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DEEP OCEAN ENERGY RESOURCES ACT OF 2006

JUNE 26, 2006.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. POMBO, from the Committee on Resources, submitted the following

R E P O R T

together with

DISSENTING VIEWS

[To accompany H.R. 4761]

[Including cost estimate of the Congressional Budget Office]

The Committee on Resources, to whom was referred the bill (H.R. 4761) to provide for exploration, development, and production activities for mineral resources on the outer Continental Shelf, and for other purposes, having considered the same, reports favorably thereon with an amendment and recommends that the bill as amended do pass.

The amendment is as follows:

Strike all after the enacting clause and insert the following:

SECTION 1. SHORT TITLE.

This Act may be cited as the "Deep Ocean Energy Resources Act of 2006".

SEC. 2. POLICY.

It is the policy of the United States that—

(1) the United States is blessed with abundant energy resources on the outer Continental Shelf and has developed a comprehensive framework of environmental laws and regulations and fostered the development of state-of-the-art technology that allows for the responsible development of these resources for the benefit of its citizenry;

(2) adjacent States are required by the circumstances to commit significant resources in support of exploration, development, and production activities for mineral resources on the outer Continental Shelf, and it is fair and proper for a portion of the receipts from such activities to be shared with Adjacent States and their local coastal governments;

(3) the existing laws governing the leasing and production of the mineral resources of the outer Continental Shelf have reduced the production of mineral resources, have preempted Adjacent States from being sufficiently involved in

49–006

the decisions regarding the allowance of mineral resource development, and have been harmful to the national interest;

(4) the national interest is served by granting the Adjacent States more options related to whether or not mineral leasing should occur in the outer Continental Shelf within their Adjacent Zones;

(5) it is not reasonably foreseeable that exploration of a leased tract located more than 25 miles seaward of the coastline, development and production of a natural gas discovery located more than 25 miles seaward of the coastline, or development and production of an oil discovery located more than 50 miles seaward of the coastline will adversely affect resources near the coastline;

(6) transportation of oil from a leased tract might reasonably be foreseen, under limited circumstances, to have the potential to adversely affect resources near the coastline if the oil is within 50 miles of the coastline, but such potential to adversely affect such resources is likely no greater, and probably less, than the potential impacts from tanker transportation because tanker spills usually involve large releases of oil over a brief period of time; and

(7) among other bodies of inland waters, the Great Lakes, Long Island Sound, Delaware Bay, Chesapeake Bay, Albemarle Sound, San Francisco Bay, and Puget Sound are not part of the outer Continental Shelf, and are not subject to leasing by the Federal Government for the exploration, development, and production of any mineral resources that might lie beneath them.

SEC. 3. DEFINITIONS UNDER THE OUTER CONTINENTAL SHELF LANDS ACT.

Section 2 of the Outer Continental Shelf Lands Act (43 U.S.C. 1331) is amended—

(1) by amending paragraph (f) to read as follows:

"(f) The term 'affected State' means the Adjacent State.";

(2) by striking the semicolon at the end of each of paragraphs (a) through (o) and inserting a period;

(3) by striking "; and" at the end of paragraph (p) and inserting a period;

(4) by adding at the end the following:

"(r) The term 'Adjacent State' means, with respect to any program, plan, lease sale, leased tract or other activity, proposed, conducted, or approved pursuant to the provisions of this Act, any State the laws of which are declared, pursuant to section 4(a)(2), to be the law of the United States for the portion of the outer Continental Shelf on which such program, plan, lease sale, leased tract or activity appertains or is, or is proposed to be, conducted. For purposes of this paragraph, the term 'State' includes Puerto Rico and the other Territories of the United States.

"(s) The term 'Adjacent Zone' means, with respect to any program, plan, lease sale, leased tract, or other activity, proposed, conducted, or approved pursuant to the provisions of this Act, the portion of the outer Continental Shelf for which the laws of a particular Adjacent State are declared, pursuant to section 4(a)(2), to be the law of the United States.

"(t) The term 'miles' means statute miles.

"(u) The term 'coastline' has the same meaning as the term 'coast line' as defined in section 2(c) of the Submerged Lands Act (43 U.S.C. 1301(c)).

"(v) The term 'Neighboring State' means a coastal State having a common boundary at the coastline with the Adjacent State."; and

(5) in paragraph (a), by inserting after "control" the following: "or lying within the United States exclusive economic zone adjacent to the Territories of the United States".

SEC. 4. DETERMINATION OF ADJACENT ZONES AND PLANNING AREAS.

Section 4(a)(2)(A) of the Outer Continental Shelf Lands Act (43 U.S.C. 1333(a)(2)(A)) is amended in the first sentence by striking ", and the President" and all that follows through the end of the sentence and inserting the following: ". The lines extending seaward and defining each State's Adjacent Zone, and each OCS Planning Area, are as indicated on the maps for each outer Continental Shelf region entitled 'Alaska OCS Region State Adjacent Zone and OCS Planning Areas', 'Pacific OCS Region State Adjacent Zones and OCS Planning Areas', 'Gulf of Mexico OCS Region State Adjacent Zones and OCS Planning Areas', and 'Atlantic OCS Region State Adjacent Zones and OCS Planning Areas', all of which are dated September 2005 and on file in the Office of the Director, Minerals Management Service.".

SEC. 5. ADMINISTRATION OF LEASING.

Section 5 of the Outer Continental Shelf Lands Act (43 U.S.C. 1334) is amended by adding at the end the following:

"(k) VOLUNTARY PARTIAL RELINQUISHMENT OF A LEASE.—Any lessee of a producing lease may relinquish to the Secretary any portion of a lease that the lessee has no interest in producing and that the Secretary finds is geologically prospective. In return for any such relinquishment, the Secretary shall provide to the lessee a

royalty incentive for the portion of the lease retained by the lessee, in accordance with regulations promulgated by the Secretary to carry out this subsection. The Secretary shall publish final regulations implementing this subsection within 365 days after the date of the enactment of the Deep Ocean Energy Resources Act of 2006.

"(l) NATURAL GAS LEASE REGULATIONS.—Not later than July 1, 2007, the Secretary shall publish a final regulation that shall—

"(1) establish procedures for entering into natural gas leases;

"(2) ensure that natural gas leases are only available for tracts on the outer Continental Shelf that are wholly within 100 miles of the coastline within an area withdrawn from disposition by leasing on the day after the date of enactment of the Deep Ocean Energy Resources Act of 2006;

"(3) provide that natural gas leases shall contain the same rights and obligations established for oil and gas leases, except as otherwise provided in the Deep Ocean Energy Resources Act of 2006;

"(4) provide that, in reviewing the adequacy of bids for natural gas leases, the value of any crude oil estimated to be contained within any tract shall be excluded;

"(5) provide that any crude oil produced from a well and reinjected into the leased tract shall not be subject to payment of royalty, and that the Secretary shall consider, in setting the royalty rates for a natural gas lease, the additional cost to the lessee of not producing any crude oil; and

"(6) provide that any Federal law that applies to an oil and gas lease on the outer Continental Shelf shall apply to a natural gas lease unless otherwise clearly inapplicable.".

SEC. 6. GRANT OF LEASES BY SECRETARY.

Section 8 of the Outer Continental Shelf Lands Act (43 U.S.C. 1337) is amended—

(1) in subsection (a)(1) by inserting after the first sentence the following: "Further, the Secretary may grant natural gas leases in a manner similar to the granting of oil and gas leases and under the various bidding systems available for oil and gas leases.";

(2) by adding at the end of subsection (b) the following:

"The Secretary may issue more than one lease for a given tract if each lease applies to a separate and distinct range of vertical depths, horizontal surface area, or a combination of the two. The Secretary may issue regulations that the Secretary determines are necessary to manage such leases consistent with the purposes of this Act.";

(3) by amending subsection (p)(2)(B) to read as follows:

"(B) The Secretary shall provide for the payment to coastal states, and their local coastal governments, of 75 percent of Federal receipts from projects authorized under this section located partially or completely within the area extending seaward of State submerged lands out to 4 marine leagues from the coastline, and the payment to coastal states of 50 percent of the receipts from projects completely located in the area more than 4 marine leagues from the coastline. Payments shall be based on a formula established by the Secretary by rulemaking no later than 180 days after the date of the enactment of the Deep Ocean Energy Resources Act of 2006 that provides for equitable distribution, based on proximity to the project, among coastal states that have coastline that is located within 200 miles of the geographic center of the project.".

(4) by adding at the end the following:

"(q) NATURAL GAS LEASES.—

"(1) RIGHT TO PRODUCE NATURAL GAS.—A lessee of a natural gas lease shall have the right to produce the natural gas from a field on a natural gas leased tract if the Secretary estimates that the discovered field has at least 40 percent of the economically recoverable Btu content of the field contained within natural gas and such natural gas is economical to produce.

"(2) CRUDE OIL.—A lessee of a natural gas lease may not produce crude oil from the lease.

"(3) ESTIMATES OF BTU CONTENT.—The Secretary shall make estimates of the natural gas Btu content of discovered fields on a natural gas lease only after the completion of at least one exploration well, the data from which has been tied to the results of a three-dimensional seismic survey of the field. The Secretary may not require the lessee to further delineate any discovered field prior to making such estimates.

"(4) DEFINITION OF NATURAL GAS.—For purposes of a natural gas lease, natural gas means natural gas and all substances produced in association with gas, including, but not limited to, hydrocarbon liquids (other than crude oil) that are obtained by the condensation of hydrocarbon vapors and separate out in liquid form from the produced gas stream.

"(r) REMOVAL OF RESTRICTIONS ON JOINT BIDDING IN CERTAIN AREAS OF THE OUTER CONTINENTAL SHELF.—Restrictions on joint bidders shall no longer apply to tracts located in the Alaska OCS Region. Such restrictions shall not apply to tracts in other OCS regions determined to be 'frontier tracts' or otherwise 'high cost tracts' under final regulations that shall be published by the Secretary by not later than 365 days after the date of the enactment of the Deep Ocean Energy Resources Act of 2006.

"(s) ROYALTY SUSPENSION PROVISIONS.—The Secretary shall agree to a request by any lessee to amend any lease issued for Central and Western Gulf of Mexico tracts during the period of December 1, 1995, through December 31, 2000, to incorporate price thresholds applicable to royalty suspension provisions, or amend existing price thresholds, in the amount of $40.50 per barrel (2006 dollars) for oil and for natural gas of $6.75 per million Btu (2006 dollars). Any amended lease shall impose the new or revised price thresholds effective October 1, 2005. Existing lease provisions shall prevail through September 30, 2005. After the date of the enactment of the Deep Ocean Energy Resources Act of 2006, price thresholds shall apply to any royalty suspension volumes granted by the Secretary. Unless otherwise set by Secretary by regulation or for a particular lease sale, the price thresholds shall be $40.50 for oil (2006 dollars) and $6.75 for natural gas (2006 dollars).

"(t) ROYALTY RATE FOR OIL AND GAS OR NATURAL GAS LEASES ON THE OUTER CONTINENTAL SHELF.—After the date of the enactment of the Deep Ocean Energy Resources Act of 2006, the base royalty rate for new oil and gas or natural gas leases on the outer Continental Shelf shall be the same for all leased tracts.

"(u) CONSERVATION OF RESOURCES FEES.—

"(1) Not later than one year after the date of the enactment of the Deep Ocean Energy Resources Act of 2006, the Secretary by regulation shall establish a conservation of resources fee for producing leases that will apply to new and existing leases which shall be set at $9 per barrel for oil and $1.25 per million Btu for gas. This fee shall only apply to leases in production located in more than 200 meters of water for which royalties are not being paid when prices exceed $40.50 per barrel for oil and $6.75 per million Btu for natural gas in 2006, dollars. This fee shall apply to production from and after October 1, 2005, and shall be treated as offsetting receipts.

"(2) Not later than one year after the date of the enactment of the Deep Ocean Energy Resources Act of 2006, the Secretary by regulation shall establish a conservation of resources fee for nonproducing leases that will apply to new and existing leases which shall be set at not less than $1.00 nor more than $4.00 per acre per year. This fee shall apply from and after October 1, 2005, and shall be treated as offsetting receipts.";

(5) by striking subsection (a)(3)(A) and redesignating the subsequent subparagraphs as subparagraphs (A) and (B), respectively;

(6) in subsection (a)(3)(A) (as so redesignated) by striking "In the Western" and all that follows through "the Secretary" the first place it appears and inserting "The Secretary"; and

(7) effective October 1, 2006, in subsection (g)—

(A) by striking all after "(g)", except paragraph (3);

(B) by striking the last sentence of paragraph (3); and

(C) by striking "(3)".

SEC. 7. DISPOSITION OF RECEIPTS.

Section 9 of the Outer Continental Shelf Lands Act (43 U.S.C. 1338) is amended—

(1) by designating the existing text as subsection (a);

(2) in subsection (a) (as so designated) by inserting ", if not paid as otherwise provided in this title" after "receipts"; and

(3) by adding the following:

"(b) TREATMENT OF OCS RECEIPTS FROM TRACTS COMPLETELY WITHIN 100 MILES OF THE COASTLINE.—

"(1) DEPOSIT.—The Secretary shall deposit into a separate account in the Treasury the portion of OCS Receipts for each fiscal year that will be shared under paragraphs (2), (3), and (4).

"(2) PHASED-IN RECEIPTS SHARING.—

"(A) Beginning October 1, 2005, the Secretary shall share OCS Receipts derived from the following areas:

"(i) Lease tracts located on portions of the Gulf of Mexico OCS Region completely beyond 4 marine leagues from any coastline and completely within 100 miles of any coastline that are available for leasing under the 2002–2007 5-Year Oil and Gas Leasing Program in effect prior to the date of the enactment of the Deep Ocean Energy Resources Act of 2006.

"(ii) Lease tracts in production prior to October 1, 2005, completely beyond 4 marine leagues from any coastline and completely within 100 miles of any coastline located on portions of the OCS that were not available for leasing under the 2002–2007 5-Year OCS Oil and Gas Leasing Program in effect prior to the date of the enactment of the Deep Ocean Energy Resources Act of 2006.

"(iii) Lease tracts for which leases are issued prior to October 1, 2005, located in the Alaska OCS Region completely beyond 4 marine leagues from any coastline and completely within 100 miles of the coastline.

"(B) The Secretary shall share the following percentages of OCS Receipts from the leases described in subparagraph (A) derived during the fiscal year indicated:

"(i) For fiscal year 2006, 6.0 percent.
"(ii) For fiscal year 2007, 7.0 percent.
"(iii) For fiscal year 2008, 8.0 percent.
"(iv) For fiscal year 2009, 9.0 percent.
"(v) For fiscal year 2010, 12.0 percent.
"(vi) For fiscal year 2011, 15.0 percent.
"(vii) For fiscal year 2012, 18.0 percent.
"(viii) For fiscal year 2013, 21.0 percent.
"(ix) For fiscal year 2014, 24.0 percent.
"(x) For fiscal year 2015, 27.0 percent.
"(xi) For fiscal year 2016, 30.0 percent.
"(xii) For fiscal year 2017, 33.0 percent.
"(xiii) For fiscal year 2018, 36.0 percent.
"(xiv) For fiscal year 2019, 39.0 percent.
"(xv) For fiscal year 2020, 42.0 percent.
"(xvi) For fiscal year 2021, 45.0 percent.
"(xvii) For fiscal year 2022 and each subsequent fiscal year, 50.0 percent.

"(C) The provisions of this paragraph shall not apply to leases that could not have been issued but for section 5(k) of this Act or section 6(2) of the Deep Ocean Energy Resources Act of 2006.

"(3) IMMEDIATE RECEIPTS SHARING.—Beginning October 1, 2005, the Secretary shall share 50 percent of OCS Receipts derived from all leases located completely beyond 4 marine leagues from any coastline and completely within 100 miles of any coastline not included within the provisions of paragraph (2).

"(4) RECEIPTS SHARING FROM TRACTS WITHIN 4 MARINE LEAGUES OF ANY COASTLINE.—Beginning October 1, 2005, the Secretary shall share 75 percent of OCS Receipts derived from all leases located completely or partially within 4 marine leagues from any coastline.

"(5) ALLOCATIONS.—The Secretary shall allocate the OCS Receipts deposited into the separate account established by paragraph (1) that are shared under paragraphs (2), (3), and (4) as follows:

"(A) BONUS BIDS.—Deposits derived from bonus bids from a leased tract, including interest thereon, shall be allocated at the end of each fiscal year as follows:

"(i) 85 percent to the Adjacent State.

"(ii) 5 percent into the Treasury, which shall be allocated to the account established by section 14 of the Deep Ocean Energy Resources Act of 2006.

"(iii) 5 percent into the account established by section 23 of the Deep Ocean Energy Resources Act of 2006.

"(iv) 5 percent into the account established by section 26 of the Deep Ocean Energy Resources Act of 2006.

"(B) ROYALTIES.—Deposits derived from royalties from a leased tract, including interest thereon, shall be allocated at the end of each fiscal year as follows:

"(i) 85 percent to the Adjacent State and any other producing State or States with a leased tract within its Adjacent Zone within 100 miles of its coastline that generated royalties during the fiscal year, if the other producing or States have a coastline point within 300 miles of any portion of the leased tract, in which case the amount allocated for the leased tract shall be—

"(I) one-third to the Adjacent State; and

"(II) two-thirds to each producing State, including the Adjacent State, inversely proportional to the distance between the nearest point on the coastline of the producing State and the geographic center of the leased tract.

"(ii) 5 percent into the Treasury, which shall be allocated to the account established by section 14 of the Deep Ocean Energy Resources Act of 2006.

"(iii) 5 percent into the account established by section 23 of the Deep Ocean Energy Resources Act of 2006.

"(iv) 5 percent into the account established by section 26 of the Deep Ocean Energy Resources Act of 2006.

"(c) TREATMENT OF OCS RECEIPTS FROM TRACTS PARTIALLY OR COMPLETELY BEYOND 100 MILES OF THE COASTLINE.—

"(1) DEPOSIT.—The Secretary shall deposit into a separate account in the Treasury the portion of OCS Receipts for each fiscal year that will be shared under paragraphs (2) and (3).

"(2) PHASED-IN RECEIPTS SHARING.—

"(A) Beginning October 1, 2005, the Secretary shall share OCS Receipts derived from the following areas:

"(i) Lease tracts located on portions of the Gulf of Mexico OCS Region partially or completely beyond 100 miles of any coastline that were available for leasing under the 2002–2007 5-Year Oil and Gas Leasing Program in effect prior to the date of enactment of the Deep Ocean Energy Resources Act of 2006.

"(ii) Lease tracts in production prior to October 1, 2005, partially or completely beyond 100 miles of any coastline located on portions of the OCS that were not available for leasing under the 2002–2007 5-Year OCS Oil and Gas Leasing Program in effect prior to the date of enactment of the Deep Ocean Energy Resources Act of 2006.

"(iii) Lease tracts for which leases are issued prior to October 1, 2005, located in the Alaska OCS Region partially or completely beyond 100 miles of the coastline.

"(B) The Secretary shall share the following percentages of OCS Receipts from the leases described in subparagraph (A) derived during the fiscal year indicated:

"(i) For fiscal year 2006, 6.0 percent.

"(ii) For fiscal year 2007, 7.0 percent.

"(iii) For fiscal year 2008, 8.0 percent.

"(iv) For fiscal year 2009, 9.0 percent.

"(v) For fiscal year 2010, 12.0 percent.

"(vi) For fiscal year 2011, 15.0 percent.

"(vii) For fiscal year 2012, 18.0 percent.

"(viii) For fiscal year 2013, 21.0 percent.

"(ix) For fiscal year 2014, 24.0 percent.

"(x) For fiscal year 2015, 27.0 percent.

"(xi) For fiscal year 2016, 30.0 percent.

"(xii) For fiscal year 2017, 33.0 percent.

"(xiii) For fiscal year 2018, 36.0 percent.

"(xiv) For fiscal year 2019, 39.0 percent.

"(xv) For fiscal year 2020, 42.0 percent.

"(xvi) For fiscal year 2021, 45.0 percent.

"(xvii) For fiscal year 2022 and each subsequent fiscal year, 50.0 percent.

"(C) The provisions of this paragraph shall not apply to leases that could not have been issued but for section 5(k) of this Act or section 6(2) of the Deep Ocean Energy Resources Act of 2006.

"(3) IMMEDIATE RECEIPTS SHARING.—Beginning October 1, 2005, the Secretary shall share 50 percent of OCS Receipts derived on and after October 1, 2005, from all leases located partially or completely beyond 100 miles of any coastline not included within the provisions of paragraph (2).

"(4) ALLOCATIONS.—The Secretary shall allocate the OCS Receipts deposited into the separate account established by paragraph (1) that are shared under paragraphs (2) and (3) as follows:

"(A) BONUS BIDS.—Deposits derived from bonus bids from a leased tract, including interest thereon, shall be allocated at the end of each fiscal year as follows:

"(i) 85 percent to the Adjacent State.

"(ii) 5 percent into the Treasury, which shall be allocated to the account established by section 14 of the Deep Ocean Energy Resources Act of 2006.

"(iii) 5 percent into the account established by section 23 of the Deep Ocean Energy Resources Act of 2006.

"(iv) 5 percent into the account established by section 26 of the Deep Ocean Energy Resources Act of 2006.

"(B) ROYALTIES.—Deposits derived from royalties from a leased tract, including interest thereon, shall be allocated at the end of each fiscal year as follows:

"(i) 85 percent to the Adjacent State and any other producing State or States with a leased tract within its Adjacent Zone partially or completely beyond 100 miles of its coastline that generated royalties during the fiscal year, if the other producing State or States have a coastline point within 300 miles of any portion of the leased tract, in which case the amount allocated for the leased tract shall be—

"(I) one-third to the Adjacent State; and

"(II) two-thirds to each producing State, including the Adjacent State, inversely proportional to the distance between the nearest point on the coastline of the producing State and the geographic center of the leased tract.

"(ii) 5 percent into the account established by section 14 of the Deep Ocean Energy Resources Act of 2006.

"(iii) 5 percent into the account established by section 23 of the Deep Ocean Energy Resources Act of 2006.

"(iv) 5 percent into the account established by section 26 of the Deep Ocean Energy Resources Act of 2006.

"(d) TRANSMISSION OF ALLOCATIONS.—

"(1) IN GENERAL.—Not later than 90 days after the end of each fiscal year, the Secretary shall transmit—

"(A) to each State 60 percent of such State's allocations under subsections (b)(5)(A)(i), (b)(5)(B)(i), (c)(4)(A)(i), and (c)(4)(B)(i) for the immediate prior fiscal year;

"(B) to coastal county-equivalent and municipal political subdivisions of such State a total of 40 percent of such State's allocations under subsections (b)(5)(A)(i), (b)(5)(B)(i), (c)(4)(A)(i), and (c)(4)(B)(i), together with all accrued interest thereon; and

"(C) the remaining allocations under subsections (b)(5) and (c)(4), together with all accrued interest thereon.

"(2) ALLOCATIONS TO COASTAL COUNTY-EQUIVALENT POLITICAL SUBDIVISIONS.—The Secretary shall make an initial allocation of the OCS Receipts to be shared under paragraph (1)(B) as follows:

"(A) 25 percent shall be allocated to coastal county-equivalent political subdivisions that are completely more than 25 miles landward of the coastline and at least a part of which lies not more than 75 miles landward from the coastline, with the allocation among such coastal county-equivalent political subdivisions based on population.

"(B) 75 percent shall be allocated to coastal county-equivalent political subdivisions that are completely or partially less than 25 miles landward of the coastline, with the allocation among such coastal county-equivalent political subdivisions to be further allocated as follows:

"(i) 25 percent shall be allocated based on the ratio of such coastal county-equivalent political subdivision's population to the coastal population of all coastal county-equivalent political subdivisions in the State.

"(ii) 25 percent shall be allocated based on the ratio of such coastal county-equivalent political subdivision's coastline miles to the coastline miles of all coastal county-equivalent political subdivisions in the State as calculated by the Secretary. In such calculations, coastal county-equivalent political subdivisions without a coastline shall be considered to have 50 percent of the average coastline miles of the coastal county-equivalent political subdivisions that do have coastlines.

"(iii) 25 percent shall be allocated to all coastal county-equivalent political subdivisions having a coastline point within 300 miles of the leased tract for which OCS Receipts are being shared based on a formula that allocates the funds based on such coastal county-equivalent political subdivision's relative distance from the leased tract.

"(iv) 25 percent shall be allocated to all coastal county-equivalent political subdivisions having a coastline point within 300 miles of the leased tract for which OCS Receipts are being shared based on the relative level of outer Continental Shelf oil and gas activities in a coastal political subdivision compared to the level of outer Continental Shelf activities in all coastal political subdivisions in the State. The Secretary shall define the term 'outer Continental Shelf oil and gas activities' for

purposes of this subparagraph to include, but not be limited to, construction of vessels, drillships, and platforms involved in exploration, production, and development on the outer Continental Shelf; support and supply bases, ports, and related activities; offices of geologists, geophysicists, engineers, and other professionals involved in support of exploration, production, and development of oil and gas on the outer Continental Shelf; pipelines and other means of transporting oil and gas production from the outer Continental Shelf; and processing and refining of oil and gas production from the outer Continental Shelf. For purposes of this subparagraph, if a coastal county-equivalent political subdivision does not have a coastline, its coastal point shall be the point on the coastline closest to it.

"(3) ALLOCATIONS TO COASTAL MUNICIPAL POLITICAL SUBDIVISIONS.—The initial allocation to each coastal county-equivalent political subdivision under paragraph (2) shall be further allocated to the coastal county-equivalent political subdivision and any coastal municipal political subdivisions located partially or wholly within the boundaries of the coastal county-equivalent political subdivision as follows:

"(A) One-third shall be allocated to the coastal county-equivalent political subdivision.

"(B) Two-thirds shall be allocated on a per capita basis to the municipal political subdivisions and the county-equivalent political subdivision, with the allocation to the latter based upon its population not included within the boundaries of a municipal political subdivision.

"(e) INVESTMENT OF DEPOSITS.—Amounts deposited under this section shall be invested by the Secretary of the Treasury in securities backed by the full faith and credit of the United States having maturities suitable to the needs of the account in which they are deposited and yielding the highest reasonably available interest rates as determined by the Secretary of the Treasury.

"(f) USE OF FUNDS.—A recipient of funds under this section may use the funds for one or more of the following:

"(1) To reduce in-State college tuition at public institutions of higher learning and otherwise support public education, including career technical education.

"(2) To make transportation infrastructure improvements.

"(3) To reduce taxes.

"(4) To promote, fund, and provide for—

"(A) coastal or environmental restoration;

"(B) fish, wildlife, and marine life habitat enhancement;

"(C) waterways construction and maintenance;

"(D) levee construction and maintenance and shore protection; and

"(E) marine and oceanographic education and research.

"(5) To promote, fund, and provide for —

"(A) infrastructure associated with energy production activities conducted on the outer Continental Shelf;

"(B) energy demonstration projects;

"(C) supporting infrastructure for shore-based energy projects;

"(D) State geologic programs, including geologic mapping and data storage programs, and state geophysical data acquisition;

"(E) State seismic monitoring programs, including operation of monitoring stations;

"(F) development of oil and gas resources through enhanced recovery techniques;

"(G) alternative energy development, including bio fuels, coal-to-liquids, oil shale, tar sands, geothermal, geopressure, wind, waves, currents, hydro, and other renewable energy;

"(H) energy efficiency and conservation programs; and

"(I) front-end engineering and design for facilities that produce liquid fuels from hydrocarbons and other biological matter.

"(6) To promote, fund, and provide for—

"(A) historic preservation programs and projects;

"(B) natural disaster planning and response; and,

"(C) hurricane and natural disaster insurance programs.

"(7) For any other purpose as determined by State law.

"(g) NO ACCOUNTING REQUIRED.—No recipient of funds under this section shall be required to account to the Federal Government for the expenditure of such funds, except as otherwise may be required by law. However, States may enact legislation providing for accounting for and auditing of such expenditures. Further, funds allocated under this section to States and political subdivisions may be used as matching funds for other Federal programs.

"(h) EFFECT OF FUTURE LAWS.—Enactment of any future Federal statute that has the effect, as determined by the Secretary, of restricting any Federal agency from spending appropriated funds, or otherwise preventing it from fulfilling its pre-existing responsibilities as of the date of enactment of the statute, unless such responsibilities have been reassigned to another Federal agency by the statute with no prevention of performance, to issue any permit or other approval impacting on the OCS oil and gas leasing program, or any lease issued thereunder, or to implement any provision of this Act shall automatically prohibit any sharing of OCS Receipts under this section directly with the States, and their coastal political subdivisions, for the duration of the restriction. The Secretary shall make the determination of the existence of such restricting effects within 30 days of a petition by any outer Continental Shelf lessee or producing State.

"(i) DEFINITIONS.—In this section:

"(1) COASTAL COUNTY-EQUIVALENT POLITICAL SUBDIVISION.—The term 'coastal county-equivalent political subdivision' means a political jurisdiction immediately below the level of State government, including a county, parish, borough in Alaska, independent municipality not part of a county, parish, or borough in Alaska, or other equivalent subdivision of a coastal State, that lies within the coastal zone.

"(2) COASTAL MUNICIPAL POLITICAL SUBDIVISION.—The term 'coastal municipal political subdivision' means a municipality located within and part of a county, parish, borough in Alaska, or other equivalent subdivision of a State, all or part of which coastal municipal political subdivision lies within the coastal zone.

"(3) COASTAL POPULATION.—The term 'coastal population' means the population of all coastal county-equivalent political subdivisions, as determined by the most recent official data of the Census Bureau.

"(4) COASTAL ZONE.—The term 'coastal zone' means that portion of a coastal State, including the entire territory of any coastal county-equivalent political subdivision at least a part of which lies, within 75 miles landward from the coastline, or a greater distance as determined by State law enacted to implement this section.

"(5) BONUS BIDS.—The term 'bonus bids' means all funds received by the Secretary to issue an outer Continental Shelf minerals lease.

"(6) ROYALTIES.—The term 'royalties' means all funds received by the Secretary from production of oil or natural gas, or the sale of production taken in-kind, from an outer Continental Shelf minerals lease.

"(7) PRODUCING STATE.—The term 'producing State' means an Adjacent State having an Adjacent Zone containing leased tracts from which OCS Receipts were derived.

"(8) OCS RECEIPTS.—The term 'OCS Receipts' means bonus bids, royalties, and conservation of resources fees.".

SEC. 8. REVIEW OF OUTER CONTINENTAL SHELF EXPLORATION PLANS.

Subsections (c) and (d) of section 11 of the Outer Continental Shelf Lands Act (43 U.S.C. 1340) are amended to read as follows:

"(c) PLAN REVIEW; PLAN PROVISIONS.—

"(1) Except as otherwise provided in this Act, prior to commencing exploration pursuant to any oil and gas lease issued or maintained under this Act, the holder thereof shall submit an exploration plan (hereinafter in this section referred to as a 'plan') to the Secretary for review which shall include all information and documentation required under paragraphs (2) and (3). The Secretary shall review the plan for completeness within 10 days of submission. If the Secretary finds that the plan is not complete, the Secretary shall notify the lessee with a detailed explanation and require such modifications of such plan as are necessary to achieve completeness. The Secretary shall have 10 days to review a modified plan for completeness. Such plan may apply to more than one lease held by a lessee in any one region of the outer Continental Shelf, or by a group of lessees acting under a unitization, pooling, or drilling agreement, and the lessee shall certify that such plan is consistent with the terms of the lease and is consistent with all statutory and regulatory requirements in effect on the date of issuance of the lease, and any regulations promulgated under this Act to the conservation of resources after the date of the lease issuances. The Secretary shall have 30 days from the date the plan is deemed complete to conduct a review of the plan. If the Secretary finds the plan is not consistent with the lease and all such statutory and regulatory requirements, the Secretary shall notify the lessee with a detailed explanation of such modifications of such plan as are necessary to achieve compliance. The Secretary shall have 30 days to review any modified plan submitted by the lessee. The lessee shall not take any

action under the exploration plan within the 30-day review period, or thereafter until the plan has been modified to achieve compliance as so notified.

"(2) An exploration plan submitted under this subsection shall include, in the degree of detail which the Secretary may by regulation require—

"(A) a schedule of anticipated exploration activities to be undertaken;

"(B) a description of equipment to be used for such activities;

"(C) the general location of each well to be drilled; and

"(D) such other information deemed pertinent by the Secretary.

"(3) The Secretary may, by regulation, require that such plan be accompanied by a general statement of development and production intentions which shall be for planning purposes only and which shall not be binding on any party.

"(d) PLAN REVISIONS; CONDUCT OF EXPLORATION ACTIVITIES.—

"(1) If a significant revision of an exploration plan under this subsection is submitted to the Secretary, the process to be used for the review of such revision shall be the same as set forth in subsection (c) of this section.

"(2) All exploration activities pursuant to any lease shall be conducted in accordance with an exploration plan or a revised plan which has been submitted to and reviewed by the Secretary.".

SEC. 9. RESERVATION OF LANDS AND RIGHTS.

Section 12 of the Outer Continental Shelf Lands Act (43 U.S.C. 1341) is amended—

(1) in subsection (a) by adding at the end the following: "The President may partially or completely revise or revoke any prior withdrawal made by the President under the authority of this section. The President may not revise or revoke a withdrawal that was initiated by a petition from a State and approved by the Secretary of the Interior under subsection (h). A withdrawal by the President may be for a term not to exceed 10 years. When considering potential uses of the outer Continental Shelf, to the maximum extent possible, the President shall accommodate competing interests and potential uses.";

(2) by adding at the end the following:

"(g) AVAILABILITY FOR LEASING WITHIN CERTAIN AREAS OF THE OUTER CONTINENTAL SHELF.—

"(1) PROHIBITION AGAINST LEASING.—

"(A) UNAVAILABLE FOR LEASING WITHOUT STATE REQUEST.—Except as otherwise provided in this subsection, from and after enactment of the Deep Ocean Energy Resources Act of 2006, the Secretary shall not offer for leasing for oil and gas, or natural gas, any area within 50 miles of the coastline that was withdrawn from disposition by leasing in the Atlantic OCS Region or the Pacific OCS Region, or the Gulf of Mexico OCS Region Eastern Planning Area, as depicted on the maps referred to in this subparagraph, under the 'Memorandum on Withdrawal of Certain Areas of the United States Outer Continental Shelf from Leasing Disposition', 34 Weekly Comp. Pres. Doc. 1111, dated June 12, 1998, or any area within 50 miles of the coastline not withdrawn under that Memorandum that is included within the Gulf of Mexico OCS Region Eastern Planning Area as indicated on the map entitled 'Gulf of Mexico OCS Region State Adjacent Zones and OCS Planning Areas' or the Florida Straits Planning Area as indicated on the map entitled 'Atlantic OCS Region State Adjacent Zones and OCS Planning Areas', both of which are dated September 2005 and on file in the Office of the Director, Minerals Management Service.

"(B) AREAS BETWEEN 50 AND 100 MILES FROM THE COASTLINE.—Unless an Adjacent State petitions under subsection (h) within one year after the date of the enactment of the Deep Ocean Energy Resources Act of 2006 for natural gas leasing or by June 30, 2009, for oil and gas leasing, the Secretary shall offer for leasing any area more than 50 miles but less than 100 miles from the coastline that was withdrawn from disposition by leasing in the Atlantic OCS Region, the Pacific OCS Region, or the Gulf of Mexico OCS Region Eastern Planning Area, as depicted on the maps referred to in this subparagraph, under the 'Memorandum on Withdrawal of Certain Areas of the United States Outer Continental Shelf from Leasing Disposition', 34 Weekly Comp. Pres. Doc. 1111, dated June 12, 1998, or any area more than 50 miles but less than 100 miles of the coastline not withdrawn under that Memorandum that is included within the Gulf of Mexico OCS Region Eastern Planning Area as indicated on the map entitled 'Gulf of Mexico OCS Region State Adjacent Zones and OCS Planning Areas' or within the Florida Straits Planning Area as indicated on the map entitled 'Atlantic OCS Region State Adjacent Zones and OCS Planning Areas', both of which are

dated September 2005 and on file in the Office of the Director, Minerals Management Service.

"(2) REVOCATION OF WITHDRAWAL.—The provisions of the 'Memorandum on Withdrawal of Certain Areas of the United States Outer Continental Shelf from Leasing Disposition', 34 Weekly Comp. Pres. Doc. 1111, dated June 12, 1998, are hereby revoked and are no longer in effect regarding any areas that are more than 100 miles from the coastline, nor for any areas that are less than 100 miles from the coastline and are included within the Gulf of Mexico OCS Region Central Planning Area as depicted on the map entitled 'Gulf of Mexico OCS Region State Adjacent Zones and OCS Planning Areas' dated September 2005 and on file in the Office of the Director, Minerals Management Service. The 2002–2007 5-Year Outer Continental Shelf Oil and Gas Leasing Program is hereby amended to include the areas added to the Gulf of Mexico OCS Region Central Planning Area by this Act to the extent that such areas were included within the original boundaries of proposed Lease Sale 181. The amendment to such leasing program includes a sale in such additional areas, which shall be held no later than June 30, 2007. The Final Environmental Impact Statement prepared for this area for Lease Sale 181 shall be deemed sufficient for all purposes for each lease sale in which such area is offered for lease during the 2002–2007 5-Year Outer Continental Shelf Oil and Gas Leasing Program without need for supplementation. Any tract only partially added to the Gulf of Mexico OCS Region Central Planning Area by this Act shall be eligible for leasing of the part of such tract that is included within the Gulf of Mexico OCS Region Central Planning Area, and the remainder of such tract that lies outside of the Gulf of Mexico OCS Region Central Planning Area may be developed and produced by the lessee of such partial tract using extended reach or similar drilling from a location on a leased area. Further, any area in the OCS withdrawn from leasing may be leased, and thereafter developed and produced by the lessee using extended reach or similar drilling from a location on a leased area located in an area available for leasing.

"(3) PETITION FOR LEASING.—

"(A) IN GENERAL.—The Governor of the State, upon concurrence of its legislature, may submit to the Secretary a petition requesting that the Secretary make available any area that is within the State's Adjacent Zone, included within the provisions of paragraph (1), and that (i) is greater than 25 miles from any point on the coastline of a Neighboring State for the conduct of offshore leasing, pre-leasing, and related activities with respect to natural gas leasing; or (ii) is greater than 50 miles from any point on the coastline of a Neighboring State for the conduct of offshore leasing, pre-leasing, and related activities with respect to oil and gas leasing. The Adjacent State may also petition for leasing any other area within its Adjacent Zone if leasing is allowed in the similar area of the Adjacent Zone of the applicable Neighboring State, or if not allowed, if the Neighboring State, acting through its Governor, expresses its concurrence with the petition. The Secretary shall only consider such a petition upon making a finding that leasing is allowed in the similar area of the Adjacent Zone of the applicable Neighboring State or upon receipt of the concurrence of the Neighboring State. The date of receipt by the Secretary of such concurrence by the Neighboring State shall constitute the date of receipt of the petition for that area for which the concurrence applies. Except for any area described in the last sentence of paragraph (2), a petition for leasing any part of the Alabama Adjacent Zone that is a part of the Gulf of Mexico Eastern Planning Area, as indicated on the map entitled 'Gulf of Mexico OCS Region State Adjacent Zones and OCS Planning Areas' which is dated September 2005 and on file in the Office of the Director, Minerals Management Service, shall require the concurrence of both Alabama and Florida.

"(B) LIMITATIONS ON LEASING.—In its petition, a State with an Adjacent Zone that contains leased tracts may condition new leasing for oil and gas, or natural gas for tracts within 25 miles of the coastline by—

"(i) requiring a net reduction in the number of production platforms;

"(ii) requiring a net increase in the average distance of production platforms from the coastline;

"(iii) limiting permanent surface occupancy on new leases to areas that are more than 10 miles from the coastline;

"(iv) limiting some tracts to being produced from shore or from platforms located on other tracts; or

"(v) other conditions that the Adjacent State may deem appropriate as long as the Secretary does not determine that production is made economically or technically impracticable or otherwise impossible.

"(C) ACTION BY SECRETARY.—Not later than 90 days after receipt of a petition under subparagraph (A), the Secretary shall approve the petition, unless the Secretary determines that leasing the area would probably cause serious harm or damage to the marine resources of the State's Adjacent Zone. Prior to approving the petition, the Secretary shall complete an environmental assessment that documents the anticipated environmental effects of leasing in the area included within the scope of the petition.

"(D) FAILURE TO ACT.—If the Secretary fails to approve or deny a petition in accordance with subparagraph (C) the petition shall be considered to be approved 90 days after receipt of the petition.

"(E) AMENDMENT OF THE 5-YEAR LEASING PROGRAM.—Notwithstanding section 18, within 180 days of the approval of a petition under subparagraph (C) or (D), after the expiration of the time limits in paragraph (1)(B), and within 180 days after the enactment of the Deep Ocean Energy Resources Act of 2006 for the areas made available for leasing under paragraph (2), the Secretary shall amend the current 5-Year Outer Continental Shelf Oil and Gas Leasing Program to include a lease sale or sales for at least 75 percent of the associated areas, unless there are, from the date of approval, expiration of such time limits, or enactment, as applicable, fewer than 12 months remaining in the current 5-Year Leasing Program in which case the Secretary shall include the associated areas within lease sales under the next 5-Year Leasing Program. For purposes of amending the 5-Year Program in accordance with this section, further consultations with States shall not be required. For purposes of this section, an environmental assessment performed under the provisions of the National Environmental Policy Act of 1969 to assess the effects of approving the petition shall be sufficient to amend the 5-Year Leasing Program.

"(h) OPTION TO PETITION FOR EXTENSION OF WITHDRAWAL FROM LEASING WITHIN CERTAIN AREAS OF THE OUTER CONTINENTAL SHELF.—

"(1) IN GENERAL.—The Governor of the State, upon the concurrence of its legislature, may submit to the Secretary petitions requesting that the Secretary extend for a period of time of up to 5 years for each petition the withdrawal from leasing for all or part of any area within the State's Adjacent Zone located more than 50 miles, but less than 100 miles, from the coastline that is subject to subsection (g)(1)(B). A State may petition multiple times for any particular area but not more than once per calendar year for any particular area. A State must submit separate petitions, with separate votes by its legislature, for oil and gas leasing and for natural gas leasing. A petition of a State may request some areas to be withdrawn from all leasing and some areas to be withdrawn only from one type of leasing. Petitions for extending the withdrawal from leasing of any part of the Alabama Adjacent Zone that is more than 50 miles, but less than 100 miles, from the coastline that is a part of the Gulf of Mexico OCS Region Eastern Planning Area, as indicated on the map entitled 'Gulf of Mexico OCS Region State Adjacent Zones and OCS Planning Areas' which is dated September 2005 and on file in the Office of the Director, Minerals Management Service, may be made by either Alabama or Florida.

"(2) ACTION BY SECRETARY.—The Secretary shall perform an environmental assessment under the National Environmental Policy Act of 1969 to assess the effects of approving the petition under paragraph (1). Not later than 90 days after receipt of the petition, the Secretary shall approve the petition, unless the Secretary determines that extending the withdrawal from leasing would probably cause serious harm or damage to the marine resources of the State's Adjacent Zone. The Secretary shall not approve a petition from a State that extends the remaining period of a withdrawal of an area from leasing for a total of more than 10 years. However, the Secretary may approve petitions to extend the withdrawal from leasing of any area ad infinitum, subject only to the limitations contained in this subsection.

"(3) FAILURE TO ACT.—If the Secretary fails to approve or deny a petition in accordance with paragraph (2) the petition shall be considered to be approved 90 days after receipt of the petition.

"(i) EFFECT OF OTHER LAWS.—Adoption by any Adjacent State of any constitutional provision, or enactment of any State statute, that has the effect, as determined by the Secretary, of restricting either the Governor or the Legislature, or both, from exercising full discretion related to subsection (g) or (h), or both, shall automatically (1) prohibit any sharing of OCS Receipts under this Act with the Adjacent State, and its coastal political subdivisions, and (2) prohibit the Adjacent State from exercising any authority under subsection (h), for the duration of the restriction. The Secretary shall make the determination of the existence of such re-

stricting constitutional provision or State statute within 30 days of a petition by any outer Continental Shelf lessee or coastal State.".

SEC. 10. OUTER CONTINENTAL SHELF LEASING PROGRAM.

Section 18 of the Outer Continental Shelf Lands Act (43 U.S.C. 1344) is amended—

(1) in subsection (a), by adding at the end of paragraph (3) the following: "The Secretary shall, in each 5-year program, include lease sales that when viewed as a whole propose to offer for oil and gas or natural gas leasing at least 75 percent of the available unleased acreage within each OCS Planning Area. Available unleased acreage is that portion of the outer Continental Shelf that is not under lease at the time of the proposed lease sale, and has not otherwise been made unavailable for leasing by law.";

(2) in subsection (c), by striking so much as precedes paragraph (3) and inserting the following:

"(c)(1) During the preparation of any proposed leasing program under this section, the Secretary shall consider and analyze leasing throughout the entire Outer Continental Shelf without regard to any other law affecting such leasing. During this preparation the Secretary shall invite and consider suggestions from any interested Federal agency, including the Attorney General, in consultation with the Federal Trade Commission, and from the Governor of any coastal State. The Secretary may also invite or consider any suggestions from the executive of any local government in a coastal State that have been previously submitted to the Governor of such State, and from any other person. Further, the Secretary shall consult with the Secretary of Defense regarding military operational needs in the outer Continental Shelf. The Secretary shall work with the Secretary of Defense to resolve any conflicts that might arise regarding offering any area of the outer Continental Shelf for oil and gas or natural gas leasing. If the Secretaries are not able to resolve all such conflicts, any unresolved issues shall be elevated to the President for resolution.

"(2) After the consideration and analysis required by paragraph (1), including the consideration of the suggestions received from any interested Federal agency, the Federal Trade Commission, the Governor of any coastal State, any local government of a coastal State, and any other person, the Secretary shall publish in the Federal Register a proposed leasing program accompanied by a draft environmental impact statement prepared pursuant to the National Environmental Policy Act of 1969. After the publishing of the proposed leasing program and during the comment period provided for on the draft environmental impact statement, the Secretary shall submit a copy of the proposed program to the Governor of each affected State for review and comment. The Governor may solicit comments from those executives of local governments in the Governor's State that the Governor, in the discretion of the Governor, determines will be affected by the proposed program. If any comment by such Governor is received by the Secretary at least 15 days prior to submission to the Congress pursuant to paragraph (3) and includes a request for any modification of such proposed program, the Secretary shall reply in writing, granting or denying such request in whole or in part, or granting such request in such modified form as the Secretary considers appropriate, and stating the Secretary's reasons therefor. All such correspondence between the Secretary and the Governor of any affected State, together with any additional information and data relating thereto, shall accompany such proposed program when it is submitted to the Congress."; and

(3) by adding at the end the following:

"(i) PROJECTION OF STATE ADJACENT ZONE RESOURCES AND STATE AND LOCAL GOVERNMENT SHARES OF OCS RECEIPTS.—Concurrent with the publication of the scoping notice at the beginning of the development of each 5-year outer Continental Shelf oil and gas leasing program, or as soon thereafter as possible, the Secretary shall—

"(1) provide to each Adjacent State a current estimate of proven and potential oil and gas resources located within the State's Adjacent Zone; and

"(2) provide to each Adjacent State, and coastal political subdivisions thereof, a best-efforts projection of the OCS Receipts that the Secretary expects will be shared with each Adjacent State, and its coastal political subdivisions, using the assumption that the unleased tracts within the State's Adjacent Zone are fully made available for leasing, including long-term projected OCS Receipts. In addition, the Secretary shall include a macroeconomic estimate of the impact of such leasing on the national economy and each State's economy, including investment, jobs, revenues, personal income, and other categories.".

SEC. 11. COORDINATION WITH ADJACENT STATES.

Section 19 of the Outer Continental Shelf Lands Act (43 U.S.C. 1345) is amended—

(1) in subsection (a) in the first sentence by inserting ", for any tract located within the Adjacent State's Adjacent Zone," after "government"; and

(2) by adding the following:

"(f)(1) No Federal agency may permit or otherwise approve, without the concurrence of the Adjacent State, the construction of a crude oil or petroleum products (or both) pipeline within the part of the Adjacent State's Adjacent Zone that is withdrawn from oil and gas or natural gas leasing, except that such a pipeline may be approved, without such Adjacent State's concurrence, to pass through such Adjacent Zone if at least 50 percent of the production projected to be carried by the pipeline within its first 10 years of operation is from areas of the Adjacent State's Adjacent Zone.

"(2) No State may prohibit the construction within its Adjacent Zone or its State waters of a natural gas pipeline that will transport natural gas produced from the outer Continental Shelf. However, an Adjacent State may prevent a proposed natural gas pipeline landing location if it proposes two alternate landing locations in the Adjacent State, acceptable to the Adjacent State, located within 50 miles on either side of the proposed landing location.".

SEC. 12. ENVIRONMENTAL STUDIES.

Section 20(d) of the Outer Continental Shelf Lands Act (43 U.S.C. 1346) is amended—

(1) by inserting "(1)" after "(d)"; and

(2) by adding at the end the following:

"(2) For all programs, lease sales, leases, and actions under this Act, the following shall apply regarding the application of the National Environmental Policy Act of 1969:

"(A) Granting or directing lease suspensions and the conduct of all preliminary activities on outer Continental Shelf tracts, including seismic activities, are categorically excluded from the need to prepare either an environmental assessment or an environmental impact statement, and the Secretary shall not be required to analyze whether any exceptions to a categorical exclusion apply for activities conducted under the authority of this Act.

"(B) The environmental impact statement developed in support of each 5-year oil and gas leasing program provides the environmental analysis for all lease sales to be conducted under the program and such sales shall not be subject to further environmental analysis.

"(C) Exploration plans shall not be subject to any requirement to prepare an environmental impact statement, and the Secretary may find that exploration plans are eligible for categorical exclusion due to the impacts already being considered within an environmental impact statement or due to mitigation measures included within the plan.

"(D) Within each OCS Planning Area, after the preparation of the first development and production plan environmental impact statement for a leased tract within the Area, future development and production plans for leased tracts within the Area shall only require the preparation of an environmental assessment unless the most recent development and production plan environmental impact statement within the Area was finalized more than 10 years prior to the date of the approval of the plan, in which case an environmental impact statement shall be required.".

SEC. 13. REVIEW OF OUTER CONTINENTAL SHELF DEVELOPMENT AND PRODUCTION PLANS.

Section 25 of the Outer Continental Shelf Lands Act (43 U.S.C. 1351(a)) is amended to read as follows:

"SEC. 25. REVIEW OF OUTER CONTINENTAL SHELF DEVELOPMENT AND PRODUCTION PLANS.

"(a) DEVELOPMENT AND PRODUCTION PLANS; SUBMISSION TO SECRETARY; STATEMENT OF FACILITIES AND OPERATION; SUBMISSION TO GOVERNORS OF AFFECTED STATES AND LOCAL GOVERNMENTS.—

"(1) Prior to development and production pursuant to an oil and gas lease issued on or after September 18, 1978, for any area of the outer Continental Shelf, or issued or maintained prior to September 18, 1978, for any area of the outer Continental Shelf, with respect to which no oil or gas has been discovered in paying quantities prior to September 18, 1978, the lessee shall submit a development and production plan (hereinafter in this section referred to as a 'plan') to the Secretary for review.

"(2) A plan shall be accompanied by a statement describing all facilities and operations, other than those on the outer Continental Shelf, proposed by the lessee and known by the lessee (whether or not owned or operated by such lessee) that will be constructed or utilized in the development and production of oil or gas from the lease area, including the location and site of such facilities and

operations, the land, labor, material, and energy requirements associated with such facilities and operations, and all environmental and safety safeguards to be implemented.

"(3) Except for any privileged or proprietary information (as such term is defined in regulations issued by the Secretary), the Secretary, within 30 days after receipt of a plan and statement, shall—

"(A) submit such plan and statement to the Governor of any affected State, and upon request to the executive of any affected local government; and

"(B) make such plan and statement available to any appropriate interstate regional entity and the public.

"(b) DEVELOPMENT AND PRODUCTION ACTIVITIES IN ACCORDANCE WITH PLAN AS LEASE REQUIREMENT.—After enactment of the Deep Ocean Energy Resources Act of 2006, no oil and gas lease may be issued pursuant to this Act in any region of the outer Continental Shelf, unless such lease requires that development and production activities be carried out in accordance with a plan that complies with the requirements of this section. This section shall also apply to leases that do not have an approved development and production plan as of the date of enactment of the Deep Ocean Energy Resources Act of 2006.

"(c) SCOPE AND CONTENTS OF PLAN.—A plan may apply to more than one oil and gas lease, and shall set forth, in the degree of detail established by regulations issued by the Secretary—

"(1) the general work to be performed;

"(2) a description of all facilities and operations located on the outer Continental Shelf that are proposed by the lessee or known by the lessee (whether or not owned or operated by such lessee) to be directly related to the proposed development, including the location and size of such facilities and operations, and the land, labor, material, and energy requirements associated with such facilities and operations;

"(3) the environmental safeguards to be implemented on the outer Continental Shelf and how such safeguards are to be implemented;

"(4) all safety standards to be met and how such standards are to be met;

"(5) an expected rate of development and production and a time schedule for performance; and

"(6) such other relevant information as the Secretary may by regulation require.

"(d) COMPLETENESS REVIEW OF THE PLAN.—

"(1) Prior to commencing any activity under a development and production plan pursuant to any oil and gas lease issued or maintained under this Act, the lessee shall certify that the plan is consistent with the terms of the lease and that it is consistent with all statutory and regulatory requirements in effect on the date of issuance of the lease, and any regulations promulgated under this Act related to the conservation of resources after the date of lease issuance. The plan shall include all required information and documentation required under subsection (c).

"(2) The Secretary shall review the plan for completeness within 30 days of submission. If the Secretary finds that the plan is not complete, the Secretary shall notify the lessee with a detailed explanation of such modifications of such plan as are necessary to achieve completeness. The Secretary shall have 30 days to review a modified plan for completeness.

"(e) REVIEW FOR CONSISTENCY OF THE PLAN.—

"(1) After a determination that a plan is complete, the Secretary shall have 120 days to conduct a review of the plan, to ensure that it is consistent with the terms of the lease, and that it is consistent with all such statutory and regulatory requirements applicable to the lease. The review shall ensure that the plan is consistent with lease terms, and statutory and regulatory requirements applicable to the lease, related to national security or national defense, including any military operating stipulations or other restrictions. The Secretary shall seek the assistance of the Department of Defense in the conduct of the review of any plan prepared under this section for a lease containing military operating stipulations or other restrictions and shall accept the assistance of the Department of Defense in the conduct of the review of any plan prepared under this section for any other lease when the Secretary of Defense requests an opportunity to participate in the review. If the Secretary finds that the plan is not consistent, the Secretary shall notify the lessee with a detailed explanation of such modifications of such plan as are necessary to achieve consistency.

"(2) The Secretary shall have 120 days to review a modified plan.

"(3) The lessee shall not conduct any activities under the plan during any 120-day review period, or thereafter until the plan has been modified to achieve compliance as so notified.

"(4) After review by the Secretary provided for by this section, a lessee may operate pursuant to the plan without further review or approval by the Secretary.

"(f) REVIEW OF REVISION OF THE APPROVED PLAN.—The lessee may submit to the Secretary any revision of a plan if the lessee determines that such revision will lead to greater recovery of oil and natural gas, improve the efficiency, safety, and environmental protection of the recovery operation, is the only means available to avoid substantial economic hardship to the lessee, or is otherwise not inconsistent with the provisions of this Act, to the extent such revision is consistent with protection of the human, marine, and coastal environments. The process to be used for the review of any such revision shall be the same as that set forth in subsections (d) and (e).

"(g) CANCELLATION OF LEASE ON FAILURE TO SUBMIT PLAN OR COMPLY WITH A PLAN.—Whenever the owner of any lease fails to submit a plan in accordance with regulations issued under this section, or fails to comply with a plan, the lease may be canceled in accordance with section 5(c) and (d). Termination of a lease because of failure to comply with a plan, including required modifications or revisions, shall not entitle a lessee to any compensation.

"(h) PRODUCTION AND TRANSPORTATION OF NATURAL GAS; SUBMISSION OF PLAN TO FEDERAL ENERGY REGULATORY COMMISSION; IMPACT STATEMENT.—If any development and production plan submitted to the Secretary pursuant to this section provides for the production and transportation of natural gas, the lessee shall contemporaneously submit to the Federal Energy Regulatory Commission that portion of such plan that relates to the facilities for transportation of natural gas. The Secretary and the Federal Energy Regulatory Commission shall agree as to which of them shall prepare an environmental impact statement pursuant to the National Environmental Policy Act of 1969 (42 U.S.C. 4321 et seq.) applicable to such portion of such plan, or conduct studies as to the effect on the environment of implementing it. Thereafter, the findings and recommendations by the agency preparing such environmental impact statement or conducting such studies pursuant to such agreement shall be adopted by the other agency, and such other agency shall not independently prepare another environmental impact statement or duplicate such studies with respect to such portion of such plan, but the Federal Energy Regulatory Commission, in connection with its review of an application for a certificate of public convenience and necessity applicable to such transportation facilities pursuant to section 7 of the Natural Gas Act (15 U.S.C. 717f), may prepare such environmental studies or statement relevant to certification of such transportation facilities as have not been covered by an environmental impact statement or studies prepared by the Secretary. The Secretary, in consultation with the Federal Energy Regulatory Commission, shall promulgate rules to implement this subsection, but the Federal Energy Regulatory Commission shall retain sole authority with respect to rules and procedures applicable to the filing of any application with the Commission and to all aspects of the Commission's review of, and action on, any such application.".

SEC. 14. FEDERAL ENERGY NATURAL RESOURCES ENHANCEMENT FUND ACT OF 2006.

(a) FINDINGS.—The Congress finds the following:

(1) Energy and minerals exploration, development, and production on Federal onshore and offshore lands, including bio-based fuel, natural gas, minerals, oil, geothermal, and power from wind, waves, currents, and thermal energy, involves significant outlays of funds by Federal and State wildlife, fish, and natural resource management agencies for environmental studies, planning, development, monitoring, and management of wildlife, fish, air, water, and other natural resources.

(2) State wildlife, fish, and natural resource management agencies are funded primarily through permit and license fees paid to the States by the general public to hunt and fish, and through Federal excise taxes on equipment used for these activities.

(3) Funds generated from consumptive and recreational uses of wildlife, fish, and other natural resources currently are inadequate to address the natural resources related to energy and minerals development on Federal onshore and offshore lands.

(4) Funds available to Federal agencies responsible for managing Federal onshore and offshore lands and Federal-trust wildlife and fish species and their habitats are inadequate to address the natural resources related to energy and minerals development on Federal onshore and offshore lands.

(5) Receipts derived from sales, bonus bids, and royalties under the mineral leasing laws of the United States are paid to the Treasury through the Minerals Management Service of the Department of the Interior.

(6) None of the receipts derived from sales, bonus bids, and royalties under the minerals leasing laws of the United States are paid to the Federal or State agencies to examine, monitor, and manage wildlife, fish, air, water, and other natural resources related to natural gas, oil, and mineral exploration and development.

(b) PURPOSES.—It is the purpose of this section to—

(1) establish a fund for the monitoring and management of wildlife and fish, and their habitats, and air, water, and other natural resources related to energy and minerals development on Federal onshore and offshore lands;

(2) make available receipts derived from sales, bonus bids, royalties, and fees from onshore and offshore gas, mineral, oil, and any additional form of energy and minerals development under the laws of the United States for the purposes of such fund;

(3) distribute funds from such fund each fiscal year to the Secretary of the Interior and the States; and

(4) use the distributed funds to secure the necessary trained workforce or contractual services to conduct environmental studies, planning, development, monitoring, and post-development management of wildlife and fish and their habitats and air, water, and other natural resources that may be related to biobased fuel, gas, mineral, oil, wind, or other energy exploration, development, transportation, transmission, and associated activities on Federal onshore and offshore lands, including, but not limited to—

(A) pertinent research, surveys, and environmental analyses conducted to identify any impacts on wildlife, fish, air, water, and other natural resources from energy and mineral exploration, development, production, and transportation or transmission;

(B) projects to maintain, improve, or enhance wildlife and fish populations and their habitats or air, water, or other natural resources, including activities under the Endangered Species Act of 1973;

(C) research, surveys, environmental analyses, and projects that assist in managing, including mitigating either onsite or offsite, or both, the impacts of energy and mineral activities on wildlife, fish, air, water, and other natural resources; and

(D) projects to teach young people to live off the land.

(c) DEFINITIONS.—In this section:

(1) ENHANCEMENT FUND.—The term "Enhancement Fund" means the Federal Energy Natural Resources Enhancement Fund established by subsection (d).

(2) STATE.—The term "State" means the Governor of the State.

(d) ESTABLISHMENT AND USE OF FEDERAL ENERGY NATURAL RESOURCES ENHANCEMENT FUND.—

(1) ENHANCEMENT FUND.—There is established in the Treasury a separate account to be known as the "Federal Energy Natural Resources Enhancement Fund".

(2) FUNDING.—The Secretary of the Treasury shall deposit in the Enhancement Fund—

(A) such sums as are provided by sections 9(b)(5)(A)(ii), 9(b)(5)(B)(ii), 9(c)(4)(A)(ii), and 9(c)(4)(B)(ii) of the Outer Continental Shelf Lands Act, as amended by this Act;

(B)(i) during the period of October 1, 2006, through September 30, 2015, one percent of all sums paid into the Treasury under section 35 of the Mineral Leasing Act (30 U.S.C. 191), and

(ii) beginning October 1, 2015, and thereafter, 2.5 percent of all sums paid into the Treasury under section 35 of the Mineral Leasing Act (30 U.S.C. 191); and

(C)(i) during the period of October 1, 2006, through September 30, 2015, one percent of all sums paid into the Treasury from receipts derived from bonus bids and royalties from other mineral leasing on public lands, and

(ii) beginning October 1, 2015, and thereafter, 2.5 percent of all sums paid into the Treasury from receipts derived from bonus bids and royalties from other mineral leasing on public lands.

(3) INVESTMENTS.—The Secretary of the Treasury shall invest the amounts deposited under paragraph (2) and all accrued interest on the amounts deposited under paragraph (2) only in interest bearing obligations of the United States or in obligations guaranteed as to both principal and interest by the United States.

(4) PAYMENT TO SECRETARY OF THE INTERIOR.—

(A) IN GENERAL.—Beginning with fiscal year 2007, and in each fiscal year thereafter, one-third of amounts deposited into the Enhancement Fund, together with the interest thereon, shall be available, without fiscal year limitations, to the Secretary of the Interior for use for the purposes described in (b)(4).

(B) WITHDRAWALS AND TRANSFER OF FUNDS.—The Secretary of the Treasury shall withdraw such amounts from the Enhancement Fund as the Secretary of the Interior may request, subject to the limitation in (A), and transfer such amounts to the Secretary of the Interior to be used, at the discretion of the Secretary of the Interior, by the Minerals Management Service, the Bureau of Land Management, and the United States Fish and Wildlife Service for use for the purposes described in subsection (b)(4).

(5) PAYMENT TO STATES.—

(A) IN GENERAL.—Beginning with fiscal year 2007, and in each fiscal year thereafter, two-thirds of amounts deposited into the Enhancement Fund, together with the interest thereon, shall be available, without fiscal year limitations, to the States for use for the purposes described in (b)(4).

(B) WITHDRAWALS AND TRANSFER OF FUNDS.—Within the first 90 days of each fiscal year, the Secretary of the Treasury shall withdraw amounts from the Enhancement Fund and transfer such amounts to the States based on the proportion of all receipts that were collected the previous fiscal year from Federal leases within the boundaries of each State and each State's outer Continental Shelf Adjacent Zone as determined in accordance with section 4(a) of the Outer Continental Shelf Lands Act (43 U.S.C. 1333(a)), as amended by this Act.

(C) USE OF PAYMENTS BY STATE.—Each State shall use the payments made under subparagraph (B) only for carrying out projects and programs for the purposes described in (b)(4).

(D) ENCOURAGE USE OF PRIVATE FUNDS BY STATE.—Each State shall use the payments made under subparagraph (B) to leverage private funds for carrying out projects for the purposes described in (b)(4).

(e) LIMITATION ON USE.—Amounts available under this section may not be used for the purchase of any interest in land.

(f) REPORTS TO CONGRESS.—

(1) IN GENERAL.—Beginning in fiscal year 2008 and continuing for each fiscal year thereafter, the Secretary of the Interior and each State receiving funds from the Enhancement Fund shall submit a report to the Committee on Energy and Natural Resources of the Senate and the Committee on Resources of the House of Representatives.

(2) REQUIRED INFORMATION.—Reports submitted to the Congress by the Secretary of the Interior and States under this subsection shall include the following information regarding expenditures during the previous fiscal year:

(A) A summary of pertinent scientific research and surveys conducted to identify impacts on wildlife, fish, and other natural resources from energy and mineral developments.

(B) A summary of projects planned and completed to maintain, improve or enhance wildlife and fish populations and their habitats or other natural resources.

(C) A list of additional actions that assist, or would assist, in managing, including mitigating either onsite or offsite, or both, the impacts of energy and mineral development on wildlife, fish, and other natural resources.

(D) A summary of private (non-Federal) funds used to plan, conduct, and complete the plans and programs identified in paragraphs (2)(A) and (2)(B).

SEC. 15. TERMINATION OF EFFECT OF LAWS PROHIBITING THE SPENDING OF APPROPRIATED FUNDS FOR CERTAIN PURPOSES.

All provisions of existing Federal law prohibiting the spending of appropriated funds to conduct oil and natural gas leasing and preleasing activities, or to issue a lease to any person, for any area of the outer Continental Shelf shall have no force or effect.

SEC. 16. OUTER CONTINENTAL SHELF INCOMPATIBLE USE.

(a) IN GENERAL.—No Federal agency may permit construction or operation (or both) of any facility, or designate or maintain a restricted transportation corridor or operating area on the Federal outer Continental Shelf or in State waters, that will be incompatible with, as determined by the Secretary of the Interior, oil and gas or natural gas leasing and substantially full exploration and production of tracts that are geologically prospective for oil or natural gas (or both).

(b) EXCEPTIONS.—Subsection (a) shall not apply to any facility, transportation corridor, or operating area the construction, operation, designation, or maintenance of which is or will be—

(1) located in an area of the outer Continental Shelf that is unavailable for oil and gas or natural gas leasing by operation of law;

(2) used for a military readiness activity (as defined in section 315(f) of Public Law 107–314; 16 U.S.C. 703 note); or

(3) required in the national interest, as determined by the President.

SEC. 17. REPURCHASE OF CERTAIN LEASES.

(a) AUTHORITY TO REPURCHASE AND CANCEL CERTAIN LEASES.—The Secretary of the Interior shall repurchase and cancel any Federal oil and gas, geothermal, coal, oil shale, tar sands, or other mineral lease, whether onshore or offshore, if the Secretary finds that such lease qualifies for repurchase and cancellation under the regulations authorized by this section.

(b) REGULATIONS.—Not later than 365 days after the date of the enactment of this Act, the Secretary shall publish a final regulation stating the conditions under which a lease referred to in subsection (a) would qualify for repurchase and cancellation, and the process to be followed regarding repurchase and cancellation. Such regulation shall include, but not be limited to, the following:

(1) The Secretary shall repurchase and cancel a lease after written request by the lessee upon a finding by the Secretary that—

(A) a request by the lessee for a required permit or other approval complied with applicable law, except the Coastal Zone Management Act of 1972 (16 U.S.C. 1451 et seq.), and terms of the lease and such permit or other approval was denied;

(B) a Federal agency failed to act on a request by the lessee for a required permit, other approval, or administrative appeal within a regulatory or statutory time-frame associated with the requested action, whether advisory or mandatory, or if none, within 180 days; or

(C) a Federal agency attached a condition of approval, without agreement by the lessee, to a required permit or other approval if such condition of approval was not mandated by Federal statute or regulation in effect on the date of lease issuance, or was not specifically allowed under the terms of the lease.

(2) A lessee shall not be required to exhaust administrative remedies regarding a permit request, administrative appeal, or other required request for approval for the purposes of this section.

(3) The Secretary shall make a final agency decision on a request by a lessee under this section within 180 days of request.

(4) Compensation to a lessee to repurchase and cancel a lease under this section shall be the amount that a lessee would receive in a restitution case for a material breach of contract.

(5) Compensation shall be in the form of a check or electronic transfer from the Department of the Treasury from funds deposited into miscellaneous receipts under the authority of the same Act that authorized the issuance of the lease being repurchased.

(6) Failure of the Secretary to make a final agency decision on a request by a lessee under this section within 180 days of request shall result in a 10 percent increase in the compensation due to the lessee if the lease is ultimately repurchased.

(c) NO PREJUDICE.—This section shall not be interpreted to prejudice any other rights that the lessee would have in the absence of this section.

SEC. 18. OFFSITE ENVIRONMENTAL MITIGATION.

Notwithstanding any other provision of law, any person conducting activities under the Mineral Leasing Act (30 U.S.C. 181 et seq.), the Geothermal Steam Act (30 U.S.C. 1001 et seq.), the Mineral Leasing Act for Acquired Lands (30 U.S.C. 351 et seq.), the Weeks Act (16 U.S.C. 552 et seq.), the General Mining Act of 1872 (30 U.S.C. 22 et seq.), the Materials Act of 1947 (30 U.S.C. 601 et seq.), or the Outer Continental Shelf Lands Act (43 U.S.C. 1331 et seq.), may in satisfying any mitigation requirements associated with such activities propose mitigation measures on a site away from the area impacted and the Secretary of the Interior shall accept these proposed measures if the Secretary finds that they generally achieve the purposes for which mitigation measures appertained.

SEC. 19. AMENDMENTS TO THE MINERAL LEASING ACT.

Section 17(g) of the Mineral Leasing Act (30 U.S.C. 226(g)) is amended to read as follows:

"(g) REGULATION OF SURFACE-DISTURBING ACTIVITIES.—

"(1) REGULATION OF SURFACE-DISTURBING ACTIVITIES.—The Secretary of the Interior, or for National Forest lands, the Secretary of Agriculture, shall regulate all surface-disturbing activities conducted pursuant to any lease issued under this Act, and shall determine reclamation and other actions as required in the interest of conservation of surface resources.

"(2) SUBMISSION OF EXPLORATION PLAN; COMPLETION REVIEW; COMPLIANCE REVIEW.—

"(A) Prior to beginning oil and gas exploration activities, a lessee shall submit an exploration plan to the Secretary of the Interior for review.

"(B) The Secretary shall review the plan for completeness within 10 days of submission.

"(C) In the event the exploration plan is determined to be incomplete, the Secretary shall notify the lessee in writing and specify the items or information needed to complete the exploration plan.

"(D) The Secretary shall have 10 days to review any modified exploration plan submitted by the lessee.

"(E) To be deemed complete, an exploration plan shall include, in the degree of detail to be determined by the Secretary by rule or regulation—

"(i) a drilling plan containing a description of the drilling program;

"(ii) the surface and projected completion zone location;

"(iii) pertinent geologic data;

"(iv) expected hazards, and proposed mitigation measures to address such hazards;

"(v) a schedule of anticipated exploration activities to be undertaken;

"(vi) a description of equipment to be used for such activities;

"(vii) a certification from the lessee stating that the exploration plan complies with all lease, regulatory and statutory requirements in effect on the date of the issuance of the lease and any regulations promulgated after the date of lease issuance related to the conservation of resources;

"(viii) evidence that the lessee has secured an adequate bond, surety, or other financial arrangement prior to commencement of any surface disturbing activity;

"(ix) a plan that details the complete and timely reclamation of the lease tract; and

"(x) such other relevant information as the Secretary may by regulation require.

"(F) Upon a determination that the exploration plan is complete, the Secretary shall have 30 days from the date the plan is deemed complete to conduct a review of the plan.

"(G) If the Secretary finds the exploration plan is not consistent with all statutory and regulatory requirements described in subparagraph (E)(vii), the Secretary shall notify the lessee with a detailed explanation of such modifications of the exploration plan as are necessary to achieve compliance.

"(H) The lessee shall not take any action under the exploration plan within a 30 day review period, or thereafter until the plan has been modified to achieve compliance as so notified.

"(I) After review by the Secretary provided by this subsection, a lessee may operate pursuant to the plan without further review or approval by the Secretary.

"(3) PLAN REVISIONS; CONDUCT OF EXPLORATION ACTIVITIES.—

"(A) If a significant revision of an exploration plan under this subsection is submitted to the Secretary, the process to be used for the review of such revision shall be the same as set forth in paragraph (1) of this subsection.

"(B) All exploration activities pursuant to any lease shall be conducted in accordance with an exploration plan that has been submitted to and reviewed by the Secretary or a revision of such plan.

"(4) SUBMISSION OF DEVELOPMENT AND PRODUCTION PLAN; COMPLETENESS REVIEW; COMPLIANCE REVIEW.—

"(A) Prior to beginning oil and gas development and production activities, a lessee shall submit a development and exploration plan to the Secretary of the Interior. Upon submission, such plans shall be subject to a review for completeness.

"(B) The Secretary shall review the plan for completeness within 30 days of submission.

"(C) In the event a development and production plan is determined to be incomplete, the Secretary shall notify the lessee in writing and specify the items or information needed to complete the plan.

"(D) The Secretary shall have 30 days to review for completeness any modified development and production plan submitted by the lessee.

"(E) To be deemed complete, a development and production plan shall include, in the degree of detail to be determined by the Secretary by rule or regulation—

"(i) a drilling plan containing a description of the drilling program;

"(ii) the surface and projected completion zone location;

"(iii) pertinent geologic data;

"(iv) expected hazards, and proposed mitigation measures to address such hazards;

"(v) a statement describing all facilities and operations proposed by the lessee and known by the lessee (whether or not owned or operated by such lessee) that shall be constructed or utilized in the development and production of oil or gas from the leases areas, including the location and site of such facilities and operations, the land, labor, material, and energy requirements associated with such facilities and operations;

"(vi) the general work to be performed;

"(vii) the environmental safeguards to be implemented in connection with the development and production and how such safeguards are to be implemented;

"(viii) all safety standards to be met and how such standards are to be met;

"(ix) an expected rate of development and production and a time schedule for performance;

"(x) a certification from the lessee stating that the development and production plan complies with all lease, regulatory, and statutory requirements in effect on the date of issuance of the lease, and any regulations promulgated after the date of lease issuance related to the conservation of resources;

"(xi) evidence that the lessee has secured an adequate bond, surety, or other financial arrangement prior to commencement of any surface disturbing activity;

"(xii) a plan that details the complete and timely reclamation of the lease tract; and

"(xiii) such other relevant information as the Secretary may by regulation require.

"(F) Upon a determination that the development and production plan is complete, the Secretary shall have 120 days from the date the plan is deemed complete to conduct a review of the plan.

"(G) If the Secretary finds the development and production plan is not consistent with all statutory and regulatory requirements described in subparagraph (E)(x), the Secretary shall notify the lessee with a detailed explanation of such modifications of the development and production plan as are necessary to achieve compliance.

"(H) The lessee shall not take any action under the development and production plan within a 120 day review period, or thereafter until the plan has been modified to achieve compliance as so notified.

"(5) PLAN REVISIONS; CONDUCT OF DEVELOPMENT AND PRODUCTION ACTIVITIES.—

"(A) If a significant revision of a development and production plan under this subsection is submitted to the Secretary, the process to be used for the review of such revision shall be the same as set forth in paragraph (4) of this subsection.

"(B) All development and production activities pursuant to any lease shall be conducted in accordance with a development and production plan that has been submitted to and reviewed by the Secretary or a revision of such plan.

"(6) CANCELLATION OF LEASE ON FAILURE TO SUBMIT PLAN OR COMPLY WITH APPROVED PLAN.—Whenever the owner of any lease fails to submit a plan in accordance with regulations issued under this section, or fails to comply with a plan, the lease may be canceled in accordance with section 31. Termination of a lease because of failure to comply with a plan, including required modifications or revisions, shall not entitle a lessee to any compensation.".

SEC. 20. MINERALS MANAGEMENT SERVICE.

The bureau known as the "Minerals Management Service" in the Department of the Interior shall be known as the "National Ocean Resources and Royalty Service".

SEC. 21. AUTHORITY TO USE DECOMMISSIONED OFFSHORE OIL AND GAS PLATFORMS AND OTHER FACILITIES FOR ARTIFICIAL REEF, SCIENTIFIC RESEARCH, OR OTHER USES.

(a) SHORT TITLE.—This section may be cited as the "Rigs to Reefs Act of 2006".

(b) IN GENERAL.—The Outer Continental Shelf Lands Act (43 U.S.C. 1301 et seq.) is amended by inserting after section 9 the following:

"SEC. 10. USE OF DECOMMISSIONED OFFSHORE OIL AND GAS PLATFORMS AND OTHER FACILITIES FOR ARTIFICIAL REEF, SCIENTIFIC RESEARCH, OR OTHER USES.

"(a) IN GENERAL.—The Secretary shall issue regulations under which the Secretary may authorize use of an offshore oil and gas platform or other facility that is decommissioned from service for oil and gas purposes for an artificial reef, scientific research, or any other use authorized under section 8(p) or any other applicable Federal law.

"(b) TRANSFER REQUIREMENTS.—The Secretary shall not allow the transfer of a decommissioned offshore oil and gas platform or other facility to another person unless the Secretary is satisfied that the transferee is sufficiently bonded, endowed, or otherwise financially able to fulfill its obligations, including but not limited to—

"(1) ongoing maintenance of the platform or other facility;

"(2) any liability obligations that might arise;

"(3) removal of the platform or other facility if determined necessary by the Secretary; and

"(4) any other requirements and obligations that the Secretary may deem appropriate by regulation.

"(c) PLUGGING AND ABANDONMENT.—The Secretary shall ensure that plugging and abandonment of wells is accomplished at an appropriate time.

"(d) POTENTIAL TO PETITION TO OPT-OUT OF REGULATIONS.—An Adjacent State acting through a resolution of its legislature, with concurrence of its Governor, may preliminarily petition to opt-out of the application of regulations promulgated under this section to platforms and other facilities located in the area of its Adjacent Zone within 12 miles of the coastline. Upon receipt of the preliminary petition, the Secretary shall complete an environmental assessment that documents the anticipated environmental effects of approving the petition. The Secretary shall provide the environmental assessment to the State, which then has the choice of no action or confirming its petition by further action of its legislature, with the concurrence of its Governor. The Secretary is authorized to except such area from the application of such regulations, and shall approve any confirmed petition.

"(e) LIMITATION ON LIABILITY.—A person that had used an offshore oil and gas platform or other facility for oil and gas purposes and that no longer has any ownership or control of the platform or other facility shall not be liable under Federal law for any costs or damages arising from such platform or other facility after the date the platform or other facility is used for any purpose under subsection (a), unless such costs or damages arise from—

"(1) use of the platform or other facility by the person for development or production of oil or gas; or

"(2) another act or omission of the person.

"(f) OTHER LEASING AND USE NOT AFFECTED.—This section, and the use of any offshore oil and gas platform or other facility for any purpose under subsection (a), shall not affect—

"(1) the authority of the Secretary to lease any area under this Act; or

"(2) any activity otherwise authorized under this Act.".

(c) DEADLINE FOR REGULATIONS.—The Secretary of the Interior shall issue regulations under subsection (b) by not later than 180 days after the date of the enactment of this Act.

(d) STUDY AND REPORT ON EFFECTS OF REMOVAL OF PLATFORMS.—Not later than one year after the date of enactment of this Act, the Secretary of the Interior, in consultation with other Federal agencies as the Secretary deems advisable, shall study and report to the Congress regarding how the removal of offshore oil and gas platforms and other facilities from the outer Continental Shelf would affect existing fish stocks and coral populations.

SEC. 22. REPEAL OF REQUIREMENT TO CONDUCT COMPREHENSIVE INVENTORY OF OCS OIL AND NATURAL GAS RESOURCES.

The Energy Policy Act of 2005 (Public Law 109–58) is amended—

(1) by repealing section 357 (119 Stat. 720; 42 U.S.C. 15912); and

(2) in the table of contents in section 1(b), by striking the item relating to such section 357.

SEC. 23. MINING AND PETROLEUM SCHOOLS.

(a) FEDERAL ENERGY AND MINERAL RESOURCES PROFESSIONAL DEVELOPMENT FUND.—

(1) PROFESSIONAL DEVELOPMENT FUND.—There is established in the Treasury a separate account to be known as the "Federal Energy And Mineral Resources Professional Development Fund" (in this section referred to as the "Professional Development Fund").

(2) FUNDING.—The Secretary of the Treasury shall deposit in the Professional Development Fund—

(A) such sums as are provided by sections 9(b)(5)(A)(iii), 9(b)(5)(B)(iii), 9(c)(4)(A)(iii), and 9(c)(4)(B)(iii) of the Outer Continental Shelf Lands Act, as amended by this Act;

(B)(i) during the period of October 1, 2006, through September 30, 2015, one percent of all sums paid into the Treasury under section 35 of the Mineral Leasing Act (30 U.S.C. 191), and

(ii) beginning October 1, 2015, and thereafter, 2.5 percent of all sums paid into the Treasury under section 35 of the Mineral Leasing Act (30 U.S.C. 191);

(C)(i) during the period of October 1, 2006, through September 30, 2015, one percent of all sums paid into the Treasury from receipts derived from bonus bids and royalties from other mineral leasing on public lands, and

(ii) beginning October 1, 2015, and thereafter, 2.5 percent of all sums paid into the Treasury from receipts derived from bonus bids and royalties from other mineral leasing on public lands;

(D) donations received under paragraph (4);

(E) amounts referred to in section 2325 of the Revised Statutes; and

(F) funds received under section 10 of the Energy and Mineral Schools Reinvestment Act, as amended by this Act.

(3) INVESTMENTS.—The Secretary of the Treasury shall invest the amounts deposited under paragraph (2) and all accrued interest on the amounts deposited under paragraph (2) only in interest bearing obligations of the United States or in obligations guaranteed as to both principal and interest by the United States.

(4) DONATIONS.—The Secretary of the Interior may solicit and accept donations of funds for deposit into the Professional Development Fund.

(5) AVAILABILITY TO SECRETARY OF THE INTERIOR.—

(A) IN GENERAL.—Beginning with fiscal year 2007, and in each fiscal year thereafter, the amounts deposited into the Professional Development Fund, together with the interest thereon, shall be available, without fiscal year limitations, to the Secretary of the Interior for use to carry out the Energy and Mineral Schools Reinvestment Act.

(B) WITHDRAWALS AND TRANSFER OF FUNDS.—The Secretary of the Treasury shall withdraw such amounts from the Professional Development Fund as the Secretary of the Interior may request and transfer such amounts to the Secretary of the Interior to be used, at the discretion of the Secretary to carry out the Energy and Mineral Schools Reinvestment Act.

(b) MAINTENANCE AND RESTORATION OF EXISTING AND HISTORIC PETROLEUM AND MINING ENGINEERING PROGRAMS.—Public Law 98–409 (30 U.S.C. 1221 et seq.) is amended to read as follows:

"SECTION 1. SHORT TITLE.

"This Act may be cited as the 'Energy and Mineral Schools Reinvestment Act'.

"SEC. 2. POLICY.

"It is the policy of the United States to maintain the human capital needed to preserve and foster the economic, energy, and mineral resources security of the United States. The petroleum and mining engineering programs and the applied geology and geophysics programs at State chartered schools, universities, and institutions that produce human capital are national assets and should be assisted with Federal funds to ensure their continued health and existence.

"SEC. 3. MAINTAINING AND RESTORING HISTORIC AND EXISTING PETROLEUM AND MINING ENGINEERING EDUCATION PROGRAMS.

"(a) Using the funds in the Federal Energy And Mineral Resources Professional Development Fund, the Secretary of the Interior (in this Act referred to as the 'Secretary') shall provide funds to each historic and existing State-chartered recognized petroleum or mining school to assist such schools, universities, and institutions in maintaining programs in petroleum, mining, and mineral engineering education and research. All funds shall be directed only to these programs and shall be subject to the conditions of this section. Such funds shall not be less than 33 percent of the annual outlay of funds under this Act.

"(b) In this Act the term 'historic and existing State-chartered recognized petroleum or mining school' means a school, university, or educational institution with

the presence of an engineering program meeting the specific program criteria, established by the member societies of ABET, Inc., for petroleum, mining, or mineral engineering and that is accredited on the date of enactment of the Deep Ocean Energy Resources Act of 2006 by ABET, Inc.

"(c) It shall be the duty of each school, university, or institution receiving funds under this section to provide for and enhance the training of undergraduate and graduate petroleum, mining, and mineral engineers through research, investigations, demonstrations, and experiments. All such work shall be carried out in a manner that will enhance undergraduate education.

"(d) Each school, university, or institution receiving funds under this Act shall maintain the program for which the funds are provided for 10 years after the date of the first receipt of such funds and take steps agreed to by the Secretary to increase the number of undergraduate students enrolled in and completing the programs of study in petroleum, mining, and mineral engineering.

"(e) The research, investigation, demonstration, experiment, and training authorized by this section may include development and production of conventional and non-conventional fuel resources, the production of metallic and non-metallic mineral resources including industrial mineral resources, and the production of stone, sand, and gravel. In all cases the work carried out with funds made available under this Act shall include a significant opportunity for participation by undergraduate students.

"(f) Research funded by this Act related to energy and mineral resource development and production may include studies of petroleum, mining, and mineral extraction and immediately related beneficiation technology; mineral economics, reclamation technology and practices for active operations, and the development of re-mining systems and technologies to facilitate reclamation that fosters the ultimate recovery of resources at abandoned petroleum, mining, and aggregate production sites.

"(g) Grants for basic science and engineering studies and research shall not require additional participation by funding partners. Grants for studies to demonstrate the proof of concept for science and engineering or the demonstration of feasibility and implementation shall include participation by industry and may include funding from other Federal agencies.

"(h)(1) No funds made available under this section shall be applied to the acquisition by purchase or lease of any land or interests therein, or the rental, purchase, construction, preservation, or repair of any building.

"(2) Funding made available under this section may be used with the express approval of the Secretary for proposals that will provide for maintaining or upgrading of existing laboratories and laboratory equipment. Funding for such maintenance shall not be used for university overhead expenses.

"(3) Funding made available under this Act may be used for maintaining and upgrading mines and oil and gas drilling rigs owned by a school, university, or institution described in this section that are used for undergraduate and graduate training and worker safety training. All requests for funding such mines and oil and gas drilling rigs must demonstrate that they have been owned by the school, university, or institution for 5 years prior to the date of enactment of the Deep Ocean Energy Resources Act of 2006 and have been actively used for instructional or training purposes during that time.

"(4) Any funding made available under this section for research, investigation, demonstration, experiment, or training shall not be used for university overhead charges in excess of 10 percent of the amount authorized by the Secretary.

"SEC. 4. FORMER AND NEW PETROLEUM AND MINING ENGINEERING PROGRAMS.

"A school, university, or educational institution that formerly met the requirements of section 3(b) immediately before the date of the enactment of the Deep Ocean Energy Resources Act of 2006, or that seeks to establish a new program described in section 3(b), shall be eligible for funding under this Act only if it—

"(1) establishes a petroleum, mining, or mineral engineering program that meets the specific program criteria and is accredited as such by ABET, Inc.;

"(2) agrees to the conditions of subsections (c) through (h) of section 3 and the Secretary, as advised by the Committee established by section 11, determines that the program will strengthen and increase the number of nationally available, well- qualified faculty members in petroleum, mining, and mineral engineering; and

"(3) agrees to maintain the accredited program for 10 years after the date of the first receipt of funds under this Act.

"SEC. 5. FUNDING OF CONSORTIA OF HISTORIC AND EXISTING SCHOOLS.

"Where appropriate, the Secretary may make funds available to consortia of schools, universities, or institutions described in sections 3, 4, and 6, including those consortia that include schools, universities, or institutions that are ineligible for

funds under this Act if those schools, universities, or institutions, respectively, have skills, programs, or facilities specifically identified as needed by the consortia to meet the necessary expenses for purposes of—

"(1) specific energy and mineral research projects of broad application that could not otherwise be undertaken, including the expenses of planning and coordinating regional petroleum, geothermal, mining, and mineral engineering or beneficiation projects by two or more schools; and

"(2) research into any aspects of petroleum, geothermal, mining, or mineral engineering or beneficiation problems, including but not limited to exploration, that are related to the mission of the Department of the Interior and that are considered by the Committee to be desirable.

"SEC. 6. SUPPORT FOR SCHOOLS WITH ENERGY AND MINERAL RESOURCE PROGRAMS IN PETROLEUM AND MINERAL EXPLORATION GEOLOGY, PETROLEUM GEOPHYSICS, OR MINING GEOPHYSICS.

"(a) Twenty percent of the annual outlay of funds under this Act may be granted to schools, universities, and institutions other than those described in sections 3 and 4.

"(b) The Secretary, as advised by the Committee established by section 11, shall determine the eligibility of a college or university to receive funding under this Act using criteria that include—

"(1) the presence of a substantial program of undergraduate and graduate geoscience instruction and research in one or more of the following specialties: petroleum geology, geothermal geology, mineral exploration geology, economic geology, industrial minerals geology, mining geology, petroleum geophysics, mining geophysics, geological engineering, or geophysical engineering that has a demonstrated history of achievement;

"(2) evidence of institutional commitment for the purposes of this Act that includes a significant opportunity for participation by undergraduate students in research;

"(3) evidence that such school, university, or institution has or can obtain significant industrial cooperation in activities within the scope of this Act;

"(4) agreement by the school, university, or institution to maintain the programs for which the funding is sought for the 10-year period beginning on the date the school, university, or institution first receives such funds; and

"(5) requiring that such funding shall be for the purposes set forth in subsections (c) through (h) of section 3 and subject to the conditions set forth in section 3(h).

"SEC. 7. DESIGNATION OF FUNDS FOR SCHOLARSHIPS AND FELLOWSHIPS.

"(a) The Secretary shall utilize 19 percent of the annual outlay of funds under this Act for the purpose of providing merit-based scholarships for undergraduate education, graduate fellowships, and postdoctoral fellowships.

"(b) In order to receive a scholarship or a graduate fellowship, an individual student must be a lawful permanent resident of the United States or a United States citizen and must agree in writing to complete a course of studies and receive a degree in petroleum, mining, or mineral engineering, petroleum geology, geothermal geology, mining and economic geology, petroleum and mining geophysics, or mineral economics.

"(c) The regulations required by section 9 shall require that an individual, in order to retain a scholarship or graduate fellowship, must continue in one of the course of studies listed in subsection (b) of this section, must remain in good academic standing, as determined by the school, institution, or university and must allow for reinstatement of the scholarship or graduate fellowship by the Secretary, upon the recommendation of the school or institution. Such regulations may also provide for recovery of funds from an individual who fails to complete any of the courses of study listed in subsection (b) of this section after notice that such completion is a requirement of receipt funding under this Act.

"SEC. 8. FUNDING CRITERIA FOR INSTITUTIONS.

"(a) Each application for funds under this Act shall state, among other things, the nature of the project to be undertaken; the period during which it will be pursued; the qualifications of the personnel who will direct and conduct it; the estimated costs; the importance of the project to the Nation, region, or States concerned; its relation to other known research projects theretofore pursued or being pursued; the extent to which the proposed project will maximize the opportunity for the training of undergraduate petroleum, mining, and mineral engineers; geologists and geophysicists; and the extent of participation by nongovernmental sources in the project.

"(b) No funds shall be made available under this Act except for a project approved by the Secretary. All funds shall be made available upon the basis of merit of the project, the need for the knowledge that it is expected to produce when completed, and the opportunity it provides for the undergraduate training of individuals as petroleum, mining, and mineral engineers, geologists, and geophysicists.

"(c) Funds available under this Act shall be paid at such times and in such amounts during each fiscal year as determined by the Secretary, and upon vouchers approved by the Secretary. Each school, university, or institution that receives funds under this Act shall—

"(1) establish its plan to provide for the training of individuals as petroleum, mining, and mineral engineers, geologists, and geophysicists under a curriculum appropriate to the field of mineral resources and mineral engineering and related fields;

"(2) establish policies and procedures that assure that Federal funds made available under this Act for any fiscal year will supplement and, to the extent practicable, increase the level of funds that would, in the absence of such Federal funds, be made available for purposes of this Act, and in no case supplant such funds; and

"(3) have an officer appointed by its governing authority who shall receive and account for all funds paid under this Act and shall make an annual report to the Secretary on or before the first day of September of each year, on work accomplished and the status of projects underway, together with a detailed statement of the amounts received under this Act during the preceding fiscal year, and of its disbursements on schedules prescribed by the Secretary.

"(d) If any of the funds received by the authorized receiving officer of a program under this Act are found by the Secretary to have been improperly diminished, lost, or misapplied, such funds shall be recovered by the Secretary.

"(e) Schools, universities, and institutions receiving funds under this Act are authorized and encouraged to plan and conduct programs under this Act in cooperation with each other and with such other agencies, business enterprises and individuals.

"SEC. 9. DUTIES OF SECRETARY.

"(a) The Secretary, acting through the Assistant Secretary for Land and Minerals Management, shall administer this Act and shall prescribe such rules and regulations as may be necessary to carry out its provisions not later than 1 year after the enactment of the Deep Ocean Energy Resources Act of 2006.

"(b)(1) There is established in the Department of the Interior, under the supervision of the Assistant Secretary for Land and Minerals Management, an office to be known as the Office of Petroleum and Mining Schools (hereafter in this Act referred to as the 'Office') to administer the provisions of this Act. There shall be a Director of the Office who shall be a member of the Senior Executive Service. The position of the Director shall be allocated from among the existing Senior Executive Service positions at the Department of the Interior and shall be a career reserved position as defined in section 3132(a)(8) of title 5, United States Code.

"(2) The Director is authorized to appoint a Deputy Director and to employ such officers and employees as may be necessary to enable the Office to carry out its functions, not to exceed fifteen. Such appointments shall be made from existing positions at the Department of the Interior, and shall be subject to the provisions of title 5, United States Code, governing appointments in the competitive service. Such positions shall be paid in accordance with the provisions of chapter 51 and subchapter III of chapter 53 of such title relating to classification and General Schedule pay rates.

"(3) In carrying out his or her functions, the Director shall assist and advise the Secretary and the Committee established by section 11 of this Act by

"(A) providing professional and administrative staff support for the Committee including recordkeeping and maintaining minutes of all Committee and subcommittee meetings;

"(B) coordinating the activities of the Committee with Federal agencies and departments, and the schools, universities, and institutions to which funds are provided under this Act;

"(C) maintaining accurate records of funds disbursed for all scholarships, fellowships, research grants, and grants for career technical education purposes;

"(D) preparing any regulations required to implement this Act;

"(E) conducting site visits at schools, universities, and institutions receiving funding under this Act; and

"(F) serving as a central repository for reports and clearing house for public information on research funded by this Act.

"(4) The Director or an employee of the Office shall be present at each meeting of the Committee established by section 11 or a subcommittee of such Committee.

"(5) The Director is authorized to contract with public or private agencies, institutions, and organizations and with individuals without regard to section 3324(a) and (b) of title 31, United States Code, and section 5 of title 41, United States Code, in carrying out his or her functions.

"(6) As needed the Director shall ascertain whether the requirements of this Act have been met by schools, universities, institutions, and individuals, including the payment of any revenues derived from patents into the fund created by section 23(a) of this Act as required by section 10(d).

"(c) The Secretary, acting through the Office of Petroleum and Mining Schools, shall furnish such advice and assistance as will best promote the purposes of this Act, shall participate in coordinating research, investigations, demonstrations, and experiments initiated under this Act, shall indicate to schools, universities, and institutions receiving funds under this Act such lines of inquiry that seem most important, and shall encourage and assist in the establishment and maintenance of cooperation between such schools, universities, and institutions, other research organizations, the Department of the Interior, and other Federal agencies.

"(d) The Secretary shall establish procedures—

"(1) to ensure that each employee and contractor of the Office established by this section and each member of the committee established by section 11 of this Act shall disclose to the Secretary any financial interests in or financial relationships with schools, universities, institutions or individuals receiving funds, scholarships or fellowships under this Act;

"(2) to require any employee, contractor, or member of the committee with a financial relationship disclosed under paragraph (1) to recuse themselves from—

"(A) any recommendation or decision regarding the awarding of funds, scholarships or fellowships; or

"(B) any review, report, analysis or investigation regarding compliance with the provisions of this Act by a school, university, institution or any individual.

"(e) On or before the first day of July of each year beginning after the date of enactment of this sentence, schools, universities, and institutions receiving funds under this Act shall certify compliance with this Act and upon request of the Director of the office established by this section provide documentation of such compliance.

"(f) An individual granted a scholarship or fellowship with funds provided under this Act shall through their respective school, university, or institution, advise the Director of the office established by this Act of progress towards completion of the course of studies and upon the awarding of the degree within 30 days after the award.

"(g) The regulations required by this section shall include a preference for veterans and service members who have received or will receive either the Afghanistan Campaign Medal or the Iraq Campaign Medal as authorized by Public Law 108–234, and Executive Order 13363.

"SEC. 10. COORDINATION.

"(a) Nothing in this Act shall be construed to impair or modify the legal relationship existing between any of the schools, universities, and institutions under whose direction a program is established with funds provided under this Act and the government of the State in which it is located. Nothing in this Act shall in any way be construed to authorize Federal control or direction of education at any school, university, or institution.

"(b) The programs authorized by this Act are intended to enhance the Nation's petroleum, mining, and mineral engineering education programs and to enhance educational programs in petroleum and mining exploration and to increase the number of individuals enrolled in and completing these programs. To achieve this intent, the Secretary and the Committee established by section 11 shall receive the continuing advice and cooperation of all agencies of the Federal Government concerned with the identification, exploration, and development of energy and mineral resources.

"(c) Nothing in this Act is intended to give or shall be construed as giving the Secretary any authority over mining and mineral resources research conducted by any agency of the Federal Government, or as repealing or diminishing existing authorities or responsibilities of any agency of the Federal Government to plan and conduct, contract for, or assist in research in its area of responsibility and concern with regard to mining and mineral resources.

"(d) The schools, universities, and institutions receiving funding under this Act shall make detailed reports to the Office of Petroleum and Mining Schools on projects completed, in progress, or planned with funds provided under this Act. All such reports shall available to the public on not less than an annual basis through the Office of Petroleum and Mining Schools. All uses, products, processes, patents, and other developments resulting from any research, demonstration, or experiment funded in whole or in part under this Act shall be made available promptly to the general public, subject to exception or limitation, if any, as the Secretary may find necessary in the interest of national security. Schools, universities, and institutions receiving patents for inventions funded in whole or in part under this Act shall be governed by the applicable Federal law, except that one percent of gross annual revenues due to the holders of the patents that are derived from such patents shall be paid by the holders of the patents to the Federal Energy and Mineral Resources Professional Development Fund established by section 23(a) of the Deep Ocean Energy Resources Act of 2006.

"SEC. 11. COMMITTEE ON PETROLEUM, MINING, AND MINERAL ENGINEERING AND ENERGY AND MINERAL RESOURCE EDUCATION.

"(a) The Secretary shall appoint a Committee on Petroleum, Mining, and Mineral Engineering and Energy and Mineral Resource Education composed of—

"(1) the Assistant Secretary of the Interior responsible for land and minerals management and not more than 16 other persons who are knowledgeable in the fields of mining and mineral resources research, including 2 university administrators one of whom shall be from historic and existing petroleum and mining schools; a community, technical, or tribal college administrator; a career technical education educator; 6 representatives equally distributed from the petroleum, mining, and aggregate industries; a working miner; a working oilfield worker; a representative of the Interstate Oil and Gas Compact Commission; a representative from the Interstate Mining Compact Commission; a representative from the Western Governors Association; a representative of the State geologists, and a representative of a State mining and reclamation agency. In making these 16 appointments, the Secretary shall consult with interested groups.

"(2) The Assistant Secretary for Land and Minerals Management, in the capacity of the Chairman of the Committee, may have present during meetings of the Committee representatives of Federal agencies with responsibility for energy and minerals resources management, energy and mineral resource investigations, energy and mineral commodity information, international trade in energy and mineral commodities, mining safety regulation and mine safety research, and research into the development, production, and utilization of energy and mineral commodities. These representatives shall serve as technical advisors to the committee and shall have no voting responsibilities.

"(b) The Committee shall consult with, and make recommendations to, the Secretary on all matters relating to funding energy and mineral resources research, the awarding of scholarships and fellowships and allocation of funding made under this Act. The Secretary shall consult with and carefully consider recommendations of the Committee in such matters.

"(c) Committee members, other than officers or employees of Federal, State, or local governments, shall be, for each day (including traveltime) during which they are performing Committee business, paid at a rate fixed by the Secretary but not in excess of the daily equivalent of the maximum rate of pay for level IV of the Executive Schedule under section 5136 of title 5, United States Code, and shall be fully reimbursed for travel, subsistence, and related expenses.

"(d) The Committee shall be chaired by the Assistant Secretary of the Interior responsible for land and minerals management. There shall also be elected a Vice Chairman by the Committee from among the members referred to in this section. The Vice Chairman shall perform such duties as are determined to be appropriate by the committee, except that the Chairman of the Committee must personally preside at all meetings of the full Committee. The Committee may organize itself into such subcommittees as the Committee may deem appropriate.

"(e) Following completion of the report required by section 385 of the Energy Policy Act of 2005, the Committee shall consider the recommendations of the report, ongoing efforts in the schools, universities, and institutions receiving funding under this Act, the Federal and State Governments, and the private sector, and shall formulate and recommend to the Secretary a national plan for a program utilizing the fiscal resources provided under this Act. The Committee shall submit such plan to the Secretary for approval. Upon approval, the plan shall guide the Secretary and the Committee in their actions under this Act.

"(f) Section 10 of the Federal Advisory Committee Act (5 U.S.C. App. 2) shall not apply to the Committee.

"SEC. 12. CAREER TECHNICAL EDUCATION.

"(a) Up to 25 percent of the annual outlay of funds under this Act may be granted to schools or institutions including, but not limited to, colleges, universities, community colleges, tribal colleges, technical institutes, and secondary schools, other than those described in sections 3, 4, 5, and 6.

"(b) The Secretary, as advised by the Committee established under section 11, shall determine the eligibility of a school or institution to receive funding under this section using criteria that include—

"(1) the presence of a State-approved program in mining engineering technology, petroleum engineering technology, industrial engineering technology, or industrial technology that—

"(A) is focused on technology and its use in energy and mineral production and related maintenance, operational safety, or energy infrastructure protection and security;

"(B) prepares students for advanced or supervisory roles in the mining industry or the petroleum industry; and

"(C) grants either an associate's degree or a baccalaureate degree in one of the subjects listed in subparagraph (A);

"(2) the presence of a program, including a secondary school vocational education program or career academy, that provides training for individuals entering the petroleum, coal mining, or mineral mining industries; or

"(3) the presence of a State-approved program of career technical education at a secondary school, offered cooperatively with a community college in one of the industrial sectors of—

"(A) agriculture, forestry, or fisheries;

"(B) utilities;

"(C) construction;

"(D) manufacturing; and

"(E) transportation and warehousing.

"(c) Schools or institutions receiving funds under this section must show evidence of an institutional commitment for the purposes of career technical education and provide evidence that the school or institution has received or will receive industry cooperation in the form of equipment, employee time, or donations of funds to support the activities that are within the scope of this section.

"(d) Schools or institutions receiving funds under this section must agree to maintain the programs for which the funding is sought for a period of 10 years beginning on the date the school or institution receives such funds, unless the Secretary finds that a shorter period of time is appropriate for the local labor market or is required by State authorities.

"(e) Schools or institutions receiving funds under this section may combine these funds with State funds, and other Federal funds where allowed by law, to carry out programs described in this section, however the use of the funds received under this section must be reported to the Secretary not less than annually.

"SEC. 13. DEPARTMENT OF THE INTERIOR WORKFORCE ENHANCEMENT.

"(a) PHYSICAL SCIENCE, ENGINEERING AND TECHNOLOGY SCHOLARSHIP PROGRAM.—

"(1) From the funds made available to carry out this section, the Secretary shall use 30 percent of that amount to provide financial assistance for education in physical sciences, engineering, and engineering or industrial technology and disciplines that, as determined by the Secretary, are critical to the functions of the Department of the Interior and are needed in the Department of the Interior workforce.

"(2) The Secretary of the Interior may award a scholarship in accordance with this section to a person who—

"(A) is a citizen of the United States;

"(B) is pursuing an undergraduate or advanced degree in a critical skill or discipline described in paragraph (1) at an institution of higher education; and

"(C) enters into a service agreement with the Secretary of the Interior as described in subsection (e).

"(3) The amount of the financial assistance provided under a scholarship awarded to a person under this subsection shall be the amount determined by the Secretary of the Interior as being necessary to pay all educational expenses incurred by that person, including tuition, fees, cost of books, laboratory expenses, and expenses of room and board. The expenses paid, however, shall be limited to those educational expenses normally incurred by students at the institution of higher education involved.

"(b) SCHOLARSHIP PROGRAM FOR STUDENTS ATTENDING MINORITY SERVING HIGHER EDUCATION INSTITUTIONS.—

"(1) From the funds made available to carry out this section, the Secretary shall use 25 percent of that amount to award scholarships in accordance with this section to persons who—

"(A) are enrolled in a Minority Serving Higher Education Institutions.

"(B) are citizens of the United States;

"(C) are pursuing an undergraduate or advanced degree in agriculture, engineering, engineering or industrial technology, or physical sciences, or other discipline that is found by the Secretary to be critical to the functions of the Department of the Interior and are needed in the Department of the Interior workforce; and

"(D) enter into a service agreement with the Secretary of the Interior as described in subsection (e).

"(2) The amount of the financial assistance provided under a scholarship awarded to a person under this subsection shall be the amount determined by the Secretary of the Interior as being necessary to pay all educational expenses incurred by that person, including tuition, fees, cost of books, laboratory expenses, and expenses of room and board. The expenses paid, however, shall be limited to those educational expenses normally incurred by students at the institution of higher education involved.

"(c) EDUCATION PARTNERSHIPS WITH MINORITY SERVING HIGHER EDUCATION INSTITUTIONS.—

"(1) The Secretary shall require the director of each Bureau and Office, to foster the participation of Minority Serving Higher Education Institutions in any regulatory activity, land management activity, science activity, engineering or industrial technology activity, or engineering activity carried out by the Department of the Interior.

"(2) From the funds made available to carry out this section, the Secretary shall use 25 percent of that amount to support activities at Minority Serving Higher Education Institutions by—

"(A) funding faculty and students in these institutions in collaborative research projects that are directly related to the Departmental or Bureau missions;

"(B) allowing equipment transfer to Minority Serving Higher Education Institutions as a part of a collaborative research program directly related to a Departmental or Bureau mission;

"(C) allowing faculty and students at these Minority Serving Higher Education Institutions to participate Departmental and Bureau training activities;

"(D) funding paid internships in Departmental and Bureau facilities for students at Minority Serving Higher Education Institutions;

"(E) assigning Departmental and Bureau personnel to positions located at Minority Serving Higher Educational Institutions to serve as mentors to students interested in a science, technology or engineering disciplines related to the mission of the Department or the Bureaus.

"(d) KINDERGARTEN THROUGH GRADE TWELVE SCIENCE EDUCATION ENHANCEMENT PROGRAM.—

"(1) From the funds made available to carry out this section, the Secretary shall use 20 percent of that amount to support activities designed to enhance the knowledge and expertise of teachers of basic sciences, mathematics, engineering and technology in Kindergarten through Grade Twelve programs.

"(2) The Secretary is authorized to—

"(A) support competitive events for students under the supervision of teachers that are designed to encourage student interest and knowledge in science, engineering, technology and mathematics;

"(B) support competitively-awarded, peer-reviewed programs to promote professional development for mathematics, science, engineering and technology teachers who teach in grades from kindergarten through grade 12;

"(C) support summer internships at Department facilities, for mathematics, science, engineering and technology teachers who teach in grades from kindergarten through grade 12; and

"(D) sponsor and assist in sponsoring educational and teacher training activities in subject areas identified as critical skills.

"(e) SERVICE AGREEMENT FOR RECIPIENTS OF ASSISTANCE.—

"(1) To receive financial assistance under subsection (a) and subsection (b) of this section—

"(A) in the case of an employee of the Department of the Interior, the employee shall enter into a written agreement to continue in the employment of the department for the period of obligated service determined under paragraph (2); and

"(B) in the case of a person not an employee of the Department of the Interior, the person shall enter into a written agreement to accept and continue employment in the Department of the Interior for the period of obligated service determined under paragraph (2).

"(2) For the purposes of this section, the period of obligated service for a recipient of a scholarship under this section shall be the period determined by the Secretary of the Interior as being appropriate to obtain adequate service in exchange for the financial assistance provided under the scholarship. In no event may the period of service required of a recipient be less than the total period of pursuit of a degree that is covered by the scholarship. The period of obligated service is in addition to any other period for which the recipient is obligated to serve in the civil service of the United States.

"(3) An agreement entered into under this subsection by a person pursuing an academic degree shall include any terms and conditions that the Secretary of the Interior determines necessary to protect the interests of the United States or otherwise appropriate for carrying out this section.

"(f) REFUND FOR PERIOD OF UNSERVED OBLIGATED SERVICE.—

"(1) A person who voluntarily terminates service before the end of the period of obligated service required under an agreement entered into under subsection (e) shall refund to the United States an amount determined by the Secretary of the Interior as being appropriate to obtain adequate service in exchange for financial assistance.

"(2) An obligation to reimburse the United States imposed under paragraph (1) is for all purposes a debt owed to the United States.

"(3) The Secretary of the Interior may waive, in whole or in part, a refund required under paragraph (1) if the Secretary determines that recovery would be against equity and good conscience or would be contrary to the best interests of the United States.

"(4) A discharge in bankruptcy under title 11, United States Code, that is entered less than five years after the termination of an agreement under this section does not discharge the person signing such agreement from a debt arising under such agreement or under this subsection.

"(g) RELATIONSHIP TO OTHER PROGRAMS.—The Secretary of the Interior shall coordinate the provision of financial assistance under the authority of this section with the provision of financial assistance under the authorities provided in this Act in order to maximize the benefits derived by the Department of Interior from the exercise of all such authorities.

"(h) REPORT.—Not later than September 1 of each year, the Secretary of the Interior shall submit to the Committee on Resources of the House of Representatives and the Committee on Energy and Natural Resources of the Senate a report on the status of the assistance program carried out under this section. The report shall describe the programs within the Department designed to recruit and retain a workforce on a short-term basis and on a long-term basis.

"(i) DEFINITIONS.—As used in this section:

"(1) The term 'Minority Serving Higher Education Institutions' means a Hispanic-serving institution, historically Black college or university, Alaska Native-serving institution, or tribal college.

"(2) The term 'Hispanic-serving institution' has the meaning given the term in section 502(a) of the Higher Education Act of 1965 (20 U.S.C. 1101a(a)).

"(3) The term 'historically Black college or university' has the meaning given the term 'part B institution' in section 322 of the Higher Education Act of 1965 (20 U.S.C. 1061).

"(4) The term 'tribal college' has the meaning given the term 'tribally controlled college or university' in section 2(a) of the Tribally Controlled College Assistance Act of 1978 (25 U.S.C. 1801(a)).

"(5) The term 'institution of higher education' has the meaning given such term in section 101 of the Higher Education Act of 1965 (20 U.S.C. 1001).

"(6) The term 'Alaska Native-serving institution' has the meaning given the term in section 317 of the Higher Education Act of 1965 (20 U.S.C. 1059d).

"(j) FUNDING.—The Secretary shall spend 3 percent of the annual outlay under this Act to implement this section not to exceed $10,000,000.".

SEC. 24. ONSHORE AND OFFSHORE MINERAL LEASE FEES.

Except as otherwise provided in this Act, the Department of the Interior is prohibited from charging fees applicable to actions on Federal onshore and offshore oil and gas, coal, geothermal, and other mineral leases, including transportation of any production from such leases, if such fees were not established in final regulations prior to the date of issuance of the lease.

SEC. 25. OCS REGIONAL HEADQUARTERS.

The headquarters for the Gulf of Mexico Region shall permanently be located within the State of Louisiana within 25 miles of the center of Jackson Square, New Orleans, Louisiana. Further, not later than July 1, 2008, the Secretary of the Interior shall establish the headquarters for the Atlantic OCS Region and the headquarters for the Pacific OCS Region within a State bordering the Atlantic OCS Region and a State bordering the Pacific OCS Region, respectively, from among the States bordering those Regions, that petitions by no later than January 1, 2008, for leasing, for oil and gas or natural gas, covering at least 40 percent of the area of its Adjacent Zone within 100 miles of the coastline. Such Atlantic and Pacific OCS Regions headquarters shall be located within 25 miles of the coastline and each MMS OCS regional headquarters shall be the permanent duty station for all Minerals Management Service personnel that on a daily basis spend on average 60 percent or more of their time in performance of duties in support of the activities of the respective Region, except that the Minerals Management Service may house regional inspection staff in other locations. Each OCS Region shall each be led by a Regional Director who shall be an employee within the Senior Executive Service.

SEC. 26. NATIONAL GEO FUND ACT OF 2006.

(a) SHORT TITLE.—This section may be cited as the "National Geo Fund Act of 2006".

(b) PURPOSES.—The purpose of this section is to—

(1) establish a fund to provide funding for the management of geologic programs, geologic mapping, geophysical and other seismic studies, seismic monitoring programs, and the preservation and use of geologic and geophysical data, geothermal and geopressure energy resource management, unconventional energy resources management, and renewable energy management associated with ocean wave, current, and thermal resources;

(2) make available receipts derived from sales, bonus bids, royalties, and fees from onshore and offshore gas, minerals, oil, and any additional form of energy exploration and development under the laws of the United States for the purposes of the such fund;

(3) distribute funds from such fund each fiscal year to the Secretary of the Interior and the States; and

(4) use the distributed funds to manage activities conducted under this section, and to secure the necessary trained workforce, contractual services, and other support, including maintenance and capital investments, to perform the functions and activities described in paragraph (1).

(c) DEFINITIONS.—In this section:

(1) GEO FUND.—The term "Geo Fund" means the National Geo Fund established by subsection (d).

(2) STATE.—The term "State" means the agency of a State designated by its Governor or State law to perform the functions and activities described in subsection (b)(1).

(d) ESTABLISHMENT AND USE OF THE GEO FUND.—

(1) GEO FUND.—There is established in the Treasury a separate account to be known as the "National Geo Fund".

(2) FUNDING.—The Secretary of the Treasury shall deposit in the Geo Fund—

(A) such sums as are provided by sections 9(b)(5)(A)(iv), 9(b)(5)(B)(iv), 9(c)(4)(A)(iv), and 9(c)(4)(B)(iv) of the Outer Continental Shelf Lands Act, as amended by this Act;

(B)(i) during the period of October 1, 2006, through September 30, 2015, one percent of all sums paid into the Treasury under section 35 of the Mineral Leasing Act (30 U.S.C. 191), and

(ii) beginning October 1, 2015, and thereafter, 2.5 percent of all sums paid into the Treasury under section 35 of the Mineral Leasing Act (30 U.S.C. 191);

(C)(i) during the period of October 1, 2006, through September 30, 2015, one percent of all sums paid into the Treasury from receipts derived from bonus bids and royalties from other mineral leasing on public lands, and

(ii) beginning October 1, 2015, and thereafter, 2.5 percent of all sums paid into the Treasury from receipts derived from bonus bids and royalties from other mineral leasing on public lands; and

(D) $65,000,000 from outer Continental Shelf bonus bids, royalties, and conservation of resources fees received in fiscal year 2007, and $50,000,000 from outer Continental Shelf bonus bids, royalties, and conservation of resources fees received in each of fiscal years 2008, 2009, 2010, 2011, 2012, and 2013, 75 percent of which shall be used to implement subsection (g) and all of which shall remain available until expended.

(3) INVESTMENTS.—The Secretary of the Treasury shall invest the amounts deposited under paragraph (2) and all accrued interest on the amounts deposited under paragraph (2) only in interest bearing obligations of the United States or in obligations guaranteed as to both principal and interest by the United States.

(4) AVAILABILITY TO SECRETARY OF THE INTERIOR.—

(A) IN GENERAL.—Beginning with fiscal year 2007, and in each fiscal year thereafter, one-third of amounts deposited into the Geo Fund, unless otherwise specified herein, together with the interest thereon, shall be available, without fiscal year limitations, to the Secretary of the Interior for use for the purposes described in subsection (b)(4).

(B) WITHDRAWALS AND TRANSFER OF FUNDS.—The Secretary of the Treasury shall withdraw such amounts from the Geo Fund as the Secretary of the Interior may request, subject to the limitation in subparagraph (A), and transfer such amounts to the Secretary of the Interior to be used, at the discretion of the Secretary of the Interior, by the Minerals Management Service, the Bureau of Land Management, and the United States Geological Survey for the purposes described in subsection (b)(4). No funds distributed from the Geo Fund may be used to purchase an interest in land.

(5) PAYMENT TO STATES.—

(A) IN GENERAL.—Beginning with fiscal year 2007, and in each fiscal year thereafter, two-thirds of amounts deposited into the Geo Fund, unless otherwise specified herein, together with the interest thereon, shall be available, without fiscal year limitations, to the States for use for the purposes described in subsection (b)(4).

(B) WITHDRAWALS AND TRANSFER OF FUNDS.—Within the first 90 days of each fiscal year, the Secretary of the Treasury shall withdraw amounts from the Geo Fund and transfer such amounts to the States based on a formula devised by the Secretary of the Interior based on the relative needs of the States and the needs of the Nation.

(C) USE OF PAYMENTS BY STATES.—Each State shall use the payments made under subparagraph (B) only for carrying out projects and programs for the purposes described in subsection (b)(4). No funds distributed from the Geo Fund may be used to purchase an interest in land.

(D) ENCOURAGEMENT OF USE OF PRIVATE FUNDS BY STATES.—Each State shall use the payments made under subparagraph (B) to leverage private funds for carrying out projects for the purposes described in subsection (b)(4).

(E) REPORT TO CONGRESS.—Beginning in fiscal year 2008 and continuing for each fiscal year thereafter, the Secretary of the Interior and each State receiving funds from the Geo Fund shall submit a report to the Committee on Energy and Natural Resources of the Senate and the Committee on Resources of the House of Representatives. Reports submitted to the Congress by the Secretary of the Interior and the States shall include detailed information regarding expenditures during the previous fiscal year.

(e) STRATEGIC UNCONVENTIONAL RESOURCES.—

(1) PROGRAM.—The Secretary of the Interior shall establish a program for production of fuels from strategic unconventional resources, and production of oil and gas resources using CO2 enhanced recovery. The program shall focus initially on activities and domestic resources most likely to result in significant production in the near future, and shall include work necessary to improve extraction techniques, including surface and in situ operations. The program shall include characterization and assessment of potential resources, a sampling program, appropriate laboratory and other analyses and testing, and assessment of methods for exploration and development of these strategic unconventional resources.

(2) PILOT PROJECTS.—The program created in paragraph (1) shall include, but not be limited to, pilot projects on (A) the Maverick Basin heavy oil and tar sands formations of Texas, including the San Miguel deposits, (B) the Greater Green River Basin heavy oil, oil shale, tar sands, and coal deposits of Colorado, Utah, and Wyoming, (C) the shale, tar sands, heavy oil, and coal deposits in the Alabama-Mississippi-Tennessee region, (D) the shale, tar sands, heavy oil, and coal deposits in the Ohio River valley, and (E) strategic unconventional resources in California. The Secretary shall identify and report to Congress on feasible incentives to foster recovery of unconventional fuels by private industry within the United States. Such incentives may include, but are not limited to, long-term contracts for the purchase of unconventional fuels for defense purposes, Federal grants and loan guarantees for necessary capital expenditures,

and favorable terms for the leasing of Government lands containing unconventional resources.

(3) DEFINITIONS.—In this subsection:

(A) STRATEGIC UNCONVENTIONAL RESOURCES.—The term "strategic unconventional resources" means hydrocarbon resources, including heavy oil, oil shale, tar sands, and coal deposits, from which liquid fuels may be produced.

(B) IN SITU EXTRACTION METHODS.—The term "in situ extraction methods" means recovery techniques that are applied to the resources while they are still in the ground, and are in commercial use or advanced stages of development. Such techniques include, but are not limited to, steam flooding, steam-assisted gravity drainage (including combination with electric power generation where appropriate), cyclic steam stimulation, air injection, and chemical treatment.

(4) FUNDING.—The Secretary shall carry out the program for the production of strategic unconventional fuels with funds from the Geo Fund in each of fiscal years 2007 through 2011 in the amount of not less than $35,000,000 each year. Each pilot project shall be allocated not less than $4,000,000 per year in each of fiscal years 2007 through 2011.

(f) SUPPORT OF GEOTHERMAL AND GEOPRESSURE OIL AND GAS ENERGY PRODUCTION.—

(1) IN GENERAL.—The Secretary shall carry out a grant program in support of geothermal and geopressure oil and gas energy production. The program shall include grants for a total of not less than three assessments of the use of innovative geothermal techniques such as organic rankine cycle systems at marginal, unproductive, and productive oil and gas wells, and not less than one assessment of the use of innovative geopressure techniques. The Secretary shall, to the extent practicable and in the public interest, make awards that—

(A) include not less than five oil or gas well sites per project award;

(B) use a range of oil or gas well hot water source temperatures from 150 degrees Fahrenheit to 300 degrees Fahrenheit;

(C) use existing or new oil or gas wells;

(D) cover a range of sizes from 175 kilowatts to one megawatt;

(E) are located at a range of sites including tribal lands, Federal lease, State, or privately owned sites;

(F) can be replicated at a wide range of sites;

(G) facilitate identification of optimum techniques among competing alternatives;

(H) include business commercialization plans that have the potential for production of equipment at high volumes and operation and support at a large number of sites; and

(I) satisfy other criteria that the Secretary determines are necessary to carry out the program.

The Secretary shall give preference to assessments that address multiple elements contained in subparagraphs (A) through (I).

(2) GRANT AWARDS.—

(A) IN GENERAL.—Each grant award for assessment of innovative geothermal or geopressure technology such as organic rankine cycle systems at oil and gas wells made by the Secretary under this section shall include—

(i) necessary and appropriate site engineering study;

(ii) detailed economic assessment of site specific conditions;

(iii) appropriate feasibility studies to determine ability for replication;

(iv) design or adaptation of existing technology for site specific circumstances or conditions;

(v) installation of equipment, service, and support; and

(vi) monitoring for a minimum of one year after commissioning date.

(3) COMPETITIVE GRANT SELECTION.—Not less than 180 days after the date of the enactment of this Act, the Secretary shall conduct a national solicitation for applications for grants under the program. Grant recipients shall be selected on a competitive basis based on criteria in subsection (b).

(4) FEDERAL SHARE.—The Federal share of costs of grants under this subsection shall be provided from funds made available to carry out this section. The Federal share of the cost of a project carried out with such a grant shall not exceed 50 percent of such cost.

(5) FUNDING.—The Secretary shall carry out the grant program under this subsection with funds from the Geo Fund in each of fiscal years 2007 through 2011 in the amount of not less than $5,000,000 each fiscal year. No funds authorized under this section may be used for the purposes of drilling new wells.

(6) AMENDMENT.—Section 4 of the Geothermal Steam Act of 1970 (30 USC 1003) is amended by adding at the end the following:

"(h) GEOTHERMAL RESOURCES CO-PRODUCED WITH THE MINERALS.—Any person who holds a lease or who operates a cooperative or unit plan under the Mineral Leasing Act, in the absence of an existing lease for geothermal resources under this Act, shall upon notice to the Secretary have the right to utilize any geothermal resources co-produced with the minerals for which the lease was issued during the operation of that lease or cooperative or unit plan, for the generating of electricity to operate the lease. Any electricity that is produced in excess of that which is required to operate the lease and that is sold for purposes outside of the boundary of the lease shall be subject to the requirements of section 5."

(g) LIQUID FUELS GRANT PROGRAM.—

(1) PROGRAM.—The Secretary of the Interior shall establish a grant program for facilities for coal-to-liquids, petroleum coke-to-liquids, oil shale, tar sands, heavy oil, and Alaska natural gas-to-liquids and to assess the production of low-rank coal water fuel (in this subsection referred to as "LRCWF").

(2) LRCWF.—The LRCWF grant project location shall use lignite coal from fields near the Tombigbee River within 60 miles of a land-grant college and shall be allocated $15,000,000 for expenditure during fiscal year 2007.

(3) DEFINITIONS.—In this subsection:

(A) COAL-TO-LIQUIDS FRONT-END ENGINEERING AND DESIGN.—The terms "coal-to-liquids front-end engineering and design" and "FEED" mean those expenditures necessary to engineer, design, and obtain permits for a facility for a particular geographic location which will utilize a process or technique to produce liquid fuels from coal resources.

(B) LOW-RANK COAL WATER FUEL.—In this subsection the term "low-rank coal water fuel" means a liquid fuel produced from hydrothermal treatment of lignite and sub-bituminous coals.

(4) GRANT PROVISIONS.—All grants shall require a 50 percent non-Federal cost share. The first 4 FEED grant recipients who receive full project construction financing commitments, based on earliest calendar date, shall not be required to repay any of their grants. The next 4 FEED grant recipients who receive such commitments shall be required to repay 25 percent of the grant. The next 4 FEED grant recipients who receive such commitments shall be required to repay 50 percent of the grant, and the remaining FEED grant recipeints shall be required to repay 75 percent of the grant. The LRCWF recipient shall not be required to repay the grant. Any required repayment shall be paid as part of the closing process for any construction financing relating to the grant. No repayment shall require the payment of interest if repaid within 5 years of the issuance of the grant. FEED grants shall be be limited to a maximum of $1,000,000 per 1,000 barrels per day of liquid fuels production capacity, not to exceed $25 million per year.

(5) FUNDING.—The Secretary shall carry out the grant program established by this subsection with funds from the Geo Fund.

(h) RENEWABLE ENERGY FROM OCEAN WAVE, CURRENT, AND THERMAL RESOURCES.—

(1) PROGRAM.—The Secretary of the Interior shall establish a grant program for the production of renewable energy from ocean waves, currents, and thermal resources.

(2) GRANT PROVISIONS.—All grants under this subsection shall require a 50 percent non-Federal cost share.

(3) FUNDING.—The Secretary shall carry out this grant program with funds from the Geo Fund in each of fiscal years 2007 through 2011 in the amount of not less than $6,000,000 each year, and thereafter in such amounts as the Secretary may find appropriate.

(i) AMENDMENT TO THE SURFACE MINING CONTROL AND RECLAMATION ACT OF 1977.—Section 517 of the Surface Mining Control and Reclamation Act of 1977 (30 U.S.C. 1267) is amended by adding adding at the end the following:

"(i) Any person who provides the regulatory authority with a map under subsection (b)(1) shall not be liable to any other person in any way for the accuracy or completeness of any such map which was not prepared and certified by or on behalf of such person.".

SEC. 27. LEASES FOR AREAS LOCATED WITHIN 100 MILES OF CALIFORNIA OR FLORIDA.

(a) AUTHORIZATION TO CANCEL AND EXCHANGE CERTAIN EXISTING OIL AND GAS LEASES; PROHIBITION ON SUBMITTAL OF EXPLORATION PLANS FOR CERTAIN LEASES PRIOR TO JUNE 30, 2010.—

(1) AUTHORITY.—Within 2 years after the date of enactment of this Act, the lessee of an existing oil and gas lease for an area located completely within 100

miles of the coastline within the California or Florida Adjacent Zones shall have the option, without compensation, of exchanging such lease for a new oil and gas lease having a primary term of 5 years. For the area subject to the new lease, the lessee may select any unleased tract on the outer Continental Shelf that is in an area available for leasing. Further, with the permission of the relevant Governor, such a lessee may convert its existing oil and gas lease into a natural gas lease having a primary term of 5 years and covering the same area as the existing lease or another area within the same State's Adjacent Zone within 100 miles of the coastline.

(2) ADMINISTRATIVE PROCESS.—The Secretary of the Interior shall establish a reasonable administrative process to implement paragraph (1). Exchanges and conversions under subsection (a), including the issuance of new leases, shall not be considered to be major Federal actions for purposes of the National Environmental Policy Act of 1969 (42 U.S.C. 4321 et seq.). Further, such actions conducted in accordance with this section are deemed to be in compliance all provisions of the Outer Continental Shelf Lands Act (43 U.S.C. 1331 et seq.).

(3) OPERATING RESTRICTIONS.—A new lease issued in exchange for an existing lease under this section shall be subject to such national defense operating stipulations on the OCS tract covered by the new lease as may be applicable upon issuance.

(4) PRIORITY.—The Secretary shall give priority in the lease exchange process based on the amount of the original bonus bid paid for the issuance of each lease to be exchanged. The Secretary shall allow leases covering partial tracts to be exchanged for leases covering full tracts conditioned upon payment of additional bonus bids on a per-acre basis as determined by the average per acre of the original bonus bid per acre for the partial tract being exchanged.

(5) EXPLORATION PLANS.—Any exploration plan submitted to the Secretary of the Interior after the date of the enactment of this Act and before July 1, 2010, for an oil and gas lease for an area wholly within 100 miles of the coastline within the California Adjacent Zone or Florida Adjacent Zone shall not be treated as received by the Secretary until the earlier of July 1, 2010, or the date on which a petition by the Adjacent State for oil and gas leasing covering the area within which is located the area subject to the oil and gas lease was approved.

(b) FURTHER LEASE CANCELLATION AND EXCHANGE PROVISIONS.—

(1) CANCELLATION OF LEASE.—As part of the lease exchange process under this section, the Secretary shall cancel a lease that is exchanged under this section.

(2) CONSENT OF LESSEES.—All lessees holding an interest in a lease must consent to cancellation of their leasehold interests in order for the lease to be cancelled and exchanged under this section.

(3) WAIVER OF RIGHTS.—As a prerequisite to the exchange of a lease under this section, the lessee must waive any rights to bring any litigation against the United States related to the transaction.

(4) PLUGGING AND ABANDONMENT.—The plugging and abandonment requirements for any wells located on any lease to be cancelled and exchanged under this section must be complied with by the lessees prior to the cancellation and exchange.

(c) AREA PARTIALLY WITHIN 100 MILES OF FLORIDA.—An existing oil and gas lease for an area located partially within 100 miles of the coastline within the Florida n Adjacent Zone may only be developed and produced using wells drilled from wellhead locations at least 100 miles from the coastline to any bottom-hole location on the area of the lease. This subsection shall not apply if Florida has petitioned for leasing closer to the coastline than 100 miles.

(d) EXISTING OIL AND GAS LEASE DEFINED.—In this section the term "existing oil and gas lease" means an oil and gas lease in effect on the date of the enactment of this Act.

SEC. 28. COASTAL IMPACT ASSISTANCE.

Section 31 of the Outer Continental Shelf Lands Act (43 U.S.C. 1356a) is repealed.

SEC. 29. OIL SHALE AND TAR SANDS AMENDMENTS.

(a) REPEAL OF REQUIREMENT TO ESTABLISH PAYMENTS.—Section 369(o) of the Energy Policy Act of 2005 (Public Law 109–58; 119 Stat. 728; 42 U.S.C. 15927) is repealed.

(b) TREATMENT OF REVENUES.—Section 21 of the Mineral Leasing Act (30 U.S.C. 241) is amended by adding at the end the following:

"(e) REVENUES.—

"(1) IN GENERAL.—Notwithstanding the provisions of section 35, all revenues received from and under an oil shale or tar sands lease shall be disposed of as provided in this subsection.

"(2) ROYALTY RATES FOR COMMERCIAL LEASES.—

"(A) ROYALTY RATES.—The Secretary shall model the royalty schedule for oil shale and tar sands leases based on the royalty program currently in effect for the production of synthetic crude oil from oil sands in the Province of Alberta, Canada.

"(B) REDUCTION.—The Secretary shall reduce any royalty otherwise required to be paid under subparagraph (A) under any oil shale or tar sands lease on a sliding scale based upon market price, with a 10 percent reduction if the average futures price of NYMEX Light Sweet Crude, or a similar index, drops, for the previous quarter year, below $50 (in January 1, 2006, dollars), and an 80 percent reduction if the average price drops below $30 (in January 1, 2006, dollars) for the quarter previous to the one in which the production is sold.

"(3) DISPOSITION OF REVENUES.—

"(A) DEPOSIT.—The Secretary shall deposit into a separate account in the Treasury all revenues derived from any oil shale or tar sands lease.

"(B) ALLOCATIONS TO STATES AND LOCAL POLITICAL SUBDIVISIONS.—The Secretary shall allocate 50 percent of the revenues deposited into the account established under subparagraph (A) to the State within the boundaries of which the leased lands are located, with a portion of that to be paid directly by the Secretary to the State's local political subdivisions as provided in this paragraph.

"(C) TRANSMISSION OF ALLOCATIONS.—

"(i) IN GENERAL.—Not later than the last business day of the month after the month in which the revenues were received, the Secretary shall transmit—

"(I) to each State two-thirds of such State's allocations under subparagraph (B), and in accordance with clauses (ii) and (iii) to certain county-equivalent and municipal political subdivisions of such State a total of one-third of such State's allocations under subparagraph (B), together with all accrued interest thereon; and

"(II) the remaining balance of such revenues deposited into the account that are not allocated under subparagraph (B), together with interest thereon, shall be transmitted to the miscellaneous receipts account of the Treasury, except that until a lease has been in production for 20 years 50 percent of such remaining balance derived from a lease shall be paid in accordance with subclause (I).

"(ii) ALLOCATIONS TO CERTAIN COUNTY-EQUIVALENT POLITICAL SUBDIVISIONS.—The Secretary shall under clause (i)(I) make equitable allocations of the revenues to county-equivalent political subdivisions that the Secretary determines are closely associated with the leasing and production of oil shale and tar sands, under a formula that the Secretary shall determine by regulation.

"(iii) ALLOCATIONS TO MUNICIPAL POLITICAL SUBDIVISIONS.—The initial allocation to each county-equivalent political subdivision under clause (ii) shall be further allocated to the county-equivalent political subdivision and any municipal political subdivisions located partially or wholly within the boundaries of the county-equivalent political subdivision on an equitable basis under a formula that the Secretary shall determine by regulation.

"(D) INVESTMENT OF DEPOSITS.—The deposits in the Treasury account established under this section shall be invested by the Secretary of the Treasury in securities backed by the full faith and credit of the United States having maturities suitable to the needs of the account and yielding the highest reasonably available interest rates as determined by the Secretary of the Treasury.

"(E) USE OF FUNDS.—A recipient of funds under this subsection may use the funds for any lawful purpose as determined by State law. Funds allocated under this subsection to States and local political subdivisions may be used as matching funds for other Federal programs without limitation. Funds allocated to local political subdivisions under this subsection may not be used in calculation of payments to such local political subdivisions under programs for payments in lieu of taxes or other similar programs.

"(F) NO ACCOUNTING REQUIRED.—No recipient of funds under this subsection shall be required to account to the Federal Government for the expenditure of such funds, except as otherwise may be required by law.

"(4) DEFINITIONS.—In this subsection:

"(A) COUNTY-EQUIVALENT POLITICAL SUBDIVISION.—The term 'county-equivalent political subdivision' means a political jurisdiction immediately below the level of State government, including a county, parish, borough in Alaska, independent municipality not part of a county, parish, or borough in Alaska, or other equivalent subdivision of a State.

"(B) MUNICIPAL POLITICAL SUBDIVISION.—The term 'municipal political subdivision' means a municipality located within and part of a county, parish, borough in Alaska, or other equivalent subdivision of a State.".

SEC. 30. AVAILABILITY OF OCS RECEIPTS TO PROVIDE PAYMENTS UNDER SECURE RURAL SCHOOLS AND COMMUNITY SELF-DETERMINATION ACT OF 2000.

Section 9 of the Outer Continental Shelf Lands Act (43 U.S.C. 1338) is amended by inserting after subsection (i), as added by section 7 of this Act, the following new subsection:

"(j) AVAILABILITY OF FUNDS FOR PAYMENTS UNDER SECURE RURAL SCHOOLS AND COMMUNITY SELF-DETERMINATION ACT OF 2000.—Notwithstanding any other provision of this section, $50,000,000 of OCS Receipts shall be available to the Secretary of the Treasury for each of fiscal years 2007 through 2012 to make payments under sections 102 and 103 of the Secure Rural Schools and Community Self-Determination Act of 2000 (Public Law 106–393; 16 U.S.C. 500 note). The Secretary of the Treasury shall use the funds made available by this subsection to make such payments in lieu of using funds in the Treasury not otherwise appropriated, as otherwise authorized by sections 102(b)(3) and 103(b)(2) of such Act.".

PURPOSE OF THE BILL

The purpose of H.R. 4761 is to provide for exploration, development, and production activities for mineral resources on the outer Continental Shelf, and for other purposes.

BACKGROUND AND NEED FOR LEGISLATION

The U.S. is more than 60 percent dependent on foreign sources of oil to meet our domestic energy requirements. This dependence has a direct impact on our trade deficit, which increased by 2.5 percent in April 2006 specifically due to increased crude oil prices.

In 2003, the National Defense Council Foundation estimated that the "hidden cost" of imported oil totaled $305 billion. Because the price of crude oil is expected to remain above the $60 range for the foreseeable future, the "hidden cost" of importing our oil in 2006 will be more than $825 billion. If we were to calculate that cost on a per gallon basis, gasoline refined from Persian Gulf oil would be $10.86 per gallon.

U.S. consumers have been experiencing high gasoline costs at the pump and are expected to see high home heating costs this winter. The U.S. chemical, manufacturing, agriculture and other industries are being forced overseas in search of lower raw material costs like natural gas.

While many people advocate conservation and the use of renewable and alternative energy as a solution to our high gasoline prices (including the use of solar and wind energy), they fail to realize that energy generated from renewable resources is generally for electrical power generation, not transportation fuel.

Three types of energy are required to meet the needs of the American people: transportation fuels (27 percent of the Nation's energy requirement)—largely crude oil; feed stock for manufacturing of chemicals and other products—primarily natural gas; and fuels used to generate electrical power—a mixture of coal, natural gas, hydropower, and nuclear.

Today approximately 10 percent of the Nation's energy needs are generated from renewable and alternative energy resources. Of these resources, 9 percent is used to generate electricity (7 percent from hydropower) and 1 percent is used for transportation fuels. We are still almost 100 percent dependent on crude oil for our transportation fuel, 60 percent of which is imported.

Another important factor affecting the Nation's energy requirements is population. This is often overlooked by critics of energy consumption particularly in discussions regarding the use of fossil fuels—fuels that are used for transportation, chemicals, manufacturing and agriculture as well as electrical power generation.

Between 1970 and 2004 the U.S. population grew by 40 percent and our energy requirements grew by 47 percent, an almost identical growth pattern. During this same time period the Gross Domestic Product grew by 187 percent, vehicle miles driven increased by 171 percent and air pollution was significantly diminished. These statistics demonstrate that the country has strong conservation practices, achieved significant energy efficiency and instituted strong pollution controls.

Increasing costs of energy are due to world-wide supply and demand imbalances, and in the U.S. is further compounded by contradicting land use and environmental policy. A recent example is the increase in the U.S. demand for natural gas which is priced on a domestic not global market. Natural gas was traditionally used in manufacturing and for home heating and cooking. With changes to the Clean Air Act in the 1990s, natural gas was increasingly used to generate electricity. However, access to additional domestic sources of natural gas was concurrently being restricted. In this case, policy and the private sector response to the legislation drove natural gas prices from around $2.00 to $2.50 per thousand cubic feet (Mcf) during the 1990s to an average of $9.00 Mcf during 2005. These high gas prices (the highest in the world) have adversely impacted the domestic manufacturing sector, in particular the chemical industry which uses natural gas as feed stock for much of what they produce, driving this and other industries offshore where natural gas prices are more reasonable. According to the American Chemistry Council, the U.S. chemical industry posted a trade surplus of $20.3 billion in 1997, the largest in the Nation's history. But last year the industry registered a trade deficit of more than $9 billion. Since the price of natural gas began to spike, the industry has lost more than $60 billion in business to foreign competitors. In that same time period, more than 100,000 good-paying jobs in the chemical industry have disappeared.

The Forest Products Industry has also suffered from high energy costs. Currently energy is the third largest manufacturing cost for the industry at 18 percent for pulp and paper mills—up from 12 percent just three years ago. For some mills, the cost of energy is about to eclipse employee compensation. The impacts of rising energy prices on the forest products industry have been dramatic. Over 232 mills have closed and 182,000 jobs lost (12 percent of employment) since 2000 when energy prices started a steep rise. High energy costs contributed significantly to these closures and layoffs. The National Association of Manufacturers estimates that 3.1 million jobs have been lost since 2000 as a result of high energy costs.

Recent natural disasters exposed the vulnerability of our domestic energy infrastructure. Years of inadequate federal energy policies forced the concentration of vital energy production and refining into a single area of the country, the Gulf Coast. But, as with any critical facilities or infrastructure, geographical diversification and/or redundancy are key to withstanding sudden shocks to the system.

Extreme weather impacts to the Gulf Coast energy infrastructure sent a shock through the energy markets—crude oil prices jumped on reports of domestic oil production shut-ins; gasoline prices jumped on reports of damage to refining capacity; natural gas prices jumped on reports of production shut-ins as well as processing facility and pipeline infrastructure damage. These increases in energy prices likely are here to stay unless the country recognizes that our own federal lands contain a wealth of domestic energy resources that can be responsibly produced to alleviate high energy costs.

Meanwhile, as the thirst for oil from emerging economies such as China and India increases, our Nation's reliance on the very same oil sources as these countries has risen to an all-time high of more than 60 percent of our consumption. America's energy trade deficit is more than 25 percent of our total balance of payments and continues to rapidly increase. The margin of spare global oil supply capacity is at an all-time low, even lower than the 1970s when oil disruptions rocked the U.S. and world economies. This increasing global demand and tight production capacity means less energy and higher prices for America.

Our reliance on foreign countries for oil poses yet another problem: dependence on increasingly unstable governments. We face a future where we are more dependent on rogue foreign nations, but we are no longer guaranteed to be the major recipient of their energy, and countries like China continue to secure contracts and gain favor with these nations.

The U.S. could improve the supply-demand imbalance by producing from more of our own energy resources. Instead the U.S. government is rationing its energy resources through moratoria on development. For example, in the U.S., 85 percent of the outer Continental Shelf (OCS) of the lower–48 states currently is locked away from any development potential for natural gas and oil resources through both a Presidential withdrawal and annual Congressional moratoria. The Minerals Management Service of the Department of the Interior says that the areas under moratoria likely contain between 94 and 164 Trillion cubic feet of natural gas and between 21.25 and 40.6 billion barrels of oil—enough resources to lower consumer costs for natural gas and oil for decades to come.

The issue of access to domestic resources remains a significant hurdle to bolstering U.S. energy security. Coastal states, for example, depend on the whim of the federal government to determine whether energy development occurs off their coasts. Additionally, those coastal states that do support energy development off their shores are not compensated as adequately as their land-locked state counterparts. Coastal states must be afforded the opportunity for self-determination regarding energy development off their shores and, if they choose to facilitate development, they should be compensated for supporting energy development for the Nation. Al-

though technological advancements in exploration and production have sustained some resource growth, policies preventing access to the responsible development of these resources continue to keep domestic energy resource potential off-line.

The Energy Policy Act of 2005, signed into law by the President on August 8, 2005, was but a first step toward acknowledging these global energy issues and strengthening U.S. energy policy. Conference Committee negotiations ultimately failed to include some key measures to encourage domestic energy production. Thus, while this first step was in the right direction, the bill failed to seriously address responsible access to, and production of, energy from U.S. public lands.

As ordered reported from the Committee on Resources, H.R. 4761, the Deep Ocean Energy Resources Act of 2006, is a compromise between H.R. 4761 and H.R. 4318. It provides abundant domestic supplies of energy and will create hundreds of thousands of high paying family wage jobs. The reported bill provides a framework for responsible access to, and production of, energy from the U.S. OCS, and empowers States to control their coastal areas. The bill protects the interest of States that don't want energy production near their coastlines by permanently establishing a moratoria on oil and gas development within 50 miles of the U.S. coast. States that want energy development can opt out of the moratorium. The reported bill also provides equitable sharing of energy receipts.

In addition, the reported bill establishes "conservation of resources fees" for non-producing oil and gas leases and deep water (greater than 200 meters) producing leases that are not paying royalties. The fee for these producing leases kicks in when prices exceed $40.50 per barrel for oil and $6.75 per million Btu for natural gas in 2006 dollars. The fees apply to production starting October 1, 2005. This new fee addresses the mistake made in leases issued in 1998 and 1999 (where price triggers for royalties were not included) without violating contractual obligations the United States has with the lease holders.

H.R. 4761 as ordered reported creates three funds from onshore and offshore mineral receipts to support our domestic energy programs. They are: the Federal Energy Natural Resources Enhancement Fund; the Federal Energy and Mineral Resources Professional Development Fund; and the National Geo Fund.

Under the Federal Energy Natural Resources Enhancement Fund, funds from federal mineral receipts are provided for the Department of the Interior and the States where energy production occurs, including OCS Adjacent Zones, for monitoring and management of wildlife and fish, and their habitats, and air, water, and other natural resources related to energy and minerals development on federal onshore and offshore lands (See Full Committee Hearing on H.R. 4761, June 14, 2006, at http://resourcescommittee.house.gov/archives/109/full/index.htm).

Under the Federal Energy and Mineral Resources Professional Development Fund, funds from federal mineral receipts are provided to support existing programs at ABET-accredited petroleum and mining schools, applied geology and geophysics programs, and to individuals for degrees in petroleum and mining engineering, petroleum/mining geology and geophysics and mineral economics.

Twenty-five percent of the Funds go to support programs at colleges, universities, community colleges, tribal colleges, and technical institutes for career technical education programs to train skilled workers in the oil and gas, coal and mineral mining industries. Programs have a preference for Iraq and Afghanistan veterans, and minorities. Also included is a scholarship program for personnel needed to support the Department of the Interior. Section 23 of the bill also establishes an Office of Petroleum and Mining Schools within the Department of Interior (See Energy and Mineral Resources Subcommittee Oversight Hearing on "The Aging of the Energy and Minerals Workforce: A Crisis in the Making at http://resourcescommittee.house.gov/archives/108/emr/index.htm).

Under the National Geo Fund, funds from federal mineral receipts are provided for a program for the production of fuels from strategic unconventional resources and production of oil and gas resources using certain techniques, including five pilot projects. In addition, the funds are provided for several grant programs in support of geothermal and geopressure oil and gas energy production and facilities for coal-to-liquids, petroleum coke-to-liquids, oil shale, tar sands, heavy oil, and, in Alaska natural gas-to-liquids projects. All but the first four grants will require a part of the grant to be repaid.

Section 21 of the reported text encourages marine life development through a federal rigs-to-reefs program which authorizes the use of decommissioned offshore oil and gas platforms and other facilities for artificial reefs. For those states that do not want to participate in this program there is a provision that allows them to opt out within 12 miles of the coastline.

Section 29 of the reported bill strengthens the new oil shale program implemented through the Energy Policy Act of 2005 by establishing a royalty framework built upon the successful Canadian model that helped spur the more than 1 million barrels/day in oil production from Alberta's oil sands. The section also increases revenue sharing with state and local governments during the first 20 years of production.

COMMITTEE ACTION

Congressman Bobby Jindal (R–LA) introduced H.R. 4761 on February 15, 2006, and it was referred to the Committee on Resources. Within the Committee, it was referred to the Subcommittee on Energy and Mineral Resources. The Subcommittee was discharged from further consideration of the bill under Committee Rule 6(e). The Committee held a hearing on the bill on June 14, 2006. The Committee met to consider the bill on June 21, 2006. Chairman Richard Pombo (R–CA) offered an amendment in the nature of a substitute.

The following amendments were offered to the amendment in the nature of a substitute:

Congressman Don Young (R–AK) offered an amendment to include Alaska Native-serving institutions as eligible for funding under the Department of the Interior Workforce Enhancement program. The amendment was adopted by voice vote.

Congressman Mark Udall (D–CO) offered a substitute amendment which struck all sections of the bill and authorized oil and

gas leasing in the Lease Sale 181 area offshore the States of Florida and Alabama. The amendment failed by voice vote.

Congressman Jim Gibbons (R–NV) offered an amendment to make clarifying and technical changes to Section 23, Mining and Petroleum Schools. The amendment was adopted by voice vote.

Congressman Edward Markey (D–MA) offered an amendment which struck all portions of the bill except Section 6(u), Conservation of Resources Fees. The amendment failed on a roll call vote of 7 to 23, as follows:

COMMITTEE ON RESOURCES
U.S. House of Representatives
109th Congress

Date: June 21. 2006

Convened:_____
Adjourned:_____

Meeting on: Markup of HR 4761 - Mr. Markey amendment to the Pombo Amendment in the Nature of a Substitute.

☐ Attendance ☑ Recorded Vote Vote Number 43 Total: Yeas 7 Nays 23

	YEA	NAY	PRESENT		YEA	NAY	PRESENT
Mr. Pombo, CA, Chairman		✓		*Mrs. Napolitano, CA*	✓		
Mr. Rahall, WV				Mr. Walden, OR		✓	
Mr. Young, AK				*Mr. Tom Udall, NM*			
Mr. Miller, CA				Mr. Tancredo, CO			
Mr. Saxton, NJ				*Mr. Mark Udall, CO*	✓		
Mr. Markey, MA	✓			Mr. Hayworth, AZ		✓	
Mr. Gallegly, CA				*Mr. Grijalva, AZ*	✓		
Mr. Kildee, MI	✓			Mr. Flake, AZ		✓	
Mr. Duncan, TN				*Mr. Cardoza, CA*			
Mr. DeFazio, OR				Mr. Renzi, AZ		✓	
Mr. Gilchrest, MD				*Ms. Bordallo, Guam*			
Mr. Faleomavaega, AS		✓		Mr. Pearce, NM		✓	
Mr. Calvert, CA		✓		*Ms. Herseth, SD*		✓	
Mr. Abercrombie, HI		✓		Mr. Brown, SC		✓	
Mrs. Cubin, WY, vice chair		✓		*Mr. Costa, CA*		✓	
Mr. Ortiz, TX				Mrs. Drake, VA		✓	
Mr. Radanovich, CA				*Mr. Melancon, LA*		✓	
Mr. Pallone, NJ	✓			Mr. Fortuño, PR		✓	
Mr. Jones, NC		✓		*Mr. Boren, OK*		✓	
Mrs. Christensen, VI				Miss McMorris, WA		✓	
Mr. Cannon, UT				Mr. Jindal, LA		✓	
Mr. Kind, WI				Mr. Gohmert, TX		✓	
Mr. Peterson, PA		✓		Mrs. Musgrave, CO			
Mr. Inslee, WA	✓			***Vacancy***			
Mr. Gibbons, NV		✓					
				Total	7	23	

Congressman Greg Walden (R-OR) offered an amendment to provide $50 million per year for six years in outer Continental Shelf receipts for payments under the Secure Rural Schools and Community Self-Determination Act of 2000. The amendment was adopted by voice vote.

Congressman Ken Calvert (R-CA) offered and withdrew an amendment concerning the role of the Secretary of Defense under the bill.

Congressman Jeff Flake (R-AZ) offered and withdrew an amendment entitled "Authorization of Activities and Exports Involving Hydrocarbon Resources by United States Companies."

Congresswoman Thelma Drake (R-VA) offered an amendment refocusing Section 26 of the bill on production of energy and alternative energy resources. The amendment was adopted by voice vote.

Congressman Mark Udall offered an amendment to change the calculation of royalties, fees, rentals, bonuses or other payments for oil shale and tar sands. The amendment failed by voice vote.

Congressman Henry Brown (R-SC) offered an amendment which altered the allocation of receipts between coastal states for receipts from outer Continental Shelf tracts located partially or completely beyond 100 miles of the coastline. The amendment was adopted by voice vote.

The Pombo amendment in the nature of a substitute, as amended, was adopted by voice vote. The bill, as amended, was ordered favorably reported by a roll call vote of 29 to 9, as follows:

COMMITTEE ON RESOURCES
U.S. House of Representatives
109th Congress

Date: June 21. 2006

Convened:_____
Adjourned:_____

Meeting on: Markup of HR 4761 - Motion favorably reporting HR 4761, as amended, to the House of Representative by a Roll Call Vote of 29 Yeas and 9 Nays.

☐ Attendance ☑ Recorded Vote Vote Number 44 Total: Yeas 29 Nays 9

	YEA	NAY	PRESENT		YEA	NAY	PRESENT
Mr. Pombo, CA, Chairman	✓			*Mrs. Napolitano, CA*		✓	
Mr. Rahall, WV		✓		Mr. Walden, OR	✓		
Mr. Young, AK				*Mr. Tom Udall, NM*		✓	
Mr. Miller, CA				Mr. Tancredo, CO	✓		
Mr. Saxton, NJ				*Mr. Mark Udall, CO*		✓	
Mr. Markey, MA				Mr. Hayworth, AZ	✓		
Mr. Gallegly, CA	✓			*Mr. Grijalva, AZ*		✓	
Mr. Kildee, MI		✓		Mr. Flake, AZ	✓		
Mr. Duncan, TN				*Mr. Cardoza, CA*		✓	
Mr. DeFazio, OR	✓			Mr. Renzi, AZ			
Mr. Gilchrest, MD				*Ms. Bordallo, Guam*	✓		
Mr. Faleomavaega, AS	✓			Mr. Pearce, NM	✓		
Mr. Calvert, CA	✓			*Ms. Herseth, SD*	✓		
Mr. Abercrombie, HI	✓			Mr. Brown, SC	✓		
Mrs. Cubin, WY, vice chair	✓			*Mr. Costa, CA*	✓		
Mr. Ortiz, TX	✓			Mrs. Drake, VA	✓		
Mr. Radanovich, CA	✓			*Mr. Melancon, LA*	✓		
Mr. Pallone, NJ		✓		Mr. Fortuño, PR	✓		
Mr. Jones, NC		✓		*Mr. Boren, OK*	✓		
Mrs. Christensen, VI				Miss McMorris, WA	✓		
Mr. Cannon, UT				Mr. Jindal, LA	✓		
Mr. Kind, WI	✓			Mr. Gohmert, TX	✓		
Mr. Peterson, PA	✓			Mrs. Musgrave, CO	✓		
Mr. Inslee, WA				***Vacancy***			
Mr. Gibbons, NV	✓						
				Total	29	9	

SECTION-BY-SECTION ANALYSIS

Section 1. Short title

This Act may be cited as the "Deep Ocean Energy Resources Act of 2006."

Section 2. Policy

The United States is blessed with abundant energy resources on the outer Continental Shelf and has developed a comprehensive framework of environmental laws and regulations and fostered the development of state-of-the-art technology that allows for the responsible development of these resources for the benefit of its citizenry.

Adjacent States (ocean states) incur expenses in support of outer Continental Shelf (OCS) activities and should receive a portion of the revenues. Existing laws have reduced production of minerals, have pre-empted State involvement in mineral resource development decisions, and have been harmful to the National interest.

Adjacent States should have more options as to whether mineral leasing should occur within their Adjacent Zones. At certain distances offshore, it is not reasonably foreseeable that mineral exploration and development activities will adversely affect resources near the coastline.

Inland waters, including the Great Lakes, Long Island Sound, Delaware Bay, Chesapeake Bay, Albemarle Sound, San Francisco Bay, and Puget Sound are not part of the outer Continental Shelf and are not subject to oil and natural gas leasing by the federal government.

Section 3. Definitions under the Outer Continental Shelf Lands Act

The section amends section 2 of the Outer Continental Shelf Lands Act (OCSLA, 43 U.S.C. 1331) to define terms such as "Adjacent State", "Adjacent Zone", "Neighboring State", and other necessary terms, and includes Puerto Rico and the other territories of the United States under the definition of "State".

Section 4. Determination of adjacent zones and planning areas

This section amends Section 4 of the OCSLA (43 U.S.C. 1333) to designate State Adjacent Zones and OCS Planning Areas on maps incorporated into the bill by reference. Maps are drawn using medial lateral boundary principles with equitable adjustments on a proportional basis. Among other things, the maps ensure that all coastal States have Adjacent Zones that extend to the outer edge of the United States Exclusive Economic Zone. Without this equitable provision, the Adjacent Zones of seven coastal States would be "pinched-out" close to the coastline. Fin addition, this section provides that the line between the Alabama and Florida Adjacent Zones extends due south from the coastline for 125 miles.

Section 5. Administration of leasing

This section adds new subsections to Section 5 of the OCSLA (43 U.S.C. 1334) to provide that a lessee may voluntarily relinquish a part of its producing lease if the Secretary of the Interior finds that the part of the lease to be relinquished is geologically prospective. In return, the Secretary shall provide the lessee with a royalty in-

centive on the portion of the lease retained by the lessee. This provision is expected to make large deep gas prospects on the Gulf of Mexico shelf available for leasing and production, while keeping the existing depleting fields in production. This section also provides for natural gas lease regulations to be issued by the Secretary. Finally, the section limits natural gas leases to tracts wholly within 100 miles of the coastline within areas withdrawn from leasing on the day after the date of enactment.

Section 6. Grant of leases by Secretary

This section amends Section 8 of the OCSLA (43 U.S.C. 1337) and authorizes the Secretary of the Interior to issue a second lease on a tract, a part of which was voluntarily relinquished under Section 5. It also encourages alternative energy development by increasing the Adjacent State's share of receipts from alternative energy and other activities on the OCS from 27 to 75 percent within 12 miles, and from 27 to 50 percent beyond 12 miles, and extends the distance within which sharing applies from 15 miles to 200 miles. It also authorizes the Secretary to grant natural gas leases within 100 miles of the coastline.

Furthermore, the section defines the provisions of a natural gas lease, provides a process for possible production of crude oil from the lease, provides for repurchase of a natural gas lease under certain circumstances, and provides for a preference right for the lessee in case of future oil and gas leasing.

The section removes restrictions on joint bidders within the Alaska OCS Region and within other areas where the Secretary determines the tracts to be "frontier tracts" or otherwise "high cost tracts."

The section eliminates receipts sharing under the Outer Continental Shelf Lands Act Section 8(g) effective October 1, 2006 (because new sharing provisions supercede this sharing authority).

This section also establishes "conservation of resources fees" for non-producing leases and deep water (greater than 200 meters) producing leases that are not paying royalties. The fee for these producing leases kicks in when prices exceed $40.50 per barrel for oil and $6.75 per million Btu for natural gas in 2006 dollars. The fees apply to production starting October 1, 2005. This new fee addresses the mistake made in leases issued in 1998 and 1999 (where price triggers for royalties were not included in the lease) without violating contractual obligations the United States has with the lease holders.

Section 7. Disposition of receipts

This section amends OCSLA Section 9 (43 U.S.C. 1338). Sharing from leases begins on October 1, 2005, with the rate of sharing from current program areas being phased-in, while new program areas share at the full rate immediately. Full phase-in of sharing to 50 percent of OCS receipts (beyond four marine leagues) occurs in 2023 for payments in 2022. The section creates a new sharing zone between the offshore State boundary and four marine leagues (12 nautical miles). Within this zone, 75 percent is shared immediately. Beyond four marine leagues, the bill allocates, using formulas, 50 percent of revenues to Adjacent States, nearby States, all producing States, the new Federal Energy Natural Resources En-

hancement Fund (Section 14), the new Federal Energy and Mineral Resources Professional Development Fund (Section 23), and the new National Geo Fund (Section 26). A large part of the receipts shared with States are further shared with local coastal political subdivisions.

This section further provides that shared funds may be used for any other purpose as determined by State law, including possible reduction of in-State college tuition, transportation infrastructure improvements, tax reduction, coastal or environmental restoration, improving infrastructure associated with energy production activities conducted on the outer Continental Shelf, and to fund energy demonstration projects and supporting infrastructure for energy projects. The section also provides that no State or local government recipient of funds under these provisions shall be required to account to the federal government for the expenditure of the funds unless otherwise provided by law. Shared funds may be used as matching funds for other federal programs.

Section 8. Review of Outer Continental Shelf exploration plans

This section amends Section 11 of the OCSLA (43 U.S.C. 1340) to require holders of oil and gas, or natural gas, leases to submit an exploration plan to the Secretary of the Interior for review for compliance with mandated lease terms and applicable statutes and regulations.

Section 9. Reservation of lands and rights

This section amending OCSLA Section 12 (43 U.S.C. 1341) clarifies that the President has the authority to completely revise or revoke any prior Presidential withdrawal of lands from oil and gas exploration and development. The section revokes the current Presidential withdrawals. Further, withdrawals shall be for a term not to exceed 10 years at any one time. It also provides that the President, when considering a potential withdrawal, shall, to the maximum extent practicable, accommodate competing interests and potential uses of the OCS.

The section provides for no leasing in perpetuity within 50 miles of the coastline within areas currently unavailable for leasing, unless the Adjacent State petitions for leasing (opt out). The section provides that Adjacent States have one year in which to petition the Secretary to prevent (opt in) natural gas leasing in areas currently unavailable for leasing, and three years in which to petition to prevent oil and gas leasing. If the State fails to act within those time periods, its Adjacent Zone between 50 and 100 miles will be made available for leasing. The section also makes the area currently under moratoria immediately available for leasing if it is more than 100 miles from the coastline.

The section provides a method for Adjacent States (Governor with concurrence of the legislature) to seek approval from the Secretary of the Interior to "opt out" of any withdrawals, including the option of the State to request oil and natural gas leasing, or natural gas leasing. States may only petition for natural gas leasing within 100 miles of the coastline. Leasing may not take place within 25 miles of the nearest point of the coastline of a Neighboring State, nor may an oil and gas lease be issued within 50 miles of the coastline of a Neighboring State, unless the Neighboring State

has leasing within those same distances or expresses its concurrence.

The section directs the Secretary to amend the existing 5-Year Program to include leasing in areas where a State's petition to "opt out" has been approved.

The section further provides States whose Adjacent Zone contains an area withdrawn from leasing between 50 and 100 miles from the coastline the option of petitioning to extend the existing Presidential withdrawals in up to 5-year increments ad infinitum, with a total of 10 years of withdrawal left at any one point in time. The petition must be by Governor with concurrence of the legislature.

The section amends the 2002–2007 5-Year Program to provide for a lease sales in the areas added to the Gulf of Mexico OCS Region Central Planning Area. It provides that any future leasing in the so-called "stovepipe" area within the Alabama Adjacent Zone would require the concurrence of Alabama and Florida.

Section 10. Outer Continental Shelf Leasing Program

This section amends Section 18 of the OCSLA (43 U.S.C. 1344) to provide that the Secretary of the Interior shall include projections of OCS receipts sharing within each 5-Year leasing program as if all areas would be available for leasing. The Secretary shall also include a macroeconomic estimate of the impact of such leasing on the national economy and each State's economy, including investment, jobs, revenues, personal income, and other categories. The section restricts the 5-Year Program to three versions rather than the current four, requires that the Program include 75 percent of the available, unleased acreage in each OCS planning area, and requires analysis of leasing all areas without regard to other law affecting such leasing.

This section further provides for resolution by the President of any unresolved conflicts between use of the OCS for military purposes and energy production.

Section 11. Coordination with adjacent States

This section amends Section 19 of the OCSLA (43 U.S.C. 1345) and provides that no federal agency may permit or approve, without the concurrence of the Adjacent State, the construction of a crude oil or petroleum products pipeline (or both) within the part of the State's Adjacent Zone that is not available by law for oil and gas leasing or natural gas leasing, with one exception for crude oil produced from the State's Adjacent Zone. It also provides that States may not prohibit the landing of a natural gas pipeline transporting natural gas from the OCS; however, a State may veto a particular landing location if it proposes two acceptable landing locations within 50 miles on either side of the proposed location.

Section 12. Environmental studies

This section amends OCSLA Section 20 (43 U.S.C. 1346) and provides for categorical exclusions under the National Environmental Policy Act for suspensions and preliminary activities on an offshore lease that has no, or minor, impact on the environment. It provides that the Environmental Impact Statement (EIS) for the 5-Year Leasing Program is sufficient for all lease sales to be conducted

under the Program. It provides that OCS exploration plans shall not require an EIS, and may be categorically excluded because history has shown that exploration plans cause only minor impacts, if detectable.

The section also strengthens environmental review provisions by requiring that at least every 10 years a development plan in each planning area must be subject to an EIS. Current OCSLA provisions only require the first development plan in each region to be subject to an EIS.

Section 13. Review of Outer Continental Shelf development and production plans

This section amends Section 25 of the OCSLA (43 U.S.C. 1351) and requires holder of oil or natural gas lease to submit a development and production plan to Secretary of the Interior for review for compliance with mandated lease terms and applicable statutes and regulations. It also requires collaboration between Secretary of the Interior and affected States' Governors.

Section 14. Federal Energy Natural Resources Enhancement Fund Act of 2006

This section establishes a fund for the monitoring, management, and enhancement of wildlife and fish, and their habitats, and air, water, and other natural resources related to energy and minerals development on federal onshore and offshore lands.

The fund will receive 1 percent through fiscal year 2015 and 2.5 percent thereafter of federal onshore mineral leasing bonus bids and royalties, together with 2.5 percent of phased-in revenue from the OCS. One- third of the Fund is paid annually to the Secretary of the Interior for use by the Fish and Wildlife Service, Bureau of Land Management, and the Minerals Management Service. Two-thirds of the Fund will go to the State from which the revenues were derived.

Section 15. Termination of effect of laws prohibiting the spending of appropriated funds for certain purposes

This section eliminates any existing leasing moratoria provisions in appropriation laws for the current fiscal year.

Section 16. Outer Continental Shelf incompatible use

This section protects against OCS uses that are incompatible with "substantially full" exploration and production of oil and natural gas from geologically prospective tracts in areas that are available for leasing by law. The President may allow exceptions based on a national interest finding.

Section 17. Repurchase of certain leases

This section authorizes the Secretary of the Interior to repurchase and cancel onshore and offshore leases if the lease is not allowed to be explored and/or developed under certain circumstances. A similar provision was included as part of H.R. 6, as approved by the House on Representatives on April 21, 2005.

Section 18. Offsite environmental mitigation

This section provides that the Secretary of the Interior shall allow offsite mitigation if the mineral lessee (onshore or offshore) makes a proposal that generally achieves the purpose for which mitigation measures appertain.

Section 19. Amendments to the Mineral Leasing Act

This section updates Section 17 of the Mineral Leasing Act (30 U.S.C. 226) to be more compatible with OCS development by requiring compliance with plan review, revision, and completeness procedures.

Section 20. Minerals management service

This section renames the "Minerals Management Service" in the Department of the Interior as the "National Ocean Resources and Royalty Service."

Section 21. Authority to use decommissioned offshore oil and gas platforms and other facilities for artificial reef, scientific research, or other uses

This section creates a new Section 10 of the OCSLA and provides that decommissioned offshore oil and gas production platforms may be retained in place as artificial reefs and for other purposes. The section also provides for regulation of such facilities, and provides that Adjacent States may require removal of such platforms within 12 miles of the coastline. The section gives the Secretary of the Interior guidance in processes required for proper decommission of platforms and other studies.

Section. 22. Repeal of requirement to conduct comprehensive inventory of OCS oil and natural gas resources

This section repeals Section 357 of the Energy Policy Act of 2005 (Public Law 109–58; 119 Stat. 720; 42 U.S.C. 15912) which requires the Secretary of the Interior to conduct a comprehensive inventory, including 3–D seismic surveys, of all OCS lands. The Secretary has no funds to contract for 3–D seismic surveys and the resource assessment part of the inventory is duplicative of other law.

Section 23. Mining and petroleum schools

This section establishes the "Federal Energy and Mineral Resources Professional Development Fund." It gives the Secretary of the Interior the authority to make deposits into the Fund and directs that the Fund will receive 1 percent through fiscal year 2015 and 2.5 percent thereafter of federal onshore mineral leasing bonus bids and royalties, together with 2.5 percent of the phased-in revenue sharing in the OCS. These monies are to maintain and encourage the growth of the energy and minerals workforce. This section repeals the currently unfunded and inoperative Mining and Mineral Resource Institutes Act of 1984 (Public Law 98–409), and makes it national policy to preserve and foster the human capital necessary for national economic, energy and minerals security.

Under this section, funds go to support existing programs at ABET-accredited petroleum and mining schools, applied geology and geophysics programs, and to individuals for degrees in petroleum and mining engineering, petroleum/mining geology and geo-

physics, and mineral economics. All university level schools accepting the funds have a duty to increase the number of undergraduates enrolled in the supported programs and to produce more engineers, geologists and geophysicists for the petroleum and mining industries. Funds go to support programs at colleges, universities, community colleges, tribal colleges, and technical institutes for career technical education programs to train skilled workers in the oil and gas, coal and mineral mining industries. Additionally funds can go to support State-approved programs at secondary schools offered cooperatively with higher education institutions that provide career technical education for agriculture, forestry, fisheries, utilities, construction, manufacturing, and transportation and warehousing. Oversight and administration of the program is vested in the Secretary of the Interior and in an advisory committee comprised of State officials and industry officials.

Section 24. Onshore and offshore mineral lease fees

This section prevents the creation of new fees by Department of the Interior applicable to federal onshore and offshore mineral leases that were not in effect on the date of lease issuance.

Section 25. OCS regional headquarters

This section requires the Gulf of Mexico OCS Regional Headquarters to be permanently established within Louisiana within 25 miles of the center of Jackson Square, New Orleans. It requires the Secretary of the Interior to establish headquarters by January 1, 2008, and provides location guidelines. The section further provides that the Atlantic and Pacific regional directors shall be employees within the Senior Executive Service.

Section 26. National Geo Fund

This section establishes the "National Geo Fund." It directs Secretary of the Interior to make deposits into the Fund and directs that the Fund will receive 1 percent through fiscal year 2015 and 2.5 percent thereafter of federal onshore mineral leasing bonus bids and royalties, together with 2.5 percent of the phased-in revenue sharing in the OCS.

The section directs the Secretary of the Treasury to annually convey 1/3 of the Fund to the Secretary of the Interior and 2/3 to the States (based on a formula devised by the Secretary of the Interior) to conduct geologic mapping, preserve and make geologic data available for use, manage geologic programs, seismic monitoring programs, geothermal, unconventional energy, and renewable energy management and grants.

It makes available $65 million in fiscal year 2007 for implementation, and $50 million for fiscal years 2008 through 2013, and sets guidelines for State expenditures of such funds.

It also provides funding for pilot projects, including Maverick Basin heavy oil and tar sands; Greater Green River Basin heavy oil, oil shale, tar sands and coal deposits; heavy oil, tar sands and coal deposits in Alabama-Mississippi-Tennessee region; Ohio River Valley tar sands, heavy oil and coal deposits; and strategic unconventional resources in California. It also directs the Secretary to carry out a grant program for no less than three assessments of the use of geothermal techniques for oil and gas well production en-

hancement. Finally, it provides funding for coal to liquids programs.

Section 27. Leases for areas located within 100 miles of California or Florida

This section grants the Secretary of the Interior the authority, on request of a lessee, to cancel existing leases located completely within 100 miles of the coastline within the California and Florida Adjacent Zones and exchange them for new leases in areas available for leasing.

Such new leases shall be subject to any applicable national defense operating restrictions. The section directs that any exploration plan submitted to the Secretary after the date of enactment and before July 1, 2010, for an oil and gas lease wholly within 100 miles of the coastline within the California and Florida Adjacent Zones shall not be treated as received by the Secretary until the earlier of July 1, 2010, or the date on which a State petition for leasing in the area was approved. The section provides that an existing oil and gas lease located partially within 100 miles of the coastline within the Florida Adjacent Zone may only be developed and produced using wells drilled from well-head locations at least 100 miles from the coastline to any bottom-hole location on the area of the lease.

Section 28. Coastal impact assistance

Repeals OCSLA Section 31 (43 U.S.C. 1356a) which provides for coastal impact assistance (those provisions are superceded by other provisions in this bill).

Section 29. Oil shale and tar sands amendments

This section strengthens the new oil shale program implemented through the Energy Policy Act of 2005 by establishing a royalty framework built upon the successful Canadian model that helped spur the more than 1 million barrels/day in oil production from Alberta's oil sands. It ensures "host" States retain ⅔ of the non-federal share of oil shale and tar sands lease revenues, and ensures ⅓ goes to counties "hosting" the oil shale and tar sands production. Further, during the first 20 years of production from a lease, the State and counties will receive 50 percent of the federal share of lease revenues, including bonus bids and royalties. These funds may be used by the State and counties to support infrastructure related to oil shale and tar sands production.

Section 30. Availability of OCS receipts to provide payments under Secure Rural Schools and Community Self-Determination Act of 2000

This section would provide $50,000,000 from OCS receipts for each of fiscal years 2007 through 2012 to fund the Secure Rural Schools and Community Self-Determination Act (Public Law 106-393). This Secure Rural Schools Act provides funding for rural forested counties that no longer receive revenues from federal timber sales due to the collapse in the federal timber program in the 1990s. The revenues received by counties are to be used on public education and transportation, resource projects on public land and search, rescue and emergency services. The Committee intends

that funding only be provided if the authority to initiate projects under the Secure Rural Schools Act (due to expire at the end of fiscal year 2006) is reauthorized.

COMMITTEE OVERSIGHT FINDINGS AND RECOMMENDATIONS

Regarding clause 2(b)(1) of rule X and clause 3(c)(1) of rule XIII of the Rules of the House of Representatives, the Committee on Resources' oversight findings and recommendations are reflected in the body of this report.

FEDERAL ADVISORY COMMITTEE STATEMENT

The functions of the proposed advisory committee authorized in the bill are not currently being nor could they be performed by one or more agencies, an advisory committee already in existence or by enlarging the mandate of an existing advisory committee.

CONSTITUTIONAL AUTHORITY STATEMENT

Article I, section 8, clauses 14 and 18 of the Constitution of the United States grants Congress the authority to enact this bill.

COMPLIANCE WITH HOUSE RULE XIII

1. Cost of Legislation. Clause 3(d)(2) of rule XIII of the Rules of the House of Representatives requires an estimate and a comparison by the Committee of the costs which would be incurred in carrying out this bill. However, clause 3(d)(3)(B) of that Rule provides that this requirement does not apply when the Committee has included in its report a timely submitted cost estimate of the bill prepared by the Director of the Congressional Budget Office under section 402 of the Congressional Budget Act of 1974.

2. Congressional Budget Act. As required by clause 3(c)(2) of rule XIII of the Rules of the House of Representatives and section 308(a) of the Congressional Budget Act of 1974, this bill does not contain any new budget authority, credit authority, or an increase or decrease in revenues or tax expenditures. According to the Congressional Budget Office, enactment of this bill will increase net direct spending by $900M in 2007, $3.2B over the 2007-2011 period and $11B over the 2007 through 2016 time span.

3. General Performance Goals and Objectives. As required by clause 3(c)(4) of rule XIII, the general performance goal or objective of this bill is to provide for exploration, development, and production activities for mineral resources on the outer Continental Shelf, and for other purposes.

4. Congressional Budget Office Cost Estimate. Under clause 3(c)(3) of rule XIII of the Rules of the House of Representatives and section 403 of the Congressional Budget Act of 1974, the Committee has received the following cost estimate for this bill from the Director of the Congressional Budget Office:

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, June 26, 2006.

Hon. RICHARD W. POMBO,
Chairman, Committee on Resources,
House of Representatives, Washington, DC.

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the enclosed cost estimate for H.R. 4761, the Deep Ocean Energy Resources Act of 2006.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contact is Kathleen Gramp.

Sincerely,

DONALD B. MARRON,
Acting Director.

Enclosure.

H.R. 4761—Deep Ocean Energy Resources Act of 2006

Summary: H.R. 4761 would make several changes to programs related to the development of federally owned resources, particularly oil and natural gas. The legislation also would provide new authority to spend receipts from mineral leases.

On balance, CBO estimates that enacting H.R. 4761 would increase net direct spending by about $900 million in 2007, $3.2 billion over the 2007–2011 period, and $11.0 billion over the 2007–2016 period. The bulk of those effects would reflect changes in receipts from leases of submerged lands on the Outer Continental Shelf (OCS) and the distribution of such receipts.

H.R. 4761 contains no intergovernmental mandates as defined in the Unfunded Mandates Reform Act (UMRA). CBO expects that enacting this legislation would benefit a number of state, local, and tribal governments.

CBO will provide a separate analysis of H.R. 4761's impact on the private sector.

Estimated cost to the Federal Government: The estimated budgetary impact of H.R. 4761 is shown in the following table. The costs of this legislation fall within budget function 300 (natural resources and environment), 800 (general government), and 950 (undistributed offsetting receipts).

	Outlays in Billions of Dollars, by Fiscal Year											
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2007–2011	2007–2016
Changes in Direct Spending												
Changes in the Terms of Oil and Gas Leases												
Fee on deepwater OCS leases	0	-0.8	-0.8	-0.9	-1.2	-1.1	-1.2	-1.7	-1.9	-1.7	-3.8	-11.4
Fee on nonproducing leases	0	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.5	-1.1
New price thresholds for royalty relief for certain leases	0	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.2	0.2	0.5	1.2
Change in royalty rate for new OCS leases	*	*	*	*	*	*	0.1	0.1	0.2	0.2	-0.1	0.5
Compensation for certain nonproducing leases	0	0.6	0.6	*	*	*	*	*	*	*	1.2	1.2
Other changes to lease terms	*	*	*	*	*	*	*	*	*	*	*	0.1
Expand Federal Areas Subject to Mineral Leasing	0	-0.3	-0.2	-0.5	-0.3	-0.3	-0.5	-0.6	-0.7	-0.8	-1.2	-4.0
Changes in Authority to spend Federal Mineral Receipts												
Repeal of certain OCS receipt-sharing programs	-0.3	-0.3	-0.3	-0.3	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-1.4	-2.0
New OCS receipt-sharing with states	0.8	0.9	1.4	1.2	1.7	2.0	2.3	3.0	3.4	3.8	6.1	20.7
Other federal programs	0.4	0.4	0.5	0.5	0.6	0.6	0.6	0.7	0.8	0.9	2.3	5.9
Total Changes	0.9	0.5	1.2	0.0	0.7	1.2	1.2	1.4	1.8	2.3	3.2	11.0
Memorandum:												
OCS Receipts Under Current Law [1]	-8.3	-10.5	-9.8	-10.0	-10.1	-9.4	-11.0	-10.9	-10.9	-11.2	-48.7	-102.1

OCS = Outer Continental Shelf.
Budget authority is equal to outlays for most programs that involve collection and spending of OCS receipts.
* = Between -$50 million and $50 million.
Notes: Details may not sum to totals because of rounding.
[1] The current-law estimates are from CBO's march 2006 baseline. The receipt estimates are net of payments to states to share proceeds from leases located within specified distances of their coastlines.

Basis of Estimate: H.R. 4761 would make several changes to programs related to the development of federally owned resources, particularly oil and natural gas in submerged lands on the Outer Continental Shelf. The legislation would change the financial terms of certain OCS leases, authorize new oil and gas leasing in certain areas of the OCS, and provide new authority to spend receipts from both OCS and onshore mineral leases.

On balance, CBO estimates that enacting H.R. 4761 would increase net direct spending by $11 billion over the 2007–2016 period. That estimated impact is dominated by new spending for direct payments to states totaling about $20.6 billion over the 2007–2016 period. For this estimate, CBO assumes that H.R. 4761 will be enacted near the start of fiscal year 2007. Estimates for key provisions are described below.

Changes in the financial terms of oil and gas leases

H.R. 4761 would modify the terms of certain leases issued by the Department of the Interior (DOI). Taken together, CBO estimates that these provisions would increase offsetting receipts (thereby reducing direct spending) by a total of $9.4 billion over the 2007–2016 period.

Fee on Deepwater OCS Leases. Section 6 would impose a new fee on lessees producing oil or gas in deep waters of the OCS unless the lease includes limits on the firm's eligibility for royalty relief when oil and gas prices exceed price thresholds specified in the bill ($40.50 per barrel of oil and $6.75 per million Btu of natural gas, both in 2006 dollars). This "conservation of resources" fee would be set at $9 per barrel of oil and $1.25 per million Btu for natural gas and would apply retroactively to volumes produced since October 1, 2005. The Secretary of the Interior would be required to renegotiate certain leases issued in the Gulf of Mexico from December 1, 1995, through December 31, 2000, if requested by the lessee. The bill would require the Secretary to issue regulations implementing the fee within one year after enactment of the bill. The bill also specifies that proceeds from the fee would be treated as offsetting receipts for the purposes of budgetary accounting.

This provision would apply to certain deepwater leases issued in 1998 and 1999 that provided royalty relief regardless of the market price of oil or gas. Based on information from the DOI regarding future production from those leases and CBO's current forecast of future oil and gas prices, CBO estimates that those lessees would pay an additional $11.4 billion over the next 10 years, assuming they opted to pay royalties instead of the proposed fee.

Under CBO's price assumptions, the proposed fee would cost lessees more than royalty payments under renegotiated leases. Thus, we expect that most lessees would exercise the bill's option for renegotiating the affected leases that do not include price thresholds.

CBO anticipates that companies would wait until after the rules are issued to decide which option they prefer, based on their expectations about future prices and production. Thus, we expect that any payments would most likely begin in fiscal year 2008. For this estimate, CBO assumes that the department would allow the companies to spread the amounts due on their 2006 and 2007 production over a four-year period.

Fee on Nonproducing Leases. Section 6 also would impose a new "conservation of resources" fee on new and existing leases that are not in production, retroactive to October 1, 2005. The bill would direct the Secretary to set this fee at no less than $1 per acre and no more than $4 per acre, and would specify that the payments be classified as offsetting receipts for purposes of budgetary accounting. For this estimate, CBO assumes that the Secretary would set the fee at the midpoint of the range, or $2.50 per acre. Based on historical data on the amount of nonproducing acreage on the OCS, we estimate that implementing this fee would increase offsetting receipts from areas leased under current law by about $500 million over the next five years and about $1.1 billion over the 2007–2016 period.

New Price Thresholds for Certain Royalty Relief. Under this bill, firms holding deepwater leases issued between 1996 and 2000 could renegotiate those leases to incorporate the price thresholds specified in the bill. The opportunity to renegotiate would apply to all such leases, including those that already limit eligibility for royalty relief when prices exceed certain levels. Because the price thresholds in the bill are higher than the prices reflected in the existing lease contracts—especially for natural gas—CBO expects that most firms would choose to renegotiate their existing leases. Raising the price thresholds in the contracts would reduce the likelihood that a lessee would have to pay royalties if prices decline in the future. CBO estimates that enacting this provision would reduce royalty collections by about $1.2 billion over the next 10 years, based on our current outlook for future energy prices and expectations regarding price volatility.

Change in Royalty Rate for New OCS Leases. Under current law, the royalty rate for production on the OCS varies depending on the depth of the water. Lessees generally pay a 12.5 percent royalty on revenues from oil and gas produced in waters more than 400 meters deep, and 16.7 percent in more shallow water. Section 6 would require a uniform royalty rate for all OCS production from new leases.

For this estimate, CBO assumes that the Secretary would set the royalty rate at 12.5 percent for new leases, rather than increasing the rate paid in deeper waters. (Under current law the royalty rate cannot be less than 12.5 percent.) CBO expects that lowering the royalty rate on new leases in shallow water would reduce federal royalties, but would also increase bonus bids for new leases in that area because of the increased profitability of those leases. Using CBO's baseline assumptions regarding bonuses and royalties that will be derived from such leases, we estimate that enacting this provision would increase offsetting receipts by about $100 million over the next five years (reflecting higher bonus bids in the near term) but would increase direct spending by about $500 million over the 10-year period (reflecting the net effect of royalty losses once production begins on the leases).

Compensation for Certain Nonproducing Leases. Section 17 would direct the Secretary of the Interior to repurchase and cancel certain federal leases and to compensate the lessee for the amount that the lessee would receive in a restitution case for material breach of contract. The bill would compel the Secretary to make these payments after receiving a written request from the lessee

and making certain findings. Under the bill, eligibility for compensation could be based on several factors, including:

- If the lessee was denied certain permits or approvals despite compliance with applicable laws (except for compliance with the Coastal Zone Management Act),
- If a federal agency failed to act on an application for permits or approvals within a specified period of time, or .
- If a federal agency attached conditions to a lease that were unacceptable to the lessee and not specifically allowed under the terms of the lease.

The lessee would not be required to exhaust other administrative venues before requesting resolution under this section.

Based on the status of certain litigation involving OCS leases off the coast of California, CBO estimates that enacting this provision could cost the federal government about $1.2 billion over the next 10 years.

Other Provisions Affecting Payments from Lessees. Other provisions in the bill would reduce the amounts paid to the government by lessees, relative to current law. For example, the bill would prohibit the Department of the Interior from charging fees related to federal actions on offshore or onshore leases that were not established in final regulations prior to issuance of the lease. It also would allow lessees to exchange, within two years of enactment, existing oil and gas leases that are located within 100 miles of the coasts of California or Florida for certain tracts being offered for lease in other areas. Finally, the bill would allow those holding a producing lease to relinquish any portion of the lease deemed productive in exchange for a royalty incentive on the portion retained by the lessee. CBO estimates that enacting these provisions would increase direct spending by between $50 million and $100 million over the 2007–2016 period.

Expand federal areas subject to mineral leasing

Under H.R. 4761, the Secretary of the Interior would offer some OCS areas for leasing that otherwise may not have been leased over the next 10 years under current policies. Subject to state decisions about the potential leasing of some of the new areas, CBO estimates that leasing these new areas would increase federal receipts from bonuses, royalties, rental payments, and conservation of resources fees by a total of $4 billion over the next 10 years.

Under current law, moratoria generally prohibit new leasing and pre-leasing activities in most OCS areas outside of the western and central Gulf of Mexico (leasing occurs in small parts of the eastern Gulf of Mexico and the Alaskan OCS). Under current law, those moratoria are in effect through June 2012. As a result, CBO does not expect significant receipts from new offshore leases to be generated in the moratorium areas—under current law—over the next 10 years.

Upon enactment of the bill, the moratoria would no longer apply to areas more than 100 miles from the coast or to certain areas within the central Gulf of Mexico planning area. In addition, states would have some discretion over whether to allow new leasing for oil or natural gas within 100 miles of their coastline. Leasing would be prohibited within 50 miles of the coast in areas previously under leasing restrictions unless a state requests that the area be opened

leasing. The Secretary of the Interior would be required to lease areas between 50 and 100 miles of the coast after June 30, 2009, unless a state submits a petition requesting that the area be withdrawn from leasing for a period of up to five years. State petitions to allow or prohibit leasing would be subject to various procedural requirements.

CBO estimates that gross proceeds from bonuses for new OCS leases paid by winning bidders and royalties from the associated production would total about $1.2 billion over the 2007–2011 period and $4 billion over the 2007–2016 period. That estimate relies on studies prepared by DOI on the oil and gas resources that might be produced in areas where CBO expects new leasing would occur, particularly the eastern Gulf of Mexico, the Pacific OCS, the Atlantic OCS, and the Alaskan OCS. Although CBO cannot predict the extent to which states would choose to allow leasing within the 100-mile limit, CBO assumes that there is a 50 percent chance that most states would allow some leasing to occur. Under the deadlines specified in the bill, CBO expects that some leasing in new areas would occur toward the end of fiscal year 2007, resulting in additional receipts starting in 2008.

Other provisions in the bill would authorize new types of leases on the OCS, including leases that only allow for the development of natural gas resources (but not oil) within 100 miles of the coastline, leases for different vertical or horizontal areas within a tract, and leases to extract oil and gas from restricted areas by means of extended reach or similar drilling methods. CBO does not have sufficient information at this time on the technical feasibility or market value of such arrangements to assess the timing or magnitude of any additional receipts from such types of leases.

Changes in authority to spend federal mineral receipts

CBO estimates that other provisions of H.R. 4761 would increase net direct spending of OCS and onshore receipts by about $900 million in 2007 and $24.5 billion over the 2007–2016 period. That estimate includes the effects of provisions that would repeal existing programs to share OCS receipts with states, establish a new program to share those receipts, and provide funding for other federal programs.

Repeal of Existing Programs to Share OCS Receipts with States. Under current law, certain coastal states receive 27 percent of receipts from leases on OCS land located within specified distances of their coastlines. In addition, from OCS receipts, current law provides $250 million a year over the 2007–2010 period for payments to certain states to support efforts to restore and enhance coastal resources. H.R. 4671 would end both of those programs. CBO estimates that resulting savings would total over $300 million in 2007 and $2 billion over the 2007–2016 period.

New Program to Share OCS Receipts with States. H.R. 4761 would specify new requirements for sharing OCS receipts with states that would result in significantly larger payments than those provided under current law. In general, states would receive direct payments equal to 85 percent of the following amounts (the remaining 15 percent would be used for other federal programs, as described in the following section):

- From leases within 12 miles of shore, 75 percent of bonuses, royalties, and conservation fees;
- From leases beyond 12 miles of shore located within areas made newly available under H.R. 4761, 50 percent of bonuses, royalties, and conservation fees;
- From leases beyond 12 miles of shore located within areas where leasing is permitted under current law, 6 percent of bonuses, royalties, and conservation fees generated in 2006, increasing to 50 percent by 2022.

CBO estimates that total payments under the proposed formulas would total about $800 million in 2007 and nearly $20.6 billion over the 2007–2016 period, with payments continuing in perpetuity beyond that time. Over the next 10 years, we estimate that roughly $18.9 billion of payments would come from leases we expect to generate receipts under current law, taking into account proposed changes to the fiscal terms of such leases. We estimate that the balance of payments—$1.7 billion—would come from leases issued pursuant to H.R. 4761.

Other Federal Programs. The legislation would authorize the Secretary to spend, without further appropriation action, a portion of the proceeds from new OCS leases as well as specified percentages of amounts that would be collected under current law from onshore and offshore mineral leases. Funding would support programs to enhance natural resources; provide financial support to certain colleges, universities, and vocational schools; develop geologic information; and make payments to certain states and counties to support rural schools. Based on historical spending patterns for activities similar to those proposed, CBO estimates that new direct spending under the legislation would total about $400 million in 2007 and about $5.9 billion over the 2007–2016 period, with additional spending continuing for many years after 2016.

Estimated impact on state, local, and tribal governments: H.R. 4761 contains no intergovernmental mandates as defined in UMRA. CBO expects that enacting this legislation would benefit some coastal states and localities by providing for greater sharing of federal receipts from oil and gas leases in the Outer Continental Shelf. These and other states also would benefit from various grants and payments authorized by this bill.

Enacting this bill also would give coastal states greater input about whether mineral leasing will be allowed in waters near their coasts. It would give states the opportunity to petition the federal government to remove existing restrictions on leasing within 50 miles of their shores, but would require such a petition, agreed to by the governor and legislature, for a state to maintain restrictions in the zone between 50 and 100 miles from shore.

Estimated impact on the private sector: CBO will provide a separate analysis of H.R. 4761's impact on the private sector.

Estimate prepared by: Federal Costs: Kathleen Gramp (OCS provisions) and Megan Carroll (onshore mineral receipts).

Impact on State, local, and tribal governments: Marjorie Miller.

Impact on the private sector: Tyler Kruzich.

Estimate approved by: Peter H. Fontaine, Deputy Assistant Director for Budget Analysis.

COMPLIANCE WITH PUBLIC LAW 104–4

This bill contains no unfunded mandates.

PREEMPTION OF STATE, LOCAL OR TRIBAL LAW

This bill is not intended to preempt any State, local or tribal law.

CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3(e) of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

OUTER CONTINENTAL SHELF LANDS ACT

* * * * * * *

SEC. 2. DEFINITIONS.—When used in this Act—

(a) The term "outer Continental Shelf" means all submerged lands lying seaward and outside of the area of lands beneath navigable waters as defined in section 2 of the Submerged Lands Act (Public Law 31, Eighty-third Congress, first session), and of which the subsoil and seabed appertain to the United States and are subject to its jurisdiction and control**[**;**]** *or lying within the United States exclusive economic zone adjacent to the Territories of the United States.*

(b) The term "Secretary" means the Secretary of the Interior, except that with respect to functions under this Act transferred to, or vested in, the Secretary of Energy or the Federal Energy Regulatory Commission by or pursuant to the Department of Energy Organization Act (42 U.S.C. 7101 et seq.), the term "Secretary" means the Secretary of Energy, or the Federal Energy Regulatory Commission, as the case may be**[**;**]**.

(c) The term "lease" means any form of authorization which is issued under section 8 or maintained under section 6 of this Act and which authorizes exploration for, and development and production of, minerals**[**;**]**.

(d) The term "person" includes, in addition to a natural person, an association, a State, a political subdivision of a State, or a private, public, or municipal corporation**[**;**]**.

(e) The term "coastal zone" means the coastal waters (including the lands therein and thereunder) and the adjacent shorelands (including the waters therein and thereunder), strongly influenced by each other and in proximity to the shorelines of the several coastal States, and includes islands, transition and intertidal areas, salt marshes, wetlands, and beaches, which zone extends seaward to the outer limit of the United States territorial sea and extends inland from the shorelines to the extent necessary to control shorelands, the uses of which have a direct and significant impact on the coastal waters, and the inward boundaries of which may be identified by the several coastal States, pursuant to the authority of section 305(b)(1) of the Coastal Zone Management Act of 1972 (16 U.S.C. 1454(b)(1))**[**;**]**.

[(f) The term "affected State" means, with respect to any program, plan, lease sale, or other activity, proposed, conducted, or approved pursuant to the provisions of this Act, any State—

[(1) the laws of which are declared, pursuant to section 4(a)(2) of this Act, to be the law of the United States for the portion of the outer Continental Shelf on which such activity is, or is proposed to be, conducted;

[(2) which is, or is proposed to be, directly connected by transportation facilities to any artificial island or structure referred to in section 4(a)(1) of this Act;

[(3) which is receiving, or in accordance with the proposed activity will receive, oil for processing, refining, or transshipment which was extracted from the outer Continental Shelf and transported directly to such State by means of vessels or by a combination of means including vessels;

[(4) which is designated by the Secretary as a State in which there is a substantial probability of significant impact on or damage to the coastal, marine, or human environment, or a State in which there will be significant changes in the social, governmental, or economic infrastructure, resulting from the exploration, development, and production of oil and gas anywhere on the Outer Continental Shelf; or

[(5) in which the Secretary finds that because of such activity there is, or will be, a significant risk of serious damage, due to factors such as prevailing winds and currents, to the marine or coastal environment in the event of any oilspill, blowout, or release of oil or gas from vessels, pipelines, or other transshipment facilities;]

(f) The term "affected State" means the Adjacent State.

(g) The term "marine environment" means the physical, atmospheric, and biological components, conditions, and factors which interactively determine the productivity, state, condition, and quality of the marine ecosystem, including the waters of the high seas, the contiguous zone, transitional and intertidal areas, salt marshes, and wetlands within the coastal zone and on the outer Continental Shelf[;].

(h) The term "coastal environment" means the physical atmospheric, and biological components, conditions, and factors which interactively determine the productivity, state, condition, and quality of the terrestrial ecosystem from the shoreline inward to the boundaries of the coastal zone[;].

(i) The term "human environment" means the physical, social, and economic components, conditions, and factors which interactively determine the state, condition, and quality of living conditions, employment, and health of those affected, directly or indirectly, by activities occurring on the outer Continental Shelf[;].

(j) The term "Governor" means the Governor of a State, or the person or entity designated by, or pursuant to, State law to exercise the powers granted to such Governor pursuant to this Act[;].

(k) The term "exploration" means the process of searching for minerals, including (1) geophysical surveys where magnetic, gravity, seismic, or other systems are used to detect or imply the presence of such minerals, and (2) any drilling, whether on or off known geological structures, including the drilling of a well in which a discovery of oil or natural gas in paying quantities is made

and the drilling of any additional delineation well after such discovery which is needed to delineate any reservoir and to enable the lessee to determine whether to proceed with development and production**[**;**]**.

(l) The term "development" means those activities which take place following discovery of minerals in paying quantities, including geophysical activity, drilling, platform construction, and operation of all onshore support facilities, and which are for the purpose of ultimately producing the minerals discovered**[**;**]**.

(m) The term "production" means those activities which take place after the successful completion of any means for the removal of minerals, including such removal, field operations, transfer of minerals to shore, operation monitoring, maintenance, and workover drilling**[**;**]**.

(n) The term "antitrust law" means—

(1) * * *

* * * * * * *

(5) the Act of June 19, 1936, chapter 592 (15 U.S.C. 13, 13a, 13b, and 21a)**[**;**]**.

(o) The term "fair market value" means the value of any mineral (1) computed at a unit price equivalent to the average unit price at which such mineral was sold pursuant to a lease during the period for which any royalty or net profit share is accrued or reserved to the United States pursuant to such lease, or (2) if there were no such sales, or if the Secretary finds that there were an insufficient number of such sales to equitably determine such value, computed at the average unit price at which such mineral was sold pursuant to other leases in the same region of the outer Continental Shelf during such period, or (3) if there were no sales of such mineral from such region during such period, or if the Secretary finds that there are an insufficient number of such sales to equitably determine such value, at an appropriate price determined by the Secretary**[**;**]**.

(p) The term "major Federal action" means any action or proposal by the Secretary which is subject to the provisions of section 102(2)(C) of the National Environmental Policy Act of 1969 (42 U.S.C. 4332(2)(C))**[**; and**]**.

* * * * * * *

(r) The term "Adjacent State" means, with respect to any program, plan, lease sale, leased tract or other activity, proposed, conducted, or approved pursuant to the provisions of this Act, any State the laws of which are declared, pursuant to section 4(a)(2), to be the law of the United States for the portion of the outer Continental Shelf on which such program, plan, lease sale, leased tract or activity appertains or is, or is proposed to be, conducted. For purposes of this paragraph, the term "State" includes Puerto Rico and the other Territories of the United States.

(s) The term "Adjacent Zone" means, with respect to any program, plan, lease sale, leased tract, or other activity, proposed, conducted, or approved pursuant to the provisions of this Act, the portion of the outer Continental Shelf for which the laws of a particular Adjacent State are declared, pursuant to section 4(a)(2), to be the law of the United States.

(t) The term "miles" means statute miles.

(u) The term "coastline" has the same meaning as the term "coast line" as defined in section 2(c) of the Submerged Lands Act (43 U.S.C. 1301(c)).

(v) The term "Neighboring State" means a coastal State having a common boundary at the coastline with the Adjacent State.

* * * * * * *

SEC. 4. LAWS APPLICABLE TO OUTER CONTINENTAL SHELF.—(a)(1) * * *

(2)(A) To the extent that they are applicable and not inconsistent with this Act or with other Federal laws and regulations of the Secretary now in effect or hereafter adopted, the civil and criminal laws of each adjacent State, now in effect or hereafter adopted, amended, or repealed are hereby declared to be the law of the United States for that portion of the subsoil and seabed of the outer Continental Shelf, and artificial islands and fixed structures erected thereon, which would be within the area of the State if its boundaries were extended seaward to the outer margin of the outer Continental Shelf**[**, and the President shall determine and publish in the Federal Register such projected lines extending seaward and defining each such area**]**. *The lines extending seaward and defining each State's Adjacent Zone, and each OCS Planning Area, are as indicated on the maps for each outer Continental Shelf region entitled "Alaska OCS Region State Adjacent Zone and OCS Planning Areas", "Pacific OCS Region State Adjacent Zones and OCS Planning Areas", "Gulf of Mexico OCS Region State Adjacent Zones and OCS Planning Areas", and "Atlantic OCS Region State Adjacent Zones and OCS Planning Areas", all of which are dated September 2005 and on file in the Office of the Director, Minerals Management Service.* All of such applicable laws shall be administered and enforced by the appropriate officers and courts of the United States. State taxation laws shall not apply to the outer Continental Shelf.

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SEC. 5. ADMINISTRATION OF LEASING OF THE OUTER CONTINENTAL SHELF.—(a) * * *

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(k) VOLUNTARY PARTIAL RELINQUISHMENT OF A LEASE.—Any lessee of a producing lease may relinquish to the Secretary any portion of a lease that the lessee has no interest in producing and that the Secretary finds is geologically prospective. In return for any such relinquishment, the Secretary shall provide to the lessee a royalty incentive for the portion of the lease retained by the lessee, in accordance with regulations promulgated by the Secretary to carry out this subsection. The Secretary shall publish final regulations implementing this subsection within 365 days after the date of the enactment of the Deep Ocean Energy Resources Act of 2006.

(l) NATURAL GAS LEASE REGULATIONS.—Not later than July 1, 2007, the Secretary shall publish a final regulation that shall—

(1) establish procedures for entering into natural gas leases;

(2) ensure that natural gas leases are only available for tracts on the outer Continental Shelf that are wholly within 100 miles of the coastline within an area withdrawn from disposition by leasing on the day after the date of enactment of the Deep Ocean Energy Resources Act of 2006;

(3) provide that natural gas leases shall contain the same rights and obligations established for oil and gas leases, except as otherwise provided in the Deep Ocean Energy Resources Act of 2006;

(4) provide that, in reviewing the adequacy of bids for natural gas leases, the value of any crude oil estimated to be contained within any tract shall be excluded;

(5) provide that any crude oil produced from a well and reinjected into the leased tract shall not be subject to payment of royalty, and that the Secretary shall consider, in setting the royalty rates for a natural gas lease, the additional cost to the lessee of not producing any crude oil; and

(6) provide that any Federal law that applies to an oil and gas lease on the outer Continental Shelf shall apply to a natural gas lease unless otherwise clearly inapplicable.

* * * * * * *

SEC. 8. LEASES, EASEMENTS, AND RIGHTS-OF-WAY ON THE OUTER CONTINENTAL SHELF.—(a)(1) The Secretary is authorized to grant to the highest responsible qualified bidder or bidders by competitive bidding, under regulations promulgated in advance, any oil and gas lease on submerged lands of the outer Continental Shelf which are not covered by leases meeting the requirements of subsection (a) of section 6 of this Act. *Further, the Secretary may grant natural gas leases in a manner similar to the granting of oil and gas leases and under the various bidding systems available for oil and gas leases.* Such regulations may provide for the deposit of cash bids in an interest-bearing account until the Secretary announces his decision on whether to accept the bids, with the interest earned thereon to be paid to the Treasury as to bids that are accepted and to the unsuccessful bidders as to bids that are rejected. The bidding shall be by sealed bid and, at the discretion of the Secretary, on the basis of—

(A) * * *

* * * * * * *

(3)**[**(A) The Secretary may, in order to promote increased production on the lease area, through direct, secondary, or tertiary recovery means, reduce or eliminate any royalty or net profit share set forth in the lease for such area.**]**

[(B) In the Western and Central Planning Areas of the Gulf of Mexico and the portion of the Eastern Planning Area of the Gulf of Mexico encompassing whole lease blocks lying west of 87 degrees, 30 minutes West longitude and in the Planning Areas offshore Alaska, the Secretary**]** *(A) The Secretary* may, in order to—

(i) * * *

* * * * * * *

[(C)**]** *(B)* * * *

* * * * * * *

(b) An oil and gas lease issued pursuant to this section shall—

(1) * * *

* * * * * * *

The Secretary may issue more than one lease for a given tract if each lease applies to a separate and distinct range of vertical

depths, horizontal surface area, or a combination of the two. The Secretary may issue regulations that the Secretary determines are necessary to manage such leases consistent with the purposes of this Act.

* * * * * * *

(g)[(1) At the time of soliciting nominations for the leasing of lands containing tracts wholly or partially within three nautical miles of the seaward boundary of any coastal State, and subsequently as new information is obtained or developed by the Secretary, the Secretary, in addition to the information required by section 26 of this Act, shall provide the Governor of such State—

[(A) an identification and schedule of the areas and regions proposed to be offered for leasing;

[(B) at the request of the Governor of such State, all information from all sources concerning the geographical, geological, and ecological characteristics of such tracts;

[(C) an estimate of the oil and gas reserves in the areas proposed for leasing; and

[(D) at the request of the Governor of such State, an identification of any field, geological structure, or trap located wholly or partially within three nautical miles of the seaward boundary of such coastal State, including all information relating to the entire field, geological structure, or trap.

The provisions of the first sentence of subsection (c) and the provisions of subsections (e)–(h) of section 26 of this Act shall be applicable to the release by the Secretary of any information to any coastal State under this paragraph. In addition, the provisions of subsections (c) and (e)–(h) of section 26 of this Act shall apply in their entirety to the release by the Secretary to any coastal State of any information relating to Federal lands beyond three nautical miles of the seaward boundary of such coastal State.

[(2) Notwithstanding any other provision of this Act, the Secretary shall deposit into a separate account in the Treasury of the United States all bonuses, rents, and royalties, and other revenues (derived from any bidding system authorized under subsection (a)(1), excluding Federal income and windfall profits taxes, and derived from any lease issued after September 18, 1978 of any Federal tract which lies wholly (or, in the case of Alaska, partially until seven years from the date of settlement of any boundary dispute that is the subject of an agreement under section 7 of this Act entered into prior to January 1, 1986 or until April 15, 1993 with respect to any other tract) within three nautical miles of the seaward boundary of any coastal State, or, (except as provided above for Alaska) in the case where a Federal tract lies partially within three nautical miles of the seaward boundary, a percentage of bonuses, rents, royalties, and other revenues (derived from any bidding system authorized under subsection (a)(1), excluding Federal income and windfall profits taxes, and derived from any lease issued after September 18, 1978 of such tract equal to the percentage of surface acreage of the tract that lies within such three nautical miles. Except as provided in paragraph (5) of this subsection, not later than the last business day of the month following the month in which those revenues are deposited in the Treasury, the Secretary shall transmit to such coastal State 27 percent of those revenues, together with all accrued interest thereon. The remain-

ing balance of such revenues shall be transmitted simultaneously to the miscellaneous receipts account of the Treasury of the United States.

[(3)] Whenever the Secretary or the Governor of a coastal State determines that a common potentially hydrocarbon-bearing area may underlie the Federal and State boundary, the Secretary or the Governor shall notify the other party in writing of his determination and the Secretary shall provide to the Governor notice of the current and projected status of the tract or tracts containing the common potentially hydrocarbon-bearing area. If the Secretary has leased or intends to lease such tract or tracts, the Secretary and the Governor of the coastal State may enter into an agreement to divide the revenues from production of any common potentially hydrocarbon-bearing area, by unitization or other royalty sharing agreement, pursuant to existing law. If the Secretary and the Governor do not enter into an agreement, the Secretary may nevertheless proceed with the leasing of the tract or tracts. [Any revenue received by the United States under such an agreement shall be subject to the requirements of paragraph (2).]

[(4) The deposits in the Treasury account described in this section shall be invested by the Secretary of the Treasury in securities backed by the full faith and credit of the United States having maturities suitable to the needs of the account and yielding the highest reasonably available interest rates as determined by the Secretary of the Treasury.

[(5)(A) When there is a boundary dispute between the United States and a State which is subject to an agreement under section 7 of this Act, the Secretary shall credit to the account established pursuant to such agreement all bonuses, rents, and royalties, and other revenues (derived from any bidding system authorized under subsection (a)(1)), excluding Federal income and windfall profits taxes, and derived from any lease issued after September 18, 1978 of any Federal tract which lies wholly or partially within three nautical miles of the seaward boundary asserted by the State, if that money has not otherwise been deposited in such account. Proceeds of an escrow account established pursuant to an agreement under section 7 shall be distributed as follows:

[(i) Twenty-seven percent of all bonuses, rents, and royalties, and other revenues (derived from any bidding system authorized under subsection (a)(1)), excluding Federal income and windfall profits taxes, and derived from any lease issued after September 18, 1978, of any tract which lies wholly within three nautical miles of the seaward boundary asserted by the Federal Government in the boundary dispute, together with all accrued interest thereon, shall be paid to the State either—

[(I) within thirty days of December 1, 1987, or

[(II) by the last business day of the month following the month in which those revenues are deposited in the Treasury, whichever date is later.

[(ii) Upon the settlement of a boundary dispute which is subject to a section 7 agreement between the United States and a State, the Secretary shall pay to such State any additional moneys due such State from amounts deposited in or credit to the escrow account. If there is insufficient money deposited in the escrow account, the Secretary shall transmit, from any rev-

enues derived from any lease of Federal lands under this Act, the remaining balance due such State in accordance with the formula set forth in section 8004(b)(1)(B) of the Outer Continental Shelf Lands Act Amendments of 1985.

[(B) This paragraph applies to all Federal oil and gas lease sales, under this Act, including joint lease sales, occurring after September 18, 1978.

[(6) This section shall be deemed to take effect on October 1, 1985, for purposes of determining the amounts to be deposited in the separate account and the States' shares described in paragraph (2).

[(7) When the Secretary leases any tract which lies wholly or partially within three miles of the seaward boundary of two or more States, the revenues from such tract shall be distributed as otherwise provided by this section, except that the State's share of such revenues that would otherwise result under this section shall be divided equally among such States.]

* * * * * * *

(p) LEASES, EASEMENTS, OR RIGHTS-OF-WAY FOR ENERGY AND RELATED PURPOSES.—

(1) * * *

(2) PAYMENTS AND REVENUES.—(A) * * *

[(B) The Secretary shall provide for the payment of 27 percent of the revenues received by the Federal Government as a result of payments under this section from projects that are located wholly or partially within the area extending three nautical miles seaward of State submerged lands. Payments shall be made based on a formula established by the Secretary by rulemaking no later than 180 days after the date of enactment of this section that provides for equitable distribution, based on proximity to the project, among coastal states that have a coastline that is located within 15 miles of the geographic center of the project.]

(B) The Secretary shall provide for the payment to coastal states, and their local coastal governments, of 75 percent of Federal receipts from projects authorized under this section located partially or completely within the area extending seaward of State submerged lands out to 4 marine leagues from the coastline, and the payment to coastal states of 50 percent of the receipts from projects completely located in the area more than 4 marine leagues from the coastline. Payments shall be based on a formula established by the Secretary by rulemaking no later than 180 days after the date of the enactment of the Deep Ocean Energy Resources Act of 2006 that provides for equitable distribution, based on proximity to the project, among coastal states that have coastline that is located within 200 miles of the geographic center of the project.

* * * * * * *

(q) NATURAL GAS LEASES.—

(1) RIGHT TO PRODUCE NATURAL GAS.—A lessee of a natural gas lease shall have the right to produce the natural gas from a field on a natural gas leased tract if the Secretary estimates that the discovered field has at least 40 percent of the economi-

cally recoverable Btu content of the field contained within natural gas and such natural gas is economical to produce.

(2) CRUDE OIL.—A lessee of a natural gas lease may not produce crude oil from the lease.

(3) ESTIMATES OF BTU CONTENT.—The Secretary shall make estimates of the natural gas Btu content of discovered fields on a natural gas lease only after the completion of at least one exploration well, the data from which has been tied to the results of a three-dimensional seismic survey of the field. The Secretary may not require the lessee to further delineate any discovered field prior to making such estimates.

(4) DEFINITION OF NATURAL GAS.—For purposes of a natural gas lease, natural gas means natural gas and all substances produced in association with gas, including, but not limited to, hydrocarbon liquids (other than crude oil) that are obtained by the condensation of hydrocarbon vapors and separate out in liquid form from the produced gas stream.

(r) REMOVAL OF RESTRICTIONS ON JOINT BIDDING IN CERTAIN AREAS OF THE OUTER CONTINENTAL SHELF.—Restrictions on joint bidders shall no longer apply to tracts located in the Alaska OCS Region. Such restrictions shall not apply to tracts in other OCS regions determined to be "frontier tracts" or otherwise "high cost tracts" under final regulations that shall be published by the Secretary by not later than 365 days after the date of the enactment of the Deep Ocean Energy Resources Act of 2006.

(s) ROYALTY SUSPENSION PROVISIONS.—The Secretary shall agree to a request by any lessee to amend any lease issued for Central and Western Gulf of Mexico tracts during the period of December 1, 1995, through December 31, 2000, to incorporate price thresholds applicable to royalty suspension provisions, or amend existing price thresholds, in the amount of $40.50 per barrel (2006 dollars) for oil and for natural gas of $6.75 per million Btu (2006 dollars). Any amended lease shall impose the new or revised price thresholds effective October 1, 2005. Existing lease provisions shall prevail through September 30, 2005. After the date of the enactment of the Deep Ocean Energy Resources Act of 2006, price thresholds shall apply to any royalty suspension volumes granted by the Secretary. Unless otherwise set by Secretary by regulation or for a particular lease sale, the price thresholds shall be $40.50 for oil (2006 dollars) and $6.75 for natural gas (2006 dollars).

(t) ROYALTY RATE FOR OIL AND GAS OR NATURAL GAS LEASES ON THE OUTER CONTINENTAL SHELF.—After the date of the enactment of the Deep Ocean Energy Resources Act of 2006, the base royalty rate for new oil and gas or natural gas leases on the outer Continental Shelf shall be the same for all leased tracts.

(u) CONSERVATION OF RESOURCES FEES.—

(1) Not later than one year after the date of the enactment of the Deep Ocean Energy Resources Act of 2006, the Secretary by regulation shall establish a conservation of resources fee for producing leases that will apply to new and existing leases which shall be set at $9 per barrel for oil and $1.25 per million Btu for gas. This fee shall only apply to leases in production located in more than 200 meters of water for which royalties are not being paid when prices exceed $40.50 per barrel for oil and $6.75 per million Btu for natural gas in 2006, dollars. This fee

shall apply to production from and after October 1, 2005, and shall be treated as offsetting receipts.

(2) Not later than one year after the date of the enactment of the Deep Ocean Energy Resources Act of 2006, the Secretary by regulation shall establish a conservation of resources fee for nonproducing leases that will apply to new and existing leases which shall be set at not less than $1.00 nor more than $4.00 per acre per year. This fee shall apply from and after October 1, 2005, and shall be treated as offsetting receipts.

SEC. 9. DISPOSITION OF REVENUES.—*(a)* All rentals, royalties, and other sums paid to the Secretary or the Secretary of the Navy under any lease on the outer Continental Shelf for the period from June 5, 1950, to date, and thereafter shall be deposited in the Treasury of the United States and credited to miscellaneous receipts*, if not paid as otherwise provided in this title*.

(b) TREATMENT OF OCS RECEIPTS FROM TRACTS COMPLETELY WITHIN 100 MILES OF THE COASTLINE.—

(1) DEPOSIT.—The Secretary shall deposit into a separate account in the Treasury the portion of OCS Receipts for each fiscal year that will be shared under paragraphs (2), (3), and (4).

(2) PHASED-IN RECEIPTS SHARING.—

(A) Beginning October 1, 2005, the Secretary shall share OCS Receipts derived from the following areas:

(i) Lease tracts located on portions of the Gulf of Mexico OCS Region completely beyond 4 marine leagues from any coastline and completely within 100 miles of any coastline that are available for leasing under the 2002–2007 5-Year Oil and Gas Leasing Program in effect prior to the date of the enactment of the Deep Ocean Energy Resources Act of 2006.

(ii) Lease tracts in production prior to October 1, 2005, completely beyond 4 marine leagues from any coastline and completely within 100 miles of any coastline located on portions of the OCS that were not available for leasing under the 2002–2007 5-Year OCS Oil and Gas Leasing Program in effect prior to the date of the enactment of the Deep Ocean Energy Resources Act of 2006.

(iii) Lease tracts for which leases are issued prior to October 1, 2005, located in the Alaska OCS Region completely beyond 4 marine leagues from any coastline and completely within 100 miles of the coastline.

(B) The Secretary shall share the following percentages of OCS Receipts from the leases described in subparagraph (A) derived during the fiscal year indicated:

(i) For fiscal year 2006, 6.0 percent.
(ii) For fiscal year 2007, 7.0 percent.
(iii) For fiscal year 2008, 8.0 percent.
(iv) For fiscal year 2009, 9.0 percent.
(v) For fiscal year 2010, 12.0 percent.
(vi) For fiscal year 2011, 15.0 percent.
(vii) For fiscal year 2012, 18.0 percent.
(viii) For fiscal year 2013, 21.0 percent.
(ix) For fiscal year 2014, 24.0 percent.
(x) For fiscal year 2015, 27.0 percent.

(xi) For fiscal year 2016, 30.0 percent.

(xii) For fiscal year 2017, 33.0 percent.

(xiii) For fiscal year 2018, 36.0 percent.

(xiv) For fiscal year 2019, 39.0 percent.

(xv) For fiscal year 2020, 42.0 percent.

(xvi) For fiscal year 2021, 45.0 percent.

(xvii) For fiscal year 2022 and each subsequent fiscal year, 50.0 percent.

(C) The provisions of this paragraph shall not apply to leases that could not have been issued but for section 5(k) of this Act or section 6(2) of the Deep Ocean Energy Resources Act of 2006.

(3) IMMEDIATE RECEIPTS SHARING.—Beginning October 1, 2005, the Secretary shall share 50 percent of OCS Receipts derived from all leases located completely beyond 4 marine leagues from any coastline and completely within 100 miles of any coastline not included within the provisions of paragraph (2).

(4) RECEIPTS SHARING FROM TRACTS WITHIN 4 MARINE LEAGUES OF ANY COASTLINE.—Beginning October 1, 2005, the Secretary shall share 75 percent of OCS Receipts derived from all leases located completely or partially within 4 marine leagues from any coastline.

(5) ALLOCATIONS.—The Secretary shall allocate the OCS Receipts deposited into the separate account established by paragraph (1) that are shared under paragraphs (2), (3), and (4) as follows:

(A) BONUS BIDS.—Deposits derived from bonus bids from a leased tract, including interest thereon, shall be allocated at the end of each fiscal year as follows:

(i) 85 percent to the Adjacent State.

(ii) 5 percent into the Treasury, which shall be allocated to the account established by section 14 of the Deep Ocean Energy Resources Act of 2006.

(iii) 5 percent into the account established by section 23 of the Deep Ocean Energy Resources Act of 2006.

(iv) 5 percent into the account established by section 26 of the Deep Ocean Energy Resources Act of 2006.

(B) ROYALTIES.—Deposits derived from royalties from a leased tract, including interest thereon, shall be allocated at the end of each fiscal year as follows:

(i) 85 percent to the Adjacent State and any other producing State or States with a leased tract within its Adjacent Zone within 100 miles of its coastline that generated royalties during the fiscal year, if the other producing or States have a coastline point within 300 miles of any portion of the leased tract, in which case the amount allocated for the leased tract shall be—

(I) one-third to the Adjacent State; and

(II) two-thirds to each producing State, including the Adjacent State, inversely proportional to the distance between the nearest point on the coastline of the producing State and the geographic center of the leased tract.

(ii) 5 percent into the Treasury, which shall be allocated to the account established by section 14 of the Deep Ocean Energy Resources Act of 2006.

(iii) 5 percent into the account established by section 23 of the Deep Ocean Energy Resources Act of 2006.

(iv) 5 percent into the account established by section 26 of the Deep Ocean Energy Resources Act of 2006.

(c) TREATMENT OF OCS RECEIPTS FROM TRACTS PARTIALLY OR COMPLETELY BEYOND 100 MILES OF THE COASTLINE.—

(1) DEPOSIT.—The Secretary shall deposit into a separate account in the Treasury the portion of OCS Receipts for each fiscal year that will be shared under paragraphs (2) and (3).

(2) PHASED-IN RECEIPTS SHARING.—

(A) Beginning October 1, 2005, the Secretary shall share OCS Receipts derived from the following areas:

(i) Lease tracts located on portions of the Gulf of Mexico OCS Region partially or completely beyond 100 miles of any coastline that were available for leasing under the 2002–2007 5-Year Oil and Gas Leasing Program in effect prior to the date of enactment of the Deep Ocean Energy Resources Act of 2006.

(ii) Lease tracts in production prior to October 1, 2005, partially or completely beyond 100 miles of any coastline located on portions of the OCS that were not available for leasing under the 2002–2007 5-Year OCS Oil and Gas Leasing Program in effect prior to the date of enactment of the Deep Ocean Energy Resources Act of 2006.

(iii) Lease tracts for which leases are issued prior to October 1, 2005, located in the Alaska OCS Region partially or completely beyond 100 miles of the coastline.

(B) The Secretary shall share the following percentages of OCS Receipts from the leases described in subparagraph (A) derived during the fiscal year indicated:

(i) For fiscal year 2006, 6.0 percent.

(ii) For fiscal year 2007, 7.0 percent.

(iii) For fiscal year 2008, 8.0 percent.

(iv) For fiscal year 2009, 9.0 percent.

(v) For fiscal year 2010, 12.0 percent.

(vi) For fiscal year 2011, 15.0 percent.

(vii) For fiscal year 2012, 18.0 percent.

(viii) For fiscal year 2013, 21.0 percent.

(ix) For fiscal year 2014, 24.0 percent.

(x) For fiscal year 2015, 27.0 percent.

(xi) For fiscal year 2016, 30.0 percent.

(xii) For fiscal year 2017, 33.0 percent.

(xiii) For fiscal year 2018, 36.0 percent.

(xiv) For fiscal year 2019, 39.0 percent.

(xv) For fiscal year 2020, 42.0 percent.

(xvi) For fiscal year 2021, 45.0 percent.

(xvii) For fiscal year 2022 and each subsequent fiscal year, 50.0 percent.

(C) The provisions of this paragraph shall not apply to leases that could not have been issued but for section 5(k)

of this Act or section 6(2) of the Deep Ocean Energy Resources Act of 2006.

(3) IMMEDIATE RECEIPTS SHARING.—Beginning October 1, 2005, the Secretary shall share 50 percent of OCS Receipts derived on and after October 1, 2005, from all leases located partially or completely beyond 100 miles of any coastline not included within the provisions of paragraph (2).

(4) ALLOCATIONS.—The Secretary shall allocate the OCS Receipts deposited into the separate account established by paragraph (1) that are shared under paragraphs (2) and (3) as follows:

(A) BONUS BIDS.—Deposits derived from bonus bids from a leased tract, including interest thereon, shall be allocated at the end of each fiscal year as follows:

(i) 85 percent to the Adjacent State.

(ii) 5 percent into the Treasury, which shall be allocated to the account established by section 14 of the Deep Ocean Energy Resources Act of 2006.

(iii) 5 percent into the account established by section 23 of the Deep Ocean Energy Resources Act of 2006.

(iv) 5 percent into the account established by section 26 of the Deep Ocean Energy Resources Act of 2006.

(B) ROYALTIES.—Deposits derived from royalties from a leased tract, including interest thereon, shall be allocated at the end of each fiscal year as follows:

(i) 85 percent to the Adjacent State and any other producing State or States with a leased tract within its Adjacent Zone partially or completely beyond 100 miles of its coastline that generated royalties during the fiscal year, if the other producing State or States have a coastline point within 300 miles of any portion of the leased tract, in which case the amount allocated for the leased tract shall be—

(I) one-third to the Adjacent State; and

(II) two-thirds to each producing State, including the Adjacent State, inversely proportional to the distance between the nearest point on the coastline of the producing State and the geographic center of the leased tract.

(ii) 5 percent into the account established by section 14 of the Deep Ocean Energy Resources Act of 2006.

(iii) 5 percent into the account established by section 23 of the Deep Ocean Energy Resources Act of 2006.

(iv) 5 percent into the account established by section 26 of the Deep Ocean Energy Resources Act of 2006.

(d) TRANSMISSION OF ALLOCATIONS.—

(1) IN GENERAL.—Not later than 90 days after the end of each fiscal year, the Secretary shall transmit—

(A) to each State 60 percent of such State's allocations under subsections (b)(5)(A)(i), (b)(5)(B)(i), (c)(4)(A)(i), and (c)(4)(B)(i) for the immediate prior fiscal year;

(B) to coastal county-equivalent and municipal political subdivisions of such State a total of 40 percent of such State's allocations under subsections (b)(5)(A)(i), (b)(5)(B)(i),

(c)(4)(A)(i), and (c)(4)(B)(i), together with all accrued interest thereon; and

(C) the remaining allocations under subsections (b)(5) and (c)(4), together with all accrued interest thereon.

(2) ALLOCATIONS TO COASTAL COUNTY-EQUIVALENT POLITICAL SUBDIVISIONS.—The Secretary shall make an initial allocation of the OCS Receipts to be shared under paragraph (1)(B) as follows:

(A) 25 percent shall be allocated to coastal county-equivalent political subdivisions that are completely more than 25 miles landward of the coastline and at least a part of which lies not more than 75 miles landward from the coastline, with the allocation among such coastal county-equivalent political subdivisions based on population.

(B) 75 percent shall be allocated to coastal county-equivalent political subdivisions that are completely or partially less than 25 miles landward of the coastline, with the allocation among such coastal county-equivalent political subdivisions to be further allocated as follows:

(i) 25 percent shall be allocated based on the ratio of such coastal county-equivalent political subdivision's population to the coastal population of all coastal county-equivalent political subdivisions in the State.

(ii) 25 percent shall be allocated based on the ratio of such coastal county-equivalent political subdivision's coastline miles to the coastline miles of all coastal county-equivalent political subdivisions in the State as calculated by the Secretary. In such calculations, coastal county-equivalent political subdivisions without a coastline shall be considered to have 50 percent of the average coastline miles of the coastal county-equivalent political subdivisions that do have coastlines.

(iii) 25 percent shall be allocated to all coastal county-equivalent political subdivisions having a coastline point within 300 miles of the leased tract for which OCS Receipts are being shared based on a formula that allocates the funds based on such coastal county-equivalent political subdivision's relative distance from the leased tract.

(iv) 25 percent shall be allocated to all coastal county-equivalent political subdivisions having a coastline point within 300 miles of the leased tract for which OCS Receipts are being shared based on the relative level of outer Continental Shelf oil and gas activities in a coastal political subdivision compared to the level of outer Continental Shelf activities in all coastal political subdivisions in the State. The Secretary shall define the term "outer Continental Shelf oil and gas activities" for purposes of this subparagraph to include, but not be limited to, construction of vessels, drillships, and platforms involved in exploration, production, and development on the outer Continental Shelf; support and supply bases, ports, and related activities; offices of geologists, geophysicists, engineers, and other professionals involved in support of exploration, production,

and development of oil and gas on the outer Continental Shelf; pipelines and other means of transporting oil and gas production from the outer Continental Shelf; and processing and refining of oil and gas production from the outer Continental Shelf. For purposes of this subparagraph, if a coastal county-equivalent political subdivision does not have a coastline, its coastal point shall be the point on the coastline closest to it.

(3) ALLOCATIONS TO COASTAL MUNICIPAL POLITICAL SUBDIVISIONS.—The initial allocation to each coastal county-equivalent political subdivision under paragraph (2) shall be further allocated to the coastal county-equivalent political subdivision and any coastal municipal political subdivisions located partially or wholly within the boundaries of the coastal county-equivalent political subdivision as follows:

(A) One-third shall be allocated to the coastal county-equivalent political subdivision.

(B) Two-thirds shall be allocated on a per capita basis to the municipal political subdivisions and the county-equivalent political subdivision, with the allocation to the latter based upon its population not included within the boundaries of a municipal political subdivision.

(e) INVESTMENT OF DEPOSITS.—Amounts deposited under this section shall be invested by the Secretary of the Treasury in securities backed by the full faith and credit of the United States having maturities suitable to the needs of the account in which they are deposited and yielding the highest reasonably available interest rates as determined by the Secretary of the Treasury.

(f) USE OF FUNDS.—A recipient of funds under this section may use the funds for one or more of the following:

(1) To reduce in-State college tuition at public institutions of higher learning and otherwise support public education, including career technical education.

(2) To make transportation infrastructure improvements.

(3) To reduce taxes.

(4) To promote, fund, and provide for—

(A) coastal or environmental restoration;

(B) fish, wildlife, and marine life habitat enhancement;

(C) waterways construction and maintenance;

(D) levee construction and maintenance and shore protection; and

(E) marine and oceanographic education and research.

(5) To promote, fund, and provide for —

(A) infrastructure associated with energy production activities conducted on the outer Continental Shelf;

(B) energy demonstration projects;

(C) supporting infrastructure for shore-based energy projects;

(D) State geologic programs, including geologic mapping and data storage programs, and state geophysical data acquisition;

(E) State seismic monitoring programs, including operation of monitoring stations;

(F) development of oil and gas resources through enhanced recovery techniques;

(G) alternative energy development, including bio fuels, coal-to-liquids, oil shale, tar sands, geothermal, geopressure, wind, waves, currents, hydro, and other renewable energy;

(H) energy efficiency and conservation programs; and

(I) front-end engineering and design for facilities that produce liquid fuels from hydrocarbons and other biological matter.

(6) To promote, fund, and provide for—

(A) historic preservation programs and projects;

(B) natural disaster planning and response; and,

(C) hurricane and natural disaster insurance programs.

(7) For any other purpose as determined by State law.

(g) NO ACCOUNTING REQUIRED.—No recipient of funds under this section shall be required to account to the Federal Government for the expenditure of such funds, except as otherwise may be required by law. However, States may enact legislation providing for accounting for and auditing of such expenditures. Further, funds allocated under this section to States and political subdivisions may be used as matching funds for other Federal programs.

(h) EFFECT OF FUTURE LAWS.—Enactment of any future Federal statute that has the effect, as determined by the Secretary, of restricting any Federal agency from spending appropriated funds, or otherwise preventing it from fulfilling its pre-existing responsibilities as of the date of enactment of the statute, unless such responsibilities have been reassigned to another Federal agency by the statute with no prevention of performance, to issue any permit or other approval impacting on the OCS oil and gas leasing program, or any lease issued thereunder, or to implement any provision of this Act shall automatically prohibit any sharing of OCS Receipts under this section directly with the States, and their coastal political subdivisions, for the duration of the restriction. The Secretary shall make the determination of the existence of such restricting effects within 30 days of a petition by any outer Continental Shelf lessee or producing State.

(i) DEFINITIONS.—In this section:

(1) COASTAL COUNTY-EQUIVALENT POLITICAL SUBDIVISION.—The term "coastal county-equivalent political subdivision" means a political jurisdiction immediately below the level of State government, including a county, parish, borough in Alaska, independent municipality not part of a county, parish, or borough in Alaska, or other equivalent subdivision of a coastal State, that lies within the coastal zone.

(2) COASTAL MUNICIPAL POLITICAL SUBDIVISION.—The term "coastal municipal political subdivision" means a municipality located within and part of a county, parish, borough in Alaska, or other equivalent subdivision of a State, all or part of which coastal municipal political subdivision lies within the coastal zone.

(3) COASTAL POPULATION.—The term "coastal population" means the population of all coastal county-equivalent political subdivisions, as determined by the most recent official data of the Census Bureau.

(4) COASTAL ZONE.—The term "coastal zone" means that portion of a coastal State, including the entire territory of any

coastal county-equivalent political subdivision at least a part of which lies, within 75 miles landward from the coastline, or a greater distance as determined by State law enacted to implement this section.

(5) BONUS BIDS.—The term "bonus bids" means all funds received by the Secretary to issue an outer Continental Shelf minerals lease.

(6) ROYALTIES.—The term "royalties" means all funds received by the Secretary from production of oil or natural gas, or the sale of production taken in-kind, from an outer Continental Shelf minerals lease.

(7) PRODUCING STATE.—The term "producing State" means an Adjacent State having an Adjacent Zone containing leased tracts from which OCS Receipts were derived.

(8) OCS RECEIPTS.—The term "OCS Receipts" means bonus bids, royalties, and conservation of resources fees.

(j) AVAILABILITY OF FUNDS FOR PAYMENTS UNDER SECURE RURAL SCHOOLS AND COMMUNITY SELF-DETERMINATION ACT OF 2000.—Notwithstanding any other provision of this section, $50,000,000 of OCS Receipts shall be available to the Secretary of the Treasury for each of fiscal years 2007 through 2012 to make payments under sections 102 and 103 of the Secure Rural Schools and Community Self-Determination Act of 2000 (Public Law 106–393; 16 U.S.C. 500 note). The Secretary of the Treasury shall use the funds made available by this subsection to make such payments in lieu of using funds in the Treasury not otherwise appropriated, as otherwise authorized by sections 102(b)(3) and 103(b)(2) of such Act.

SEC. 10. USE OF DECOMMISSIONED OFFSHORE OIL AND GAS PLATFORMS AND OTHER FACILITIES FOR ARTIFICIAL REEF, SCIENTIFIC RESEARCH, OR OTHER USES.

(a) IN GENERAL.—The Secretary shall issue regulations under which the Secretary may authorize use of an offshore oil and gas platform or other facility that is decommissioned from service for oil and gas purposes for an artificial reef, scientific research, or any other use authorized under section 8(p) or any other applicable Federal law.

(b) TRANSFER REQUIREMENTS.—The Secretary shall not allow the transfer of a decommissioned offshore oil and gas platform or other facility to another person unless the Secretary is satisfied that the transferee is sufficiently bonded, endowed, or otherwise financially able to fulfill its obligations, including but not limited to—

(1) ongoing maintenance of the platform or other facility;

(2) any liability obligations that might arise;

(3) removal of the platform or other facility if determined necessary by the Secretary; and

(4) any other requirements and obligations that the Secretary may deem appropriate by regulation.

(c) PLUGGING AND ABANDONMENT.—The Secretary shall ensure that plugging and abandonment of wells is accomplished at an appropriate time.

(d) POTENTIAL TO PETITION TO OPT-OUT OF REGULATIONS.—An Adjacent State acting through a resolution of its legislature, with concurrence of its Governor, may preliminarily petition to opt-out of the application of regulations promulgated under this section to platforms and other facilities located in the area of its Adjacent

Zone within 12 miles of the coastline. Upon receipt of the preliminary petition, the Secretary shall complete an environmental assessment that documents the anticipated environmental effects of approving the petition. The Secretary shall provide the environmental assessment to the State, which then has the choice of no action or confirming its petition by further action of its legislature, with the concurrence of its Governor. The Secretary is authorized to except such area from the application of such regulations, and shall approve any confirmed petition.

(e) LIMITATION ON LIABILITY.—A person that had used an offshore oil and gas platform or other facility for oil and gas purposes and that no longer has any ownership or control of the platform or other facility shall not be liable under Federal law for any costs or damages arising from such platform or other facility after the date the platform or other facility is used for any purpose under subsection (a), unless such costs or damages arise from—

(1) use of the platform or other facility by the person for development or production of oil or gas; or

(2) another act or omission of the person.

(f) OTHER LEASING AND USE NOT AFFECTED.—This section, and the use of any offshore oil and gas platform or other facility for any purpose under subsection (a), shall not affect—

(1) the authority of the Secretary to lease any area under this Act; or

(2) any activity otherwise authorized under this Act.

SEC. 11. GEOLOGICAL AND GEOPHYSICAL EXPLORATIONS.—(a) * * *

* * * * * * *

[(c)(1) Except as otherwise provided in the Act, prior to commencing exploration pursuant to any oil and gas lease issued or maintained under this Act, the holder thereof shall submit an exploration plan to the Secretary for approval. Such plan may apply to more than one lease held by a lessee in any one region of the outer Continental Shelf, or by a group of lessees acting under a unitization, pooling, or drilling agreement, and shall be approved by the Secretary if he finds that such plan is consistent with the provisions of this Act, regulations prescribed under this Act, including regulations prescribed by the Secretary pursuant to paragraph (8) of section 5(a) of this Act, and the provisions of such lease. The Secretary shall require such modifications of such plan as are necessary to achieve such consistency. The Secretary shall approve such plan, as submitted or modified, within thirty days of its submission, except that the Secretary shall disapprove such plan if he determines that (A) any proposed activity under such plan would result in any condition described in section 5(a)(2)(A)(i) of this Act, and (B) such proposed activity cannot be modified to avoid such condition. If the Secretary disapproves a plan under the preceding sentence, he may, subject to section 5(a)(2)(B) of this Act, cancel such lease and the lessee shall be entitled to compensation in accordance with the regulations prescribed under section 5(a)(2)(C) (i) or (ii) of this Act.

[(2) The Secretary shall not grant any license or permit for any activity described in detail in an exploration plan and affecting any land use or water use in the coastal zone of a State with a coastal zone management program approved pursuant to section 306 of the

Coastal Zone Management Act of 1972 (16 U.S.C. 1455), unless the State concurs or is conclusively presumed to concur with the consistency certification accompanying such plan pursuant to section 307(c)(3)(B) (i) or (ii) of such Act, or the Secretary of Commerce makes the finding authorized by section 307(c)(3)(B)(iii) of such Act.

[(3) An exploration plan submitted under this subsection shall include, in the degree of detail which the Secretary may by regulation require—

[(A) a schedule of anticipated exploration activities to be undertaken;

[(B) a description of equipment to be used for such activities;

[(C) the general location of each well to be drilled; and

[(D) such other information deemed pertinent by the Secretary.

[(4) The Secretary may, by regulation, require that such plan be accompanied by a general statement of development and production intentions which shall be for planning purposes only and which shall not be binding on any party.

[(d) The Secretary may, by regulation, require any lessee operating under an approved exploration plan to obtain a permit prior to drilling any well in accordance with such plan.**]**

(c) PLAN REVIEW; PLAN PROVISIONS.—

(1) Except as otherwise provided in this Act, prior to commencing exploration pursuant to any oil and gas lease issued or maintained under this Act, the holder thereof shall submit an exploration plan (hereinafter in this section referred to as a "plan") to the Secretary for review which shall include all information and documentation required under paragraphs (2) and (3). The Secretary shall review the plan for completeness within 10 days of submission. If the Secretary finds that the plan is not complete, the Secretary shall notify the lessee with a detailed explanation and require such modifications of such plan as are necessary to achieve completeness. The Secretary shall have 10 days to review a modified plan for completeness. Such plan may apply to more than one lease held by a lessee in any one region of the outer Continental Shelf, or by a group of lessees acting under a unitization, pooling, or drilling agreement, and the lessee shall certify that such plan is consistent with the terms of the lease and is consistent with all statutory and regulatory requirements in effect on the date of issuance of the lease, and any regulations promulgated under this Act to the conservation of resources after the date of the lease issuances. The Secretary shall have 30 days from the date the plan is deemed complete to conduct a review of the plan. If the Secretary finds the plan is not consistent with the lease and all such statutory and regulatory requirements, the Secretary shall notify the lessee with a detailed explanation of such modifications of such plan as are necessary to achieve compliance. The Secretary shall have 30 days to review any modified plan submitted by the lessee. The lessee shall not take any action under the exploration plan within the 30-day review period, or thereafter until the plan has been modified to achieve compliance as so notified.

(2) An exploration plan submitted under this subsection shall include, in the degree of detail which the Secretary may by regulation require—

(A) a schedule of anticipated exploration activities to be undertaken;

(B) a description of equipment to be used for such activities;

(C) the general location of each well to be drilled; and

(D) such other information deemed pertinent by the Secretary.

(3) The Secretary may, by regulation, require that such plan be accompanied by a general statement of development and production intentions which shall be for planning purposes only and which shall not be binding on any party.

(d) PLAN REVISIONS; CONDUCT OF EXPLORATION ACTIVITIES.—

(1) If a significant revision of an exploration plan under this subsection is submitted to the Secretary, the process to be used for the review of such revision shall be the same as set forth in subsection (c) of this section.

(2) All exploration activities pursuant to any lease shall be conducted in accordance with an exploration plan or a revised plan which has been submitted to and reviewed by the Secretary.

* * * * * * *

SEC. 12. RESERVATIONS.—(a) The President of the United States may, from time to time, withdraw from disposition any of the unleased lands of the outer Continental Shelf. *The President may partially or completely revise or revoke any prior withdrawal made by the President under the authority of this section. The President may not revise or revoke a withdrawal that was initiated by a petition from a State and approved by the Secretary of the Interior under subsection (h). A withdrawal by the President may be for a term not to exceed 10 years. When considering potential uses of the outer Continental Shelf, to the maximum extent possible, the President shall accommodate competing interests and potential uses.*

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(g) AVAILABILITY FOR LEASING WITHIN CERTAIN AREAS OF THE OUTER CONTINENTAL SHELF.—

(1) PROHIBITION AGAINST LEASING.—

(A) UNAVAILABLE FOR LEASING WITHOUT STATE REQUEST.—Except as otherwise provided in this subsection, from and after enactment of the Deep Ocean Energy Resources Act of 2006, the Secretary shall not offer for leasing for oil and gas, or natural gas, any area within 50 miles of the coastline that was withdrawn from disposition by leasing in the Atlantic OCS Region or the Pacific OCS Region, or the Gulf of Mexico OCS Region Eastern Planning Area, as depicted on the maps referred to in this subparagraph, under the "Memorandum on Withdrawal of Certain Areas of the United States Outer Continental Shelf from Leasing Disposition", 34 Weekly Comp. Pres. Doc. 1111, dated June 12, 1998, or any area within 50 miles of the coastline not withdrawn under that Memorandum that is included within the Gulf of Mexico OCS Region Eastern

Planning Area as indicated on the map entitled "Gulf of Mexico OCS Region State Adjacent Zones and OCS Planning Areas" or the Florida Straits Planning Area as indicated on the map entitled "Atlantic OCS Region State Adjacent Zones and OCS Planning Areas", both of which are dated September 2005 and on file in the Office of the Director, Minerals Management Service.

(B) AREAS BETWEEN 50 AND 100 MILES FROM THE COASTLINE.—Unless an Adjacent State petitions under subsection (h) within one year after the date of the enactment of the Deep Ocean Energy Resources Act of 2006 for natural gas leasing or by June 30, 2009, for oil and gas leasing, the Secretary shall offer for leasing any area more than 50 miles but less than 100 miles from the coastline that was withdrawn from disposition by leasing in the Atlantic OCS Region, the Pacific OCS Region, or the Gulf of Mexico OCS Region Eastern Planning Area, as depicted on the maps referred to in this subparagraph, under the "Memorandum on Withdrawal of Certain Areas of the United States Outer Continental Shelf from Leasing Disposition", 34 Weekly Comp. Pres. Doc. 1111, dated June 12, 1998, or any area more than 50 miles but less than 100 miles of the coastline not withdrawn under that Memorandum that is included within the Gulf of Mexico OCS Region Eastern Planning Area as indicated on the map entitled "Gulf of Mexico OCS Region State Adjacent Zones and OCS Planning Areas" or within the Florida Straits Planning Area as indicated on the map entitled "Atlantic OCS Region State Adjacent Zones and OCS Planning Areas", both of which are dated September 2005 and on file in the Office of the Director, Minerals Management Service.

(2) REVOCATION OF WITHDRAWAL.—The provisions of the "Memorandum on Withdrawal of Certain Areas of the United States Outer Continental Shelf from Leasing Disposition", 34 Weekly Comp. Pres. Doc. 1111, dated June 12, 1998, are hereby revoked and are no longer in effect regarding any areas that are more than 100 miles from the coastline, nor for any areas that are less than 100 miles from the coastline and are included within the Gulf of Mexico OCS Region Central Planning Area as depicted on the map entitled "Gulf of Mexico OCS Region State Adjacent Zones and OCS Planning Areas" dated September 2005 and on file in the Office of the Director, Minerals Management Service. The 2002–2007 5-Year Outer Continental Shelf Oil and Gas Leasing Program is hereby amended to include the areas added to the Gulf of Mexico OCS Region Central Planning Area by this Act to the extent that such areas were included within the original boundaries of proposed Lease Sale 181. The amendment to such leasing program includes a sale in such additional areas, which shall be held no later than June 30, 2007. The Final Environmental Impact Statement prepared for this area for Lease Sale 181 shall be deemed sufficient for all purposes for each lease sale in which such area is offered for lease during the 2002–2007 5-Year Outer Continental Shelf Oil and Gas Leasing Program without need for supplementation. Any tract only partially added to the Gulf of

Mexico OCS Region Central Planning Area by this Act shall be eligible for leasing of the part of such tract that is included within the Gulf of Mexico OCS Region Central Planning Area, and the remainder of such tract that lies outside of the Gulf of Mexico OCS Region Central Planning Area may be developed and produced by the lessee of such partial tract using extended reach or similar drilling from a location on a leased area. Further, any area in the OCS withdrawn from leasing may be leased, and thereafter developed and produced by the lessee using extended reach or similar drilling from a location on a leased area located in an area available for leasing.

(3) PETITION FOR LEASING.—

(A) IN GENERAL.—The Governor of the State, upon concurrence of its legislature, may submit to the Secretary a petition requesting that the Secretary make available any area that is within the State's Adjacent Zone, included within the provisions of paragraph (1), and that (i) is greater than 25 miles from any point on the coastline of a Neighboring State for the conduct of offshore leasing, pre-leasing, and related activities with respect to natural gas leasing; or (ii) is greater than 50 miles from any point on the coastline of a Neighboring State for the conduct of offshore leasing, pre-leasing, and related activities with respect to oil and gas leasing. The Adjacent State may also petition for leasing any other area within its Adjacent Zone if leasing is allowed in the similar area of the Adjacent Zone of the applicable Neighboring State, or if not allowed, if the Neighboring State, acting through its Governor, expresses its concurrence with the petition. The Secretary shall only consider such a petition upon making a finding that leasing is allowed in the similar area of the Adjacent Zone of the applicable Neighboring State or upon receipt of the concurrence of the Neighboring State. The date of receipt by the Secretary of such concurrence by the Neighboring State shall constitute the date of receipt of the petition for that area for which the concurrence applies. Except for any area described in the last sentence of paragraph (2), a petition for leasing any part of the Alabama Adjacent Zone that is a part of the Gulf of Mexico Eastern Planning Area, as indicated on the map entitled "Gulf of Mexico OCS Region State Adjacent Zones and OCS Planning Areas" which is dated September 2005 and on file in the Office of the Director, Minerals Management Service, shall require the concurrence of both Alabama and Florida.

(B) LIMITATIONS ON LEASING.—In its petition, a State with an Adjacent Zone that contains leased tracts may condition new leasing for oil and gas, or natural gas for tracts within 25 miles of the coastline by—

(i) requiring a net reduction in the number of production platforms;

(ii) requiring a net increase in the average distance of production platforms from the coastline;

(iii) limiting permanent surface occupancy on new leases to areas that are more than 10 miles from the coastline;

(iv) limiting some tracts to being produced from shore or from platforms located on other tracts; or

(v) other conditions that the Adjacent State may deem appropriate as long as the Secretary does not determine that production is made economically or technically impracticable or otherwise impossible.

(C) ACTION BY SECRETARY.—Not later than 90 days after receipt of a petition under subparagraph (A), the Secretary shall approve the petition, unless the Secretary determines that leasing the area would probably cause serious harm or damage to the marine resources of the State's Adjacent Zone. Prior to approving the petition, the Secretary shall complete an environmental assessment that documents the anticipated environmental effects of leasing in the area included within the scope of the petition.

(D) FAILURE TO ACT.—If the Secretary fails to approve or deny a petition in accordance with subparagraph (C) the petition shall be considered to be approved 90 days after receipt of the petition.

(E) AMENDMENT OF THE 5-YEAR LEASING PROGRAM.—Notwithstanding section 18, within 180 days of the approval of a petition under subparagraph (C) or (D), after the expiration of the time limits in paragraph (1)(B), and within 180 days after the enactment of the Deep Ocean Energy Resources Act of 2006 for the areas made available for leasing under paragraph (2), the Secretary shall amend the current 5-Year Outer Continental Shelf Oil and Gas Leasing Program to include a lease sale or sales for at least 75 percent of the associated areas, unless there are, from the date of approval, expiration of such time limits, or enactment, as applicable, fewer than 12 months remaining in the current 5-Year Leasing Program in which case the Secretary shall include the associated areas within lease sales under the next 5-Year Leasing Program. For purposes of amending the 5-Year Program in accordance with this section, further consultations with States shall not be required. For purposes of this section, an environmental assessment performed under the provisions of the National Environmental Policy Act of 1969 to assess the effects of approving the petition shall be sufficient to amend the 5-Year Leasing Program.

(h) OPTION TO PETITION FOR EXTENSION OF WITHDRAWAL FROM LEASING WITHIN CERTAIN AREAS OF THE OUTER CONTINENTAL SHELF.—

(1) IN GENERAL.—The Governor of the State, upon the concurrence of its legislature, may submit to the Secretary petitions requesting that the Secretary extend for a period of time of up to 5 years for each petition the withdrawal from leasing for all or part of any area within the State's Adjacent Zone located more than 50 miles, but less than 100 miles, from the coastline that is subject to subsection (g)(1)(B). A State may petition multiple times for any particular area but not more than once per calendar year for any particular area. A State must submit separate petitions, with separate votes by its legislature, for oil and gas leasing and for natural gas leasing. A petition of a State

may request some areas to be withdrawn from all leasing and some areas to be withdrawn only from one type of leasing. Petitions for extending the withdrawal from leasing of any part of the Alabama Adjacent Zone that is more than 50 miles, but less than 100 miles, from the coastline that is a part of the Gulf of Mexico OCS Region Eastern Planning Area, as indicated on the map entitled "Gulf of Mexico OCS Region State Adjacent Zones and OCS Planning Areas" which is dated September 2005 and on file in the Office of the Director, Minerals Management Service, may be made by either Alabama or Florida.

(2) ACTION BY SECRETARY.—The Secretary shall perform an environmental assessment under the National Environmental Policy Act of 1969 to assess the effects of approving the petition under paragraph (1). Not later than 90 days after receipt of the petition, the Secretary shall approve the petition, unless the Secretary determines that extending the withdrawal from leasing would probably cause serious harm or damage to the marine resources of the State's Adjacent Zone. The Secretary shall not approve a petition from a State that extends the remaining period of a withdrawal of an area from leasing for a total of more than 10 years. However, the Secretary may approve petitions to extend the withdrawal from leasing of any area ad infinitum, subject only to the limitations contained in this subsection.

(3) FAILURE TO ACT.—If the Secretary fails to approve or deny a petition in accordance with paragraph (2) the petition shall be considered to be approved 90 days after receipt of the petition.

(i) EFFECT OF OTHER LAWS.—Adoption by any Adjacent State of any constitutional provision, or enactment of any State statute, that has the effect, as determined by the Secretary, of restricting either the Governor or the Legislature, or both, from exercising full discretion related to subsection (g) or (h), or both, shall automatically (1) prohibit any sharing of OCS Receipts under this Act with the Adjacent State, and its coastal political subdivisions, and (2) prohibit the Adjacent State from exercising any authority under subsection (h), for the duration of the restriction. The Secretary shall make the determination of the existence of such restricting constitutional provision or State statute within 30 days of a petition by any outer Continental Shelf lessee or coastal State.

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SEC. 18. OUTER CONTINENTAL SHELF LEASING PROGRAM.—(a) The Secretary, pursuant to procedures set forth in subsections (c) and (d) of this section, shall prepare and periodically revise, and maintain an oil and gas leasing program to implement the policies of this Act. The leasing program shall consist of a schedule of proposed lease sales indicating, as precisely as possible, the size, timing, and location of leasing activity which he determines will best meet national energy needs for the five-year period following its approval or reapproval. Such leasing program shall be prepared and maintained in a manner consistent with the following principles:

(1) * * *

* * * * * * *

(3) The Secretary shall select the timing and location of leasing, to the maximum extent practicable, so as to obtain a prop-

er balance between the potential for environmental damage, the potential for the discovery of oil and gas, and the potential for adverse impact on the coastal zone. *The Secretary shall, in each 5-year program, include lease sales that when viewed as a whole propose to offer for oil and gas or natural gas leasing at least 75 percent of the available unleased acreage within each OCS Planning Area. Available unleased acreage is that portion of the outer Continental Shelf that is not under lease at the time of the proposed lease sale, and has not otherwise been made unavailable for leasing by law.*

* * * * * * *

[(c)(1) During the preparation of any proposed leasing program under this section, the Secretary shall invite and consider suggestions for such program from any interested Federal agency, including the Attorney General, in consultation with the Federal Trade Commission, and from the Governor of any State which may become an affected State under such proposed program. The Secretary may also invite or consider any suggestions from the executive of any affected local government in such an affected State, which have been previously submitted to the Governor of such State, and from any other person.

[(2) After such preparation and at least sixty days prior to publication of a proposed leasing program in the Federal Register pursuant to paragraph (3) of this subsection, the Secretary shall submit a copy of such proposed program to the Governor of each affected State for review and comment. The Governor may solicit comments from those executives of local governments in his State which he, in his discretion, determines will be affected by the proposed program. If any comment by such Governor is received by the Secretary at least fifteen days prior to submission to the Congress pursuant to such paragraph (3) and includes a request for any modification of such proposed program, the Secretary shall reply in writing, granting or denying such request in whole or in part, or granting such request in such modified form as the Secretary considers appropriate, and stating his reasons therefor. All such correspondence between the Secretary and Governor of any affected State, together with any additional information and data relating thereto, shall accompany such proposed program when it is submitted to the Congress.**]**

(c)(1) During the preparation of any proposed leasing program under this section, the Secretary shall consider and analyze leasing throughout the entire Outer Continental Shelf without regard to any other law affecting such leasing. During this preparation the Secretary shall invite and consider suggestions from any interested Federal agency, including the Attorney General, in consultation with the Federal Trade Commission, and from the Governor of any coastal State. The Secretary may also invite or consider any suggestions from the executive of any local government in a coastal State that have been previously submitted to the Governor of such State, and from any other person. Further, the Secretary shall consult with the Secretary of Defense regarding military operational needs in the outer Continental Shelf. The Secretary shall work with the Secretary of Defense to resolve any conflicts that might arise regarding offering any area of the outer Continental Shelf for oil and gas or natural gas leasing. If the Secretaries are not able to resolve all

such conflicts, any unresolved issues shall be elevated to the President for resolution.

(2) After the consideration and analysis required by paragraph (1), including the consideration of the suggestions received from any interested Federal agency, the Federal Trade Commission, the Governor of any coastal State, any local government of a coastal State, and any other person, the Secretary shall publish in the Federal Register a proposed leasing program accompanied by a draft environmental impact statement prepared pursuant to the National Environmental Policy Act of 1969. After the publishing of the proposed leasing program and during the comment period provided for on the draft environmental impact statement, the Secretary shall submit a copy of the proposed program to the Governor of each affected State for review and comment. The Governor may solicit comments from those executives of local governments in the Governor's State that the Governor, in the discretion of the Governor, determines will be affected by the proposed program. If any comment by such Governor is received by the Secretary at least 15 days prior to submission to the Congress pursuant to paragraph (3) and includes a request for any modification of such proposed program, the Secretary shall reply in writing, granting or denying such request in whole or in part, or granting such request in such modified form as the Secretary considers appropriate, and stating the Secretary's reasons therefor. All such correspondence between the Secretary and the Governor of any affected State, together with any additional information and data relating thereto, shall accompany such proposed program when it is submitted to the Congress.

* * * * * * *

(i) PROJECTION OF STATE ADJACENT ZONE RESOURCES AND STATE AND LOCAL GOVERNMENT SHARES OF OCS RECEIPTS.—Concurrent with the publication of the scoping notice at the beginning of the development of each 5-year outer Continental Shelf oil and gas leasing program, or as soon thereafter as possible, the Secretary shall—

(1) provide to each Adjacent State a current estimate of proven and potential oil and gas resources located within the State's Adjacent Zone; and

(2) provide to each Adjacent State, and coastal political subdivisions thereof, a best-efforts projection of the OCS Receipts that the Secretary expects will be shared with each Adjacent State, and its coastal political subdivisions, using the assumption that the unleased tracts within the State's Adjacent Zone are fully made available for leasing, including long-term projected OCS Receipts. In addition, the Secretary shall include a macroeconomic estimate of the impact of such leasing on the national economy and each State's economy, including investment, jobs, revenues, personal income, and other categories.

SEC. 19. COORDINATION AND CONSULTATION WITH AFFECTED STATES AND LOCAL GOVERNMENTS.—(a) Any Governor of any affected State or the executive of any affected local government*, for any tract located within the Adjacent State's Adjacent Zone,* in such State may submit recommendations to the Secretary regarding the size, timing, or location of a proposed lease sale or with respect to a proposed development and production plan. Prior to submitting recommendations to the Secretary, the executive of any affected

local government in any affected State must forward his recommendations to the Governor of such State.

* * * * * * *

(f)(1) No Federal agency may permit or otherwise approve, without the concurrence of the Adjacent State, the construction of a crude oil or petroleum products (or both) pipeline within the part of the Adjacent State's Adjacent Zone that is withdrawn from oil and gas or natural gas leasing, except that such a pipeline may be approved, without such Adjacent State's concurrence, to pass through such Adjacent Zone if at least 50 percent of the production projected to be carried by the pipeline within its first 10 years of operation is from areas of the Adjacent State's Adjacent Zone.

(2) No State may prohibit the construction within its Adjacent Zone or its State waters of a natural gas pipeline that will transport natural gas produced from the outer Continental Shelf. However, an Adjacent State may prevent a proposed natural gas pipeline landing location if it proposes two alternate landing locations in the Adjacent State, acceptable to the Adjacent State, located within 50 miles on either side of the proposed landing location.

SEC. 20. ENVIRONMENTAL STUDIES.—(a) * * *

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(d)*(1)* The Secretary shall consider available relevant environmental information in making decisions (including those relating to exploration plans, drilling permits, and development and production plans), in developing appropriate regulations and lease conditions, and in issuing operating orders.

(2) For all programs, lease sales, leases, and actions under this Act, the following shall apply regarding the application of the National Environmental Policy Act of 1969:

(A) Granting or directing lease suspensions and the conduct of all preliminary activities on outer Continental Shelf tracts, including seismic activities, are categorically excluded from the need to prepare either an environmental assessment or an environmental impact statement, and the Secretary shall not be required to analyze whether any exceptions to a categorical exclusion apply for activities conducted under the authority of this Act.

(B) The environmental impact statement developed in support of each 5-year oil and gas leasing program provides the environmental analysis for all lease sales to be conducted under the program and such sales shall not be subject to further environmental analysis.

(C) Exploration plans shall not be subject to any requirement to prepare an environmental impact statement, and the Secretary may find that exploration plans are eligible for categorical exclusion due to the impacts already being considered within an environmental impact statement or due to mitigation measures included within the plan.

(D) Within each OCS Planning Area, after the preparation of the first development and production plan environmental impact statement for a leased tract within the Area, future development and production plans for leased tracts within the Area shall only require the preparation of an environmental assessment unless the most recent development and production plan

environmental impact statement within the Area was finalized more than 10 years prior to the date of the approval of the plan, in which case an environmental impact statement shall be required.

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[SEC. 25. OIL AND GAS DEVELOPMENT AND PRODUCTION.—(a)(1) Prior to development and production pursuant to an oil and gas lease issued after the date of enactment of this section in any area of the outer Continental Shelf, other than the Gulf of Mexico, or issued or maintained prior to such date of enactment in any area of the outer Continental Shelf, other than the Gulf of Mexico, with respect to which no oil or gas has been discovered in paying quantities prior to such date of enactment, the lessee shall submit a development and production plan (hereinafter in this section referred to as a "plan") to the Secretary, for approval pursuant to this section.

[(2) A plan shall be accompanied by a statement describing all facilities and operations, other than those on the outer Continental Shelf, proposed by the lessee and known by him (whether or not owned or operated by such lessee) which will be constructed or utilized in the development and production of oil or gas from the lease area, including the location and site of such facilities and operations, the land, labor, material, and energy requirements associated with such facilities and operations, and all environmental and safety safeguards to be implemented.

[(3) Except for any privileged or proprietary information (as such term is defined in regulations issued by the Secretary), the Secretary, within ten days after receipt of a plan and statement, shall (A) submit such plan and statement to the Governor of any affected State, and, upon request, to the executive of any affected local government, and (B) make such plan and statement available to any appropriate interstate regional entity and the public.

[(b) After the date of enactment of this section, no oil and gas lease may be issued pursuant to this Act in any region of the outer Continental Shelf, other than the Gulf of Mexico, unless such lease requires that development and production activities be carried out in accordance with a plan which complies with the requirements of this section.

[(c) A plan may apply to more than one oil and gas lease, and shall set forth, in the degree of detail established by regulations issued by the Secretary—

[(1) the specific work to be performed;

[(2) a description of all facilities and operations located on the outer Continental Self which are proposed by the lessee of known by him (whether or not owned or operated by such lessee) to be directly related to proposed development, including the location and size of such facilities and operations, and the land, labor, material, and energy requirements associated with such facilities and operations;

[(3) the environmental safeguards to be implemented on the outer Continental Shelf and how much safeguards are to be implemented;

[(4) all safety standards to be met and how such standards are to be met;

[(5) an expected rate of development and production and a time schedule for performance; and

[(6) such other relevant information as the Secretary may by regulation require.

[(d) The Secretary shall not grant any license or permit for any activity described in detail in a plan affecting any land use or water use in the coastal zone of a State with a coastal zone management program approved pursuant to section 306 of the Coastal Zone Management Act of 1972 (16 U.S.C. 1455), unless the State concurs or is conclusively presumed to concur with the consistency certification accompanying such plan pursuant to section 307(c)(3)(B) (i) or (ii) of such Act, or the Secretary of Commerce makes the finding authorized by section 307(c)(3)(B)(iii) of such Act.

[(e)(1) At least once the Secretary shall declare the approval of a development and production plan in any area or region (as defined by the Secretary) of the outer Continental Shelf, other than the Gulf of Mexico, to be a major Federal action.

[(2) The Secretary may require lessees of tracts for which development and production plans have not been approved, to submit preliminary or final plans for their leases, prior to or immediately after a determination by the Secretary that the procedures under the National Environmental Policy Act of 1969 shall commence.

[(f) If approval of a development and production plan is found to be a major Federal action, the Secretary shall transmit the draft environmental impact statement to the Governor of any affected State, and upon request, to the executive of any local government, and shall make such draft available to any appropriate interstate regional entity and the public.

[(g) If approval of a development and production plan is not found to be a major Federal action, the Governor of any affected State and the executive of any affected local government shall have sixty days from the date of receipt of the plan from the Secretary to submit comments and recommendations. Prior to submitting recommendations to the Secretary, the executive of any affected local government must forward his recommendations to the Governor of his State. Such comments and recommendations shall be made available to the public upon request. In addition, any interested person may submit comments and recommendations.

[(h)(1) After reviewing the record of any public hearing held with respect to the approval of a plan pursuant to the National Environmental Policy Act of 1969 or the comments and recommendations submitted under subsection (g) of this section, the Secretary shall, within sixty days after the release of the final environmental impact statement prepared pursuant to the National Environmental Policy Act of 1969 in accordance with subsection (e) of this section, or sixty days after the period provided for comment under subsection (g) of this section, approve, disapprove, or require modifications of the plan. The Secretary shall require modification of a plan if he determines that the lessee has failed to make adequate provision in such plan for safe operations on the lease area or for protection of the human, marine, or coastal environment, including compliance with the regulations prescribed by the Secretary pursuant to paragraph (8) of section 5(a) of this Act. Any modification required by the Secretary which involves activities for which a Fed-

eral license or permit is required and which affects any land use or water use in the coastal zone of a State with a coastal zone management program approved pursuant to section 306 of the Coastal Zone Management Act of 1972 (16 U.S.C. 1455) must receive concurrence by such State with respect to the consistency certification accompanying such plan pursuant to section 307(c)(3)(B) (i) or (ii) of such Act unless the Secretary of Commerce makes the finding authorized by section 307(c)(3)(B)(iii) of such Act. The Secretary shall disapprove a plan—

[(A) if the lessee fails to demonstrate that he can comply with the requirements of this Act or other applicable Federal law, including the regulations prescribed by the Secretary pursuant to paragraph (8) of section 5(a) of this Act;

[(B) if any of the activities described in detail in the plan for which a Federal license or permit is required and which affects any land use or water use in the coastal zone of a State with a coastal zone management program approved pursuant to section 306 of the Coastal Zone Management Act of 1972 (16 U.S.C. 1455) do not receive concurrence by such State with respect to the consistency certification accompanying such plan pursuant to section 307(c)(3)(B) (i) or (ii) of such Act and the Secretary of Commerce does not make the finding authorized by section 307(c)(3)(B)(iii) of such Act;

[(C) if operations threaten national security or national defense; or

[(D) if the Secretary determines, because of exceptional geological conditions in the lease areas, exceptional resource values in the marine or coastal environment, or other exceptional circumstances, that (i) implementation of the plan would probably cause serious harm or damage to life (including fish and other aquatic life), to property, to any mineral deposits (in areas leased or not leased), to the national security or defense, or to the marine, coastal or human environments, (ii) the threat of harm or damage will not disappear or decrease to an acceptable extent within a reasonable period of time, and (iii) the advantages of disapproving the plan outweigh the advantages of development and production.

[(2)(A) If a plan is disapproved—

[(i) under subparagraph (A) of paragraph (1); or

[(ii) under subparagraph (B) of paragraph (1) with respect to a lease issued after approval of a coastal zone management program pursuant to the Coastal Zone Management Act of 1972 (16 U.S.C. 1455),

the lessee shall not be entitled to compensation because of such disapproval.

[(B) If a plan is disapproved—

[(i) under subparagraph (C) or (D) of paragraph (1); or

[(ii) under subparagraph (B) of paragraph (1) with respect to a lease issued before approval of a coastal zone management program pursuant to the Coastal Zone Management Act of 1972, and such approval occurs after the lessee has submitted a plan to the Secretary,

the term of the lease shall be duly extended, and at any time within five years after such disapproval, the lessee may reapply for approval of the same or a modified plan, and the Secretary shall ap-

prove, disapprove, or require modifications of such plan in accordance with this subsection.

[(C) Upon expiration of the five-year period described in subparagraph (B) of this paragraph, or, in the Secretary's discretion, at an earlier time upon request of a lessee, if the Secretary has not approved a plan, the Secretary shall cancel the lease and the lessee shall be entitled to receive compensation in accordance with section 5(a)(2)(C) of this Act. The Secretary may, at any time within the five-year period described in subparagraph (B) of this paragraph, require the lessee to submit a development and production plan for approval, disapproval, or modification. If the lessee fails to submit a required plan expeditiously and in good faith, the Secretary shall find that the lessee has not been duly diligent in pursuing his obligations under the lease, and shall immediately initiate procedures to cancel such lease, without compenation, under the provisions of section 5(c) of this Act.

[(3) The Secretary shall, from time to time, review each plan approved under this section. Such review shall be based upon changes in available information and other onshore or offshore conditions affecting or impacted by development and production pursuant to such plan. If the review indicates that the plan should be revised to meet the requirements of this subsection, the Secretary shall require such revision.

[(i) The Secretary may approve any revision of an approved plan proposed by the lessee if he determines that such revision will lead to greater recovery of oil and natural gas, improve the efficiency, safety and environmental protection of the recovery operation, is the only means available to avoid substantial economic hardship to the lessee, or is otherwise not inconsistent with the provisions of this Act, to the extent such revision is consistent with protection of the human, marine, and coastal environments. Any revision of an approved plan which the Secretary determines is significant shall be reviewed in accordance with subsections (d) through (f) of this section.

[(j) Whenever the owner of any lease fails to submit a plan in accordance with regulations issued under this section, or fails to comply with an approved plan, the lease may be canceled in accordance with sections 5 (c) and (d). Termination of a lease because of failure to comply with an approved plan, including required modifications or revisions, shall not entitle a lessee to any compensation.

[(k) If any development and production plan submitted to the Secretary pursuant to this section provides for the production and transportation of natural gas, the lessee shall contemporaneously submit to the Federal Energy Regulatory Commission that portion of such plan which relates to production of natural gas and the facilities for transportation of natural gas. The Secretary and the Federal Energy Regulatory Commission shall agree as to which of them shall prepare an environmental impact statement pursuant to the National Environmental Policy Act of 1969 applicable to such portion of such plan, or conduct studies as to the effect on the environment of implementing it. Thereafter, the findings and recommendations by the agency preparing such environmental impact statement or conducting such studies pursuant to such agreement shall be adopted by the other agency, and such other agency shall

not independently prepare another environmental impact statement or duplicate such studies with respect to such portion of such plan, but the Federal Energy Regulatory Commission, in connection with its review of an application for a certificate of public convenience and necessity applicable to such transportation facilities pursuant to section 7 of the Natural Gas Act (15 U.S.C. 717), may prepare such environmental studies or statement relevant to certification of such transportation facilities as have not been covered by an environmental impact statement or studies prepared by the Secretary. The Secretary, in consultation with the Federal Energy Regulatory Commission, shall promulgate rules to implement this subsection, but the Federal Energy Regulatory Commission shall retain sole authority with respect to rules and procedures applicable to the filing of any application with the Commission and to all aspects of the Commission's review of, and action on, any such application.

[(l) The Secretary may require the provisions of this section to apply to an oil and gas lease issued or maintained under this Act, which is located in that area of the Gulf of Mexico which is adjacent to the State of Florida, as determined pursuant to section 4(a)(2) of this Act.**]**

SEC. 25. REVIEW OF OUTER CONTINENTAL SHELF DEVELOPMENT AND PRODUCTION PLANS.

(a) DEVELOPMENT AND PRODUCTION PLANS; SUBMISSION TO SECRETARY; STATEMENT OF FACILITIES AND OPERATION; SUBMISSION TO GOVERNORS OF AFFECTED STATES AND LOCAL GOVERNMENTS.—

(1) Prior to development and production pursuant to an oil and gas lease issued on or after September 18, 1978, for any area of the outer Continental Shelf, or issued or maintained prior to September 18, 1978, for any area of the outer Continental Shelf, with respect to which no oil or gas has been discovered in paying quantities prior to September 18, 1978, the lessee shall submit a development and production plan (hereinafter in this section referred to as a "plan") to the Secretary for review.

(2) A plan shall be accompanied by a statement describing all facilities and operations, other than those on the outer Continental Shelf, proposed by the lessee and known by the lessee (whether or not owned or operated by such lessee) that will be constructed or utilized in the development and production of oil or gas from the lease area, including the location and site of such facilities and operations, the land, labor, material, and energy requirements associated with such facilities and operations, and all environmental and safety safeguards to be implemented.

(3) Except for any privileged or proprietary information (as such term is defined in regulations issued by the Secretary), the Secretary, within 30 days after receipt of a plan and statement, shall—

(A) submit such plan and statement to the Governor of any affected State, and upon request to the executive of any affected local government; and

(B) make such plan and statement available to any appropriate interstate regional entity and the public.

(b) DEVELOPMENT AND PRODUCTION ACTIVITIES IN ACCORDANCE WITH PLAN AS LEASE REQUIREMENT.—After enactment of the Deep Ocean Energy Resources Act of 2006, no oil and gas lease may be issued pursuant to this Act in any region of the outer Continental Shelf, unless such lease requires that development and production activities be carried out in accordance with a plan that complies with the requirements of this section. This section shall also apply to leases that do not have an approved development and production plan as of the date of enactment of the Deep Ocean Energy Resources Act of 2006.

(c) SCOPE AND CONTENTS OF PLAN.—A plan may apply to more than one oil and gas lease, and shall set forth, in the degree of detail established by regulations issued by the Secretary—

(1) the general work to be performed;

(2) a description of all facilities and operations located on the outer Continental Shelf that are proposed by the lessee or known by the lessee (whether or not owned or operated by such lessee) to be directly related to the proposed development, including the location and size of such facilities and operations, and the land, labor, material, and energy requirements associated with such facilities and operations;

(3) the environmental safeguards to be implemented on the outer Continental Shelf and how such safeguards are to be implemented;

(4) all safety standards to be met and how such standards are to be met;

(5) an expected rate of development and production and a time schedule for performance; and

(6) such other relevant information as the Secretary may by regulation require.

(d) COMPLETENESS REVIEW OF THE PLAN.—

(1) Prior to commencing any activity under a development and production plan pursuant to any oil and gas lease issued or maintained under this Act, the lessee shall certify that the plan is consistent with the terms of the lease and that it is consistent with all statutory and regulatory requirements in effect on the date of issuance of the lease, and any regulations promulgated under this Act related to the conservation of resources after the date of lease issuance. The plan shall include all required information and documentation required under subsection (c).

(2) The Secretary shall review the plan for completeness within 30 days of submission. If the Secretary finds that the plan is not complete, the Secretary shall notify the lessee with a detailed explanation of such modifications of such plan as are necessary to achieve completeness. The Secretary shall have 30 days to review a modified plan for completeness.

(e) REVIEW FOR CONSISTENCY OF THE PLAN.—

(1) After a determination that a plan is complete, the Secretary shall have 120 days to conduct a review of the plan, to ensure that it is consistent with the terms of the lease, and that it is consistent with all such statutory and regulatory requirements applicable to the lease. The review shall ensure that the plan is consistent with lease terms, and statutory and regulatory requirements applicable to the lease, related to national

security or national defense, including any military operating stipulations or other restrictions. The Secretary shall seek the assistance of the Department of Defense in the conduct of the review of any plan prepared under this section for a lease containing military operating stipulations or other restrictions and shall accept the assistance of the Department of Defense in the conduct of the review of any plan prepared under this section for any other lease when the Secretary of Defense requests an opportunity to participate in the review. If the Secretary finds that the plan is not consistent, the Secretary shall notify the lessee with a detailed explanation of such modifications of such plan as are necessary to achieve consistency.

(2) The Secretary shall have 120 days to review a modified plan.

(3) The lessee shall not conduct any activities under the plan during any 120-day review period, or thereafter until the plan has been modified to achieve compliance as so notified.

(4) After review by the Secretary provided for by this section, a lessee may operate pursuant to the plan without further review or approval by the Secretary.

(f) REVIEW OF REVISION OF THE APPROVED PLAN.—The lessee may submit to the Secretary any revision of a plan if the lessee determines that such revision will lead to greater recovery of oil and natural gas, improve the efficiency, safety, and environmental protection of the recovery operation, is the only means available to avoid substantial economic hardship to the lessee, or is otherwise not inconsistent with the provisions of this Act, to the extent such revision is consistent with protection of the human, marine, and coastal environments. The process to be used for the review of any such revision shall be the same as that set forth in subsections (d) and (e).

(g) CANCELLATION OF LEASE ON FAILURE TO SUBMIT PLAN OR COMPLY WITH A PLAN.—Whenever the owner of any lease fails to submit a plan in accordance with regulations issued under this section, or fails to comply with a plan, the lease may be canceled in accordance with section 5(c) and (d). Termination of a lease because of failure to comply with a plan, including required modifications or revisions, shall not entitle a lessee to any compensation.

(h) PRODUCTION AND TRANSPORTATION OF NATURAL GAS; SUBMISSION OF PLAN TO FEDERAL ENERGY REGULATORY COMMISSION; IMPACT STATEMENT.—If any development and production plan submitted to the Secretary pursuant to this section provides for the production and transportation of natural gas, the lessee shall contemporaneously submit to the Federal Energy Regulatory Commission that portion of such plan that relates to the facilities for transportation of natural gas. The Secretary and the Federal Energy Regulatory Commission shall agree as to which of them shall prepare an environmental impact statement pursuant to the National Environmental Policy Act of 1969 (42 U.S.C. 4321 et seq.) applicable to such portion of such plan, or conduct studies as to the effect on the environment of implementing it. Thereafter, the findings and recommendations by the agency preparing such environmental impact statement or conducting such studies pursuant to such agreement shall be adopted by the other agency, and such other agency shall not independently prepare another environmental impact statement or duplicate such studies with respect to such portion of such plan,

but the Federal Energy Regulatory Commission, in connection with its review of an application for a certificate of public convenience and necessity applicable to such transportation facilities pursuant to section 7 of the Natural Gas Act (15 U.S.C. 717f), may prepare such environmental studies or statement relevant to certification of such transportation facilities as have not been covered by an environmental impact statement or studies prepared by the Secretary. The Secretary, in consultation with the Federal Energy Regulatory Commission, shall promulgate rules to implement this subsection, but the Federal Energy Regulatory Commission shall retain sole authority with respect to rules and procedures applicable to the filing of any application with the Commission and to all aspects of the Commission's review of, and action on, any such application.

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[SEC. 31. COASTAL IMPACT ASSISTANCE PROGRAM.

[(a) DEFINITIONS.—In this section:

[(1) COASTAL POLITICAL SUBDIVISION.—The term "coastal political subdivision" means a political subdivision of a coastal State any part of which political subdivision is—

[(A) within the coastal zone (as defined in section 304 of the Coastal Zone Management Act of 1972 (16 U.S.C. 1453)) of the coastal State as of the date of enactment of the Energy Policy Act of 2005; and

[(B) not more than 200 nautical miles from the geographic center of any leased tract.

[(2) COASTAL POPULATION.—The term "coastal population" means the population, as determined by the most recent official data of the Census Bureau, of each political subdivision any part of which lies within the designated coastal boundary of a State (as defined in a State's coastal zone management program under the Coastal Zone Management Act of 1972 (16 U.S.C. 1451 et seq.)).

[(3) COASTAL STATE.—The term "coastal State" has the meaning given the term in section 304 of the Coastal Zone Management Act of 1972 (16 U.S.C. 1453).

[(4) COASTLINE.—The term "coastline" has the meaning given the term "coast line" in section 2 of the Submerged Lands Act (43 U.S.C. 1301).

[(5) DISTANCE.—The term "distance" means the minimum great circle distance, measured in statute miles.

[(6) LEASED TRACT.—The term "leased tract" means a tract that is subject to a lease under section 6 or 8 for the purpose of drilling for, developing, and producing oil or natural gas resources.

[(7) LEASING MORATORIA.—The term "leasing moratoria" means the prohibitions on preleasing, leasing, and related activities on any geographic area of the outer Continental Shelf as contained in sections 107 through 109 of division E of the Consolidated Appropriations Act, 2005 (Public Law 108–447; 118 Stat. 3063).

[(8) POLITICAL SUBDIVISION.—The term "political subdivision" means the local political jurisdiction immediately below the level of State government, including counties, parishes, and boroughs.

[(9) PRODUCING STATE.—

[(A) IN GENERAL.—The term "producing State" means a coastal State that has a coastal seaward boundary within 200 nautical miles of the geographic center of a leased tract within any area of the outer Continental Shelf.

[(B) EXCLUSION.—The term "producing State" does not include a producing State, a majority of the coastline of which is subject to leasing moratoria, unless production was occurring on January 1, 2005, from a lease within 10 nautical miles of the coastline of that State.

[(10) QUALIFIED OUTER CONTINENTAL SHELF REVENUES.—

[(A) IN GENERAL.—The term "qualified Outer Continental Shelf revenues" means all amounts received by the United States from each leased tract or portion of a leased tract—

[(i) lying—

[(I) seaward of the zone covered by section 8(g); or

[(II) within that zone, but to which section 8(g) does not apply; and

[(ii) the geographic center of which lies within a distance of 200 nautical miles from any part of the coastline of any coastal State.

[(B) INCLUSIONS.—The term "qualified Outer Continental Shelf revenues" includes bonus bids, rents, royalties (including payments for royalty taken in kind and sold), net profit share payments, and related late-payment interest from natural gas and oil leases issued under this Act.

[(C) EXCLUSION.—The term "qualified Outer Continental Shelf revenues" does not include any revenues from a leased tract or portion of a leased tract that is located in a geographic area subject to a leasing moratorium on January 1, 2005, unless the lease was in production on January 1, 2005.

[(b) PAYMENTS TO PRODUCING STATES AND COASTAL POLITICAL SUBDIVISIONS.—

[(1) IN GENERAL.—The Secretary shall, without further appropriation, disburse to producing States and coastal political subdivisions in accordance with this section $250,000,000 for each of fiscal years 2007 through 2010.

[(2) DISBURSEMENT.—In each fiscal year, the Secretary shall disburse to each producing State for which the Secretary has approved a plan under subsection (c), and to coastal political subdivisions under paragraph (4), such funds as are allocated to the producing State or coastal political subdivision, respectively, under this section for the fiscal year.

[(3) ALLOCATION AMONG PRODUCING STATES.—

[(A) IN GENERAL.—Except as provided in subparagraph (C) and subject to subparagraph (D), the amounts available under paragraph (1) shall be allocated to each producing State based on the ratio that—

[(i) the amount of qualified outer Continental Shelf revenues generated off the coastline of the producing State; bears to

[(ii) the amount of qualified outer Continental Shelf revenues generated off the coastline of all producing States.

[(B) AMOUNT OF OUTER CONTINENTAL SHELF REVENUES.—For purposes of subparagraph (A)—

[(i) the amount of qualified outer Continental Shelf revenues for each of fiscal years 2007 and 2008 shall be determined using qualified outer Continental Shelf revenues received for fiscal year 2006; and

[(ii) the amount of qualified outer Continental Shelf revenues for each of fiscal years 2009 and 2010 shall be determined using qualified outer Continental Shelf revenues received for fiscal year 2008.

[(C) MULTIPLE PRODUCING STATES.—In a case in which more than one producing State is located within 200 nautical miles of any portion of a leased tract, the amount allocated to each producing State for the leased tract shall be inversely proportional to the distance between—

[(i) the nearest point on the coastline of the producing State; and

[(ii) the geographic center of the leased tract.

[(D) MINIMUM ALLOCATION.—The amount allocated to a producing State under subparagraph (A) shall be at least 1 percent of the amounts available under paragraph (1).

[(4) PAYMENTS TO COASTAL POLITICAL SUBDIVISIONS.—

[(A) IN GENERAL.—The Secretary shall pay 35 percent of the allocable share of each producing State, as determined under paragraph (3) to the coastal political subdivisions in the producing State.

[(B) FORMULA.—Of the amount paid by the Secretary to coastal political subdivisions under subparagraph (A)—

[(i) 25 percent shall be allocated to each coastal political subdivision in the proportion that—

[(I) the coastal population of the coastal political subdivision; bears to

[(II) the coastal population of all coastal political subdivisions in the producing State;

[(ii) 25 percent shall be allocated to each coastal political subdivision in the proportion that—

[(I) the number of miles of coastline of the coastal political subdivision; bears to

[(II) the number of miles of coastline of all coastal political subdivisions in the producing State; and

[(iii) 50 percent shall be allocated in amounts that are inversely proportional to the respective distances between the points in each coastal political subdivision that are closest to the geographic center of each leased tract, as determined by the Secretary.

[(C) EXCEPTION FOR THE STATE OF LOUISIANA.—For the purposes of subparagraph (B)(ii), the coastline for coastal political subdivisions in the State of Louisiana without a coastline shall be considered to be ⅓ the average length of the coastline of all coastal political subdivisions with a coastline in the State of Louisiana.

[(D) EXCEPTION FOR THE STATE OF ALASKA.—For the purposes of carrying out subparagraph (B)(iii) in the State of Alaska, the amounts allocated shall be divided equally among the two coastal political subdivisions that are closest to the geographic center of a leased tract.

[(E) EXCLUSION OF CERTAIN LEASED TRACTS.—For purposes of subparagraph (B)(iii), a leased tract or portion of a leased tract shall be excluded if the tract or portion of a leased tract is located in a geographic area subject to a leasing moratorium on January 1, 2005, unless the lease was in production on that date.

[(5) NO APPROVED PLAN.—

[(A) IN GENERAL.—Subject to subparagraph (B) and except as provided in subparagraph (C), in a case in which any amount allocated to a producing State or coastal political subdivision under paragraph (4) or (5) is not disbursed because the producing State does not have in effect a plan that has been approved by the Secretary under subsection (c), the Secretary shall allocate the undisbursed amount equally among all other producing States.

[(B) RETENTION OF ALLOCATION.—The Secretary shall hold in escrow an undisbursed amount described in subparagraph (A) until such date as the final appeal regarding the disapproval of a plan submitted under subsection (c) is decided.

[(C) WAIVER.—The Secretary may waive subparagraph (A) with respect to an allocated share of a producing State and hold the allocable share in escrow if the Secretary determines that the producing State is making a good faith effort to develop and submit, or update, a plan in accordance with subsection (c).

[(c) COASTAL IMPACT ASSISTANCE PLAN.—

[(1) SUBMISSION OF STATE PLANS.—

[(A) IN GENERAL.—Not later than July 1, 2008, the Governor of a producing State shall submit to the Secretary a coastal impact assistance plan.

[(B) PUBLIC PARTICIPATION.—In carrying out subparagraph (A), the Governor shall solicit local input and provide for public participation in the development of the plan.

[(2) APPROVAL.—

[(A) IN GENERAL.—The Secretary shall approve a plan of a producing State submitted under paragraph (1) before disbursing any amount to the producing State, or to a coastal political subdivision located in the producing State, under this section.

[(B) COMPONENTS.—The Secretary shall approve a plan submitted under paragraph (1) if—

[(i) the Secretary determines that the plan is consistent with the uses described in subsection (d); and

[(ii) the plan contains—

[(I) the name of the State agency that will have the authority to represent and act on behalf of the producing State in dealing with the Secretary for purposes of this section;

[(II) a program for the implementation of the plan that describes how the amounts provided under this section to the producing State will be used;

[(III) for each coastal political subdivision that receives an amount under this section—

[(aa) the name of a contact person; and

[(bb) a description of how the coastal political subdivision will use amounts provided under this section;

[(IV) a certification by the Governor that ample opportunity has been provided for public participation in the development and revision of the plan; and

[(V) a description of measures that will be taken to determine the availability of assistance from other relevant Federal resources and programs.

[(3) AMENDMENT.—Any amendment to a plan submitted under paragraph (1) shall be—

[(A) developed in accordance with this subsection; and

[(B) submitted to the Secretary for approval or disapproval under paragraph (4).

[(4) PROCEDURE.—Not later than 90 days after the date on which a plan or amendment to a plan is submitted under paragraph (1) or (3), the Secretary shall approve or disapprove the plan or amendment.

[(d) AUTHORIZED USES.—

[(1) IN GENERAL.—A producing State or coastal political subdivision shall use all amounts received under this section, including any amount deposited in a trust fund that is administered by the State or coastal political subdivision and dedicated to uses consistent with this section, in accordance with all applicable Federal and State laws, only for one or more of the following purposes:

[(A) Projects and activities for the conservation, protection, or restoration of coastal areas, including wetland.

[(B) Mitigation of damage to fish, wildlife, or natural resources.

[(C) Planning assistance and the administrative costs of complying with this section.

[(D) Implementation of a federally-approved marine, coastal, or comprehensive conservation management plan.

[(E) Mitigation of the impact of outer Continental Shelf activities through funding of onshore infrastructure projects and public service needs.

[(2) COMPLIANCE WITH AUTHORIZED USES.—If the Secretary determines that any expenditure made by a producing State or coastal political subdivision is not consistent with this subsection, the Secretary shall not disburse any additional amount under this section to the producing State or the coastal political subdivision until such time as all amounts obligated for unauthorized uses have been repaid or reobligated for authorized uses.

[(3) LIMITATION.—Not more than 23 percent of amounts received by a producing State or coastal political subdivision for any 1 fiscal year shall be used for the purposes described in subparagraphs (C) and (E) of paragraph (1).]

MINERAL LEASING ACT

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SEC. 17. (a) * * *

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[(g) The Secretary of the Interior, or for National Forest lands, the Secretary of Agriculture, shall regulate all surface-disturbing activities conducted pursuant to any lease issued under this Act, and shall determine reclamation and other actions as required in the interest of conservation of surface resources. No permit to drill on an oil and gas lease issued under this Act may be granted without the analysis and approval by the Secretary concerned of a plan of operations covering proposed surface-disturbing activities within the lease area. The Secretary concerned shall, by rule or regulation, establish such standards as may be necessary to ensure that an adequate bond, surety, or other financial arrangement will be established prior to the commencement of surface-disturbing activities on any lease, to ensure the complete and timely reclamation of the lease tract, and the restoration of any lands or surface waters adversely affected by lease operations after the abandonment or cessation of oil and gas operations on the lease. The Secretary shall not issue a lease or leases or approve the assignment of any lease or leases under the terms of this section to any person, association, corporation, or any subsidiary, affiliate, or person controlled by or under common control with such person, association, or corporation, during any period in which, as determined by the Secretary of the Interior or Secretary of Agriculture, such entity has failed or refused to comply in any material respect with the reclamation requirements and other standards established under this section for any prior lease to which such requirements and standards applied. Prior to making such determination with respect to any such entity the concerned Secretary shall provide such entity with adequate notification and an opportunity to comply with such reclamation requirements and other standards and shall consider whether any administrative or judicial appeal is pending. Once the entity has complied with the reclamation requirement or other standard concerned an oil or gas lease may be issued to such entity under this Act.]

(g) REGULATION OF SURFACE-DISTURBING ACTIVITIES.—

(1) REGULATION OF SURFACE-DISTURBING ACTIVITIES.—The Secretary of the Interior, or for National Forest lands, the Secretary of Agriculture, shall regulate all surface-disturbing activities conducted pursuant to any lease issued under this Act, and shall determine reclamation and other actions as required in the interest of conservation of surface resources.

(2) SUBMISSION OF EXPLORATION PLAN; COMPLETION REVIEW; COMPLIANCE REVIEW.—

(A) Prior to beginning oil and gas exploration activities, a lessee shall submit an exploration plan to the Secretary of the Interior for review.

(B) The Secretary shall review the plan for completeness within 10 days of submission.

(C) In the event the exploration plan is determined to be incomplete, the Secretary shall notify the lessee in writing and specify the items or information needed to complete the exploration plan.

(D) The Secretary shall have 10 days to review any modified exploration plan submitted by the lessee.

(E) To be deemed complete, an exploration plan shall include, in the degree of detail to be determined by the Secretary by rule or regulation—

(i) a drilling plan containing a description of the drilling program;

(ii) the surface and projected completion zone location;

(iii) pertinent geologic data;

(iv) expected hazards, and proposed mitigation measures to address such hazards;

(v) a schedule of anticipated exploration activities to be undertaken;

(vi) a description of equipment to be used for such activities;

(vii) a certification from the lessee stating that the exploration plan complies with all lease, regulatory and statutory requirements in effect on the date of the issuance of the lease and any regulations promulgated after the date of lease issuance related to the conservation of resources;

(viii) evidence that the lessee has secured an adequate bond, surety, or other financial arrangement prior to commencement of any surface disturbing activity;

(ix) a plan that details the complete and timely reclamation of the lease tract; and

(x) such other relevant information as the Secretary may by regulation require.

(F) Upon a determination that the exploration plan is complete, the Secretary shall have 30 days from the date the plan is deemed complete to conduct a review of the plan.

(G) If the Secretary finds the exploration plan is not consistent with all statutory and regulatory requirements described in subparagraph (E)(vii), the Secretary shall notify the lessee with a detailed explanation of such modifications of the exploration plan as are necessary to achieve compliance.

(H) The lessee shall not take any action under the exploration plan within a 30 day review period, or thereafter until the plan has been modified to achieve compliance as so notified.

(I) After review by the Secretary provided by this subsection, a lessee may operate pursuant to the plan without further review or approval by the Secretary.

(3) PLAN REVISIONS; CONDUCT OF EXPLORATION ACTIVITIES.—

(A) If a significant revision of an exploration plan under this subsection is submitted to the Secretary, the process to be used for the review of such revision shall be the same as set forth in paragraph (1) of this subsection.

(B) All exploration activities pursuant to any lease shall be conducted in accordance with an exploration plan that has been submitted to and reviewed by the Secretary or a revision of such plan.

(4) SUBMISSION OF DEVELOPMENT AND PRODUCTION PLAN; COMPLETENESS REVIEW; COMPLIANCE REVIEW.—

(A) Prior to beginning oil and gas development and production activities, a lessee shall submit a development and exploration plan to the Secretary of the Interior. Upon submission, such plans shall be subject to a review for completeness.

(B) The Secretary shall review the plan for completeness within 30 days of submission.

(C) In the event a development and production plan is determined to be incomplete, the Secretary shall notify the lessee in writing and specify the items or information needed to complete the plan.

(D) The Secretary shall have 30 days to review for completeness any modified development and production plan submitted by the lessee.

(E) To be deemed complete, a development and production plan shall include, in the degree of detail to be determined by the Secretary by rule or regulation—

(i) a drilling plan containing a description of the drilling program;

(ii) the surface and projected completion zone location;

(iii) pertinent geologic data;

(iv) expected hazards, and proposed mitigation measures to address such hazards;

(v) a statement describing all facilities and operations proposed by the lessee and known by the lessee (whether or not owned or operated by such lessee) that shall be constructed or utilized in the development and production of oil or gas from the leases areas, including the location and site of such facilities and operations, the land, labor, material, and energy requirements associated with such facilities and operations;

(vi) the general work to be performed;

(vii) the environmental safeguards to be implemented in connection with the development and production and how such safeguards are to be implemented;

(viii) all safety standards to be met and how such standards are to be met;

(ix) an expected rate of development and production and a time schedule for performance;

(x) a certification from the lessee stating that the development and production plan complies with all lease, regulatory, and statutory requirements in effect on the date of issuance of the lease, and any regulations promulgated after the date of lease issuance related to the conservation of resources;

(xi) evidence that the lessee has secured an adequate bond, surety, or other financial arrangement prior to commencement of any surface disturbing activity;

(xii) a plan that details the complete and timely reclamation of the lease tract; and

(xiii) such other relevant information as the Secretary may by regulation require.

(F) Upon a determination that the development and production plan is complete, the Secretary shall have 120 days from the date the plan is deemed complete to conduct a review of the plan.

(G) If the Secretary finds the development and production plan is not consistent with all statutory and regulatory requirements described in subparagraph (E)(x), the Secretary shall notify the lessee with a detailed explanation of such modifications of the development and production plan as are necessary to achieve compliance.

(H) The lessee shall not take any action under the development and production plan within a 120 day review period, or thereafter until the plan has been modified to achieve compliance as so notified.

(5) PLAN REVISIONS; CONDUCT OF DEVELOPMENT AND PRODUCTION ACTIVITIES.—

(A) If a significant revision of a development and production plan under this subsection is submitted to the Secretary, the process to be used for the review of such revision shall be the same as set forth in paragraph (4) of this subsection.

(B) All development and production activities pursuant to any lease shall be conducted in accordance with a development and production plan that has been submitted to and reviewed by the Secretary or a revision of such plan.

(6) CANCELLATION OF LEASE ON FAILURE TO SUBMIT PLAN OR COMPLY WITH APPROVED PLAN.—Whenever the owner of any lease fails to submit a plan in accordance with regulations issued under this section, or fails to comply with a plan, the lease may be canceled in accordance with section 31. Termination of a lease because of failure to comply with a plan, including required modifications or revisions, shall not entitle a lessee to any compensation.

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SEC. 21. (a) * * *

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(e) REVENUES.—

(1) IN GENERAL.—Notwithstanding the provisions of section 35, all revenues received from and under an oil shale or tar sands lease shall be disposed of as provided in this subsection.

(2) ROYALTY RATES FOR COMMERCIAL LEASES.—

(A) ROYALTY RATES.—The Secretary shall model the royalty schedule for oil shale and tar sands leases based on the royalty program currently in effect for the production of synthetic crude oil from oil sands in the Province of Alberta, Canada.

(B) REDUCTION.—The Secretary shall reduce any royalty otherwise required to be paid under subparagraph (A) under any oil shale or tar sands lease on a sliding scale based upon market price, with a 10 percent reduction if the average futures price of NYMEX Light Sweet Crude, or a similar index, drops, for the previous quarter year, below $50 (in January 1, 2006, dollars), and an 80 percent reduction if the average price drops below $30 (in January 1, 2006, dollars) for the quarter previous to the one in which the production is sold.

(3) DISPOSITION OF REVENUES.—

(A) DEPOSIT.—The Secretary shall deposit into a separate account in the Treasury all revenues derived from any oil shale or tar sands lease.

(B) ALLOCATIONS TO STATES AND LOCAL POLITICAL SUBDIVISIONS.—The Secretary shall allocate 50 percent of the revenues deposited into the account established under subparagraph (A) to the State within the boundaries of which the leased lands are located, with a portion of that to be paid directly by the Secretary to the State's local political subdivisions as provided in this paragraph.

(C) TRANSMISSION OF ALLOCATIONS.—

(i) IN GENERAL.—Not later than the last business day of the month after the month in which the revenues were received, the Secretary shall transmit—

(I) to each State two-thirds of such State's allocations under subparagraph (B), and in accordance with clauses (ii) and (iii) to certain county-equivalent and municipal political subdivisions of such State a total of one-third of such State's allocations under subparagraph (B), together with all accrued interest thereon; and

(II) the remaining balance of such revenues deposited into the account that are not allocated under subparagraph (B), together with interest thereon, shall be transmitted to the miscellaneous receipts account of the Treasury, except that until a lease has been in production for 20 years 50 percent of such remaining balance derived from a lease shall be paid in accordance with subclause (I).

(ii) ALLOCATIONS TO CERTAIN COUNTY-EQUIVALENT POLITICAL SUBDIVISIONS.—The Secretary shall under clause (i)(I) make equitable allocations of the revenues to county-equivalent political subdivisions that the Secretary determines are closely associated with the leasing and production of oil shale and tar sands, under a formula that the Secretary shall determine by regulation.

(iii) ALLOCATIONS TO MUNICIPAL POLITICAL SUBDIVISIONS.—The initial allocation to each county-equivalent political subdivision under clause (ii) shall be further allocated to the county-equivalent political subdivision and any municipal political subdivisions located partially or wholly within the boundaries of the county-equivalent political subdivision on an equitable basis under a formula that the Secretary shall determine by regulation.

(D) INVESTMENT OF DEPOSITS.—The deposits in the Treasury account established under this section shall be invested by the Secretary of the Treasury in securities backed by the full faith and credit of the United States having maturities suitable to the needs of the account and yielding the highest reasonably available interest rates as determined by the Secretary of the Treasury.

(E) USE OF FUNDS.—A recipient of funds under this subsection may use the funds for any lawful purpose as determined by State law. Funds allocated under this subsection to States and local political subdivisions may be used as matching funds for other Federal programs without limitation. Funds allocated to local political subdivisions under this subsection may not be used in calculation of payments to such local political subdivisions under programs for payments in lieu of taxes or other similar programs.

(F) NO ACCOUNTING REQUIRED.—No recipient of funds under this subsection shall be required to account to the Federal Government for the expenditure of such funds, except as otherwise may be required by law.

(4) DEFINITIONS.—In this subsection:

(A) COUNTY-EQUIVALENT POLITICAL SUBDIVISION.—The term "county-equivalent political subdivision" means a political jurisdiction immediately below the level of State government, including a county, parish, borough in Alaska, independent municipality not part of a county, parish, or borough in Alaska, or other equivalent subdivision of a State.

(B) MUNICIPAL POLITICAL SUBDIVISION.—The term "municipal political subdivision" means a municipality located within and part of a county, parish, borough in Alaska, or other equivalent subdivision of a State.

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ENERGY POLICY ACT OF 2005

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the "Energy Policy Act of 2005".

(b) TABLE OF CONTENTS.—The table of contents for this Act is as follows:

Sec. 1. Short title; table of contents.

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TITLE III—OIL AND GAS

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Subtitle E—Production Incentives

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[Sec. 357. Comprehensive inventory of OCS oil and natural gas resources.]

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TITLE III—OIL AND GAS

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Subtitle E—Production Incentives

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[SEC. 357. COMPREHENSIVE INVENTORY OF OCS OIL AND NATURAL GAS RESOURCES.

[(a) IN GENERAL.—The Secretary shall conduct an inventory and analysis of oil and natural gas resources beneath all of the waters of the United States Outer Continental Shelf ("OCS"). The inventory and analysis shall—

[(1) use available data on oil and gas resources in areas offshore of Mexico and Canada that will provide information on trends of oil and gas accumulation in areas of the OCS;

[(2) use any available technology, except drilling, but including 3–D seismic technology to obtain accurate resource estimates;

[(3) analyze how resource estimates in OCS areas have changed over time in regards to gathering geological and geophysical data, initial exploration, or full field development, including areas such as the deepwater and subsalt areas in the Gulf of Mexico;

[(4) estimate the effect that understated oil and gas resource inventories have on domestic energy investments; and

[(5) identify and explain how legislative, regulatory, and administrative programs or processes restrict or impede the development of identified resources and the extent that they affect domestic supply, such as moratoria, lease terms and conditions, operational stipulations and requirements, approval delays by the Federal Government and coastal States, and local zoning restrictions for onshore processing facilities and pipeline landings.

[(b) REPORTS.—The Secretary shall submit a report to Congress on the inventory of estimates and the analysis of restrictions or impediments, together with any recommendations, within 6 months of the date of enactment of the section. The report shall be publicly available and updated at least every 5 years.]

Subtitle F—Access to Federal Lands

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SEC. 369. OIL SHALE, TAR SANDS, AND OTHER STRATEGIC UNCONVENTIONAL FUELS.

(a) * * *

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[(o) ROYALTY RATES FOR LEASES.—The Secretary shall establish royalties, fees, rentals, bonus, or other payments for leases under this section that shall—

[(1) encourage development of the oil shale and tar sands resource; and

[(2) ensure a fair return to the United States.]

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MINING AND MINERAL RESOURCES INSTITUTES ACT

(Public Law 98–409)

AN ACT To establish a State Mining and Mineral Resources Research Institute program, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

[AUTHORIZATION OF STATE ALLOTMENTS TO INSTITUTES

[SECTION 1. (a)(1) There are authorized to be appropriated to the Secretary of the Interior (hereafter in this Act referred to as the "Secretary") funds adequate to provide for each participating State $400,000 for each of the fiscal years ending September 30, 1990, through September 30, 1994, to assist the States in carrying on the work of a competent and qualified mining and mineral resources research institute or center (hereafter in this Act referred to as the "institute") at one public college or university in the State which meets the eligibility criteria established in section 10.

[(2)(A) Funds appropriated under this section shall be made available for grants to be matched on a basis of no less than 2 non-Federal dollars for each Federal dollar.

[(B) If there is more than one such eligible college or university in a State, funds appropriated under this Act shall, in the absence of a designation to the contrary by act of the legislature of the State, be granted to one such college or university designated by the Governor of the State.

[(C) Where a State does not have a public college or university eligible under section 10, the Committee on Mining and Mineral Resources Research established in section 9 (hereafter in this Act referred to as the "Committee") may allocate the State's allotment to one private college or university which it determines to be eligible under such section.

[(b) It shall be the duty of each institute to plan and conduct, or arrange for a component or components of the college or university with which it is affiliated to conduct research, investigations, demonstrations, and experiments of either, or both, a basic or practical nature in relation to mining and mineral resources, and to provide for the training of mineral engineers and scientists through such research, investigations, demonstrations, and experiments. The subject of such research, investigation, demonstration, experi-

ment, and training may include exploration; extraction; processing; development; production of fuel and nonfuel mineral resources; mining and mineral technology; supply and demand for minerals; conservation and best use of available supplies of minerals; the economic, legal, social, engineering, recreational, biological, geographic, ecological, and other aspects of mining, mineral resources, and mineral reclamation. Such research, investigation, demonstration, experiment, and training shall consider the interrelationship with the natural environment, the varying conditions and needs of the respective States, and mining and mineral resources research projects being conducted by agencies of the Federal and State governments and other institutes.

[RESEARCH FUNDS TO INSTITUTES

[SEC. 2. (a) There is authorized to be appropriated to the Secretary not more than $15,000,000 for each of the fiscal years ending September 30, 1990, through September 30, 1994, which shall remain available until expended. Such funds when appropriated shall be made available to an institute or to institutes participating in a generic mineral technology center to meet the necessary expenses for purposes of—

[(1) specific mineral research and demonstration projects of broad application, which could not otherwise be undertaken, including the expenses of planning and coordinating regional mining and mineral resources research projects by two or more institutes; and

[(2) research into any aspects of mining and mineral resources problems related to the mission of the Department of the Interior, which are deemed by the Committee to be desirable and are not otherwise being studied.

There is authorized to be appropriated to the Secretary not more than $1,800,000 for each of the fiscal years after fiscal year 1996 to be made available by the Secretary to an institute or institutes experienced in investigating the continental shelf regions of the United States, the deep seabed and near shore environments of islands, and the Arctic and cold water regions as a source for nonfuel minerals. Such funds are to be used by the institute or institutes to assist in developing domestic technological capabilities required for the location of, and the efficient and environmentally sound recovery of, minerals (other than oil and gas) from the Nation's shallow and deep seabed.

[(b) Each application for funds under subsection (a) of this section shall state, among other things, the nature of the project to be undertaken; the period during which it will be pursued; the qualifications of the personnel who will direct and conduct it; the estimated costs; the importance of the project to the Nation, region, or State concerned; its relation to other known research projects theretofore pursued or being pursued; the extent to which the proposed project will provide opportunity for the training of mining and mineral engineers and scientists; and the extent of participation by nongovernmental sources in the project.

[(c) The Committee shall review all such funding applications and recommend to the Secretary the use of the institutes, insofar as practicable, to perform special research. Recommendations shall be made without regard to the race, religion, or sex of the per-

sonnel who will conduct and direct the research, and on the basis of the facilities available in relation to the particular needs of the research project; special geographic, geologic, or climatic conditions within the immediate vicinity of the institute; any other special requirements of the research project; and the extent to which such project will provide an opportunity for training individuals as mineral engineers and scientists. The Committee shall recommend to the Secretary the designation and utilization of such portions of the funds authorized to be appropriated by this section as it deems appropriate for the purpose of providing scholarships, graduate fellowships, and postdoctoral fellowships.

[(d) No funds shall be made available under subsection (a) of this section except for a project approved by the Secretary and all funds shall be made available upon the basis of merit of the project, the need for the knowledge which it is expected to produce when completed, and the opportunity it provides for the training of individuals as mineral engineers and scientists.

[(e) No funds made available under this section shall be applied to the acquisition by purchase or lease of any land or interests therein, or the rental, purchase, construction, preservation, or repair of any building.

[FUNDING CRITERIA

[SEC. 3. (a) Funds available to institutes under sections 1 and 2 of this Act shall be paid at such times and in such amounts during each fiscal year as determined by the Secretary, and upon vouchers approved by him. Each institute shall—

[(1) set forth its plan to provide for the training of individuals as mineral engineers and scientists under a curriculum appropriate to the field of mineral resources and mineral engineering and related fields;

[(2) set forth policies and procedures which assure that Federal funds made available under this Act for any fiscal year will supplement and, to the extent practicable, increase the level of funds that would, in the absence of such Federal funds, be made available for purposes of this Act, and in no case supplant such funds; and

[(3) have an officer appointed by its governing authority who shall receive and account for all funds paid under the provisions of this Act and shall make an annual report to the Secretary on or before the first day of September of each year, on work accomplished and the status of projects underway, together with a detailed statement of the amounts received under any provisions of this Act during the preceding fiscal year, and of its disbursements on schedules prescribed by the Secretary.

If any of the funds received by the authorized receiving officer of any institute under the provisions of this Act shall by any action or contingency be found by the Secretary to have been improperly diminished, lost, or misapplied, such funds shall be replaced by the State concerned and until so replaced no subsequent appropriation shall be allotted or paid to any institute of such State.

[(b) The institutes are authorized and encouraged to plan and conduct programs under this Act in cooperation with each other and with such other agencies and individuals as may contribute to

the solution of the mining and mineral resources problems involved. Moneys appropriated pursuant to this Act shall be available for paying the necessary expenses of planning, coordinating, and conducting such cooperative research.

[DUTIES OF THE SECRETARY

[SEC. 4. (a) The Secretary, acting through the Director of the Bureau of Mines, shall administer this Act and, after full consultation with other interested Federal agencies, shall prescribe such rules and regulations as may be necessary to carry out its provisions. The Secretary shall furnish such advice and assistance as will best promote the purposes of this Act, shall participate in coordinating research initiated under this Act by the institutes, shall indicate to them such lines of inquiry that seem most important, and shall encourage and assist in the establishment and maintenance of cooperation by and between the institutes and between them and other research organizations, the United States Department of the Interior, and other Federal establishments.

[(b) On or before the first day of July in each year beginning after the date of enactment of this Act, the Secretary shall ascertain whether the requirements of section 3(a) have been met as to each institute and State.

[(c) The Secretary shall make an annual report to the Congress of the receipts, expenditures, and work of the institutes in all States under the provisions of this Act. The Secretary's report shall indicate whether any portion of an appropriation available for allotment to any State has been withheld and, if so, the reason therefor.

[AUTONOMY

[SEC. 5. Nothing in this Act shall be construed to impair or modify the legal relationship existing between any of the colleges or universities under whose direction an institute is established and the government of the State in which it is located, and nothing in this Act shall in any way be construed to authorize Federal control or direction of education at any college or university.

[MISCELLANEOUS PROVISIONS

[SEC. 6. (a) The Secretary shall obtain the continuing advice and cooperation of all agencies of the Federal Government concerned with mining and mineral resources, of State and local governments, and of private institutions and individuals to assure that the programs authorized by this Act will supplement and not be redundant with respect to established mining and minerals research programs, and to stimulate research in otherwise neglected areas, and to contribute to a comprehensive nationwide program of mining and minerals research, with due regard for the protection and conservation of the environment. The Secretary shall make generally available information and reports on projects completed, in progress, or planned under the provisions of this Act, in addition to any direct publication of information by the institutes themselves.

[(b) Nothing in this Act is intended to give or shall be construed as giving the Secretary any authority over mining and mineral resources research conducted by any agency of the Federal Govern-

ment, or as repealing or diminishing existing authorities or responsibilities of any agency of the Federal Government to plan and conduct, contract for, or assist in research in its area of responsibility and concern with regard to mining and mineral resources.

[(c) No research, demonstration, or experiment shall be carried out under this Act by an institute financed by grants under this Act, unless all uses, products, processes, patents, and other developments resulting therefrom, with such exception or limitation, if any, as the Secretary may find necessary in the public interest, are made available promptly to the general public. Patentable inventions shall be governed by the provisions of Public Law 96–517. Nothing contained in this section shall deprive the owner of any background patent relating to any such activities of any rights which that owner may have under that patent.

[(d)(1) There is authorized to be appropriated to the Secretary $450,000 for each of the fiscal years ending September 30, 1990, through September 30, 1994, to administer this Act. No funds may be withheld by the Secretary for administrative expenses from those authorized to be appropriated by sections 1 and 2 of this Act.

[(2) There are authorized to be appropriated to the Secretary such sums as are necessary for the printing and publishing of the results of activities carried out by institutes and generic mineral technology centers under this Act, but such appropriations shall not exceed $550,000 in any single fiscal year.

[CENTER FOR CATALOGING

[SEC. 7. The Secretary shall establish a center for cataloging current and projected scientific research in all fields of mining and mineral resources. Each Federal agency doing mining and mineral resources research shall cooperate by providing the cataloging center with information on work underway or scheduled by it. The cataloging center shall classify and maintain for public use a catalog of mining and mineral resources research and investigation projects in progress or scheduled by all Federal agencies and by such non-Federal agencies of government, colleges, universities, private institutions, firms, and individuals as may make such information available.

[INTERAGENCY COOPERATION

[SEC. 8. The President shall, by such means as he deems appropriate, clarify agency responsibility for Federal mining and mineral resources research and provide for interagency coordination of such research, including the research authorized by this Act. Such coordination shall include—

[(1) continuing review of the adequacy of the Government-wide program in mining and mineral resources research;

[(2) identification and elimination of duplication and overlap between agency programs;

[(3) identification of technical needs in various mining and mineral resources research categories;

[(4) recommendations with respect to allocation of technical effort among Federal agencies;

[(5) review of technical manpower needs, and findings concerning management policies to improve the quality of the Government-wide research effort; and

[(6) actions to facilitate interagency communication at management levels.

[COMMITTEE

[SEC. 9. (a) The Secretary shall appoint a Committee on Mining and Mineral Resources Research composed of—

[(1) the Assistant Secretary of the Interior responsible for minerals and mining research, or his delegate;

[(2) the Director, Bureau of Mines, or his delegate;

[(3) the Director, United States Geological Survey, or his delegate;

[(4) the Director of the National Science Foundation, or his delegate;

[(5) the President, National Academy of Sciences, or his delegate;

[(6) the President, National Academy of Engineering, or his delegate; and

[(7) not more than 7 other persons who are knowledgeable in the fields of mining and mineral resources research, including two university administrators involved in the conduct of programs authorized by this Act, 3 representatives from the mining industry, a working miner, and a representative from the conservation community. In making these 7 appointments, the Secretary shall consult with interested groups.

[(b) The Committee shall consult with, and make recommendations to, the Secretary on all matters relating to mining and mineral resources research and the determinations that are required to be made under this Act. The Secretary shall consult with, and consider recommendations of, such Committee in such matters.

[(c) Committee members, other than officers or employees of Federal, State, or local governments, shall be, for each day (including traveltime) during which they are performing Committee business, paid at a rate fixed by the Secretary but not excess of the daily equivalent of the maximum rate of pay for grade GS–18 of the General Schedule under section 5332 of title 5 of the United States Code, and shall be fully reimbursed for travel, subsistence, and related expenses.

[(d) The Committee shall be jointly chaired by the Assistant Secretary of the Interior responsible for minerals and mining and a person to be elected by the Committee from among the members referred to in paragraphs (5), (6), and (7) of subsection (a) of this section.

[(e) The Committee shall develop a national plan for research in mining and mineral resources, considering ongoing efforts in the universities, the Federal Government, and the private sector, and shall formulate and recommend a program to implement the plan utilizing resources provided for under this Act. The Committee shall submit such plan to the Secretary, the President, and the Congress on or before March 1, 1986, and shall submit an annual update of such plan by January 15 of each calendar year.

[(f) Section 10 of the Federal Advisory Committee Act (5 U.S.C. App.) shall not apply to the Committee.

[ELIGIBILITY CRITERIA

[SEC. 10. (a) The Committee shall determine the eligibility of a college or university to participate as a mining and mineral resources research institute under this Act using criteria which include—

[(1) the presence of a substantial program of graduate instruction and research in mining or mineral extraction or closely related fields which has a demonstrated history of achievement;

[(2) evidence of institutional commitment for the purposes of this Act;

[(3) evidence that such institution has or can obtain significant industrial cooperation in activities within the scope of this Act; and

[(4) the presence of an engineering program in mining or minerals extraction that is accredited by the Accreditation Board for Engineering and Technology, or evidence of equivalent institutional capability as determined by the Committee.

[(b)(1) Notwithstanding the provisions of subsection (a), those colleges or universities which, on the date of enactment of the Mining and Mineral Resources Research Institute Amendments of 1988, have a mining or mineral resources research institute program which has been found to be eligible pursuant to this Act shall continue to be eligible subject to review at least once during the period authorized by the Mining and Mineral Resources Research Institute Amendments of 1988, under the provisions of subsection (a). The results of such review shall be submitted by January 15, 1992, pursuant to section 11(a)(2) of the Mining and Mineral Resources Research Institute Amendments of 1988.

[(2) Generic mineral technology centers established by the Secretary under this Act are to be composed of institutes eligible pursuant to subsection (a). Existing generic mineral technology centers shall continue to be eligible under this Act subject to at least one review prior to January 15, 1992, pursuant to section 11(a)(3) of the Mining and Mineral Resources Research Institute Amendments of 1988.

[SEC. 11. SHORT TITLE.

[This Act may be cited as the "Mining and Mineral Resources Institutes Act".

[SEC. 12. STRATEGIC RESOURCES GENERIC MINERAL TECHNOLOGY CENTER.

[(a) ESTABLISHMENT.—The Secretary of Interior is authorized and directed to establish a Strategic Resources Mineral Technology Center (hereinafter referred to as the "center") for the purpose of improving existing, and developing new, technologies that will decrease the dependence of the United States on supplies of strategic and critical minerals.

[(b) FUNCTIONS.—The center shall—

[(1) provide for studies and technology development in the areas of mineral extraction and refining processes, product substitution and conservation of mineral resources through recycling and advanced processing and fabrication methods;

[(2) identify new deposits of strategic and critical mineral resources; and

[(3) facilitate the transfer of information, studies, and technologies developed by the center to the private sector.

[(c) CRITERIA.—The Secretary shall establish the center referred to in subsection (a) at a university that—

[(1) does not currently host a generic mineral technology center;

[(2) has established advanced degree programs in geology and geological engineering, and metallurgical and mining engineering;

[(3) has expertise in materials and advanced processing research; and

[(4) is located west of the 100th meridian.

[(d) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated such sums as may be necessary to carry out this section.]

SECTION 1. SHORT TITLE.

This Act may be cited as the "Energy and Mineral Schools Reinvestment Act".

SEC. 2. POLICY.

It is the policy of the United States to maintain the human capital needed to preserve and foster the economic, energy, and mineral resources security of the United States. The petroleum and mining engineering programs and the applied geology and geophysics programs at State chartered schools, universities, and institutions that produce human capital are national assets and should be assisted with Federal funds to ensure their continued health and existence.

SEC. 3. MAINTAINING AND RESTORING HISTORIC AND EXISTING PETROLEUM AND MINING ENGINEERING EDUCATION PROGRAMS.

(a) Using the funds in the Federal Energy And Mineral Resources Professional Development Fund, the Secretary of the Interior (in this Act referred to as the "Secretary") shall provide funds to each historic and existing State-chartered recognized petroleum or mining school to assist such schools, universities, and institutions in maintaining programs in petroleum, mining, and mineral engineering education and research. All funds shall be directed only to these programs and shall be subject to the conditions of this section. Such funds shall not be less than 33 percent of the annual outlay of funds under this Act.

(b) In this Act the term "historic and existing State-chartered recognized petroleum or mining school" means a school, university, or educational institution with the presence of an engineering program meeting the specific program criteria, established by the member societies of ABET, Inc., for petroleum, mining, or mineral engineering and that is accredited on the date of enactment of the Deep Ocean Energy Resources Act of 2006 by ABET, Inc.

(c) It shall be the duty of each school, university, or institution receiving funds under this section to provide for and enhance the training of undergraduate and graduate petroleum, mining, and mineral engineers through research, investigations, demonstrations, and experiments. All such work shall be carried out in a manner that will enhance undergraduate education.

(d) Each school, university, or institution receiving funds under this Act shall maintain the program for which the funds are pro-

vided for 10 years after the date of the first receipt of such funds and take steps agreed to by the Secretary to increase the number of undergraduate students enrolled in and completing the programs of study in petroleum, mining, and mineral engineering.

(e) The research, investigation, demonstration, experiment, and training authorized by this section may include development and production of conventional and non-conventional fuel resources, the production of metallic and non-metallic mineral resources including industrial mineral resources, and the production of stone, sand, and gravel. In all cases the work carried out with funds made available under this Act shall include a significant opportunity for participation by undergraduate students.

(f) Research funded by this Act related to energy and mineral resource development and production may include studies of petroleum, mining, and mineral extraction and immediately related beneficiation technology; mineral economics, reclamation technology and practices for active operations, and the development of re-mining systems and technologies to facilitate reclamation that fosters the ultimate recovery of resources at abandoned petroleum, mining, and aggregate production sites.

(g) Grants for basic science and engineering studies and research shall not require additional participation by funding partners. Grants for studies to demonstrate the proof of concept for science and engineering or the demonstration of feasibility and implementation shall include participation by industry and may include funding from other Federal agencies.

(h)(1) No funds made available under this section shall be applied to the acquisition by purchase or lease of any land or interests therein, or the rental, purchase, construction, preservation, or repair of any building.

(2) Funding made available under this section may be used with the express approval of the Secretary for proposals that will provide for maintaining or upgrading of existing laboratories and laboratory equipment. Funding for such maintenance shall not be used for university overhead expenses.

(3) Funding made available under this Act may be used for maintaining and upgrading mines and oil and gas drilling rigs owned by a school, university, or institution described in this section that are used for undergraduate and graduate training and worker safety training. All requests for funding such mines and oil and gas drilling rigs must demonstrate that they have been owned by the school, university, or institution for 5 years prior to the date of enactment of the Deep Ocean Energy Resources Act of 2006 and have been actively used for instructional or training purposes during that time.

(4) Any funding made available under this section for research, investigation, demonstration, experiment, or training shall not be used for university overhead charges in excess of 10 percent of the amount authorized by the Secretary.

SEC. 4. FORMER AND NEW PETROLEUM AND MINING ENGINEERING PROGRAMS.

A school, university, or educational institution that formerly met the requirements of section 3(b) immediately before the date of the enactment of the Deep Ocean Energy Resources Act of 2006, or that

seeks to establish a new program described in section 3(b), shall be eligible for funding under this Act only if it—

(1) establishes a petroleum, mining, or mineral engineering program that meets the specific program criteria and is accredited as such by ABET, Inc.;

(2) agrees to the conditions of subsections (c) through (h) of section 3 and the Secretary, as advised by the Committee established by section 11, determines that the program will strengthen and increase the number of nationally available, well- qualified faculty members in petroleum, mining, and mineral engineering; and

(3) agrees to maintain the accredited program for 10 years after the date of the first receipt of funds under this Act.

SEC. 5. FUNDING OF CONSORTIA OF HISTORIC AND EXISTING SCHOOLS.

Where appropriate, the Secretary may make funds available to consortia of schools, universities, or institutions described in sections 3, 4, and 6, including those consortia that include schools, universities, or institutions that are ineligible for funds under this Act if those schools, universities, or institutions, respectively, have skills, programs, or facilities specifically identified as needed by the consortia to meet the necessary expenses for purposes of—

(1) specific energy and mineral research projects of broad application that could not otherwise be undertaken, including the expenses of planning and coordinating regional petroleum, geothermal, mining, and mineral engineering or beneficiation projects by two or more schools; and

(2) research into any aspects of petroleum, geothermal, mining, or mineral engineering or beneficiation problems, including but not limited to exploration, that are related to the mission of the Department of the Interior and that are considered by the Committee to be desirable.

SEC. 6. SUPPORT FOR SCHOOLS WITH ENERGY AND MINERAL RESOURCE PROGRAMS IN PETROLEUM AND MINERAL EXPLORATION GEOLOGY, PETROLEUM GEOPHYSICS, OR MINING GEOPHYSICS.

(a) Twenty percent of the annual outlay of funds under this Act may be granted to schools, universities, and institutions other than those described in sections 3 and 4.

(b) The Secretary, as advised by the Committee established by section 11, shall determine the eligibility of a college or university to receive funding under this Act using criteria that include—

(1) the presence of a substantial program of undergraduate and graduate geoscience instruction and research in one or more of the following specialties: petroleum geology, geothermal geology, mineral exploration geology, economic geology, industrial minerals geology, mining geology, petroleum geophysics, mining geophysics, geological engineering, or geophysical engineering that has a demonstrated history of achievement;

(2) evidence of institutional commitment for the purposes of this Act that includes a significant opportunity for participation by undergraduate students in research;

(3) evidence that such school, university, or institution has or can obtain significant industrial cooperation in activities within the scope of this Act;

(4) agreement by the school, university, or institution to maintain the programs for which the funding is sought for the 10-year period beginning on the date the school, university, or institution first receives such funds; and

(5) requiring that such funding shall be for the purposes set forth in subsections (c) through (h) of section 3 and subject to the conditions set forth in section 3(h).

SEC. 7. DESIGNATION OF FUNDS FOR SCHOLARSHIPS AND FELLOWSHIPS.

(a) The Secretary shall utilize 19 percent of the annual outlay of funds under this Act for the purpose of providing merit-based scholarships for undergraduate education, graduate fellowships, and postdoctoral fellowships.

(b) In order to receive a scholarship or a graduate fellowship, an individual student must be a lawful permanent resident of the United States or a United States citizen and must agree in writing to complete a course of studies and receive a degree in petroleum, mining, or mineral engineering, petroleum geology, geothermal geology, mining and economic geology, petroleum and mining geophysics, or mineral economics.

(c) The regulations required by section 9 shall require that an individual, in order to retain a scholarship or graduate fellowship, must continue in one of the course of studies listed in subsection (b) of this section, must remain in good academic standing, as determined by the school, institution, or university and must allow for reinstatement of the scholarship or graduate fellowship by the Secretary, upon the recommendation of the school or institution. Such regulations may also provide for recovery of funds from an individual who fails to complete any of the courses of study listed in subsection (b) of this section after notice that such completion is a requirement of receipt funding under this Act.

SEC. 8. FUNDING CRITERIA FOR INSTITUTIONS.

(a) Each application for funds under this Act shall state, among other things, the nature of the project to be undertaken; the period during which it will be pursued; the qualifications of the personnel who will direct and conduct it; the estimated costs; the importance of the project to the Nation, region, or States concerned; its relation to other known research projects theretofore pursued or being pursued; the extent to which the proposed project will maximize the opportunity for the training of undergraduate petroleum, mining, and mineral engineers; geologists and geophysicists; and the extent of participation by nongovernmental sources in the project.

(b) No funds shall be made available under this Act except for a project approved by the Secretary. All funds shall be made available upon the basis of merit of the project, the need for the knowledge that it is expected to produce when completed, and the opportunity it provides for the undergraduate training of individuals as petroleum, mining, and mineral engineers, geologists, and geophysicists.

(c) Funds available under this Act shall be paid at such times and in such amounts during each fiscal year as determined by the Secretary, and upon vouchers approved by the Secretary. Each school, university, or institution that receives funds under this Act shall—

(1) establish its plan to provide for the training of individuals as petroleum, mining, and mineral engineers, geologists, and geophysicists under a curriculum appropriate to the field of mineral resources and mineral engineering and related fields;

(2) establish policies and procedures that assure that Federal funds made available under this Act for any fiscal year will supplement and, to the extent practicable, increase the level of funds that would, in the absence of such Federal funds, be made available for purposes of this Act, and in no case supplant such funds; and

(3) have an officer appointed by its governing authority who shall receive and account for all funds paid under this Act and shall make an annual report to the Secretary on or before the first day of September of each year, on work accomplished and the status of projects underway, together with a detailed statement of the amounts received under this Act during the preceding fiscal year, and of its disbursements on schedules prescribed by the Secretary.

(d) If any of the funds received by the authorized receiving officer of a program under this Act are found by the Secretary to have been improperly diminished, lost, or misapplied, such funds shall be recovered by the Secretary.

(e) Schools, universities, and institutions receiving funds under this Act are authorized and encouraged to plan and conduct programs under this Act in cooperation with each other and with such other agencies, business enterprises and individuals.

SEC. 9. DUTIES OF SECRETARY.

(a) The Secretary, acting through the Assistant Secretary for Land and Minerals Management, shall administer this Act and shall prescribe such rules and regulations as may be necessary to carry out its provisions not later than 1 year after the enactment of the Deep Ocean Energy Resources Act of 2006.

(b)(1) There is established in the Department of the Interior, under the supervision of the Assistant Secretary for Land and Minerals Management, an office to be known as the Office of Petroleum and Mining Schools (hereafter in this Act referred to as the "Office") to administer the provisions of this Act. There shall be a Director of the Office who shall be a member of the Senior Executive Service. The position of the Director shall be allocated from among the existing Senior Executive Service positions at the Department of the Interior and shall be a career reserved position as defined in section 3132(a)(8) of title 5, United States Code.

(2) The Director is authorized to appoint a Deputy Director and to employ such officers and employees as may be necessary to enable the Office to carry out its functions, not to exceed fifteen. Such appointments shall be made from existing positions at the Department of the Interior, and shall be subject to the provisions of title 5, United States Code, governing appointments in the competitive service. Such positions shall be paid in accordance with the provisions of chapter 51 and subchapter III of chapter 53 of such title relating to classification and General Schedule pay rates.

(3) In carrying out his or her functions, the Director shall assist and advise the Secretary and the Committee established by section 11 of this Act by—

(A) providing professional and administrative staff support for the Committee including recordkeeping and maintaining minutes of all Committee and subcommittee meetings;

(B) coordinating the activities of the Committee with Federal agencies and departments, and the schools, universities, and institutions to which funds are provided under this Act;

(C) maintaining accurate records of funds disbursed for all scholarships, fellowships, research grants, and grants for career technical education purposes;

(D) preparing any regulations required to implement this Act;

(E) conducting site visits at schools, universities, and institutions receiving funding under this Act; and

(F) serving as a central repository for reports and clearing house for public information on research funded by this Act.

(4) The Director or an employee of the Office shall be present at each meeting of the Committee established by section 11 or a subcommittee of such Committee.

(5) The Director is authorized to contract with public or private agencies, institutions, and organizations and with individuals without regard to section 3324(a) and (b) of title 31, United States Code, and section 5 of title 41, United States Code, in carrying out his or her functions.

(6) As needed the Director shall ascertain whether the requirements of this Act have been met by schools, universities, institutions, and individuals, including the payment of any revenues derived from patents into the fund created by section 23(a) of this Act as required by section 10(d).

(c) The Secretary, acting through the Office of Petroleum and Mining Schools, shall furnish such advice and assistance as will best promote the purposes of this Act, shall participate in coordinating research, investigations, demonstrations, and experiments initiated under this Act, shall indicate to schools, universities, and institutions receiving funds under this Act such lines of inquiry that seem most important, and shall encourage and assist in the establishment and maintenance of cooperation between such schools, universities, and institutions, other research organizations, the Department of the Interior, and other Federal agencies.

(d) The Secretary shall establish procedures—

(1) to ensure that each employee and contractor of the Office established by this section and each member of the committee established by section 11 of this Act shall disclose to the Secretary any financial interests in or financial relationships with schools, universities, institutions or individuals receiving funds, scholarships or fellowships under this Act;

(2) to require any employee, contractor, or member of the committee with a financial relationship disclosed under paragraph (1) to recuse themselves from—

(A) any recommendation or decision regarding the awarding of funds, scholarships or fellowships; or

(B) any review, report, analysis or investigation regarding compliance with the provisions of this Act by a school, university, institution or any individual.

(e) On or before the first day of July of each year beginning after the date of enactment of this sentence, schools, universities, and institutions receiving funds under this Act shall certify compliance

with this Act and upon request of the Director of the office established by this section provide documentation of such compliance.

(f) An individual granted a scholarship or fellowship with funds provided under this Act shall through their respective school, university, or institution, advise the Director of the office established by this Act of progress towards completion of the course of studies and upon the awarding of the degree within 30 days after the award.

(g) The regulations required by this section shall include a preference for veterans and service members who have received or will receive either the Afghanistan Campaign Medal or the Iraq Campaign Medal as authorized by Public Law 108–234, and Executive Order 13363.

SEC. 10. COORDINATION.

(a) Nothing in this Act shall be construed to impair or modify the legal relationship existing between any of the schools, universities, and institutions under whose direction a program is established with funds provided under this Act and the government of the State in which it is located. Nothing in this Act shall in any way be construed to authorize Federal control or direction of education at any school, university, or institution.

(b) The programs authorized by this Act are intended to enhance the Nation's petroleum, mining, and mineral engineering education programs and to enhance educational programs in petroleum and mining exploration and to increase the number of individuals enrolled in and completing these programs. To achieve this intent, the Secretary and the Committee established by section 11 shall receive the continuing advice and cooperation of all agencies of the Federal Government concerned with the identification, exploration, and development of energy and mineral resources.

(c) Nothing in this Act is intended to give or shall be construed as giving the Secretary any authority over mining and mineral resources research conducted by any agency of the Federal Government, or as repealing or diminishing existing authorities or responsibilities of any agency of the Federal Government to plan and conduct, contract for, or assist in research in its area of responsibility and concern with regard to mining and mineral resources.

(d) The schools, universities, and institutions receiving funding under this Act shall make detailed reports to the Office of Petroleum and Mining Schools on projects completed, in progress, or planned with funds provided under this Act. All such reports shall available to the public on not less than an annual basis through the Office of Petroleum and Mining Schools. All uses, products, processes, patents, and other developments resulting from any research, demonstration, or experiment funded in whole or in part under this Act shall be made available promptly to the general public, subject to exception or limitation, if any, as the Secretary may find necessary in the interest of national security. Schools, universities, and institutions receiving patents for inventions funded in whole or in part under this Act shall be governed by the applicable Federal law, except that one percent of gross annual revenues due to the holders of the patents that are derived from such patents shall be paid by the holders of the patents to the Federal Energy and Mineral Resources Professional Development Fund established by section 23(a) of the Deep Ocean Energy Resources Act of 2006.

SEC. 11. COMMITTEE ON PETROLEUM, MINING, AND MINERAL ENGINEERING AND ENERGY AND MINERAL RESOURCE EDUCATION.

(a) The Secretary shall appoint a Committee on Petroleum, Mining, and Mineral Engineering and Energy and Mineral Resource Education composed of—

(1) the Assistant Secretary of the Interior responsible for land and minerals management and not more than 16 other persons who are knowledgeable in the fields of mining and mineral resources research, including 2 university administrators one of whom shall be from historic and existing petroleum and mining schools; a community, technical, or tribal college administrator; a career technical education educator; 6 representatives equally distributed from the petroleum, mining, and aggregate industries; a working miner; a working oilfield worker; a representative of the Interstate Oil and Gas Compact Commission; a representative from the Interstate Mining Compact Commission; a representative from the Western Governors Association; a representative of the State geologists, and a representative of a State mining and reclamation agency. In making these 16 appointments, the Secretary shall consult with interested groups.

(2) The Assistant Secretary for Land and Minerals Management, in the capacity of the Chairman of the Committee, may have present during meetings of the Committee representatives of Federal agencies with responsibility for energy and minerals resources management, energy and mineral resource investigations, energy and mineral commodity information, international trade in energy and mineral commodities, mining safety regulation and mine safety research, and research into the development, production, and utilization of energy and mineral commodities. These representatives shall serve as technical advisors to the committee and shall have no voting responsibilities.

(b) The Committee shall consult with, and make recommendations to, the Secretary on all matters relating to funding energy and mineral resources research, the awarding of scholarships and fellowships and allocation of funding made under this Act. The Secretary shall consult with and carefully consider recommendations of the Committee in such matters.

(c) Committee members, other than officers or employees of Federal, State, or local governments, shall be, for each day (including traveltime) during which they are performing Committee business, paid at a rate fixed by the Secretary but not in excess of the daily equivalent of the maximum rate of pay for level IV of the Executive Schedule under section 5136 of title 5, United States Code, and shall be fully reimbursed for travel, subsistence, and related expenses.

(d) The Committee shall be chaired by the Assistant Secretary of the Interior responsible for land and minerals management. There shall also be elected a Vice Chairman by the Committee from among the members referred to in this section. The Vice Chairman shall perform such duties as are determined to be appropriate by the committee, except that the Chairman of the Committee must personally preside at all meetings of the full Committee. The Committee may organize itself into such subcommittees as the Committee may deem appropriate.

(e) Following completion of the report required by section 385 of the Energy Policy Act of 2005, the Committee shall consider the recommendations of the report, ongoing efforts in the schools, universities, and institutions receiving funding under this Act, the Federal and State Governments, and the private sector, and shall formulate and recommend to the Secretary a national plan for a program utilizing the fiscal resources provided under this Act. The Committee shall submit such plan to the Secretary for approval. Upon approval, the plan shall guide the Secretary and the Committee in their actions under this Act.

(f) Section 10 of the Federal Advisory Committee Act (5 U.S.C. App. 2) shall not apply to the Committee.

SEC. 12. CAREER TECHNICAL EDUCATION.

(a) Up to 25 percent of the annual outlay of funds under this Act may be granted to schools or institutions including, but not limited to, colleges, universities, community colleges, tribal colleges, technical institutes, and secondary schools, other than those described in sections 3, 4, 5, and 6.

(b) The Secretary, as advised by the Committee established under section 11, shall determine the eligibility of a school or institution to receive funding under this section using criteria that include—

(1) the presence of a State-approved program in mining engineering technology, petroleum engineering technology, industrial engineering technology, or industrial technology that—

(A) is focused on technology and its use in energy and mineral production and related maintenance, operational safety, or energy infrastructure protection and security;

(B) prepares students for advanced or supervisory roles in the mining industry or the petroleum industry; and

(C) grants either an associate's degree or a baccalaureate degree in one of the subjects listed in subparagraph (A);

(2) the presence of a program, including a secondary school vocational education program or career academy, that provides training for individuals entering the petroleum, coal mining, or mineral mining industries; or

(3) the presence of a State-approved program of career technical education at a secondary school, offered cooperatively with a community college in one of the industrial sectors of—

(A) agriculture, forestry, or fisheries;

(B) utilities;

(C) construction;

(D) manufacturing; and

(E) transportation and warehousing.

(c) Schools or institutions receiving funds under this section must show evidence of an institutional commitment for the purposes of career technical education and provide evidence that the school or institution has received or will receive industry cooperation in the form of equipment, employee time, or donations of funds to support the activities that are within the scope of this section.

(d) Schools or institutions receiving funds under this section must agree to maintain the programs for which the funding is sought for a period of 10 years beginning on the date the school or institution receives such funds, unless the Secretary finds that a shorter period of time is appropriate for the local labor market or is required by State authorities.

(e) Schools or institutions receiving funds under this section may combine these funds with State funds, and other Federal funds where allowed by law, to carry out programs described in this section, however the use of the funds received under this section must be reported to the Secretary not less than annually.

SEC. 13. DEPARTMENT OF THE INTERIOR WORKFORCE ENHANCEMENT.

(a) PHYSICAL SCIENCE, ENGINEERING AND TECHNOLOGY SCHOLARSHIP PROGRAM.—

(1) From the funds made available to carry out this section, the Secretary shall use 30 percent of that amount to provide financial assistance for education in physical sciences, engineering, and engineering or industrial technology and disciplines that, as determined by the Secretary, are critical to the functions of the Department of the Interior and are needed in the Department of the Interior workforce.

(2) The Secretary of the Interior may award a scholarship in accordance with this section to a person who—

(A) is a citizen of the United States;

(B) is pursuing an undergraduate or advanced degree in a critical skill or discipline described in paragraph (1) at an institution of higher education; and

(C) enters into a service agreement with the Secretary of the Interior as described in subsection (e).

(3) The amount of the financial assistance provided under a scholarship awarded to a person under this subsection shall be the amount determined by the Secretary of the Interior as being necessary to pay all educational expenses incurred by that person, including tuition, fees, cost of books, laboratory expenses, and expenses of room and board. The expenses paid, however, shall be limited to those educational expenses normally incurred by students at the institution of higher education involved.

(b) SCHOLARSHIP PROGRAM FOR STUDENTS ATTENDING MINORITY SERVING HIGHER EDUCATION INSTITUTIONS.—

(1) From the funds made available to carry out this section, the Secretary shall use 25 percent of that amount to award scholarships in accordance with this section to persons who—

(A) are enrolled in a Minority Serving Higher Education Institutions.

(B) are citizens of the United States;

(C) are pursuing an undergraduate or advanced degree in agriculture, engineering, engineering or industrial technology, or physical sciences, or other discipline that is found by the Secretary to be critical to the functions of the Department of the Interior and are needed in the Department of the Interior workforce; and

(D) enter into a service agreement with the Secretary of the Interior as described in subsection (e).

(2) The amount of the financial assistance provided under a scholarship awarded to a person under this subsection shall be the amount determined by the Secretary of the Interior as being necessary to pay all educational expenses incurred by that person, including tuition, fees, cost of books, laboratory expenses, and expenses of room and board. The expenses paid, however,

shall be limited to those educational expenses normally incurred by students at the institution of higher education involved.

(c) EDUCATION PARTNERSHIPS WITH MINORITY SERVING HIGHER EDUCATION INSTITUTIONS.—

(1) The Secretary shall require the director of each Bureau and Office, to foster the participation of Minority Serving Higher Education Institutions in any regulatory activity, land management activity, science activity, engineering or industrial technology activity, or engineering activity carried out by the Department of the Interior.

(2) From the funds made available to carry out this section, the Secretary shall use 25 percent of that amount to support activities at Minority Serving Higher Education Institutions by—

(A) funding faculty and students in these institutions in collaborative research projects that are directly related to the Departmental or Bureau missions;

(B) allowing equipment transfer to Minority Serving Higher Education Institutions as a part of a collaborative research program directly related to a Departmental or Bureau mission;

(C) allowing faculty and students at these Minority Serving Higher Education Institutions to participate Departmental and Bureau training activities;

(D) funding paid internships in Departmental and Bureau facilities for students at Minority Serving Higher Education Institutions;

(E) assigning Departmental and Bureau personnel to positions located at Minority Serving Higher Educational Institutions to serve as mentors to students interested in a science, technology or engineering disciplines related to the mission of the Department or the Bureaus.

(d) KINDERGARTEN THROUGH GRADE TWELVE SCIENCE EDUCATION ENHANCEMENT PROGRAM.—

(1) From the funds made available to carry out this section, the Secretary shall use 20 percent of that amount to support activities designed to enhance the knowledge and expertise of teachers of basic sciences, mathematics, engineering and technology in Kindergarten through Grade Twelve programs.

(2) The Secretary is authorized to—

(A) support competitive events for students under the supervision of teachers that are designed to encourage student interest and knowledge in science, engineering, technology and mathematics;

(B) support competitively-awarded, peer-reviewed programs to promote professional development for mathematics, science, engineering and technology teachers who teach in grades from kindergarten through grade 12;

(C) support summer internships at Department facilities, for mathematics, science, engineering and technology teachers who teach in grades from kindergarten through grade 12; and

(D) sponsor and assist in sponsoring educational and teacher training activities in subject areas identified as critical skills.

(e) SERVICE AGREEMENT FOR RECIPIENTS OF ASSISTANCE.—

(1) To receive financial assistance under subsection (a) and subsection (b) of this section—

(A) in the case of an employee of the Department of the Interior, the employee shall enter into a written agreement to continue in the employment of the department for the period of obligated service determined under paragraph (2); and

(B) in the case of a person not an employee of the Department of the Interior, the person shall enter into a written agreement to accept and continue employment in the Department of the Interior for the period of obligated service determined under paragraph (2).

(2) For the purposes of this section, the period of obligated service for a recipient of a scholarship under this section shall be the period determined by the Secretary of the Interior as being appropriate to obtain adequate service in exchange for the financial assistance provided under the scholarship. In no event may the period of service required of a recipient be less than the total period of pursuit of a degree that is covered by the scholarship. The period of obligated service is in addition to any other period for which the recipient is obligated to serve in the civil service of the United States.

(3) An agreement entered into under this subsection by a person pursuing an academic degree shall include any terms and conditions that the Secretary of the Interior determines necessary to protect the interests of the United States or otherwise appropriate for carrying out this section.

(f) REFUND FOR PERIOD OF UNSERVED OBLIGATED SERVICE.—

(1) A person who voluntarily terminates service before the end of the period of obligated service required under an agreement entered into under subsection (e) shall refund to the United States an amount determined by the Secretary of the Interior as being appropriate to obtain adequate service in exchange for financial assistance.

(2) An obligation to reimburse the United States imposed under paragraph (1) is for all purposes a debt owed to the United States.

(3) The Secretary of the Interior may waive, in whole or in part, a refund required under paragraph (1) if the Secretary determines that recovery would be against equity and good conscience or would be contrary to the best interests of the United States.

(4) A discharge in bankruptcy under title 11, United States Code, that is entered less than five years after the termination of an agreement under this section does not discharge the person signing such agreement from a debt arising under such agreement or under this subsection.

(g) RELATIONSHIP TO OTHER PROGRAMS.—The Secretary of the Interior shall coordinate the provision of financial assistance under the authority of this section with the provision of financial assistance under the authorities provided in this Act in order to maximize the benefits derived by the Department of Interior from the exercise of all such authorities.

(h) REPORT.—Not later than September 1 of each year, the Secretary of the Interior shall submit to the Committee on Resources of the House of Representatives and the Committee on Energy and Natural Resources of the Senate a report on the status of the assistance program carried out under this section. The report shall describe the programs within the Department designed to recruit and retain a workforce on a short-term basis and on a long-term basis.

(i) DEFINITIONS.—As used in this section:

(1) The term "Minority Serving Higher Education Institutions" means a Hispanic-serving institution, historically Black college or university, Alaska Native-serving institution, or tribal college.

(2) The term "Hispanic-serving institution" has the meaning given the term in section 502(a) of the Higher Education Act of 1965 (20 U.S.C. 1101a(a)).

(3) The term "historically Black college or university" has the meaning given the term "part B institution" in section 322 of the Higher Education Act of 1965 (20 U.S.C. 1061).

(4) The term "tribal college" has the meaning given the term "tribally controlled college or university" in section 2(a) of the Tribally Controlled College Assistance Act of 1978 (25 U.S.C. 1801(a)).

(5) The term "institution of higher education" has the meaning given such term in section 101 of the Higher Education Act of 1965 (20 U.S.C. 1001).

(6) The term "Alaska Native-serving institution" has the meaning given the term in section 317 of the Higher Education Act of 1965 (20 U.S.C. 1059d).

(j) FUNDING.—The Secretary shall spend 3 percent of the annual outlay under this Act to implement this section not to exceed $10,000,000.

SECTION 4 OF THE GEOTHERMAL STEAM ACT OF 1970

SEC. 4. LEASING PROCEDURES.

(a) * * *

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(h) GEOTHERMAL RESOURCES CO-PRODUCED WITH THE MINERALS.—Any person who holds a lease or who operates a cooperative or unit plan under the Mineral Leasing Act, in the absence of an existing lease for geothermal resources under this Act, shall upon notice to the Secretary have the right to utilize any geothermal resources co-produced with the minerals for which the lease was issued during the operation of that lease or cooperative or unit plan, for the generating of electricity to operate the lease. Any electricity that is produced in excess of that which is required to operate the lease and that is sold for purposes outside of the boundary of the lease shall be subject to the requirements of section 5.

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SECTION 517 OF THE SURFACE MINING CONTROL AND RECLAMATION ACT OF 1977

INSPECTIONS AND MONITORING

SEC. 517. (a) * * *

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(i) Any person who provides the regulatory authority with a map under subsection (b)(1) shall not be liable to any other person in any way for the accuracy or completeness of any such map which was not prepared and certified by or on behalf of such person.

DISSENTING VIEWS

We strongly oppose H.R. 4761, radical legislation which would jettison more than 25 years of laws and policies regarding management of national Outer Continental Shelf (OCS) lands and resources. H.R. 4761 is unnecessary, environmentally damaging, and fiscally irresponsible legislation which should be rejected by the House.

A preliminary estimate by the Administration's Minerals Management Service (MMS) concluded that H.R. 4761 would add $69 billion to the federal budget deficit over the first 15 years. [See: attached MMS letter dated June 21, 2006] And according to the prime sponsor of H.R. 4761, Louisiana alone would receive $2.6 billion annually and a total of $50 billion over the first thirty years of the legislation's implementation.

In essence, H.R. 4761 would immediately cut in half the 200-mile area in the Atlantic and Pacific coasts and in the Eastern Gulf of Mexico which has been protected by long-standing Congressional moratoria and Presidential withdrawal from oil and gas leasing. H.R. 4761 would further abrogate Congress's powers by establishing a new, cumbersome state-centric decision-making process that by design would encourage leasing and development of federal OCS lands and resources within 100 miles of coastal state boundaries.

To entice and reward states which support offshore leasing, H.R. 4761 would establish a permanent revenue sharing entitlement program which would divert tens of billions of dollars of federal OCS revenues away from the Treasury. H.R. 4761 would further add to the federal budget deficit by creating and funding several direct spending programs which are not subject to Congressional appropriations or sunsets and by an array of costly industry-friendly special interest provisions including royalty-reductions, lease buy-backs, and bans on new or increased fees.

VAST AREAS OF THE OCS ARE CURRENTLY OPEN TO LEASING AND DEVELOPMENT

The proponents of H.R. 4761 seek to create the specter that, unless more areas of the OCS are immediately opened to oil and gas leasing, U.S. oil and gas production will plunge and dire economic consequences will result. Opening the OCS moratoria areas, they also assert, will reduce oil and gas prices.

In reality, the oil and gas industry has already been granted access to vast tracts of OCS lands and have explored or developed only a fraction of those assets. Under the Bush Administration—one of the most oil and gas friendly regimes in American history—the Department of the Interior has offered leases on over 267 million acres of the OCS and the industry has acquired leases for about 24 million acres. In total, over 40 million acres of OCS lands

are under industry lease and less than 7 million acres are in production. Moreover, according to the Mineral Management Service (MMS), the OCS lands currently available for leasing contain about 80 percent of developable OCS oil and gas reserves.

As any American who has filled their gas tank can attest, the OCS leasing and drilling and profit bonanza that the oil and gas industry has enjoyed during the Bush Administration has utterly failed to lower prices at the pump. Rewarding Big Oil with expanded access to protected OCS moratoria areas is unnecessary and has no demonstrable correlation to lower oil and gas prices.

THE ILLUSION OF COASTAL PROTECTION

The proponents of H.R. 4761 portray the legislation as a benign measure which empowers coastal states. They cite future Congressional action to repeal the OCS leasing moratoria as inevitable.

Ironically, on May 18, 2006 the House approved the Department of the Interior, Environment and Related Agencies Appropriations Act for FY 2007 which would extend the current moratoria in the Atlantic and Pacific coasts and the Eastern Gulf of Mexico. An amendment to strike the entire oil and gas moratoria was rejected by an overwhelming vote of 279 to 141. No Governor or Congressional delegation representing a state currently under the moratoria sought in that process to opt-out or remove protections. Moreover, the current Presidential withdrawal is in effect until the year 2012.

In reality, H.R. 4761 is a Trojan horse for coastal states which oppose OCS leasing on economic and environmental grounds. At the outset, H.R. 4761 shrinks the moratoria areas from 200 miles under current law to 100 miles from the state boundaries. Within 50 to 100 miles, H.R. 4761 would cease protections unless the state acts: Governors would have to get the concurrence of their state legislatures within one year to petition the Department of the Interior to prevent so-called "natural gas only" leasing and within three years to prevent oil leasing. In addition, states must re-petition every five years to maintain the protections. Within 50 miles, a state would have to affirmatively petition to allow for leasing, but would be granted between 50 and 75 percent of the revenues if they opt-in.

Notably, the oil and gas industry is granted a huge loophole in H.R. 4761 to cross protective OCS moratoria boundaries under Section 9 which states: "Further, any area of the OCS withdrawn from leasing may be leased and thereafter developed and produced by the lessee using extended reach or similar drilling from a location on a leased area located in an area available for leasing." In addition, under Section 11, the federal government pre-empts state authority over pipeline routing and no state may prohibit the construction of a natural gas pipeline through its own state waters.

By a combination of shrinking moratoria areas, procedural hurdles, curbs on state powers, and financial incentives, it is clear that the fundamental purpose of H.R. 4761 is to foster oil and gas development in OCS areas where it is not supported or allowed today. And even in the event that states attempt to protect their own coasts, they would be subject to the whims of bordering states

which may choose to allow development under the new state seaward boundaries established by Section 4.

COASTAL STATE REVENUE SHARING AND A GROWING FEDERAL BUDGET DEFICIT

The proponents of H.R. 4761 have asserted that OCS leasing in new areas will generate a windfall of revenue for coastal states and the federal Treasury. Under H.R. 4761, coastal states would receive 75 percent of OCS revenue within 12 miles seaward of the state/federal boundary and 50 percent of OCS revenue within 12 to 200 miles away.

Under Section 8(g) of the Outer Continental Shelf Lands Act, coastal states currently receive 27 percent of OCS revenues within 3 miles seaward of the state/federal boundary. Currently, six coastal states (Alabama, Alaska, California, Louisiana, Mississippi and Texas) receive roughly $100 million annually under the 8(g) program, with about $40 million of that amount accruing to Louisiana. In the OCS area beyond the 3 mile 8(g) zone, revenue generally goes to the Federal Treasury under current law. However, the Energy Policy Act of 2005 (P.L. 109–58) provided that $250 million of OCS revenues be paid annually to the six coastal oil and gas producing states (a total of $1 billion over four years).

In reality, the expanded coastal revenue sharing under H.R. 4761 is a new, permanent entitlement program which would divert Federal OCS revenues from existing offshore oil and gas leasing and production to adjacent states at enormous potential cost to the Treasury. Under H.R. 4761, individual states would receive revenues generated by the development—far beyond state boundaries—of public resources owned by all the American people. In fact, it is the federal revenue loss from the existing OCS areas open to leasing in the Gulf of Mexico that forms the basis for the sponsor's claim that Louisiana will gain $2.6 billion annually and $50 billion over the first thirty years under H.R. 4761.

On June 14, 2006, at the sole hearing committee hearing held on H.R. 4761, the Minerals Management Service testified that:

> * * * we have serious concerns about this bill because of its excessive short and long term costs * * * the bill as drafted, would divert significant OCS revenues from existing leases in Federal waters for broad uses by coastal states. The revenue sharing provisions of H.R. 4761 are inconsistent with the President's budget priorities and would have a significant, long-term impact on the budget deficit.

On June 21, 2006, the Director of the MMS wrote to Chairman Pombo to restate the Administration's opposition to revenue sharing provisions applicable to existing OCS leases and to state a preliminary estimate that H.R. 4761 would result in a decline of $69 billion in federal revenue over the first fifteen years.

NEW DIRECT SPENDING PROGRAMS/NO APPROPRIATIONS/NO SUNSETS

In addition to state revenue sharing, the proponents of H.R. 4761 seek to expand support for offshore oil and gas drilling by creating new spending programs, for education and a variety of other purposes, funded by OCS revenues.

In reality, H.R. 4761 makes a mockery of fiscal responsibility. The new spending programs in Section 14 (Federal Energy Natural Resources Enhancement Fund Act of 2006), Section 23 (Mining and Petroleum Schools), and Section 26 (National Geo Fund Act) are not subject to Congressional appropriations or oversight. Moreover, they are permanent spending programs without a sunset date. Only Section 30 (Secure Rural Schools) has a dollar cap and time limit of $250 million and five years.

The ultimate cost of these open-ended new programs is unknown, since H.R. 4761 authorizes funding based on percentages of OCS, Mineral Leasing Act and other revenues. At a time of enormous budget deficits and with many worthy existing programs underfunded, it is highly questionable that it is a national priority to create, for example, a new education office within the Department of the Interior as would Section 23 (Energy and Mineral Schools Reinvestment Act). In addition, nothing in H.R. 4761 provides any guarantee that the Land and Water Conservation Fund Act of 1965—a highly effective and popular program which, subject to appropriation, funds federal land acquisition and state park and recreation activities using OCS receipts—would be held harmless.

ROYALTY RELIEF: A POTENTIAL SOLUTION HELD HOSTAGE

The proponents of H.R. 4761 attempt to respond to public outrage over oil and gas companies which received royalty-free leases under the 1995 Outer Continental Shelf Deep Water Royalty Relief Act by imposing fees on any such leases which are not renegotiated to include market price threshold cutoffs for royalty relief.

Mr. Markey offered an amendment which would have struck all the controversial OCS and spending provisions in H.R. 4761 and limited the legislation to the royalty-relief renegotiation incentive fees and a section imposing a modest rental fee on non-producing leases.

In reality, by rejecting Mr. Markey's amendment, the sponsors of H.R. 4761 are holding a potential solution to the royalty relief problem hostage. During consideration of the Interior appropriations bill on May 18, 2006, the House voted overwhelmingly, 252 to 165, to adopt the Hinchey-Markey-Rahall amendment that would have offered a stronger incentive (no new OCS leases) for oil and gas companies to renegotiate leases that do not suspend royalty relief when prices are high. According to GAO estimates, the federal Treasury stands to lose as much as $80 billion, depending on the outcome of industry-litigation, if the royalty relief problem is not addressed by Congress.

To make matters worse, H.R. 4761 also includes a royalty relief mandate which is applicable to all new OCS leasing. In Section 6, new OCS leases are subject to the "base royalty rate." In practical effect, for example, that means that the royalty rate for leases in shallow waters of the Gulf of Mexico would be lowered from 16⅔ percent to 12½ percent for no apparent policy reason other than to further subsidize a highly profitable industry.

INDUSTRY FRIENDLY SPECIAL INTEREST PROVISIONS

H.R. 4761 is replete with provisions designed to benefit the oil and gas and other energy industries at the expense of the public,

and a few of the more egregious examples are cited below. A number of these provisions were debated and rejected by the conferees on the Energy Policy Act of 2005.

- Section 3 would change the definition of "Affected State" as set forth in the Coastal Zone Management Act and the Outer Continental Shelf Lands Act, to "Adjacent State" and would significantly dilute the role of coastal states in considering proposed federal actions under the "consistency" provisions of the CZMA.
- Section 10 would allow decommissioned oil and gas rigs to be used for offshore fish farms and other purposes, granting a full liability waiver to lessees abandoning such rigs.
- Section 12 would exempt lease sales from the analysis and public process required under the National Environmental Protection Act (NEPA).
- Section 17 would require the federal government to repurchase and cancel onshore and offshore leases (covering oil and gas, geothermal, coal, oil shale, tar sands, or other mineral leases) if the lease is not allowed to be explored and/or developed. A similar provision was debated and ultimately dropped from the Energy Policy Act of 2005.
- Section 18 would override all other federal laws and require the Secretary of the Interior to accept "off-site" environmental mitigation from activities occurring under the Mineral Leasing Act, the Geothermal Steam Act, the Mineral Leasing Act for Acquired Lands, the Weeks Act, the General Mining Act of 1872, the Materials Act of 1947, or the Outer Continental Shelf Lands Act. Under this provision, in order to satisfy any mitigation requirements, a person could propose mitigation elsewhere and the Secretary would be required to accept the proposal if the measures "generally achieve the purposes for which mitigation measures were appertained."
- Section 24 would prohibit the creation of any new fees related to any federal onshore and offshore mineral lease that was not in effect on January 1, 2005, and sets cap on increase of existing fees concerning mineral leases. President Bush has called in the FY 2007 budget proposal for the repeal of a similar but more limited restriction that was included in the Energy Policy Act of 2005.
- Section 29 would repeal the Energy Policy Act of 2005 provisions relating to royalty obligations on tar sands and oil shale leases and replace it with one which significantly reduces the royalty obligations of lessees.

CONCLUSION

The oil and gas supply disruptions from hurricanes Katrina and Rita in 2005 should inspire Congress to pursue more diverse and secure sources of energy for the nation. Instead, H.R. 4761 is based on the premise that the nation will remain, as President Bush has observed, "addicted to oil" and that leasing and development is the highest and best use of coastal resources. By terminating longstanding OCS moratoria, by establishing a permanent entitlement program using federal OCS revenue in an attempt to bribe coastal states to ignore the threat to their economies and environment and

to reward those who already support existing leasing with huge windfalls, by creating new, open-ended spending programs not subject to appropriations or sunsets, and by a buffet of energy industry special interest riders, H.R. 4761 is costly and fundamentally misguided legislation that should not become law.

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EDWARD J. MARKEY.
DALE KILDEE.
FRANK PALLONE, JR.
JAY INSLEE.
RAÚL GRIJALVA.
GRACE F. NAPOLITANO.

U.S. DEPARTMENT OF THE INTERIOR,
MINERALS MANAGEMENT SERVICE,
Washington, DC, June 21, 2006.

Hon. RICHARD W. POMBO,
Chairman, Committee on Resources,
House of Representatives, Washington, DC.

DEAR MR. CHAIRMAN: As you consider the Deep Ocean Energy Resources Act, I'd like to reiterate and expand upon several points I made in my testimony on the bill last week and the currently proposed amendment to that bill. As noted in my testimony, the Administration believes expanding access to offshore energy resources is important to the Nation's energy security. The Administration supports including a significant role for state views in the determination of future energy decisions in federal waters, and will not support drilling within at least 100 miles of the Florida coast.

While supporting expanded access to energy resources, among other concerns, the Administration opposes certain aspects of the revenue sharing provisions of H.R. 4761. Our preliminary and very rough estimates indicate that these provisions, if unchanged, would result in a decline of $69 billion of retained federal royalties over 15 years. This diversion would have significant impacts on the federal debt. The States' share would rise by $86 billion, for a total of $91 billion.

The Administration welcomes the opportunity for constructive discussions on revenue sharing options that would provide access to new oil and natural gas resources.

Sincerely,

R.M. "JOHNNIE" BURTON,
Director.

APPENDIX—COMMITTEE CORRESPONDENCE

HOUSE OF REPRESENTATIVES,
COMMITTEE ON RESOURCES,
Washington, DC, June 23, 2006.

Hon. BOB GOODLATTE,
Chairman, Committee on Agriculture,
Longworth HOB, Washington, DC.

DEAR MR. CHAIRMAN: On June 21, 2006, the Committee on Resources ordered favorably reported with amendments H.R. 4761,

the Deep Ocean Energy Resources Act of 2006, to provide for the exploration, development, and production activities for mineral resources on the outer Continental Shelf, and for other purposes. The bill was referred solely to the Committee on Resources. During Committee consideration of the measure, an amendment was adopted that funds provisions of the Secure Rural Schools and Community Self-Determination Act of 2000 from receipts from the development of oil and natural gas resources of the outer Continental Shelf. Of course, the Committee on Agriculture has a jurisdictional interest in this provision. I have forwarded a copy of the Committee-reported text to your staff to review; the relevant portion is Section 30.

Because it is my hope to schedule H.R. 4761 for consideration by the House of Representatives next week, I ask that you not request a sequential referral of the bill based on the inclusion of this provision. This agreement in no way affects your jurisdiction over the subject matter and it will not serve as precedent for future referrals. If a conference committee is convened on H.R. 4761 or a similar Senate measure, I would support your request to have the Committee on Agriculture represented on the conference for Section 30. In addition, I would be pleased to include this letter and any response you might have in the report on the bill to be filed on Monday, June 26, 2006.

Thank you for your consideration of my request, and I look forward to bringing H.R. 4761 to the Floor soon.

Sincerely,

RICHARD W. POMBO,
Chairman.

HOUSE OF REPRESENTATIVES,
COMMITTEE ON AGRICULTURE,
Washington, DC, June 26, 2006.

Hon. RICHARD POMBO,
Chairman, Committee on Resources,
Longworth HOB, Washington, DC.

DEAR MR. CHAIRMAN: On June 21, 2006 the Committee on Resources ordered favorably reported H.R. 4761, the Domestic Energy Production through Offshore Exploration and Equitable Treatment of State Holdings Act of 2006. As introduced, H.R. 4761, the Committee on Resources had sole jurisdiction.

As you are aware, section 30 of the bill as amended affects the Committee on Agriculture's jurisdiction. Section 30 affects funding of the Secure Rural Schools Act which is the primary jurisdiction of the Committee on Agriculture.

Because of your willingness to consult with the Committee on Agriculture regarding this issue and the need to expedite this legislation, I will waive consideration of the bill by the Committee on Agriculture. I do so with the understanding that the Committee on Agriculture does not waive its jurisdiction over H.R. 4761 or the subject matter of section 30. In addition, the Committee on Agriculture reserves its authority to seek conferees on any provisions of the bill that are within our jurisdiction during any House-Senate conference that may be convened on this legislation. I appreciate

your commitment to support any request by our Committee for conferees on H.R. 4761.

I request that you include this letter and your preceding letter as part of your committee's report on the bill and the Congressional Record during consideration of the legislation on the House floor. Thank you for your cooperation in this matter.

Sincerely,

BOB GOODLATTE,
Chairman, Committee on Agriculture.

HOUSE OF REPRESENTATIVES,
COMMITTEE ON RESOURCES,
Washington, DC, June 23, 2006.

Hon. HOWARD P. "BUCK" MCKEON,
Chairman, Committee on Education and the Workforce,
Rayburn HOB, Washington, DC.

DEAR MR. CHAIRMAN: On June 21, 2006, the Committee on Resources ordered favorably reported with amendments H.R. 4761, the Deep Ocean Energy Resources Act of 2006, to provide for the exploration, development, and production activities for mineral resources on the outer Continental Shelf, and for other purposes. The bill was referred solely to the Committee on Resources. During Committee consideration of the measure, an amendment was adopted to Section 23, Mining and Petroleum Schools, that expanded that provision. Section 23 helps ensure that we will have sufficient personnel to help America to manage its energy resources by funding specialized education and training opportunities and maintaining existing mining engineering programs through outer Continental Shelf oil and gas lease payments. While the Committee on Resources has jurisdiction under Rule X of the House of Representatives over "mining schools and experimental stations," I believe that the Committee on Education and the Workforce has a jurisdictional interest in Section 23. I have forwarded a copy of the Committee-reported text to your staff to review.

Because it is my hope to schedule H.R. 4761 for consideration by the House of Representatives next week, I ask that you not request a sequential referral of the bill based on the inclusion of this provision. This agreement in no way affects your jurisdiction over the subject matter and it will not serve as precedent for future referrals. If a conference committee is convened on H.R. 4761 or a similar Senate measure, I would support your request to have the Committee on Education and Workforce represented on the conference for Section 23. In addition, I would be pleased to include this letter and any response you might have in the report on the bill to be filed on Monday, June 26, 2006.

Thank you for your consideration of my request, and I look forward to bringing H.R. 4761 to the Floor soon.

Sincerely,

RICHARD W. POMBO,
Chairman.

HOUSE OF REPRESENTATIVES,
COMMITTEE ON EDUCATION AND THE WORKFORCE,
Washington, DC, June 24, 2006.

Hon. RICHARD W. POMBO,
Committee on Resources,
House of Representatives, Washington, DC.

DEAR MR. CHAIRMAN: Thank you for your recent letter regarding H.R. 4761, the Deep Ocean Energy Resources Act of 2006. I agree that the Committee on Education and the Workforce has a jurisdictional interest in provisions of Section 23, Mining and Petroleum Schools, of the bill as reported from your committee. Specifically, my committee has jurisdictional interest in education funding, post-secondary scholarships, career technical and vocational education, minority-serving higher education institutions, and basic math and science education programs as included in Section 23.

Although I have significant reservations with new and potentially duplicative education programs created in Section 23, I will not seek a sequential referral of this legislation because of the importance and timeliness of the Deep Ocean Energy Resources Act, and your willingness to work with the Committee of Education and the Workforce. However, I do so only with your assurance and understanding that this procedural route should not be construed to prejudice my committee's jurisdictional interest and prerogatives on these provisions or any other similar legislation and will not be considered as precedent for consideration of matters of jurisdictional interest to my committee in the future. Thank you for supporting the appointment of outside conferees from the Committee on Education and Workforce should these or similar provisions be considered in a conference with the Senate. Finally, thank you for including your letter and this response in the report on H.R. 4761.

Sincerely,

HOWARD P. "BUCK" MCKEON,
Chairman.

HOUSE OF REPRESENTATIVES,
COMMITTEE ON RESOURCES,
Washington, DC, June 23, 2006.

Hon. JOE BARTON,
Chairman, Committee on Energy and Commerce,
Rayburn HOB, Washington, DC.

DEAR MR. CHAIRMAN: On June 21, 2006, the Committee on Resources ordered favorably reported with amendments H.R. 4761, the Deep Ocean Energy Resources Act of 2006, to provide for the exploration, development, and production activities for mineral resources on the Outer Continental shelf, and for other purposes. The bill was referred solely to the Committee on Resources. Upon reviewing the reported text, it appears that the Committee on Energy and Commerce has a jurisdictional interest in certain provisions. I have forwarded a copy of the committee-reported text to your staff to review.

Because it is my hope to schedule H.R. 4761 for consideration by the House of Representatives next week, I ask that you not request

a sequential referral of the bill based on the inclusion of these provisions. This agreement in no way affects your jurisdiction over the subject matter and it will not serve as precedent for future referrals. If a conference committee is convened on H.R. 4761 or a similar Senate measure, I would support your request to have the Committee on Energy and Commerce represented on that conference for the appropriate sections. In addition, I would be pleased to include this letter and any response you might have in the report on the bill to be filed on Monday, June 26, 2006.

Thank you for your consideration of my request, and I look forward to bringing H.R. 4761 to the Floor soon.

Sincerely,

RICHARD W. POMBO,
Chairman.

HOUSE OF REPRESENTATIVES,
COMMITTEE ON ENERGY AND COMMERCE,
Washington, DC, June 26, 2006.

Hon. RICHARD POMBO,
Chairman, Committee on Resources,
Longworth HOB, Washington, DC.

DEAR CHAIRMAN POMBO: Thank you for your letter concerning H.R. 4761, the Deep Ocean Energy Resources Act of 2006. As you know, the Committee on Energy and Commerce has jurisdiction over certain provisions in the bill as introduced and reported.

I recognize your desire to bring this legislation before the House in an expeditious manner. Accordingly, I will not exercise my Committee's right to a full referral on the bill. By agreeing to waive its consideration of the bill, however, the Committee on Energy and Commerce does not waive its jurisdiction over H.R. 4761. In addition, the Committee on Energy and Commerce reserves its right to seek conferees on any provisions of the bill that are within its jurisdiction during any House-Senate conference that may be convened on this legislation. I thank you for your commitment to support any request by the Committee on Energy and Commerce for conferees on H.R. 4761 or similar legislation, and accept your offer to put our exchange of letters in the Committee report.

Thank you for your attention to these matters, and I look forward to working with you as this legislation moves forward.

Sincerely,

JOE BARTON,
Chairman.

HOUSE OF REPRESENTATIVES,
COMMITTEE ON RESOURCES,
Washington, DC, June 23, 2006.

Hon. DON YOUNG,
Chairman, Committee on Transportation and Infrastructure,
Rayburn HOB, Washington, DC.

DEAR MR. CHAIRMAN: On June 21, 2006, the Committee on Resources ordered favorably reported with amendments H.R. 4761,

the Deep Ocean Energy Resources Act of 2006, to provide for the exploration, development, and production activities for mineral resources on the Outer Continental shelf, and for other purposes. The bill was referred solely to the Committee on Resources. Upon reviewing the reported text, it appears that the Committee on Transportation and Infrastructure has a jurisdictional interest in certain provisions. I have forwarded a copy of the committee-reported text to your staff to review.

Because it is my hope to schedule H.R. 4761 for consideration by the House of Representatives next week, I ask that you not request a sequential referral of the bill based on the inclusion of these provisions. This agreement in no way affects your jurisdiction over the subject matter and it will not serve as precedent for future referrals. If a conference committee is convened on H.R. 4761 or a similar Senate measure, I would support your request to have the Committee on Transportation and Infrastructure represented on that conference for the appropriate sections. In addition, I would be pleased to include this letter and any response you might have in the report on the bill to be filed on Monday, June 26, 2006.

Thank you for your consideration of my request, and I look forward to bringing H.R. 4761 to the Floor soon.

Sincerely,

RICHARD W. POMBO,
Chairman.

HOUSE OF REPRESENTATIVES,
COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE,
Washington, DC, June 26, 2006.

Hon. RICHARD W. POMBO,
Chairman, Committee on Resources,
House of Representatives, Washington, DC.

DEAR MR. CHAIRMAN: Thank you for your letter on H.R. 4761, the Deep Ocean Energy Resources Act of 2006. As you correctly point out the reported bill contains matters within the jurisdiction of the Transportation and Infrastructure Committee.

Our Committee recognizes the importance of H.R. 4761 and the need for the legislation to move expeditiously. Therefore, while we have a valid claim to jurisdiction over certain provisions of the reported bill and based on your assurances, I will not request a sequential referral. This, of course, does not waive, reduce or otherwise affect the jurisdiction of the Transportation and Infrastructure Committee.

Thank you for your cooperation in this matter and your leadership in developing our Nation's energy resources.

Sincerely,

DON YOUNG
Chairman.

HOUSE OF REPRESENTATIVES,
COMMITTEE ON RESOURCES,
Washington, DC, June 26, 2006.

Hon. SHERWOOD BOEHLERT,
Chairman, Committee on Science
Rayburn HOB, Washington, DC.

DEAR MR. CHAIRMAN: On June 21, 2006, the Committee on Resources ordered favorably reported with amendments H.R. 4761, the Deep Ocean Energy Resources Act of 2006. The bill was referred solely to the Committee on Resources. The bill was substantially amended in Committee, and based on discussions with the Parliamentarian, I believe the Committee on Science has a jurisdictional interest in Sections 7, 21, 23 and 26 of the bill. In anticipation of this, I forwarded a copy of the Committee-reported text to your staff to review on June 22, 2006.

Because it is my hope to schedule H.R. 4761 for consideration by the House of Representatives this week, I ask that you not request a sequential referral of the bill based on the inclusion of these provisions. This agreement in no way affects your jurisdiction over the subject matter and it will not serve as precedent for future referrals. If a conference committee is convened on H.R. 4761 or a similar Senate measure, I would support your request to have the Committee on Science represented on the conference for the relevant sections. In addition, I would be pleased to include this letter and any response you might have in the report on the bill. Finally, if you have any substantive concerns with the bill language, I would be happy to direct my staff to work with yours to develop alternative language which addresses those concerns which could be offered as part of a manager's amendment to the bill on the House Floor.

Thank you for your consideration of my request, and I look forward to enacting H.R. 4761 soon.

Sincerely,

RICHARD W. POMBO,
Chairman.

HOUSE OF REPRESENTATIVES,
COMMITTEE ON SCIENCE,
Washington, DC, June 26, 2006.

Hon. RICHARD POMBO,
Chairman, Committee on Resources,
Longworth HOB, Washington, DC.

DEAR MR. CHAIRMAN: Thank you for your letter dated June 26, 2006. I am writing regarding the jurisdictional interest of the Science Committee in matters being considered in H.R. 4761, the Deep Ocean Energy Resources Act of 2006, as amended in Committee. The Parliamentarian has confirmed that the Committee on Science has a jurisdictional interest in Sections 7, 21, 23 and 26 of the bill. Thank you for providing a copy of the Committee-reported text to my staff and for agreeing to address some of my concerns by making changes to the bill language in the Manager's Amendment to be offered on the House floor.

The Science Committee recognizes the importance of H.R. 4761 and the need for the legislation to move expeditiously. Therefore, pursuant to our agreement to incorporate changes to H.R. 4761 on the floor, I will not request a sequential referral. This, of course, is conditional on our mutual understanding that nothing in this legislation or my decision to forgo a sequential referral waives, reduces or otherwise affects the jurisdiction of the Science Committee, and that a copy of this letter and your June 26 letter will be included in the Committee report and in the Congressional Record when the bill is considered on the House Floor.

I appreciate your agreement to support any Science Committee request to be conferees during any House-Senate conference on this legislation.

Thank you for your attention to this matter.

Sincerely,

SHERWOOD BOEHLERT,
Chairman.

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