

110TH CONGRESS
2^D SESSION

H. R. 6670

To open areas of the Outer Continental Shelf to oil and gas leasing, to direct the Commodity Futures Trading Commission to utilize its authority to curb immediately the role of excessive speculation in energy markets, to require sales of light grade petroleum from the Strategic Petroleum Reserve and acquisitions of equivalent volumes of heavy grade petroleum, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JULY 30, 2008

Mr. GENE GREEN of Texas (for himself, Mr. CUELLAR, Mr. DAVIS of Alabama, Mr. ORTIZ, Mr. LAMPSON, Mr. BOREN, Mr. COSTA, Mr. RODRIGUEZ, Mr. CRAMER, Mr. GONZALEZ, Mr. CAZAYOUX, Mr. FOSTER, Mr. ABERCROMBIE, Mr. HINOJOSA, Mr. MELANCON, and Mr. CHILDERS) introduced the following bill; which was referred to the Committee on Natural Resources, and in addition to the Committees on Energy and Commerce, Science and Technology, Transportation and Infrastructure, Education and Labor, and Agriculture, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

To open areas of the Outer Continental Shelf to oil and gas leasing, to direct the Commodity Futures Trading Commission to utilize its authority to curb immediately the role of excessive speculation in energy markets, to require sales of light grade petroleum from the Strategic Petroleum Reserve and acquisitions of equivalent volumes of heavy grade petroleum, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Long-Term Energy
5 Assurance and Security Enhancement Act of 2008” or the
6 “LEASE Act of 2008”.

7 **TITLE I—OUTER CONTINENTAL**
8 **SHELF OIL AND GAS LEASING**
9 **Subtitle A—Offshore Oil and Gas**
10 **Leasing in Gulf of Mexico**

11 **SEC. 101. OFFSHORE OIL AND GAS LEASING IN CERTAIN**
12 **AREAS OF THE GULF OF MEXICO.**

13 (a) OPENING OF CERTAIN AREAS IN EASTERN GULF
14 OF MEXICO TO OIL AND GAS LEASING.—

15 (1) IN GENERAL.—Section 104(a) of the Gulf
16 of Mexico Energy Security Act of 2006 (43 U.S.C.
17 1331 note; Public Law 109–432) is amended—

18 (A) by striking paragraph (1);

19 (B) in paragraph (2), by striking “125
20 miles” and inserting “100 miles”; and

21 (C) by redesignating paragraphs (2) and
22 (3) as paragraphs (1) and (2), respectively.

23 (2) TERMINATION OF RESTRICTION ON USE OF
24 FUNDS.—Section 104 of division F of the Consoli-

1 dated Appropriations Act, 2008 (Public Law 110–
2 161; 121 Stat. 2118) is amended—

3 (A) by inserting “and” after “North Atlan-
4 tic;”; and

5 (B) by striking “; and the eastern” and all
6 that follows and inserting a period.

7 (3) REQUIREMENT TO CONDUCT LEASE
8 SALES.—As soon as practicable, but not later than
9 1 year after the date of the enactment of this Act,
10 and annually thereafter, the Secretary of the Inte-
11 rior shall conduct oil and gas lease sales under the
12 Outer Continental Shelf Lands Act (43 U.S.C. 1331
13 et seq.) for areas of the Outer Continental Shelf in
14 the Eastern Gulf of Mexico areas that are available
15 for leasing as a result of the amendments made by
16 paragraph (1).

17 (4) OMISSION FROM LEASING PROGRAM.—Areas
18 shall be offered for lease under this subsection not-
19 withstanding the omission of the area from any
20 outer Continental Shelf leasing program under sec-
21 tion 18 of the Outer Continental Shelf Lands Act
22 (43 U.S.C. 1344).

23 (b) LIMITATIONS.—

24 (1) COMPLIANCE WITH MEMORANDUM.—Any oil
25 and gas leasing of areas of the Outer Continental

1 Shelf in the Eastern Gulf of Mexico that are avail-
2 able for leasing as a result of the amendments made
3 by subsection (a) shall be conducted in accordance
4 with the document entitled “Memorandum of Agree-
5 ment between the Department of Defense and the
6 Department of the Interior on Mutual Concerns On
7 The Outer Continental Shelf” and dated July 2,
8 1983, and such revisions thereto as may be agreed
9 to by the Secretary of Defense and the Secretary of
10 the Interior.

11 (2) MILITARY MISSION LINE.—Notwithstanding
12 subsection (a), the United States reserves the right
13 to designate by and through the Secretary of De-
14 fense, with the approval of the President, national
15 defense areas on the Outer Continental Shelf pursu-
16 ant to section 12(d) of the Outer Continental Shelf
17 Lands Act (43 U.S.C. 1341(d)).

18 **SEC. 102. DISPOSITION OF QUALIFIED OUTER CONTI-**
19 **NENTAL SHELF REVENUES.**

20 (a) IN GENERAL.—Notwithstanding section 9 of the
21 Outer Continental Shelf Lands Act (43 U.S.C. 1338) and
22 subject to the other provisions of this section, for each ap-
23 plicable fiscal year, the Secretary of the Treasury shall
24 deposit—

1 (1) 25 percent of qualified Outer Continental
2 Shelf revenues in the general fund of the Treasury;

3 (2) 25 percent of qualified Outer Continental
4 Shelf revenues in the Energy Independence and Se-
5 curity Fund established by section 131; and

6 (3) 50 percent of qualified Outer Continental
7 Shelf revenues in a special account in the Treasury,
8 from which the Secretary shall disburse—

9 (A) 75 percent to Gulf producing States in
10 accordance with subsection (b); and

11 (B) 25 percent to provide financial assist-
12 ance to States in accordance with section 6 of
13 the Land and Water Conservation Fund Act of
14 1965 (16 U.S.C. 4601–8), which shall be consid-
15 ered income to the Land and Water Conserva-
16 tion Fund for purposes of section 2 of that Act
17 (16 U.S.C. 4601–5).

18 (b) ALLOCATION AMONG GULF PRODUCING STATES
19 AND COASTAL POLITICAL SUBDIVISIONS.—

20 (1) ALLOCATION AMONG GULF PRODUCING
21 STATES.—

22 (A) IN GENERAL.—Subject to subpara-
23 graph (B), effective for each fiscal year after
24 fiscal year 2007, the amount made available
25 under subsection (a)(2)(A) shall be allocated to

1 each Gulf producing State in amounts (based
2 on a formula established by the Secretary by
3 regulation) that are inversely proportional to
4 the respective distances between the point on
5 the coastline of each Gulf producing State that
6 is closest to the geographic center of the appli-
7 cable leased tract and the geographic center of
8 the leased tract.

9 (B) MINIMUM ALLOCATION.—The amount
10 allocated to a Gulf producing State each fiscal
11 year under subparagraph (A) shall be at least
12 10 percent of the amounts available under sub-
13 section (a)(2)(A).

14 (2) PAYMENTS TO COASTAL POLITICAL SUB-
15 DIVISIONS.—

16 (A) IN GENERAL.—The Secretary shall pay
17 20 percent of the allocable share of each Gulf
18 producing State, as determined under para-
19 graph (1), to the coastal political subdivisions
20 of the Gulf producing State.

21 (B) ALLOCATION.—The amount paid by
22 the Secretary to coastal political subdivisions
23 under this paragraph shall be allocated to each
24 coastal political subdivision in accordance with
25 subparagraphs (B), (C), and (E) of section

1 31(b)(4) of the Outer Continental Shelf Lands
2 Act (43 U.S.C. 1356a(b)(4)).

3 (c) TIMING.—The amounts required to be deposited
4 under paragraph (2) of subsection (a) for the applicable
5 fiscal year shall be made available in accordance with that
6 paragraph during the fiscal year immediately following the
7 applicable fiscal year.

8 (d) AUTHORIZED USES.—

9 (1) IN GENERAL.—Subject to paragraph (2),
10 each Gulf producing State and coastal political sub-
11 division shall use all amounts received under sub-
12 section (b) in accordance with all applicable Federal
13 and State laws, only for 1 or more of the following
14 purposes:

15 (A) Projects and activities for the purposes
16 of coastal protection, including conservation,
17 coastal restoration, hurricane protection, and
18 infrastructure directly affected by coastal wet-
19 land losses.

20 (B) Mitigation of damage to fish, wildlife,
21 or natural resources.

22 (C) Implementation of a federally approved
23 marine, coastal, or comprehensive conservation
24 management plan.

1 (D) Mitigation of the impact of Outer Con-
2 tinental Shelf activities through the funding of
3 onshore infrastructure projects.

4 (E) Planning assistance and the adminis-
5 trative costs of complying with this section.

6 (2) LIMITATION.—Not more than 3 percent of
7 amounts received by a Gulf producing State or
8 coastal political subdivision under subsection (b)
9 may be used for the purposes described in paragraph
10 (1)(E).

11 (e) ADMINISTRATION.—Amounts made available
12 under subsection (a)(2) shall—

13 (1) be made available, without further appro-
14 priation, in accordance with this section;

15 (2) remain available until expended; and

16 (3) be in addition to any amounts appropriated
17 under—

18 (A) the Outer Continental Shelf Lands Act
19 (43 U.S.C. 1331 et seq.);

20 (B) the Land and Water Conservation
21 Fund Act of 1965 (16 U.S.C. 460l–4 et seq.);

22 or

23 (C) any other provision of law.

24 (f) LIMITATIONS ON AMOUNT OF DISTRIBUTED
25 QUALIFIED OUTER CONTINENTAL SHELF REVENUES.—

1 (1) IN GENERAL.—Subject to paragraph (2),
2 the total amount of qualified Outer Continental
3 Shelf revenues made available under subsection
4 (a)(2) shall not exceed \$500,000,000 for each of fis-
5 cal years 2016 through 2055.

6 (2) PRO RATA REDUCTIONS.—If paragraph (1)
7 limits the amount of qualified Outer Continental
8 Shelf revenue that would be paid under subpara-
9 graphs (A) and (B) of subsection (a)(2)—

10 (A) the Secretary shall reduce the amount
11 of qualified Outer Continental Shelf revenue
12 provided to each recipient on a pro rata basis;
13 and

14 (B) any remainder of the qualified Outer
15 Continental Shelf revenues shall revert to the
16 general fund of the Treasury.

17 **SEC. 103. DEFINITIONS.**

18 In this subtitle:

19 (1) COASTAL POLITICAL SUBDIVISION.—The
20 term “coastal political subdivision” means a political
21 subdivision of a Gulf producing State any part of
22 which political subdivision is—

23 (A) within the coastal zone (as defined in
24 section 304 of the Coastal Zone Management
25 Act of 1972 (16 U.S.C. 1453)) of the Gulf pro-

1 ducing State as of the date of enactment of this
2 Act; and

3 (B) not more than 200 nautical miles from
4 the geographic center of any leased tract.

5 (2) GULF PRODUCING STATE.—The term “Gulf
6 producing State” means each of the States of Ala-
7 bama, Florida, Louisiana, Mississippi, and Texas.

8 (3) MILITARY MISSION LINE.—The term “Mili-
9 tary Mission Line” means the north-south line at
10 86°41’31” W. longitude.

11 (4) OUTER CONTINENTAL SHELF.—The term
12 “Outer Continental Shelf” has the meaning given
13 the term “outer Continental Shelf” under section 2
14 of the Outer Continental Shelf Lands Act (43
15 U.S.C. 1331).

16 (5) QUALIFIED OUTER CONTINENTAL SHELF
17 REVENUES.—

18 (A) IN GENERAL.—Except as provided in
19 subparagraph (B), the term “qualified Outer
20 Continental Shelf revenues” means all rentals,
21 royalties, bonus bids, and other sums due and
22 payable to the United States under oil and
23 gases leases of the Outer Continental Shelf
24 issued as a result of enactment of this subtitle.

1 (B) EXCLUSIONS.—The term “qualified
2 Outer Continental Shelf revenues” does not in-
3 clude—

4 (i) revenues from the forfeiture of a
5 bond or other surety securing obligations
6 other than royalties, civil penalties, or roy-
7 alties taken by the Secretary in-kind and
8 not sold; or

9 (ii) revenues generated from leases
10 subject to section 8(g) of the Outer Conti-
11 nental Shelf Lands Act (43 U.S.C.
12 1337(g)).

13 (6) SECRETARY.—The term “Secretary” means
14 the Secretary of the Interior.

15 **SEC. 104. PROTECTION OF THE ENVIRONMENT AND CON-**
16 **SERVATION OF THE NATURAL RESOURCES**
17 **OF THE OUTER CONTINENTAL SHELF.**

18 The Secretary of the Interior shall ensure that any
19 activity under this subtitle is carried out in a manner that
20 provides for the protection of the environment and the
21 conservation of the natural resources of the Outer Conti-
22 nental Shelf, and shall review all otherwise applicable reg-
23 ulations to ensure environmentally sound oil and gas oper-
24 ations on the Outer Continental Shelf.

1 **Subtitle B—Offshore Oil and Gas**
2 **Leasing Outside Gulf of Mexico**

3 **SEC. 121. ESTABLISHMENT OF PROJECTED SEAWARD LAT-**
4 **ERAL STATE BOUNDARY LINES ON THE OCS.**

5 Not later than one year after the date of the enact-
6 ment of this Act, the Secretary of the Interior shall by
7 regulation delineate the lateral boundaries between coastal
8 states in areas of the Outer Continental Shelf that are
9 outside the Gulf of Mexico and that are under exclusive
10 Federal jurisdiction for purposes of leasing of areas for
11 exploration, development, and production of oil and nat-
12 ural gas.

13 **SEC. 122. ASSESSMENTS OF OIL AND GAS RESOURCES OF**
14 **THE OCS.**

15 (a) IN GENERAL.—On or after the effective date of
16 regulations issued by the Secretary of the Interior under
17 section 121, the Governor of a coastal State may, if au-
18 thorized by a law of the State enacted after the date of
19 enactment of this Act, submit to the Secretary of the Inte-
20 rior a request that the Secretary conduct an assessment
21 of the oil and gas resources of any areas of the Outer Con-
22 tinental Shelf located—

23 (1) outside the Gulf of Mexico;

24 (2) within the seaward lateral boundaries of the
25 State; and

1 (3) between 25 miles and 100 miles from the
2 coastline of the State.

3 (b) ASSESSMENT OPTIONS.—A State may request
4 that the assessment be based on—

5 (1) new data using the best available tech-
6 nology, including seismic technology but not includ-
7 ing drilling; or

8 (2) the best available data that exists on the
9 date the request is approved.

10 (c) ACTION BY SECRETARY.—Not later than the end
11 of the 90-day period beginning on the date of receipt of
12 a request under this section, the Secretary shall—

13 (1) if the request is made pursuant to sub-
14 section (b)(1)—

15 (A) approve the request; or

16 (B) disapprove the request if the Secretary
17 determines that a resource assessment would
18 create unreasonable risk of harm to the marine,
19 human, or coastal environment of the State; or

20 (2) approve the request if the request is made
21 pursuant to subsection (b)(2).

22 (d) COMPLETION OF ASSESSMENT.—The Secretary
23 shall—

24 (1) in the case of an assessment requested pur-
25 suant to subsection (b)(1)—

1 (A) complete the resource assessment with-
2 in 5 years after the date on which the request
3 is approved; and

4 (B) submit annual progress reports on the
5 assessment to the State and to the Congress;
6 and

7 (2) in the case of an assessment requested pur-
8 suant to subsection (b)(2), complete the assessment
9 within one year after the date on which the request
10 is approved.

11 **SEC. 123. TERMINATION OF MORATORIA AND WITH-**
12 **DRAWAL.**

13 (a) **TERMINATION OF MORATORIA AND WITH-**
14 **DRAWALS.**—All provisions of Federal law that prohibit the
15 expenditure of appropriated funds to conduct oil and nat-
16 ural gas leasing and preleasing activities shall have no
17 force or effect—

18 (1) with respect to any area of the Outer Conti-
19 nental Shelf located outside the Gulf of Mexico and
20 more than 100 miles from the coastline, effective
21 upon the enactment of this Act; and

22 (2) with respect to any area of the Outer Conti-
23 nental Shelf located outside the Gulf of Mexico with-
24 in the area that is the subject of a request of a
25 coastal state authorized under subsection (b), effec-

1 tive upon the date the request is approved (or
2 deemed approved) in accordance with that sub-
3 section.

4 (b) OPTION TO REQUEST LEASING.—

5 (1) IN GENERAL.—On or after the effective
6 date of regulations issued by the Secretary of the In-
7 terior under section 121, the Governor of a coastal
8 State may, if authorized by a law of the coastal
9 State enacted after the date of the enactment of this
10 Act, submit to the Secretary of the Interior a re-
11 quest that the Secretary conduct oil and gas leasing
12 of any area of the Outer Continental Shelf under the
13 Outer Continental Shelf Lands Act (43 U.S.C. 1331
14 et seq.) that is located—

15 (A) outside the Gulf of Mexico;

16 (B) within the seaward lateral boundaries
17 of the State; and

18 (C) between 25 miles and 100 miles from
19 the coastline.

20 (2) ACTION BY SECRETARY.—Not later than
21 the end of the 2-year period beginning on the date
22 of receipt of a request under paragraph (1), the Sec-
23 retary shall—

24 (A) approve the request; or

1 (B) disapprove the request if the Secretary
2 determines that leasing would create unreason-
3 able risk of harm to the marine, human, or
4 coastal environment of the State.

5 (3) FAILURE TO ACT.—If Secretary fails to ap-
6 prove or disapprove a request under paragraph (1)
7 within the period described in paragraph (2), the
8 Secretary is deemed to have approved the request.

9 (c) INITIATION OF LEASING.—The Secretary shall
10 conduct leasing of each area of the Outer Continental
11 Shelf that is available for leasing as a result of the enact-
12 ment of subsection (a) by as soon as possible after the
13 date the area is available.

14 (d) OMISSION FROM LEASING PROGRAM.—Areas
15 shall be offered for lease under this section notwith-
16 standing the omission of the areas from any outer Conti-
17 nental Shelf leasing program under section 18 of the
18 Outer Continental Shelf Lands Act (43 U.S.C. 1344)

19 **SEC. 124. DISPOSITION OF QUALIFIED OUTER CONTI-**
20 **NENTAL SHELF REVENUES.**

21 (a) IN GENERAL.—Notwithstanding section 9 of the
22 Outer Continental Shelf Lands Act (43 U.S.C. 1338) and
23 subject to the other provisions of this section, for each ap-
24 plicable fiscal year, the Secretary of the Treasury shall
25 deposit—

1 (1) 25 percent of qualified Outer Continental
2 Shelf revenues in the general fund of the Treasury;

3 (2) 25 percent of qualified Outer Continental
4 Shelf revenues in the Energy Independence and Se-
5 curity Fund established by section 131; and

6 (3) 50 percent of qualified Outer Continental
7 Shelf revenues in a special account in the Treasury
8 from which the Secretary shall disburse—

9 (A) 75 percent to States in accordance
10 with subsection (b); and

11 (B) 25 percent to provide financial assist-
12 ance to States in accordance with section 6 of
13 the Land and Water Conservation Fund Act of
14 1965 (16 U.S.C. 4601–8), which shall be consid-
15 ered income to the Land and Water Conserva-
16 tion Fund for purposes of section 2 of that Act
17 (16 U.S.C. 4601–5).

18 (b) ALLOCATION AMONG STATES AND COASTAL PO-
19 LITICAL SUBDIVISIONS.—

20 (1) ALLOCATION AMONG PRODUCING STATES.—

21 (A) REVENUES ATTRIBUTABLE TO LEASE
22 TRACTS LOCATED WITHIN 100 MILES OF THE
23 COASTLINE.—Subject to subparagraph (C), ef-
24 fective for each fiscal year after fiscal year
25 2007, the amount made available under sub-

1 section (a)(3)(A) that is attributable to leased
2 tracts located within 100 miles of the coastline
3 shall be allocated to producing States in
4 amounts (determined under a formula estab-
5 lished by the Secretary by regulation) that are
6 inversely proportional to the respective dis-
7 tances between the point on the coastline of
8 each producing State that is closest to the geo-
9 graphic center of the applicable leased tract and
10 the geographic center of the leased tract.

11 (B) REVENUES ATTRIBUTABLE TO LEASE
12 TRACTS LOCATED MORE THAN 100 MILES FROM
13 THE COASTLINE.—Subject to subparagraph
14 (C), effective for each fiscal year after fiscal
15 year 2007, the amount made available under
16 subsection (a)(3)(A) that is attributable to a
17 leased tract located more than 100 miles from
18 the coastline shall be allocated to States having
19 a point on the coastline that is within 200 miles
20 of the geographic center of the leased tract, in
21 amounts (determined under a formula estab-
22 lished by the Secretary by regulation) that are
23 inversely proportional to the respective dis-
24 tances between the point on the coastline of
25 each State that is closest to the geographic cen-

1 ter of the applicable leased tract and the geo-
2 graphic center of the leased tract.

3 (C) MINIMUM ALLOCATION.—The amount
4 allocated to a State each fiscal year under each
5 of subparagraphs (A) and (B) shall be at least
6 5 percent of the amounts allocated under that
7 subparagraph for that fiscal year.

8 (2) PAYMENTS TO COASTAL POLITICAL SUB-
9 DIVISIONS.—

10 (A) IN GENERAL.—The Secretary shall pay
11 20 percent of the allocable share of each State,
12 as determined under paragraph (1), to the
13 coastal political subdivisions of the State.

14 (B) ALLOCATION.—The amount paid by
15 the Secretary to coastal political subdivisions
16 under this paragraph shall be allocated to each
17 coastal political subdivision in accordance with
18 subparagraphs (B), (C), and (E) of section
19 31(b)(4) of the Outer Continental Shelf Lands
20 Act (43 U.S.C. 1356a(b)(4)).

21 (c) TIMING.—The amounts required to be deposited
22 under paragraph (2) of subsection (a) for the applicable
23 fiscal year shall be made available in accordance with that
24 paragraph during the fiscal year immediately following the
25 applicable fiscal year.

1 (d) AUTHORIZED USES.—

2 (1) IN GENERAL.—Subject to paragraph (2),
3 each State and coastal political subdivision shall use
4 all amounts received under subsection (b) in accord-
5 ance with all applicable Federal and State laws, only
6 for 1 or more of the following purposes:

7 (A) Projects and activities for the purposes
8 of coastal protection, including conservation,
9 coastal restoration, hurricane protection, and
10 infrastructure directly affected by coastal wet-
11 land losses.

12 (B) Mitigation of damage to fish, wildlife,
13 or natural resources.

14 (C) Implementation of a federally approved
15 marine, coastal, or comprehensive conservation
16 management plan.

17 (D) Mitigation of the impact of Outer Con-
18 tinental Shelf activities through the funding of
19 onshore infrastructure projects.

20 (E) Planning assistance and the adminis-
21 trative costs of complying with this section.

22 (2) LIMITATION.—Not more than 3 percent of
23 amounts received by a State or coastal political sub-
24 division under subsection (b) may be used for the
25 purposes described in paragraph (1)(E).

1 (e) ADMINISTRATION.—Amounts made available
2 under subsection (a)(2) shall—

3 (1) be made available, without further appro-
4 priation, in accordance with this section;

5 (2) remain available until expended; and

6 (3) be in addition to any amounts appropriated
7 under—

8 (A) the Outer Continental Shelf Lands Act
9 (43 U.S.C. 1331 et seq.);

10 (B) the Land and Water Conservation
11 Fund Act of 1965 (16 U.S.C. 4601–4 et seq.);

12 or

13 (C) any other provision of law.

14 **SEC. 125. PROTECTION OF THE ENVIRONMENT AND CON-**
15 **SERVATION OF THE NATURAL RESOURCES**
16 **OF THE OUTER CONTINENTAL SHELF.**

17 The Secretary of the Interior shall ensure that any
18 activity under this subtitle is carried out in a manner that
19 provides for the protection of the environment and the
20 conservation of the natural resources of the Outer Conti-
21 nental Shelf, and shall review all otherwise applicable reg-
22 ulations to ensure environmentally sound oil and gas oper-
23 ations on the Outer Continental Shelf.

24 **SEC. 126. DEFINITIONS.**

25 In this subtitle:

1 (1) COASTAL POLITICAL SUBDIVISION.—The
2 term “coastal political subdivision” means a political
3 subdivision of a State any part of which political
4 subdivision is—

5 (A) within the coastal zone (as defined in
6 section 304 of the Coastal Zone Management
7 Act of 1972 (16 U.S.C. 1453)) of the State as
8 of the date of enactment of this Act; and

9 (B) not more than 200 nautical miles from
10 the geographic center of any leased tract.

11 (2) OUTER CONTINENTAL SHELF.—The term
12 “Outer Continental Shelf” has the meaning the term
13 “outer Continental Shelf” under section 2 of the
14 Outer Continental Shelf Lands Act (43 U.S.C.
15 1331).

16 (3) PRODUCING STATE.—The term “producing
17 State”—

18 (A) means any State within the lateral
19 boundaries of which (as determined under sec-
20 tion 121) there is any tract that is subject to
21 a Federal oil and gas lease issued as a result
22 of enactment of this subtitle; and

23 (B) does not include the States of Ala-
24 bama, Louisiana, Mississippi, and Texas.

1 (4) QUALIFIED OUTER CONTINENTAL SHELF
2 REVENUES.—

3 (A) IN GENERAL.—Except as provided in
4 subparagraph (B), the term “qualified Outer
5 Continental Shelf revenues” means all rentals,
6 royalties, bonus bids, and other sums due and
7 payable to the United States under oil and
8 gases leases of the Outer Continental Shelf
9 issued as a result of enactment of this subtitle.

10 (B) EXCLUSIONS.—The term “qualified
11 Outer Continental Shelf revenues” does not in-
12 clude—

13 (i) revenues from the forfeiture of a
14 bond or other surety securing obligations
15 other than royalties, civil penalties, or roy-
16 alties taken by the Secretary in-kind and
17 not sold; or

18 (ii) revenues generated from leases
19 subject to section 8(g) of the Outer Conti-
20 nental Shelf Lands Act (43 U.S.C.
21 1337(g)).

22 (5) SECRETARY.—The term “Secretary” means
23 the Secretary of the Interior.

1 **Subtitle C—Energy Independence**
2 **and Security Fund**

3 **SEC. 131. ENERGY INDEPENDENCE AND SECURITY FUND.**

4 (a) ESTABLISHMENT.—There is established in the
5 Treasury a separate account which shall be known as the
6 Energy Independence and Security Fund.

7 (b) CONTENTS.—The account shall consist of such
8 amounts as are deposited into it under this title.

9 (c) DISTRIBUTION OF FUNDS.—There shall be trans-
10 ferred from the Fund each fiscal year and available for
11 expenditure, without further appropriation and without
12 fiscal year limitation, all of the amounts deposited into the
13 Fund in that fiscal year, in equal amounts, as follows:

14 (1) ASSESSMENT OF OIL AND GAS RE-
15 SOURCES.—An amount to the Secretary of the Inte-
16 rior for assessments of oil and gas resources under
17 section 122.

18 (2) WIND ENERGY RESEARCH AND DEVELOP-
19 MENT.—An amount to the account “Energy Effi-
20 ciency and Renewable Energy”, to remain available
21 until expended, for necessary expenses for a program
22 to support the development of next-generation wind
23 turbines, including turbines capable of operating in
24 areas with low wind speeds, as authorized in section

1 931(a)(2)(B) of the Energy Policy Act of 2005 (42
2 U.S.C. 16231(a)(2)(B)).

3 (3) SOLAR ENERGY RESEARCH AND DEVELOP-
4 MENT.—An amount to the account “Energy Effi-
5 ciency and Renewable Energy”, to remain available
6 until expended, for necessary expenses for a program
7 to accelerate the research, development, demonstra-
8 tion, and deployment of solar energy technologies,
9 and public education and outreach materials pursu-
10 ant to such program, as authorized by section
11 931(a)(2)(A) of the Energy Policy Act of 2005 (42
12 U.S.C. 16231(a)(2)(A)).

13 (4) LOW INCOME WEATHERIZATION.—An
14 amount to the account “Weatherization Assistance
15 Program”, to remain available until expended, for
16 necessary expenses for a program to weatherize low
17 income housing, as authorized by section 411 of the
18 Energy Independence and Security Act of 2007
19 (Public Law 110–140).

20 (5) MARINE AND HYDROKINETIC RENEWABLE
21 ELECTRIC ENERGY.—An amount to the account
22 “Energy Efficiency and Renewable Energy”, to re-
23 main available until expended, for necessary ex-
24 penses for a program to accelerate the research, de-
25 velopment, demonstration, and deployment of ocean

1 and wave energy, including hydrokinetic renewable
2 energy, as authorized by section 931 of the Energy
3 Policy Act of 2005 (42 U.S.C. 16231) and section
4 636 of the Energy Independence and Security Act of
5 2007 (42 U.S.C. 17215).

6 (6) ADVANCED RESEARCH PROJECTS AGENCY—
7 ENERGY.—An amount to the account “Energy
8 Transformation Acceleration Fund”, established
9 under section 5012(m) of the America COMPETES
10 Act (42 U.S.C. 16538(m), to remain available until
11 expended.

12 (7) ADVANCED VEHICLES RESEARCH, DEVELOP-
13 MENT, AND DEMONSTRATION.—An amount to the
14 account “Energy Efficiency and Renewable Energy”,
15 to remain available until expended, for necessary ex-
16 penses for research, development, and demonstration
17 on advanced, cost-effective technologies to improve
18 the energy efficiency and environmental performance
19 of vehicles, as authorized in section 911(a)(2)(A) of
20 the Energy Policy Act of 2005 (42 U.S.C.
21 16191(a)(2)(A)).

22 (8) GEOTHERMAL ENERGY DEVELOPMENT.—An
23 amount to the account “Energy Efficiency and Re-
24 newable Energy”, to remain available until ex-
25 pended, for necessary expenses for geothermal re-

1 search and development activities to be managed by
2 the National Renewable Energy Laboratory, as au-
3 thorized by sections 613, 614, 615, and 616 of the
4 Energy Independence and Security Act of 2007 (42
5 U.S.C. 17192–95) and section 931(a)(2)(C) of the
6 Energy Policy Act of 2005 (42 U.S.C.
7 16231(a)(2)(C)).

8 (9) CARBON CAPTURE AND STORAGE.—An
9 amount to the account “Fossil Energy Research and
10 Development”, to remain available until expended,
11 for necessary expenses for a program of demonstra-
12 tion projects of carbon capture and storage, and for
13 a research program to address public health, safety,
14 and environmental impacts, as authorized by section
15 963 of the Energy Policy Act of 2005 (42 U.S.C.
16 16293) and sections 703 and 707 of the Energy
17 Independence and Security Act of 2007 (42 U.S.C.
18 17251, 17255).

19 (10) NONCONVENTIONAL DOMESTIC NATURAL
20 GAS PRODUCTION AND ENVIRONMENTAL RE-
21 SEARCH.—

22 (A) An amount to the account authorized
23 by section 999H(e) of the Energy Policy Act of
24 2005 (42 U.S.C. 16378(e)), to remain available
25 until expended.

1 (B) An amount to the account “Fossil En-
2 ergy Research and Development”, to remain
3 available until expended, for necessary expenses
4 for a program of basin-oriented assessments
5 and public and private partnerships involving
6 States and industry to foster the development
7 of regional advanced technological, regulatory,
8 and economic development strategies for the ef-
9 ficient and environmentally sustainable recovery
10 and market delivery of natural gas and do-
11 mestic petroleum resources within the United
12 States, and for support for the Stripper Well
13 Consortium.

14 (11) HYDROGEN RESEARCH AND DEVELOP-
15 MENT.—An amount to the account “Energy Effi-
16 ciency and Renewable Energy”, to remain available
17 until expended, for necessary expenses for the De-
18 partment of Energy’s H-Prize Program, as author-
19 ized by section 1008(f) of the Energy Policy Act of
20 2005 (42 U.S.C. 16396(f)).

21 (12) ENERGY STORAGE FOR TRANSPORTATION
22 AND ELECTRIC POWER.—

23 (A) An amount to the account “Basic En-
24 ergy Sciences”, to remain available until ex-
25 pended, for necessary expenses for a program

1 to accelerate basic research on energy storage
2 systems to support electric drive vehicles, sta-
3 tionary applications, and electricity trans-
4 mission and distribution, as authorized by sec-
5 tion 641(p)(1) of the Energy Independence and
6 Security Act of 2007 (42 U.S.C. 17231(p)(1)).

7 (B) An amount to the account “Energy
8 Efficiency and Renewable Energy”, to remain
9 available until expended, including—

10 (i) for a program to accelerate applied
11 research on energy storage systems to sup-
12 port electric drive vehicles, stationary ap-
13 plications, and electricity transmission and
14 distribution as authorized by section
15 641(p)(2) of the Energy Independence and
16 Security Act of 2007 (42 U.S.C.
17 17231(p)(2));

18 (ii) for energy storage systems dem-
19 onstrations as authorized by section
20 641(p)(4) of the Energy Independence and
21 Security Act of 2007 (42 U.S.C.
22 17231(p)(4)); and

23 (iii) for vehicle energy storage systems
24 demonstrations as authorized by section
25 641(p)(5) of the Energy Independence and

1 Security Act of 2007 (42 U.S.C.
2 17231(p)(5)).

3 (13) LOW INCOME HOME ENERGY ASSISTANCE
4 PROGRAMS.—An amount to the Secretary of Health
5 and Human Services for allotment under section
6 2604(a) through (d) of the Low-Income Home En-
7 ergy Assistance Act of 1981 (42 U.S.C. 8623(a)–
8 (d)).

9 (14) INDUSTRIAL ENERGY EFFICIENCY RE-
10 SEARCH AND DEVELOPMENT.—An amount to the ac-
11 count “Energy Efficiency and Renewable Energy”,
12 to remain available until expended, for necessary ex-
13 penses for a program to accelerate the research, de-
14 velopment, demonstration, and deployment of new
15 technologies to improve the energy efficiency and re-
16 duce greenhouse gas emissions from industrial proc-
17 esses, as authorized in section 911(a)(2)(C) of the
18 Energy Policy Act of 2005 (42 U.S.C.
19 16191(a)(2)(C)) and in section 452 of the Energy
20 Independence and Security Act of 2007 (Public Law
21 110–40).

22 (15) BUILDING ENERGY EFFICIENCY RESEARCH
23 AND DEVELOPMENT.—An amount to the account
24 “Energy Efficiency and Renewable Energy”, to re-
25 main available until expended, for necessary ex-

1 penses for a program to accelerate the research, de-
2 velopment, demonstration, and deployment of new
3 technologies to improve the energy efficiency and re-
4 duce greenhouse gas emissions from buildings, as
5 authorized in section 422 of the Energy Independ-
6 ence and Security Act of 2007 (Public Law 110-
7 140).

8 (16) PUBLIC TRANSPORTATION URBANIZED
9 AREA FORMULA GRANTS.—An amount to the Sec-
10 retary of Transportation, to remain available until
11 expended, for necessary expenses for a program to
12 promote public transportation in urbanized areas, as
13 authorized by section 5307 of such title, which shall
14 be apportioned in accordance with section 5336
15 (other than subsections (i)(1) and (j)) of such title.

16 (17) PUBLIC TRANSPORTATION FORMULA
17 GRANTS FOR OTHER THAN URBANIZED AREAS.—An
18 amount to the Secretary of Transportation, to re-
19 main available until expended, for necessary ex-
20 penses for a program to promote public transpor-
21 tation in areas other than urbanized areas, as au-
22 thorized by section 5311 of such title, which shall be
23 apportioned in accordance with such section 5311.

1 **TITLE II—CURBING SPECULA-**
2 **TION IN ENERGY MARKETS**

3 **SEC. 201. SHORT TITLE.**

4 This title may be cited as the “Energy Markets
5 Emergency Act of 2008”.

6 **SEC. 202. ENERGY MARKETS.**

7 (a) FINDINGS.—The Congress finds as follows:

8 (1) The Commodity Futures Trading Commis-
9 sion was created as an independent agency, in 1974,
10 with the mandate to enforce and administer the
11 Commodity Exchange Act, to ensure market integ-
12 rity, to protect market users from fraud and abusive
13 trading practices, and to prevent and prosecute ma-
14 nipulation of the price of any commodity in inter-
15 state commerce.

16 (2) Congress has given the Commodity Futures
17 Trading Commission authority under the Commodity
18 Exchange Act to take necessary actions to address
19 market emergencies.

20 (3) The Commodity Futures Trading Commis-
21 sion may use its emergency authority with respect to
22 any major market disturbance which prevents the
23 market from accurately reflecting the forces of sup-
24 ply and demand for a commodity.

1 (4) Congress has declared, in section 4a of the
2 Commodity Exchange Act, that excessive speculation
3 imposes an undue and unnecessary burden on inter-
4 state commerce.

5 (5) On June 6, 2008, the price of crude oil
6 traded on the New York Mercantile Exchange hit an
7 all-time record of \$139.12 per barrel.

8 (6) The average price of a barrel of crude oil
9 in 2007 was \$72, and the average price of a barrel
10 of crude oil to date in 2008 is \$109.

11 (7) Heating oil futures contracts have risen in
12 price from \$2.97 to \$3.81 during the March through
13 May contract months.

14 (8) United States airlines are forecast to spend
15 \$61,200,000,000 on jet fuel in 2008, which is
16 \$20,000,000,000 more than they spent for jet fuel
17 in 2007.

18 (9) According to the American Automobile As-
19 sociation—

20 (A) families and businesses are paying an
21 average of \$4.07 per gallon for regular gasoline,
22 which is near the all-time high and is more
23 than double the price in 2001; and

24 (B) truckers and farmers are paying an
25 average of \$4.77 per gallon for diesel fuel,

1 which is near the all-time high and triple the
2 price in 2001.

3 (10) During this decade, energy demand has
4 been steadily on the rise in nations such as China
5 and other Asian exporting nations.

6 (11) In a May 2008 report, the International
7 Monetary Fund raised the possibility that specula-
8 tion has played a significant role in the run-up of oil
9 prices, and stated “It is hard to explain current oil
10 prices in terms of fundamentals alone. The recent
11 surge in the oil price seems to go well beyond what
12 would be indicated by the growth of the world econ-
13 omy.”.

14 (b) DIRECTION FROM CONGRESS.—The Commodity
15 Futures Trading Commission shall utilize all its authority,
16 including its emergency powers, to—

17 (1) curb immediately the role of excessive spec-
18 ulation in any contract market within the jurisdic-
19 tion and control of the Commodity Futures Trading
20 Commission, on or through which energy futures or
21 swaps are traded; and

22 (2) eliminate excessive speculation, price distor-
23 tion, sudden or unreasonable fluctuations or unwar-
24 ranted changes in prices, or other unlawful activity
25 that is causing major market disturbances that pre-

1 vent the market from accurately reflecting the forces
2 of supply and demand for energy commodities.

3 **TITLE III—SALES FROM STRA-**
4 **TEGIC PETROLEUM RESERVE**

5 **SEC. 301. SHORT TITLE.**

6 This title may be cited as the “Consumer Energy
7 Supply Act of 2008”.

8 **SEC. 302. DEFINITIONS.**

9 In this title—

10 (1) the term “light grade petroleum” means
11 crude oil with an API gravity of 30 degrees or high-
12 er;

13 (2) the term “heavy grade petroleum” means
14 crude oil with an API gravity of 26 degrees or lower;
15 and

16 (3) the term “Secretary” means the Secretary
17 of Energy.

18 **SEC. 303. SALE AND REPLACEMENT OF OIL FROM THE**
19 **STRATEGIC PETROLEUM RESERVE.**

20 (a) INITIAL PETROLEUM SALE AND REPLACE-
21 MENT.—Notwithstanding section 161 of the Energy Policy
22 and Conservation Act (42 U.S.C. 6241), the Secretary
23 shall publish a plan not later than 15 days after the date
24 of enactment of this Act to—

1 (1) sell, in the amounts and on the schedule de-
2 scribed in subsection (b), light grade petroleum from
3 the Strategic Petroleum Reserve and acquire an
4 equivalent volume of heavy grade petroleum;

5 (2) deposit the cash proceeds from sales under
6 paragraph (1) into the SPR Petroleum Account es-
7 tablished under section 167 of the Energy Policy
8 and Conservation Act (42 U.S.C. 6247); and

9 (3) from the cash proceeds deposited pursuant
10 to paragraph (2), withdraw the amount necessary to
11 pay for the direct administrative and operational
12 costs of the sale and acquisition.

13 (b) AMOUNTS AND SCHEDULE.—The sale and acqui-
14 sition described in subsection (a) shall require the offer
15 for sale of a total quantity of 70,000,000 barrels of light
16 grade petroleum from the Strategic Petroleum Reserve.
17 The sale shall commence, whether or not a plan has been
18 published under subsection (a), not later than 30 days
19 after the date of enactment of this Act and be completed
20 no more than six months after the date of enactment of
21 this Act, with at least 20,000,000 barrels to be offered
22 for sale within the first 60 days after the date of enact-
23 ment of this Act. In no event shall the Secretary sell bar-
24 rels of oil under subsection (a) that would result in a Stra-
25 tegic Petroleum Reserve that contains fewer than 90 per-

1 cent of the total amount of barrels in the Strategic Petro-
2 leum Reserve as of the date of enactment of this Act.
3 Heavy grade petroleum, to replace the quantities of light
4 grade petroleum sold under this section, shall be obtained
5 through acquisitions which—

6 (1) shall commence no sooner than 6 months
7 after the date of enactment of this Act;

8 (2) shall be completed, at the discretion of the
9 Secretary, not later than 5 years after the date of
10 enactment of this Act;

11 (3) shall be carried out in a manner so as to
12 maximize the monetary value to the Federal Govern-
13 ment; and

14 (4) shall be carried out using the receipts from
15 the sales of light grade petroleum authorized under
16 this section.

17 (c) DEFERRALS.—The Secretary is encouraged to,
18 when economically beneficial and practical, grant requests
19 to defer scheduled deliveries of petroleum to the Reserve
20 under subsection (a) if the deferral will result in a pre-
21 mium paid in additional barrels of oil which will reduce
22 the cost of oil acquisition and increase the volume of oil
23 delivered to the Reserve or yield additional cash bonuses.

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