112TH CONGRESS
2d Session

HOUSE OF REPRESENTATIVES

REPORT
112–395

ENERGY SECURITY AND TRANSPORTATION JOBS ACT

FEBRUARY 9, 2012.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. HASTINGS of Washington, from the Committee on Natural Resources, submitted the following

R E P O R T

together with

DISSENTING VIEWS

[To accompany H.R. 3410]

[Including cost estimate of the Congressional Budget Office]

The Committee on Natural Resources, to whom was referred the bill (H.R. 3410) to require the Secretary of the Interior to conduct certain offshore oil and gas lease sales, to provide fair and equitable revenue sharing for all coastal States, to formulate future offshore energy development plans in areas with the most potential, to generate revenue for American infrastructure, and for other purposes, having considered the same, report favorably thereon with an amendment and recommend that the bill as amended do pass.

The amendment is as follows:

Strike all after the enacting clause and insert the following:

SECTION 1. SHORT TITLE.

This Act may be cited as the "Energy Security and Transportation Jobs Act".

SEC. 2. TABLE OF CONTENTS.

The table of contents for this Act is as follows:

19–006

TITLE I—EXPANDING OFFSHORE ENERGY DEVELOPMENT

SEC. 101. OUTER CONTINENTAL SHELF LEASING PROGRAM.

Section 18(a) of the Outer Continental Shelf Lands Act (43 U.S.C. 1344(a)) is amended by adding at the end the following:

"(5)(A) In each oil and gas leasing program under this section, the Secretary shall make available for leasing and conduct lease sales including—

"(i) at least 50 percent of the available unleased acreage within each outer Continental Shelf planning area considered to have the largest undiscovered, technically recoverable oil and gas resources (on a total btu basis) based upon the most recent national geologic assessment of the outer Continental Shelf, with an emphasis on offering the most geologically prospective parts of the planning area; and

"(ii) any State subdivision of an outer Continental Shelf planning area that the Governor of the State that represents that subdivision requests be made available for leasing.

"(B) In this paragraph the term 'available unleased acreage' means that portion of the outer Continental Shelf that is not under lease at the time of a proposed lease sale, and that has not otherwise been made unavailable for leasing by law.

"(6)(A) In the 2012–2017 5-year oil and gas leasing program, the Secretary shall make available for leasing any outer Continental Shelf planning areas that—

"(i) are estimated to contain more than 2,500,000,000 barrels of oil; or

"(ii) are estimated to contain more than 7,500,000,000,000 cubic feet of natural gas.

"(B) To determine the planning areas described in subparagraph (A), the Secretary shall use the document entitled 'Minerals Management Service Assessment of Undiscovered Technically Recoverable Oil and Gas Resources of the Nation's Outer Continental Shelf, 2006'.".

SEC. 102. DOMESTIC OIL AND NATURAL GAS PRODUCTION GOAL.

Section 18(b) of the Outer Continental Shelf Lands Act (43 U.S.C. 1344(b)) is amended to read as follows:

"(b) DOMESTIC OIL AND NATURAL GAS PRODUCTION GOAL.——

"(1) IN GENERAL.—In developing a 5-year oil and gas leasing program, and subject to paragraph (2), the Secretary shall determine a domestic strategic production goal for the development of oil and natural gas as a result of that program. Such goal shall be—

"(A) the best estimate of the possible increase in domestic production of oil and natural gas from the outer Continental Shelf;

"(B) focused on meeting domestic demand for oil and natural gas and reducing the dependence of the United States on foreign energy; and

"(C) focused on the production increases achieved by the leasing program at the end of the 15-year period beginning on the effective date of the program.

"(2) 2012–2017 PROGRAM GOAL.—For purposes of the 2012–2017 5-year oil and gas leasing program, the production goal referred to in paragraph (1) shall be an increase by 2027, from the levels of oil and gas produced as of the date of enactment of this paragraph, of—

"(A) no less than 3,000,000 barrels in the amount of oil produced per day; and

"(B) no less than 10,000,000,000 cubic feet in the amount of natural gas produced per day.

"(3) REPORTING.—The Secretary shall report annually, beginning at the end of the 5-year period for which the program applies, to the Committee on Natural Resources of the House of Representatives and the Committee on Energy and Natural Resources of the Senate on the progress of the program in meeting the production goal. The Secretary shall identify in the report projections for production and any problems with leasing, permitting, or production that will prevent meeting the goal.".

TITLE II—CONDUCTING PROMPT OFFSHORE LEASE SALES

SEC. 201. REQUIREMENT TO CONDUCT PROPOSED OIL AND GAS LEASE SALE 216 IN THE CENTRAL GULF OF MEXICO.

(a) IN GENERAL.—The Secretary of the Interior shall conduct offshore oil and gas Lease Sale 216 under section 8 of the Outer Continental Shelf Lands Act (43 U.S.C. 1337) as soon as practicable, but not later than 4 months after the date of enactment of this Act.

(b) ENVIRONMENTAL REVIEW.—For the purposes of that lease sale, the Environmental Impact Statement for the 2007–2012 5 Year Outer Continental Shelf Plan and the Multi-Sale Environmental Impact Statement are deemed to satisfy the requirements of the National Environmental Policy Act of 1969 (42 U.S.C. 4321 et seq.).

SEC. 202. REQUIREMENT TO CONDUCT PROPOSED OIL AND GAS LEASE SALE 220 ON THE OUTER CONTINENTAL SHELF OFFSHORE VIRGINIA.

(a) IN GENERAL.—Notwithstanding the inclusion of Lease Sale 220 in the Proposed Outer Continental Shelf Oil & Gas Leasing Program 2012–2017, the Secretary shall conduct offshore oil and gas Lease Sale 220 under section 8 of the Outer Continental Shelf Lands Act (43 U.S.C. 1337) as soon as practicable, but not later than one year after the date of enactment of this Act.

(b) REQUIREMENT TO MAKE REPLACEMENT LEASE BLOCKS AVAILABLE.—

(1) IN GENERAL.—For each lease block in a proposed lease sale under this section for which the Secretary of Defense, in consultation with the Secretary of the Interior, under the Memorandum of Agreement referred to in subsection (c)(2), issues a statement proposing deferral from a lease offering due to defense-related activities that are irreconcilable with mineral exploration and development, the Secretary of the Interior, in consultation with the Secretary of Defense, shall make available in the same lease sale two other lease blocks in the Virginia lease sale planning area that are acceptable for oil and gas exploration and production in order to mitigate conflict.

(2) VIRGINIA LEASE SALE PLANNING AREA DEFINED.—In this subsection the term "Virginia lease sale planning area" means the area of the outer Continental Shelf (as that term is defined in the Outer Continental Shelf Lands Act (33 U.S.C. 1331 et seq.)) that is bounded by—

(A) a northern boundary consisting of a straight line extending from the northernmost point of Virginia's seaward boundary to the point on the seaward boundary of the United States exclusive economic zone located at 37 degrees 17 minutes 1 second North latitude, 71 degrees 5 minutes 16 seconds West longitude; and

(B) a southern boundary consisting of a straight line extending from the southernmost point of Virginia's seaward boundary to the point on the seaward boundary of the United States exclusive economic zone located at 36 degrees 31 minutes 58 seconds North latitude, 71 degrees 30 minutes 1 second West longitude.

(c) BALANCING MILITARY AND ENERGY PRODUCTION GOALS.—

(1) JOINT GOALS.—In recognition that the Outer Continental Shelf oil and gas leasing program and the domestic energy resources produced therefrom are integral to national security, the Secretary of the Interior and the Secretary of Defense shall work jointly in implementing this section in order to ensure achievement of the following common goals:

(A) Preserving the ability of the Armed Forces of the United States to maintain an optimum state of readiness through their continued use of the Outer Continental Shelf.

(B) Allowing effective exploration, development, and production of our Nation's oil, gas, and renewable energy resources.

(2) PROHIBITION ON CONFLICTS WITH MILITARY OPERATIONS.—No person may engage in any exploration, development, or production of oil or natural gas off the coast of Virginia that would conflict with any military operation, as determined in accordance with the Memorandum of Agreement between the Department of Defense and the Department of the Interior on Mutual Concerns on the Outer Continental Shelf signed July 20, 1983, and any revision or replacement for that agreement that is agreed to by the Secretary of Defense and the Secretary of the Interior after that date but before the date of issuance of the lease under which such exploration, development, or production is conducted.

SEC. 203. REQUIREMENT TO CONDUCT OIL AND GAS LEASE SALE 222 IN THE CENTRAL GULF OF MEXICO.

(a) IN GENERAL.—The Secretary shall conduct offshore oil and gas Lease Sale 222 under section 8 of the Outer Continental Shelf Lands Act (43 U.S.C. 1337) by as soon as practicable, but not later than September 1, 2012.

(b) ENVIRONMENTAL REVIEW.—For the purposes of that lease sale, the Environmental Impact Statement for the 2007–2012 5 Year Outer Continental Shelf Plan and the Multi-Sale Environmental Impact Statement are deemed to satisfy the requirements of the National Environmental Policy Act of 1969 (42 U.S.C. 4321 et seq.).

SEC. 204. LEASE SALE OFFSHORE CALIFORNIA WITH NO NEW OFFSHORE IMPACT.

(a) SOUTHERN CALIFORNIA LEASE SALE.—The Secretary shall offer for sale leases of tracts in the Southern California Planning Area in the Santa Maria and Santa Barbara/Ventura Basins in accordance with section 8 of the Outer Continental Shelf Lands Act (43 U.S.C. 1337) as soon as practicable, but not later than July 1, 2014.

(b) USE OF EXISTING STRUCTURES OR ONSHORE-BASED DRILLING.—Leases offered for sale under this section shall include such terms and conditions as are necessary to require that development and production may occur only from existing offshore infrastructure or from onshore-based drilling.

(c) RELATIONSHIP TO LEASING PROGRAM.—Areas shall be offered for lease under this section notwithstanding the omission of the Southern California Planning Area from any outer Continental Shelf leasing program under section 18 of the Outer Continental Shelf Lands Act (43 U.S.C. 1344).

(d) RELATIONSHIP TO STATE COASTAL ZONE MANAGEMENT PROGRAM.—Section 307(c) of the Coastal Zone Management Act of 1972 (16 U.S.C. 1456(c)) shall not apply to lease sales under this section and activities conducted under leases issued in such sales, including exploration, development, and production.

(e) ENVIRONMENTAL IMPACT STATEMENT REQUIREMENT.—

(1) IN GENERAL.—Before conducting the first lease sale under this section, the Secretary shall prepare an environmental impact statement for the lease sales required under this section, under section 102 of the National Environmental Policy Act of 1969 (42 U.S.C. 4332).

(2) ACTIONS TO BE CONSIDERED.—

(A) IN GENERAL.—Notwithstanding section 102 of the National Environmental Policy Act of 1969 (42 U.S.C. 4332), in such statement—

(i) the Secretary is not required to identify nonleasing alternative courses of action or to analyze the environmental effects of such alternative courses of action; and

(ii) the Secretary shall only—

(I) identify a preferred action for leasing and not more than one alternative leasing proposal; and

(II) analyze the environmental effects and potential mitigation measures for such preferred action and such alternative leasing proposal.

(B) DEADLINE.—The identification of the preferred action and related analysis for the first lease sale under this Act shall be completed within 18 months after the date of enactment of this Act.

(3) CONSIDERATION OF PUBLIC COMMENTS.—In preparing such statement, the Secretary shall only consider public comments that specifically address the Secretary's preferred action and that are filed within 20 days after publication of an environmental analysis.

(4) COMPLIANCE.—Compliance with this subsection is deemed to satisfy all requirements for the analysis and consideration of the environmental effects of proposed leasing under this section.

SEC. 205. REQUIREMENT TO CONDUCT OIL AND GAS LEASE SALE 214 IN THE NORTH ALEUTIAN BASIN OFFSHORE ALASKA.

(a) IN GENERAL.—The Secretary of the Interior shall conduct the lease sale formerly known as Lease Sale 214, for the tracts located in the North Aleutian Basin

Outer Continental Shelf Planning Area, not later than 1 year after the date of enactment of this Act.

(b) RELATIONSHIP TO LEASING PROGRAM.—Areas shall be offered for lease under this section notwithstanding inclusion of areas referred to in subsection (a) in the Proposed Outer Continental Shelf Oil & Gas Leasing Program 2012–2017.

SEC. 206. ADDITIONAL LEASES.

Section 18 of the Outer Continental Shelf Lands Act (43 U.S.C. 1344) is amended by adding at the end the following:

"(i) ADDITIONAL LEASE SALES.—In addition to lease sales in accordance with a leasing program in effect under this section, the Secretary may hold lease sales for areas identified by the Secretary to have the greatest potential for new oil and gas development as a result of local support, new seismic findings, or nomination by interested persons.".

SEC. 207. DEFINITIONS.

In this title:

(1) The term "Environmental Impact Statement for the 2007–2012 5 Year Outer Continental Shelf Plan" means the Final Environmental Impact Statement for Outer Continental Shelf Oil and Gas Leasing Program: 2007–2012 (April 2007) prepared by the Secretary.

(2) The term "Multi-Sale Environmental Impact Statement" means the Environmental Impact Statement for Proposed Western Gulf of Mexico Outer Continental Shelf Oil and Gas Lease Sales 204, 207, 210, 215, and 218, and Proposed Central Gulf of Mexico Outer Continental Shelf Oil and Gas Lease Sales 205, 206, 208, 213, 216, and 222 (September 2008) prepared by the Secretary.

(3) The term "Secretary" means the Secretary of the Interior.

TITLE III—LEASING IN NEW OFFSHORE AREAS

SEC. 301. LEASING IN THE EASTERN GULF OF MEXICO.

Section 104 of division C of the Tax Relief and Health Care Act of 2006 (Public Law 109–432; 120 Stat. 3003) is repealed.

SEC. 302. REFORMING OIL AND GAS LEASING IN THE EASTERN GULF OF MEXICO.

(a) REFORMING ADMINISTRATIVE BOUNDARIES.—Effective July 1, 2012, for purposes of administering the Outer Continental Shelf Lands Act (43 U.S.C. 1331 et seq.) the boundary between the Central Gulf of Mexico Outer Continental Shelf Planning Area and the Eastern Gulf of Mexico Outer Continental Shelf Planning Area shall be 86 degrees, 41 minutes west longitude.

(b) EXTENDING THE MORATORIUM.—Effective during the period beginning on the date of enactment of this Act and ending June 30, 2025, the Secretary of the Interior shall not offer for leasing, preleasing, or any related activity any area in the Eastern Gulf of Mexico Outer Continental Shelf Planning Area except as required under subsection (c).

(c) LIMITED NEW LEASING IN THE EASTERN GULF OF MEXICO.—

(1) IN GENERAL.—Notwithstanding the Proposed Outer Continental Shelf Oil & Gas Leasing Program 2012–2017, the Secretary shall conduct planning and leasing for one lease sale in the Eastern Gulf of Mexico Outer Continental Shelf Planning Area in each of 2013, 2014, and 2015. Each lease sale shall only consist of 50 contiguous Outer Continental Shelf lease blocks in those areas the Secretary considers to have the greatest potential for oil and gas after issuing a request for, receiving, and considering public comment. In reviewing potential areas for such leasing, the Secretary shall focus on those areas for which there are known quantities of hydrocarbons that can be conventionally produced using existing or reasonably foreseeable technology, and for which oil and gas exploration, development, production, and marketing could be carried out in an expeditious manner.

(2) LEASE CONDITIONS.—In addition to such requirements as otherwise apply, each lease sale under this subsection shall be subject to the following:

(A) The Secretary may include limits on permanent surface occupancy on any lease block if surface occupancy is incompatible with military operations.

(B) The Secretary may include limits on drilling schedules and surface occupancy to accommodate defense activities on a short-term or seasonal basis. Such limits shall be treated as administrative suspensions of a lease term.

(C) The Secretary may limit permanent surface infrastructure on any Outer Continental Shelf lease block that is closer than 12 nautical miles to the coast of any State, unless that infrastructure is approved by the State.

(d) REQUIREMENT TO MAKE REPLACEMENT LEASE BLOCKS AVAILABLE.—For each lease block in a proposed lease sale under this section for which the Secretary of Defense, in consultation with the Secretary of the Interior, under the Memorandum of Agreement referred to in subsection (e)(2) issues a statement proposing deferral from a lease offering due to defense-related activities that are irreconcilable with mineral exploration and development, the Secretary of the Interior, in consultation with the Secretary of Defense, shall make available in the same lease sale two other lease blocks in the same Outer Continental Shelf planning area that are acceptable for oil and gas exploration and production in order to mitigate conflict.

(e) BALANCING MILITARY AND ENERGY PRODUCTION GOALS.—

(1) JOINT GOALS.—In recognition that the Outer Continental Shelf oil and gas leasing program and the domestic energy resources produced therefrom are integral to national security, the Secretary of the Interior and the Secretary of Defense shall work jointly in implementing this section in order to ensure achievement of the goals of—

(A) preserving the ability of the Armed Forces of the United States to maintain an optimum state of readiness through their continued use of the Outer Continental Shelf; and

(B) allowing effective exploration, development, and production of our Nation's oil, gas, and renewable energy resources.

(C) recognizing the Outer Continental Shelf oil and gas leasing program is an integral part of the Nation's energy security program to develop domestic oil and gas resources.

(2) PROHIBITION ON CONFLICTS WITH MILITARY OPERATIONS.—No person may engage in any exploration, development, or production of oil or natural gas in the Eastern Gulf of Mexico Outer Continental Shelf Planning Area that would conflict with any military operation, as determined in accordance with the Memorandum of Agreement between the Department of Defense and the Department of the Interior on Mutual Concerns on the Outer Continental Shelf signed July 20, 1983, and any revision or replacement for that agreement that is agreed to by the Secretary of Defense and the Secretary of the Interior after that date but before the date of issuance of the lease under which such exploration, development, or production is conducted.

SEC. 303. AREAS ADDED TO CENTRAL GULF OF MEXICO PLANNING AREA.

The Secretary shall conduct an offshore oil and gas lease sale under section 8 of the Outer Continental Shelf Lands Act (43 U.S.C. 1337) for the areas added to the Central Gulf of Mexico Outer Continental Shelf Planning Area as a result of the enactment of section 302(a) as soon as practicable, but not later than the first lease sale under such section after the date of the enactment of this Act in which any area in such planning area is made available for leasing.

SEC. 304. APPLICATION OF OUTER CONTINENTAL SHELF LANDS ACT WITH RESPECT TO TERRITORIES OF THE UNITED STATES.

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

(1) in paragraph (a), by inserting after "control" the following: "or lying within the United States' exclusive economic zone and the Continental Shelf adjacent to any territory of the United States"; and

(2) in paragraph (p), by striking "and" after the semicolon at the end;

(3) in paragraph (q), by striking the period at the end and inserting "; and"; and

(4) by adding at the end the following:

"(r) The term 'State' includes each territory of the United States.".

TITLE IV—OUTER CONTINENTAL SHELF REVENUE SHARING

SEC. 401. DISPOSITION OF OUTER CONTINENTAL SHELF REVENUES TO COASTAL STATES.

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

(1) in the existing text—

(A) in the first sentence, by striking "All rentals," and inserting the following:

"(c) DISPOSITION OF REVENUE UNDER OLD LEASES.—All rentals,"; and

(B) in subsection (c) (as designated by the amendment made by subparagraph (A) of this paragraph), by striking "for the period from June 5, 1950, to date, and thereafter" and inserting "in the period beginning June 5, 1950, and ending on the date of enactment of the Energy Security and Transportation Jobs Act";

(2) by adding after subsection (c) (as so designated) the following:

"(d) DEFINITIONS.—In this section:

"(1) COASTAL STATE.—The term 'coastal State' includes a territory of the United States.

"(2) NEW LEASING REVENUES.—The term 'new leasing revenues'—

"(A) means amounts received by the United States as bonuses, rents, and royalties under leases for oil and gas, wind, tidal, or other energy exploration, development, and production on areas of the outer Continental Shelf that are authorized to be made available for leasing as a result of enactment of the Energy Security and Transportation Jobs Act; and

"(B) does not include amounts received by the United States under any lease of an area located in the boundaries of the Central Gulf of Mexico and Western Gulf of Mexico Outer Continental Shelf Planning Areas on the date of the enactment of the Energy Security and Transportation Jobs Act, including a lease issued before, on, or after such date of enactment."; and

(3) by inserting before subsection (c) (as so designated) the following:

"(a) PAYMENT OF NEW LEASING REVENUES TO COASTAL STATES.—

"(1) IN GENERAL.—Except as provided in paragraph (2), of the amount of new leasing revenues received by the United States each fiscal year, 37.5 percent shall be allocated and paid in accordance with subsection (b) to coastal States that are affected States with respect to the leases under which those revenues are received by the United States.

"(2) PHASE-IN.—Paragraph (1) shall be applied—

"(A) with respect to new leasing revenues under leases awarded under the first leasing program under section 18(a) that takes effect after the date of enactment of the Energy Security and Transportation Jobs Act, by substituting '12.5 percent' for '37.5 percent'; and

"(B) with respect to new leasing revenues under leases awarded under the second leasing program under section 18(a) that takes effect after the date of enactment of the Energy Security and Transportation Jobs Act, by substituting '25 percent' for '37.5 percent'.

"(b) ALLOCATION OF PAYMENTS.—

"(1) IN GENERAL.—The amount of new leasing revenues received by the United States with respect to a leased tract that are required to be paid to coastal States in accordance with this subsection each fiscal year shall be allocated among and paid to coastal States that are within 200 miles of the leased tract, in amounts that are inversely proportional to the respective distances between the point on the coastline of each such State that is closest to the geographic center of the lease tract, as determined by the Secretary.

"(2) MINIMUM AND MAXIMUM ALLOCATION.—The amount allocated to a coastal State under paragraph (1) each fiscal year with respect to a leased tract shall be—

"(A) in the case of a coastal State that is the nearest State to the geographic center of the leased tract, not less than 25 percent of the total amounts allocated with respect to the leased tract;

"(B) in the case of any other coastal State, not less than 10 percent, and not more than 15 percent, of the total amounts allocated with respect to the leased tract; and

"(C) in the case of a coastal State that is the only coastal State within 200 miles of a least tract, 100 percent of the total amounts allocated with respect to the leased tract.

"(3) ADMINISTRATION.—Amounts allocated to a coastal State under this subsection—

"(A) shall be available to the coastal State without further appropriation;

"(B) shall remain available until expended; and

"(C) shall be in addition to any other amounts available to the coastal State under this Act.

"(4) USE OF FUNDS.—

"(A) IN GENERAL.—Except as provided in subparagraph (B), a coastal State may use funds allocated and paid to it under this subsection for any purpose as determined by the laws of that State.

"(B) RESTRICTION ON USE FOR MATCHING.—Funds allocated and paid to a coastal State under this subsection may not be used as matching funds for any other Federal program.".

(b) LIMITATION ON APPLICATION.—This section and the amendment made by this section shall not affect the application of section 105 of the Gulf of Mexico Energy Security Act of 2006 (title I of division C of Public Law 109–432; (43 U.S.C. 1331 note)), as in effect before the enactment of this Act, with respect to revenues received by the United States under oil and gas leases issued for tracts located in the Western and Central Gulf of Mexico Outer Continental Shelf Planning Areas, including such leases issued on or after the date of the enactment of this Act.

TITLE V—MISCELLANEOUS PROVISIONS

SEC. 501. POLICIES REGARDING BUYING, BUILDING, AND WORKING FOR AMERICA.

(a) CONGRESSIONAL INTENT.—It is the intent of the Congress that—

(1) this Act will support a healthy and growing United States domestic energy sector that, in turn, helps to reinvigorate American manufacturing, transportation, and service sectors by employing the vast talents of United States workers to assist in the development of energy from domestic sources; and

(2) Congress will monitor the deployment of personnel and material onshore and offshore to encourage the development of American technology and manufacturing to enable United States workers to benefit from this Act through good jobs and careers, as well as the establishment of important industrial facilities to support expanded access to American resources.

(b) REQUIREMENT.—The Secretary of the Interior shall when possible, and practicable, encourage the use of United States workers and equipment manufactured in the United States in all construction related to mineral and renewable energy resource development on the Outer Continental Shelf under this Act.

SEC. 502. REGULATIONS.

Section 30(a) of the Outer Continental Shelf Lands Act (43 U.S.C. 1356(a)) is amended by striking "shall issue regulations which" and inserting "shall issue regulations that shall be supplemental to, complementary with, and under no circumstances a substitution for the provisions of the Constitution and laws of the United States extended to the subsoil and seabed of the outer Continental Shelf by section 4(a)(1), except insofar as such laws would otherwise apply to individuals who have extraordinary ability in the sciences, arts, education, or business, which has been demonstrated by sustained national or international acclaim, and that".

PURPOSE OF THE BILL

The purpose of H.R. 3410, as ordered reported, is to require the Secretary of the Interior to conduct certain offshore oil and gas lease sales, to provide fair and equitable revenue sharing for all coastal States, to formulate future offshore energy development plans in areas with the most potential and to generate revenue for American infrastructure.

BACKGROUND AND NEED FOR LEGISLATION

The Outer Continental Shelf Lands Act (OCSLA, 43 U.S.C. 1331 et seq.) provides a legal structure for offshore oil and natural gas exploration, leasing, and development in federal waters. The federal government develops five-year plans to determine where and when offshore leasing and energy production will occur.

As currently written in law, OCSLA specifically identifies our nation's Outer Continental Shelf (OCS) as a "vital national resource reserve held by the Federal Government for the public, which should be made available for expeditious and orderly development, subject to environmental safeguards, in a manner which is consistent with the maintenance of competition and other national needs." Unfortunately, management of our nation's OCS minerals under the Obama Administration has not been conducted in a manner that preserves or enhances our Nation's competitive edge, nor has the management been conducive to expeditious and orderly development of our national mineral resources.

H.R. 3410, the Energy Security and Transportation Jobs Act, will reverse this mismanagement of our national OCS resources and require the Secretary of the Interior to adhere to a management approach that addresses the needs of U.S. citizens in the 21st Century. The bill will require the Secretary to move forward on domestic oil and gas production in our OCS in accordance with our soaring national need for energy resources as well as our desire to remain competitive in a growing global economy.

Section 18 of the OCSLA requires the Secretary to furnish a five-year plan for leasing activity in the OCS. The most recent five-year plan put forward under the Obama Administration, entitled "Proposed Outer Continental Shelf Oil & Gas Leasing Program 2012–2017," included no new areas for leasing. In fact, the plan as proposed directs more drilling to some of the most technologically challenging areas of the OCS and withdraws from development areas of the OCS with easily developable resources. Additionally, the proposed five-year plan left out the previously included Lease Sale 220 off the coast of Virginia—a lease sale that is heavily supported by the Governor of Virginia, the majority of the Congressional delegation, and the legislature of the Commonwealth of Virginia. The Obama narrowly focused five-year proposed leasing plan does not reflect the growing need for energy resources in our Nation. The plan also ignores the skyrocketing gas prices that are distressing American families and businesses at a time when unemployment rates are hovering above 9 percent.

H.R. 3410 will require the Secretary to conduct a goal-oriented leasing program in which the Secretary will aim to meet targeted production goals in line with national need. The Secretary will also be required to lease a specific amount of OCS acreage focusing on multiple planning areas with the greatest potential for oil and gas resources. The Act is clear that the goal is to open as much of the OCS as is prospective. While not setting specific areas as open into the future, the bill sets into place a plan that will allow the OCS to begin to produce the resources needed for the American consumer. The Act will require the Secretary to conduct specific lease sales within a certain amount of time—including sales in OCS areas off the coasts of Alaska, Virginia, California and Florida.

RESUMING CANCELED AND POSTPONED LEASE SALES

The 2007–2012 Offshore Oil and Gas Leasing Program included a lease sale off the Virginia coast in 2011 (#220), two Gulf of Mexico lease sales (#216 and #218) in 2011, and another Gulf of Mexico lease sale (#222) in 2012. All of these sales were either canceled or delayed by the Obama Administration. In some cases, the Administration has showed renewed interest in conducting certain formerly-delayed lease sales in an attempt to rebrand them as new offshore energy development. While this is far from the case, H.R. 3410 requires the Secretary to expediently conduct lease sales 216, 220, and 222. The bill also reinstates lease sale 214 in the North Aleutian Basin offshore Alaska.

Additionally, the bill directs a lease sale in the Southern California OCS Planning Area. This area is one where there are known resources of hydrocarbons that private geologists informed the

Committee could be developed from production platforms that already exist in these federal waters. The Committee also noted the State of California's renewed interest in pursuing the development of State oil and gas resources from existing resources. For these reasons, this bill directs a lease sale in Southern California, but requires that the leases only be those which can be reached from existing offshore infrastructure or from onshore-based directional drilling.

Offshore drilling is certainly not new to the State of California, as there is currently oil and gas production from 23 platforms located offshore southern California. These account for about 24 million barrels of oil and 47 billion cubic feet of natural gas annually. Despite these figures, California is a net importer of oil. According to the California Energy Commission, California produces only about 37.2 percent of the petroleum the State uses. In 2007, the State spent nearly $50 billion for gasoline and $9.7 billion for diesel. Additionally, petroleum-based fuels account for 96 percent of the State's transportation needs. By directing this lease sale, California can play a greater role in generating the petroleum it sorely needs and consumes largely for transportation purposes. Additionally, for the first time, California will be entitled to share the revenues from this production under title IV of this bill.

EASTERN GULF OF MEXICO

The Gulf of Mexico Energy Security Act of 2006 (GOMESA, Public Law 109–432) includes a moratorium on oil and natural gas leasing in the Eastern Gulf of Mexico until June 30, 2022. Additionally, GOMESA provides no revenue sharing for the State of Florida. The Eastern Gulf of Mexico is known to have significant hydrocarbon potential. Despite the limited leasing activity that has occurred in the Eastern Gulf, the Minerals Management Service estimated in 2000 that the Eastern Gulf of Mexico contains between 6.95 and 9.22 trillion cubic feet of natural gas and 1.57 and 2.78 billion barrels of oil.

The underlying purpose of H.R. 3410 is to focus new lease sales and production into areas of America's OCS where there are known resources. The Eastern Gulf of Mexico is one of these places. Currently, under GOMESA, most of the region in the Eastern Gulf of Mexico is closed to offshore oil and gas development until June 30, 2022. H.R. 3410 as introduced eliminated the 2022 date and opened the entire Eastern Gulf of Mexico immediately for offshore leasing. However, changes made to the bill in Committee establish a gradual and responsible plan to allow for limited leasing in the Eastern Gulf of Mexico and provide for significant protection for military activity.

Improvements made to the bill by the amendment in the nature of a substitute include the permanent establishment of the Military Mission line (a North-South line at 86 degrees 41 minutes) as the new administrative boundary between the Central Gulf of Mexico Planning Area and the Eastern Gulf of Mexico Planning Area for the purposes of OCS oil, gas and wind administration by the Federal Government. Areas east of this line are closed to offshore leasing until 2025, an adjustment from the current 2022 date, with the exception of three discreet lease sales of only 50 lease blocks (450 square miles) each, allowing for a total of 1,350 square miles to be leased for oil and gas development. According to the Bureau of Ocean Energy Management, the area east of the military mission line contains 6,079,201.33 offshore acres. Conducting three, 50-block lease sales in that area represents roughly 1.4 percent of total acreage. These lease blocks are to be in areas with the most promising oil and gas resources and the Secretary is able to conduct these leases with significant stipulations to protect ongoing military operations. The Committee directed these sales in a careful manner to balance the interest of various parties in the region including industry, defense and tourism. In contrast to the sudden and complete opening of the Eastern Gulf in just a few years, the limited set of 50-block sales in this bill begins the cautious steps of opening the Eastern Gulf at a measured, deliberate pace.

Finally, the Committee understands that there are active leases in the Eastern Gulf of Mexico Planning area that have not been able to be developed as a result of provisions included in GOMESA. It is the Committee's intent that should these existing leases be in areas chosen by the Secretary to be opened for leasing, the existing leases should be allowed to be developed in accordance with the stipulations included in H.R. 3410.

PROTECTION FOR DEFENSE OPERATIONS

Currently, in conducting lease sales in the OCS, the Secretary works within a mutually-agreed to framework that was developed between the Department of the Interior and the Department of Defense under a Memorandum of Agreement (MOA) signed in 1983. This Act requires the Secretaries of Interior and Defense to continue to work inside that framework, or any update of that agreement that follows.

Public lands of the United States are entrusted to the care of the federal government to ensure for their multiple uses by a wide variety of interests. In the case of federal OCS waters, the MOA allows for a symbiotic relationship between the Department of Defense and the Department of the Interior. The MOA ensures that the Secretary of the Interior and the Secretary of Defense are on equal footing in the leasing process, and created the framework that balances those needs that is still in use today. While the MOA clearly recognizes that the OCS leasing program of the Department of the Interior is an "integral part of the nation's energy security program," it also recognizes that the military's continued use of the OCS is imperative to ensure that our armed forces "achieve and maintain an optimum state of readiness." The Committee believes that the MOA has successfully managed the multiple-use of federal offshore lands.

The Committee recognizes the success of this agreement, though it understands that there exists a need to update the agreement so it may adapt to new and emerging offshore energy technologies, such as wind energy. The Committee requests that the Department of the Interior update this MOA to account for technological advances and report to the Committee on Natural Resources and the Committee on Armed Services and their Senate counterparts within 60 days on the progress of the updates.

Given the success of this MOA, the Committee also recognizes that the only way to feasibly ensure that the joint goals of preserving access to the OCS for the U.S. Armed Forces and for mineral development is to allow the agencies to continue their negotiations inside the framework of the MOA. The Committee believes that a scenario where one Department is given precedence over the other would fundamentally undermine the multiple-use mission for public lands. Instead, the MOA is recognized as a delicate yet sound means by which both Departments may reach mutually acceptable solutions, thereby allowing leasing to continue in the OCS while making certain that the needs of our Nation's military continue to be met.

Finally, the Committee felt it important to further incorporate provisions that address the needs of the Department of Defense when conducting certain lease sales under this Act. In the Eastern Gulf of Mexico, provisions are included which allow limits on permanent surface occupancy should it conflict with military operations. Additionally, the Secretary of the Interior is able to include limits on drilling schedules to accommodate military operations. Finally, the Secretary may limit permanent surface infrastructure on any lease block that is within 12 nautical miles of any coastal state, unless that infrastructure is approved by the State.

In the case of lease sale 220, the Virginia lease sale planning area administrative boundaries were established in such a way as to incorporate recommendations from a Department of Defense report dated February 15, 2010, entitled: "Report on the compatibility of Department of Defense activities with oil and gas resource development on the Outer Continental Shelf (OCS)." This report specifically outlines areas off the coast of Virginia (pg. 36, Mid-Atlantic Summary) where oil and gas activity can occur with no permanent oil and gas surface structures and areas where oil and gas activity would be outside of military operational areas. As a result of the planning area defined in this Act, the Department of the Interior has the flexibility to mitigate conflicts with the military by allowing these new areas for lease under lease sale 220 in exchange for areas that the Department of Defense requests not be offered for lease under the terms of the MOA.

REVENUE SHARING

Aside from requiring the Secretary to conduct lease sales in areas with existing drilling as well as new areas in a way that reduces military conflicts, H.R. 3410 will also provide all coastal States and U.S. Territories with a fair and equitable revenue sharing plan. This is done without changing the existing revenue sharing plan currently in place for four Gulf States (Texas, Louisiana, Alabama and Mississippi) under GOMESA. The Committee respected concerns voiced by State and local officials and Members of Congress from Gulf states who wished to leave the existing revenue formulas in place. As a result, the amendment in the nature of a substitute adopted during Committee markup specifically leaves GOMESA revenue sharing formulas in place for areas where it applied prior to the enactment of H.R. 3410.

For all other OCS areas, the bill extends a 37.5 percent share of federal revenues to all coastal States. Areas that were under moratorium under Section 104 of GOMESA, which this bill repeals, as well as areas that were previously a part of the Eastern Gulf of Mexico OCS Planning Area but are considered part of the Central Gulf of Mexico OCS Planning Area as a result of the boundary change included in Section 302 of this bill, are to be considered to be covered by the new revenue sharing formula because they are now open as a result of this bill's enactment. This will ensure Florida receives a portion of revenues from the development of hydrocarbons in proximity to its shoreline.

The new revenue sharing formula grants all coastal States within 200 miles of the leased tract a portion of the revenues based on their distance from that leased trace. This revenue sharing formula is phased in based on a five-year leasing plan, eventually resulting in 37.5 percent of revenues derived from offshore energy development going to all coastal States, including the U.S. Territories. As written, the Committee intends the bill to begin the first phase of this revenue sharing plan in the upcoming FY2012–FY2017 leasing plan that will be finalized by the Administration later this year.

CBO SCORING AND FEDERAL REVENUE

Through the provisions in this bill directing the responsible opening of federal offshore waters containing the most significant known resources that (1) are not currently leased for energy production, and (2) are part of no existing plan for future leasing and production, the resulting revenues should be substantial and sustained, generating billions of dollars for the coming decades.

However, in preparing its score of this bill, the Congressional Budget Office (CBO) takes what is both a more conservative and optimistic approach that results in much lower projected revenues. The Committee has communicated to CBO that it respectfully disagrees with its scoring approach and that the Committee believes current law, current leasing plans, Administration policies and proposed new policies, and decades of areas being closed for leasing and drilling, all run contrary to the assumptions and baselines used to calculate the CBO score for this bill. The Committee appreciates that CBO has very modestly adjusted its score upward on provisions in this bill compared to the analysis done in 2011 on H.R. 1230 and H.R. 1231.

By opening, for the first time in a generation, areas of the Pacific and Atlantic Oceans that are closed by the Obama Administration and for which there are no plans to open, the Committee expects the bill to generate several billion dollars above the CBO score within the 10-year window, and tens of billions of dollars over the next several decades in new revenue.

It is important to note that CBO's analysis and estimate represents, using their own term, a "middle" estimate of the revenue anticipated to come to the federal Treasury. Again, CBO's budget baseline makes assumptions about future revenues by assuming areas will open when there has been no plan proposed to open those areas.

In 2006, CBO estimated that opening the areas of the OCS under moratoria could generate an additional $4 billion for the U.S. Treasury over a ten year period. However, as a result of the lifting of both the Presidential and Congressional moratoria on the OCS in 2008, CBO now considers those areas to be open and includes revenues from those areas in the baseline. CBO makes that assumption based on the reading of OCSLA that directs the Secretary to consider all open areas. This means that CBO assumes that areas of the Pacific and Atlantic will be opened by the Administration, despite this Administration using every tool at their disposal to close these areas, as well as to delay and limit leasing and production in areas that are actually open in the Gulf of Mexico.

The tremendous gas resources of the Eastern Gulf of Mexico and Atlantic combined with the tremendous resources in federal waters off the State of California make the potential for revenue generated by this bill higher than the CBO score. The Committee believes that an accurate review of the legislation should reflect the generation of closer to $5.1 billion in new receipts over the ten-year period, and additional revenue of tens of billions for decades into the future.

One example of why this estimate is too low are the federal waters off the State of California. Geologists have estimated that from the existing platforms in the OCS there are as much as 1.6 billion barrels of oil available for leasing, but are unleased and absent from any existing future leasing plan. This volume of resource, combined with the low cost of production due to the shallow water and shallow drilling depth at which the oil is contained, mean that the leases would fetch a tremendous premium if offered. In addition, these leases (which would be 5-year leases) would mean that most would have several years of production of royalties inside the 10-year budget window. Generating significant revenue for the Treasury not assumed in estimate of this bill. All this is made available from the one directed California OCS sale included in the bill. Meanwhile, according to the 2006 National Resource Assessment, there are billions of other barrels of oil in the Southern California planning area available for leasing. Leasing that can occur as a result of passage of this Act, not as the result of Obama Administration action.

COMMITTEE ACTION

H.R. 3410 was introduced on November 14, 2011, by Congressman Steve Stivers (R–OH). The bill was referred to the Committee on Natural Resources, and within the Committee to the Subcommittee on Energy and Mineral Resources. On November 18, 2011, the Subcommittee held a hearing on a draft version of the bill. On February 1, 2012, the Full Natural Resources Committee met to consider the introduced version of H.R. 3410. The Subcommittee on Energy and Mineral Resources was discharged by unanimous consent. Congressman Doc Hastings (R–WA) offered an amendment in the nature of a substitute to the bill. Congressman John Sarbanes (D–MD) offered amendment designated .03 to the amendment in the nature of a substitute; the amendment was not adopted by a bipartisan roll call vote of 12 to 25, as follows:

Committee on Natural Resources
U.S. House of Representatives
112th Congress

Date: February 1, 2012 Recorded Vote #: 1

Meeting on / Amendment: **HR 3410** – An Amendment to the Amendment in the Nature of a Substitute offered by Mr. Sarbanes.03 was NOTAGREED TO by a roll call vote of 12 yeas and 25 nays.

MEMBERS	Yea	Nay	Pres	MEMBERS	Yea	Nay	Pres
Mr. Hastings, WA Chairman		X		*Mr. Heinrich, NM*		X	
Mr. Markey, MA Ranking	X			**Mr. Benishek, MI**		X	
Mr. Young, AK				*Mr. Lujan, NM*	X		
Mr. Kildee, MI	X			**Mr. Rivera, FL**			
Mr. Duncan of TN		X		*Mr. Sarbanes, MD*	X		
Mr. Defazio, OR				**Mr. Duncan of SC**		X	
Mr. Gohmert, TX				*Ms. Sutton, OH*	X		
Mr. Faleomavaega, AS				**Mr. Tipton, CO**		X	
Mr. Bishop, UT		X		*Ms. Tsongas*			
Mr. Pallone, NJ	X			**Mr. Gosar, AZ**			
Mr. Lamborn, CO		X		*Mr. Pierluisi, PR*			
Mrs. Napolitano, CA	X			**Mr. Labrador, ID**		X	
Mr. Wittman, VA		X		*Mr. Garamendi, CA*	X		
Mr. Holt, NJ	X			**Ms. Noem, SD**		X	
Mr. Broun, GA		X		*Ms. Hanabusa, HI*	X		
Mr. Grijalva, AZ	X			**Mr. Southerland, FL**		X	
Mr. Fleming, LA		X		**Mr. Flores, TX**		X	
Ms. Bordallo, GU				**Mr. Harris, MD**		X	
Mr. Coffman, CO		X		**Mr. Landry, LA**		X	
Mr. Costa, CA		X		**Mr. Runyan, NJ**		X	
Mr. McClintock, CA		X		**Mr. Johnson, OH**		X	
Mr. Boren, OK		X		**Mr. Amodei, NV**		X	
Mr. Thompson, PA		X					
Mr. Sablan, CNMI	X						
Mr. Denham, CA		X					
				TOTALS	12	25	

Congressman Peter DeFazio (D–OR) offered amendment designated .10 to the amendment in the nature of a substitute; the amendment was not adopted by a bipartisan roll call vote of 15 to 25, as follows:

Committee on Natural Resources
U.S. House of Representatives
112th Congress

Date: February 1, 2012 Recorded Vote #: 2

Meeting on / Amendment: **HR 3410** – An Amendment to the Amendment in the Nature of a Substitute offered by Mr. DeFazio.10 was NOT AGREED TO by a roll call vote of 15 yeas and 25 nays.

MEMBERS	Yea	Nay	Pres	MEMBERS	Yea	Nay	Pres
Mr. Hastings, WA Chairman		X		*Mr. Heinrich, NM*	X		
Mr. Markey, MA Ranking	X			**Mr. Benishek, MI**		X	
Mr. Young, AK				*Mr. Lujan, NM*	X		
Mr. Kildee, MI	X			**Mr. Rivera, FL**			
Mr. Duncan of TN		X		*Mr. Sarbanes, MD*	X		
Mr. Defazio, OR	X			**Mr. Duncan of SC**		X	
Mr. Gohmert, TX				*Ms. Sutton, OH*	X		
Mr. Faleomavaega, AS				**Mr. Tipton, CO**		X	
Mr. Bishop, UT		X		*Ms. Tsongas*	X		
Mr. Pallone, NJ	X			**Mr. Gosar, AZ**			
Mr. Lamborn, CO		X		*Mr. Pierluisi, PR*			
Mrs. Napolitano, CA	X			**Mr. Labrador, ID**		X	
Mr. Wittman, VA		X		*Mr. Garamendi, CA*	X		
Mr. Holt, NJ	X			**Ms. Noem, SD**		X	
Mr. Broun, GA		X		*Ms. Hanabusa, HI*	X		
Mr. Grijalva, AZ	X			**Mr. Southerland, FL**		X	
Mr. Fleming, LA		X		**Mr. Flores, TX**		X	
Ms. Bordallo, GU				**Mr. Harris, MD**		X	
Mr. Coffman, CO		X		**Mr. Landry, LA**		X	
Mr. Costa, CA		X		**Mr. Runyan, NJ**		X	
Mr. McClintock, CA		X		**Mr. Johnson, OH**		X	
Mr. Boren, OK		X		**Mr. Amodei, NV**		X	
Mr. Thompson, PA		X					
Mr. Sablan, CNMI	X						
Mr. Denham, CA		X					
				TOTALS	15	25	

Congressman John Garamendi (D–CA) offered amendment designated .06 to the amendment in the nature of a substitute; the amendment was not adopted by a bipartisan roll call vote of 17 to 25, as follows:

Committee on Natural Resources
U.S. House of Representatives
112th Congress

Date: February 1, 2012 Recorded Vote #: 3

Meeting on / Amendment: **HR 3410** – An Amendment to the Amendment in the Nature of a Substitute offered by Mr. Garamendi.06 was NOT AGREED TO by a roll call vote of 17 yeas and 25 nays.

MEMBERS	Yea	Nay	Pres	MEMBERS	Yea	Nay	Pres
Mr. Hastings, WA Chairman		X		*Mr. Heinrich, NM*	X		
Mr. Markey, MA Ranking	X			**Mr. Benishek, MI**		X	
Mr. Young, AK				*Mr. Lujan, NM*	X		
Mr. Kildee, MI	X			**Mr. Rivera, FL**			
Mr. Duncan of TN		X		*Mr. Sarbanes, MD*	X		
Mr. Defazio, OR	X			**Mr. Duncan of SC**		X	
Mr. Gohmert, TX				*Ms. Sutton, OH*	X		
Mr. Faleomavaega, AS				**Mr. Tipton, CO**		X	
Mr. Bishop, UT		X		*Ms. Tsongas*	X		
Mr. Pallone, NJ	X			**Mr. Gosar, AZ**		X	
Mr. Lamborn, CO		X		*Mr. Pierluisi, PR*			
Mrs. Napolitano, CA	X			**Mr. Labrador, ID**		X	
Mr. Wittman, VA		X		*Mr. Garamendi, CA*	X		
Mr. Holt, NJ	X			**Ms. Noem, SD**		X	
Mr. Broun, GA		X		*Ms. Hanabusa, HI*	X		
Mr. Grijalva, AZ	X			**Mr. Southerland, FL**		X	
Mr. Fleming, LA		X		**Mr. Flores, TX**	X		
Ms. Bordallo, GU				**Mr. Harris, MD**		X	
Mr. Coffman, CO		X		**Mr. Landry, LA**		X	
Mr. Costa, CA	X			**Mr. Runyan, NJ**		X	
Mr. McClintock, CA		X		**Mr. Johnson, OH**		X	
Mr. Boren, OK		X		**Mr. Amodei, NV**		X	
Mr. Thompson, PA		X					
Mr. Sablan, CNMI	X						
Mr. Denham, CA		X					
				TOTALS	17	25	

Congressman John Garamendi (D–CA) offered amendment designated .071 to the amendment in the nature of a substitute; the amendment was not adopted by a bipartisan roll call vote of 15 to 27, as follows:

Committee on Natural Resources
U.S. House of Representatives
112th Congress

Date: February 1, 2012 Recorded Vote #: 4

Meeting on / Amendment: **HR 3410** – An Amendment to the Amendment in the Nature of a Substitute offered by Mr. Garamendi.071 was NOT AGREED TO by a roll call vote of 15 yeas and 27 nays.

MEMBERS	Yea	Nay	Pres	MEMBERS	Yea	Nay	Pres
Mr. Hastings, WA Chairman		X		*Mr. Heinrich, NM*	X		
Mr. Markey, MA Ranking	X			**Mr. Benishek, MI**		X	
Mr. Young, AK				*Mr. Lujan, NM*	X		
Mr. Kildee, MI	X			**Mr. Rivera, FL**			
Mr. Duncan of TN		X		*Mr. Sarbanes, MD*	X		
Mr. Defazio, OR	X			**Mr. Duncan of SC**		X	
Mr. Gohmert, TX				*Ms. Sutton, OH*	X		
Mr. Faleomavaega, AS				**Mr. Tipton, CO**		X	
Mr. Bishop, UT		X		*Ms. Tsongas*	X		
Mr. Pallone, NJ	X			**Mr. Gosar, AZ**		X	
Mr. Lamborn, CO		X		*Mr. Pierluisi, PR*			
Mrs. Napolitano, CA	X			**Mr. Labrador, ID**		X	
Mr. Wittman, VA		X		*Mr. Garamendi, CA*	X		
Mr. Holt, NJ	X			**Ms. Noem, SD**		X	
Mr. Broun, GA		X		*Ms. Hanabusa, HI*	X		
Mr. Grijalva, AZ	X			**Mr. Southerland, FL**		X	
Mr. Fleming, LA		X		**Mr. Flores, TX**		X	
Ms. Bordallo, GU				**Mr. Harris, MD**		X	
Mr. Coffman, CO		X		**Mr. Landry, LA**		X	
Mr. Costa, CA		X		**Mr. Runyan, NJ**		X	
Mr. McClintock, CA		X		**Mr. Johnson, OH**		X	
Mr. Boren, OK		X		**Mr. Amodei, NV**		X	
Mr. Thompson, PA		X					
Mr. Sablan, CNMI	X						
Mr. Denham, CA		X					
				TOTALS	15	27	

Congresswoman Niki Tsongas (D–MA) offered amendment designated .04 to the amendment in the nature of a substitute; the amendment was not adopted by a bipartisan roll call vote of 15 to 27, as follows:

Committee on Natural Resources
U.S. House of Representatives
112th Congress

Date: February 1, 2012 Recorded Vote #: 5

Meeting on / Amendment: **HR 3410** – An Amendment to the Amendment in the Nature of a Substitute offered by Ms. Tsongas.04 was NOT AGREED TO by a roll call vote of 15 yeas and 27 nays.

MEMBERS	Yea	Nay	Pres	MEMBERS	Yea	Nay	Pres
Mr. Hastings, WA Chairman		X		*Mr. Heinrich, NM*	X		
Mr. Markey, MA Ranking	X			**Mr. Benishek, MI**		X	
Mr. Young, AK				*Mr. Lujan, NM*	X		
Mr. Kildee, MI	X			**Mr. Rivera, FL**			
Mr. Duncan of TN		X		*Mr. Sarbanes, MD*	X		
Mr. Defazio, OR	X			**Mr. Duncan of SC**		X	
Mr. Gohmert, TX				*Ms. Sutton, OH*	X		
Mr. Faleomavaega, AS				**Mr. Tipton, CO**		X	
Mr. Bishop, UT		X		*Ms. Tsongas*	X		
Mr. Pallone, NJ	X			**Mr. Gosar, AZ**		X	
Mr. Lamborn, CO		X		*Mr. Pierluisi, PR*			
Mrs. Napolitano, CA	X			**Mr. Labrador, ID**		X	
Mr. Wittman, VA		X		*Mr. Garamendi, CA*	X		
Mr. Holt, NJ	X			**Ms. Noem, SD**		X	
Mr. Broun, GA		X		*Ms. Hanabusa, HI*	X		
Mr. Grijalva, AZ	X			**Mr. Southerland, FL**		X	
Mr. Fleming, LA		X		**Mr. Flores, TX**		X	
Ms. Bordallo, GU				**Mr. Harris, MD**		X	
Mr. Coffman, CO		X		**Mr. Landry, LA**		X	
Mr. Costa, CA		X		**Mr. Runyan, NJ**		X	
Mr. McClintock, CA		X		**Mr. Johnson, OH**		X	
Mr. Boren, OK		X		**Mr. Amodei, NV**		X	
Mr. Thompson, PA		X					
Mr. Sablan, CNMI	X						
Mr. Denham, CA		X					
				TOTALS	15	27	

Congresswoman Niki Tsongas (D–MA) offered amendment designated .12 to the amendment in the nature of a substitute; the amendment was not adopted by a bipartisan roll call vote of 16 to 27, as follows:

Committee on Natural Resources
U.S. House of Representatives
112th Congress

Date: February 1, 2012 Recorded Vote #: 6

Meeting on / Amendment: **HR 3410** – An Amendment to the Amendment in the Nature of a Substitute offered by Ms. Tsongas.12 was NOT AGREED TO by a roll call vote of 16 yeas and 27 nays.

MEMBERS	Yea	Nay	Pres	MEMBERS	Yea	Nay	Pres
Mr. Hastings, WA Chairman		X		*Mr. Heinrich, NM*	X		
Mr. Markey, MA Ranking	X			**Mr. Benishek, MI**		X	
Mr. Young, AK		X		*Mr. Lujan, NM*	X		
Mr. Kildee, MI	X			**Mr. Rivera, FL**			
Mr. Duncan of TN		X		*Mr. Sarbanes, MD*	X		
Mr. Defazio, OR	X			**Mr. Duncan of SC**		X	
Mr. Gohmert, TX				*Ms. Sutton, OH*	X		
Mr. Faleomavaega, AS				**Mr. Tipton, CO**		X	
Mr. Bishop, UT		X		*Ms. Tsongas*	X		
Mr. Pallone, NJ	X			**Mr. Gosar, AZ**		X	
Mr. Lamborn, CO		X		*Mr. Pierluisi, PR*	X		
Mrs. Napolitano, CA	X			**Mr. Labrador, ID**		X	
Mr. Wittman, VA		X		*Mr. Garamendi, CA*	X		
Mr. Holt, NJ	X			**Ms. Noem, SD**		X	
Mr. Broun, GA		X		*Ms. Hanabusa, HI*	X		
Mr. Grijalva, AZ	X			**Mr. Southerland, FL**		X	
Mr. Fleming, LA		X		**Mr. Flores, TX**		X	
Ms. Bordallo, GU				**Mr. Harris, MD**		X	
Mr. Coffman, CO		X		**Mr. Landry, LA**		X	
Mr. Costa, CA		X		**Mr. Runyan, NJ**		X	
Mr. McClintock, CA		X		**Mr. Johnson, OH**		X	
Mr. Boren, OK		X		**Mr. Amodei, NV**		X	
Mr. Thompson, PA		X					
Mr. Sablan, CNMI	X						
Mr. Denham, CA		X					
				TOTALS	16	27	

Congressman Edward Markey (D–MA) offered amendment designated Grijalva.05 to the amendment in the nature of a substitute; the amendment was not adopted by a bipartisan roll call vote of 14 to 30, as follows:

Committee on Natural Resources
U.S. House of Representatives
112th Congress

Date: February 1, 2012 Recorded Vote #: 7

Meeting on / Amendment: **HR 3410** – An Amendment to the Amendment in the Nature of a Substitute (Mr. Grijalva.05) was offered by Mr. Markey, was NOT AGREED TO by a roll call vote of 14 yeas and 30 nays.

MEMBERS	Yea	Nay	Pres	MEMBERS	Yea	Nay	Pres
Mr. Hastings, WA Chairman		X		*Mr. Heinrich, NM*		X	
Mr. Markey, MA Ranking	X			**Mr. Benishek, MI**		X	
Mr. Young, AK		X		*Mr. Lujan, NM*		X	
Mr. Kildee, MI	X			**Mr. Rivera, FL**		X	
Mr. Duncan of TN		X		*Mr. Sarbanes, MD*	X		
Mr. Defazio, OR	X			**Mr. Duncan of SC**		X	
Mr. Gohmert, TX				*Ms. Sutton, OH*	X		
Mr. Faleomavaega, AS				**Mr. Tipton, CO**		X	
Mr. Bishop, UT		X		*Ms. Tsongas*	X		
Mr. Pallone, NJ	X			**Mr. Gosar, AZ**		X	
Mr. Lamborn, CO		X		*Mr. Pierluisi, PR*	X		
Mrs. Napolitano, CA	X			**Mr. Labrador, ID**		X	
Mr. Wittman, VA		X		*Mr. Garamendi, CA*	X		
Mr. Holt, NJ	X			**Ms. Noem, SD**		X	
Mr. Broun, GA		X		*Ms. Hanabusa, HI*	X		
Mr. Grijalva, AZ	X			**Mr. Southerland, FL**		X	
Mr. Fleming, LA		X		**Mr. Flores, TX**		X	
Ms. Bordallo, GU				**Mr. Harris, MD**		X	
Mr. Coffman, CO		X		**Mr. Landry, LA**		X	
Mr. Costa, CA		X		**Mr. Runyan, NJ**		X	
Mr. McClintock, CA		X		**Mr. Johnson, OH**		X	
Mr. Boren, OK		X		**Mr. Amodei, NV**		X	
Mr. Thompson, PA		X					
Mr. Sablan, CNMI	X						
Mr. Denham, CA		X					
				TOTALS	14	30	

Congressman Rush Holt (D–NJ) offered amendment designated .099 to the amendment in the nature of a substitute; the amendment was not adopted by a bipartisan roll call vote of 18 to 27, as follows:

Committee on Natural Resources
U.S. House of Representatives
112th Congress

Date: February 1, 2012 Recorded Vote #: 8

Meeting on / Amendment: **HR 3410** – An Amendment to the Amendment in the Nature of a Substitute offered by Mr. Holt.099 was NOT AGREED TO by a roll call vote of 18 yeas and 27 nays.

MEMBERS	Yea	Nay	Pres	MEMBERS	Yea	Nay	Pres
Mr. Hastings, WA Chairman		X		*Mr. Heinrich, NM*	X		
Mr. Markey, MA Ranking	X			**Mr. Benishek, MI**		X	
Mr. Young, AK		X		*Mr. Lujan, NM*	X		
Mr. Kildee, MI	X			**Mr. Rivera, FL**		X	
Mr. Duncan of TN		X		*Mr. Sarbanes, MD*	X		
Mr. Defazio, OR	X			**Mr. Duncan of SC**		X	
Mr. Gohmert, TX		X		*Ms. Sutton, OH*	X		
Mr. Faleomavaega, AS				**Mr. Tipton, CO**		X	
Mr. Bishop, UT		X		*Ms. Tsongas*	X		
Mr. Pallone, NJ	X			**Mr. Gosar, AZ**		X	
Mr. Lamborn, CO		X		*Mr. Pierluisi, PR*	X		
Mrs. Napolitano, CA	X			**Mr. Labrador, ID**		X	
Mr. Wittman, VA		X		*Mr. Garamendi, CA*	X		
Mr. Holt, NJ	X			**Ms. Noem, SD**		X	
Mr. Broun, GA		X		*Ms. Hanabusa, HI*	X		
Mr. Grijalva, AZ	X			**Mr. Southerland, FL**		X	
Mr. Fleming, LA		X		**Mr. Flores, TX**		X	
Ms. Bordallo, GU				**Mr. Harris, MD**		X	
Mr. Coffman, CO		X		**Mr. Landry, LA**		X	
Mr. Costa, CA	X			**Mr. Runyan, NJ**		X	
Mr. McClintock, CA		X		**Mr. Johnson, OH**		X	
Mr. Boren, OK	X			**Mr. Amodei, NV**		X	
Mr. Thompson, PA		X					
Mr. Sablan, CNMI	X						
Mr. Denham, CA		X					
				TOTALS	18	27	

Congressman Edward Markey (D–MA) offered amendment designated .01 to the amendment in the nature of a substitute; the amendment was not adopted by a bipartisan roll call vote of 16 to 28, as follows:

Committee on Natural Resources
U.S. House of Representatives
112th Congress

Date: February 1, 2012 Recorded Vote #: 9

Meeting on / Amendment: **HR 3410** – An Amendment to the Amendment in the Nature of a Substitute offered by Mr. Markey.01 was NOT AGREED TO by a roll call vote of 16 yeas and 28 nays.

MEMBERS	Yea	Nay	Pres	MEMBERS	Yea	Nay	Pres
Mr. Hastings, WA Chairman		X		*Mr. Heinrich, NM*	X		
Mr. Markey, MA Ranking	X			**Mr. Benishek, MI**		X	
Mr. Young, AK		X		*Mr. Lujan, NM*	X		
Mr. Kildee, MI	X			**Mr. Rivera, FL**		X	
Mr. Duncan of TN		X		*Mr. Sarbanes, MD*	X		
Mr. Defazio, OR	X			**Mr. Duncan of SC**		X	
Mr. Gohmert, TX		X		*Ms. Sutton, OH*	X		
Mr. Faleomavaega, AS				**Mr. Tipton, CO**		X	
Mr. Bishop, UT		X		*Ms. Tsongas*	X		
Mr. Pallone, NJ	X			**Mr. Gosar, AZ**		X	
Mr. Lamborn, CO		X		*Mr. Pierluisi, PR*	X		
Mrs. Napolitano, CA	X			**Mr. Labrador, ID**		X	
Mr. Wittman, VA		X		*Mr. Garamendi, CA*	X		
Mr. Holt, NJ	X			**Ms. Noem, SD**		X	
Mr. Broun, GA		X		*Ms. Hanabusa, HI*	X		
Mr. Grijalva, AZ	X			**Mr. Southerland, FL**		X	
Mr. Fleming, LA		X		**Mr. Flores, TX**		X	
Ms. Bordallo, GU				**Mr. Harris, MD**		X	
Mr. Coffman, CO				**Mr. Landry, LA**		X	
Mr. Costa, CA		X		**Mr. Runyan, NJ**		X	
Mr. McClintock, CA		X		**Mr. Johnson, OH**		X	
Mr. Boren, OK		X		**Mr. Amodei, NV**		X	
Mr. Thompson, PA		X					
Mr. Sablan, CNMI	X						
Mr. Denham, CA		X					
				TOTALS	16	28	

Congressman Jon Runyan (R–NJ) offered amendment designated .025 to the amendment in the nature of a substitute. Congressman John Garamendi (D–CA) offered a substitute amendment to the Runyan amendment; the Garamendi amendment was not adopted by a bipartisan roll call vote of 20 to 24, as follows:

Committee on Natural Resources
U.S. House of Representatives
112th Congress

Date: February 1, 2012 Recorded Vote #: 10

Meeting on / Amendment: **HR 3410** – A substitute amendment offered by Mr. Garamendi to the Runyan.025 amendment was NOT AGREED TO by a roll call vote of 20 yeas and 24 nays.

MEMBERS	Yea	Nay	Pres	MEMBERS	Yea	Nay	Pres
Mr. Hastings, WA Chairman		X		*Mr. Heinrich, NM*		X	
Mr. Markey, MA Ranking	X			**Mr. Benishek, MI**		X	
Mr. Young, AK		X		*Mr. Lujan, NM*	X		
Mr. Kildee, MI	X			**Mr. Rivera, FL**	X		
Mr. Duncan of TN				*Mr. Sarbanes, MD*	X		
Mr. Defazio, OR	X			**Mr. Duncan of SC**		X	
Mr. Gohmert, TX		X		*Ms. Sutton, OH*	X		
Mr. Faleomavaega, AS				**Mr. Tipton, CO**		X	
Mr. Bishop, UT		X		*Ms. Tsongas*	X		
Mr. Pallone, NJ	X			**Mr. Gosar, AZ**		X	
Mr. Lamborn, CO		X		*Mr. Pierluisi, PR*	X		
Mrs. Napolitano, CA	X			**Mr. Labrador, ID**		X	
Mr. Wittman, VA		X		*Mr. Garamendi, CA*	X		
Mr. Holt, NJ	X			**Ms. Noem, SD**		X	
Mr. Broun, GA		X		*Ms. Hanabusa, HI*	X		
Mr. Grijalva, AZ	X			**Mr. Southerland, FL**	X		
Mr. Fleming, LA		X		**Mr. Flores, TX**		X	
Ms. Bordallo, GU				**Mr. Harris, MD**		X	
Mr. Coffman, CO		X		**Mr. Landry, LA**		X	
Mr. Costa, CA		X		**Mr. Runyan, NJ**	X		
Mr. McClintock, CA		X		**Mr. Johnson, OH**	X		
Mr. Boren, OK		X		**Mr. Amodei, NV**	X		
Mr. Thompson, PA		X					
Mr. Sablan, CNMI	X						
Mr. Denham, CA		X					
				TOTALS	20	24	

The Runyan amendment to the amendment in the nature of a substitute then failed by voice vote. The Hastings amendment in the nature of a substitute was adopted by voice vote. The bill, as amended, was then adopted and ordered favorably reported to the House of Representatives by a bipartisan roll call vote of 25 to 19, as follows:

Committee on Natural Resources
U.S. House of Representatives
112th Congress

Date: February 1, 2012 Recorded Vote #: 11

Meeting on / Amendment: **HR 3410** – Adopted and favorably reported to the House of Representatives, as amended, by a roll call vote of 25 yeas and 19 nays.

MEMBERS	Yea	Nay	Pres	MEMBERS	Yea	Nay	Pres
Mr. Hastings, WA Chairman	X			*Mr. Heinrich, NM*		X	
Mr. Markey, MA Ranking		X		**Mr. Benishek, MI**	X		
Mr. Young, AK	X			*Mr. Lujan, NM*		X	
Mr. Kildee, MI		X		**Mr. Rivera, FL**		X	
Mr. Duncan of TN				*Mr. Sarbanes, MD*		X	
Mr. Defazio, OR		X		**Mr. Duncan of SC**	X		
Mr. Gohmert, TX	X			*Ms. Sutton, OH*		X	
Mr. Faleomavaega, AS				**Mr. Tipton, CO**	X		
Mr. Bishop, UT	X			*Ms. Tsongas*		X	
Mr. Pallone, NJ		X		**Mr. Gosar, AZ**	X		
Mr. Lamborn, CO	X			*Mr. Pierluisi, PR*		X	
Mrs. Napolitano, CA		X		**Mr. Labrador, ID**	X		
Mr. Wittman, VA	X			*Mr. Garamendi, CA*		X	
Mr. Holt, NJ		X		**Ms. Noem, SD**	X		
Mr. Broun, GA	X			*Ms. Hanabusa, HI*		X	
Mr. Grijalva, AZ		X		**Mr. Southerland, FL**		X	
Mr. Fleming, LA	X			**Mr. Flores, TX**	X		
Ms. Bordallo, GU				**Mr. Harris, MD**	X		
Mr. Coffman, CO	X			**Mr. Landry, LA**	X		
Mr. Costa, CA	X			**Mr. Runyan, NJ**		X	
Mr. McClintock, CA	X			**Mr. Johnson, OH**	X		
Mr. Boren, OK	X			**Mr. Amodei, NV**	X		
Mr. Thompson, PA	X						
Mr. Sablan, CNMI		X					
Mr. Denham, CA	X						
				TOTALS	25	19	

SECTION-BY-SECTION ANALYSIS

TITLE I. EXPANDING OFFSHORE ENERGY DEVELOPMENT

Section 101. Outer Continental Shelf Leasing Program.

This section requires the Secretary of the Interior, when preparing the five-year oil and gas leasing program, to make available those Outer Continental Shelf (OCS) planning areas with the most known resource potential; requires the Secretary to consider requests made by Governors who seek development off their shores; and requires the Secretary to open all OCS areas in the 2012–2017 5-Year Plan that are estimated to contain more than 2.5 billion barrels of oil and more than 7.5 TCF of natural gas.

Section 102. Domestic Oil and Natural Gas Production Goal.

This section requires the Secretary to determine strategic energy production goals when crafting a 5-year plan that best addresses domestic energy demand; and sets the production goal for the 2012–2017 5-year plan to increase energy production by 2027 by no less than 3 million barrels of oil per day and no less than 10 billion cubic feet of natural gas per day.

TITLE II. CONDUCTING PROMPT OFFSHORE LEASE SALES

Section 201. Requirement To Conduct Proposed Oil and Gas Lease Sale 216 in the Central Gulf of Mexico.

This section requires the Secretary to conduct Lease Sale 216 in the Central Gulf not later than 4 months after enactment of the bill.

Section 202. Requirement To Conduct Proposed Oil and Gas Lease Sale 220 on the Outer Continental Shelf Offshore Virginia.

This section requires the Secretary to conduct Lease Sale 220 off the coast of Virginia not later than one year after enactment of the bill while also protecting military operations and readiness. The section also provides the Secretary with flexibility on lease area.

Section 203. Requirement To Conduct Oil and Gas Lease Sale 222 in the Central Gulf of Mexico.

This section requires the Secretary to conduct Lease Sale 222 in the Central Gulf not later than September 1, 2012.

Section 204. Lease Sale Offshore California with No New Offshore Impact.

This section requires the Secretary to conduct a lease sale off the coast of Southern California for selected areas with known amounts of hydrocarbons that can be accessed only from existing infrastructure. This sale must be conducted not later than 18 months after enactment of the bill.

Section 205. Requirement To Conduct Oil and Gas Lease Sale 214 in the North Aleutian Basin Offshore Alaska.

This section requires the Secretary to conduct lease sale 214 in the North Aleutian Basin not later than one year after enactment of the bill.

Section 206. Additional Leases.

This section provides the Secretary with flexibility to issue further lease sales regardless of their inclusion in the 5-year plan in effect at the time.

Section 207. Definitions.

This section provides definitions for terms used in the bill.

TITLE III. LEASING IN NEW OFFSHORE AREAS

Section 301. Leasing in the Eastern Gulf of Mexico.

This section provides a technical amendment to clarify that the remainder of this title will serve as the new administrative policy on oil and gas leasing in the Eastern Gulf of Mexico.

Section 302. Reforming Oil and Gas Leasing in the Eastern Gulf of Mexico.

This section establishes the administrative boundary line between the Central Gulf and Eastern Gulf planning areas as the current Military Mission line. The section also provides for gradual, careful and limited energy production in the Eastern Gulf of Mexico by allowing three small lease sales of 50 lease blocks in areas with known quantities of hydrocarbons, subject to significant military protections, while also extending the 2022 opening of the remainder of the Eastern Gulf until 2025.

Section 303. Areas Added to Central Gulf of Mexico Planning Area.

This section requires the Secretary to conduct a lease sale for new areas in the Central Gulf Planning Area as a result of the administrative boundary change included in the previous section.

Section 304. Application of Outer Continental Shelf Lands Act with Respect to Territories of the United States.

This section applies the Outer Continental Shelf Lands Act to the Territories of the United States.

TITLE IV. OUTER CONTINENTAL SHELF REVENUE SHARING

Section 401. Disposition of Outer Continental Shelf Revenues to Coastal States.

This section provides coastal states, including U.S. territories, with 37.5 percent of the revenues from offshore oil and gas development in new areas, phased in by 5-year plan. Central and Western Gulf areas subject to GOMESA revenue sharing prior to this Act remain under the pre-existing revenue sharing plan.

TITLE V. MISCELLANEOUS PROVISIONS

Section 501. Policies Regarding Buying, Building, and Working for America.

This section provides that, to the extent possible, the Secretary will encourage the hiring of American workers and the use of equipment and materials manufactured in the United States.

Section 502. Regulations.

This section ensures all individuals working on structures such as offshore rigs and offshore wind turbines that are fixed permanently or temporarily to the seabed of the OCS obtain work visas in accordance with our nation's laws.

Committee Oversight Findings and Recommendations

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

Compliance With House Rule XIII

1. *Cost of Legislation.* Clause 3(d)(1) of rule XIII of the Rules of the House of Representatives requires an estimate and a comparison by the Committee of the costs which would be incurred in carrying out this bill. However, clause 3(d)(2)(B) of that rule provides that this requirement does not apply when the Committee has included in its report a timely submitted cost estimate of the bill prepared by the Director of the Congressional Budget Office under section 402 of the Congressional Budget Act of 1974. Under clause 3(c)(3) of rule XIII of the Rules of the House of Representatives and section 403 of the Congressional Budget Act of 1974, the Committee has received the following cost estimate for this bill from the Director of the Congressional Budget Office:

H.R. 3410—Energy Security and Transportation Jobs Act

Summary: H.R. 3410 would revise existing laws and policies regarding the development of oil and gas resources on the Outer Continental Shelf (OCS). It would repeal statutory restrictions on leasing in the Eastern Gulf of Mexico and direct the Department of the Interior (DOI) to conduct certain lease sales in that area. The bill also would reduce the department's future administrative discretion to schedule OCS auctions and would require that certain auctions be held for leases in the Atlantic, Pacific, and Alaska OCS by 2017. Under this bill, some of the offsetting receipts from leases issued in those areas would be spent, without further appropriation, for payments to states.

CBO estimates that enacting H.R. 3410 would reduce net direct spending by $1.8 billion over the 2012–2022 period. In addition, CBO estimates that implementing the bill would have discretionary costs of $45 million over the 2012–2017 period, assuming appropriation of the necessary amounts. Enacting this bill would not affect revenues. Pay-as-you-go procedures apply because enacting the legislation would reduce direct spending.

H.R. 3410 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would impose no costs on state, local, or tribal governments.

Estimated cost to the Federal Government: The estimated budgetary impact of H.R. 3410 is shown in the following table. The costs of this legislation fall within budget functions 950 (undistributed offsetting receipts) and 300 (natural resources and the environment).

	By fiscal year, in millions of dollars—						
	2012	2013	2014	2015	2016	2017	2012–2017
CHANGES IN DIRECT SPENDING							
Estimated Budget Authority	0	0	0	−50	−500	−360	−910
Estimated Outlays	0	0	0	−50	−500	−360	−910
CHANGES IN SPENDING SUBJECT TO APPROPRIATION							
Estimated Authorization Level	2	15	15	5	5	3	45
Estimated Outlays	1	14	15	7	5	3	45

[a] Over the 2012–2022 period, CBO estimates enacting H.R. 3410 would reduce direct spending by $1.8 billion.

Basis of estimate: For this estimate, CBO assumes that H.R. 3410 will be enacted during 2012. Under the bill, we expect that oil and gas leasing activity would increase in the OCS and that a specified portion of the income from that activity would be paid to affected states. Bonus bids, rental fees, and royalty payments for OCS leases are recorded in the budget as offsetting receipts, which are an offset to direct spending. Because oil and gas production usually occurs several years after a lease is issued, CBO expects that most of the increase in offsetting receipts over the next 10 years would result from bonus bids and rental payments.

Direct Spending

CBO estimates that implementing H.R. 3410 would increase gross offsetting receipts from OCS leasing activity by $2.3 billion over the 2012–2022 period and increase direct spending for payments to states by $0.5 billion over that same period, resulting in a net reduction in direct spending of $1.8 billion over the 2012–2022 period and $910 million over the 2012–2017 period. That estimate is based on information from DOI on the oil and gas resources in the affected regions; historical rates of leasing in those areas; and recent trends in the amount of bonus bids paid for other OCS leases. Although H.R. 3410 would direct DOI to hold certain lease sales within a year of enactment, CBO anticipates that most of the additional proceeds would be collected after 2015 because of the time needed to complete geological, environmental, and other assessments for each sale and to issue leases to winning bidders.

Leasing in the Gulf of Mexico. Nearly half of the estimated increase in gross offsetting receipts from enacting H.R. 3410—about $1.1 billion—would result from repealing the temporary ban imposed by the Gulf of Mexico Security Act of 2006 (GOMESA) on leasing areas within 125 miles of the coast of Florida and in the Eastern Gulf of Mexico. According to DOI, H.R. 3410 would make approximately 4.4 million acres available for leasing as part of the department's annual lease sales in the Central Gulf of Mexico. The bill also would redraw the boundaries of the Eastern Gulf of Mexico planning area for OCS leasing and extend the statutory ban on leasing in that area by three years—from June 30, 2022 to June 30, 2025—except for a specified number of acres that would have to be offered in three special auctions.

Most of the estimated increase in receipts from this region would result from leasing acreage that would be added to the Central Gulf of Mexico planning area. According to DOI, that area contains undiscovered resources estimated to total 2 billion barrels of oil equivalent (BOE)—that is, either oil or an equivalent amount of natural gas with the same energy content—as well as additional probable resources that have been identified through prior leasing activity. CBO's estimate of proceeds from leasing activity in this area reflects the fact that most of the resources are natural gas and the possibility that some resources may not be leased because of potential inconsistencies with state coastal zone management plans. Based on the results of lease sales in other newly opened areas in the Gulf of Mexico, CBO estimates that the proceeds from the three special sales in the Eastern Gulf of Mexico would result in receipts totaling about $0.1 billion.[1]

Finally, CBO estimates that provisions in H.R. 3410 directing DOI to conduct certain lease sales in the Central Gulf of Mexico would have no budgetary effect because the proposed schedule is similar to current administrative plans.

Leasing in Other OCS Regions. Apart from GOMESA, there are no statutory restrictions on the location and timing of OCS lease sales. Decisions on where and when to offer leases in the OCS are made administratively according to various statutory criteria and procedures, including consultation with industry and affected states. H.R. 3410 would change the plan for lease sales over the 2012–2017 period and require DOI to auction at least 50 percent of the acreage in all OCS areas in each of the subsequent five-year leasing cycles after 2017. CBO estimates that those changes to current administrative policy and future discretion would increase gross offsetting receipts by $1.2 billion over the 2012–2022 period relative to amounts we expect the government to collect from leasing in those regions under current law.

Leasing in the Atlantic and Pacific OCS. H.R. 3410 would primarily affect the schedule for future auctions of leases in the Atlantic and Pacific OCS. Estimates of potential proceeds from those areas are uncertain for several reasons. Because there has been no leasing activity in the Atlantic or Pacific OCS for more than 25 years, there are no data on bidders' assessments of the value of those resources relative to alternative investments in domestic onshore resources, other OCS regions, or international prospects. Other factors that could affect bidder interest include the absence of pipelines and onshore processing facilities in key areas and past litigation regarding oil and gas development, which resulted in the cancellation of some federal leases in both regions. In addition, some resources in these regions may be excluded from future auctions because leasing may not be compatible with state coastal zone management plans.

Taking into account such uncertainties and the lead times for initiating sales in new areas, CBO estimates that auctioning leases in the Atlantic and Pacific OCS would generate offsetting receipts of about $1.9 billion over the 2012–2022 period under the bill.[2] However, CBO expects a portion of that amount will be collected

[1] Auctions of leases located in the "181-south" area of the Gulf of Mexico, which contains an estimated 900 million BOE, have yielded federal receipts of only $8 million since lease sales started in 2009.

[2] CBO's estimate of the receipts from leasing in the Atlantic and Pacific OCS are roughly proportional to the bonus bids that CBO expects will be collected over a comparable period of time for regions in the Central and Western Gulf of Mexico and the Beaufort and Chukchi Seas in Alaska which are already available to be leased. The estimate also assumes that the pace of leasing will be consistent with past trends for areas with undiscovered resources that are geologically dispersed over large areas. Finally, based on a 2011 report sponsored by the American Petroleum Institute, CBO assumes that the amounts paid by bidders per BOE for resources in the Atlantic and Pacific would be about half the amounts paid for resources in the Alaska National Wildlife Refuge or the Eastern Gulf of Mexico.

under current law. CBO's current baseline projection of future OCS receipts from the Atlantic and Pacific OCS is $0.7 billion over the next 10 years. CBO's baseline estimate is less than the amount we estimate from enacting H.R. 3410 for two reasons. First, DOI's proposed leasing plan for 2012 through 2017 does not include any auctions in the Atlantic and Pacific OCS. Second, the probability of such leasing occurring after 2017 under current law is uncertain because federal and state administrative policies toward leasing change over time.[3]

By revising the five-year plan for the 2012–2017 period to include lease sales in the Atlantic and Pacific OCS and increasing the certainty that additional sales will be held thereafter, CBO estimates that enacting H.R. 3410 would increase offsetting receipts by $1.2 billion over the 2012–2022 period above the amounts expected under current law. About 40 percent of that total would be collected over the next five years, reflecting directives in the bill for DOI to auction at least 50 percent of the acreage in the North Atlantic, Mid-Atlantic, and Southern California regions and to conduct two specific sales: one off the coast of Virginia and another for leases in the Santa Barbara and Ventura basins in the California OCS that can be developed by using existing offshore facilities or from onshore drilling sites.

Leasing in the Alaska OCS. H.R. 3410 also would revise the Administration's 2012–2017 leasing plan by directing DOI to auction certain acreage in the North Aleutian Basin in Alaska. That OCS region is not included in the proposed leasing plan for 2012–2017 because the President withdrew the Bristol Bay area from consideration through 2017. Estimates of bidder valuations and interest in such leases are uncertain because the firms that won leases in this region in the 1980s relinquished them as a result of litigation. For this estimate, CBO assumes that bonus bids could range from a few million dollars to about $100 million, which would be roughly proportionate to the prices recently paid for resources in the Chukchi Sea. CBO estimates that gross proceeds from enacting this provision would fall in the mid-point of this range—or about $50 million.

Receipt Sharing. H.R. 3410 would authorize certain payments to states affected by OCS activities in areas that would be made available for leasing by this bill and that are outside of the current contours of the Central and Western Gulf of Mexico. Those states would receive a 12.5 percent share of the gross proceeds from eligible leases issued under the five-year plan that takes effect after the date of enactment; 25 percent from leases issued under the subsequent five-year plan; and 37.5 percent from leases issued thereafter. CBO estimates that the receipt sharing provisions in H.R. 3410 would increase direct spending by $0.5 billion over the 2012–2022 period.

CBO expects that the receipt sharing provision in H.R. 3410 would apply to leases issued in the Atlantic and Pacific OCS, in the North Aleutian basin by 2017, and in areas currently subject to

[3] For example, a draft OCS leasing plan submitted by the administration of President George W. Bush in January, 2009 proposed holding lease sales in the Atlantic and Pacific OCS, notwithstanding the objections of certain states; by contrast, the November, 2011 draft plan submitted by the administration of President Barack Obama cited state concerns as the reason for excluding the California and North Atlantic OCS from the proposed five-year plan.

GOMESA through June 30, 2022. For this estimate, CBO assumes that the initial 12.5 percent rate would apply to eligible leases issued over the 2012–2017 period and that funds would be disbursed to states the year after receipts are collected from lessees. CBO also expects that this spending would be recorded in the budget as a reduction in offsetting receipts.

Spending Subject to Appropriation

Based on spending patterns for similar activities, CBO estimates that DOI would spend about $45 million over the 2012–2017 period to complete pre-auction assessments and conduct lease sales in the Atlantic, Pacific, Alaska, and Florida OCS, assuming appropriation of the necessary amounts.

Pay-As-You-Go Considerations: The Statutory Pay-As-You-Go Act of 2010 establishes budget reporting and enforcement procedures for legislation affecting direct spending or revenues. The net changes in outlays that are subject to those pay-as-you-go procedures are shown in the following table.

CBO ESTIMATE OF PAY-AS-YOU-GO EFFECTS FOR H.R. 3410, AS ORDERED REPORTED BY THE HOUSE COMMITTEE ON NATURAL RESOURCES ON FEBRUARY 1, 2012

	By fiscal year, in millions of dollars—											
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2012–2022
	NET INCREASE OR DECREASE (−) IN THE DEFICIT											
Statutory Pay-As-You-Go Impact ..	0	0	0	−50	−500	−360	−300	−120	−150	−150	−150	−1,780

Intergovernmental and private-sector impact: H.R. 3410 contains no intergovernmental or private-sector mandates as defined in UMRA and would impose no costs on state, local, or tribal governments.

Previous CBO estimate: On May 2, 2011, CBO transmitted a cost estimate for H.R. 1231, the Reversing President Obama's Offshore Moratorium Act, as ordered reported by the House Committee on Natural Resources on April 13, 2011. Differences between the estimates largely reflect provisions in H.R. 3410 regarding the eastern Gulf of Mexico and revenue sharing with states, which were not included in H.R. 1231.

Estimate prepared by: Federal Costs: Kathleen Gramp; Impact on State, Local, and Tribal Governments: Melissa Merrill; Impact on the Private Sector: Amy Petz.

Estimate approved by: Theresa Gullo, Deputy Assistant Director for Budget Analysis.

2. *Section 308(a) of Congressional Budget Act.* As required by clause 3(c)(2) of rule XIII of the Rules of the House of Representatives and section 308(a) of the Congressional Budget Act of 1974, this bill does not contain any new budget authority, credit authority, or an increase or decrease in revenues or tax expenditures. CBO estimates that enacting H.R. 3410 would reduce net direct spending by $1.8 billion over the 2012–2022 period. In addition, CBO estimates that implementing the bill would have discretionary costs of $45 million over the 2012–2017 period, assuming appropriation of the necessary amounts. Enacting this bill would not af-

fect revenues. Pay-as-you-go procedures apply because enacting the legislation would reduce direct spending.

3. *General Performance Goals and Objectives.* As required by clause 3(c)(4) of rule XIII, the general performance goal or objective of this bill, as ordered reported, is to require the Secretary of the Interior to conduct certain offshore oil and gas lease sales, to provide fair and equitable revenue sharing for all coastal States, to formulate future offshore energy development plans in areas with the most potential and to generate revenue for American infrastructure.

EARMARK STATEMENT

This bill does not contain any Congressional earmarks, limited tax benefits, or limited tariff benefits as defined under clause 9(e), 9(f), and 9(g) of rule XXI of the Rules of the House of Representatives.

COMPLIANCE WITH PUBLIC LAW 104–4

This bill contains no unfunded mandates.

PREEMPTION OF STATE, LOCAL OR TRIBAL LAW

This bill is not intended to preempt any State, local or tribal law.

CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3(e) of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

OUTER CONTINENTAL SHELF LANDS ACT

* * * * * * *

SEC. 2. DEFINITIONS.—When used in this Act—

(a) The term "outer Continental Shelf" means all submerged lands lying seaward and outside of the area of lands beneath navigable waters as defined in section 2 of the Submerged Lands Act (Public Law 31, Eighty-third Congress, first session), and of which the subsoil and seabed appertain to the United States and are subject to its jurisdiction and control *or lying within the United States' exclusive economic zone and the Continental Shelf adjacent to any territory of the United States*;

* * * * * * *

(p) The term "major Federal action" means any action or proposal by the Secretary which is subject to the provisions of section 102(2)(C) of the National Environmental Policy Act of 1969 (42 U.S.C. 4332(2)(C)); [and]

(q) The term "minerals" includes oil, gas, sulphur, geopressured-geothermal and associated resources, and all other minerals which are authorized by an Act of Congress to be produced from "public lands" as defined in section 103 of the Federal Land Policy and Management Act of 1976[.]*; and* *(r) The term "State" includes each territory of the United States.*

* * * * * * *

SEC. 9. DISPOSITION OF REVENUES.—[All rentals,]

(a) PAYMENT OF NEW LEASING REVENUES TO COASTAL STATES.—

(1) IN GENERAL.—Except as provided in paragraph (2), of the amount of new leasing revenues received by the United States each fiscal year, 37.5 percent shall be allocated and paid in accordance with subsection (b) to coastal States that are affected States with respect to the leases under which those revenues are received by the United States.

(2) PHASE-IN.—Paragraph (1) shall be applied—

(A) with respect to new leasing revenues under leases awarded under the first leasing program under section 18(a) that takes effect after the date of enactment of the Energy Security and Transportation Jobs Act, by substituting "12.5 percent" for "37.5 percent"; and

(B) with respect to new leasing revenues under leases awarded under the second leasing program under section 18(a) that takes effect after the date of enactment of the Energy Security and Transportation Jobs Act, by substituting "25 percent" for "37.5 percent".

(b) ALLOCATION OF PAYMENTS.—

(1) IN GENERAL.—The amount of new leasing revenues received by the United States with respect to a leased tract that are required to be paid to coastal States in accordance with this subsection each fiscal year shall be allocated among and paid to coastal States that are within 200 miles of the leased tract, in amounts that are inversely proportional to the respective distances between the point on the coastline of each such State that is closest to the geographic center of the lease tract, as determined by the Secretary.

(2) MINIMUM AND MAXIMUM ALLOCATION.—The amount allocated to a coastal State under paragraph (1) each fiscal year with respect to a leased tract shall be—

(A) in the case of a coastal State that is the nearest State to the geographic center of the leased tract, not less than 25 percent of the total amounts allocated with respect to the leased tract;

(B) in the case of any other coastal State, not less than 10 percent, and not more than 15 percent, of the total amounts allocated with respect to the leased tract; and

(C) in the case of a coastal State that is the only coastal State within 200 miles of a least tract, 100 percent of the total amounts allocated with respect to the leased tract.

(3) ADMINISTRATION.—Amounts allocated to a coastal State under this subsection—

(A) shall be available to the coastal State without further appropriation;

(B) shall remain available until expended; and

(C) shall be in addition to any other amounts available to the coastal State under this Act.

(4) USE OF FUNDS.—

(A) IN GENERAL.—Except as provided in subparagraph (B), a coastal State may use funds allocated and paid to it

under this subsection for any purpose as determined by the laws of that State.

(B) RESTRICTION ON USE FOR MATCHING.—Funds allocated and paid to a coastal State under this subsection may not be used as matching funds for any other Federal program.

(c) DISPOSITION OF REVENUE UNDER OLD LEASES.—All rentals, royalties, and other sums paid to the Secretary or the Secretary of the Navy under any lease on the outer Continental Shelf [for the period from June 5, 1950, to date, and thereafter] *in the period beginning June 5, 1950, and ending on the date of enactment of the Energy Security and Transportation Jobs Act* shall be deposited in the Treasury of the United States and credited to miscellaneous receipts.

(d) DEFINITIONS.—In this section:

(1) COASTAL STATE.—The term "coastal State" includes a territory of the United States.

(2) NEW LEASING REVENUES.—The term "new leasing revenues"—

(A) means amounts received by the United States as bonuses, rents, and royalties under leases for oil and gas, wind, tidal, or other energy exploration, development, and production on areas of the outer Continental Shelf that are authorized to be made available for leasing as a result of enactment of the Energy Security and Transportation Jobs Act; and

(B) does not include amounts received by the United States under any lease of an area located in the boundaries of the Central Gulf of Mexico and Western Gulf of Mexico Outer Continental Shelf Planning Areas on the date of the enactment of the Energy Security and Transportation Jobs Act, including a lease issued before, on, or after such date of enactment.

* * * * * * *

SEC. 18. OUTER CONTINENTAL SHELF LEASING PROGRAM.—(a) * * *

(1) * * *

* * * * * * *

(5)(A) In each oil and gas leasing program under this section, the Secretary shall make available for leasing and conduct lease sales including—

(i) at least 50 percent of the available unleased acreage within each outer Continental Shelf planning area considered to have the largest undiscovered, technically recoverable oil and gas resources (on a total btu basis) based upon the most recent national geologic assessment of the outer Continental Shelf, with an emphasis on offering the most geologically prospective parts of the planning area; and

(ii) any State subdivision of an outer Continental Shelf planning area that the Governor of the State that represents that subdivision requests be made available for leasing.

(B) In this paragraph the term "available unleased acreage" means that portion of the outer Continental Shelf that is not

under lease at the time of a proposed lease sale, and that has not otherwise been made unavailable for leasing by law.

(6)(A) In the 2012–2017 5-year oil and gas leasing program, the Secretary shall make available for leasing any outer Continental Shelf planning areas that—

(i) are estimated to contain more than 2,500,000,000 barrels of oil; or

(ii) are estimated to contain more than 7,500,000,000,000 cubic feet of natural gas.

(B) To determine the planning areas described in subparagraph (A), the Secretary shall use the document entitled "Minerals Management Service Assessment of Undiscovered Technically Recoverable Oil and Gas Resources of the Nation's Outer Continental Shelf, 2006".

* * * * * * *

⟦(b) The leasing program shall include estimates of the appropriations and staff required to—

⟦(1) obtain resource information and any other information needed to prepare the leasing program required by this section;

⟦(2) analyze and interpret the exploratory data and any other information which may be compiled under the authority of this Act;

⟦(3) conduct environmental studies and prepare any environmental impact statement required in accordance with this Act and with section 102(2)(C) of the National Environmental Policy Act of 1969 (42 U.S.C. 4332(2)(C)); and

⟦(4) supervise operations conducted pursuant to each lease in the manner necessary to assure due diligence in the exploration and development of the lease area and compliance with the requirement of applicable laws and regulations, and with the terms of the lease.⟧

(b) DOMESTIC OIL AND NATURAL GAS PRODUCTION GOAL.—

(1) IN GENERAL.—In developing a 5-year oil and gas leasing program, and subject to paragraph (2), the Secretary shall determine a domestic strategic production goal for the development of oil and natural gas as a result of that program. Such goal shall be—

(A) the best estimate of the possible increase in domestic production of oil and natural gas from the outer Continental Shelf;

(B) focused on meeting domestic demand for oil and natural gas and reducing the dependence of the United States on foreign energy; and

(C) focused on the production increases achieved by the leasing program at the end of the 15-year period beginning on the effective date of the program.

(2) 2012–2017 PROGRAM GOAL.—For purposes of the 2012–2017 5-year oil and gas leasing program, the production goal referred to in paragraph (1) shall be an increase by 2027, from the levels of oil and gas produced as of the date of enactment of this paragraph, of—

(A) no less than 3,000,000 barrels in the amount of oil produced per day; and

(B) no less than 10,000,000,000 cubic feet in the amount of natural gas produced per day.

(3) REPORTING.—The Secretary shall report annually, beginning at the end of the 5-year period for which the program applies, to the Committee on Natural Resources of the House of Representatives and the Committee on Energy and Natural Resources of the Senate on the progress of the program in meeting the production goal. The Secretary shall identify in the report projections for production and any problems with leasing, permitting, or production that will prevent meeting the goal.

* * * * * * *

(i) ADDITIONAL LEASE SALES.—In addition to lease sales in accordance with a leasing program in effect under this section, the Secretary may hold lease sales for areas identified by the Secretary to have the greatest potential for new oil and gas development as a result of local support, new seismic findings, or nomination by interested persons.

* * * * * * *

SEC. 30. DOCUMENTATION, REGISTRY, AND MANNING REQUIREMENTS.—(a) Within six months after the date of enactment of this section, the Secretary of the Department in which the Coast Guard is operating [shall issue regulations which] *shall issue regulations that shall be supplemental to, complementary with, and under no circumstances a substitution for the provisions of the Constitution and laws of the United States extended to the subsoil and seabed of the outer Continental Shelf by section 4(a)(1), except insofar as such laws would otherwise apply to individuals who have extraordinary ability in the sciences, arts, education, or business, which has been demonstrated by sustained national or international acclaim, and that* require that any vessel, rig, platform, or other vehicle or structure—

(1) * * *

* * * * * * *

TAX RELIEF AND HEALTH CARE ACT OF 2006

* * * * * * *

DIVISION C—OTHER PROVISIONS

* * * * * * *

TITLE I—GULF OF MEXICO ENERGY SECURITY

* * * * * * *

[SEC. 104. MORATORIUM ON OIL AND GAS LEASING IN CERTAIN AREAS OF GULF OF MEXICO.

[(a) IN GENERAL.—Effective during the period beginning on the date of enactment of this Act and ending on June 30, 2022, the Secretary shall not offer for leasing, preleasing, or any related activity—

[(1) any area east of the Military Mission Line in the Gulf of Mexico;

[(2) any area in the Eastern Planning Area that is within 125 miles of the coastline of the State of Florida; or

[(3) any area in the Central Planning Area that is—

[(A) within—

[(i) the 181 Area; and

[(ii) 100 miles of the coastline of the State of Florida; or

[(B)(i) outside the 181 Area;

[(ii) east of the western edge of the Pensacola Official Protraction Diagram (UTM X coordinate 1,393,920 (NAD 27 feet)); and

[(iii) within 100 miles of the coastline of the State of Florida.

[(b) MILITARY MISSION LINE.—Notwithstanding subsection (a), the United States reserves the right to designate by and through the Secretary of Defense, with the approval of the President, national defense areas on the outer Continental Shelf pursuant to section 12(d) of the Outer Continental Shelf Lands Act (43 U.S.C. 1341(d)).

[(c) EXCHANGE OF CERTAIN LEASES.—

[(1) IN GENERAL.—The Secretary shall permit any person that, as of the date of enactment of this Act, has entered into an oil or gas lease with the Secretary in any area described in paragraph (2) or (3) of subsection (a) to exchange the lease for a bonus or royalty credit that may only be used in the Gulf of Mexico.

[(2) VALUATION OF EXISTING LEASE.—The amount of the bonus or royalty credit for a lease to be exchanged shall be equal to—

[(A) the amount of the bonus bid; and

[(B) any rental paid for the lease as of the date the lessee notifies the Secretary of the decision to exchange the lease.

[(3) REVENUE DISTRIBUTION.—No bonus or royalty credit may be used under this subsection in lieu of any payment due under, or to acquire any interest in, a lease subject to the revenue distribution provisions of section 8(g) of the Outer Continental Shelf Lands Act (43 U.S.C. 1337(g)).

[(4) REGULATIONS.—Not later than 1 year after the date of enactment of this Act, the Secretary shall promulgate regulations that shall provide a process for—

[(A) notification to the Secretary of a decision to exchange an eligible lease;

[(B) issuance of bonus or royalty credits in exchange for relinquishment of the existing lease;

[(C) transfer of the bonus or royalty credit to any other person; and

[(D) determining the proper allocation of bonus or royalty credits to each lease interest owner.]

* * * * * * *

DISSENTING VIEWS

H.R. 3410: ENERGY SECURITY AND TRANSPORTATION JOBS ACT

We oppose H.R. 3410 because it represents yet another effort by the Majority to take us in the wrong direction with respect to safe energy production on public lands offshore.

Many of the provisions contained in H.R. 3410 were included in H.R. 1230 and H.R. 1231, bills that this Committee and the full House have previously considered. Democrats previously opposed these provisions because they would make offshore drilling less safe, rather than more safe. Now, the Majority has revived those dangerous provisions in H.R. 3410 by claiming they are needed to fund a transportation bill despite the fact that this legislation would not provide anywhere near the funding that is needed.

The BP Deepwater Horizon disaster destroyed any notion that pre-spill environmental reviews were adequate. However, H.R. 3410 would "deem" outdated and demonstrably inadequate environmental reviews undertaken prior to the BP spill as satisfying the requirements of the National Environmental Policy Act for new lease sales in the Gulf.

Section 18(a)(3) of the Outer Continental Shelf Lands Act (OCSLA) (43 U.S.C. 1344) specifically requires that offshore leasing be conducted so as to "obtain the proper balance between the potential for environmental damage, the potential for the discovery of oil and gas, and the potential for adverse impact on the coastal zone." In sharp contrast to this fundamental requirement for balance in the law, H.R. 3410 would insert provisions into Section 18(a) mandating that the Secretary make available for lease "at least 50 percent of the available unleased acreage within each outer Continental Shelf planning area considered to have the largest undiscovered, technically recoverable oil and gas resources" and setting arbitrary triggers that would make broad swaths of the Atlantic and Pacific Coasts open for leasing automatically.

The bill would specifically mandate leasing off the coast of Southern California while waiving protections afforded to the state by the Coastal Zone Management Act and in the Atlantic off the coast of Virginia in an area widely used by the military. The bill would also overturn protections for the Eastern Gulf of Mexico that were enacted on an overwhelmingly bipartisan basis in 2006. This area of the Eastern Gulf is also extensively used by the U.S. military for training and testing. The bill requires leasing in this area despite the fact that, as recently as 2010, the Defense Department stated that 96% of the Eastern Gulf would require some level of restriction on oil and gas infrastructure because of military needs.

The bill would also require leasing in Bristol Bay off of Alaska, one of our nation's richest fisheries. The Bristol Bay fishery contributes billions to the United States economy every year and supports thousands of jobs but H.R. 3410 would threaten that key economic engine with the risk of an oil spill.

At the same time that the Majority is claiming that we need to open new areas to drilling in order to raise revenue for transportation projects, H.R. 3410 would divert billions in federal revenue from drilling on public lands offshore to coastal states. The revenue from drilling on our public lands belongs to all Americans and should not be used in an attempt to bribe cash strapped states into supporting drilling off their shores.

The Majority rejected an amendment from Mr. Grijalva that would have ensured that all oil and natural gas produced from public lands offshore could not be exported and must stay here to benefit American consumers. An amendment offered by Ms. Tsongas that would have improved the safety of offshore drilling with specific requirements in the law for safe drilling operations was rejected largely along party lines. The Majority rejected an amendment from Mr. DeFazio that would have removed the Bristol Bay lease sale in order to protect that key fishery and one from Ms. Tsongas that would have protected the Georges Bank fishing grounds off the coast of New England. An amendment was rebuffed from Mr. Garamendi to strike the Southern California lease sale as was one from Mr. Sarbanes to strike the lease sale off the coast of Virginia in order to protect the tourism and seafood industries of the Chesapeake Bay and other East Coast states. The Majority rejected an amendment from Mr. Garamendi and Mr. DeFazio that would have required oil and gas facilities to be constructed primarily using American-made equipment in order to create jobs here. An amendment from Ranking Member Markey that would have prevented federal revenues from being diverted to coastal states and recovered more than $2 billion over the next 10 years was also rejected by the Majority.

The Senate has already rejected or refused to consider many of the provisions contained in H.R. 3410. We oppose this legislation that would imperil the economies of coastal states on the East and West Coasts, not improve the safety of offshore drilling, and fall far short of generating the revenue that is needed to fund America's transportation projects.

EDWARD J. MARKEY,
Ranking Member.
GRACE F. NAPOLITANO.
RUSH D. HOLT.
FRANK PALLONE, JR.
GREGORIO KILILI CAMACHO SABLAN.
DALE E. KILDEE.
MADELEINE Z. BORDALLO.
RAÚL M. GRIJALVA.
NIKI TSONGAS.
JOHN GARAMENDI.
BEN RAY LUJÁN.
JOHN P. SARBANES.
PETER A. DEFAZIO.