

107TH CONGRESS
2^D SESSION

S. 1952

To reacquire and permanently protect certain leases on the Outer Continental Shelf off the coast of California by issuing credits for new energy production in less environmentally sensitive areas in the Western and Central Planning Areas of the Gulf of Mexico.

IN THE SENATE OF THE UNITED STATES

FEBRUARY 14, 2002

Mrs. BOXER (for herself, Ms. LANDRIEU, Mrs. FEINSTEIN, and Mr. BREAUX) introduced the following bill; which was read twice and referred to the Committee on Energy and Natural Resources

A BILL

To reacquire and permanently protect certain leases on the Outer Continental Shelf off the coast of California by issuing credits for new energy production in less environmentally sensitive areas in the Western and Central Planning Areas of the Gulf of Mexico.

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

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “California Coastal Pro-
5 tection and Louisiana Energy Enhancement Act”.

6 **SEC. 2. DEFINITIONS.**

7 In this Act:

1 (1) ELIGIBLE LEASE.—The term “eligible
2 lease” means any of the 40 leases on the Outer Con-
3 tinental Shelf off the coast of California that—

4 (A) were issued between 1968 and 1984
5 under section 8 of the Outer Continental Shelf
6 Lands Act (43 U.S.C. 1337); and

7 (B) are nonproducing as of January 1,
8 2002.

9 (2) ELIGIBLE LESSEE.—The term “eligible les-
10 see” means the lessee under an eligible lease.

11 (3) PRESERVE.—The term “preserve” means
12 the ecological preserve established under section
13 3(b).

14 (4) SECRETARY.—The term “Secretary” means
15 the Secretary of the Interior.

16 **SEC. 3. REDIRECTION OF NONPRODUCING OIL AND GAS**
17 **LEASES TO LESS ENVIRONMENTALLY SEN-**
18 **SITIVE AREAS ON THE OUTER CONTINENTAL**
19 **SHELF.**

20 (a) LEASE CANCELLATION AND CREDITS.—

21 (1) OFFER.—Not later than 30 days after the
22 date of enactment of this Act, the Secretary shall
23 make an offer to all eligible lessees to issue credits
24 in exchange for the cancellation of all eligible leases
25 in accordance with this subsection.

1 (2) ACCEPTANCE.—To accept the offer of the
2 Secretary under paragraph (1) with respect to an el-
3 igible lease, an eligible lessee shall submit to the
4 Secretary a written agreement that if all eligible les-
5 sees accept the offer and credits are issued under
6 paragraph (3), the eligible lessee—

7 (A) will dismiss any civil action brought by
8 the eligible lessee against the United States re-
9 lating to the eligible lease that is pending as of
10 the date of cancellation of the eligible lease; and

11 (B) waives the right to bring any further
12 civil action regarding the eligible lease after
13 that date.

14 (3) ISSUANCE OF CREDITS.—If, not later than
15 60 days after the date of the offer under paragraph
16 (1), all eligible lessees accept the offer in accordance
17 with paragraph (2), the Secretary shall—

18 (A) cancel all eligible leases; and

19 (B) issue to each eligible lessee credits in
20 the amount determined under paragraph (4).

21 (4) AMOUNT.—

22 (A) IN GENERAL.—For each eligible lease,
23 the Secretary shall issue credits in an amount
24 equal to the sum of—

1 (i) the amount of consideration paid
2 to the Federal Government for the eligible
3 lease; and

4 (ii) the difference between—

5 (I) the amount of direct expendi-
6 tures made after the date of issuance
7 of the eligible lease in connection with
8 the exploration and development of
9 the eligible lease; and

10 (II) the amount of revenues
11 earned from the eligible lease before
12 the date of cancellation.

13 (B) EXCLUSIONS.—The potential value of
14 oil and gas resources associated with the eligi-
15 ble leases shall not be a factor in determining
16 the amount of credits under subparagraph (A).

17 (5) USE OF CREDITS.—

18 (A) IN GENERAL.—Credits issued under
19 paragraph (3)—

20 (i) subject to subparagraph (C), may
21 be used—

22 (I) to bid on lease sales in the
23 Western and Central Planning Areas
24 of the Gulf of Mexico; or

1 (II) to make royalty payments on
2 production for oil and gas resources in
3 those planning areas in existence as of
4 the date of enactment of this Act; or
5 (ii) may be sold or transferred in ac-
6 cordance with paragraph (6).

7 (B) ACCEPTANCE OF CREDITS.—

8 (i) IN GENERAL.—The Secretary shall
9 accept credits issued under paragraph (3)
10 in the same manner as—

11 (I) cash for the payment of a
12 cash bonus bid for leases issued in the
13 Western and Central Planning Areas
14 of the Gulf of Mexico under the Outer
15 Continental Shelf Lands Act (43
16 U.S.C. 1331 et seq.); or

17 (II) royalty payments on oil and
18 gas production in the Western and
19 Central Planning Areas of the Gulf of
20 Mexico in existence as of the date of
21 enactment of this Act.

22 (ii) EXCEPTION.—The Secretary shall
23 not accept credits issued under paragraph
24 (3) for an activity in an area—

1 (I) that is subject to a leasing
2 moratorium; or

3 (II) in which leasing is otherwise
4 prohibited as of the date of enactment
5 of this Act.

6 (C) LIMITATION.—In any 1 fiscal year, the
7 Secretary shall accept credits in an amount no
8 greater than 25 percent of the total amount of
9 credits issued under paragraph (3).

10 (6) SALE OR TRANSFER.—

11 (A) IN GENERAL.—An eligible lessee may
12 transfer or sell any credits issued under para-
13 graph (3) to any other person qualified to hold
14 leases under the Outer Continental Shelf Lands
15 Act (43 U.S.C. 1331 et seq.).

16 (B) REQUIREMENTS.—A sale or transfer
17 of credits under subparagraph (A) shall be sub-
18 ject to—

19 (i) this Act; and

20 (ii) any other terms to which the les-
21 see and the transferee may agree.

22 (C) LIMITATIONS.—Credits transferred or
23 sold under subparagraph (A) shall be accepted
24 in accordance with paragraph (5)(B).

25 (D) NOTIFICATION.—

1 (i) IN GENERAL.—Not later than 30
2 days after the date on which an eligible
3 lessee transfers or sells any credits, the eli-
4 gible lessee shall notify the Secretary of
5 the transfer or sale.

6 (ii) VALIDITY.—A transfer or sale of
7 a credit shall not be valid until the date on
8 which the Secretary receives notification
9 under clause (i).

10 (7) NO ADDITIONAL COMPENSATION.—An eligi-
11 ble lessee that participates in the cancellation of an
12 eligible lease under this Act—

13 (A) shall be considered to be fully com-
14 pensated for the value of the eligible lease; and

15 (B) shall not be eligible to seek additional
16 compensation from the Federal Government for
17 the eligible lease.

18 (8) EFFECT.—Nothing in this Act constitutes a
19 findings by Congress, or should be understood to be
20 based on a finding by Congress, that—

21 (A) actions by the Federal Government in-
22 volving the eligible leases before the date of en-
23 actment of this Act constituted a breach of con-
24 tract; or

1 (B) the eligible leases have any particular
2 value.

3 (b) ECOLOGICAL PRESERVE.—

4 (1) IN GENERAL.—Outer Continental Shelf
5 land for which an eligible lease is canceled
6 under subsection (a) shall—

7 (A) be permanently withdrawn from all
8 forms of disposition, including mineral leasing;
9 and

10 (B) be reserved as an ecological preserve to
11 protect traditional fishing areas and to provide
12 conservation, scientific, and recreational bene-
13 fits.

14 (2) MANAGEMENT.—

15 (A) IN GENERAL.—The Secretary shall
16 manage the preserve in a manner consistent
17 with the management of the Santa Barbara
18 Channel Ecological Preserve in the State of
19 California.

20 (B) COORDINATION WITH SECRETARY OF
21 COMMERCE.—The Secretary shall coordinate
22 management activities relating to any portion of
23 the preserve that is adjacent to a national ma-
24 rine sanctuary with the Secretary of Commerce.

1 (3) BUFFER ZONE.—Not later than 1 year
2 after the date of establishment of the preserve, the
3 Secretary shall determine whether Outer Continental
4 Shelf land adjacent to the preserve should be with-
5 drawn from all forms of disposition, including min-
6 eral leasing, to serve as a buffer zone.

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