

107TH CONGRESS
2^D SESSION

S. 2680

To direct the Secretary of the Interior to evaluate opportunities to enhance domestic oil and gas production through the exchange of nonproducing Federal oil and gas leases located in the Lewis and Clark National Forest, in the Flathead National Forest, and on Bureau of Land Management land in the State of Montana, and for other purposes.

IN THE SENATE OF THE UNITED STATES

JUNE 25, 2002

Mr. BAUCUS introduced the following bill; which was read twice and referred to the Committee on Energy and Natural Resources

A BILL

To direct the Secretary of the Interior to evaluate opportunities to enhance domestic oil and gas production through the exchange of nonproducing Federal oil and gas leases located in the Lewis and Clark National Forest, in the Flathead National Forest, and on Bureau of Land Management land in the State of Montana, and for other purposes.

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

3 **SECTION 1. DEFINITIONS.**

4 In this Act:

1 (1) BADGER-TWO MEDICINE AREA.—The term
2 “Badger-Two Medicine Area” means the Forest
3 Service land located in—

4 (A) T. 31 N., R. 12–13 W.;

5 (B) T. 30 N., R. 11–13 W.;

6 (C) T. 29 N., R. 10–16 W.; and

7 (D) T. 28 N., R. 10–14 W.

8 (2) BLACKLEAF AREA.—The term “Blackleaf
9 Area” means the Federal land owned by the Forest
10 Service and Bureau of Land Management that is lo-
11 cated in—

12 (A) T. 27 N., R. 9 W.;

13 (B) T. 26 N., R. 9–10 W.;

14 (C) T. 25 N., R. 8–10 W.; and

15 (D) T. 24 N., R. 8–9 W.

16 (3) ELIGIBLE LESSEE.—The term “eligible les-
17 see” means a lessee under a nonproducing lease.

18 (4) NONPRODUCING LEASE.—The term “non-
19 producing lease” means a Federal oil or gas lease
20 that is—

21 (A) in existence and in good standing on
22 the date of enactment of this Act; and

23 (B) located in the Badger-Two Medicine
24 Area or the Blackleaf Area.

1 (5) PLANNING AREA.—The term “Planning
2 Area” means each of the Western and Central Plan-
3 ning Areas of the Gulf of Mexico on the outer Conti-
4 nental Shelf.

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

7 (7) STATE.—The term “State” means the State
8 of Montana.

9 **SEC. 2. EVALUATION.**

10 (a) IN GENERAL.—The Secretary, in consultation
11 with the Governor of the State, the eligible lessees, and
12 any other interested persons, shall evaluate opportunities
13 to enhance domestic oil and gas production through the
14 exchange of the nonproducing leases.

15 (b) REQUIREMENTS.—In carrying out the evaluation
16 under subsection (a), the Secretary shall—

17 (1) consider opportunities to enhance domestic
18 production of oil and gas through—

19 (A) the exchange of the nonproducing
20 leases for oil and gas lease tracts of comparable
21 value in the State or in the Planning Areas;
22 and

23 (B) the issuance of bidding, royalty, or
24 rental credits for Federal onshore oil and gas
25 leases in the State or in the Planning Areas in

1 exchange for the cancellation of the nonpro-
2 ducing leases;

3 (2) consider any other appropriate means to ex-
4 change, or provide compensation for the cancellation
5 of, nonproducing leases, subject to the consent of the
6 eligible lessees;

7 (3) consider the views of any interested persons,
8 including the State;

9 (4) determine the level of interest of the eligible
10 lessees in exchanging the nonproducing leases; and

11 (5) provide recommendations on—

12 (A) whether to pursue an exchange of the
13 nonproducing leases; and

14 (B) any changes in laws (including regula-
15 tions) that are necessary for the Secretary to
16 carry out the exchange.

17 (c) VALUATION OF NONPRODUCING LEASES.—For
18 the purpose of the evaluation under subsection (a), the
19 value of a nonproducing lease shall be an amount equal
20 to the difference between—

21 (1) the sum of—

22 (A) the amount paid by the eligible lessee
23 for the nonproducing lease;

24 (B) any direct expenditures made by the
25 eligible lessee before the date of enactment of

1 this Act associated with the exploration and de-
2 velopment of the nonproducing lease; and

3 (C) interest on any amounts under sub-
4 paragraphs (A) and (B) during the period be-
5 ginning on the date on which the amount was
6 paid and ending on the date on which credits
7 are issued under subsection (b)(1)(B); and
8 (2) the sum of the revenues from the nonpro-
9 ducing lease.

10 (d) **SUSPENSION OF LEASES IN THE BADGER-TWO**
11 **MEDICINE AREA.**—To facilitate the evaluation under sub-
12 section (a) and review of the report under subsection (e),
13 the terms of nonproducing leases in the Badger-Two Medi-
14 cine Area shall be suspended for a 3-year period beginning
15 on the date of enactment of this Act.

16 (e) **REPORT TO CONGRESS.**—Not later than 2 years
17 after the date of enactment of this Act, the Secretary shall
18 submit to the Committee on Energy and Natural Re-
19 sources of the Senate and to the Committee on Resources
20 of the House of Representatives a report on the evaluation
21 carried out under subsection (a).

22 **SEC. 3. AUTHORIZATION OF APPROPRIATIONS.**

23 There are authorized to be appropriated such sums
24 as are necessary to carry out this Act.

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