in consultation with the
 10 State of Alaska, North Slope Borough, Alaska, the City
 11 of Kaktovik, Alaska, and the Arctic Slope Regional Cor-
 12 poration, the Secretary shall promulgate such regulations
 13 as are necessary to carry out this Act.

14 **SEC. 4. LEASE SALES.**

15 (a) IN GENERAL.—Land may be leased pursuant to
 16 this Act to any person qualified to obtain a lease for depos-
 17 its of oil and gas under the Mineral Leasing Act (30
 18 U.S.C. 181 et seq.).

19 (b) PROCEDURES.—The Secretary shall, by regula-
 20 tion, establish procedures for—

21 (1) receipt and consideration of sealed nomina-
 22 tions for any area in the Coastal Plain for inclusion
 23 in a lease sale;

24 (2) the holding of lease sales after the nomina-
 25 tion process described in paragraph (1); and

1 (3) public notice of and comment on designa-
2 tion of areas to be included in, or excluded from, a
3 lease sale.

4 (c) LEASE SALE BIDS.—Bidding for leases under
5 this Act shall be by sealed competitive cash bonus bids.

6 (d) ACREAGE MINIMUM IN FIRST SALE.—For the
7 first lease sale under this Act, the Secretary shall offer
8 for lease those tracts the Secretary considers to have the
9 greatest potential for the discovery of hydrocarbons, tak-
10 ing into consideration nominations received pursuant to
11 subsection (b)(1), but in no case less than 200,000 acres.

12 (e) TIMING OF LEASE SALES.—The Secretary
13 shall—

14 (1) not later than 18 months after the date of
15 enactment of this Act, conduct the first lease sale
16 under this Act;

17 (2) not later than 1 year after the date on
18 which the first lease sale is conducted under para-
19 graph (1), conduct a second lease sale under this
20 Act; and

21 (3) conduct additional sales at appropriate in-
22 tervals if sufficient interest in exploration or devel-
23 opment exists to warrant the conduct of the addi-
24 tional sales.

1 **SEC. 5. GRANT OF LEASES BY THE SECRETARY.**

2 (a) IN GENERAL.—Upon payment by a lessee of such
3 bonus as may be accepted by the Secretary, the Secretary
4 shall grant to the highest responsible qualified bidder in
5 a lease sale conducted pursuant to section 4 a lease for
6 any land on the Coastal Plain.

7 (b) SUBSEQUENT TRANSFERS.—

8 (1) IN GENERAL.—No lease issued under this
9 Act may be sold, exchanged, assigned, sublet, or oth-
10 erwise transferred except with the approval of the
11 Secretary.

12 (2) CONDITION FOR APPROVAL.—Before grant-
13 ing any approval described in paragraph (1), the
14 Secretary shall consult with and give due consider-
15 ation to the opinion of the Attorney General.

16 **SEC. 6. LEASE TERMS AND CONDITIONS.**

17 (a) IN GENERAL.—An oil or gas lease issued pursu-
18 ant to this Act shall—

19 (1) provide for the payment of a royalty of not
20 less than 12½ percent of the amount or value of the
21 production removed or sold from the lease, as deter-
22 mined by the Secretary in accordance with regula-
23 tions applicable to other Federal oil and gas leases;

24 (2) provide that the Secretary, after consulta-
25 tion with the State of Alaska, North Slope Borough,
26 Alaska, the City of Kaktovik, Alaska, and the Arctic

1 Slope Regional Corporation, may close, on a sea-
2 sonal basis, such portions of the Coastal Plain to ex-
3 ploratory drilling activities as are necessary to pro-
4 tect caribou calving areas and other species of fish
5 and wildlife;

6 (3) require that each lessee of land within the
7 Coastal Plain shall be fully responsible and liable for
8 the reclamation of land within the Coastal Plain and
9 any other Federal land that is adversely affected in
10 connection with exploration, development, produc-
11 tion, or transportation activities within the Coastal
12 Plain conducted by the lessee or by any of the sub-
13 contractors or agents of the lessee;

14 (4) provide that the lessee may not delegate or
15 convey, by contract or otherwise, the reclamation re-
16 sponsibility and liability described in paragraph (3)
17 to another person without the express written ap-
18 proval of the Secretary;

19 (5) provide that the standard of reclamation for
20 land required to be reclaimed under this Act shall
21 be, to the maximum extent practicable—

22 (A) a condition capable of supporting the
23 uses that the land was capable of supporting
24 prior to any exploration, development, or pro-
25 duction activities; or

1 (B) upon application by the lessee, to a
2 higher or better standard, as approved by the
3 Secretary;

4 (6) contain terms and conditions relating to
5 protection of fish and wildlife, fish and wildlife habi-
6 tat, subsistence resources, and the environment as
7 required under section 3(a)(2); and

8 (7) provide that each lessee, and each agent
9 and contractor of a lessee, shall use their best ef-
10 forts to provide a fair share of employment and con-
11 tracting for Alaska Natives and Alaska Native Cor-
12 porations from throughout the State of Alaska, as
13 determined by the level of obligation previously
14 agreed to in the Federal Agreement.

15 (b) PROJECT LABOR AGREEMENTS.—The Secretary,
16 as a term and condition of each lease under this Act, and
17 in recognizing the proprietary interest of the Federal Gov-
18 ernment in labor stability and in the ability of construction
19 labor and management to meet the particular needs and
20 conditions of projects to be developed under the leases
21 issued pursuant to this Act (including the special concerns
22 of the parties to those leases), shall require that each les-
23 see, and each agent and contractor of a lessee, under this
24 Act negotiate to obtain a project labor agreement for the

1 employment of laborers and mechanics on production,
2 maintenance, and construction under the lease.

3 **SEC. 7. COASTAL PLAIN ENVIRONMENTAL PROTECTION.**

4 (a) NO SIGNIFICANT ADVERSE EFFECT STANDARD
5 TO GOVERN AUTHORIZED COASTAL PLAIN ACTIVITIES.—

6 In accordance with section 3, the Secretary shall admin-
7 ister this Act through regulations, lease terms, conditions,
8 restrictions, prohibitions, stipulations, or other provisions
9 that—

10 (1) ensure, to the maximum extent practicable,
11 that oil and gas exploration, development, and pro-
12 duction activities on the Coastal Plain will result in
13 no significant adverse effect on fish and wildlife, fish
14 and wildlife habitat, subsistence resources, and the
15 environment;

16 (2) require the application of the best commer-
17 cially available technology for oil and gas explo-
18 ration, development, and production on all new ex-
19 ploration, development, and production operations;
20 and

21 (3) ensure that the maximum surface acreage
22 covered in connection with the leasing program by
23 production and support facilities, including airstrips
24 and any areas covered by gravel berms or piers for

1 support of pipelines, does not exceed 2,000 acres on
 2 the Coastal Plain.

3 (b) SITE-SPECIFIC ASSESSMENT AND MITIGATION.—

4 The Secretary shall require, with respect to any proposed
 5 drilling and related activities on the Coastal Plain, that—

6 (1) a site-specific environmental analysis be
 7 made of the probable effects, if any, that the drilling
 8 or related activities will have on fish and wildlife,
 9 fish and wildlife habitat, subsistence resources, and
 10 the environment;

11 (2) a plan be implemented to avoid, minimize,
 12 and mitigate (in that order and to the maximum ex-
 13 tent practicable) any significant adverse effect iden-
 14 tified under paragraph (1); and

15 (3) the development of the plan occur after con-
 16 sultation with—

17 (A) each agency having jurisdiction over
 18 matters mitigated by the plan;

19 (B) the State of Alaska;

20 (C) North Slope Borough, Alaska;

21 (D) the City of Kaktovik, Alaska; and

22 (E) the Arctic Slope Regional Corporation.

23 (c) REGULATIONS TO PROTECT COASTAL PLAIN
 24 FISH AND WILDLIFE RESOURCES, SUBSISTENCE USERS,
 25 AND THE ENVIRONMENT.—Before implementing the leas-

1 ing program authorized by this Act, the Secretary shall
 2 prepare and promulgate regulations, lease terms, condi-
 3 tions, restrictions, prohibitions, stipulations, or other
 4 measures designed to ensure, to the maximum extent prac-
 5 ticable, that the activities carried out on the Coastal Plain
 6 under this Act are conducted in a manner consistent with
 7 the purposes and environmental requirements of this Act.

8 (d) COMPLIANCE WITH FEDERAL AND STATE ENVI-
 9 RONMENTAL LAWS AND OTHER REQUIREMENTS.—The
 10 regulations, lease terms, conditions, restrictions, prohibi-
 11 tions, and stipulations for the leasing program under this
 12 Act shall require—

13 (1) compliance with all applicable provisions of
 14 Federal and State environmental law (including reg-
 15 ulations); and

16 (2) implementation of and compliance with—
 17 (A) standards that are at least as effective
 18 as the safety and environmental mitigation
 19 measures, as described in items 1 through 29
 20 on pages 167 through 169 of the Final State-
 21 ment;

22 (B) reclamation and rehabilitation require-
 23 ments in accordance with this Act for the re-
 24 moval from the Coastal Plain of all oil and gas
 25 development and production facilities, struc-

tures, and equipment on completion of oil and gas production operations, except in a case in which the Secretary determines that those facilities, structures, or equipment—

(i) would assist in the management of the Arctic National Wildlife Refuge; and

(ii) are donated to the United States for that purpose; and

(C) reasonable stipulations for protection of cultural and archaeological resources.

(e) ACCESS TO PUBLIC LAND.—The Secretary shall—

(1) manage public land in the Coastal Plain in accordance with subsections (a) and (b) of section 811 of the Alaska National Interest Lands Conservation Act (16 U.S.C. 3121); and

(2) ensure that local residents shall have reasonable access to public land in the Coastal Plain for traditional uses.

SEC. 8. RIGHTS-OF-WAY AND EASEMENTS ACROSS COASTAL PLAIN.

For purposes of section 1102(4)(A) of the Alaska National Interest Lands Conservation Act (16 U.S.C. 3162(4)(A)), any rights-of-way or easements across the Coastal Plain for the exploration, development, produc-

tion, or transportation of oil and gas shall be considered to be established incident to the management of the Coastal Plain under this section.

SEC. 9. CONVEYANCE.

Notwithstanding section 1302(h)(2) of the Alaska National Interest Lands Conservation Act (16 U.S.C. 3192(h)(2)), to remove any cloud on title to land, and to clarify land ownership patterns in the Coastal Plain, the Secretary shall—

(1) to the extent necessary to fulfill the entitlement of the Kaktovik Inupiat Corporation under sections 12 and 14 of the Alaska Native Claims Settlement Act (43 U.S.C. 1611, 1613), as determined by the Secretary, convey to that Corporation the surface estate of the land described in paragraph (1) of Public Land Order 6959, in accordance with the terms and conditions of the agreement between the Secretary, the United States Fish and Wildlife Service, the Bureau of Land Management, and the Kaktovik Inupiat Corporation, dated January 22, 1993; and

(2) convey to the Arctic Slope Regional Corporation the remaining subsurface estate to which that Corporation is entitled under the agreement be-

1 tween that corporation and the United States, dated
2 August 9, 1983.

3 **SEC. 10. LOCAL GOVERNMENT IMPACT AID AND COMMU-**
4 **NITY SERVICE ASSISTANCE.**

5 (a) ESTABLISHMENT OF FUND.—

6 (1) IN GENERAL.—There is established in the
7 Treasury a fund to be known as the “Coastal Plain
8 Local Government Impact Aid Assistance Fund”
9 (referred to in this section as the “Fund”).

10 (2) USE.—Amounts in the Fund may be used
11 only to provide financial assistance in accordance
12 with subsection (b).

13 (3) DEPOSITS.—Subject to paragraph (4), of
14 amounts of revenues payable to the State of Alaska
15 under section 35 of the Mineral Leasing Act (30
16 U.S.C. 191) that are derived from rents, bonuses,
17 and royalties from Federal leases and lease sales au-
18 thorized under this Act—

19 (A) \$28,000,000 shall be deposited in the
20 Fund for the first fiscal year for which amounts
21 are received by the United States from Federal
22 leases and lease sales authorized under this Act;
23 and

24 (B) \$7,000,000 shall be deposited in the
25 Fund for each fiscal year thereafter.

1 (4) LIMITATION ON DEPOSITS.—The total
2 amount in the Fund may not exceed \$28,000,000.

3 (5) INVESTMENT OF BALANCES.—The Sec-
4 retary of the Treasury shall invest amounts in the
5 Fund in interest-bearing securities of the United
6 States.

7 (b) FINANCIAL ASSISTANCE.—

8 (1) IN GENERAL.—The Secretary may use
9 amounts available from the Fund to provide timely
10 financial assistance to North Slope Borough, Alaska,
11 the City of Kaktovik, Alaska, and any other bor-
12 ough, municipal subdivision, village, or other com-
13 munity in the State of Alaska that is directly im-
14 pacted by exploration for, or the production of, oil
15 or gas on the Coastal Plain under this Act, as deter-
16 mined by the Secretary.

17 (2) USE OF ASSISTANCE.—Financial assistance
18 provided under this subsection may be used only
19 for—

20 (A) planning for mitigation of the potential
21 effects of oil and gas exploration and develop-
22 ment on environmental, social, cultural, rec-
23 reational, and subsistence values;

24 (B) implementing mitigation plans and
25 maintaining mitigation projects;

1 (C) developing, carrying out, and maintain-
 2 ing projects and programs that provide new or
 3 expanded public facilities and services to ad-
 4 dress needs and problems associated with the
 5 effects described in subparagraph (A), including
 6 firefighting, police, water, waste treatment,
 7 medivac, and medical services; and

8 (D) the establishment by North Slope Bor-
 9 ough, Alaska, of a coordination office in the
 10 City of Kaktovik, Alaska—

11 (i) to coordinate with and advise de-
 12 velopers on local conditions of, impacts on,
 13 and the history of the areas utilized for de-
 14 velopment under this Act; and

15 (ii) to provide to the Committee on
 16 Natural Resources of the House of Rep-
 17 resentatives and the Committee on Energy
 18 and Natural Resources of the Senate an
 19 annual report that describes the status of
 20 coordination between developers and the
 21 communities affected by development
 22 under this Act.

23 (c) APPLICATION.—

24 (1) IN GENERAL.—To receive assistance under
 25 subsection (b), a community described in subsection

1 (b)(1) shall submit to the Secretary an application
2 for assistance, in such form and under such proce-
3 dures as the Secretary may prescribe by regulation.

4 (2) NORTH SLOPE BOROUGH COMMUNITIES.—A
5 community located in North Slope Borough, Alaska,
6 may apply for assistance under this section either di-
7 rectly with the Secretary or through the North Slope
8 Borough.

9 (3) APPLICATION ASSISTANCE.—The Secretary
10 shall work closely with and assist North Slope Bor-
11 ough, Alaska, and other communities eligible for as-
12 sistance under this section in developing and submit-
13 ting applications under this subsection.

14 (d) AUTHORIZATION OF APPROPRIATIONS.—There is
15 authorized to be appropriated to the Secretary from the
16 Fund \$7,000,000 for each fiscal year to provide financial
17 assistance under this section.

○