

(c) Reduced royalty rate**(1) In general**

When a marginal property meets the conditions specified in subsection (b), the royalty rate shall be the lesser of—

(A) 5 percent; or

(B) the applicable rate under any other statutory or regulatory royalty relief provision that applies to the affected production.

(2) Period of effectiveness

The reduced royalty rate under this subsection shall be effective beginning on the first day of the production month following the date on which the applicable condition specified in subsection (b) is met.

(d) Termination of reduced royalty rate

A royalty rate prescribed in subsection (c)(1) shall terminate—

(1) with respect to oil production from a marginal property, on the first day of the production month following the date on which—

(A) the spot price of West Texas Intermediate crude oil at Cushing, Oklahoma, on average, exceeds \$15 per barrel (adjusted in accordance with the Consumer Price Index for all-urban consumers, United States city average, as published by the Bureau of Labor Statistics) for 90 consecutive trading days; or

(B) the property no longer qualifies as a marginal property; and

(2) with respect to gas production from a marginal property, on the first day of the production month following the date on which—

(A) the spot price of natural gas delivered at Henry Hub, Louisiana, on average, exceeds \$2.00 per million British thermal units (adjusted in accordance with the Consumer Price Index for all-urban consumers, United States city average, as published by the Bureau of Labor Statistics) for 90 consecutive trading days; or

(B) the property no longer qualifies as a marginal property.

(e) Regulations prescribing different relief**(1) Discretionary regulations**

The Secretary may by regulation prescribe different parameters, standards, and requirements for, and a different degree or extent of, royalty relief for marginal properties in lieu of those prescribed in subsections (a) through (d).

(2) Mandatory regulations

Unless a determination is made under paragraph (3), not later than 18 months after August 8, 2005, the Secretary shall by regulation—

(A) prescribe standards and requirements for, and the extent of royalty relief for, marginal properties for oil and gas leases on the outer Continental Shelf; and

(B) define what constitutes a marginal property on the outer Continental Shelf for purposes of this section.

(3) Report

To the extent the Secretary determines that it is not practicable to issue the regulations

referred to in paragraph (2), the Secretary shall provide a report to Congress explaining such determination by not later than 18 months after August 8, 2005.

(4) Considerations

In issuing regulations under this subsection, the Secretary may consider—

(A) oil and gas prices and market trends;

(B) production costs;

(C) abandonment costs;

(D) Federal and State tax provisions and the effects of those provisions on production economics;

(E) other royalty relief programs;

(F) regional differences in average well-head prices;

(G) national energy security issues; and

(H) other relevant matters, as determined by the Secretary.

(f) Savings provision

Nothing in this section prevents a lessee from receiving royalty relief or a royalty reduction pursuant to any other law (including a regulation) that provides more relief than the amounts provided by this section.

(Pub. L. 109-58, title III, §343, Aug. 8, 2005, 119 Stat. 700.)

§ 15904. Incentives for natural gas production from deep wells in the shallow waters of the Gulf of Mexico**(a) Royalty incentive regulations for ultra deep gas wells****(1) In general**

Not later than 180 days after August 8, 2005, in addition to any other regulations that may provide royalty incentives for natural gas produced from deep wells on oil and gas leases issued pursuant to the Outer Continental Shelf Lands Act (43 U.S.C. 1331 et seq.), the Secretary shall issue regulations granting royalty relief suspension volumes of not less than 35 billion cubic feet with respect to the production of natural gas from ultra deep wells on leases issued in shallow waters less than 400 meters deep located in the Gulf of Mexico wholly west of 87 degrees, 30 minutes west longitude. Regulations issued under this subsection shall be retroactive to the date that the notice of proposed rulemaking is published in the Federal Register.

(2) Suspension volumes

The Secretary may grant suspension volumes of not less than 35 billion cubic feet in any case in which—

(A) the ultra deep well is a sidetrack; or

(B) the lease has previously produced from wells with a perforated interval the top of which is at least 15,000 feet true vertical depth below the datum at mean sea level.

(3) Definitions

In this subsection:

(A) Ultra deep well

The term “ultra deep well” means a well drilled with a perforated interval, the top of which is at least 20,000 true vertical depth below the datum at mean sea level.

(B) Sidetrack**(i) In general**

The term “sidetrack” means a well resulting from drilling an additional hole to a new objective bottom-hole location by leaving a previously drilled hole.

(ii) Inclusion

The term “sidetrack” includes—

- (I) drilling a well from a platform slot reclaimed from a previously drilled well;
- (II) re-entering and deepening a previously drilled well; and
- (III) a bypass from a sidetrack, including drilling around material blocking a hole or drilling to straighten a crooked hole.

(b) Royalty incentive regulations for deep gas wells

Not later than 180 days after August 8, 2005, in addition to any other regulations that may provide royalty incentives for natural gas produced from deep wells on oil and gas leases issued pursuant to the Outer Continental Shelf Lands Act (43 U.S.C. 1331 et seq.), the Secretary shall issue regulations granting royalty relief suspension volumes with respect to production of natural gas from deep wells on leases issued in waters more than 200 meters but less than 400 meters deep located in the Gulf of Mexico wholly west of 87 degrees, 30 minutes west longitude. The suspension volumes for deep wells within 200 to 400 meters of water depth shall be calculated using the same methodology used to calculate the suspension volumes for deep wells in the shallower waters of the Gulf of Mexico, and in no case shall the suspension volumes for deep wells within 200 to 400 meters of water depth be lower than those for deep wells in shallower waters. Regulations issued under this subsection shall be retroactive to the date that the notice of proposed rulemaking is published in the Federal Register.

(c) Limitations

The Secretary may place limitations on the royalty relief granted under this section based on market price. The royalty relief granted under this section shall not apply to a lease for which deep water royalty relief is available.

(Pub. L. 109–58, title III, §344, Aug. 8, 2005, 119 Stat. 702.)

Editorial Notes

REFERENCES IN TEXT

The Outer Continental Shelf Lands Act, referred to in subsecs. (a)(1) and (b), is act Aug. 7, 1953, ch. 345, 67 Stat. 462, which is classified generally to subchapter III (§1331 et seq.) of chapter 29 of Title 43, Public Lands. For complete classification of this Act to the Code, see Short Title note set out under section 1301 of Title 43 and Tables.

§ 15905. Royalty relief for deep water production**(a) In general**

Subject to subsections (b) and (c), for each tract located in water depths of greater than 400 meters in the Western and Central Planning Area of the Gulf of Mexico (including the por-

tion of the Eastern Planning Area of the Gulf of Mexico encompassing whole lease blocks lying west of 87 degrees, 30 minutes West longitude), any oil or gas lease sale under the Outer Continental Shelf Lands Act (43 U.S.C. 1331 et seq.) occurring during the 5-year period beginning on August 8, 2005, shall use the bidding system authorized under section 8(a)(1)(H) of the Outer Continental Shelf Lands Act (43 U.S.C. 1337(a)(1)(H)).

(b) Suspension of royalties

The suspension of royalties under subsection (a) shall be established at a volume of not less than—

- (1) 5,000,000 barrels of oil equivalent for each lease in water depths of 400 to 800 meters;
- (2) 9,000,000 barrels of oil equivalent for each lease in water depths of 800 to 1,600 meters;
- (3) 12,000,000 barrels of oil equivalent for each lease in water depths of 1,600 to 2,000 meters; and
- (4) 16,000,000 barrels of oil equivalent for each lease in water depths greater than 2,000 meters.

(c) Limitation

The Secretary may place limitations on royalty relief granted under this section based on market price.

(Pub. L. 109–58, title III, §345, Aug. 8, 2005, 119 Stat. 703.)

Editorial Notes

REFERENCES IN TEXT

The Outer Continental Shelf Lands Act, referred to in subsec. (a), is act Aug. 7, 1953, ch. 345, 67 Stat. 462, which is classified generally to subchapter III (§1331 et seq.) of chapter 29 of Title 43, Public Lands. For complete classification of this Act to the Code, see Short Title note set out under section 1301 of Title 43 and Tables.

§ 15906. North Slope Science Initiative**(a) Establishment****(1) In general**

The Secretary of the Interior shall establish a long-term initiative to be known as the “North Slope Science Initiative” (referred to in this section as the “Initiative”).

(2) Purpose

The purpose of the Initiative shall be to implement efforts to coordinate collection of scientific data that will provide a better understanding of the terrestrial, aquatic, and marine ecosystems of the North Slope of Alaska.

(b) Objectives

To ensure that the Initiative is conducted through a comprehensive science strategy and implementation plan, the Initiative shall, at a minimum—

- (1) identify and prioritize information needs for inventory, monitoring, and research activities to address the individual and cumulative effects of past, ongoing, and anticipated development activities and environmental change on the North Slope;
- (2) develop an understanding of information needs for regulatory and land management agencies, local governments, and the public;