

110TH CONGRESS  
2D SESSION

# S. 3280

To increase refining capacity and the supply of fuel, to open and preserve access to oil and gas, and for other purposes.

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IN THE SENATE OF THE UNITED STATES

JULY 17, 2008

Mr. INHOFE introduced the following bill; which was read twice and referred to the Committee on Finance

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## A BILL

To increase refining capacity and the supply of fuel, to open and preserve access to oil and gas, 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; TABLE OF CONTENTS.**

4 (a) SHORT TITLE.—This Act may be cited as the  
5 “American Affordable Fuels Act of 2008”.

6 (b) TABLE OF CONTENTS.—The table of contents of  
7 this Act is as follows:

Sec. 1. Short title; table of contents.

TITLE I—INCREASING REFINING CAPACITY AND FUEL SUPPLY

Sec. 101. Definitions.

Sec. 102. Collaborative permitting process for domestic fuels facilities.

- Sec. 103. Evaluation of Fischer-Tropsch diesel and jet fuel as an emission control strategy.
- Sec. 104. Economic development assistance to support commercial-scale cellulosic biomass ethanol projects and coal-to-liquids facilities on BRAC property and Indian land.
- Sec. 105. Alternative hydrocarbon and renewable reserves disclosures classification system.
- Sec. 106. Extension of election to expense certain refineries.
- Sec. 107. Expansion of special allowance to cellulosic biofuel plant property.
- Sec. 108. Authorization of appropriations.

## TITLE II—OPENING AND PRESERVING ACCESS TO OIL AND GAS

### Subtitle A—Deep Ocean Energy Resources

- Sec. 201. Policy.
- Sec. 202. Definitions under the Submerged Lands Act.
- Sec. 203. Seaward boundaries of States.
- Sec. 204. Exceptions from rights of States.
- Sec. 205. Definitions under the Outer Continental Shelf Lands Act.
- Sec. 206. Determination of adjacent zones and planning areas.
- Sec. 207. Administration of leasing.
- Sec. 208. Grant of leases by Secretary.
- Sec. 209. Disposition of receipts.
- Sec. 210. Reservation of land and rights.
- Sec. 211. Outer Continental Shelf leasing program.
- Sec. 212. Coordination with adjacent States.
- Sec. 213. Environmental studies.
- Sec. 214. Federal energy natural resources enhancement.
- Sec. 215. Termination of effect of laws prohibiting the spending of appropriated funds for certain purposes.
- Sec. 216. Outer Continental Shelf incompatible use.
- Sec. 217. Repurchase of certain leases.
- Sec. 218. Offsite environmental mitigation.
- Sec. 219. Minerals Management Service.
- Sec. 220. Authority to use decommissioned offshore oil and gas platforms and other facilities for artificial reef, scientific research, or other uses.
- Sec. 221. Repeal of requirement to conduct comprehensive inventory of OCS oil and natural gas resources.
- Sec. 222. Mining and petroleum schools.
- Sec. 223. Onshore and offshore mineral lease fees.
- Sec. 224. OCS regional headquarters.
- Sec. 225. National Geo Fund Act of 2008.
- Sec. 226. Leases for areas located within 100 miles of California or Florida.
- Sec. 227. Coastal impact assistance.
- Sec. 228. Oil shale and tar sands.
- Sec. 229. Availability of OCS receipts to provide payments under Secure Rural Schools and Community Self-Determination Act of 2000.
- Sec. 230. Sense of Congress to buy and build American.
- Sec. 231. Repeal of the Gulf of Mexico Energy Security Act of 2006.

### Subtitle B—Leasing Program for Land Within Coastal Plain

- Sec. 241. Definitions.
- Sec. 242. Leasing program for land within the Coastal Plain.

- Sec. 243. Lease sales.
- Sec. 244. Grant of leases by the Secretary.
- Sec. 245. Lease terms and conditions.
- Sec. 246. Coastal Plain environmental protection.
- Sec. 247. Expedited judicial review.
- Sec. 248. Rights-of-way and easements across Coastal Plain.
- Sec. 249. Conveyance.
- Sec. 250. Local government impact aid and community service assistance.
- Sec. 251. Prohibition on exports.
- Sec. 252. Allocation of revenues.

#### Subtitle C—Oil Shale

- Sec. 261. Removal of prohibition on final regulations for commercial leasing program for oil shale resources on public land.

#### Subtitle D—Alternative Fuels and Fuels Derived From Tar Sands

- Sec. 271. Procurement and acquisition of alternative fuels and fuels derived from tar sands.

#### Subtitle E—Percentage Depletion From Marginal Wells

- Sec. 281. Elimination of taxable income limit on percentage depletion for oil and natural gas produced from marginal wells.

### TITLE III—EXPANDING NATURAL GAS AS A MAINSTREAM TRANSPORTATION FUEL

- Sec. 301. Renewable fuel program.
- Sec. 302. New qualified alternative fuel motor vehicle credit allowed for dual fueled automobiles.
- Sec. 303. Natural gas vehicle research, development, and demonstration projects.
- Sec. 304. Development of low-emission natural gas transportation-fueled vehicles.
- Sec. 305. Natural gas conversion emission certifications.

## 1 **TITLE I—INCREASING REFINING** 2 **CAPACITY AND FUEL SUPPLY**

### 3 **SEC. 101. DEFINITIONS.**

4 In this title:

5 (1) ADMINISTRATOR.—The term “Adminis-  
6 trator” means the Administrator of the Environ-  
7 mental Protection Agency.

8 (2) COAL-TO-LIQUID.—The term “coal-to-liq-  
9 uid” means—

1 (A) with respect to a process or tech-  
2 nology, the use of a feedstock, the majority of  
3 which is derived from the coal resources of the  
4 United States, using the class of reactions  
5 known as Fischer-Tropsch, to produce synthetic  
6 fuel suitable for transportation; and

7 (B) with respect to a facility, the portion  
8 of a facility related to producing the inputs for  
9 the Fischer-Tropsch process, or the finished  
10 fuel from the Fischer-Tropsch process, using a  
11 feedstock that is primarily domestic coal at the  
12 Fischer-Tropsch facility.

13 (3) DOMESTIC FUELS FACILITY.—

14 (A) IN GENERAL.—The term “domestic  
15 fuels facility” means—

16 (i) a coal liquification or coal-to-liquid  
17 facility at which coal is processed into syn-  
18 thetic crude oil or any other transportation  
19 fuel;

20 (ii) a facility that produces a renew-  
21 able fuel (as defined in section 211(o)(1)  
22 of the Clean Air Act (42 U.S.C.  
23 7545(o)(1))); and

1 (iii) a facility at which crude oil is re-  
2 fined into transportation fuel or other pe-  
3 troleum products.

4 (B) INCLUSION.—The term “domestic  
5 fuels facility” includes a domestic fuels facility  
6 expansion.

7 (4) DOMESTIC FUELS FACILITY EXPANSION.—  
8 The term “domestic fuels facility expansion” means  
9 a physical change in a domestic fuels facility that re-  
10 sults in an increase in the capacity of the domestic  
11 fuels facility.

12 (5) DOMESTIC FUELS FACILITY PERMITTING  
13 AGREEMENT.—The term “domestic fuels facility per-  
14 mitting agreement” means an agreement entered  
15 into between the Administrator and a State or In-  
16 dian tribe under section 102.

17 (6) DOMESTIC FUELS PRODUCER.—The term  
18 “domestic fuels producer” means an individual or  
19 entity that—

20 (A) owns or operates a domestic fuels facil-  
21 ity; or

22 (B) seeks to become an owner or operator  
23 of a domestic fuels facility.

24 (7) INDIAN LAND.—The term “Indian land”  
25 has the meaning given the term “Indian lands” in

1 section 3 of the Native American Business Develop-  
2 ment, Trade Promotion, and Tourism Act of 2000  
3 (25 U.S.C. 4302).

4 (8) INDIAN TRIBE.—The term “Indian tribe”  
5 has the meaning given the term in section 4 of the  
6 Indian Self-Determination and Education Assistance  
7 Act (25 U.S.C. 450b).

8 (9) PERMIT.—The term “permit” means any  
9 permit, license, approval, variance, or other form of  
10 authorization that a refiner is required to obtain—

11 (A) under any Federal law; or

12 (B) from a State or Indian tribal govern-  
13 ment agency delegated with authority by the  
14 Federal Government, or authorized under Fed-  
15 eral law to issue permits.

16 (10) SECRETARY.—The term “Secretary”  
17 means the Secretary of Energy.

18 (11) STATE.—The term “State” means—

19 (A) a State;

20 (B) the District of Columbia;

21 (C) the Commonwealth of Puerto Rico;

22 and

23 (D) any other territory or possession of the  
24 United States.

1 **SEC. 102. COLLABORATIVE PERMITTING PROCESS FOR DO-**  
2 **MESTIC FUELS FACILITIES.**

3 (a) IN GENERAL.—At the request of the Governor  
4 of a State or the governing body of an Indian tribe, the  
5 Administrator shall enter into a domestic fuels facility per-  
6 mitting agreement with the State or Indian tribe under  
7 which the process for obtaining all permits necessary for  
8 the construction and operation of a domestic fuels facility  
9 shall be improved using a systematic interdisciplinary  
10 multimedia approach as provided in this section.

11 (b) AUTHORITY OF ADMINISTRATOR.—Under a do-  
12 mestic fuels facility permitting agreement—

13 (1) the Administrator shall have authority, as  
14 applicable and necessary, to—

15 (A) accept from a refiner a consolidated  
16 application for all permits that the domestic  
17 fuels producer is required to obtain to construct  
18 and operate a domestic fuels facility;

19 (B) establish a schedule under which each  
20 Federal, State, or Indian tribal government  
21 agency that is required to make any determina-  
22 tion to authorize the issuance of a permit  
23 shall—

24 (i) concurrently consider, to the max-  
25 imum extent practicable, each determina-  
26 tion to be made; and

1 (ii) complete each step in the permit-  
2 ting process; and

3 (C) issue a consolidated permit that com-  
4 bines all permits that the domestic fuels pro-  
5 ducer is required to obtain; and

6 (2) the Administrator shall provide to State and  
7 Indian tribal government agencies—

8 (A) financial assistance in such amounts as  
9 the agencies reasonably require to hire such ad-  
10 ditional personnel as are necessary to enable  
11 the government agencies to comply with the ap-  
12 plicable schedule established under paragraph  
13 (1)(B); and

14 (B) technical, legal, and other assistance in  
15 complying with the domestic fuels facility per-  
16 mitting agreement.

17 (c) AGREEMENT BY THE STATE.—Under a domestic  
18 fuels facility permitting agreement, a State or governing  
19 body of an Indian tribe shall agree that—

20 (1) the Administrator shall have each of the au-  
21 thorities described in subsection (b); and

22 (2) each State or Indian tribal government  
23 agency shall—

24 (A) make such structural and operational  
25 changes in the agencies as are necessary to en-

1           able the agencies to carry out consolidated  
 2           project-wide permit reviews concurrently and in  
 3           coordination with the Environmental Protection  
 4           Agency and other Federal agencies; and

5                   (B) comply, to the maximum extent prac-  
 6           ticable, with the applicable schedule established  
 7           under subsection (b)(1)(B).

8           (d) INTERDISCIPLINARY APPROACH.—

9                   (1) IN GENERAL.—The Administrator and a  
 10          State or governing body of an Indian tribe shall in-  
 11          corporate an interdisciplinary approach, to the max-  
 12          imum extent practicable, in the development, review,  
 13          and approval of domestic fuels facility permits sub-  
 14          ject to this section.

15                  (2) OPTIONS.—Among other options, the inter-  
 16          disciplinary approach may include use of—

17                          (A) environmental management practices;

18                          and

19                          (B) third party contractors.

20          (e) DEADLINES.—

21                  (1) NEW DOMESTIC FUELS FACILITIES.—In the  
 22          case of a consolidated permit for the construction of  
 23          a new domestic fuels facility, the Administrator and  
 24          the State or governing body of an Indian tribe shall

1 approve or disapprove the consolidated permit not  
2 later than—

3 (A) 360 days after the date of the receipt  
4 of the administratively complete application for  
5 the consolidated permit; or

6 (B) on agreement of the applicant, the Ad-  
7 ministrator, and the State or governing body of  
8 the Indian tribe, 90 days after the expiration of  
9 the deadline established under subparagraph  
10 (A).

11 (2) EXPANSION OF EXISTING DOMESTIC FUELS  
12 FACILITIES.—In the case of a consolidated permit  
13 for the expansion of an existing domestic fuels facil-  
14 ity, the Administrator and the State or governing  
15 body of an Indian tribe shall approve or disapprove  
16 the consolidated permit not later than—

17 (A) 120 days after the date of the receipt  
18 of the administratively complete application for  
19 the consolidated permit; or

20 (B) on agreement of the applicant, the Ad-  
21 ministrator, and the State or governing body of  
22 the Indian tribe, 30 days after the expiration of  
23 the deadline established under subparagraph  
24 (A).

1           (f) FEDERAL AGENCIES.—Each Federal agency that  
2 is required to make any determination to authorize the  
3 issuance of a permit shall comply with the applicable  
4 schedule established under subsection (b)(1)(B).

5           (g) JUDICIAL REVIEW.—Any civil action for review  
6 of any determination of any Federal, State, or Indian trib-  
7 al government agency in a permitting process conducted  
8 under a domestic fuels facility permitting agreement  
9 brought by any individual or entity shall be brought exclu-  
10 sively in the United States district court for the district  
11 in which the domestic fuels facility is located or proposed  
12 to be located.

13           (h) EFFICIENT PERMIT REVIEW.—In order to reduce  
14 the duplication of procedures, the Administrator shall use  
15 State permitting and monitoring procedures to satisfy  
16 substantially equivalent Federal requirements under this  
17 section.

18           (i) SEVERABILITY.—If 1 or more permits that are re-  
19 quired for the construction or operation of a domestic fuels  
20 facility are not approved on or before any deadline estab-  
21 lished under subsection (e), the Administrator may issue  
22 a consolidated permit that combines all other permits that  
23 the domestic fuels producer is required to obtain other  
24 than any permits that are not approved.

1 (j) SAVINGS.—Nothing in this section affects the op-  
 2 eration or implementation of otherwise applicable law re-  
 3 garding permits necessary for the construction and oper-  
 4 ation of a domestic fuels facility.

5 (k) CONSULTATION WITH LOCAL GOVERNMENTS.—  
 6 Congress encourages the Administrator, States, and tribal  
 7 governments to consult, to the maximum extent prac-  
 8 ticable, with local governments in carrying out this sec-  
 9 tion.

10 (l) EFFECT ON LOCAL AUTHORITY.—Nothing in this  
 11 section affects—

12 (1) the authority of a local government with re-  
 13 spect to the issuance of permits; or

14 (2) any requirement or ordinance of a local gov-  
 15 ernment (such as zoning regulations).

16 **SEC. 103. EVALUATION OF FISCHER-TROPSCH DIESEL AND**  
 17 **JET FUEL AS AN EMISSION CONTROL STRAT-**  
 18 **EGY.**

19 (a) IN GENERAL.—In cooperation with the Secretary  
 20 of Energy, the Secretary of Defense, the Administrator  
 21 of the Federal Aviation Administration, Secretary of  
 22 Health and Human Services, and Fischer-Tropsch indus-  
 23 try representatives, the Administrator shall—

24 (1) conduct a research and demonstration pro-  
 25 gram to evaluate the air quality benefits of ultra-

1 clean Fischer-Tropsch transportation fuel, including  
2 diesel and jet fuel;

3 (2) evaluate the use of ultra-clean Fischer-  
4 Tropsch transportation fuel as a mechanism for re-  
5 ducing engine exhaust emissions; and

6 (3) submit recommendations to Congress on the  
7 most effective use and associated benefits of these  
8 ultra-clean fuels for reducing public exposure to ex-  
9 haust emissions.

10 (b) GUIDANCE AND TECHNICAL SUPPORT.—The Ad-  
11 ministrator shall, to the extent necessary, issue any guid-  
12 ance or technical support documents that would facilitate  
13 the effective use and associated benefit of Fischer-Tropsch  
14 fuel and blends.

15 (c) REQUIREMENTS.—The program described in sub-  
16 section (a) shall consider—

17 (1) the use of neat (100 percent) Fischer-  
18 Tropsch fuel and blends with conventional crude oil-  
19 derived fuel for heavy-duty and light-duty diesel en-  
20 gines and the aviation sector; and

21 (2) the production costs associated with domes-  
22 tic production of those ultra clean fuel and prices for  
23 consumers.

24 (d) REPORTS.—The Administrator shall submit to  
25 the Committee on Environment and Public Works of the

1 Senate and the Committee on Energy and Commerce of  
2 the House of Representatives—

3 (1) not later than 180 days after the date of  
4 enactment of this Act, an interim report on actions  
5 taken to carry out this section; and

6 (2) not later than 1 year after the date of en-  
7 actment of this Act, a final report on actions taken  
8 to carry out this section.

9 **SEC. 104. ECONOMIC DEVELOPMENT ASSISTANCE TO SUP-**  
10 **PORT COMMERCIAL-SCALE CELLULOSIC BIO-**  
11 **MASS ETHANOL PROJECTS AND COAL-TO-LIQ-**  
12 **UIDS FACILITIES ON BRAC PROPERTY AND**  
13 **INDIAN LAND.**

14 (a) PRIORITY.—Notwithstanding section 206 of the  
15 Public Works and Economic Development Act of 1965 (42  
16 U.S.C. 3146), in awarding funds made available to carry  
17 out section 209(c)(1) of that Act (42 U.S.C. 3149(c)(1))  
18 pursuant to section 702 of that Act (42 U.S.C. 3232),  
19 the Secretary and the Economic Development Administra-  
20 tion shall give priority to projects to support commercial-  
21 scale cellulosic biomass ethanol projects and coal-to-liquids  
22 facilities.

23 (b) FEDERAL SHARE.—Except as provided in sub-  
24 section (c)(3)(B) and notwithstanding the Public Works  
25 and Economic Development Act of 1965 (42 U.S.C. 3121

1 et seq.), the Federal share of a project to support a com-  
2 mercial-scale biomass ethanol facility or coal-to-liquid fa-  
3 cility shall be—

4 (1) 80 percent of the project cost; or

5 (2) for a project carried out on Indian land,  
6 100 percent of the project cost.

7 (c) ADDITIONAL AWARD.—

8 (1) IN GENERAL.—The Secretary shall make an  
9 additional award in connection with a grant made to  
10 a recipient (including any Indian tribe for use on In-  
11 dian land) for a project to support a commercial-  
12 scale biomass ethanol facility or coal-to-liquid facil-  
13 ity.

14 (2) AMOUNT.—The amount of an additional  
15 award shall be 10 percent of the amount of the  
16 grant for the project.

17 (3) USE.—An additional award under this sub-  
18 section shall be used—

19 (A) to carry out any eligible purpose under  
20 the Public Works and Economic Development  
21 Act of 1965 (42 U.S.C. 3121 et seq.);

22 (B) notwithstanding section 204 of that  
23 Act (42 U.S.C. 3144), to pay up to 100 percent  
24 of the cost of an eligible project or activity  
25 under that Act; or

1 (C) to meet the non-Federal share require-  
2 ments of that Act or any other Act.

3 (4) NON-FEDERAL SOURCE.—For the purpose  
4 of paragraph (3)(C), an additional award shall be  
5 treated as funds from a non-Federal source.

6 (5) FUNDING.—The Secretary shall use to  
7 carry out this subsection any amounts made avail-  
8 able—

9 (A) for economic development assistance  
10 programs; or

11 (B) under section 702 of the Public Works  
12 and Economic Development Act of 1965 (42  
13 U.S.C. 3232).

14 **SEC. 105. ALTERNATIVE HYDROCARBON AND RENEWABLE**  
15 **RESERVES DISCLOSURES CLASSIFICATION**  
16 **SYSTEM.**

17 (a) IN GENERAL.—The Securities and Exchange  
18 Commission shall appoint a task force composed of gov-  
19 ernment and private sector representatives, including ex-  
20 perts in the field of dedicated energy crop feedstocks for  
21 cellulosic biofuels production, to analyze, and submit to  
22 Congress a report (including recommendations) on—

23 (1) modernization of the hydrocarbon reserves  
24 disclosures classification system of the Commission  
25 to reflect advances in reserves recovery from non-

1 traditional sources (such as deep water, oil shale, tar  
2 sands, and renewable reserves for cellulosic biofuels  
3 feedstocks); and

4 (2) the creation of a renewable reserves classi-  
5 fication system for cellulosic biofuels feedstocks.

6 (b) DEADLINE FOR REPORT.—The Commission shall  
7 submit the report required under subsection (a) not later  
8 than 180 days after the date of enactment of this Act.

9 **SEC. 106. EXTENSION OF ELECTION TO EXPENSE CERTAIN**  
10 **REFINERIES.**

11 Paragraph (1) of section 179C(c) of the Internal Rev-  
12 enue Code of 1986 is amended—

13 (1) by striking “January 1, 2012” in subpara-  
14 graph (B) and inserting “January 1, 2014”, and

15 (2) by striking “January 1, 2008” each place  
16 it appears in subparagraph (F) and inserting “Janu-  
17 ary 1, 2010”.

18 **SEC. 107. EXPANSION OF SPECIAL ALLOWANCE TO CEL-**  
19 **LULOSIC BIOFUEL PLANT PROPERTY.**

20 (a) IN GENERAL.—Paragraph (3) of section 168(l)  
21 of the Internal Revenue Code of 1986 is amended to read  
22 as follows:

23 “(3) CELLULOSIC BIOFUEL.—The term ‘cel-  
24 lulosic biofuel’ means any alcohol, ether, ester, or  
25 hydrocarbon produced from any lignocellulosic or

1 hemicellulosic matter that is available on a renew-  
2 able or recurring basis.”.

3 (b) CONFORMING AMENDMENTS.—Subsection (l) of  
4 section 168 of the Internal Revenue Code of 1986 is  
5 amended—

6 (1) by striking “cellulosic biomass ethanol”  
7 each place it appears and inserting “cellulosic  
8 biofuel”,

9 (2) by striking “CELLULOSIC BIOMASS ETH-  
10 ANOL” in the heading of such subsection and insert-  
11 ing “CELLULOSIC BIOFUEL”, and

12 (3) by striking “CELLULOSIC BIOMASS ETH-  
13 ANOL” in the heading of paragraph (2) thereof and  
14 inserting “CELLULOSIC BIOFUEL”.

15 (c) EFFECTIVE DATE.—The amendments made by  
16 this section shall apply to property placed in service after  
17 the date of the enactment of this Act, in taxable years  
18 ending after such date.

19 **SEC. 108. AUTHORIZATION OF APPROPRIATIONS.**

20 There are authorized to be appropriated such sums  
21 as are necessary to carry out this title and the amend-  
22 ments made by this title.

1 **TITLE II—OPENING AND PRE-**  
2 **SERVING ACCESS TO OIL AND**  
3 **GAS**

4 **Subtitle A—Deep Ocean Energy**  
5 **Resources**

6 **SEC. 201. POLICY.**

7 It is the policy of the United States that—

8 (1) the United States is blessed with abundant  
9 energy resources on the outer Continental Shelf and  
10 has developed a comprehensive framework of envi-  
11 ronmental laws (including regulations) and fostered  
12 the development of state-of-the-art technology that  
13 allows for the responsible development of those re-  
14 sources for the benefit of the citizens of the United  
15 States;

16 (2) adjacent States (as defined in section 2 of  
17 the Outer Continental Shelf Lands Act (43 U.S.C.  
18 1331)) are required to commit significant resources  
19 in support of exploration, development, and produc-  
20 tion activities for mineral resources on the outer  
21 Continental Shelf, and it is fair and proper for a  
22 portion of the receipts from the activities to be  
23 shared with adjacent States and local coastal gov-  
24 ernments;

1           (3) the existing laws governing the leasing and  
2 production of the mineral resources of the outer  
3 Continental Shelf have—

4           (A) reduced the production of mineral re-  
5 sources;

6           (B) preempted adjacent States from being  
7 sufficiently involved in the decisions regarding  
8 the allowance of mineral resource development;  
9 and

10          (C) been harmful to the national interest;

11          (4) the national interest is served by granting  
12 the adjacent States more options relating to whether  
13 or not mineral leasing should occur in the outer  
14 Continental Shelf within the Adjacent Zones (as de-  
15 fined in section 2 of the Outer Continental Shelf  
16 Lands Act (43 U.S.C. 1331)) of the adjacent States;

17          (5) it is not reasonably foreseeable that explo-  
18 ration of a leased tract located more than 25 miles  
19 seaward of the coastline, development and produc-  
20 tion of a natural gas discovery located more than 25  
21 miles seaward of the coastline, or development and  
22 production of an oil discovery located more than 50  
23 miles seaward of the coastline will adversely affect  
24 resources near the coastline;

1           (6) transportation of oil from a leased tract  
2 might reasonably be foreseen, under limited cir-  
3 cumstances, to have the potential to adversely affect  
4 resources near the coastline if the oil is within 50  
5 miles of the coastline, but the potential to adversely  
6 affect those resources is likely no greater, and prob-  
7 ably less, than the potential impacts from tanker  
8 transportation because tanker spills usually involve  
9 large releases of oil over a brief period of time; and

10           (7) among other bodies of inland waters, the  
11 Great Lakes, Long Island Sound, Delaware Bay,  
12 Chesapeake Bay, Albemarle Sound, San Francisco  
13 Bay, and Puget Sound are not part of the outer  
14 Continental Shelf, and are not subject to leasing by  
15 the Federal Government for the exploration, develop-  
16 ment, and production of any mineral resources that  
17 might lie beneath those bodies of water.

18 **SEC. 202. DEFINITIONS UNDER THE SUBMERGED LANDS**

19           **ACT.**

20           Section 2 of the Submerged Lands Act (43 U.S.C.  
21 1301) is amended—

22           (1) in subsection (a)(2), by striking “three geo-  
23 graphical miles distant” and all that follows through  
24 “beyond three geographical miles,” and inserting

1 “12 nautical miles distant from the coast line of the  
2 State;”;

3 (2) by striking subsection (b);

4 (3) by redesignating subsections (c) through (f)  
5 as subsections (b) through (e), respectively; and

6 (4) by striking subsection (g) and inserting the  
7 following:

8 “(f) SECRETARY.—The term ‘Secretary’ means the  
9 Secretary of the Interior.

10 “(g) STATE.—The term ‘State’ has the meaning  
11 given the term in section 2 of the Outer Continental Shelf  
12 Lands Act (43 U.S.C. 1331).”.

13 **SEC. 203. SEAWARD BOUNDARIES OF STATES.**

14 Section 4 of the Submerged Lands Act (43 U.S.C.  
15 1312) is amended to read as follows:

16 **“SEC. 4. SEAWARD BOUNDARIES OF STATES.**

17 “(a) IN GENERAL.—The seaward boundary of each  
18 coastal State is approved and confirmed as a line 12 nau-  
19 tical miles distant from the coast line of the coastal State  
20 or, in the case of the Great Lakes, to the international  
21 boundary.

22 “(b) OFFSHORE STATE BOUNDARIES.—Extension  
23 and delineation of lateral offshore State boundaries under  
24 this Act shall follow the lines used to determine the Adja-  
25 cent Zones of coastal States under the Outer Continental

1 Shelf Lands Act (43 U.S.C. 1331 et seq.) to the extent  
2 the lines extend 12 nautical miles from the nearest coast-  
3 line.”.

4 **SEC. 204. EXCEPTIONS FROM RIGHTS OF STATES.**

5 Section 5 of the Submerged Lands Act (43 U.S.C.  
6 1313) is amended—

7 (1) by redesignating subsections (a) through (c)  
8 as paragraphs (1) through (3), respectively, and in-  
9 denting appropriately;

10 (2) by striking “SEC.” and all that follows  
11 through “There is excepted” and inserting the fol-  
12 lowing:

13 **“SEC. 5. EXCEPTIONS FROM RIGHTS OF STATES.**

14 “(a) IN GENERAL.—There is excepted”; and

15 (3) by adding at the end the following:

16 “(b) EXCEPTION OF OIL AND GAS MINERAL  
17 RIGHTS.—

18 “(1) IN GENERAL.—There is excepted from the  
19 operation of sections 3 and 4 all of the oil and gas  
20 mineral rights for land beneath the navigable waters  
21 that are located within the expanded offshore State  
22 seaward boundaries established under this Act.

23 “(2) FEDERAL OUTER CONTINENTAL SHELF.—

24 Those oil and gas mineral rights shall—

25 “(A) remain Federal property;

1           “(B) be considered to be part of the Fed-  
2           eral outer Continental Shelf for purposes of the  
3           Outer Continental Shelf Lands Act (43 U.S.C.  
4           1331 et seq.);

5           “(C) be subject to leasing under the au-  
6           thority of that Act; and

7           “(D) be subject to laws applicable to the  
8           leasing of the oil and gas resources of the Fed-  
9           eral outer Continental Shelf.

10          “(3) EXISTING LEASES.—Except as otherwise  
11          provided in the American Affordable Fuels Act of  
12          2008 and amendments made by that Act, all Federal  
13          oil and gas leases in existence as of the date of en-  
14          actment of that Act within the expanded offshore  
15          State seaward boundaries shall continue unchanged  
16          by that Act and amendments made by that Act.

17          “(4) TAXATION.—A State may exercise all of  
18          the sovereign powers of the State relating to tax-  
19          ation within the entire extent of the expanded off-  
20          shore boundaries of the State.”.

21       **SEC. 205. DEFINITIONS UNDER THE OUTER CONTINENTAL**  
22                               **SHELF LANDS ACT.**

23          Section 2 of the Outer Continental Shelf Lands Act  
24       (43 U.S.C. 1331) is amended—

1           (1) in subsection (a), by inserting before the  
2           semicolon at the end the following: “or lying within  
3           the United States exclusive economic zone adjacent  
4           to the territories of the United States”;

5           (2) by striking the semicolon at the end of each  
6           of subsections (a) through (o) and inserting a pe-  
7           riod;

8           (3) by striking subsection (f) and inserting the  
9           following:

10          “(f) AFFECTED STATE; ADJACENT STATE.—

11           “(1) IN GENERAL.—The terms ‘affected State’  
12           and ‘adjacent State’ mean, with respect to any pro-  
13           gram, plan, lease sale, leased tract, or other activity  
14           proposed, conducted, or approved pursuant to this  
15           Act, any State the laws of which are declared, pur-  
16           suant to section 4(a)(2), to be the law of the United  
17           States for the portion of the outer Continental Shelf  
18           on which the program, plan, lease sale, leased tract,  
19           or activity appertains or is, or is proposed to be,  
20           conducted.

21           “(2) STATE.—In this subsection, the term  
22           ‘State’ includes Puerto Rico and other territories of  
23           the United States.”;

24           (4) in subsection (p), by striking “; and” at the  
25           end and inserting a period; and

1 (5) by adding at the end the following:

2 “(r) ADJACENT ZONE.—The term ‘Adjacent Zone’  
3 means, with respect to any program, plan, lease sale,  
4 leased tract, or other activity proposed, conducted, or ap-  
5 proved pursuant to this Act, the portion of the outer Con-  
6 tinental Shelf for which the laws of a particular adjacent  
7 State are declared pursuant to section 4(a)(2), to be the  
8 law of the United States.

9 “(s) BONUS BIDS.—The term ‘bonus bids’ means all  
10 funds received by the Secretary to issue an outer Conti-  
11 nental Shelf minerals lease.

12 “(t) COASTLINE.—The term ‘coastline’ has the mean-  
13 ing given the term ‘coast line’ in section 2 of the Sub-  
14 merged Lands Act (43 U.S.C. 1301).

15 “(u) MILE.—The term ‘mile’ means a statute mile.

16 “(v) NEIGHBORING STATE.—The term ‘neighboring  
17 State’ means a coastal State having a common boundary  
18 at the coastline with an adjacent State.

19 “(w) OCS PLANNING AREA.—The term ‘OCS Plan-  
20 ning Area’ means an outer Continental Shelf planning  
21 area established by the Secretary under this Act.

22 “(x) OCS RECEIPTS.—The term ‘OCS Receipts’  
23 means bonus bids, royalties, and conservation of resources  
24 fees imposed under section 8(t).

1       “(y) ROYALTIES.—The term ‘royalties’ means all  
2 funds received by the Secretary from production of oil or  
3 natural gas, or the sale of production taken in-kind, from  
4 an outer Continental Shelf minerals lease.”.

5 **SEC. 206. DETERMINATION OF ADJACENT ZONES AND**  
6 **PLANNING AREAS.**

7       Section 4(a)(2)(A) of the Outer Continental Shelf  
8 Lands Act (43 U.S.C. 1333(a)(2)(A)) is amended—

9           (1) by designating the first, second, and third  
10 sentences as clause (i), (iii), and (iv), respectively;

11           (2) in clause (i) (as so designated), by striking  
12 “, and the President” and all that follows through  
13 the end of the sentence; and

14           (3) by inserting after clause (i) (as so des-  
15 ignated) the following:

16                   “(ii) ADJACENT ZONES AND PLAN-  
17 NING AREAS.—The lines extending seaward  
18 and defining the Adjacent Zone of each  
19 State, and each Planning Area of the outer  
20 Continental Shelf, shall be as indicated on  
21 the maps for each outer Continental Shelf  
22 region entitled—

23                           “(I) ‘Alaska OCS Region State  
24 Adjacent Zone and OCS Planning  
25 Areas’;

1                   “(II) ‘Pacific OCS Region State  
2                   Adjacent Zones and OCS Planning  
3                   Areas’;

4                   “(III) ‘Gulf of Mexico OCS Re-  
5                   gion State Adjacent Zones and OCS  
6                   Planning Areas’; and

7                   “(IV) ‘Atlantic OCS Region  
8                   State Adjacent Zones and OCS Plan-  
9                   ning Areas’;

10                   all of which are dated September 2005 and  
11                   on file in the Office of the Director of the  
12                   Minerals Management Service.”.

13 **SEC. 207. ADMINISTRATION OF LEASING.**

14                   Section 5 of the Outer Continental Shelf Lands Act  
15                   (43 U.S.C. 1334) is amended by adding at the end the  
16                   following:

17                   “(k) VOLUNTARY PARTIAL RELINQUISHMENT OF A  
18                   LEASE.—

19                   “(1) IN GENERAL.—Any lessee of a producing  
20                   lease may relinquish to the Secretary any portion of  
21                   a lease that—

22                   “(A) the lessee has no interest in pro-  
23                   ducing; and

24                   “(B) the Secretary finds is geologically  
25                   prospective.

1           “(2) ROYALTY INCENTIVE.—In return for any  
2           relinquishment, the Secretary shall provide to the  
3           lessee a royalty incentive for the portion of the lease  
4           retained by the lessee, in accordance with regula-  
5           tions promulgated by the Secretary to carry out this  
6           subsection.

7           “(3) REGULATIONS.—Not later than 1 year  
8           after the date of enactment of this subsection, the  
9           Secretary shall promulgate final regulations to carry  
10          out this subsection.

11          “(1) NATURAL GAS LEASE REGULATIONS.—Not later  
12          than July 1, 2010, the Secretary shall promulgate final  
13          regulations that shall—

14                 “(1) establish procedures for entering into nat-  
15                 ural gas leases;

16                 “(2) ensure that natural gas leases are only  
17                 available for tracts on the outer Continental Shelf  
18                 that are wholly within 100 miles of the coastline  
19                 within an area withdrawn from disposition by leas-  
20                 ing on the day after the date of enactment of this  
21                 subsection;

22                 “(3) provide that natural gas leases shall con-  
23                 tain the same rights and obligations established for  
24                 oil and gas leases, except as otherwise provided in

1 the American Affordable Fuels Act of 2008 and  
2 amendments made by that Act;

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

7 “(5)(A) provide that any crude oil produced  
8 from a well and reinjected into the leased tract shall  
9 not be subject to payment of royalty; and

10 “(B) require the Secretary to consider, in set-  
11 ting the royalty rates for a natural gas lease, the ad-  
12 ditional cost to the lessee of not producing any crude  
13 oil; and

14 “(6) provide that any Federal law that applies  
15 to an oil and gas lease on the outer Continental  
16 Shelf shall apply to a natural gas lease unless other-  
17 wise clearly inapplicable.”.

18 **SEC. 208. GRANT OF LEASES BY SECRETARY.**

19 (a) IN GENERAL.—Section 8 of the Outer Conti-  
20 nental Shelf Lands Act (43 U.S.C. 1337) is amended—

21 (1) in subsection (a)—

22 (A) in paragraph (1), by inserting after  
23 the first sentence the following: “The Secretary  
24 may grant natural gas leases in a manner simi-  
25 lar to the granting of oil and gas leases, and

1 under the various bidding systems available for  
2 oil and gas leases, under this Act.”; and

3 (B) in paragraph (3)—

4 (i) by striking subparagraph (A);

5 (ii) by redesignating subparagraphs  
6 (B) and (C) as subparagraphs (A) and  
7 (B), respectively; and

8 (iii) in subparagraph (A) (as so reded-  
9 igned), by striking “In the Western” and  
10 all that follows through “the Secretary”  
11 the first place it appears and inserting  
12 “The Secretary”;

13 (2) in subsection (b)—

14 (A) in paragraph (6), by striking “and”  
15 after the semicolon at the end;

16 (B) in paragraph (7), by striking the pe-  
17 riod at the end and inserting “; and”; and

18 (C) by adding at the end the following:

19 “(8) at the option of the Secretary—

20 “(A) issue more than 1 lease for a given  
21 tract if each lease applies to a separate and dis-  
22 tinct range of vertical depths, horizontal surface  
23 area, or both; and

1           “(B) promulgate such regulations as the  
2           Secretary determines are necessary to manage  
3           those leases consistent with this Act.”.

4           (3) in subsection (p)(2), by striking subpara-  
5           graph (B) and inserting the following:

6           “(B) PAYMENTS TO COASTAL STATES AND  
7           LOCAL COASTAL GOVERNMENTS.—

8           “(i) IN GENERAL.—The Secretary  
9           shall provide for—

10           “(I) the payment to coastal  
11           States, and the local coastal govern-  
12           ments of the coastal States, of 75 per-  
13           cent of Federal receipts from projects  
14           authorized under this section located  
15           partially or completely within the area  
16           extending seaward of State submerged  
17           land out to 4 marine leagues from the  
18           coastline; and

19           “(II) the payment to coastal  
20           States of 50 percent of the receipts  
21           from projects completely located in  
22           the area more than 4 marine leagues  
23           from the coastline.

24           “(ii) PAYMENT FORMULA.—Payments  
25           shall be based on a formula established by

1 the Secretary by rulemaking not later than  
2 180 days after the date of enactment of  
3 the American Affordable Fuels Act of  
4 2008 that provides for equitable distribu-  
5 tion, based on proximity to the project,  
6 among coastal States that have coastline  
7 that is located within 200 miles of the geo-  
8 graphic center of the project.”; and

9 (4) by adding at the end the following:

10 “(q) NATURAL GAS LEASES.—

11 “(1) RIGHT TO PRODUCE NATURAL GAS.—A  
12 lessee of a natural gas lease shall have the right to  
13 produce the natural gas from a field on a natural  
14 gas leased tract if the Secretary estimates that the  
15 discovered field has at least 40 percent of the eco-  
16 nomically recoverable Btu content of the field con-  
17 taining the natural gas and the natural gas is eco-  
18 nomical to produce.

19 “(2) CRUDE OIL.—A lessee of a natural gas  
20 lease may not produce crude oil from the lease un-  
21 less the Governor of the adjacent State agrees to the  
22 production.

23 “(3) ESTIMATES OF BTU CONTENT.—

24 “(A) IN GENERAL.—The Secretary shall  
25 make estimates of the natural gas Btu content

1 of discovered fields on a natural gas lease only  
2 after the completion of at least 1 exploration  
3 well, the data from which has been tied to the  
4 results of a 3-dimensional seismic survey of the  
5 field.

6 “(B) FURTHER DELINEATION.—The Sec-  
7 retary may not require the lessee to further de-  
8 lineate any discovered field prior to making the  
9 estimates.

10 “(4) NATURAL GAS.—For purposes of a natural  
11 gas lease, natural gas means natural gas and all  
12 substances produced in association with gas, includ-  
13 ing hydrocarbon liquids (other than crude oil) that  
14 are obtained by the condensation of hydrocarbon va-  
15 pors and separated out in liquid form from the pro-  
16 duced gas stream.

17 “(r) REMOVAL OF RESTRICTIONS ON JOINT BIDDING  
18 IN CERTAIN AREAS OF THE OUTER CONTINENTAL  
19 SHELF.—

20 “(1) ALASKA OCS REGION.—Restrictions on  
21 joint bidders shall not apply to tracts located in the  
22 Alaska OCS Region.

23 “(2) OTHER OCS REGIONS.—The restrictions  
24 shall not apply to tracts in other OCS regions deter-  
25 mined to be frontier tracts or otherwise high cost

1 tracts under final regulations that shall be promul-  
2 gated by the Secretary by not later than 1 year after  
3 the date of enactment of the American Affordable  
4 Fuels Act of 2008.

5 “(s) ROYALTY SUSPENSION PROVISIONS.—

6 “(1) IN GENERAL.—Effective beginning on the  
7 date of enactment of the American Affordable Fuels  
8 Act of 2008, price thresholds shall apply to any roy-  
9 alty suspension volumes granted by the Secretary.

10 “(2) PRICE THRESHOLDS.—Unless otherwise  
11 set by the Secretary by regulation or for a particular  
12 lease sale, the price thresholds shall be—

13 “(A) \$40.50 for oil (January 1, 2006 dol-  
14 lars); and

15 “(B) \$6.75 for natural gas (January 1,  
16 2006 dollars).

17 “(t) CONSERVATION OF RESOURCES FEES.—

18 “(1) IN GENERAL.—Not later than 1 year after  
19 the date of enactment of the American Affordable  
20 Fuels Act of 2008, the Secretary by regulation shall  
21 establish a conservation of resources fee for nonpro-  
22 ducing leases that will apply to new and existing  
23 leases which shall be set at \$3.75 per acre per year.

1           “(2) ADMINISTRATION.—The fee shall apply on  
2           and after October 1, 2008, and shall be treated as  
3           offsetting receipts.”.

4           (b) CONFORMING AMENDMENTS.—

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

7           (A) by striking “(g)” and all that follows  
8           through “(3) Whenever” and inserting the fol-  
9           lowing:

10          “(g) COMMON POTENTIALLY HYDROCARBON-BEAR-  
11          ING AREAS.—If”;

12           (B) in paragraph (3), by striking the last  
13           sentence; and

14           (C) by striking paragraphs (4) through  
15           (7).

16          (2) EFFECTIVE DATE.—The amendments made  
17          by paragraph (1) take effect on October 1, 2008.

18          **SEC. 209. DISPOSITION OF RECEIPTS.**

19          Section 9 of the Outer Continental Shelf Lands Act  
20          (43 U.S.C. 1338) is amended to read as follows:

21          **“SEC. 9. DISPOSITION OF RECEIPTS.**

22           “(a) DEFINITIONS.—In this section:

23           “(1) COASTAL COUNTY-EQUIVALENT POLITICAL  
24           SUBDIVISION.—The term ‘coastal county-equivalent  
25           political subdivision’ means a political jurisdiction

1 immediately below the level of State government (in-  
2 cluding a county, parish, borough in Alaska, inde-  
3 pendent municipality that is not part of a county,  
4 parish, or borough in Alaska, or other equivalent  
5 subdivision of a coastal State) that lies within the  
6 coastal zone.

7 “(2) COASTAL MUNICIPAL POLITICAL SUBDIVI-  
8 SION.—The term ‘coastal municipal political subdivi-  
9 sion’ means a municipality located within and part  
10 of a county, parish, borough in Alaska, or other  
11 equivalent subdivision of a State, all or part of which  
12 coastal municipal political subdivision lies within the  
13 coastal zone.

14 “(3) COASTAL POPULATION.—The term ‘coastal  
15 population’ means the population of all coastal coun-  
16 ty-equivalent political subdivisions, as determined by  
17 the most recent official data of the Census Bureau.

18 “(4) COASTAL ZONE.—The term ‘coastal zone’  
19 means the portion of a coastal State (including the  
20 entire territory of any coastal county-equivalent po-  
21 litical subdivision) at least a part of which lies with-  
22 in 75 miles landward from the coastline, or a greater  
23 distance as determined by State law enacted to im-  
24 plement this section.

1           “(5) PRODUCING STATE.—The term ‘producing  
2           State’ means an adjacent State having an Adjacent  
3           Zone containing leased tracts from which OCS Re-  
4           ceipts were derived.

5           “(b) DEPOSIT IN TREASURY.—Except as otherwise  
6           provided in this Act, effective beginning June 5, 1950, all  
7           rentals, royalties, and other sums paid to the Secretary  
8           or the Secretary of the Navy under any lease on the outer  
9           Continental Shelf shall be deposited in the Treasury and  
10          credited to miscellaneous receipts.

11          “(c) TREATMENT OF OCS RECEIPTS FROM TRACTS  
12          COMPLETELY WITHIN 100 MILES OF THE COASTLINE.—

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

17                 “(2) PHASED-IN RECEIPTS SHARING.—

18                         “(A) COVERED AREAS.—Effective begin-  
19                         ning October 1, 2008, the Secretary shall share  
20                         OCS Receipts derived from the following areas:

21                                 “(i) Lease tracts located on portions  
22                                 of the Gulf of Mexico OCS Region com-  
23                                 pletely beyond 4 marine leagues from any  
24                                 coastline and completely within 100 miles  
25                                 of any coastline that were available for

1 leasing under the 2002–2007 5-Year OCS  
2 Oil and Gas Leasing Program.

3 “(ii) Lease tracts in production prior  
4 to October 1, 2008, completely beyond 4  
5 marine leagues from any coastline and  
6 completely within 100 miles of any coast-  
7 line located on portions of the OCS that  
8 were not available for leasing under the  
9 2002–2007 5-Year OCS Oil and Gas Leas-  
10 ing Program.

11 “(iii) Lease tracts for which leases are  
12 issued prior to October 1, 2008, located in  
13 the Alaska OCS Region completely beyond  
14 4 marine leagues from any coastline and  
15 completely within 100 miles of the coast-  
16 line.

17 “(B) PERCENTAGES.—The Secretary shall  
18 share the following percentages of OCS Re-  
19 ceipts from the leases described in subpara-  
20 graph (A) derived during the fiscal year indi-  
21 cated:

22 “(i) For fiscal year 2009, 5 percent.

23 “(ii) For fiscal year 2010, 8 percent.

24 “(iii) For fiscal year 2011, 11 per-  
25 cent.

1 “(iv) For fiscal year 2012, 14 percent.

2 “(v) For fiscal year 2013, 17 percent.

3 “(vi) For fiscal year 2014, 20 percent.

4 “(vii) For fiscal year 2015, 23 per-  
5 cent.

6 “(viii) For fiscal year 2016, 26 per-  
7 cent.

8 “(ix) For fiscal year 2017, 29 percent.

9 “(x) For fiscal year 2018, 32 percent.

10 “(xi) For fiscal year 2019, 35 percent.

11 “(xii) For fiscal year 2020 and each  
12 subsequent fiscal year, 37.5 percent.

13 “(C) NONAPPLICATION.—This paragraph  
14 shall not apply to leases that could not have  
15 been issued but for section 5(k) or the amend-  
16 ments made by section 205 of the American Af-  
17 fordable Fuels Act of 2008.

18 “(3) IMMEDIATE RECEIPTS SHARING.—Effec-  
19 tive beginning October 1, 2008, the Secretary shall  
20 share 37.50 percent of OCS Receipts derived from  
21 all leases located completely beyond 4 marine  
22 leagues from any coastline and completely within  
23 100 miles of any coastline not included under para-  
24 graph (2).

1           “(4) RECEIPTS SHARING FROM TRACTS WITHIN  
2 4 MARINE LEAGUES OF ANY COASTLINE.—

3           “(A) AREAS COVERED BY PHASED-IN RE-  
4 CEIPTS SHARING.—

5           “(i) INITIAL PERIOD.—For each of  
6 fiscal years 2009 and 2010, the Secretary  
7 shall share 25 percent of OCS Receipts de-  
8 rived from all leases located within 4 ma-  
9 rine leagues from any coastline within an  
10 area described in paragraph (2).

11           “(ii) SUBSEQUENT PERIOD.—For fis-  
12 cal year 2011 and each fiscal year there-  
13 after, the Secretary shall increase the per-  
14 cent shared in 5 percent increments each  
15 fiscal year until the sharing rate for all  
16 leases located within 4 marine leagues  
17 from any coastline within areas described  
18 in paragraph (2) is 75 percent.

19           “(B) OTHER AREAS.—For fiscal year 2009  
20 and each fiscal year thereafter, the Secretary  
21 shall share 75 percent of OCS receipts derived  
22 from all leases located completely or partially  
23 within 4 marine leagues from any coastline  
24 within an area not described paragraph (2).

25           “(5) ALLOCATIONS.—

1           “(A) IN GENERAL.—The Secretary shall  
2 allocate the OCS Receipts deposited into the  
3 separate account established by paragraph (1)  
4 that are shared under paragraphs (2), (3), and  
5 (4) in accordance with this paragraph.

6           “(B) BONUS BIDS.—Deposits derived from  
7 bonus bids from a leased tract (including inter-  
8 est on the deposits) shall be allocated at the  
9 end of each fiscal year to the adjacent State.

10           “(C) ROYALTIES.—Deposits derived from  
11 royalties from a leased tract (including interest  
12 on the deposits) shall be allocated at the end of  
13 each fiscal year to the adjacent State and any  
14 other producing State with a leased tract within  
15 the Adjacent Zone of the producing State with-  
16 in 100 miles of coastline of the producing State  
17 that generated royalties during the fiscal year,  
18 if the other producing State has a coastline  
19 point within 300 miles of any portion of the  
20 leased tract, in which case the amount allocated  
21 for the leased tract shall be—

22                   “(i)  $\frac{1}{3}$  to the adjacent State; and

23                   “(ii)  $\frac{2}{3}$  to each producing State (in-  
24 cluding the adjacent State), inversely pro-  
25 portional to the distance between the near-

1 est point on the coastline of the producing  
2 State and the geographic center of the  
3 leased tract.

4 “(d) TREATMENT OF OCS RECEIPTS FROM TRACTS  
5 PARTIALLY OR COMPLETELY BEYOND 100 MILES OF THE  
6 COASTLINE.—

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

11 “(2) PHASED-IN RECEIPTS SHARING.—

12 “(A) COVERED AREAS.—Effective begin-  
13 ning October 1, 2008, the Secretary shall share  
14 OCS Receipts derived from the following areas:

15 “(i) Lease tracts located on portions  
16 of the Gulf of Mexico OCS Region partially  
17 or completely beyond 100 miles of any  
18 coastline that were available for leasing  
19 under the 2002–2007 5-Year OCS Oil and  
20 Gas Leasing Program.

21 “(ii) Lease tracts in production prior  
22 to October 1, 2008, partially or completely  
23 beyond 100 miles of any coastline located  
24 on portions of the outer Continental Shelf  
25 that were not available for leasing under

1 the 2002–2007 5-Year OCS Oil and Gas  
2 Leasing Program.

3 “(iii) Lease tracts for which leases are  
4 issued prior to October 1, 2008, located in  
5 the Alaska OCS Region partially or com-  
6 pletely beyond 100 miles of the coastline.

7 “(B) PERCENTAGES.—The Secretary shall  
8 share the following percentages of OCS Re-  
9 ceipts from the leases described in subpara-  
10 graph (A) derived during the fiscal year indi-  
11 cated:

12 “(i) For fiscal year 2009, 5 percent.

13 “(ii) For fiscal year 2010, 8 percent.

14 “(iii) For fiscal year 2011, 11 per-  
15 cent.

16 “(iv) For fiscal year 2012, 14 percent.

17 “(v) For fiscal year 2013, 17 percent.

18 “(vi) For fiscal year 2014, 20 percent.

19 “(vii) For fiscal year 2015, 23 per-  
20 cent.

21 “(viii) For fiscal year 2016, 26 per-  
22 cent.

23 “(ix) For fiscal year 2017, 29 percent.

24 “(x) For fiscal year 2018, 32 percent.

25 “(xi) For fiscal year 2019, 35 percent.

1                   “(xii) For fiscal year 2020 and each  
2                   subsequent fiscal year, 37.5 percent.

3                   “(C) NONAPPLICATION.—This paragraph  
4                   shall not apply to leases that could not have  
5                   been issued but for section 5(k) or the amend-  
6                   ments made by section 205 of the American Af-  
7                   fordable Fuels Act of 2008.

8                   “(3) IMMEDIATE RECEIPTS SHARING.—

9                   “(A) IN GENERAL.—Except as provided in  
10                  subparagraph (B), effective beginning October  
11                  1, 2008, the Secretary shall share 37.50 per-  
12                  cent of OCS Receipts derived from all leases lo-  
13                  cated completely beyond 4 marine leagues from  
14                  any coastline and completely within 100 miles  
15                  of any coastline not included under paragraph  
16                  (2).

17                  “(B) STATES THAT PROHIBIT LEASING  
18                  WITHIN 100 MILES OF COASTLINES.—The Sec-  
19                  retary shall only share 25 percent of OCS Re-  
20                  ceipts derived from all leases described in sub-  
21                  paragraph (A) within the Adjacent Zone of a  
22                  State if no leasing is allowed within any portion  
23                  of the Adjacent Zone of the State located com-  
24                  pletely within 100 miles of any coastline.

25                  “(4) ALLOCATIONS.—

1           “(A) IN GENERAL.—The Secretary shall  
2 allocate the OCS Receipts deposited into the  
3 separate account established by paragraph (1)  
4 that are shared under paragraphs (2) and (3)  
5 in accordance with this paragraph.

6           “(B) BONUS BIDS.—Deposits derived from  
7 bonus bids from a leased tract (including inter-  
8 est on the deposits) shall be allocated at the  
9 end of each fiscal year to the adjacent State.

10          “(C) ROYALTIES.—Deposits derived from  
11 royalties from a leased tract (including interest  
12 on the deposits) shall be allocated at the end of  
13 each fiscal year to the adjacent State and any  
14 other producing State with a leased tract within  
15 the Adjacent Zone of the producing State be-  
16 yond 100 miles of coastline of the producing  
17 State that generated royalties during the fiscal  
18 year, if the other producing State has a coast-  
19 line point within 300 miles of any portion of the  
20 leased tract, in which case the amount allocated  
21 for the leased tract shall be—

22                   “(i)  $\frac{1}{3}$  to the adjacent State; and

23                   “(ii)  $\frac{2}{3}$  to each producing State (in-  
24 cluding the adjacent State), inversely pro-  
25 portional to the distance between the near-

1 est point on the coastline of the producing  
2 State and the geographic center of the  
3 leased tract.

4 “(e) TRANSMISSION OF ALLOCATIONS.—

5 “(1) DEFINITION OF OUTER CONTINENTAL  
6 SHELF OIL AND GAS ACTIVITIES.—In this sub-  
7 section, the term ‘outer Continental Shelf oil and  
8 gas activities’ includes—

9 “(A) construction of vessels, drill ships,  
10 and platforms involved in exploration, produc-  
11 tion, and development on the outer Continental  
12 Shelf;

13 “(B) support and supply bases, ports, and  
14 related activities;

15 “(C) offices of geologists, geophysicists, en-  
16 gineers, and other professionals involved in sup-  
17 port of exploration, production, and develop-  
18 ment of oil and gas on the outer Continental  
19 Shelf;

20 “(D) pipelines and other means of trans-  
21 porting oil and gas production from the outer  
22 Continental Shelf; and

23 “(E) processing and refining of oil and gas  
24 production from the outer Continental Shelf.

1           “(2) ALLOCATION AMONG STATES AND POLIT-  
2           ICAL SUBDIVISIONS.—Not later than 90 days after  
3           the end of each fiscal year, the Secretary shall trans-  
4           mit—

5                   “(A) to each State 60 percent of the allo-  
6                   cations of the State under subsections (c)(5)  
7                   and (d)(4) for the immediate prior fiscal year;

8                   “(B) to each coastal county-equivalent and  
9                   municipal political subdivision of the State a  
10                  total of 40 percent of the allocations of the  
11                  State under subsections (c)(5) and (d)(4), to-  
12                  gether with all accrued interest on the amounts;  
13                  and

14                  “(C) the remaining allocations under sub-  
15                  sections (b)(5) and (c)(4), together with all ac-  
16                  crued interest on the amounts.

17           “(3) ALLOCATIONS TO COASTAL COUNTY-  
18           EQUIVALENT POLITICAL SUBDIVISIONS.—The Sec-  
19           retary shall make an initial allocation of the OCS  
20           Receipts to be shared under paragraph (2)(B) as fol-  
21           lows:

22                   “(A) 25 percent shall be allocated to coast-  
23                   al county-equivalent political subdivisions that  
24                   are completely more than 25 miles landward of  
25                   the coastline and at least a part of which lies

1 not more than 75 miles landward from the  
2 coastline, with the allocation among the coastal  
3 county-equivalent political subdivisions based on  
4 population.

5 “(B) 75 percent shall be allocated to coast-  
6 al county-equivalent political subdivisions that  
7 are completely or partially less than 25 miles  
8 landward of the coastline, with the allocation  
9 among such coastal county-equivalent political  
10 subdivisions to be allocated as follows:

11 “(i) 25 percent shall be allocated  
12 based on the ratio of the population of the  
13 coastal county-equivalent political subdivi-  
14 sion to the coastal population of all coastal  
15 county-equivalent political subdivisions in  
16 the State.

17 “(ii)(I) 25 percent shall be allocated  
18 based on the ratio of the coastline miles of  
19 the coastal county-equivalent political sub-  
20 division to the coastline miles of all coastal  
21 county-equivalent political subdivisions in  
22 the State, as calculated by the Secretary.

23 “(II) In the calculations, coastal coun-  
24 ty-equivalent political subdivisions without  
25 a coastline shall be considered to have 50

1 percent of the average coastline miles of  
2 the coastal county-equivalent political sub-  
3 divisions that do have coastlines.

4 “(iii) 25 percent shall be allocated to  
5 all coastal county-equivalent political sub-  
6 divisions having a coastline point within  
7 300 miles of the leased tract for which  
8 OCS Receipts are being shared based on a  
9 formula that allocates the funds based on  
10 the relative distance from the leased tract  
11 of the coastal county-equivalent political  
12 subdivision.

13 “(iv)(I) 25 percent shall be allocated  
14 to all coastal county-equivalent political  
15 subdivisions having a coastline point within  
16 300 miles of the leased tract for which  
17 OCS Receipts are being shared based on  
18 the relative level of outer Continental Shelf  
19 oil and gas activities in a coastal political  
20 subdivision compared to the level of outer  
21 Continental Shelf activities in all coastal  
22 political subdivisions in the State.

23 “(II) For purposes of this subpara-  
24 graph, if a coastal county-equivalent polit-  
25 ical subdivision does not have a coastline,

1           the coastal point of the coastal county-  
2           equivalent political subdivision shall be the  
3           point on the coastline closest to the coastal  
4           county-equivalent political subdivision.

5           “(4) ALLOCATIONS TO COASTAL MUNICIPAL PO-  
6           LITICAL SUBDIVISIONS.—The initial allocation to  
7           each coastal county-equivalent political subdivision  
8           under paragraph (2) shall be allocated to the coastal  
9           county-equivalent political subdivision and any coast-  
10          al municipal political subdivision located partially or  
11          wholly within the boundaries of the coastal county-  
12          equivalent political subdivision as follows:

13                 “(A)  $\frac{1}{3}$  shall be allocated to the coastal  
14                 county-equivalent political subdivision.

15                 “(B)  $\frac{2}{3}$  shall be allocated on a per capita  
16                 basis to the municipal political subdivisions and  
17                 the county-equivalent political subdivision, with  
18                 the allocation to the county-equivalent political  
19                 subdivision based on the population of the coun-  
20                 ty-equivalent political subdivision not included  
21                 within the boundaries of a municipal political  
22                 subdivision.

23           “(f) INVESTMENT OF DEPOSITS.—Amounts depos-  
24          ited under this section shall be invested by the Secretary  
25          of the Treasury in securities backed by the full faith and

1 credit of the United States having maturities suitable to  
2 the needs of the account in which the amounts are depos-  
3 ited and yielding the highest reasonably available interest  
4 rates, as determined by the Secretary of the Treasury.

5 “(g) USE OF FUNDS.—A recipient of funds under  
6 this section may use the funds—

7 “(1) to reduce in-State college tuition at public  
8 institutions of higher learning and otherwise support  
9 public education, including career technical edu-  
10 cation;

11 “(2) to make transportation infrastructure im-  
12 provements;

13 “(3) to reduce taxes;

14 “(4) to promote, fund, and provide for—

15 “(A) coastal or environmental restoration;

16 “(B) fish, wildlife, and marine life habitat  
17 enhancement;

18 “(C) waterways construction and mainte-  
19 nance;

20 “(D) levee construction and maintenance  
21 and shore protection; and

22 “(E) marine and oceanographic education  
23 and research;

24 “(5) to promote, fund, and provide for—

1           “(A) infrastructure associated with energy  
2 production activities conducted on the outer  
3 Continental Shelf;

4           “(B) energy demonstration projects;

5           “(C) supporting infrastructure for shore-  
6 based energy projects;

7           “(D) State geologic programs, including  
8 geologic mapping and data storage programs,  
9 and State geophysical data acquisition;

10          “(E) State seismic monitoring programs,  
11 including operation of monitoring stations;

12          “(F) development of oil and gas resources  
13 through enhanced recovery techniques;

14          “(G) alternative energy development, in-  
15 cluding biofuels, coal-to-liquids, oil shale, tar  
16 sands, geothermal, geopressure, wind, waves,  
17 currents, hydro, and other renewable energy;

18          “(H) energy efficiency and conservation  
19 programs; and

20          “(I) front-end engineering and design for  
21 facilities that produce liquid fuels from hydro-  
22 carbons and other biological matter;

23          “(6) to promote, fund, and provide for—

24                 “(A) historic preservation programs and  
25 projects;

1           “(B) natural disaster planning and re-  
2           sponse; and

3           “(C) hurricane and natural disaster insur-  
4           ance programs; and

5           “(7) any other purpose as determined by State  
6           law.

7           “(h) NO ACCOUNTING REQUIRED.—

8           “(1) IN GENERAL.—No recipient of funds  
9           under this section shall be required to account to the  
10          Federal Government for the expenditure of the  
11          funds, except as may otherwise required by law.

12          “(2) STATE ACCOUNTING AND AUDITING.—A  
13          State may enact legislation providing for accounting  
14          for and auditing of expenditures of funds under this  
15          section.

16          “(3) MATCHING FUNDS FOR OTHER PRO-  
17          GRAMS.—Funds allocated under this section to  
18          States and political subdivisions may be used as  
19          matching funds for other Federal programs.

20          “(i) EFFECT OF FUTURE LAWS.—

21          “(1) IN GENERAL.—Subject to paragraph (2),  
22          enactment of any future Federal law that has the ef-  
23          fect, as determined by the Secretary, of restricting  
24          any Federal agency from spending appropriated  
25          funds, or otherwise preventing the agency from ful-

1 filling the preexisting responsibilities of the agency  
2 as of the date of enactment of the American Afford-  
3 able Fuels Act of 2008 to issue any permit or other  
4 approval impacting on the outer Continental Shelf  
5 oil and gas leasing program or any lease issued  
6 under the program, or to implement any provision of  
7 the American Affordable Fuels Act of 2008, shall  
8 prohibit any sharing of OCS Receipts under this sec-  
9 tion directly with the States, and the coastal political  
10 subdivisions of the States, for the duration of the re-  
11 striction.

12 “(2) NONAPPLICATION.—Paragraph (1) shall  
13 not apply if the responsibilities of a Federal agency  
14 have been reassigned to another Federal agency by  
15 the law with no prevention of performance, as deter-  
16 mined by the Secretary.

17 “(3) TIMING.—The Secretary shall make the  
18 determination of the existence of restricting effects  
19 described in paragraph (1) not later than 30 days  
20 after the date of receipt of a petition by any outer  
21 Continental Shelf lessee or producing State.”.

22 **SEC. 210. RESERVATION OF LAND AND RIGHTS.**

23 Section 12 of the Outer Continental Shelf Lands Act  
24 (43 U.S.C. 1341) is amended—

1           (1) by striking “Sec. 12” and all that follows  
2           through “The President” and inserting the fol-  
3           lowing:

4 **“SEC. 12. RESERVATIONS.**

5           “(a) AUTHORITY OF THE PRESIDENT.—

6           “(1) IN GENERAL.—The President”; and

7           (2) in subsection (a), by adding at the end the  
8           following:

9           “(2) WITHDRAWALS.—

10           “(A) BY THE PRESIDENT.—The President  
11           may partially or completely revise or revoke any  
12           prior withdrawal made by the President under  
13           this section.

14           “(B) INITIATED BY A STATE.—The Presi-  
15           dent may not revise or revoke a withdrawal that  
16           was initiated by a petition from a State and ap-  
17           proved by the Secretary under subsection (h).

18           “(C) FAILURE TO PROHIBIT LEASING.—  
19           The President may not withdraw from leasing  
20           any area for which a State failed to prohibit, or  
21           petition to prohibit, leasing under subsection  
22           (g).

23           “(3) MAXIMUM AREA WITHDRAWN.—In the  
24           case of any area of the outer Continental Shelf that  
25           is more than 100 miles from any coastline, the

1 President may not withdraw from leasing more than  
2 25 percent of the acreage of any OCS Planning  
3 Area.

4 “(4) LENGTH OF WITHDRAWAL.—A withdrawal  
5 by the President may be for a term of not to exceed  
6 10 years.

7 “(5) CONSIDERATIONS.—When considering po-  
8 tential uses of the outer Continental Shelf, to the  
9 maximum extent practicable, the President shall ac-  
10 commodate competing interests and potential uses.”;  
11 and

12 (3) by adding at the end the following:

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

15 “(1) PROHIBITION AGAINST LEASING.—

16 “(A) UNAVAILABLE FOR LEASING WITH-  
17 OUT STATE REQUEST.—Except as otherwise  
18 provided in this subsection, beginning on the  
19 date of enactment of this subsection, the Sec-  
20 retary shall not offer for leasing for oil and gas,  
21 or natural gas—

22 “(i) any area within 50 miles of the  
23 coastline that was withdrawn from disposi-  
24 tion by leasing in the Atlantic OCS Re-  
25 gion, the Pacific OCS Region, or the Gulf

1 of Mexico OCS Region Eastern Planning  
2 Area, as depicted on the maps referred to  
3 in this subparagraph, under the ‘Memo-  
4 randum on Withdrawal of Certain Areas of  
5 the United States Outer Continental Shelf  
6 from Leasing Disposition’, 34 Weekly  
7 Comp. Pres. Doc. 1111, dated June 12,  
8 1998; or

9 “(ii) any area within 50 miles of the  
10 coastline not withdrawn under that Memo-  
11 randum that is included within the Gulf of  
12 Mexico OCS Region Eastern Planning  
13 Area as indicated on the map entitled ‘Gulf  
14 of Mexico OCS Region State Adjacent  
15 Zones and OCS Planning Areas’ or the  
16 Florida Straits Planning Area as indicated  
17 on the map entitled ‘Atlantic OCS Region  
18 State Adjacent Zones and OCS Planning  
19 Areas’, both of which are dated September  
20 2005 and on file in the Office of the Direc-  
21 tor, National Ocean Resources and Royalty  
22 Service.

23 “(B) AREAS BETWEEN 50 AND 100 MILES  
24 FROM THE COASTLINE.—Unless an adjacent  
25 State petitions under subsection (h) within 1

1 year after the date of enactment of this sub-  
2 section for natural gas leasing or by June 30,  
3 2010, for oil and gas leasing, the Secretary  
4 shall offer for leasing—

5 “(i) any area more than 50 miles but  
6 less than 100 miles from the coastline that  
7 was withdrawn from disposition by leasing  
8 in the Atlantic OCS Region, the Pacific  
9 OCS Region, or the Gulf of Mexico OCS  
10 Region Eastern Planning Area, as depicted  
11 on the maps referred to in this subpara-  
12 graph, under the ‘Memorandum on With-  
13 drawal of Certain Areas of the United  
14 States Outer Continental Shelf from Leas-  
15 ing Disposition’, 34 Weekly Comp. Pres.  
16 Doc. 1111, dated June 12, 1998; or

17 “(ii) any area more than 50 miles but  
18 less than 100 miles from the coastline not  
19 withdrawn under that Memorandum that  
20 is included within the Gulf of Mexico OCS  
21 Region Eastern Planning Area as indicated  
22 on the map entitled ‘Gulf of Mexico OCS  
23 Region State Adjacent Zones and OCS  
24 Planning Areas’ or within the Florida  
25 Straits Planning Area as indicated on the

1 map entitled ‘Atlantic OCS Region State  
2 Adjacent Zones and OCS Planning Areas’,  
3 both of which are dated September 2005  
4 and on file in the Office of the Director,  
5 National Ocean Resources and Royalty  
6 Service.

7 “(2) REVOCATION OF WITHDRAWAL.—

8 “(A) IN GENERAL.—The ‘Memorandum on  
9 Withdrawal of Certain Areas of the United  
10 States Outer Continental Shelf from Leasing  
11 Disposition’, 34 Weekly Comp. Pres. Doc.  
12 1111, dated June 12, 1998, is revoked and no  
13 longer in effect.

14 “(B) TRACTS PARTIALLY ADDED.—

15 “(i) IN GENERAL.—Any tract only  
16 partially added to the Gulf of Mexico OCS  
17 Region Central Planning Area by this Act  
18 shall be eligible for leasing of the part of  
19 the tract that is included within the Gulf  
20 of Mexico OCS Region Central Planning  
21 Area.

22 “(ii) REMAINDER OF TRACT.—The re-  
23 mainder of a tract described in clause (i)  
24 that lies outside of the Gulf of Mexico OCS  
25 Region Central Planning Area may be de-

1            developed and produced by the lessee of the  
2            partial tract using extended reach or simi-  
3            lar drilling from a location on a leased  
4            area.

5            “(C) USE OF TRACTS.—Any area in the  
6            OCS withdrawn from leasing may be leased,  
7            and thereafter developed and produced by the  
8            lessee using extended reach or similar drilling  
9            from a location on a leased area located in an  
10           area available for leasing.

11           “(3) PETITION FOR LEASING.—

12                  “(A) PETITIONS.—

13                          “(i) IN GENERAL.—The Governor of a  
14                          State, with the concurrence of the legisla-  
15                          ture of the State, may submit to the Sec-  
16                          retary a petition requesting that the Sec-  
17                          retary make available any area that is  
18                          within the Adjacent Zone of the State, in-  
19                          cluded under paragraph (1), and that—

20                                  “(I) is greater than 25 miles  
21                                  from any point on the coastline of a  
22                                  neighboring State for the conduct of  
23                                  offshore leasing, pre-leasing, and re-  
24                                  lated activities with respect to natural  
25                                  gas leasing; or

1           “(II) is greater than 50 miles  
2           from any point on the coastline of a  
3           neighboring State for the conduct of  
4           offshore leasing, pre-leasing, and re-  
5           lated activities with respect to oil and  
6           gas leasing.

7           “(ii) OTHER LEASING.—The adjacent  
8           State may petition for leasing any other  
9           area within the Adjacent Zone of the  
10          State—

11           “(I) if leasing is allowed in the  
12          similar area of the Adjacent Zone of  
13          the applicable neighboring State; or

14           “(II) if leasing is not allowed, if  
15          the neighboring State, acting through  
16          the Governor of the neighboring  
17          State, expresses the concurrence of  
18          the neighboring State with the peti-  
19          tion.

20           “(iii) SECRETARIAL FINDING.—The  
21          Secretary shall only consider a petition  
22          under clause (ii) after—

23           “(I) making a finding that leas-  
24          ing is allowed in the similar area of

1 the Adjacent Zone of the applicable  
2 neighboring State; or

3 “(II) receiving the concurrence of  
4 the neighboring State.

5 “(iv) DATE OF RECEIPT.—The date of  
6 receipt by the Secretary of a concurrence  
7 by a neighboring State shall constitute the  
8 date of receipt of the petition for the State  
9 for which the concurrence applies.

10 “(B) LIMITATIONS ON LEASING.—In its  
11 petition, a State with an Adjacent Zone that  
12 contains leased tracts may condition new leas-  
13 ing for oil and gas, or natural gas, for tracts  
14 within 25 miles of the coastline by—

15 “(i) requiring a net reduction in the  
16 number of production platforms;

17 “(ii) requiring a net increase in the  
18 average distance of production platforms  
19 from the coastline;

20 “(iii) limiting permanent surface occu-  
21 pancy on new leases to areas that are more  
22 than 10 miles from the coastline;

23 “(iv) limiting certain tracts to being  
24 produced from shore or from platforms lo-  
25 cated on other tracts; or

1           “(v) other conditions that the adja-  
2           cent State may consider appropriate if the  
3           Secretary does not determine that produc-  
4           tion is made economically or technically  
5           impracticable or otherwise impossible.

6           “(C) ACTION BY SECRETARY.—

7           “(i) IN GENERAL.—Not later than 90  
8           days after receipt of a petition of a State  
9           under subparagraph (A), the Secretary  
10          shall approve the petition, unless the Sec-  
11          retary determines that leasing the area  
12          would probably cause serious harm or  
13          damage to the marine resources of the Ad-  
14          jacent Zone of the State.

15          “(ii) ENVIRONMENTAL ASSESS-  
16          MENT.—Prior to approving the petition,  
17          the Secretary shall complete an environ-  
18          mental assessment under the National En-  
19          vironmental Policy Act of 1969 (42 U.S.C.  
20          4321 et seq.) that documents the antici-  
21          pated environmental effects of leasing in  
22          the area included within the scope of the  
23          petition.

24          “(D) FAILURE TO ACT.—If the Secretary  
25          fails to approve or deny a petition in accordance

1 with subparagraph (C), the petition shall be  
2 considered to be approved 90 days after the re-  
3 ceipt of the petition.

4 “(E) AMENDMENT OF 5-YEAR LEASING  
5 PROGRAM.—

6 “(i) IN GENERAL.—Except as pro-  
7 vided in clause (ii), notwithstanding section  
8 18, not later than 180 days after the ap-  
9 proval of a petition under subparagraph  
10 (C) or (D), after the expiration of the time  
11 limits established by paragraph (1)(B),  
12 and not later than 180 days after the en-  
13 actment of this subsection for the areas  
14 made available for leasing under paragraph  
15 (2), the Secretary shall amend the 5-Year  
16 Outer Continental Shelf Oil and Gas Leas-  
17 ing Program (in effect on the date of en-  
18 actment of this subsection) to include 1 or  
19 more lease sales for at least 75 percent of  
20 the associated areas.

21 “(ii) EXCEPTION.—

22 “(I) IN GENERAL.—The Sec-  
23 retary shall not make the amendment  
24 described in clause (i) if there are,  
25 from the date of approval, expiration

1 of the time limits, or the date of en-  
2 actment of this subsection, as applica-  
3 ble, less than 1 year remaining in the  
4 5-Year Leasing Program described in  
5 clause (i).

6 “(II) SUBSEQUENT LEASING  
7 PROGRAM.—In a case described in  
8 subclause (I), the Secretary shall in-  
9 clude the associated areas within lease  
10 sales under the next 5-Year Outer  
11 Continental Shelf Oil and Gas Leas-  
12 ing Program.

13 “(iii) NO FURTHER CONSULTATIONS  
14 REQUIRED.—For purposes of amending  
15 the 5-Year Outer Continental Shelf Oil and  
16 Gas Leasing Program in accordance with  
17 this section, further consultations with  
18 States shall not be required.

19 “(iv) ENVIRONMENTAL ASSESS-  
20 MENT.—For purposes of this section, an  
21 environmental assessment performed under  
22 the National Environmental Policy Act of  
23 1969 (42 U.S.C. 4321 et seq.) to assess  
24 the effects of approving the petition shall  
25 be sufficient to support the amendment of

1                   the 5-Year Outer Continental Shelf Oil and  
2                   Gas Leasing Program.

3           “(h) OPTION TO PETITION FOR EXTENSION OF  
4 WITHDRAWAL FROM LEASING WITHIN CERTAIN AREAS  
5 OF OUTER CONTINENTAL SHELF.—

6                   “(1) IN GENERAL.—The Governor of a State,  
7                   with the concurrence of the legislature of the State,  
8                   may submit to the Secretary a petition requesting  
9                   that the Secretary extend, for a period of not more  
10                  than 5 years, the withdrawal from leasing for all or  
11                  part of any area within the Adjacent Zone of the  
12                  State located more than 50 miles, but less than 100  
13                  miles, from the coastline that is subject to sub-  
14                  section (g)(1)(B).

15                  “(2) LIMITATION ON PETITIONS.—A State may  
16                  petition not more than once per calendar year for  
17                  any particular area.

18                  “(3) SEPARATE PETITIONS.—A State shall sub-  
19                  mit separate petitions, with separate votes by the  
20                  legislature of the State, for oil and gas leasing and  
21                  for natural gas leasing.

22                  “(4) SCOPE OF PETITIONS.—A petition of a  
23                  State may request certain areas to be withdrawn  
24                  from all leasing and certain areas to be withdrawn  
25                  only from 1 type of leasing.

1 “(i) EFFECT OF OTHER LAWS.—

2 “(1) IN GENERAL.—Adoption by any adjacent  
3 State of any constitutional provision, or enactment  
4 of any State law, that has the effect, as determined  
5 by the Secretary, of restricting the Governor or the  
6 legislature, or both, of the State from exercising full  
7 discretion relating to subsection (g) or (h) shall for  
8 the duration of the restriction—

9 “(A) prohibit any sharing of OCS receipts  
10 (as that term is defined in section 9(a)) under  
11 this Act with the adjacent State, and the coast-  
12 al political subdivisions of the adjacent State;  
13 and

14 “(B) prohibit the adjacent State from exer-  
15 cising any authority under subsection (h).

16 “(2) TIMING.—The Secretary shall make the  
17 determination of the existence of a restricting con-  
18 stitutional provision or State statute not later than  
19 30 days after receipt of a petition by any outer Con-  
20 tinental Shelf lessee or coastal State.

21 “(j) PROHIBITION ON LEASING EAST OF THE MILI-  
22 TARY MISSION LINE.—

23 “(1) DEFINITION OF MILITARY MISSION  
24 LINE.—In this subsection, the term ‘military mission  
25 line’ means a line located at 86 degrees, 41 minutes

1 West Longitude, and extending south from the coast  
2 of the State of Florida to the outer boundary of  
3 United States territorial waters in the Gulf of Mex-  
4 ico.

5 “(2) PROHIBITION.—Notwithstanding any other  
6 provision of law, during the period beginning on the  
7 date of enactment of this subsection and ending on  
8 January 1, 2022, no area of the outer Continental  
9 Shelf located in the Gulf of Mexico east of the mili-  
10 tary mission line may be offered for leasing for oil  
11 and gas or natural gas unless a waiver is issued by  
12 the Secretary of Defense.

13 “(3) DISPOSITION OF RECEIPTS.—If a waiver  
14 described in paragraph (2) is granted, 62.5 percent  
15 of the OCS Receipts from a lease within the area  
16 issued as a result of the waiver shall be paid annu-  
17 ally to the National Guards of all States having a  
18 point that is within 1,000 miles of the lease, allo-  
19 cated among the States on a per capita basis relative  
20 to the entire population of the States.”.

21 **SEC. 211. OUTER CONTINENTAL SHELF LEASING PROGRAM.**

22 Section 18 of the Outer Continental Shelf Lands Act  
23 (43 U.S.C. 1344) is amended—

24 (1) in subsection (a)(3)—

1 (A) by striking “(3) The Secretary” and  
2 inserting the following:

3 “(3) TIMING AND LOCATION OF LEASING.—

4 “(A) IN GENERAL.—The Secretary”; and

5 (B) by adding at the end the following:

6 “(B) LEASE SALES.—

7 “(i) IN GENERAL.—For each 5-year  
8 program, the Secretary shall include lease  
9 sales that, if viewed as a whole, propose to  
10 offer for oil and gas or natural gas leasing  
11 at least 75 percent of the available un-  
12 leased acreage within each OCS Planning  
13 Area.

14 “(ii) AVAILABLE UNLEASED ACRE-  
15 AGE.—For the purpose of clause (i), avail-  
16 able unleased acreage shall be that portion  
17 of the outer Continental Shelf that is not  
18 under lease at the time of the proposed  
19 lease sale, and has not otherwise been  
20 made unavailable for leasing by law.”;

21 (2) in subsection (c), by striking “(c)(1)” and  
22 all that follows through the end of paragraph (2)  
23 and inserting the following:

24 “(c) PROPOSED LEASING PROGRAM.—

25 “(1) CONSIDERATION AND ANALYSIS.—

1           “(A) IN GENERAL.—During the prepara-  
2           tion of any proposed leasing program under this  
3           section, the Secretary shall consider and ana-  
4           lyze leasing throughout the entire outer Conti-  
5           nental Shelf without regard to any other law af-  
6           fecting the leasing.

7           “(B) SUGGESTIONS FROM FEDERAL AGEN-  
8           CIES AND COASTAL STATES.—During the prep-  
9           aration of the program, the Secretary shall in-  
10          vite and consider suggestions from any inter-  
11          ested Federal agency, including the Department  
12          of Justice, in consultation with the Federal  
13          Trade Commission, and from the Governor of  
14          any coastal State.

15          “(C) SUGGESTIONS FROM LOCAL GOVERN-  
16          MENTS.—The Secretary may invite or consider  
17          any suggestions from the executive of any local  
18          government in a coastal State that have been  
19          previously submitted to the Governor of the  
20          State, and from any other person.

21          “(D) COORDINATION WITH SECRETARY OF  
22          DEFENSE.—

23                 “(i) IN GENERAL.—The Secretary  
24                 shall consult with the Secretary of Defense

1            regarding military operational needs in the  
2            outer Continental Shelf.

3            “(ii) CONFLICTS.—The Secretary  
4            shall work with the Secretary of Defense to  
5            resolve any conflicts that might arise re-  
6            garding offering any area of the outer  
7            Continental Shelf for oil and gas or nat-  
8            ural gas leasing.

9            “(iii) UNRESOLVED ISSUES.—If the  
10           Secretaries are not able to resolve all of  
11           the conflicts, any unresolved issues shall be  
12           elevated to the President for resolution.

13           “(2) REVIEW AND COMMENT ON PROPOSED  
14           LEASING PROGRAM.—

15           “(A) PUBLICATION.—After the consider-  
16           ation and analysis required by paragraph (1)  
17           (including the consideration of the suggestions  
18           received from any interested Federal agency,  
19           the Federal Trade Commission, the Governor of  
20           any coastal State, any local government of a  
21           coastal State, and any other individual or enti-  
22           ty), the Secretary shall publish in the Federal  
23           Register a description of a proposed leasing  
24           program accompanied by a draft environmental  
25           impact statement prepared pursuant to the Na-

1            tional Environmental Policy Act of 1969 (42  
2            U.S.C. 4321 et seq.).

3            “(B) COPY TO AFFECTED STATES.—After  
4            publication of the proposed leasing program  
5            and during the comment period provided for on  
6            the draft environmental impact statement, the  
7            Secretary shall submit a copy of the proposed  
8            program to the Governor of each affected State  
9            for review and comment.

10           “(C) COMMENTS FROM LOCAL GOVERN-  
11           MENTS.—The Governor may solicit comments  
12           from those executives of local governments in  
13           the State of the Governor that the Governor, in  
14           the discretion of the Governor, determines will  
15           be affected by the proposed program.

16           “(D) REQUEST FOR MODIFICATION BY  
17           GOVERNOR.—

18           “(i) IN GENERAL.—If any comment  
19           by the Governor is received by the Sec-  
20           retary at least 15 days prior to submission  
21           to Congress pursuant to paragraph (3) and  
22           includes a request for any modification of  
23           the proposed program, the Secretary shall  
24           reply in writing—

1                   “(I) granting or denying the re-  
2                   quest in whole or in part, or granting  
3                   the request in such modified form as  
4                   the Secretary considers appropriate;  
5                   and

6                   “(II) stating the reasons for the  
7                   decision of the Secretary.

8                   “(ii) CORRESPONDENCE.—All cor-  
9                   respondence between the Secretary and the  
10                  Governor of any affected State described in  
11                  clause (i), together with any additional in-  
12                  formation and data related to the cor-  
13                  respondence, shall accompany the proposed  
14                  program when the proposed program is  
15                  submitted to Congress.”; and

16                  (3) by adding at the end the following:

17                  “(i) PROJECTION OF STATE ADJACENT ZONE RE-  
18                  SOURCES AND STATE AND LOCAL GOVERNMENT SHARES  
19                  OF OCS RECEIPTS.—Concurrent with the publication of  
20                  the notice of scope at the beginning of the development  
21                  of each 5-year outer Continental Shelf oil and gas leasing  
22                  program or as soon as practicable thereafter, the Sec-  
23                  retary shall—

24                         “(1) provide to each adjacent State a current  
25                         estimate of proven and potential oil and gas re-

1 sources located within the Adjacent Zone of the  
2 State; and

3 “(2) provide to each adjacent State, and coastal  
4 political subdivisions of the State—

5 “(A) an estimate of the OCS Receipts that  
6 the Secretary expects will be shared with each  
7 adjacent State, and the coastal political subdivi-  
8 sions of the State, using the assumption that  
9 the unleased tracts within the Adjacent Zone of  
10 the State are fully made available for leasing,  
11 including long-term projected OCS Receipts;  
12 and

13 “(B) a macroeconomic estimate of the im-  
14 pact of the leasing on the national economy and  
15 the economy of each State, including the impact  
16 on investment, jobs, revenues, personal income,  
17 and other categories.”.

18 **SEC. 212. COORDINATION WITH ADJACENT STATES.**

19 Section 19 of the Outer Continental Shelf Lands Act  
20 (43 U.S.C. 1345) is amended—

21 (1) in the first sentence of subsection (a), by in-  
22 sserting “, for any tract located within the Adjacent  
23 Zone of the adjacent State,” after “government”;  
24 and

25 (2) by adding at the end the following:

1 “(f) CONSTRUCTION OF PIPELINES.—

2 “(1) IN GENERAL.—Except as provided in para-  
3 graph (2), no Federal agency may permit or other-  
4 wise approve, without the concurrence of the adja-  
5 cent State, the construction of a pipeline for crude  
6 oil or petroleum products, or both, within the part  
7 of the Adjacent Zone of the adjacent State that is  
8 withdrawn from oil and gas or natural gas leasing.

9 “(2) CONSTRUCTION WITHOUT CONCUR-  
10 RENCE.—A pipeline may be approved, without the  
11 concurrence of the adjacent State, to pass through  
12 the Adjacent Zone of the adjacent State if at least  
13 50 percent of the production projected to be carried  
14 by the pipeline during the first 10 years of operation  
15 is from areas of the Adjacent Zone of the adjacent  
16 State.

17 “(3) NATURAL GAS PIPELINES.—

18 “(A) IN GENERAL.—Except as provided in  
19 subparagraph (B), no State may prohibit the  
20 construction within the Adjacent Zone or wa-  
21 ters of the State of a natural gas pipeline that  
22 will transport natural gas produced from the  
23 outer Continental Shelf.

24 “(B) ALTERNATE LOCATION.—An adjacent  
25 State may prevent a proposed natural gas pipe-

1 line landing location if the State proposes 2 al-  
2 ternate landing locations in the adjacent State,  
3 acceptable to the adjacent State, located within  
4 50 miles on either side of the proposed landing  
5 location.”.

6 **SEC. 213. ENVIRONMENTAL STUDIES.**

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

9 (1) by striking “(d) The Secretary” and insert-  
10 ing the following:

11 “(d) ENVIRONMENTAL INFORMATION.—

12 “(1) IN GENERAL.—The Secretary”; and

13 (2) by adding at the end the following:

14 “(2) APPLICATION OF NATIONAL ENVIRON-  
15 MENTAL POLICY ACT OF 1969.—

16 “(A) IN GENERAL.—In the case of each  
17 program, lease sale, lease, and action under this  
18 Act, this paragraph shall apply regarding the  
19 application of the National Environmental Pol-  
20 icy Act of 1969 (42 U.S.C. 4321 et seq.).

21 “(B) LEASE SUSPENSIONS AND PRELIMI-  
22 NARY ACTIVITIES.—

23 “(i) IN GENERAL.—The granting or  
24 directing of a lease suspension and the  
25 conduct of all preliminary activities on

1           outer Continental Shelf tracts (including  
2           seismic activities) shall be categorically ex-  
3           cluded from the need to prepare an envi-  
4           ronmental assessment or an environmental  
5           impact statement.

6           “(ii) EXCEPTIONS.—The Secretary  
7           shall not be required to analyze whether  
8           any exceptions to a categorical exclusion  
9           apply to activities conducted under this  
10          Act.

11          “(C) FURTHER ENVIRONMENTAL ANAL-  
12          YSIS.—The environmental impact statement de-  
13          veloped in support of each 5-year oil and gas  
14          leasing program shall provide the environmental  
15          analysis for all lease sales to be conducted  
16          under the program and such sales shall not be  
17          subject to further environmental analysis.

18          “(D) EXPLORATION PLANS.—

19                 “(i) IN GENERAL.—Exploration plans  
20                 shall not be subject to any requirement to  
21                 prepare an environmental impact state-  
22                 ment.

23                 “(ii) CATEGORICAL EXCLUSION.—The  
24                 Secretary may find that exploration plans  
25                 are eligible for categorical exclusion due to

1 the impacts already being considered with-  
2 in an environmental impact statement or  
3 due to mitigation measures included within  
4 the plan.

5 “(E) FURTHER DEVELOPMENT AND PRO-  
6 DUCATION PLANS.—

7 “(i) IN GENERAL.—Except as pro-  
8 vided in clause (ii), within each OCS Plan-  
9 ning Area, after the preparation of the  
10 first development and production plan en-  
11 vironmental impact statement for a leased  
12 tract within the OCS Planning Area, fu-  
13 ture development and production plans for  
14 leased tracts within the Area shall only re-  
15 quire the preparation of an environmental  
16 assessment.

17 “(ii) OLDER STATEMENTS.—If the  
18 most recent development and production  
19 plan environmental impact statement with-  
20 in the OCS Planning Area was finalized  
21 more than 10 years before the date of the  
22 approval of the plan, an environmental im-  
23 pact statement shall be required.”

1 **SEC. 214. FEDERAL ENERGY NATURAL RESOURCES EN-**  
2 **HANCEMENT.**

3 (a) FINDINGS.—Congress finds that—

4 (1) energy and minerals exploration, develop-  
5 ment, and production on Federal onshore and off-  
6 shore land (including biobased fuel, natural gas,  
7 minerals, oil, geothermal, and power from wind,  
8 waves, currents, and thermal energy) involves sig-  
9 nificant outlays of funds by Federal and State wild-  
10 life, fish, and natural resource management agencies  
11 for environmental studies, planning, development,  
12 monitoring, and management of wildlife, fish, air,  
13 water, and other natural resources;

14 (2) State wildlife, fish, and natural resource  
15 management agencies are funded primarily through  
16 permit and license fees paid to the States by the  
17 general public to hunt and fish, and through Federal  
18 excise taxes on equipment used for those activities;

19 (3) funds generated from consumptive and rec-  
20 reational uses of wildlife, fish, and other natural re-  
21 sources are inadequate to address the natural re-  
22 sources related to energy and minerals development  
23 on Federal onshore and offshore land;

24 (4) funds made available to Federal agencies  
25 responsible for managing Federal onshore and off-  
26 shore land and Federal-trust wildlife and fish species

1 and habitats are inadequate to address the natural  
2 resources related to energy and minerals develop-  
3 ment on Federal onshore and offshore land;

4 (5) receipts derived from sales, bonus bids, and  
5 royalties under the mineral leasing laws of the  
6 United States are paid to the Treasury through the  
7 Minerals Management Service of the Department of  
8 the Interior; and

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

16 (b) PURPOSES.—The purposes of this section are—

17 (1) to authorize expenditures for the monitoring  
18 and management of wildlife and fish, and habitat,  
19 and air, water, and other natural resources related  
20 to energy and minerals development on Federal on-  
21 shore and offshore land;

22 (2) to authorize expenditures for each fiscal  
23 year to the Secretary of the Interior and the States;  
24 and

1           (3) to use funds made available under this sec-  
2           tion to secure the necessary trained workforce or  
3           contractual services to conduct environmental stud-  
4           ies, planning, development, monitoring, and post-de-  
5           velopment management of wildlife and fish and habi-  
6           tat and air, water, and other natural resources that  
7           may be related to biobased fuel, gas, mineral, oil,  
8           wind, or other energy exploration, development,  
9           transportation, transmission, and associated activi-  
10          ties on Federal onshore and offshore land, includ-  
11          ing—

12                   (A) pertinent research, surveys, and envi-  
13                   ronmental analyses conducted to identify any  
14                   impact on wildlife, fish, air, water, and other  
15                   natural resources from energy and mineral ex-  
16                   ploration, development, production, and trans-  
17                   portation or transmission;

18                   (B) projects to maintain, improve, or en-  
19                   hance wildlife and fish populations and habitat  
20                   or air, water, or other natural resources, includ-  
21                   ing activities under the Endangered Species Act  
22                   of 1973 (16 U.S.C. 1531 et seq.);

23                   (C) research, surveys, environmental anal-  
24                   yses, and projects that assist in managing (in-  
25                   cluding mitigating onsite or offsite, or both) the

1 impacts of energy and mineral activities on  
2 wildlife, fish, air, water, and other natural re-  
3 sources; and

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

6 (c) DEFINITIONS.—In this section:

7 (1) ENHANCEMENT PROGRAM.—The term “en-  
8 hancement program” means the Federal energy nat-  
9 ural resources enhancement program established by  
10 this section.

11 (2) STATE.—The term “State” means the Gov-  
12 ernor of the State.

13 (d) ESTABLISHMENT OF FEDERAL ENERGY NAT-  
14 URAL RESOURCES ENHANCEMENT PROGRAM.—

15 (1) IN GENERAL.—There is established the  
16 Federal energy natural resources enhancement pro-  
17 gram.

18 (2) PAYMENT TO SECRETARY OF THE INTE-  
19 RIOR.—For fiscal year 2009 and each fiscal year  
20 thereafter,  $\frac{1}{3}$  of the amounts made available for the  
21 enhancement program shall be available to the Sec-  
22 retary of the Interior for use for the purposes de-  
23 scribed in subsection (b)(3).

24 (3) PAYMENT TO STATES.—

1           (A) IN GENERAL.—For fiscal year 2009  
2           and each fiscal year thereafter,  $\frac{2}{3}$  of the  
3           amounts made available for the enhancement  
4           program shall be available to the States for use  
5           for the purposes described in subsection (b)(3).

6           (B) USE OF PAYMENTS BY STATE.—Each  
7           State shall use the payments made under this  
8           paragraph only for carrying out projects and  
9           programs for the purposes described in sub-  
10          section (b)(3).

11          (C) ENCOURAGE USE OF PRIVATE FUNDS  
12          BY STATE.—Each State shall use the payments  
13          made under this paragraph to leverage private  
14          funds for carrying out projects for the purposes  
15          described in subsection (b)(3).

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

19          (f) REPORTS TO CONGRESS.—During fiscal year  
20          2010 and each fiscal year thereafter, the Secretary of the  
21          Interior and each State receiving funds from the Enhance-  
22          ment Fund shall submit to the Committee on Energy and  
23          Natural Resources of the Senate and the Committee on  
24          Natural Resources of the House of Representatives a re-

1 port describing the expenditures made available under this  
2 section during the previous fiscal year, including—

3 (1) a summary of pertinent scientific research  
4 and surveys conducted to identify impacts on wild-  
5 life, fish, and other natural resources from energy  
6 and mineral developments;

7 (2) a summary of projects planned and com-  
8 pleted to maintain, improve or enhance wildlife and  
9 fish populations and habitat or other natural re-  
10 sources;

11 (3) a list of additional actions that assist, or  
12 would assist, in managing (including mitigating on-  
13 site or offsite, or both) the impacts of energy and  
14 mineral development on wildlife, fish, and other nat-  
15 ural resources; and

16 (4) a summary of non-Federal funds used to  
17 plan, conduct, and complete the plans and programs  
18 identified in paragraphs (1) and (2).

19 (g) AUTHORIZATION OF APPROPRIATIONS.—There is  
20 authorized to be appropriated to carry out this section  
21 \$150,000,000 for fiscal year 2009 and each fiscal year  
22 thereafter.

1 **SEC. 215. TERMINATION OF EFFECT OF LAWS PROHIBITING**  
2 **THE SPENDING OF APPROPRIATED FUNDS**  
3 **FOR CERTAIN PURPOSES.**

4 Notwithstanding any other provision of law, each pro-  
5 vision of Federal law in effect on the date of enactment  
6 of this Act that prohibits the spending of Federal funds  
7 to conduct oil and natural gas leasing and preleasing ac-  
8 tivities, or to issue a lease to any individual or entity, for  
9 any area of the outer Continental Shelf shall have no force  
10 or effect.

11 **SEC. 216. OUTER CONTINENTAL SHELF INCOMPATIBLE**  
12 **USE.**

13 (a) IN GENERAL.—Except as provided in subsection  
14 (b), no Federal agency may permit construction or oper-  
15 ation of any facility, or designate or maintain a restricted  
16 transportation corridor or operating area on the Federal  
17 outer Continental Shelf or in State waters, that will be  
18 incompatible with, as determined by the Secretary of the  
19 Interior, oil and gas or natural gas leasing and substan-  
20 tially full exploration and production of tracts that are  
21 geologically prospective for oil or natural gas.

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

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

4           (2) used for a military readiness activity (as de-  
5 fined in section 315(f) of division A of Public Law  
6 107–314; 16 U.S.C. 703 note); or

7           (3) required in the national interest, as deter-  
8 mined by the President.

9 **SEC. 217. REPURCHASE OF CERTAIN LEASES.**

10       (a) **AUTHORITY TO REPURCHASE AND CANCEL CER-**  
11 **TAIN LEASES.**—The Secretary of the Interior shall repur-  
12 chase and cancel any Federal oil and gas, geothermal,  
13 coal, oil shale, tar sands, or other mineral lease, whether  
14 onshore or offshore, but not including any outer Conti-  
15 nental Shelf oil or gas lease that was subject to litigation  
16 in the Court of Federal Claims on January 1, 2006, if  
17 the Secretary finds that the lease qualifies for repurchase  
18 and cancellation under the regulations authorized by this  
19 section.

20       (b) **REGULATIONS.**—

21           (1) **IN GENERAL.**—Not later than 1 year after  
22 the date of enactment of this Act, the Secretary  
23 shall publish final regulations providing the condi-  
24 tions under which a lease referred to in subsection  
25 (a) would qualify for repurchase and cancellation,

1 and the process to be followed regarding repurchase  
2 and cancellation.

3 (2) REQUIRED FINDINGS.—Under the regula-  
4 tions, on a written request by the lessee, the Sec-  
5 retary shall repurchase and cancel a lease on a find-  
6 ing by the Secretary that—

7 (A) a request by the lessee for a required  
8 permit or other approval complied with applica-  
9 ble law (other than the Coastal Zone Manage-  
10 ment Act of 1972 (16 U.S.C. 1451 et seq.)),  
11 and terms of the lease and the permit or other  
12 approval were denied;

13 (B) a Federal agency failed to act on a re-  
14 quest by the lessee for a required permit, other  
15 approval, or administrative appeal within a reg-  
16 ulatory or statutory time-frame associated with  
17 the requested action, whether mandatory or dis-  
18 cretionary, or if none, within 180 days; or

19 (C) a Federal agency attached a condition  
20 of approval, without agreement by the lessee, to  
21 a required permit or other approval if the con-  
22 dition of approval was not mandated by Federal  
23 law (including regulations) in effect on the date  
24 of lease issuance, or was not specifically allowed  
25 under the terms of the lease.

1           (3) ADMINISTRATIVE REMEDIES.—Under the  
2 regulations, a lessee shall not be required to exhaust  
3 administrative remedies regarding a permit request,  
4 administrative appeal, or other required request for  
5 approval for the purposes of this section.

6           (4) FINAL AGENCY DECISION.—The Secretary  
7 shall make a final agency decision on a request by  
8 a lessee under this section not later than 180 days  
9 after the date of the request.

10          (5) COMPENSATION.—

11           (A) AMOUNT.—Compensation to a lessee  
12 to repurchase and cancel a lease under this sec-  
13 tion shall be the amount that a lessee would re-  
14 ceive in a restitution case for a material breach  
15 of contract.

16           (B) FORM.—Compensation shall be in the  
17 form of a check or electronic transfer from the  
18 Department of the Treasury from funds depos-  
19 ited into miscellaneous receipts under the au-  
20 thority of the same Act that authorized the  
21 issuance of the lease being repurchased.

22           (C) FINAL AGENCY DECISION.—Failure of  
23 the Secretary to make a final agency decision  
24 on a request by a lessee under this section with-  
25 in 180 days after the date of the request shall

1 result in a 10 percent increase in the compensa-  
2 tion due to the lessee if the lease is ultimately  
3 repurchased.

4 (c) NO PREJUDICE.—This section does not prejudice  
5 any other rights that the lessee would have in the absence  
6 of this section.

7 **SEC. 218. OFFSITE ENVIRONMENTAL MITIGATION.**

8 (a) IN GENERAL.—Notwithstanding any other provi-  
9 sion of law—

10 (1) any person conducting activities under a law  
11 described in subsection (b) may, in satisfying any  
12 mitigation requirements associated with the activi-  
13 ties, propose mitigation measures on a site away  
14 from the area impacted; and

15 (2) the Secretary of the Interior shall accept  
16 those proposed measures if the Secretary finds that  
17 the measures generally achieve the purposes for  
18 which the mitigation measures were applied.

19 (b) COVERED LAWS.—Subsection (a) applies to—

20 (1) the Mineral Leasing Act (30 U.S.C. 181 et  
21 seq.);

22 (2) the Geothermal Steam Act of 1970 (30  
23 U.S.C. 1001 et seq.);

1           (3) the Act of August 7, 1947 (commonly  
2 known as the “Mineral Leasing Act for Acquired  
3 Lands”) (30 U.S.C. 351 et seq.);

4           (4) the Act of March 1, 1911 (commonly known  
5 as the “Weeks Law”) (16 U.S.C. 480 et seq.);

6           (5) sections 2318 through 2352 of the Revised  
7 Statutes (commonly known as the “Mining Law of  
8 1872”) (30 U.S.C. 21 et seq.);

9           (6) the Act of July 31, 1947 (commonly known  
10 as the “Materials Act of 1947”) (30 U.S.C. 601 et  
11 seq.); and

12           (7) the Outer Continental Shelf Lands Act (43  
13 U.S.C. 1331 et seq.)

14 **SEC. 219. MINERALS MANAGEMENT SERVICE.**

15           The bureau known as the “Minerals Management  
16 Service” in the Department of the Interior shall be known  
17 as the “National Ocean Resources and Royalty Service”.

18 **SEC. 220. AUTHORITY TO USE DECOMMISSIONED OFF-**  
19 **SHORE OIL AND GAS PLATFORMS AND**  
20 **OTHER FACILITIES FOR ARTIFICIAL REEF,**  
21 **SCIENTIFIC RESEARCH, OR OTHER USES.**

22           (a) SHORT TITLE.—This section may be cited as the  
23 “Rigs to Reefs Act of 2008”.

1 (b) IN GENERAL.—The Outer Continental Shelf  
2 Lands Act is amended by inserting after section 9 (43  
3 U.S.C. 1338) the following:

4 **“SEC. 10. USE OF DECOMMISSIONED OFFSHORE OIL AND**  
5 **GAS PLATFORMS AND OTHER FACILITIES**  
6 **FOR ARTIFICIAL REEF, SCIENTIFIC RE-**  
7 **SEARCH, OR OTHER USES.**

8 “(a) IN GENERAL.—Subject to subsections (b)  
9 through (f), the Secretary shall promulgate regulations  
10 under which the Secretary may authorize use of an off-  
11 shore oil and gas platform or other facility that is decom-  
12 missioned from service for oil and gas purposes for an arti-  
13 ficial reef, scientific research, or any other use authorized  
14 under section 8(p) or any other applicable Federal law.

15 “(b) TRANSFER REQUIREMENTS.—The Secretary  
16 shall not allow the transfer of a decommissioned offshore  
17 oil and gas platform or other facility to another person  
18 unless the Secretary is satisfied that the transferee is suf-  
19 ficiently bonded, endowed, or otherwise financially able to  
20 fulfill the obligations of the transferee, including—

21 “(1) ongoing maintenance of the platform or  
22 other facility;

23 “(2) any liability obligations that might arise;

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

1           “(4) any other requirements and obligations  
2           that the Secretary may, by regulation, determine to  
3           be appropriate.

4           “(c) PLUGGING AND ABANDONMENT.—The Sec-  
5           retary shall ensure that plugging and abandonment of  
6           wells is accomplished at an appropriate time under this  
7           section.

8           “(d) POTENTIAL TO PETITION TO OPT-OUT OF REG-  
9           ULATIONS.—

10           “(1) IN GENERAL.—An adjacent State, with the  
11           concurrence of the Governor and legislature of the  
12           State, may preliminarily petition to opt-out of the  
13           application of regulations promulgated under this  
14           section to platforms and other facilities located in  
15           the area of the Adjacent Zone of the State within 12  
16           miles of the coastline.

17           “(2) ENVIRONMENTAL ASSESSMENT.—

18           “(A) IN GENERAL.—On receipt of the pre-  
19           liminary petition, the Secretary shall complete  
20           an environmental assessment that documents  
21           the anticipated environmental effects of approv-  
22           ing the petition.

23           “(B) PROVISION TO STATE.—The Sec-  
24           retary shall provide the environmental assess-  
25           ment to the State, which shall have the choice

1 of no action or confirming the petition of the  
2 State by further action, with the concurrence of  
3 the Governor and legislature of the State.

4 “(C) EXCEPTED AREAS.—The Secretary—

5 “(i) may except an area from the ap-  
6 plication of such regulations; and

7 “(ii) shall approve any confirmed peti-  
8 tion.

9 “(e) LIMITATION ON LIABILITY.—A person that had  
10 used an offshore oil and gas platform or other facility for  
11 oil and gas purposes and that no longer has any ownership  
12 or control of the platform or other facility shall not be  
13 liable under Federal law for any costs or damages arising  
14 from the platform or other facility after the date the plat-  
15 form or other facility is used for any purpose under sub-  
16 section (a), unless the costs or damages arise from—

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

19 or

20 “(2) another act or omission of the person.

21 “(f) OTHER LEASING AND USE NOT AFFECTED.—

22 This section, and the use of any offshore oil and gas plat-  
23 form or other facility for any purpose under subsection  
24 (a), shall not affect—



1 **SEC. 222. MINING AND PETROLEUM SCHOOLS.**

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

6 **“SECTION 1. SHORT TITLE.**

7 “This Act may be cited as the ‘Energy and Mineral  
8 Schools Reinvestment Act’.

9 **“SEC. 2. DEFINITIONS.**

10 “In this Act:

11 “(1) ABET, INC.—The term ‘ABET, Inc.’  
12 means the Accreditation Board for Engineering and  
13 Technology, Inc.

14 “(2) COMMITTEE.—The term ‘Committee’  
15 means the Committee on Petroleum, Mining, and  
16 Mineral Engineering and Energy and Mineral Re-  
17 source Education established under section 12.

18 “(3) COVERED SCHOOL.—The term ‘covered  
19 school’ means an institution of higher education  
20 that—

21 “(A) maintains an engineering program  
22 that meets the specific program criteria, estab-  
23 lished by the member societies of ABET, Inc.,  
24 for petroleum, mining, or mineral engineering;  
25 and

1           “(B) is accredited as of the date of enact-  
2           ment of the American Affordable Fuels Act of  
3           2008 by ABET, Inc.

4           “(4) DEPARTMENT.—The term ‘Department’  
5           means the Department of the Interior.

6           “(5) INSTITUTION OF HIGHER EDUCATION.—  
7           The term ‘institution of higher education’ has the  
8           meaning given the term in section 101(a) of the  
9           Higher Education Act of 1965 (20 U.S.C. 1001(a)).

10          “(6) OFFICE.—The term ‘Office’ means the Of-  
11          fice of Petroleum and Mining Schools established  
12          under section 10(b).

13          “(7) SECRETARY.—The term ‘Secretary’ means  
14          the Secretary of the Interior.

15   **“SEC. 3. PROVISION OF FUNDS TO COVERED SCHOOLS.**

16          “(a) IN GENERAL.—Subject to subsections (b) and  
17          (c), the Secretary shall provide funds to covered schools  
18          to assist the covered schools to maintain programs in pe-  
19          troleum, mining, and mineral engineering education and  
20          research.

21          “(b) USE OF FUNDS.—Funds made available under  
22          this section may only be used to carry out programs de-  
23          scribed in subsection (a).

24          “(c) FUNDING.—The Secretary shall use not less  
25          than 25 percent of the amount of funds provided each fis-

1 cal year under section 222(d) of the American Affordable  
2 Fuels Act of 2008 to carry out this section.

3 **“SEC. 4. MAINTAINING AND RESTORING COVERED SCHOOL**  
4 **PROGRAMS.**

5 “(a) IN GENERAL.—Subject to subsections (b)  
6 through (i), the Secretary shall provide funds to covered  
7 schools to assist the covered schools to maintain programs  
8 in petroleum, mining, and mineral engineering education  
9 and research.

10 “(b) USE OF FUNDS.—Funds made available under  
11 this section may only be used to carry out programs de-  
12 scribed in subsection (a).

13 “(c) ENHANCEMENT OF TRAINING OF ENGINEERS.—  
14 Each covered school that receives funds under this section  
15 shall use the funds to provide for and enhance the training  
16 of undergraduate and graduate petroleum, mining, and  
17 mineral engineers through research, investigations, dem-  
18 onstrations, and experiments in a manner that enhances  
19 undergraduate education.

20 “(d) DURATION AND EXPANSION OF PROGRAM.—  
21 Each covered school that receives funds under this section  
22 shall—

23 “(1) use the funds to maintain the program for  
24 which the funds are provided for at least 10 years  
25 after the date of the first receipt of the funds; and

1           “(2) take steps described in the application of  
2           the covered school for funding to increase the num-  
3           ber of undergraduate students enrolled in and com-  
4           pleting the programs of study in petroleum, mining,  
5           and mineral engineering.

6           “(e) RESEARCH, INVESTIGATION, DEMONSTRATION,  
7           EXPERIMENTATION, AND TRAINING.—

8           “(1) IN GENERAL.—The research, investigation,  
9           demonstration, experimentation, and training au-  
10          thorized by this section may include—

11           “(A) development and production of con-  
12          ventional and nonconventional fuel resources;

13           “(B) the production of metallic and non-  
14          metallic mineral resources, including industrial  
15          mineral resources; and

16           “(C) the production of stone, sand, and  
17          gravel.

18           “(2) UNDERGRADUATE STUDENTS.—In each  
19          case described in paragraph (1), the work carried  
20          out with funds made available under this Act shall  
21          include a significant opportunity for participation by  
22          undergraduate students.

23           “(f) RESEARCH FOR ENERGY AND MINERAL RE-  
24          SOURCE DEVELOPMENT AND PRODUCTION.—Research

1 funded under this Act for energy and mineral resource de-  
2 velopment and production may include—

3           “(1) studies of petroleum, mining, and mineral  
4 extraction and immediately related beneficiation  
5 technology;

6           “(2) mineral economics, reclamation technology,  
7 and practices for active operations;

8           “(3) the development of reining systems and  
9 technologies to facilitate reclamation that fosters the  
10 ultimate recovery of resources at abandoned petro-  
11 leum, mining, and aggregate production sites; and

12           “(4) research on ways to extract petroleum and  
13 mineral resources that reduce the environmental im-  
14 pact of those activities.

15           “(g) GRANTS FOR SCIENCE AND ENGINEERING  
16 STUDIES AND RESEARCH.—

17           “(1) BASIC SCIENCE AND ENGINEERING.—  
18 Grants for basic science and engineering studies and  
19 research under this section shall not require addi-  
20 tional participation by funding partners.

21           “(2) APPLIED SCIENCE AND ENGINEERING.—  
22 Grants for studies to demonstrate the proof of con-  
23 cept for science and engineering or the demonstra-  
24 tion of feasibility and implementation—

1           “(A) shall include participation by indus-  
2           try; and

3           “(B) may include funding from other Fed-  
4           eral agencies.

5           “(h) USE OF FUNDS FOR LAND, BUILDINGS, AND  
6           EQUIPMENT.—

7           “(1) IN GENERAL.—No funds made available  
8           under this section shall be used for—

9           “(A) the acquisition by purchase or lease  
10          of any land or interests in land; or

11          “(B) the rental, purchase, construction,  
12          preservation, or repair of any building.

13          “(2) EXISTING LABORATORIES OR EQUIP-  
14          MENT.—

15          “(A) IN GENERAL.—Funding made avail-  
16          able under this section may be used with the  
17          express approval of the Secretary for proposals  
18          that will provide for maintaining or upgrading  
19          of existing laboratories and laboratory equip-  
20          ment.

21          “(B) MAINTENANCE.—Funding for main-  
22          tenance under subparagraph (A) shall not be  
23          used for the overhead expenses of a covered  
24          school.

25          “(3) OIL AND GAS DRILLING RIGS.—

1           “(A) IN GENERAL.—Funding made avail-  
2           able under this Act may be used for maintain-  
3           ing and upgrading mines and oil and gas drill-  
4           ing rig owned by a covered school that are used  
5           for undergraduate and graduate training and  
6           worker safety training.

7           “(B) ELIGIBILITY.—To be eligible to use  
8           funding made available under this Act to main-  
9           tain or upgrade a mine or oil or gas drilling  
10          rigs, a covered school shall demonstrate to the  
11          Secretary that the rig has been—

12                   “(i) owned by the covered school dur-  
13                   ing the 5-year period ending on the date of  
14                   enactment of the American Affordable  
15                   Fuels Act of 2008; and

16                   “(ii) actively used for instructional or  
17                   training purposes during that period.

18          “(4) OVERHEAD EXPENSES.—Of the amount of  
19          funding made available under this section for re-  
20          search, investigation, demonstration, experimen-  
21          tation, or training, a covered school shall not use for  
22          overhead expenses more than a percentage or  
23          amount determined by the Secretary, which shall not  
24          exceed 10 percent of the amount of the funding.

1       “(i) FUNDING.—The Secretary shall use not less than  
2 25 percent of the amount of funds provided each fiscal  
3 year under section 222(d) of the American Affordable  
4 Fuels Act of 2008 to carry out this section.

5       **“SEC. 5. FORMER AND NEW PETROLEUM AND MINING ENGI-**  
6                                   **NEERING PROGRAMS.**

7       “(a) IN GENERAL.—An institution of higher edu-  
8 cation that formerly met the requirements of a covered  
9 school immediately before the date of enactment of the  
10 American Affordable Fuels Act of 2008, or that seeks to  
11 establish a new program described in section 4(b), shall  
12 be eligible for funding under this Act only if—

13               “(1) the institution of higher education —

14                       “(A) establishes a petroleum, mining, or  
15 mineral engineering program that meets specific  
16 program criteria and is accredited by ABET,  
17 Inc., with particular consideration awarded to  
18 establishing programs and minority-serving in-  
19 stitutions;

20                       “(B) agrees to the conditions described in  
21 section 4; and

22                       “(C) agrees to maintain the accredited pro-  
23 gram for at least 10 years after the date of the  
24 first receipt of funds under this Act; and



1           “(2) research into any aspects of petroleum,  
2           geothermal, mining, or mineral engineering or  
3           beneficiation problems, including exploration, that  
4           are related to the mission of the Department.

5   **“SEC. 7. SUPPORT FOR SCHOOLS WITH ENERGY AND MIN-**  
6                   **ERAL RESOURCE PROGRAMS IN PETROLEUM**  
7                   **AND MINERAL EXPLORATION GEOLOGY, PE-**  
8                   **TROLEUM GEOPHYSICS, OR MINING GEO-**  
9                   **PHYSICS.**

10           “(a) IN GENERAL.—The Secretary may use not more  
11           than 12 percent of the amount of funds provided each fis-  
12           cal year under section 222(d) of the American Affordable  
13           Fuels Act of 2008 to provide assistance to institutions of  
14           higher education that are not covered schools, with par-  
15           ticular consideration awarded to minority-serving institu-  
16           tions.

17           “(b) ELIGIBILITY.—The Secretary shall determine  
18           the eligibility of a college, university, or educational insti-  
19           tution to receive funding under this section using criteria  
20           that include—

21           “(1) the presence of a substantial program of  
22           undergraduate and graduate geoscience instruction  
23           and research in 1 or more of the fields of petroleum  
24           geology, geothermal geology, mineral exploration ge-  
25           ology, economic geology, industrial minerals geology,

1 mining geology, petroleum geophysics, mining geo-  
2 physics, geological engineering, or geophysical engi-  
3 neering, with a demonstrated history of achievement;

4 “(2) evidence of institutional commitment for  
5 the purposes of this Act that includes a significant  
6 opportunity for participation by undergraduate stu-  
7 dents in research;

8 “(3) evidence that the institution of higher edu-  
9 cation has or can obtain significant industrial co-  
10 operation in activities within the scope of this Act;

11 “(4) an agreement by the institution of higher  
12 education to maintain the programs for which the  
13 funding is sought for at least the 10-year period be-  
14 ginning on the date the institution of higher edu-  
15 cation first receives the funds; and

16 “(5) requiring that funding under this section  
17 shall be for the purposes and subject to the condi-  
18 tions described in section 4.

19 “(c) CONSULTATION WITH COMMITTEE.—The Sec-  
20 retary shall seek the advice of the Committee in deter-  
21 mining the criteria used to carry out this section.

22 **“SEC. 8. DESIGNATION OF FUNDS FOR SCHOLARSHIPS AND**  
23 **FELLOWSHIPS.**

24 “(a) IN GENERAL.—The Secretary may use 10 per-  
25 cent of the amount of funds provided each fiscal year

1 under section 222(d) of the American Affordable Fuels  
2 Act of 2008 to provide merit-based scholarships for under-  
3 graduate education, graduate fellowships, and post-  
4 doctoral fellowships.

5 “(b) ELIGIBILITY FOR OBTAINING SCHOLARSHIP OR  
6 FELLOWSHIP.—To be eligible to obtain a scholarship or  
7 a graduate fellowship under this section, an individual stu-  
8 dent shall—

9 “(1) be a citizen or lawful permanent resident  
10 of the United States; and

11 “(2) agree in writing to complete a course of  
12 studies and receive a degree in petroleum, mining,  
13 mineral engineering, petroleum geology, geothermal  
14 geology, mining and economic geology, petroleum  
15 and mining geophysics, or mineral economics.

16 “(c) ELIGIBILITY FOR RETAINING SCHOLARSHIP OR  
17 FELLOWSHIP.—

18 “(1) IN GENERAL.—To be eligible to retain a  
19 scholarship or a graduate fellowship under this sec-  
20 tion, an individual student shall—

21 “(A) continue in 1 of the course of studies  
22 described in subsection (b)(2);

23 “(B) remain in good academic standing, as  
24 determined by the institution of higher edu-  
25 cation; and

1           “(C) allow for the reinstatement of the  
2           scholarship or graduate fellowship by the Sec-  
3           retary, on the recommendation of the institu-  
4           tion of higher education.

5           “(2) RECOVERY.—The regulations promulgated  
6           to carry out this section may provide for recovery of  
7           funds from an individual who fails to complete any  
8           of the courses of study described in subsection (b)(2)  
9           after notice that the completion is a requirement of  
10          the receipt of funding under this section.

11          “(d) GRANTS.—

12           “(1) IN GENERAL.—To carry out this section,  
13           the Secretary shall award grants to covered schools  
14           and other institutions of higher education that are  
15           eligible to receive funding under section 4, 5, or 7.

16           “(2) ADMINISTRATION.—A covered school or  
17           other institution of higher education shall—

18           “(A) be responsible for enforcing the re-  
19           quirements of this section for scholarship or fel-  
20           lowship students; and

21           “(B) return to the Secretary any funds re-  
22           covered from an individual under subsection  
23           (c)(2).

24           “(3) APPLICATION FOR GRANTS.—An institu-  
25           tion of higher education seeking funds under this

1 section shall describe in the application of the insti-  
2 tution of higher education to the Secretary for fund-  
3 ing—

4 “(A) the number of students that would be  
5 awarded scholarships or fellowships if the appli-  
6 cation is approved;

7 “(B) how the students would be selected;  
8 and

9 “(C) how this section will be enforced.

10 **“SEC. 9. FUNDING CRITERIA FOR INSTITUTIONS.**

11 “(a) CONTENTS OF APPLICATIONS.—Each applica-  
12 tion to the Secretary for funds for a project under this  
13 Act shall describe—

14 “(1) the nature of the project to be undertaken;

15 “(2) the period during which the project will be  
16 carried out;

17 “(3) the qualifications of the personnel who will  
18 direct and conduct the project;

19 “(4) the estimated costs of the project;

20 “(5) the importance of the project to the  
21 United States, region, or States concerned;

22 “(6) the relationship to other known related re-  
23 search projects being carried out;

24 “(7) the extent to which the project will maxi-  
25 mize the opportunity for the training of under-

1 graduate petroleum, mining, and mineral engineers,  
2 geologists, and geophysicists; and

3 “(8) the extent of participation by nongovern-  
4 mental sources in the project.

5 “(b) APPLICATION REQUIREMENT.—

6 “(1) IN GENERAL.—No funds shall be made  
7 available under this Act unless the funds are pro-  
8 vided pursuant to an application approved by the  
9 Secretary.

10 “(2) BASIS FOR AVAILABILITY.—All funds for a  
11 project under this Act shall be made available on the  
12 basis of—

13 “(A) the merit of the application;

14 “(B) the need for the knowledge that the  
15 project is expected to produce when completed;  
16 and

17 “(C) the opportunity the project provides  
18 for the undergraduate training of individuals as  
19 petroleum, mining, and mineral engineers, ge-  
20 ologists, and geophysicists.

21 “(3) COMPETITIVE REVIEW.—The Secretary  
22 may use competitive review by nongovernmental ex-  
23 perts in relevant fields to determine which applica-  
24 tions to approve, to the extent practicable.

25 “(c) PAYMENT OF FUNDS.—

1           “(1) IN GENERAL.—Funds made available  
2 under this Act shall be paid—

3           “(A) at such times and in such amounts  
4 during each fiscal year as is determined by the  
5 Secretary; and

6           “(B) on vouchers approved by the Sec-  
7 retary.

8           “(2) DUTIES OF INSTITUTIONS OF HIGHER  
9 EDUCATION.—Each institution of higher education  
10 that receives funds under this Act shall—

11           “(A) establish a plan to provide for the  
12 training of individuals as petroleum, mining,  
13 and mineral engineers, geologists, and geo-  
14 physicists under a curriculum appropriate to  
15 the field of mineral resources and mineral engi-  
16 neering and related fields;

17           “(B) establish policies and procedures that  
18 ensure that Federal funds made available under  
19 this Act for any fiscal year will supplement and,  
20 to the extent practicable, increase the level of  
21 funds that would, in the absence of the Federal  
22 funds, be made available for purposes of this  
23 Act, and in no case supplant the funds; and

1           “(C) have an officer appointed by the gov-  
2           erning authority of the institution of higher  
3           education who shall—

4                   “(i) receive and account for all funds  
5                   paid under this Act; and

6                   “(ii) make an annual report to the  
7                   Secretary on or before the first day of Sep-  
8                   tember of each year, that contains—

9                           “(I) a description of work accom-  
10                           plished and the status of projects un-  
11                           derway;

12                           “(II) a detailed statement of the  
13                           amounts received under this Act dur-  
14                           ing the preceding fiscal year; and

15                           “(III) a description of disburse-  
16                           ments under this Act on schedules  
17                           prescribed by the Secretary.

18           “(d) MISUSE OF FUNDS.—If any of the funds re-  
19           ceived by the authorized receiving officer of a program  
20           under this Act are found by the Secretary to have been  
21           improperly diminished, lost, or misapplied, the Secretary  
22           shall recover the funds.

23           “(e) COOPERATIVE PROGRAMS.—Institutions of high-  
24           er education receiving funds under this Act are authorized  
25           and encouraged to plan and conduct programs under this

1 Act in cooperation with each other and with other agen-  
2 cies, entities, and individuals.

3 **“SEC. 10. DUTIES OF SECRETARY.**

4 “(a) IN GENERAL.—The Secretary, acting through  
5 the Assistant Secretary for Land and Minerals Manage-  
6 ment, shall—

7 “(1) administer this Act; and

8 “(2) not later than 1 year after the date of en-  
9 actment of the American Affordable Fuels Act of  
10 2008, promulgate such rules and regulations as are  
11 necessary to carry out this Act.

12 “(b) OFFICE OF PETROLEUM AND MINING  
13 SCHOOLS.—

14 “(1) ESTABLISHMENT.—There is established in  
15 the Department, under the supervision of the Assist-  
16 ant Secretary for Land and Minerals Management,  
17 an office to be known as the Office of Petroleum and  
18 Mining Schools (hereafter in this Act referred to as  
19 the ‘Office’) to administer this Act.

20 “(2) DIRECTOR.—

21 “(A) IN GENERAL.—The Office shall be  
22 headed by a Director.

23 “(B) QUALIFICATIONS.—The Director  
24 shall be—

1           “(i) a member of the Senior Executive  
2           Service;

3           “(ii) allocated from among the exist-  
4           ing Senior Executive Service positions at  
5           the Department; and

6           “(iii) a career reserved position (as  
7           defined in section 3132(a)(8) of title 5,  
8           United States Code).

9           “(3) OTHER OFFICERS AND EMPLOYEES.—

10           “(A) IN GENERAL.—The Director may—

11           “(i) appoint a Deputy Director; and

12           “(ii) employ such officers and employ-  
13           ees as may be necessary to enable the Of-  
14           fice to carry out the functions of the Of-  
15           fice.

16           “(B) APPOINTMENTS.—The appointments  
17           shall be—

18           “(i) made from existing positions at  
19           the Department; and

20           “(ii) subject to the provisions of title  
21           5, United States Code, governing appoint-  
22           ments in the competitive service.

23           “(C) COMPENSATION.—The positions shall  
24           be paid in accordance with the provisions of  
25           chapter 51 and subchapter III of chapter 53 of

1 title 5, United States Code, relating to classi-  
2 fication and General Schedule pay rates.

3 “(4) DUTIES.—The Director shall assist and  
4 advise the Secretary and the Committee by—

5 “(A) providing professional and adminis-  
6 trative staff support for the Committee, includ-  
7 ing recordkeeping and maintaining minutes of  
8 all Committee and subcommittee meetings;

9 “(B) coordinating the activities of the  
10 Committee with Federal agencies and depart-  
11 ments, and institutions of higher education to  
12 which funds are provided under this Act;

13 “(C) maintaining accurate records of funds  
14 disbursed for all scholarship and fellowship  
15 grants, research grants, and grants for career  
16 technical education purposes;

17 “(D) preparing any regulations required to  
18 implement this Act;

19 “(E) conducting site visits at institutions  
20 of higher education receiving funding under this  
21 Act; and

22 “(F) serving as a central repository for re-  
23 ports and a clearinghouse for public informa-  
24 tion on research funded by this Act.

1           “(5) MEETINGS.—The Director or an employee  
2 of the Office shall be present at each meeting of the  
3 Committee or a subcommittee of the Committee.

4           “(6) CONTRACTS.—The Director may contract  
5 with public or private agencies, institutions, organi-  
6 zations, and individuals without regard to sub-  
7 sections (a) and (b) of section 3324 of title 31,  
8 United States Code, and section 3709 of the Revised  
9 Statutes (41 U.S.C. 5), in carrying out the functions  
10 of the Director.

11           “(7) COMPLIANCE.—As needed, the Director  
12 shall ascertain whether the requirements of this Act  
13 have been met by institutions of higher education  
14 and individuals.

15           “(c) ASSISTANCE.—The Secretary, acting through  
16 the Office, shall—

17           “(1) furnish such advice and assistance as will  
18 best promote the purposes of this Act;

19           “(2) participate in coordinating research, inves-  
20 tigations, demonstrations, and experiments initiated  
21 under this Act;

22           “(3) indicate to institutions of higher education  
23 receiving funds under this Act such lines of inquiry  
24 as the Secretary determines important; and

1           “(4) encourage and assist in the establishment  
2           and maintenance of cooperation between institutions  
3           of higher education, other research organizations,  
4           the Department, and other Federal agencies.

5           “(d) CONFLICTS OF INTEREST.—The Secretary shall  
6           establish procedures—

7           “(1) to ensure that each employee and con-  
8           tractor of the Office and each member of the Com-  
9           mittee shall disclose to the Secretary any financial  
10          interests in or financial relationships with institu-  
11          tions of higher education or individuals receiving  
12          funds, scholarships or fellowships under this Act;

13          “(2) to require any employee, contractor, or  
14          member of the Committee with a financial relation-  
15          ship disclosed under paragraph (1) to recuse the em-  
16          ployee, contractor, or member of the Committee  
17          from—

18                  “(A) any recommendation or decision re-  
19                  garding the awarding of funds, scholarships, or  
20                  fellowships; or

21                  “(B) any review, report, analysis, or inves-  
22                  tigation regarding compliance with this Act by  
23                  an institution of higher education or any indi-  
24                  vidual.

1       “(e) COMPLIANCE.—On or before the first day of  
2 July of each year beginning after the date of enactment  
3 of the American Affordable Fuels Act of 2008, an institu-  
4 tion of higher education receiving funds under this Act  
5 shall—

6               “(1) certify compliance with this Act; and

7               “(2) on request of the Director of the Office,  
8 provide documentation of compliance with this Act.

9       “(f) PROGRESS TOWARDS COMPLETION OF STUD-  
10 IES.—An individual granted a scholarship or fellowship  
11 with funds provided under this Act shall through the re-  
12 spective institution of higher education of the individual,  
13 advise the Director of the Office of progress towards com-  
14 pletion of the course of studies and on the awarding of  
15 the applicable degree within 30 days after the award.

16       “(g) VETERANS PREFERENCES.—The regulations re-  
17 quired to carry out this Act shall include a preference for  
18 veterans and service members who have received or will  
19 receive either the Afghanistan Campaign Medal or the  
20 Iraq Campaign Medal as authorized by Public Law 108–  
21 234 (10 U.S.C. 1121 note), and Executive Order No.  
22 13363.

1 **“SEC. 11. COORDINATION.**

2       “(a) RELATIONSHIP BETWEEN INSTITUTIONS OF  
3 HIGHER EDUCATION, STATES, AND FEDERAL GOVERN-  
4 MENT.—Nothing in this Act—

5           “(1) impairs or modifies the legal relationship  
6 existing between any of the institutions of higher  
7 education under whose direction a program is estab-  
8 lished with funds provided under this Act and the  
9 government of the State in which the institution of  
10 higher education is located; or

11           “(2) authorizes Federal control or direction of  
12 education at any institution of higher education.

13       “(b) OTHER FEDERAL AGENCIES.—

14           “(1) PURPOSES.—The purposes of this Act  
15 are—

16           “(A) to enhance the petroleum, mining,  
17 and mineral engineering education programs of  
18 the United States;

19           “(B) to enhance educational programs in  
20 petroleum and mining exploration; and

21           “(C) to increase the number of individuals  
22 enrolled in and completing those programs.

23       “(2) COOPERATION.—To achieve those pur-  
24 poses, each Federal agency concerned shall provide  
25 to the Secretary and the Committee advice and co-

1 operation with the identification, exploration, and  
2 development of energy and mineral resources.

3 “(c) RELATIONSHIP TO OTHER FEDERAL AGEN-  
4 CIES.—Nothing in this Act—

5 “(1) provides the Secretary with any authority  
6 over mining and mineral resources research con-  
7 ducted by any agency of the Federal Government; or

8 “(2) repeals or diminishes existing authorities  
9 or responsibilities of any agency of the Federal Gov-  
10 ernment to plan and conduct, contract for, or assist  
11 in research in the area of responsibility and concern  
12 of the agency with regard to mining and mineral re-  
13 sources.

14 “(d) REPORTS AND RESULTS OF INSTITUTIONS OF  
15 HIGHER EDUCATION.—

16 “(1) REPORTS.—

17 “(A) IN GENERAL.—The institutions of  
18 higher education receiving funding under this  
19 Act shall make detailed reports to the Office on  
20 projects completed, in progress, or planned with  
21 funds provided under this Act.

22 “(B) AVAILABILITY.—All reports under  
23 subparagraph (A) shall be available to the pub-  
24 lic on not less than an annual basis through the  
25 Office.

1           “(2) RESULTS.—All uses, products, processes,  
2           and other developments resulting from any research,  
3           demonstration, or experiment funded in whole or in  
4           part under this Act shall be made available promptly  
5           to the general public, subject to exception or limita-  
6           tion, if any, as the Secretary may find necessary in  
7           the interest of national security, and subject to the  
8           applicable Federal law governing patents.

9   **“SEC. 12. COMMITTEE ON PETROLEUM, MINING, AND MIN-**  
10                           **ERAL ENGINEERING AND ENERGY AND MIN-**  
11                           **ERAL RESOURCE EDUCATION.**

12           “(a) ESTABLISHMENT.—The Secretary shall estab-  
13           lish a Committee on Petroleum, Mining, and Mineral En-  
14           gineering and Energy and Mineral Resource Education.

15           “(b) COMPOSITION.—

16                   “(1) IN GENERAL.—The Committee shall be  
17           composed of—

18                           “(A) the Assistant Secretary of the Inte-  
19                           rior responsible for land and minerals manage-  
20                           ment, who shall serve as Chairperson of the  
21                           Committee; and

22                           “(B) not more than 16 other individuals  
23                           appointed by the Secretary who are knowledge-  
24                           able in the fields of mining and mineral re-  
25                           sources research, including—

- 1           “(i) 2 university administrators, at  
2           least 1 of whom shall be from a covered  
3           school;
- 4           “(ii) a community, technical, or tribal  
5           college administrator;
- 6           “(iii) a career technical education edu-  
7           cator;
- 8           “(iv) 6 representatives equally distrib-  
9           uted of the petroleum, mining, and aggre-  
10          gate industries;
- 11          “(v) an actively employed miner;
- 12          “(vi) an actively employed oilfield  
13          worker;
- 14          “(vii) a representative of the Inter-  
15          state Oil and Gas Compact Commission;
- 16          “(viii) a representative from the Inter-  
17          state Mining Compact Commission;
- 18          “(ix) a representative from the West-  
19          ern Governors’ Association;
- 20          “(x) a representative of State geolo-  
21          gists; and
- 22          “(xi) a representative of a State min-  
23          ing and reclamation agency.

1           “(2) CONSULTATION.—In making appointments  
2           under paragraph (1)(B), the Secretary shall consult  
3           with interested groups.

4           “(3) TECHNICAL ADVISORS.—

5           “(A) IN GENERAL.—The Assistant Sec-  
6           retary of the Interior responsible for land and  
7           minerals management may have present during  
8           meetings of the Committee representatives of  
9           Federal agencies with responsibility for—

10           “(i) energy and minerals resources  
11           management;

12           “(ii) energy and mineral resource in-  
13           vestigations;

14           “(iii) energy and mineral commodity  
15           information;

16           “(iv) international trade in energy and  
17           mineral commodities;

18           “(v) mining safety regulation and  
19           mine safety research; and

20           “(vi) research into the development,  
21           production, and use of energy and mineral  
22           commodities.

23           “(B) DUTIES.—The representatives de-  
24           scribed in subparagraph (A) shall—

1                   “(i) serve as technical advisors to the  
2                   Committee; and

3                   “(ii) have no voting responsibilities on  
4                   the Committee.

5           “(c) DUTIES.—

6                   “(1) IN GENERAL.—The Committee shall con-  
7                   sult with, and make recommendations to, the Sec-  
8                   retary on policy matters related to carrying out this  
9                   Act.

10                   “(2) SECRETARY.—The Secretary shall consult  
11                   with and carefully consider recommendations of the  
12                   Committee on matters described in paragraph (1).

13                   “(d) COMPENSATION.—Each Committee member,  
14                   other than an officer or employee of the Federal Govern-  
15                   ment, or a State or local government, shall be, for each  
16                   day (including traveltime) during which the member is  
17                   performing Committee business—

18                   “(1) paid at a rate fixed by the Secretary but  
19                   not in excess of the daily equivalent of the maximum  
20                   rate of pay for level IV of the Executive Schedule  
21                   under section 5136 of title 5, United States Code;  
22                   and

23                   “(2) fully reimbursed for travel, subsistence,  
24                   and related expenses.

25                   “(e) VICE CHAIRPERSON; SUBCOMMITTEES.—

1 “(1) VICE CHAIRPERSON.—

2 “(A) IN GENERAL.—The Committee shall  
3 elect a Vice Chairperson from among the mem-  
4 bers appointed under subsection (b)(1)(B).

5 “(B) DUTIES.—The Vice Chairperson shall  
6 perform such duties as are determined to be ap-  
7 propriate by the Committee, except that the  
8 Chairperson of the Committee shall personally  
9 preside at each meetings of the full Committee.

10 “(2) SUBCOMMITTEES.—The Committee may  
11 establish such subcommittees as the Committee de-  
12 termines appropriate.

13 “(f) FISCAL RESOURCES PLAN.—

14 “(1) IN GENERAL.—Following completion of the  
15 report required by section 385 of the Energy Policy  
16 Act of 2005 (Public Law 109–58; 119 Stat. 744),  
17 the Committee shall—

18 “(A) consider the recommendations of the  
19 report with respect to ongoing efforts by—

20 “(i) institutions of higher education  
21 receiving funding under this Act;

22 “(ii) the Federal Government and  
23 State governments; and

24 “(iii) the private sector; and

1           “(B) formulate and recommend to the Sec-  
2           retary a national plan for a program using the  
3           fiscal resources provided under this Act.

4           “(2) APPROVAL.—The Committee shall submit  
5           the plan to the Secretary for approval.

6           “(3) GUIDANCE.—On approval, the Secretary  
7           and the Committee shall use the plan as a guide in  
8           carrying out this Act.

9           “(g) ADMINISTRATION.—Section 10 of the Federal  
10          Advisory Committee Act (5 U.S.C. App.) shall not apply  
11          to the Committee.

12          **“SEC. 13. CAREER TECHNICAL EDUCATION.**

13          “(a) IN GENERAL.—The Secretary may use up to 25  
14          percent of the amount of funds provided each fiscal year  
15          under section 222(d) of the American Affordable Fuels  
16          Act of 2008 to provide funds to—

17                 “(1) eligible institutions of higher education,  
18                 other than institutions of higher education described  
19                 in sections 4 through 7; and

20                 “(2) jointly sponsored apprenticeship and train-  
21                 ing programs that are authorized by Federal law.

22          “(b) ELIGIBILITY.—The Secretary shall determine  
23          the eligibility of an institution of higher education to re-  
24          ceive funding under this section using criteria that in-  
25          clude—

1           “(1) the presence of a State-approved program  
2 in mining engineering technology, petroleum engi-  
3 neering technology, industrial engineering tech-  
4 nology, or industrial technology that—

5           “(A) is focused on technology and the use  
6 of technology in energy and mineral production  
7 and related maintenance, operational safety, or  
8 energy infrastructure protection and security;

9           “(B) prepares students for advanced or su-  
10 pervisory roles in the mining or petroleum in-  
11 dustry; and

12           “(C) grants an associate’s degree or a bac-  
13 calaureate degree in 1 of the subjects described  
14 in subparagraph (A);

15           “(2) the presence of a program, including a sec-  
16 ondary school vocational education program or ca-  
17 reer academy, that provides training for individuals  
18 entering the petroleum, coal mining, or mineral min-  
19 ing industries; or

20           “(3) the presence of a State-approved program  
21 of career technical education at a secondary school,  
22 offered cooperatively with a community college in 1  
23 of the industrial sectors of—

24           “(A) agriculture, forestry, or fisheries;

25           “(B) utilities;

1 “(C) construction;

2 “(D) manufacturing; and

3 “(E) transportation and warehousing.

4 “(c) INSTITUTIONAL COMMITMENT.—To be eligible  
5 to receive funds under this section, an institution of higher  
6 education shall provide to the Secretary—

7 “(1) evidence of an institutional commitment  
8 for the purposes of career technical education; and

9 “(2) evidence that the institution of higher edu-  
10 cation has received or will receive industry coopera-  
11 tion in the form of equipment, employee time, or do-  
12 nations of funds to support the activities that are  
13 within the scope of this section.

14 “(d) DURATION.—To be eligible to receive funds  
15 under this section, an institution of higher education shall  
16 agree to maintain the programs for which the funding is  
17 sought for a period of at least 10 years beginning on the  
18 date the school or institution receives the funds, unless  
19 the Secretary finds that a shorter period of time is appro-  
20 priate for the local labor market or is required by State  
21 authorities.

22 “(e) OTHER FUNDS.—

23 “(1) IN GENERAL.—Subject to paragraph (2),  
24 an institution of higher education that receives funds  
25 under this section may combine those funds with

1 State funds, and other Federal funds (to the extent  
2 permitted by law), to carry out programs described  
3 in this section.

4 “(2) REPORT.—If an institution of higher edu-  
5 cation combines funds in accordance with paragraph  
6 (1), the institution of higher education shall report  
7 to the Secretary not less than annually on the com-  
8 bined use of the funds.

9 “(f) CONSULTATION ON CRITERIA.—The Secretary  
10 shall seek the advice of the Committee in determining the  
11 criteria used to carry out this section.

12 **“SEC. 14. DEPARTMENT WORKFORCE ENHANCEMENT.**

13 “(a) DEFINITIONS.—In this section:

14 “(1) ALASKA NATIVE-SERVING INSTITUTION.—  
15 The term ‘Alaska Native-serving institution’ has the  
16 meaning given the term in section 317 of the Higher  
17 Education Act of 1965 (20 U.S.C. 1059d).

18 “(2) HISPANIC-SERVING INSTITUTION.—The  
19 term ‘Hispanic-serving institution’ has the meaning  
20 given the term in section 502(a) of the Higher Edu-  
21 cation Act of 1965 (20 U.S.C. 1101a(a)).

22 “(3) HISTORICALLY BLACK COLLEGE OR UNI-  
23 VERSITY.—The term ‘historically Black college or  
24 university’ has the meaning given the term ‘part B

1 institution' in section 322 of the Higher Education  
2 Act of 1965 (20 U.S.C. 1061).

3 “(4) INSULAR AREA SCHOOL.—The term ‘insu-  
4 lar area school’ means an institution of higher edu-  
5 cation in—

6 “(A) Guam;

7 “(B) American Samoa;

8 “(C) the Commonwealth of the Northern  
9 Mariana Islands;

10 “(D) the United States Virgin Islands; or

11 “(E) any other territory or possession of  
12 the United States.

13 “(5) MINORITY-SERVING INSTITUTION.—The  
14 term ‘minority-serving institution’ means—

15 “(A) a Hispanic-serving institution;

16 “(B) a historically Black college or univer-  
17 sity;

18 “(C) an Alaska Native-serving institution;

19 “(D) a tribal college or university; and

20 “(E) an insular area school.

21 “(6) TRIBAL COLLEGE OR UNIVERSITY.—The  
22 term ‘tribal college or university’ has the meaning  
23 given the term ‘Tribal College or University’ in sec-  
24 tion 316(b) of the Higher Education Act of 1965  
25 (20 U.S.C. 1059c(b)).

1       “(b) PHYSICAL SCIENCE, ENGINEERING, AND TECH-  
2 NOLOGY SCHOLARSHIP PROGRAM.—

3           “(1) IN GENERAL.—From the amount of funds  
4       made available for each fiscal year to carry out this  
5       section, the Secretary shall use 30 percent of the  
6       amount to provide financial assistance for education  
7       in physical sciences, engineering, and engineering or  
8       industrial technology and disciplines that, as deter-  
9       mined by the Secretary, are critical to the functions  
10      of the Department and are needed in the Depart-  
11      ment workforce.

12           “(2) ELIGIBILITY.—The Secretary may award a  
13      scholarship under this subsection to an individual  
14      who—

15           “(A) is a citizen of the United States;

16           “(B) is pursuing an undergraduate or ad-  
17      vanced degree in a critical skill or discipline de-  
18      scribed in paragraph (1) at an institution of  
19      higher education; and

20           “(C) enters into a service agreement with  
21      the Secretary as described in subsection (e).

22           “(3) AMOUNT.—

23           “(A) IN GENERAL.—Subject to subpara-  
24      graph (B), the amount of the financial assist-  
25      ance provided under a scholarship awarded to

1 an individual under this subsection shall be the  
2 amount determined by the Secretary as being  
3 necessary to pay all educational expenses in-  
4 curred by the individual, including tuition, fees,  
5 cost of books, laboratory expenses, and expenses  
6 of room and board.

7 “(B) NORMAL EDUCATIONAL EXPENSES.—  
8 The expenses covered by subparagraph (A)  
9 shall be limited to educational expenses that are  
10 normally incurred by students at the institution  
11 of higher education involved.

12 “(c) SCHOLARSHIP PROGRAM FOR STUDENTS AT-  
13 TENDING MINORITY-SERVING INSTITUTIONS.—

14 “(1) IN GENERAL.—From the amount of funds  
15 made available for each fiscal year to carry out this  
16 section, the Secretary shall use 35 percent of the  
17 amount to award scholarships in accordance with  
18 this section to eligible individuals.

19 “(2) ELIGIBILITY.—The Secretary may award a  
20 scholarship under this subsection to an individual  
21 who—

22 “(A) is enrolled in a minority-serving insti-  
23 tution;

24 “(B) is a citizen or national of the United  
25 States;

1           “(C) is pursuing an undergraduate or ad-  
2           vanced degree in agriculture, engineering, engi-  
3           neering or industrial technology, or physical  
4           sciences, or other discipline that is found by the  
5           Secretary to be critical to the functions of the  
6           Department and are needed in the Department  
7           workforce; and

8           “(D) enters into a service agreement with  
9           the Secretary as described in subsection (e).

10          “(3) AMOUNT.—

11           “(A) IN GENERAL.—Subject to subpara-  
12           graph (B), the amount of the financial assist-  
13           ance provided under a scholarship awarded to  
14           an individual under this subsection shall be the  
15           amount determined by the Secretary as being  
16           necessary to pay all educational expenses in-  
17           curred by the individual, including tuition, fees,  
18           cost of books, laboratory expenses, and expenses  
19           of room and board.

20           “(B) NORMAL EDUCATIONAL EXPENSES.—  
21           The expenses covered by subparagraph (A)  
22           shall be limited to educational expenses that are  
23           normally incurred by students at the institution  
24           of higher education involved.

1       “(d) EDUCATION PARTNERSHIPS WITH MINORITY-  
2 SERVING INSTITUTIONS.—

3           “(1) IN GENERAL.—The Secretary shall require  
4 the director of each bureau and office of the Depart-  
5 ment to foster the participation of minority-serving  
6 institutions in any regulatory activity, land manage-  
7 ment activity, science activity, engineering or indus-  
8 trial technology activity, or engineering activity car-  
9 ried out by the Department.

10          “(2) ACTIVITIES.—From the amount of funds  
11 made available for each fiscal year to carry out this  
12 section, the Secretary shall use 35 percent of the  
13 amount to support activities at minority-serving in-  
14 stitutions by—

15           “(A) funding faculty and students in those  
16 minority-serving institutions in collaborative re-  
17 search projects that are directly related to the  
18 mission of the Department;

19           “(B) allowing equipment transfer to minor-  
20 ity-serving institutions as a part of a collabo-  
21 rative research program directly related to the  
22 mission of the Department;

23           “(C) allowing faculty and students at those  
24 minority-serving institutions to participate in  
25 training activities of the Department;

1           “(D) funding paid internships in facilities  
2 of the Department for students at minority-  
3 serving institutions; and

4           “(E) assigning personnel of the Depart-  
5 ment to positions located at minority-serving in-  
6 stitutions to serve as mentors to students inter-  
7 ested in a science, technology, or engineering  
8 disciplines related to the mission of the Depart-  
9 ment.

10       “(e) SERVICE AGREEMENT FOR RECIPIENTS OF AS-  
11 SISTANCE.—

12           “(1) IN GENERAL.—To receive financial assist-  
13 ance under subsection (b) or (c)—

14           “(A) in the case of an employee of the De-  
15 partment, the employee shall enter into a writ-  
16 ten agreement to continue in the employment of  
17 the Department for the period of obligated serv-  
18 ice determined under paragraph (2); and

19           “(B) in the case of an individual who is  
20 not an employee of the Department, the indi-  
21 vidual shall enter into a written agreement to  
22 accept and continue employment in the Depart-  
23 ment for the period of obligated service deter-  
24 mined under paragraph (2).

25       “(2) PERIOD OF OBLIGATED SERVICE.—

1           “(A) IN GENERAL.—For the purposes of  
2 this section, the period of obligated service for  
3 a recipient of a scholarship under this section  
4 shall be the period determined by the Secretary  
5 as being appropriate to obtain adequate service  
6 in exchange for the financial assistance pro-  
7 vided under the scholarship.

8           “(B) MINIMUM PERIOD.—The period of  
9 service required of a recipient shall not be less  
10 than the total period of pursuit of a degree that  
11 is covered by the scholarship.

12           “(C) ADDITIONAL SERVICE.—The period  
13 of obligated service shall be in addition to any  
14 other period for which the recipient is obligated  
15 to serve in the civil service of the United States.

16           “(3) TERMS AND CONDITIONS.—An agreement  
17 entered into under this subsection by an individual  
18 pursuing an academic degree shall include any terms  
19 and conditions that the Secretary determines nec-  
20 essary to protect the interests of the United States  
21 or otherwise appropriate for carrying out this sec-  
22 tion.

23           “(f) REFUND FOR PERIOD OF UNSERVED OBLI-  
24 GATED SERVICE.—

1           “(1) IN GENERAL.—An individual who volun-  
2           tarily terminates service before the end of the period  
3           of obligated service required under an agreement en-  
4           tered into under subsection (e) shall refund to the  
5           United States an amount determined by the Sec-  
6           retary as being appropriate to obtain adequate serv-  
7           ice in exchange for financial assistance.

8           “(2) DEBT TO UNITED STATES.—An obligation  
9           to reimburse the United States imposed under para-  
10          graph (1) shall be considered a debt owed to the  
11          United States.

12          “(3) WAIVER.—The Secretary may waive, in  
13          whole or in part, a refund required under paragraph  
14          (1) if the Secretary determines that recovery would  
15          be against equity and good conscience or would be  
16          contrary to the best interests of the United States.

17          “(4) BANKRUPTCY.—A discharge in bankruptcy  
18          under title 11, United States Code, that is entered  
19          less than 5 years after the date of termination of an  
20          agreement under this section shall not discharge the  
21          individual signing the agreement from a debt arising  
22          under the agreement or this subsection.

23          “(g) RELATIONSHIP TO OTHER PROGRAMS.—The  
24          Secretary shall coordinate the provision of financial assist-  
25          ance under this section with the provision of financial as-

1 sistance under this Act in order to maximize the benefits  
2 derived by the Department from this Act.

3 “(h) ANNUAL REPORT.—

4 “(1) IN GENERAL.—Not later than September  
5 1 of each year, the Secretary shall submit to Con-  
6 gress a report on the status of the assistance pro-  
7 gram carried out under this section.

8 “(2) CONTENTS.—The report shall describe the  
9 programs within the Department that are designed  
10 to recruit and retain a workforce on a short-term  
11 basis and on a long-term basis.

12 “(i) FUNDING.—The Secretary shall use 3 percent of  
13 the amount of funds provided each fiscal year under sec-  
14 tion 222(d) of the American Affordable Fuels Act of 2008  
15 to carry out this section.”.

16 (b) FUNDING FOR ENERGY RESEARCH.—

17 (1) IN GENERAL.—The Secretary of Energy  
18 shall use 20 percent of the amount of funds provided  
19 each fiscal year under subsection (d) to carry a pro-  
20 gram (through the energy supply research and devel-  
21 opment programs of the Department of Energy and  
22 in consultation with the Office of Science of the De-  
23 partment of Energy) to award grants to institutions  
24 of higher education (as defined in section 101(a) of  
25 the Higher Education Act of 1965 (20 U.S.C.

1 1001(a))) on the basis of competitive, merit-based  
2 review, for the purpose of conducting research on  
3 advanced energy technologies with the potential to  
4 transform the energy systems of the United States—

5 (A) to reduce dependence on foreign en-  
6 ergy supplies;

7 (B) to reduce or eliminate emissions of  
8 greenhouse gases;

9 (C) to reduce negative environmental ef-  
10 fects associated with energy production, stor-  
11 age, and use; and

12 (D) to enhance the competitiveness of  
13 United States energy technology exports.

14 (2) AWARDS.—Awards made under this sub-  
15 section may include funding for—

16 (A) energy efficiency;

17 (B) renewable energy, including solar,  
18 wind, and biofuels; and

19 (C) nuclear, hydrogen, and any other en-  
20 ergy research that could accomplish the pur-  
21 poses described in paragraph (1).

22 (3) PARTNERSHIPS.—The Secretary may re-  
23 quire or authorize grantees under this subsection to  
24 partner with industry, but only to the extent that  
25 such a requirement does not prevent long-range, po-

1 tentially innovative research from being funded  
2 under this subsection.

3 (4) APPLICATION.—An institution of higher  
4 education seeking funding under this subsection  
5 shall submit to the Secretary an application at such  
6 time, in such manner, and containing such informa-  
7 tion as the Secretary may require.

8 (c) FUNDING FOR ENERGY SCHOLARSHIPS.—

9 (1) IN GENERAL.—The Secretary of Energy  
10 shall use 5 percent of the amount of funds provided  
11 each fiscal year under subsection (d) to carry a pro-  
12 gram (through the energy supply research and devel-  
13 opment programs of the Department of Energy and  
14 in consultation with the Office of Science of the De-  
15 partment of Energy) to award grants to institutions  
16 of higher education (as defined in section 101(a) of  
17 the Higher Education Act of 1965 (20 U.S.C.  
18 1001(a))) on the basis of competitive, merit-based  
19 review, to grant graduate traineeships to post-doc-  
20 torate students who are citizens of the United States  
21 and who carry out research on advanced energy  
22 technologies to accomplish a purpose described in  
23 subsection (b)(1).

24 (2) ACTIVITIES.—Awards made under this sub-  
25 section may include funding for—

1 (A) energy efficiency;

2 (B) renewable energy, including solar,  
3 wind, and biofuels; and

4 (C) nuclear, hydrogen, and any other en-  
5 ergy research that would accomplish the pur-  
6 pose set forth in subsection (b)(1) that is not  
7 eligible for funding under section 8 of the En-  
8 ergy and Mineral Schools Reinvestment Act.

9 (3) APPLICATION.—An institution of higher  
10 education seeking funding under this subsection  
11 shall submit to the Secretary an application at such  
12 time, in such manner, and containing such informa-  
13 tion as the Secretary may require.

14 (d) AUTHORIZATION OF APPROPRIATIONS.—There is  
15 authorized to be appropriated to carry out this section and  
16 the amendment made by this section \$150,000,000 for fis-  
17 cal year 2009 and each fiscal year thereafter.

18 **SEC. 223. ONSHORE AND OFFSHORE MINERAL LEASE FEES.**

19 Except as otherwise provided in this Act and notwith-  
20 standing any other provision of law, the Secretary of the  
21 Interior may not charge fees applicable to bidding or ac-  
22 tions for Federal onshore or offshore oil, gas, coal, geo-  
23 thermal, or other mineral lease (including transportation  
24 of any production from a lease) if the fees were not estab-

1 lished in final regulations promulgated prior to the date  
2 of issuance of the lease.

3 **SEC. 224. OCS REGIONAL HEADQUARTERS.**

4 (a) IN GENERAL.—Not later than July 1, 2010, the  
5 Secretary of the Interior shall establish the headquarters  
6 for the Atlantic OCS Region, the headquarters for the  
7 Gulf of Mexico OCS Region, and the headquarters for the  
8 Pacific OCS Region within a State bordering the Atlantic  
9 OCS Region, a State bordering the Gulf of Mexico OCS  
10 Region, and a State bordering the Pacific OCS Region,  
11 respectively, from among the States bordering those Re-  
12 gions that petition by not later than January 1, 2010, for  
13 leasing, for oil and gas or natural gas, covering at least  
14 40 percent of the area of the Adjacent Zone of the Region  
15 within 100 miles of the coastline of the State.

16 (b) ADMINISTRATION.—In carrying out this section,  
17 the Secretary shall ensure that—

18 (1) the Atlantic and Pacific OCS Regions head-  
19 quarters are located within 25 miles of the coastline;

20 (2) each OCS regional headquarters of the Min-  
21 erals Management Service shall be the permanent  
22 duty station for all Minerals Management Service  
23 personnel that on a daily basis spend on average 60  
24 percent or more of the time of the personnel in the  
25 performance of duties in support of the activities of

1 the respective Region, except that the Minerals Man-  
2 agement Service may house regional inspection staff  
3 in other locations; and

4 (3) each OCS Region shall each be led by a Re-  
5 gional Director who shall be an employee within the  
6 Senior Executive Service.

7 **SEC. 225. NATIONAL GEO FUND ACT OF 2008.**

8 (a) **SHORT TITLE.**—This section may be cited as the  
9 “National Geo Fund Act of 2006”.

10 (b) **PURPOSES.**—The purposes of this section are—

11 (1) to provide for the management of geologic  
12 programs, geologic mapping, geophysical and other  
13 seismic studies, and seismic monitoring programs;  
14 and

15 (2) to provide for the preservation and use of  
16 geologic and geophysical data, geothermal and  
17 geopressure energy resource management, unconven-  
18 tional energy resources management, and renewable  
19 energy management associated with ocean wave, cur-  
20 rent, and thermal resources.

21 (c) **DEFINITIONS.**—In this section:

22 (1) **COAL-TO-LIQUIDS FRONT-END ENGINEER-**  
23 **ING AND DESIGN; FEED.**—The terms “coal-to-liquids  
24 front-end engineering and design” and “FEED”  
25 mean expenditures necessary to engineer, design,

1 and obtain permits for a facility for a particular geo-  
2 graphic location that will use a process or technique  
3 to produce liquid fuels from coal resources.

4 (2) LOW-RANK COAL WATER FUEL.—The term  
5 “low-rank coal water fuel” means a liquid fuel pro-  
6 duced from hydrothermal treatment of lignite and  
7 subbituminous coals.

8 (3) IN SITU EXTRACTION METHODS.—

9 (A) IN GENERAL.—The term “in situ ex-  
10 traction methods” means recovery techniques  
11 that are—

12 (i) applied to the resources while the  
13 resources are still in the ground; and

14 (ii) in commercial use or advanced  
15 stages of development.

16 (B) INCLUSIONS.—The term “in situ ex-  
17 traction methods” includes—

18 (i) steam flooding;

19 (ii) steam-assisted gravity drainage  
20 (including combination with electric power  
21 generation if appropriate);

22 (iii) cyclic steam stimulation;

23 (iv) air injection; and

24 (v) chemical treatment.

1           (4) SECRETARY.—The term “Secretary” means  
2 the Secretary of the Interior.

3           (5) STATE.—The term “State” means the  
4 agency of a State designated by the Governor of the  
5 State or State law to perform the functions and ac-  
6 tivities described in subsection (b).

7           (6) STRATEGIC UNCONVENTIONAL RE-  
8 SOURCES.—The term “strategic unconventional re-  
9 sources” means hydrocarbon resources (including  
10 heavy oil, oil shale, tar sands, and coal deposits)  
11 from which liquid fuels may be produced.

12 (d) STRATEGIC UNCONVENTIONAL RESOURCES.—

13           (1) IN GENERAL.—The Secretary shall establish  
14 a program for production of—

15               (A) fuels from strategic unconventional re-  
16 sources; and

17               (B) oil and gas resources using carbon di-  
18 oxide enhanced recovery.

19           (2) PROGRAM.—The program shall—

20               (A) focus initially on activities and domes-  
21 tic resources that are most likely to result in  
22 significant production in the near future; and

23               (B) include—

- 1 (i) work necessary to improve extrac-
- 2 tion techniques, including surface and in
- 3 situ operations;
- 4 (ii) characterization and assessment of
- 5 potential resources;
- 6 (iii) a sampling program;
- 7 (iv) appropriate laboratory and other
- 8 analyses and testing; and
- 9 (v) assessment of methods for explo-
- 10 ration and development of the strategic un-
- 11 conventional resources.

12 (3) PILOT PROJECTS.—

13 (A) IN GENERAL.—The program estab-

14 lished under this subsection shall include pilot

15 projects for—

16 (i) the Maverick Basin heavy oil and

17 tar sands formations of State of Texas, in-

18 cluding the San Miguel deposits;

19 (ii) the Greater Green River Basin

20 heavy oil, oil shale, tar sands, and coal de-

21 posits of the States of Colorado, Utah, and

22 Wyoming;

23 (iii) the shale, tar sands, heavy oil,

24 and coal deposits in the Alabama-Mis-

25 sissippi-Tennessee region;

1 (iv) the shale, tar sands, heavy oil,  
2 and coal deposits in the Ohio River valley;  
3 and

4 (v) strategic unconventional resources  
5 in the State of California.

6 (B) INCENTIVES.—

7 (i) IN GENERAL.—The Secretary shall  
8 identify and report to Congress on feasible  
9 incentives to foster recovery of unconven-  
10 tional fuels by private industry within the  
11 United States.

12 (ii) FORM.—The incentives may in-  
13 clude—

14 (I) long-term contracts for the  
15 purchase of unconventional fuels for  
16 defense purposes;

17 (II) Federal grants and loan  
18 guarantees for necessary capital ex-  
19 penditures; and

20 (III) favorable terms for the leas-  
21 ing of land of the Federal Government  
22 containing unconventional resources.

23 (4) AUTHORIZATION OF APPROPRIATIONS.—

24 There is authorized to be appropriated to carry out  
25 this subsection \$35,000,000 for each of fiscal years

1 2009 through 2018, of which each pilot project de-  
2 scribed in paragraph (3)(A) shall be allocated not  
3 less than \$4,000,000 for each fiscal year.

4 (e) SUPPORT OF GEOTHERMAL AND GEOPRESSURE  
5 OIL AND GAS ENERGY PRODUCTION.—

6 (1) IN GENERAL.—The Secretary shall carry  
7 out a grant program in support of geothermal and  
8 geopressure oil and gas energy production.

9 (2) ASSESSMENTS.—The program shall include  
10 grants for a total of not less than—

11 (A) 3 assessments of the use of innovative  
12 geothermal techniques, such as organic rankine  
13 cycle systems at marginal, unproductive, and  
14 productive oil and gas wells; and

15 (B) 1 assessment of the use of innovative  
16 geopressure techniques.

17 (3) AWARDS.—The Secretary shall, to the max-  
18 imum extent practicable and in the public interest,  
19 make awards under this subsection that—

20 (A) include not less than 5 oil or gas well  
21 sites per project award;

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

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

1 (D) cover a range of sizes from 175 kilo-  
2 watts to 1 megawatt;

3 (E) are located at a range of sites, includ-  
4 ing tribal land, Federal leased land, State land,  
5 or privately-owned sites;

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

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

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

14 (I) satisfy other criteria that the Secretary  
15 determines are necessary to carry out the pro-  
16 gram.

17 (4) MULTIPLE ELEMENTS.—The Secretary  
18 shall give preference to assessments that address  
19 multiple elements described in paragraph (3).

20 (5) GRANT AWARDS.—

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

- 1 (i) necessary and appropriate site en-  
2 gineering studies;
- 3 (ii) a detailed economic assessment of  
4 site specific conditions;
- 5 (iii) appropriate feasibility studies to  
6 determine the ability for replication;
- 7 (iv) design or adaptation of existing  
8 technology for site specific circumstances  
9 or conditions;
- 10 (v) installation of equipment, service,  
11 and support; and
- 12 (vi) monitoring for a minimum of 1  
13 year after the date of commissioning.

14 (6) COMPETITIVE GRANT SELECTION.—

15 (A) IN GENERAL.—Not later than 180  
16 days after the date of enactment of this Act,  
17 the Secretary shall conduct a national solici-  
18 tation for applications for grants under the pro-  
19 gram.

20 (B) SELECTION.—Grant recipients shall be  
21 selected on a competitive basis based on criteria  
22 described in paragraph (3).

23 (7) FEDERAL SHARE.—

24 (A) IN GENERAL.—The Federal share of  
25 the costs of grants under this subsection shall

1 be provided from funds made available to carry  
2 out this section.

3 (B) SHARE.—The Federal share of the  
4 cost of a project carried out with such a grant  
5 shall not exceed 50 percent of the cost.

6 (8) NEW WELLS.—No funds made available  
7 under this subsection may be used for the purposes  
8 of drilling new wells

9 (9) AUTHORIZATION OF APPROPRIATIONS.—  
10 There is authorized to be appropriated to carry out  
11 this subsection \$5,000,000 for each of fiscal years  
12 2009 through 2018.

13 (10) GEOTHERMAL RESOURCES COPRODUCED  
14 WITH MINERAL.—Section 4 of the Geothermal  
15 Steam Act of 1970 (30 U.S.C. 1003) is amended by  
16 adding at the end the following:

17 “(h) GEOTHERMAL RESOURCES COPRODUCED WITH  
18 MINERALS.—

19 “(1) IN GENERAL.—Any person that holds a  
20 lease or who operates a cooperative or unit plan  
21 under the Mineral Leasing Act (30 U.S.C. 181 et  
22 seq.), in the absence of an existing lease for geo-  
23 thermal resources under this Act, shall (on notice to  
24 the Secretary) have the right to use any geothermal  
25 resources coproduced with the minerals for which

1 the lease was issued during the operation of the  
2 lease or cooperative or unit plan, for the generation  
3 of electricity to operate the lease.

4 “(2) EXCESS ELECTRICITY.—Any electricity  
5 that is produced in excess of that which is required  
6 to operate the lease and that is sold for purposes  
7 outside of the boundary of the lease shall be subject  
8 to section 5.”.

9 (f) LIQUID FUELS GRANT PROGRAM.—

10 (1) IN GENERAL.—The Secretary shall establish  
11 a program under which grants are provided to facili-  
12 ties to pay the Federal share of the cost of—

13 (A) promoting coal-to-liquids, petroleum  
14 coke-to-liquids, oil shale, tar sands, heavy oil,  
15 and Alaska natural gas-to-liquids; and

16 (B) assessing the production of low-rank  
17 coal water fuel.

18 (2) GRANT PROVISIONS.—

19 (A) FEDERAL SHARE.—The Federal share  
20 of a grant provided under this subsection shall  
21 be 50 percent.

22 (B) REPAYMENT OF FEED GRANTS.—Of  
23 the recipients of grants under paragraph (1)(A)  
24 who receive full project construction financing

1 commitments (based on the earliest calendar  
2 date)—

3 (i) the first 4 recipients shall not be  
4 required to repay any of the grants;

5 (ii) the next 4 recipients shall be re-  
6 quired to repay 25 percent of the grant;

7 (iii) the next 4 recipients shall be re-  
8 quired to repay 50 percent of the grant;  
9 and

10 (iv) the remaining recipients shall be  
11 required to repay 75 percent of the grant.

12 (C) REPAYMENT OF LRCWF GRANTS.—The  
13 recipient of a grant under paragraph (1)(B)  
14 shall not be required to repay the grant.

15 (D) TIMING OF REPAYMENT.—Any re-  
16 quired repayment shall be paid as part of the  
17 closing process for any construction financing  
18 relating to the grant.

19 (E) INTEREST.—No repayment of a grant  
20 under this paragraph shall require the payment  
21 of interest if the grant is repaid within 5 years  
22 of the issuance of the grant.

23 (F) MAXIMUM AMOUNT OF FEED  
24 GRANTS.—The amount of a grant under para-  
25 graph (1)(A) shall not exceed—

1 (i) \$1,000,000 per 1,000 barrels for  
2 any day of liquid fuels production capacity;

3 or

4 (ii) \$25,000,000 for any fiscal year.

5 (3) AUTHORIZATION OF APPROPRIATIONS.—

6 (A) IN GENERAL.—Subject to subpara-  
7 graph (B), there are authorized to be appro-  
8 priated to carry out this subsection—

9 (i) \$65,000,000 for fiscal year 2009;

10 and

11 (ii) \$37,500,000 for each of fiscal  
12 years 2010 through 2018.

13 (B) LOW-RANK COAL WATER FUEL.—Of  
14 the amount of funds that are made available for  
15 each fiscal year under subparagraph (A), the  
16 Secretary shall use not less than \$15,000,000  
17 to provides grants to assess the production of  
18 low-rank coal water fuel.

19 (g) RENEWABLE ENERGY FROM OCEAN WAVE,  
20 TIDE, CURRENT, AND THERMAL RESOURCES.—

21 (1) IN GENERAL.—The Secretary shall establish  
22 a grant program to pay the Federal share of the  
23 costs of projects to promote the production of renew-  
24 able energy from ocean waves, tides, currents, and  
25 thermal resources.



1 (b) AUTHORIZATION TO CANCEL AND EXCHANGE  
2 CERTAIN EXISTING OIL AND GAS LEASES; PROHIBITION  
3 ON SUBMITTAL OF EXPLORATION PLANS FOR CERTAIN  
4 LEASES PRIOR TO JUNE 30, 2012.—

5 (1) IN GENERAL.—Not later than 2 years after  
6 the date of enactment of this Act, the lessee of an  
7 existing oil and gas lease for an area located com-  
8 pletely within 100 miles of the coastline within the  
9 California or Florida Adjacent Zones shall have the  
10 option, without compensation, of exchanging the  
11 lease for a new oil and gas lease having a primary  
12 term of 5 years.

13 (2) TRACTS.—For the area subject to the new  
14 lease, the lessee may select any unleased tract on the  
15 outer Continental Shelf that is in an area available  
16 for leasing.

17 (3) CONVERSION TO NATURAL GAS LEASE.—  
18 With the permission of the relevant Governor, the  
19 lessee may convert an existing oil and gas lease into  
20 a natural gas lease having a primary term of 5 years  
21 and covering the same area as the existing oil and  
22 gas lease or another area within the same Adjacent  
23 Zone of the State within 100 miles of the coastline.

24 (4) ADMINISTRATIVE PROCESS.—

1 (A) IN GENERAL.—The Secretary shall es-  
2 tablish an administrative process for carrying  
3 out this subsection.

4 (B) RELATIONSHIP TO OTHER LAWS.—An  
5 exchange, conversion, or other action under this  
6 subsection (including the issuance of a new  
7 lease)—

8 (i) shall not be considered to be major  
9 Federal actions for purposes of the Na-  
10 tional Environmental Policy Act of 1969  
11 (42 U.S.C. 4321 et seq.); and

12 (ii) shall be in compliance with the  
13 Outer Continental Shelf Lands Act (43  
14 U.S.C. 1331 et seq.).

15 (5) OPERATING RESTRICTIONS.—A new lease  
16 issued in exchange for an existing oil and gas lease  
17 under this subsection shall be subject to any na-  
18 tional defense operating stipulations on the outer  
19 Continental Shelf tract that applied to the existing  
20 oil and gas lease.

21 (6) PRIORITY.—

22 (A) IN GENERAL.—The Secretary shall  
23 give priority in the lease exchange process  
24 under this subsection based on the amount of

1 the original bonus bid paid for the issuance of  
2 each lease to be exchanged.

3 (B) PARTIAL TRACTS.—The Secretary  
4 shall allow leases covering partial tracts to be  
5 exchanged for leases covering full tracts condi-  
6 tioned on payment of additional bonus bids on  
7 a per-acre basis as determined by the average  
8 per acre of the original bonus bid per acre for  
9 the partial tract being exchanged.

10 (7) EXPLORATION PLANS.—Any exploration  
11 plan submitted to the Secretary during the period  
12 beginning on the date of enactment of this Act and  
13 ending on June 30, 2012, for an oil and gas lease  
14 for an area wholly within 100 miles of the coastline  
15 within the California Adjacent Zone or Florida Adja-  
16 cent Zone shall not be treated as received by the  
17 Secretary until the earlier of—

18 (A) July 1, 2012; or

19 (B) the date on which a petition by the ad-  
20 jacent State for oil and gas leasing covering the  
21 area within which is located the area subject to  
22 the oil and gas lease was approved.

23 (c) LEASE CANCELLATIONS AND EXCHANGES.—

24 (1) CANCELLATION OF LEASE.—As part of the  
25 lease exchange process under this section, the Sec-

1       retary shall cancel a lease that is exchanged under  
2       this section.

3               (2) CONSENT OF LESSEES.—To cancel or ex-  
4       change a lease under this section, each lessee hold-  
5       ing an interest in the lease shall consent to cancella-  
6       tion of the leasehold interest of the lessee.

7               (3) WAIVER OF RIGHTS.—To exchange a lease  
8       under this section, the lessee shall waive any rights  
9       to bring any action against the United States related  
10      to the transaction.

11              (4) PLUGGING AND ABANDONMENT.—To cancel  
12      or exchange a lease under this section, a lessee shall  
13      comply with any plugging and abandonment require-  
14      ments for any wells located on any lease to be can-  
15      celled and exchanged prior to the cancellation and  
16      exchange.

17      (d) AREA PARTIALLY WITHIN 100 MILES OF FLOR-  
18      IDA.—

19              (1) IN GENERAL.—Subject to paragraph (2), an  
20      existing oil and gas lease for an area located par-  
21      tially within 100 miles of the coastline within the  
22      Florida Adjacent Zone may only be developed and  
23      produced using wells drilled from well-head locations  
24      that are at least 100 miles from the coastline to any  
25      bottom-hole location on the area of the lease.

1           (2) NONAPPLICATION.—This subsection shall  
 2           not apply if the State of Florida petitions the Sec-  
 3           retary to allow leasing closer to the coastline than  
 4           100 miles.

5 **SEC. 227. COASTAL IMPACT ASSISTANCE.**

6           Section 31 of the Outer Continental Shelf Lands Act  
 7           (43 U.S.C. 1356a) is repealed.

8 **SEC. 228. OIL SHALE AND TAR SANDS.**

9           (a) REPEAL OF REQUIREMENT TO ESTABLISH PAY-  
 10          MENTS.—Section 369 of the Energy Policy Act of 2005  
 11          (42 U.S.C. 15927) is amended—

12                 (1) by striking subsection (o); and

13                 (2) by redesignating subsections (p) through (s)  
 14          as subsections (o) through (r), respectively.

15          (b) TREATMENT OF REVENUES.—Section 21 of the  
 16          Mineral Leasing Act (30 U.S.C. 241) is amended—

17                 (1) by redesignating subsections (e) and (d) (as  
 18          added by section 318 of Public Law 97–394; 96  
 19          Stat. 1999) as subsections (d) and (e), respectively;  
 20          and

21                 (2) by adding at the end the following:

22                 “(f) REVENUES.—

23                         “(1) DEFINITIONS.—In this subsection:

24                                 “(A) COUNTY-EQUIVALENT POLITICAL  
 25                                 SUBDIVISION.—The term ‘county-equivalent po-

1 political subdivision' means a political jurisdiction  
2 immediately below the level of State govern-  
3 ment, including a county, parish, borough in  
4 Alaska, independent municipality not part of a  
5 county, parish, or borough in Alaska, or other  
6 equivalent subdivision of a State.

7 “(B) MUNICIPAL POLITICAL SUBDIVI-  
8 SION.—The term ‘municipal political subdivi-  
9 sion’ means a municipality located within and  
10 part of a county, parish, borough in Alaska, or  
11 other equivalent subdivision of a State.

12 “(2) DISPOSITION OF REVENUES.—Notwith-  
13 standing section 35, all revenues received from and  
14 under an oil shale or tar sands lease shall be dis-  
15 posed of in accordance with this subsection.

16 “(3) ROYALTY RATES FOR COMMERCIAL  
17 LEASES.—

18 “(A) ROYALTY RATES.—The Secretary  
19 shall model the royalty schedule for oil shale  
20 and tar sands leases based on the royalty pro-  
21 gram in effect on the date of enactment of this  
22 subsection for the production of synthetic crude  
23 oil from oil sands in the Province of Alberta,  
24 Canada.

1           “(B) REDUCTION.—The Secretary shall re-  
2           duce any royalty otherwise required to be paid  
3           under subparagraph (A) under any oil shale or  
4           tar sands lease on a sliding scale based on mar-  
5           ket price, with—

6                   “(i) a 10 percent reduction if the av-  
7                   erage futures price of light sweet crude oil  
8                   on the New York Mercantile Exchange  
9                   (NYMEX), or a similar index, drops, for  
10                  the previous quarter year, below \$50 (in  
11                  January 1, 2006, dollars); and

12                   “(ii) an 80 percent reduction if the  
13                   average price drops below \$30 (in January  
14                   1, 2006, dollars) for the quarter previous  
15                   to the quarter in which the production is  
16                   sold.

17           “(4) DISPOSITION OF REVENUES.—

18                   “(A) DEPOSIT.—The Secretary shall de-  
19                   posit into a separate account in the Treasury  
20                   all revenues derived from any oil shale or tar  
21                   sands lease.

22                   “(B) ALLOCATIONS TO STATES AND LOCAL  
23                   POLITICAL SUBDIVISIONS.—The Secretary shall  
24                   allocate 50 percent of the revenues deposited  
25                   into the account established under subpara-

1 graph (A) to the State within the boundaries of  
2 which the leased land is located, with a portion  
3 of that amount to be paid directly by the Sec-  
4 retary to the local political subdivisions of the  
5 State as provided in this paragraph.

6 “(C) TRANSMISSION OF ALLOCATIONS.—

7 “(i) IN GENERAL.—Not later than the  
8 last business day of the month after the  
9 month in which the revenues are received,  
10 the Secretary shall transmit—

11 “(I)(aa) to each State  $\frac{2}{3}$  of the  
12 allocation of the State under subpara-  
13 graph (B) (together with accrued in-  
14 terest); and

15 “(bb) in accordance with clauses  
16 (ii) and (iii), to certain county-equa-  
17 lent political subdivisions and munic-  
18 ipal political subdivisions of the State  
19 a total of  $\frac{1}{3}$  of the allocation of the  
20 State under subparagraph (B) (to-  
21 gether with accrued interest); and

22 “(II) the remaining balance of  
23 such revenues deposited into the ac-  
24 count that are not allocated under  
25 subparagraph (B) (together with ac-

1           crued interest), to the miscellaneous  
2           receipts account of the Treasury, ex-  
3           cept that until a lease has been in  
4           production for 20 years 50 percent of  
5           the remaining balance derived from a  
6           lease shall be paid in accordance with  
7           subclause (I).

8           “(ii) ALLOCATIONS TO CERTAIN  
9           COUNTY-EQUIVALENT POLITICAL SUBDIVI-  
10          SIONS.—The Secretary shall make equi-  
11          table allocations of the revenues under  
12          clause (i)(I) to county-equivalent political  
13          subdivisions that the Secretary determines  
14          are closely associated with the leasing and  
15          production of oil shale and tar sands,  
16          under a formula that the Secretary shall  
17          determine by regulation.

18          “(iii) ALLOCATIONS TO MUNICIPAL  
19          POLITICAL SUBDIVISIONS.—The initial al-  
20          location to each county-equivalent political  
21          subdivision under clause (ii) shall be fur-  
22          ther allocated to the county-equivalent po-  
23          litical subdivision and any municipal polit-  
24          ical subdivisions located partially or wholly  
25          within the boundaries of the county-equa-

1           lent political subdivision on an equitable  
2           basis under a formula that the Secretary  
3           shall determine by regulation.

4           “(D) INVESTMENT OF DEPOSITS.—Depos-  
5           its in the Treasury account established under  
6           this section shall be invested by the Secretary  
7           of the Treasury in securities backed by the full  
8           faith and credit of the United States having  
9           maturities suitable to the needs of the account  
10          and yielding the highest reasonably available in-  
11          terest rates as determined by the Secretary of  
12          the Treasury.

13          “(E) USE OF FUNDS.—

14           “(i) IN GENERAL.—A recipient of  
15           funds under this subsection may use the  
16           funds for any lawful purpose as deter-  
17           mined by State law.

18           “(ii) MATCHING FUNDS FOR FEDERAL  
19           PROGRAMS.—Funds allocated under this  
20           subsection to States and local political sub-  
21           divisions may be used as matching funds  
22           for other Federal programs without limita-  
23           tion.

24           “(iii) PAYMENTS IN LIEU OF  
25           TAXES.—Funds allocated to local political

1 subdivisions under this subsection shall not  
 2 be considered payments to the local polit-  
 3 ical subdivisions under programs for pay-  
 4 ments in lieu of taxes or other similar pro-  
 5 grams.

6 “(F) NO ACCOUNTING REQUIRED.—No re-  
 7 cipient of funds under this subsection shall be  
 8 required to account to the Federal Government  
 9 for the expenditure of the funds, except as oth-  
 10 erwise may be required by law.”.

11 **SEC. 229. AVAILABILITY OF OCS RECEIPTS TO PROVIDE**  
 12 **PAYMENTS UNDER SECURE RURAL SCHOOLS**  
 13 **AND COMMUNITY SELF-DETERMINATION ACT**  
 14 **OF 2000.**

15 Section 9 of the Outer Continental Shelf Lands Act  
 16 (43 U.S.C. 1338) (as amended by section 209) is amended  
 17 by adding at the end the following:

18 “(j) CONDITIONAL AVAILABILITY OF FUNDS FOR  
 19 PAYMENTS UNDER SECURE RURAL SCHOOLS AND COM-  
 20 MUNITY SELF-DETERMINATION ACT OF 2000.—

21 “(1) AVAILABILITY OF FUNDS.—Subject to  
 22 paragraphs (2) and (3) and notwithstanding any  
 23 other provision of this section, \$50,000,000 of OCS  
 24 Receipts shall be available to the Secretary of the  
 25 Treasury for each of fiscal years 2009 through 2014

1 to make payments under sections 102 and 103 of  
2 the Secure Rural Schools and Community Self-De-  
3 termination Act of 2000 (16 U.S.C. 500 note; Public  
4 Law 106–393).

5 “(2) OTHER FUNDS.—The Secretary of the  
6 Treasury shall use the funds made available by this  
7 subsection to make payments described in paragraph  
8 (1) in lieu of using funds in the Treasury not other-  
9 wise appropriated, as otherwise authorized by sec-  
10 tions 102(b)(3) and 103(b)(2) of the Secure Rural  
11 Schools and Community Self-Determination Act of  
12 2000 (16 U.S.C. 500 note; Public Law 106–393).

13 “(3) CONDITION ON AVAILABILITY.—OCS Re-  
14 ceipts shall be available under paragraph (1) for a  
15 fiscal year only if—

16 “(A) title I of the Secure Rural Schools  
17 and Community Self-Determination Act of  
18 2000 (16 U.S.C. 500 note; Public Law 106–  
19 393) has been reauthorized through at least  
20 that fiscal year; and

21 “(B) the authority to initiate projects  
22 under titles II and III of that Act has been ex-  
23 tended through at least that fiscal year.”.

1 **SEC. 230. SENSE OF CONGRESS TO BUY AND BUILD AMER-**  
2 **ICAN.**

3 (a) BUY AND BUILD AMERICAN.—It is the sense of  
4 Congress that—

5 (1) this Act and the amendments made by this  
6 Act should result in a healthy and growing indus-  
7 trial, manufacturing, transportation, and service sec-  
8 tor in the United States employing the vast talents  
9 of the workforce of the United States to assist in the  
10 development of affordable energy from the outer  
11 Continental Shelf; and

12 (2) Congress intends to monitor the deployment  
13 of personnel and material in the outer Continental  
14 Shelf to encourage—

15 (A) the development of technology and  
16 manufacturing in the United States to enable  
17 workers of the United States to benefit from  
18 this Act and the amendments made by this Act  
19 by securing good jobs and careers; and

20 (B) the establishment of important indus-  
21 trial facilities to support expanded access to re-  
22 sources of the United States.

23 (b) SAFEGUARD FOR EXTRAORDINARY ABILITY.—  
24 Section 30 of the Outer Continental Shelf Lands Act (43  
25 U.S.C. 1356) is amended by adding at the end the fol-  
26 lowing:

1       “(d) RELATIONSHIP TO OTHER LAWS.—Regulations  
 2 issued under this section shall be supplemental and com-  
 3 plimentary with, and under no circumstances a substi-  
 4 tution for the provisions of the Constitution and laws of  
 5 the United States extended to the subsoil and seabed of  
 6 the outer Continental Shelf pursuant to section 4(a)(1),  
 7 except insofar as those laws would otherwise apply to indi-  
 8 viduals who have extraordinary ability in the sciences,  
 9 arts, education, or business, which has been demonstrated  
 10 by sustained national or international acclaim.”.

11 **SEC. 231. REPEAL OF THE GULF OF MEXICO ENERGY SECU-**  
 12 **RITY ACT OF 2006.**

13       (a) IN GENERAL.—The Gulf of Mexico Energy Secu-  
 14 rity Act of 2006 (43 U.S.C. 1331 note; Public Law 109–  
 15 432) is repealed.

16       (b) EFFECTIVE DATE.—The repeal made by sub-  
 17 section (a) takes effect on October 1, 2008.

18 **Subtitle B—Leasing Program for**  
 19 **Land Within Coastal Plain**

20 **SEC. 241. DEFINITIONS.**

21 In this subtitle:

22       (1) COASTAL PLAIN.—The term “Coastal  
 23 Plain” means that area identified as the “1002  
 24 Coastal Plain Area” on the map.

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

8           (3) FINAL STATEMENT.—The term “Final  
9           Statement” means the final legislative environmental  
10          impact statement on the Coastal Plain, dated April  
11          1987, and prepared pursuant to section 1002 of the  
12          Alaska National Interest Lands Conservation Act  
13          (16 U.S.C. 3142) and section 102(2)(C) of the Na-  
14          tional Environmental Policy Act of 1969 (42 U.S.C.  
15          4332(2)(C)).

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

20          (5) SECRETARY.—The term “Secretary” means  
21          the Secretary of the Interior (or the designee of the  
22          Secretary), acting through the Director of the Bu-  
23          reau of Land Management in consultation with the  
24          Director of the United States Fish and Wildlife

1 Service and in coordination with a State coordinator  
2 appointed by the Governor of the State of Alaska.

3 **SEC. 242. LEASING PROGRAM FOR LAND WITHIN THE**  
4 **COASTAL PLAIN.**

5 (a) IN GENERAL.—

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

10 (2) ACTIONS.—The Secretary shall take such  
11 actions as are necessary—

12 (A) to establish and implement, in accord-  
13 ance with this subtitle, a competitive oil and  
14 gas leasing program that will result in an envi-  
15 ronmentally sound program for the exploration,  
16 development, and production of the oil and gas  
17 resources of the Coastal Plain while taking into  
18 consideration the interests and concerns of resi-  
19 dents of the Coastal Plain, which is the home-  
20 land of the Kaktovikmiut Inupiat; and

21 (B) to administer this subtitle through reg-  
22 ulations, lease terms, conditions, restrictions,  
23 prohibitions, stipulations, and other provisions  
24 that—

1 (i) ensure the oil and gas exploration,  
2 development, and production activities on  
3 the Coastal Plain will result in no signifi-  
4 cant adverse effect on fish and wildlife,  
5 their habitat, subsistence resources, and  
6 the environment; and

7 (ii) require the application of the best  
8 commercially available technology for oil  
9 and gas exploration, development, and pro-  
10 duction to all exploration, development,  
11 and production operations under this sub-  
12 title in a manner that ensures the receipt  
13 of fair market value by the public for the  
14 mineral resources to be leased.

15 (b) REPEAL.—

16 (1) REPEAL.—Section 1003 of the Alaska Na-  
17 tional Interest Lands Conservation Act (16 U.S.C.  
18 3143) is repealed.

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

23 (c) COMPLIANCE WITH REQUIREMENTS UNDER CER-  
24 TAIN OTHER LAWS.—

1           (1) COMPATIBILITY.—For purposes of the Na-  
2           tional Wildlife Refuge System Administration Act of  
3           1966 (16 U.S.C. 668dd et seq.)—

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

10                   (B) no further findings or decisions shall  
11                   be required to implement that program and  
12                   those activities.

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

24           (3) COMPLIANCE WITH NEPA FOR OTHER AC-  
25           TIONS.—

1 (A) IN GENERAL.—Before conducting the  
2 first lease sale under this subtitle, the Secretary  
3 shall prepare an environmental impact state-  
4 ment in accordance with the National Environ-  
5 mental Policy Act of 1969 (42 U.S.C. 4321 et  
6 seq.) with respect to the actions authorized by  
7 this subtitle that are not referred to in para-  
8 graph (2).

9 (B) IDENTIFICATION AND ANALYSIS.—  
10 Notwithstanding any other provision of law, in  
11 carrying out this paragraph, the Secretary shall  
12 not be required—

13 (i) to identify nonleasing alternative  
14 courses of action; or

15 (ii) to analyze the environmental ef-  
16 fects of those courses of action.

17 (C) IDENTIFICATION OF PREFERRED AC-  
18 TION.—Not later than 18 months after the date  
19 of enactment of this Act, the Secretary shall—

20 (i) identify only a preferred action and  
21 a single leasing alternative for the first  
22 lease sale authorized under this subtitle;  
23 and

1                   (ii) analyze the environmental effects  
2                   and potential mitigation measures for  
3                   those 2 alternatives.

4                   (D) PUBLIC COMMENTS.—In carrying out  
5                   this paragraph, the Secretary shall consider  
6                   only public comments that are filed not later  
7                   than 20 days after the date of publication of a  
8                   draft environmental impact statement.

9                   (E) EFFECT OF COMPLIANCE.—Notwith-  
10                  standing any other provision of law, compliance  
11                  with this paragraph shall be considered to sat-  
12                  isfy all requirements for the analysis and con-  
13                  sideration of the environmental effects of pro-  
14                  posed leasing under this subtitle.

15                  (d) RELATIONSHIP TO STATE AND LOCAL AUTHOR-  
16                  ITY.—Nothing in this subtitle expands or limits any State  
17                  or local regulatory authority.

18                  (e) SPECIAL AREAS.—

19                   (1) DESIGNATION.—

20                   (A) IN GENERAL.—The Secretary, after  
21                   consultation with the State of Alaska, the  
22                   North Slope Borough, Alaska, and the City of  
23                   Kaktovik, Alaska, may designate not more than  
24                   45,000 acres of the Coastal Plain as a special  
25                   area if the Secretary determines that the special

1 area would be of such unique character and in-  
2 terest as to require special management and  
3 regulatory protection.

4 (B) SADLEROCHIT SPRING AREA.—The  
5 Secretary shall designate as a special area in  
6 accordance with subparagraph (A) the  
7 Sadlerochit Spring area, comprising approxi-  
8 mately 4,000 acres as depicted on the map.

9 (2) MANAGEMENT.—The Secretary shall man-  
10 age each special area designated under this sub-  
11 section in a manner that—

12 (A) respects and protects the Native people  
13 of the area; and

14 (B) preserves the unique and diverse char-  
15 acter of the area, including fish, wildlife, sub-  
16 sistence resources, and cultural values of the  
17 area.

18 (3) EXCLUSION FROM LEASING OR SURFACE  
19 OCCUPANCY.—

20 (A) IN GENERAL.—The Secretary may ex-  
21 clude any special area designated under this  
22 subsection from leasing.

23 (B) NO SURFACE OCCUPANCY.—If the Sec-  
24 retary leases all or a portion of a special area  
25 for the purposes of oil and gas exploration, de-

1           velopment, production, and related activities,  
2           there shall be no surface occupancy of the land  
3           comprising the special area.

4           (4) DIRECTIONAL DRILLING.—Notwithstanding  
5           any other provision of this subsection, the Secretary  
6           may lease all or a portion of a special area under  
7           terms that permit the use of horizontal drilling tech-  
8           nology from sites on leases located outside the spe-  
9           cial area.

10          (f) LIMITATION ON CLOSED AREAS.—The Secretary  
11         may not close land within the Coastal Plain to oil and gas  
12         leasing or to exploration, development, or production ex-  
13         cept in accordance with this subtitle.

14          (g) REGULATIONS.—

15                 (1) IN GENERAL.—Not later than 15 months  
16                 after the date of enactment of this Act, in consulta-  
17                 tion with appropriate agencies of the State of Alas-  
18                 ka, the North Slope Borough, Alaska, and the City  
19                 of Kaktovik, Alaska, the Secretary shall issue such  
20                 regulations as are necessary to carry out this sub-  
21                 title, including rules and regulations relating to pro-  
22                 tection of the fish and wildlife, fish and wildlife habi-  
23                 tat, and subsistence resources of the Coastal Plain.

24                 (2) REVISION OF REGULATIONS.—The Sec-  
25                 retary may periodically review and, as appropriate,

1       revise the rules and regulations issued under para-  
2       graph (1) to reflect any significant scientific or engi-  
3       neering data that come to the attention of the Sec-  
4       retary.

5       **SEC. 243. LEASE SALES.**

6       (a) **IN GENERAL.**—Land may be leased pursuant to  
7       this subtitle to any person qualified to obtain a lease for  
8       deposits of oil and gas under the Mineral Leasing Act (30  
9       U.S.C. 181 et seq.).

10      (b) **PROCEDURES.**—The Secretary shall, by regula-  
11      tion, establish procedures for—

12              (1) receipt and consideration of sealed nomina-  
13      tions for any area in the Coastal Plain for inclusion  
14      in, or exclusion (as provided in subsection (e)) from,  
15      a lease sale;

16              (2) the holding of lease sales after that nomina-  
17      tion process; and

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

21      (c) **LEASE SALE BIDS.**—Bidding for leases under  
22      this subtitle shall be by sealed competitive cash bonus bids.

23      (d) **ACREAGE MINIMUM IN FIRST SALE.**—For the  
24      first lease sale under this subtitle, the Secretary shall offer  
25      for lease those tracts the Secretary considers to have the

1 greatest potential for the discovery of hydrocarbons, tak-  
2 ing into consideration nominations received pursuant to  
3 subsection (b)(1), but in no case less than 200,000 acres.

4 (e) TIMING OF LEASE SALES.—The Secretary  
5 shall—

6 (1) not later than 22 months after the date of  
7 enactment of this Act, conduct the first lease sale  
8 under this subtitle;

9 (2) not later than September 30, 2012, conduct  
10 a second lease sale under this subtitle; and

11 (3) conduct additional sales at appropriate in-  
12 tervals if sufficient interest in exploration or devel-  
13 opment exists to warrant the conduct of the addi-  
14 tional sales.

15 **SEC. 244. GRANT OF LEASES BY THE SECRETARY.**

16 (a) IN GENERAL.—Upon payment by a lessee of such  
17 bonus as may be accepted by the Secretary, the Secretary  
18 may grant to the highest responsible qualified bidder in  
19 a lease sale conducted pursuant to section 243 a lease for  
20 any land on the Coastal Plain.

21 (b) SUBSEQUENT TRANSFERS.—

22 (1) IN GENERAL.—No lease issued under this  
23 subtitle may be sold, exchanged, assigned, sublet, or  
24 otherwise transferred except with the approval of the  
25 Secretary.

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

5 **SEC. 245. LEASE TERMS AND CONDITIONS.**

6           An oil or gas lease issued pursuant to this subtitle  
7 shall—

8           (1) provide for the payment of a royalty of not  
9           less than 16½ percent of the amount or value of the  
10          production removed or sold from the lease, as deter-  
11          mined by the Secretary in accordance with regula-  
12          tions applicable to other Federal oil and gas leases;

13          (2) provide that the Secretary may close, on a  
14          seasonal basis, such portions of the Coastal Plain to  
15          exploratory drilling activities as are necessary to  
16          protect caribou calving areas and other species of  
17          fish and wildlife;

18          (3) require that each lessee of land within the  
19          Coastal Plain shall be fully responsible and liable for  
20          the reclamation of land within the Coastal Plain and  
21          any other Federal land that is adversely affected in  
22          connection with exploration, development, produc-  
23          tion, or transportation activities within the Coastal  
24          Plain conducted by the lessee or by any of the sub-  
25          contractors or agents of the lessee;

1           (4) provide that the lessee may not delegate or  
2 convey, by contract or otherwise, that reclamation  
3 responsibility and liability to another person without  
4 the express written approval of the Secretary;

5           (5) provide that the standard of reclamation for  
6 land required to be reclaimed under this subtitle  
7 shall be, to the maximum extent practicable—

8           (A) a condition capable of supporting the  
9 uses that the land was capable of supporting  
10 prior to any exploration, development, or pro-  
11 duction activities; or

12           (B) upon application by the lessee, to a  
13 higher or better standard, as approved by the  
14 Secretary;

15           (6) contain terms and conditions relating to  
16 protection of fish and wildlife, fish and wildlife habi-  
17 tat, subsistence resources, and the environment as  
18 required under section 242(a)(2);

19           (7) provide that each lessee, and each agent  
20 and contractor of a lessee, use their best efforts to  
21 provide a fair share of employment and contracting  
22 for Alaska Natives and Alaska Native Corporations  
23 from throughout the State of Alaska, as determined  
24 by the level of obligation previously agreed to in the  
25 Federal Agreement; and

1           (8) contain such other provisions as the Sec-  
2           retary determines to be necessary to ensure compli-  
3           ance with this subtitle and regulations issued under  
4           this subtitle.

5 **SEC. 246. COASTAL PLAIN ENVIRONMENTAL PROTECTION.**

6           (a) NO SIGNIFICANT ADVERSE EFFECT STANDARD  
7 TO GOVERN AUTHORIZED COASTAL PLAIN ACTIVITIES.—  
8 In accordance with section 242, the Secretary shall admin-  
9 ister this subtitle through regulations, lease terms, condi-  
10 tions, restrictions, prohibitions, stipulations, or other pro-  
11 visions that—

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

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

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

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

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

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

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

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

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

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

19 (B) the State of Alaska;

20 (C) North Slope Borough, Alaska; and

21 (D) the City of Kaktovik, Alaska.

22 (c) REGULATIONS TO PROTECT COASTAL PLAIN  
23 FISH AND WILDLIFE RESOURCES, SUBSISTENCE USERS,  
24 AND THE ENVIRONMENT.—Before implementing the leas-  
25 ing program authorized by this subtitle, the Secretary

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

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

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

16 (2) implementation of and compliance with—

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

22 (B) seasonal limitations on exploration, de-  
23 velopment, and related activities, as necessary,  
24 to avoid significant adverse effects during peri-

1           ods of concentrated fish and wildlife breeding,  
2           denning, nesting, spawning, and migration;

3           (C) design safety and construction stand-  
4           ards for all pipelines and any access and service  
5           roads that minimize, to the maximum extent  
6           practicable, adverse effects on—

7                   (i) the passage of migratory species  
8                   (such as caribou); and

9                   (ii) the flow of surface water by re-  
10                  quiring the use of culverts, bridges, or  
11                  other structural devices;

12           (D) prohibitions on general public access  
13           to, and use of, all pipeline access and service  
14           roads;

15           (E) stringent reclamation and rehabilita-  
16           tion requirements in accordance with this sub-  
17           title for the removal from the Coastal Plain of  
18           all oil and gas development and production fa-  
19           cilities, structures, and equipment on comple-  
20           tion of oil and gas production operations, except  
21           in a case in which the Secretary determines  
22           that those facilities, structures, or equipment—

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

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

3                   (F) appropriate prohibitions or restrictions  
4                   on—

5                   (i) access by all modes of transpor-  
6                   tation;

7                   (ii) sand and gravel extraction; and

8                   (iii) use of explosives;

9                   (G) reasonable stipulations for protection  
10                  of cultural and archaeological resources;

11                  (H) measures to protect groundwater and  
12                  surface water, including—

13                  (i) avoidance, to the maximum extent  
14                  practicable, of springs, streams, and river  
15                  systems;

16                  (ii) the protection of natural surface  
17                  drainage patterns and wetland and ripar-  
18                  ian habitats; and

19                  (iii) the regulation of methods or tech-  
20                  niques for developing or transporting ade-  
21                  quate supplies of water for exploratory  
22                  drilling; and

23                  (I) research, monitoring, and reporting re-  
24                  quirements;

1           (3) that exploration activities (except surface  
2 geological studies) be limited to the period between  
3 approximately November 1 and May 1 of each year  
4 and be supported, if necessary, by ice roads, winter  
5 trails with adequate snow cover, ice pads, ice air-  
6 strips, and air transport methods (except that those  
7 exploration activities may be permitted at other  
8 times if the Secretary determines that the explo-  
9 ration will have no significant adverse effect on fish  
10 and wildlife, fish and wildlife habitat, subsistence re-  
11 sources, and the environment of the Coastal Plain);

12           (4) consolidation of facility siting;

13           (5) avoidance or reduction of air traffic-related  
14 disturbance to fish and wildlife;

15           (6) treatment and disposal of hazardous and  
16 toxic wastes, solid wastes, reserve pit fluids, drilling  
17 muds and cuttings, and domestic wastewater, includ-  
18 ing, in accordance with applicable Federal and State  
19 environmental laws (including regulations)—

20           (A) preparation of an annual waste man-  
21 agement report;

22           (B) development and implementation of a  
23 hazardous materials tracking system; and

24           (C) prohibition on the use of chlorinated  
25 solvents;

1           (7) fuel storage and oil spill contingency plan-  
2           ning;

3           (8) conduct of periodic field crew environmental  
4           briefings;

5           (9) avoidance of significant adverse effects on  
6           subsistence hunting, fishing, and trapping;

7           (10) compliance with applicable air and water  
8           quality standards;

9           (11) appropriate seasonal and safety zone des-  
10          ignations around well sites, within which subsistence  
11          hunting and trapping shall be limited; and

12          (12) development and implementation of such  
13          other protective environmental requirements, restric-  
14          tions, terms, or conditions as the Secretary, after  
15          consultation with the State of Alaska, North Slope  
16          Borough, Alaska, and the City of Kaktovik, Alaska,  
17          determines to be necessary.

18          (e) CONSIDERATIONS.—In preparing and issuing reg-  
19          ulations, lease terms, conditions, restrictions, prohibitions,  
20          or stipulations under this section, the Secretary shall take  
21          into consideration—

22                 (1) the stipulations and conditions that govern  
23                 the National Petroleum Reserve—Alaska leasing  
24                 program, as set forth in the 1999 Northeast Na-

1 tional Petroleum Reserve—Alaska Final Integrated  
2 Activity Plan/Environmental Impact Statement;

3 (2) the environmental protection standards that  
4 governed the initial Coastal Plain seismic exploration  
5 program under parts 37.31 through 37.33 of title  
6 50, Code of Federal Regulations (or successor regu-  
7 lations); and

8 (3) the land use stipulations for exploratory  
9 drilling on the KIC–ASRC private land described in  
10 Appendix 2 of the agreement between Arctic Slope  
11 Regional Corporation and the United States dated  
12 August 9, 1983.

13 (f) FACILITY CONSOLIDATION PLANNING.—

14 (1) IN GENERAL.—After providing for public  
15 notice and comment, the Secretary shall prepare and  
16 periodically update a plan to govern, guide, and di-  
17 rect the siting and construction of facilities for the  
18 exploration, development, production, and transpor-  
19 tation of oil and gas resources from the Coastal  
20 Plain.

21 (2) OBJECTIVES.—The objectives of the plan  
22 shall be—

23 (A) the avoidance of unnecessary duplica-  
24 tion of facilities and activities;

1 (B) the encouragement of consolidation of  
2 common facilities and activities;

3 (C) the location or confinement of facilities  
4 and activities to areas that will minimize impact  
5 on fish and wildlife, fish and wildlife habitat,  
6 subsistence resources, and the environment;

7 (D) the use of existing facilities, to the  
8 maximum extent practicable; and

9 (E) the enhancement of compatibility be-  
10 tween wildlife values and development activities.

11 (g) ACCESS TO PUBLIC LAND.—The Secretary  
12 shall—

13 (1) manage public land in the Coastal Plain in  
14 accordance with subsections (a) and (b) of section  
15 811 of the Alaska National Interest Lands Con-  
16 servation Act (16 U.S.C. 3121); and

17 (2) ensure that local residents shall have rea-  
18 sonable access to public land in the Coastal Plain for  
19 traditional uses.

20 **SEC. 247. EXPEDITED JUDICIAL REVIEW.**

21 (a) FILING OF COMPLAINTS.—

22 (1) DEADLINE.—A complaint seeking judicial  
23 review of a provision of this subtitle or an action of  
24 the Secretary under this subtitle shall be filed—

1 (A) except as provided in subparagraph  
2 (B), during the 90-day period beginning on the  
3 date on which the action being challenged was  
4 carried out; or

5 (B) in the case of a complaint based solely  
6 on grounds arising after the 90-day period de-  
7 scribed in subparagraph (A), during the 90-day  
8 period beginning on the date on which the com-  
9 plainant knew or reasonably should have known  
10 about the grounds for the complaint.

11 (2) VENUE.—A complaint seeking judicial re-  
12 view of a provision of this subtitle or an action of  
13 the Secretary under this subtitle shall be filed in the  
14 United States Court of Appeals for the District of  
15 Columbia.

16 (3) SCOPE.—

17 (A) IN GENERAL.—Judicial review of a de-  
18 cision of the Secretary under this subtitle (in-  
19 cluding an environmental analysis of such a  
20 lease sale) shall be—

21 (i) limited to a review of whether the  
22 decision is in accordance with this subtitle;  
23 and

24 (ii) based on the administrative record  
25 of the decision.

1 (B) PRESUMPTIONS.—Any identification  
2 by the Secretary of a preferred course of action  
3 relating to a lease sale, and any analysis by the  
4 Secretary of environmental effects, under this  
5 subtitle shall be presumed to be correct unless  
6 proven otherwise by clear and convincing evi-  
7 dence.

8 (b) LIMITATION ON OTHER REVIEW.—Any action of  
9 the Secretary that is subject to judicial review under this  
10 section shall not be subject to judicial review in any civil  
11 or criminal proceeding for enforcement.

12 **SEC. 248. RIGHTS-OF-WAY AND EASEMENTS ACROSS COAST-**  
13 **AL PLAIN.**

14 For purposes of section 1102(4)(A) of the Alaska Na-  
15 tional Interest Lands Conservation Act (16 U.S.C.  
16 3162(4)(A)), any rights-of-way or easements across the  
17 Coastal Plain for the exploration, development, produc-  
18 tion, or transportation of oil and gas shall be considered  
19 to be established incident to the management of the Coast-  
20 al Plain under this section.

21 **SEC. 249. CONVEYANCE.**

22 Notwithstanding section 1302(h)(2) of the Alaska  
23 National Interest Lands Conservation Act (16 U.S.C.  
24 3192(h)(2)), to remove any cloud on title to land, and to

1 clarify land ownership patterns in the Coastal Plain, the  
2 Secretary shall—

3           (1) to the extent necessary to fulfill the entitle-  
4           ment of the Kaktovik Inupiat Corporation under sec-  
5           tions 12 and 14 of the Alaska Native Claims Settle-  
6           ment Act (43 U.S.C. 1611, 1613), as determined by  
7           the Secretary, convey to that Corporation the sur-  
8           face estate of the land described in paragraph (1) of  
9           Public Land Order 6959, in accordance with the  
10          terms and conditions of the agreement between the  
11          Secretary, the United States Fish and Wildlife Serv-  
12          ice, the Bureau of Land Management, and the  
13          Kaktovik Inupiat Corporation, dated January 22,  
14          1993; and

15          (2) convey to the Arctic Slope Regional Cor-  
16          poration the remaining subsurface estate to which  
17          that Corporation is entitled under the agreement be-  
18          tween that corporation and the United States, dated  
19          August 9, 1983.

20 **SEC. 250. LOCAL GOVERNMENT IMPACT AID AND COMMU-**  
21 **NITY SERVICE ASSISTANCE.**

22 (a) ESTABLISHMENT OF FUND.—

23           (1) IN GENERAL.—As a condition on the receipt  
24           of funds under section 252(2), the State of Alaska  
25           shall establish in the treasury of the State, and ad-

1 minister in accordance with this section, a fund to  
2 be known as the “Coastal Plain Local Government  
3 Impact Aid Assistance Fund” (referred to in this  
4 section as the “Fund”).

5 (2) DEPOSITS.—Subject to paragraph (1), the  
6 Secretary of the Treasury shall deposit into the  
7 Fund, \$35,000,000 each year from the amount  
8 available under section 252(2)(A).

9 (3) INVESTMENT.—The Governor of the State  
10 of Alaska (referred to in this section as the “Gov-  
11 ernor”) shall invest amounts in the Fund in interest-  
12 bearing securities of the United States or the State  
13 of Alaska.

14 (b) ASSISTANCE.—The Governor, in cooperation with  
15 the Mayor of the North Slope Borough, shall use amounts  
16 in the Fund to provide assistance to North Slope Borough,  
17 Alaska, the City of Kaktovik, Alaska, and any other bor-  
18 ough, municipal subdivision, village, or other community  
19 in the State of Alaska that is directly impacted by explo-  
20 ration for, or the production of, oil or gas on the Coastal  
21 Plain under this subtitle, or any Alaska Native Regional  
22 Corporation acting on behalf of the villages and commu-  
23 nities within its region whose lands lie along the right of  
24 way of the Trans Alaska Pipeline System, as determined  
25 by the Governor.

1 (c) APPLICATION.—

2 (1) IN GENERAL.—To receive assistance under  
3 subsection (b), a community or Regional Corporation  
4 described in that subsection shall submit to the Gov-  
5 ernor, or to the Mayor of the North Slope Borough,  
6 an application in such time, in such manner, and  
7 containing such information as the Governor may re-  
8 quire.

9 (2) ACTION BY NORTH SLOPE BOROUGH.—The  
10 Mayor of the North Slope Borough shall submit to  
11 the Governor each application received under para-  
12 graph (1) as soon as practicable after the date on  
13 which the application is received.

14 (3) ASSISTANCE OF GOVERNOR.—The Governor  
15 shall assist communities in submitting applications  
16 under this subsection, to the maximum extent prac-  
17 ticable.

18 (d) USE OF FUNDS.—A community or Regional Cor-  
19 poration that receives funds under subsection (b) may use  
20 the funds—

21 (1) to plan for mitigation, implement a mitiga-  
22 tion plan, or maintain a mitigation project to ad-  
23 dress the potential effects of oil and gas exploration  
24 and development on environmental, social, cultural,

1 recreational, and subsistence resources of the com-  
2 munity;

3 (2) to develop, carry out, and maintain—

4 (A) a project to provide new or expanded  
5 public facilities; or

6 (B) services to address the needs and prob-  
7 lems associated with the effects described in  
8 paragraph (1), including firefighting, police,  
9 water and waste treatment, first responder, and  
10 other medical services;

11 (3) to compensate residents of the Coastal  
12 Plain for significant damage to environmental, so-  
13 cial, cultural, recreational, or subsistence resources;  
14 and

15 (4) in the City of Kaktovik, Alaska—

16 (A) to develop a mechanism for providing  
17 members of the Kaktovikmiut Inupiat commu-  
18 nity an opportunity to—

19 (i) monitor development on the Coast-  
20 al Plain; and

21 (ii) provide information and rec-  
22 ommendations to the Governor based on  
23 traditional aboriginal knowledge of the nat-  
24 ural resources, flora, fauna, and ecological  
25 processes of the Coastal Plain; and

1 (B) to establish a local coordination office,  
2 to be managed by the Mayor of the North Slope  
3 Borough, in coordination with the City of  
4 Kaktovik, Alaska—

5 (i) to coordinate with and advise de-  
6 velopers on local conditions and the history  
7 of areas affected by development;

8 (ii) to provide to the Committee on  
9 Resources of the House of Representatives  
10 and the Committee on Energy and Natural  
11 Resources of the Senate annual reports on  
12 the status of the coordination between de-  
13 velopers and communities affected by de-  
14 velopment;

15 (iii) to collect from residents of the  
16 Coastal Plain information regarding the  
17 impacts of development on fish, wildlife,  
18 habitats, subsistence resources, and the en-  
19 vironment of the Coastal Plain; and

20 (iv) to ensure that the information  
21 collected under clause (iii) is submitted  
22 to—

23 (I) developers; and

24 (II) any appropriate Federal  
25 agency.

1 **SEC. 251. PROHIBITION ON EXPORTS.**

2 An oil or gas lease issued under this subtitle shall  
3 prohibit the exportation of oil or gas produced under the  
4 lease.

5 **SEC. 252. ALLOCATION OF REVENUES.**

6 Notwithstanding the Mineral Leasing Act (30 U.S.C.  
7 181 et seq.) or any other provision of law, of the adjusted  
8 bonus, rental, and royalty receipts from Federal oil and  
9 gas leasing and operations authorized under this subtitle:

10 (1) 50 percent shall be deposited in the general  
11 fund of the Treasury.

12 (2) The remainder shall be available as follows:

13 (A) \$35,000,000 shall be deposited by the  
14 Secretary of the Treasury into the fund created  
15 under section 250(a)(1).

16 (B) The remainder shall be disbursed to  
17 the State of Alaska.

18 **Subtitle C—Oil Shale**

19 **SEC. 261. REMOVAL OF PROHIBITION ON FINAL REGULA-**  
20 **TIONS FOR COMMERCIAL LEASING PROGRAM**  
21 **FOR OIL SHALE RESOURCES ON PUBLIC**  
22 **LAND.**

23 Section 433 of the Department of the Interior, Envi-  
24 ronment, and Related Agencies Appropriations Act, 2008  
25 (Public Law 110–161; 121 Stat. 2152) is repealed.

1     **Subtitle D—Alternative Fuels and**  
 2     **Fuels Derived From Tar Sands**

3     **SEC. 271. PROCUREMENT AND ACQUISITION OF ALTER-**  
 4             **NATIVE FUELS AND FUELS DERIVED FROM**  
 5             **TAR SANDS.**

6             Section 526 of the Energy Independence and Security  
 7     Act of 2007 (42 U.S.C. 17142) is repealed.

8     **Subtitle E—Percentage Depletion**  
 9     **From Marginal Wells**

10    **SEC. 281. ELIMINATION OF TAXABLE INCOME LIMIT ON**  
 11            **PERCENTAGE DEPLETION FOR OIL AND NAT-**  
 12            **URAL GAS PRODUCED FROM MARGINAL**  
 13            **WELLS.**

14            (a) IN GENERAL.—Subparagraph (H) of section  
 15     613A(c)(6) of the Internal Revenue Code of 1986 (relating  
 16     to oil and natural gas produced from marginal properties)  
 17     is amended to read as follows:

18                    “(H) NONAPPLICATION OF TAXABLE IN-

19                    COME LIMIT WITH RESPECT TO MARGINAL PRO-

20                    DUCTION.—The second sentence of subsection

21                    (a) of section 613 shall not apply to so much

22                    of the allowance for depletion as is determined

23                    under subparagraph (A).”.

1 (b) EFFECTIVE DATE.—The amendment made by  
 2 this section shall apply to taxable years beginning after  
 3 December 31, 2007.

4 **TITLE III—EXPANDING NATURAL**  
 5 **GAS AS A MAINSTREAM**  
 6 **TRANSPORTATION FUEL**

7 **SEC. 301. RENEWABLE FUEL PROGRAM.**

8 (a) DEFINITION OF RENEWABLE FUEL.—Effective  
 9 January 1, 2009, section 211(o)(1) of the Clean Air Act  
 10 (42 U.S.C. 7545(o)(1)) is amended by striking subpara-  
 11 graph (J) and inserting the following:

12 “(J) RENEWABLE FUEL.—

13 “(i) IN GENERAL.—The term ‘renew-  
 14 able fuel’ means fuel that—

15 “(I) is produced from renewable  
 16 biomass; and

17 “(II) is used to replace or reduce  
 18 the quantity of fossil fuel present in a  
 19 transportation fuel.

20 “(ii) RENEWABLE FUEL STANDARD.—

21 For purposes of the renewable fuel stand-  
 22 ard under paragraph (2), the term ‘renew-  
 23 able fuel’ includes renewable and non-  
 24 renewable natural gas, including com-

1                   pressed natural and liquefied natural gas  
2                   when used as transportation fuel.”.

3           (b) CREDIT PROGRAM.—Effective January 1, 2009,  
4 section 211(o)(5)(A) of the Clean Air Act (42 U.S.C.  
5 7545(o)(5)(A)) is amended—

6           (1) in clause (ii), by striking “and” at the end;

7           (2) in clause (iii), by striking the period at the  
8 end and inserting “; and”; and

9           (3) by adding at the end the following:

10                   “(iv) for the generation of an appro-  
11                   priate quantity of credits for renewable  
12                   and nonrenewable natural gas, including  
13                   compressed natural and liquefied natural  
14                   gas when used as a transportation fuel.”.

15 **SEC. 302. NEW QUALIFIED ALTERNATIVE FUEL MOTOR VE-**  
16 **HICLE CREDIT ALLOWED FOR DUAL FUELED**  
17 **AUTOMOBILES.**

18           (a) IN GENERAL.—Clause (i) of section 30B(e)(4)(A)  
19 of the Internal Revenue Code of 1986 (relating to defini-  
20 tion of new qualified alternative fuel motor vehicle) is  
21 amended to read as follows:

22                   “(i) which—

23                           “(I) is only capable of operating  
24                           on an alternative fuel, or

1                   “(II) is capable of operating on  
2                   an alternative fuel and gasoline or die-  
3                   sel fuel,”.

4           (b) CONFORMING AMENDMENT.—Section 30B(e) of  
5 the Internal Revenue Code of 1986 is amended by striking  
6 paragraph (5).

7           (c) EFFECTIVE DATE.—The amendments made by  
8 this section shall apply to property placed in service after  
9 the date of the enactment of this Act.

10 **SEC. 303. NATURAL GAS VEHICLE RESEARCH, DEVELOP-**  
11 **MENT, AND DEMONSTRATION PROJECTS.**

12           (a) DEFINITIONS.—In this section:

13               (1) ADMINISTRATOR.—The term “Adminis-  
14               trator” means the Administrator of the Environ-  
15               mental Protection Agency.

16               (2) NATURAL GAS.—The term “natural gas”  
17               means compressed natural gas, liquefied natural gas,  
18               biomethane, and mixtures of hydrogen and methane  
19               or natural gas.

20               (3) SECRETARY.—The term “Secretary” means  
21               the Secretary of Energy.

22           (b) PROGRAM.—The Secretary, in coordination with  
23 the Administrator, shall conduct a program of natural gas  
24 vehicle research, development, and demonstration.

1 (c) PURPOSE.—The program under this section shall  
2 focus on—

3 (1) the continued improvement and develop-  
4 ment of new, cleaner, more efficient light-duty, me-  
5 dium-duty, and heavy-duty natural gas vehicle en-  
6 gines;

7 (2) the integration of those engines into light-  
8 duty, medium-duty, and heavy-duty natural gas vehi-  
9 cles for onroad and offroad applications;

10 (3) expanding product availability by assisting  
11 manufacturers with the certification of the engines  
12 or vehicles described in paragraph (1) or (2) to Fed-  
13 eral or California certification requirements and in-  
14 use emission standards;

15 (4) the demonstration and proper operation and  
16 use of the vehicles described in paragraph (2) under  
17 all operating conditions;

18 (5) the development and improvement of na-  
19 tionally recognized codes and standards for the con-  
20 tinued safe operation of natural gas vehicles and  
21 components;

22 (6) improvement in the reliability and efficiency  
23 of natural gas fueling station infrastructure;

1           (7) the certification of natural gas fueling sta-  
2           tion infrastructure to nationally recognized and in-  
3           dustry safety standards;

4           (8) the improvement in the reliability and effi-  
5           ciency of onboard natural gas fuel storage systems;

6           (9) the development of new natural gas fuel  
7           storage materials;

8           (10) the certification of onboard natural gas  
9           fuel storage systems to nationally recognized and in-  
10          dustry safety standards; and

11          (11) the use of natural gas engines in hybrid  
12          vehicles.

13          (d) CERTIFICATION OF CONVERSION SYSTEMS.—The  
14          Secretary shall coordinate with the Administrator on  
15          issues related to streamlining the certification of natural  
16          gas conversion systems to the appropriate Federal certifi-  
17          cation requirements and in-use emission standards.

18          (e) COOPERATION AND COORDINATION WITH INDUS-  
19          TRY.—In developing and carrying out the program under  
20          this section, the Secretary shall coordinate with the nat-  
21          ural gas vehicle industry to ensure cooperation between  
22          the public and the private sector.

23          (f) CONDUCT OF PROGRAM.—The program under  
24          this section shall be conducted in accordance with sections

1 3001 and 3002 of the Energy Policy Act of 1992 (42  
2 U.S.C. 13541, 13542).

3 (g) REPORT.—Not later than 2 years after the date  
4 of enactment of this Act, the Secretary shall submit to  
5 Congress a report on the implementation of this section.

6 (h) AUTHORIZATION OF APPROPRIATIONS.—There  
7 are authorized to be appropriated to the Secretary such  
8 sums as are necessary to carry out this section.

9 **SEC. 304. DEVELOPMENT OF LOW-EMISSION NATURAL GAS**  
10 **TRANSPORTATION-FUELED VEHICLES.**

11 Part C of title II of the Clean Air Act (42 U.S.C.  
12 7581 et seq.) is amended by adding at the end the fol-  
13 lowing:

14 **“SEC. 251. DEVELOPMENT OF LOW-EMISSION NATURAL GAS**  
15 **TRANSPORTATION-FUELED VEHICLES.**

16 “(a) DEFINITIONS.—In this section:

17 “(1) ALTERNATIVE FUEL.—The term ‘alter-  
18 native fuel’ means compressed or liquid natural gas.

19 “(2) ALTERNATIVE-FUELED VEHICLE.—The  
20 term ‘alternative-fueled vehicle’ means a vehicle that  
21 is manufactured or converted to operate using alter-  
22 native fuel.

23 “(3) BI-FUELED VEHICLE.—The term ‘bi-fueled  
24 vehicle’ means a vehicle that is capable of operating

1 on gasoline or an alternative fuel, but not both at  
2 the same time.

3 “(4) CONVERT.—The term ‘convert’, with re-  
4 spect to a vehicle, means to modify the engine and  
5 other applicable components of the vehicle to enable  
6 the vehicle to operate using an alternative fuel (in-  
7 cluding compressed natural gas).

8 “(5) OBD SYSTEM.—The term ‘OBD system’  
9 means an on-board, computer-based diagnostic sys-  
10 tem built into certain vehicles to monitor the per-  
11 formance of certain primary engine components of  
12 the vehicle (including components responsible for  
13 controlling emissions).

14 “(6) PROGRAM.—The term ‘program’ means  
15 the alternative-fueled vehicle development dem-  
16 onstration program established under subsection (b).

17 “(7) SMALL VOLUME MANUFACTURER.—

18 “(A) IN GENERAL.—The term ‘small vol-  
19 ume manufacturer’ means a manufacturer of  
20 vehicles described in section 86.001–1(e) of title  
21 40, Code of Federal Regulations (or a successor  
22 regulation) that is approved and certified in ac-  
23 cordance with part 86 of subchapter C of chap-  
24 ter I of title 40, Code of Federal Regulations  
25 (or successor regulations).

1           “(B) INCLUSION.—The term ‘small volume  
2           manufacturer’ includes a manufacturer of kits  
3           or equipment used to convert vehicles.

4           “(b) PROGRAM.—

5           “(1) ESTABLISHMENT.—For the period of fiscal  
6           years 2009 through 2013, the Administrator shall  
7           establish and carry out a demonstration program to  
8           assist States in facilitating the development of alter-  
9           native-fueled vehicles.

10           “(2) APPLICATION.—A State may participate in  
11           the program by submitting to the Administrator an  
12           application at such time, in such form, and con-  
13           taining such information as the Administrator shall  
14           specify.

15           “(3) BENEFITS AVAILABLE TO PARTICIPATING  
16           SMALL VOLUME MANUFACTURERS.—Under the pro-  
17           gram, with respect to small volume manufacturers  
18           located in States participating in the program, the  
19           Administrator shall, by regulation—

20           “(A) waive all fees applicable to small vol-  
21           ume manufacturers for the certification and  
22           conversion of alternative-fueled vehicles;

23           “(B) waive requirements for recertification  
24           of kits for the conversion of vehicles in any case  
25           in which, as determined by the Administrator—

1                   “(i) the kit has been previously cer-  
2                   tified for the model of vehicle to be con-  
3                   verted; and

4                   “(ii) neither the kit nor the design  
5                   and specifications of the model of vehicle  
6                   to be converted have substantially changed;

7                   “(C) modify such regulatory requirements  
8                   relating to OBD systems as the Administrator  
9                   determines to be appropriate to provide flexi-  
10                  bility to small volume manufacturers in re-  
11                  programming OBD systems to be compatible  
12                  with the use of alternative fuel;

13                  “(D) permit small volume manufacturers  
14                  to include more vehicles and engines in a single  
15                  engine category to improve the cost-efficiency of  
16                  emission testing of converted vehicles;

17                  “(E) waive the liability of small volume  
18                  manufacturers, in the case of a bi-fueled vehicle  
19                  capable of operating on gasoline or compressed  
20                  natural gas, for the compliance of the gasoline  
21                  system of the bi-fueled vehicle with applicable  
22                  emission requirements;

23                  “(F) provide additional guidance to small  
24                  volume manufacturers with respect to the con-  
25                  version of older models of vehicles; and

1           “(G) revise and streamline certification re-  
2           quirements applicable to small volume manufac-  
3           turers.

4           “(4) STATE RESPONSIBILITY.—As a condition  
5           of participating in the program, during the period of  
6           fiscal years 2009 through 2013, a State shall—

7           “(A) develop regulations for (as compared  
8           to Federal requirements in effect as of the date  
9           of enactment of this section) an equally effec-  
10          tive but less burdensome system of certifying  
11          and verifying emissions of alternative-fueled ve-  
12          hicles and equipment used for conversions; and

13          “(B) not later than December 31, 2012,  
14          submit the proposed regulations of the State to  
15          the Administrator for review.

16          “(c) STATE PROGRAMS.—Upon receipt of proposed  
17          regulations of a State under subsection (b)(4), the Admin-  
18          istrator shall—

19          “(1) review the regulations; and

20          “(2) if the Administrator determines that the  
21          implementation of the regulations would result in (as  
22          compared to Federal requirements in effect as of the  
23          date of enactment of this section) an equally effec-  
24          tive but less burdensome system of certifying and  
25          verifying emissions of alternative-fueled vehicles and

1 equipment used for conversions, authorize the State  
2 to implement the regulations with respect to small  
3 volume manufacturers in the State for the period of  
4 fiscal years 2014 through 2018, subject to—

5 “(A) the submission of annual reports to  
6 the Administrator; and

7 “(B) such periodic inspection and other  
8 oversight requirements as the Administrator de-  
9 termines to be appropriate.

10 “(d) DURATION OF PROGRAM.—The program and all  
11 authority under the program (other than the authority of  
12 the Administrator described in subsection (c)) shall termi-  
13 nate on December 31, 2013, unless the Administrator—

14 “(1) in consultation with the States, elects to  
15 continue the program; and

16 “(2) promulgates such regulations as are nec-  
17 essary to continue the program.

18 “(e) AUTHORIZATION OF APPROPRIATIONS.—There  
19 are authorized to be appropriated such sums as are nec-  
20 essary to carry out this section.”.

21 **SEC. 305. NATURAL GAS CONVERSION EMISSION CERTIFI-**  
22 **CATIONS.**

23 Part C of title II of the Clean Air Act (42 U.S.C.  
24 7581 et seq.) (as amended by section 304) is amended  
25 by adding at the end the following:

1 **“SEC. 252. NATURAL GAS CONVERSION EMISSION CERTIFI-**  
2 **CATIONS.**

3 “(a) IN GENERAL.—The Administrator shall waive  
4 requirements for recertification of kits for the conversion  
5 of vehicles into vehicles that are powered by natural gas  
6 in any case in which, as determined by the Adminis-  
7 trator—

8 “(1) the kit has been previously certified for the  
9 model of vehicle to be converted; and

10 “(2) neither the kit nor the design and speci-  
11 fications of the model of vehicle to be converted have  
12 substantially changed.

13 “(b) OLDER VEHICLES.—The Administrator shall  
14 waive emission certification system requirements for a ve-  
15 hicle that is over 10 years old or has over 120,000 miles  
16 that is powered by natural gas.”.

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