

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.

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## 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

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## 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           18<sup>3</sup>/<sub>4</sub> 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       ciple 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           “(1) IN GENERAL.—The Secretary shall under-  
2           take a rulemaking to provide for reduction of the  
3           royalty under a Federal oil and gas lease that is an  
4           eligible lease.”.

5           (b) The Secretary shall issue the final regulations  
6 under section 354 of the Energy Policy Act of 2005 not  
7 later than 180 days after enactment of this Act.

8   **SEC. 27. MINIMUM RENTAL RATES FOR FUTURE OIL, GAS,**  
9           **AND COAL FEDERAL LEASES.**

10          Effective upon the date of enactment of this Act, the  
11 minimum annual rental rate for oil and gas, oil shale, tar  
12 sands, and coal leases issued after that date shall be no  
13 less than \$4.00 per acre for the first 5 years, and increas-  
14 ing by \$1 per acre/per year for each thereafter until the  
15 lessee begins to pay royalties for leases under the Mineral  
16 Leasing Act (30 U.S.C. 181 et seq.), the Mineral Leasing  
17 Act for Acquired Lands (30 U.S.C. 351 et seq.), the Outer  
18 Continental Shelf Lands Act (43 U.S.C. 1331 et seq.), and  
19 any other statute that provides for the leasing of lands  
20 and waters owned and/or controlled by the Federal Gov-  
21 ernment for mineral exploration and production. Any in-  
22 creased rental receipts under this section shall be treated  
23 as offsetting receipts.

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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