

109<sup>TH</sup> CONGRESS  
2<sup>D</sup> SESSION

# S. 2290

To provide for affordable natural gas by rebalancing domestic supply and demand and to promote the production of natural gas from domestic resources.

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## IN THE SENATE OF THE UNITED STATES

FEBRUARY 15, 2006

Mr. PRYOR (for himself, Mr. WARNER, and Mr. TALENT) introduced the following bill; which was read twice and referred to the Committee on Energy and Natural Resources

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## A BILL

To provide for affordable natural gas by rebalancing domestic supply and demand and to promote the production of natural gas from domestic resources.

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

3       **SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

4       (a) **SHORT TITLE.**—This Act may be cited as the  
5       “Reliable and Affordable Natural Gas Energy Reform Act  
6       of 2006”.

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

Sec. 1. Short title; table of contents.

- Sec. 2. Natural gas leases.
- Sec. 3. Determination of adjacent zones and planning areas.
- Sec. 4. Leasing moratoria in the OCS.
- Sec. 5. Option to petition for extension of withdrawal from leasing within certain areas of the outer Continental Shelf.
- Sec. 6. State requests to examine energy areas.
- Sec. 7. Availability of certain areas for leasing.
- Sec. 8. Neighboring State concurrence.
- Sec. 9. Revenue sharing from moratorium areas.
- Sec. 10. Revenue sharing from nonmoratorium areas.
- Sec. 11. Repeal of requirement to conduct comprehensive inventory of OCS natural gas resources.
- Sec. 12. Leases for areas located within 100 miles off California or Florida.
- Sec. 13. Repurchase of certain leases.

1 **SEC. 2. NATURAL GAS LEASES.**

2 Section 8 of the Outer Continental Shelf Lands Act  
 3 (43 U.S.C. 1337) is amended by adding at the end the  
 4 following:

5 “(q) NATURAL GAS LEASES.—

6 “(1) IN GENERAL.—Beginning with the 5-year  
 7 outer Continental Shelf oil and gas leasing program  
 8 for 2007 through 2012, the Secretary may issue a  
 9 lease under this section that authorizes development  
 10 and production of gas and associated condensate  
 11 and other hydrocarbon liquids in a moratorium area  
 12 (as defined in section 18(j)(1)) in accordance with  
 13 regulations issued under paragraph (2).

14 “(2) REGULATIONS.—Not later than October 1,  
 15 2006, the Secretary shall issue regulations that, for  
 16 purposes of this section—

17 “(A) define ‘natural gas’ in a manner that  
 18 includes—

1           “(i) hydrocarbons and other sub-  
2           stances in a gaseous state at atmospheric  
3           pressure and a temperature of 60 degrees  
4           Fahrenheit;

5           “(ii) liquids that condense (gas liq-  
6           uids) from natural gas in the process of  
7           treatment, dehydration, decompression, or  
8           compression prior to the point for meas-  
9           uring volume and quality of the production  
10          established by the Secretary, acting  
11          through the Minerals Management Service;

12          “(iii) other associated hydrocarbon  
13          liquids if the predominant component is  
14          natural gas and gas liquids; and

15          “(iv) natural gas liquefied for trans-  
16          portation;

17          “(B) provide that natural gas leases shall  
18          contain the same rights and obligations as oil  
19          and gas leases;

20          “(C) provide that, in reviewing the ade-  
21          quacy of bids for natural gas leases, the Sec-  
22          retary, acting through the Minerals Manage-  
23          ment Service, shall exclude the value of any  
24          crude oil estimated to be discovered within the  
25          boundaries of the leasing area;

1           “(D) provide for cancellation of a natural  
2 gas lease, with payment of the fair value of the  
3 lease rights canceled, if the Secretary deter-  
4 mines that hydrocarbons other than natural gas  
5 and natural gas liquids will be the predominant  
6 production from the lease; and

7           “(E) provide that, at the request and with  
8 the consent of the Governor of the State adja-  
9 cent to the lease area, as determined under sec-  
10 tion 18(j)(2)(B)(i), and with the consent of the  
11 lessee, an existing natural gas lease may be  
12 converted, without an increase in the rental roy-  
13 alty rate and without further payment in the  
14 nature of a lease bonus, to a lease under sub-  
15 section (b), in accordance with a process, to be  
16 established by the Secretary, that requires—

17           “(i) consultation by the Secretary  
18 with the Governor of the State and the les-  
19 see with respect to the operating conditions  
20 of the lease, taking into consideration envi-  
21 ronmental resource conservation and recov-  
22 ery, economic factors, and other factors, as  
23 the Secretary determines to be relevant;  
24 and

1                   “(ii) compliance with the National  
2                   Environmental Policy Act of 1969 (42  
3                   U.S.C. 4321 et seq.).

4                   “(3) EFFECT OF OTHER LAWS.—Any Federal  
5                   law (including regulations) that applies to an oil and  
6                   gas lease on the outer Continental Shelf shall apply  
7                   to a natural gas lease issued under this subsection.”.

8 **SEC. 3. DETERMINATION OF ADJACENT ZONES AND PLAN-**  
9                   **NING AREAS.**

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

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

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

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

19                   “(ii) The lines extending seaward and defining the  
20 Adjacent Zone of each State, and each Planning Area of  
21 the outer Continental Shelf, shall be as indicated on the  
22 maps for each outer Continental Shelf region entitled—

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

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

3           “(III) ‘Gulf of Mexico OCS Region State Adja-  
4           cent Zones and OCS Planning Areas’; and

5           “(IV) ‘Atlantic OCS Region State Adjacent  
6           Zones and OCS Planning Areas’;

7 all of which are dated September 2005 and on file in the  
8 Office of the Director, Minerals Management Service.”.

9 **SEC. 4. LEASING MORATORIA IN THE OCS.**

10           Section 18 of the Outer Continental Shelf Lands Act  
11 (43 U.S.C. 1344) is amended by adding at the end the  
12 following:

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

15           “(1) PROHIBITION AGAINST LEASING.—Except  
16 as otherwise provided in this subsection and sub-  
17 section (k), prior to June 30, 2012, the Secretary  
18 shall not offer for leasing for natural gas—

19           “(A) any area withdrawn from disposition  
20 by leasing in the Atlantic OCS Region, the Pa-  
21 cific OCS Region, or the Gulf of Mexico OCS  
22 Region Eastern Planning Area, as depicted on  
23 the applicable map described in subparagraph  
24 (B), under the ‘Memorandum on Withdrawal of  
25 Certain Areas of the United States Outer Con-

1 tidental Shelf from Leasing Disposition’, from  
2 34 Weekly Comp. Pres. Doc. 1111, dated June  
3 12, 1998; or

4 “(B) any area not withdrawn under that  
5 Memorandum that is included within—

6 “(i) the Gulf of Mexico OCS Region  
7 Eastern Planning Area as indicated on the  
8 map entitled ‘Gulf of Mexico OCS Region  
9 State Adjacent Zones and OCS Planning  
10 Areas’; or

11 “(ii) the Florida Straits Planning  
12 Area as indicated on the map entitled ‘At-  
13 lantic OCS Region State Adjacent Zones  
14 and OCS Planning Areas’;

15 both of which are dated September 2005 and  
16 on file in the Office of the Director, Minerals  
17 Management Service.

18 “(2) REVOCATION OF WITHDRAWAL.—

19 “(A) IN GENERAL.—The withdrawal of  
20 any area from disposition by leasing under the  
21 ‘Memorandum on Withdrawal of Certain Areas  
22 of the United States Outer Continental Shelf  
23 from Leasing Disposition’, from 34 Weekly  
24 Comp. Pres. Doc. 1111, dated June 12, 1998,  
25 shall have no force or effect with respect to any

1 area included within the Gulf of Mexico OCS  
2 Region Central Planning Area as indicated on  
3 the map entitled ‘Gulf of Mexico OCS Region  
4 State Adjacent Zones and OCS Planning  
5 Areas’, dated September 2005 and on file in the  
6 Office of the Director, Minerals Management  
7 Service.

8 “(B) ADDITIONAL AREAS.—The Secretary  
9 shall amend the 5-year outer Continental Shelf  
10 oil and gas leasing program for 2002 through  
11 2007 to include—

12 “(i) the areas added to the Gulf of  
13 Mexico OCS Region Central Planning Area  
14 by this paragraph to the extent that the  
15 areas were included within the original  
16 boundaries of proposed Lease Sale 181;  
17 and

18 “(ii) 2 sales in such additional areas,  
19 1 of which shall be held not later than  
20 January 2007 and 1 of which shall be held  
21 not later than June 2007.

22 “(C) ENVIRONMENTAL IMPACT STATE-  
23 MENT.—The final environmental impact state-  
24 ment prepared for an area covered by this para-  
25 graph for Lease Sale 181 shall be considered

1 sufficient for all purposes for each lease sale in  
 2 which the area is offered for lease during the 5-  
 3 year outer Continental Shelf oil and gas leasing  
 4 program for 2002 through 2007 without need  
 5 for supplementation.

6 “(D) PARTIAL TRACTS.—

7 “(i) PART WITHIN PLANNING AREA.—

8 Any tract only partially added to the Gulf  
 9 of Mexico OCS Region Central Planning  
 10 Area by this paragraph shall be eligible for  
 11 leasing of the part of the tract that is in-  
 12 cluded within the Gulf of Mexico OCS Re-  
 13 gion Central Planning Area.

14 “(ii) PART OUTSIDE PLANNING

15 AREA.—The remainder of the tract that  
 16 lies outside of the Gulf of Mexico OCS Re-  
 17 gion Central Planning Area may be devel-  
 18 oped and produced by the lessee of the  
 19 partial tract using extended reach or simi-  
 20 lar drilling from a location on a leased  
 21 area.”.

22 **SEC. 5. OPTION TO PETITION FOR EXTENSION OF WITH-**  
 23 **DRAWAL FROM LEASING WITHIN CERTAIN**  
 24 **AREAS OF THE OUTER CONTINENTAL SHELF.**

25 (a) OPTION TO PETITION.—

1           (1) IN GENERAL.—The Governor of a State  
2           may submit to the Secretary a petition requesting  
3           that the Secretary extend for a period of time de-  
4           scribed in paragraph (2) the withdrawal from leasing  
5           for all or part of any area within the Adjacent Zone  
6           of the State within 125 miles of the coastline of the  
7           State.

8           (2) LENGTH OF EXTENSION.—

9           (A) IN GENERAL.—The period of time re-  
10          quested in a petition submitted under para-  
11          graph (1) shall not exceed 5 years for each peti-  
12          tion.

13          (B) LIMITATION.—The Secretary shall not  
14          grant a petition submitted under paragraph (1)  
15          that extends the remaining period of a with-  
16          drawal of an area from leasing for a total of  
17          more than 10 years.

18          (3) MULTIPLE PETITIONS.—A State may peti-  
19          tion multiple times for a particular area, but not  
20          more than once per calendar year for any particular  
21          area.

22          (4) CONTENTS OF PETITION.—A petition sub-  
23          mitted under paragraph (1) may—

24                 (A) apply to natural gas leasing; and

1 (B) request some areas to be withdrawn  
2 from all leasing and some areas only withdrawn  
3 from one type of leasing.

4 (5) ALABAMA ADJACENT ZONE.—A petition for  
5 extending the withdrawal from leasing of any part of  
6 the Alabama Adjacent Zone that is a part of the  
7 Gulf of Mexico OCS Region Eastern Planning Area,  
8 as indicated on the map entitled “Gulf of Mexico  
9 OCS Region State Adjacent Zones and OCS Plan-  
10 ning Areas”, dated September 2005 and on file in  
11 the Office of the Director, Minerals Management  
12 Service, may be made by either the Governor of Ala-  
13 bama or the Governor of Florida.

14 (b) ACTION BY SECRETARY.—Not later than 90 days  
15 after receipt of a petition submitted under subsection (a),  
16 the Secretary shall approve the petition, unless the Sec-  
17 retary determines that extending the withdrawal from  
18 leasing would likely have an adverse effect on the avail-  
19 ability of necessary energy resources, which would con-  
20 tribute to significant economic hardship on a national or  
21 regional basis, or would otherwise not be in the national  
22 interest.

23 (c) FAILURE TO ACT.—If the Secretary fails to ap-  
24 prove or deny a petition in accordance with subsection (b),

1 the petition shall be considered to be approved 90 days  
2 after the date on which the Secretary received the petition.

3 **SEC. 6. STATE REQUESTS TO EXAMINE ENERGY AREAS.**

4 Section 18 of the Outer Continental Shelf Lands Act  
5 (43 U.S.C. 1344) (as amended by section 4) is amended  
6 by adding at the end the following:

7 “(j) STATE REQUESTS TO EXAMINE ENERGY  
8 AREAS.—

9 “(1) DEFINITIONS.—In this subsection through  
10 subsection (m):

11 “(A) LEASE.—The term ‘lease’ includes a  
12 natural gas lease under section 8(q).

13 “(B) MORATORIUM AREA.—The term  
14 ‘moratorium area’ means—

15 “(i) any area withdrawn from disposi-  
16 tion by leasing by the ‘Memorandum on  
17 Withdrawal of Certain Areas of the United  
18 States Outer Continental Shelf from Leas-  
19 ing Disposition’, from 34 Weekly Comp.  
20 Pres. Doc. 1111, dated June 12, 1998;  
21 and

22 “(ii) any area of the outer Continental  
23 Shelf as to which Congress has denied the  
24 use of appropriated funds or other means  
25 for preleasing, leasing, or related activities.

1           “(2) RESOURCE ESTIMATES.—

2                   “(A) REQUESTS.—At any time, the Gov-  
3           ernor of an affected State (acting on behalf of  
4           the State) may request the Secretary to provide  
5           a current estimate of proven and potential nat-  
6           ural gas resources that may result, and result-  
7           ing State revenues, in any moratorium area (or  
8           any part of the moratorium area the Governor  
9           identifies) adjacent to, or lying seaward of the  
10          coastline of, that State.

11                   “(B) RESPONSE OF SECRETARY.—Not  
12          later than 45 days after the date on which the  
13          Governor of a State requests an estimate under  
14          subparagraph (A), the Secretary shall provide—

15                           “(i) a current estimate of proven and  
16                           potential natural gas resources in any mor-  
17                           atorium areas off the shore of a State;

18                           “(ii) an estimate of potential revenues  
19                           that could be shared under this Act if re-  
20                           sources were developed and produced; and

21                           “(iii) an explanation of the planning  
22                           processes that could lead to the leasing, ex-  
23                           ploration, development, and production of  
24                           the natural gas resources within the area  
25                           identified.”.

1 **SEC. 7. AVAILABILITY OF CERTAIN AREAS FOR LEASING.**

2 Section 18 of the Outer Continental Shelf Lands Act  
3 (43 U.S.C. 1344) (as amended by section 6) is amended  
4 by adding at the end the following:

5 “(k) AVAILABILITY OF CERTAIN AREAS FOR LEAS-  
6 ING.—

7 “(1) PETITION.—

8 “(A) IN GENERAL.—On consideration of  
9 the information received from the Secretary, the  
10 Governor (acting on behalf of the State of the  
11 Governor) may submit to the Secretary a peti-  
12 tion requesting that the Secretary make avail-  
13 able for leasing any portion of a moratorium  
14 area in the Adjacent Zone of the State.

15 “(B) CONTENTS.—In a petition under sub-  
16 paragraph (A), a Governor may request that an  
17 area described in subparagraph (A) be made  
18 available for leasing under subsection (b) or (q),  
19 or both, of section 8.

20 “(2) ACTION BY SECRETARY.—Not later than  
21 90 days after the date of receipt of a petition under  
22 paragraph (1), the Secretary shall approve the peti-  
23 tion unless the Secretary determines that leasing in  
24 the affected area presents a significant likelihood of  
25 incidents associated with the development of re-  
26 sources that would cause serious harm or damage to

1 the marine resources of the area or of an adjacent  
2 State.

3 “(3) FAILURE TO ACT.—If the Secretary fails  
4 to approve or deny a petition in accordance with  
5 paragraph (2), the petition shall be considered to be  
6 approved as of the date that is 90 days after the  
7 date of receipt of the petition.

8 “(4) TREATMENT.—Notwithstanding any other  
9 provision of this section, not later than 180 days  
10 after the date on which a petition is approved, or  
11 considered to be approved, under paragraph (2) or  
12 (3), the Secretary shall—

13 “(A) treat the petition of the Governor  
14 under paragraph (1) as a proposed revision to  
15 a leasing program under this section; and

16 “(B) except as provided in paragraph (5),  
17 expedite the revision of the 5-year outer Conti-  
18 nental Shelf oil and gas leasing program in ef-  
19 fect as of that date to include any lease sale for  
20 any area covered by the petition.

21 “(5) INCLUSION IN SUBSEQUENT PLANS.—

22 “(A) IN GENERAL.—If there are less than  
23 18 months remaining in the 5-year outer Conti-  
24 nental Shelf oil and gas leasing program de-  
25 scribed in paragraph (4)(B), the Secretary,

1 without consultation with any State, shall in-  
2 clude the areas covered by the petition in lease  
3 sales under the subsequent 5-year outer Conti-  
4 nental Shelf oil and gas leasing program.

5 “(B) ENVIRONMENTAL ASSESSMENT.—Be-  
6 fore modifying a 5-Year outer Continental Shelf  
7 oil and gas leasing program under subpara-  
8 graph (A), the Secretary shall complete an envi-  
9 ronmental assessment that describes any antici-  
10 pated environmental effect of leasing in the  
11 area covered by the petition.

12 “(6) SPENDING LIMITATIONS.—Any Federal  
13 spending limitation with respect to preleasing, leas-  
14 ing, or a related activity in an area made available  
15 for leasing under this subsection shall terminate as  
16 of the date on which the petition of the Governor re-  
17 lating to the area is approved, or considered to be  
18 approved, under paragraph (2) or (3).

19 “(7) APPLICATION.—This subsection shall not  
20 apply to—

21 “(A) any area designated as a national  
22 marine sanctuary or a national wildlife refuge;

23 “(B) any area not included in the outer  
24 Continental Shelf;

1           “(C) the Great Lakes (as defined in sec-  
2           tion 118(a)(3) of the Federal Water Pollution  
3           Control Act (33 U.S.C. 1268(a)(3));

4           “(D) the eastern coast of the State of  
5           Florida; or

6           “(E) Bristol Bay.

7           “(8) GREAT LAKES.—The Great Lakes (as de-  
8           fined in section 118(a)(3) of the Federal Water Pol-  
9           lution Control Act (33 U.S.C. 1268(a)(3)))—

10           “(A) shall not be considered part of the  
11           outer Continental Shelf under this Act; and

12           “(B) shall not be subject to production.”.

13 **SEC. 8. NEIGHBORING STATE CONCURRENCE.**

14           (a) NOTICE.—The Secretary of the Interior shall pro-  
15           vide notice to a neighboring State of any proposed lease  
16           of natural gas if the lease would be located within 20 miles  
17           of the nearest point on the coastline of the State.

18           (b) OBJECTION.—Not later than 30 days after receiv-  
19           ing the notice, the Governor of the State may object to  
20           the issuance of the lease on grounds that the lease pre-  
21           sents a significant risk to environmental and economic re-  
22           sources of the State.

23           (c) SECRETARY REVIEW.—If the Secretary, after re-  
24           view of the objection and consultation with the adjacent  
25           State, concurs that the lease presents a significant risk

1 described in subsection (b), and that the risk cannot be  
2 reasonably mitigated—

3 (1) the Secretary shall not approve an explo-  
4 ration plan for the lease; and

5 (2) the lease shall be eligible for repurchase in  
6 accordance with section 13.

7 (d) NONAPPLICABILITY.—This section does not apply  
8 to a State covered by section 12.

9 **SEC. 9. REVENUE SHARING FROM MORATORIUM AREAS.**

10 Section 18 of the Outer Continental Shelf Lands Act  
11 (43 U.S.C. 1344) (as amended by section 7) is amended  
12 by adding at the end the following:

13 “(1) REVENUE SHARING FROM MORATORIUM  
14 AREAS.—

15 “(1) BONUS BIDS.—If the Governor of a State  
16 requests the Secretary to allow natural gas leasing  
17 in a moratorium area and the Secretary allows the  
18 leasing, the State shall, without further appropria-  
19 tion or action, receive 50 percent of any bonus bid  
20 paid for leasing rights in the area.

21 “(2) POST LEASING REVENUES.—In addition to  
22 bonus bids under paragraph (1), a State described  
23 in paragraph (1) shall receive, from leasing of the  
24 area, 50 percent of—

25 “(A) any lease rental minimum royalty;

1           “(B) any royalty proceeds from a sale of  
2 royalties taken in kind by the Secretary; and

3           “(C) any other revenues from a bidding  
4 system under section 8.

5           “(3) CONSERVATION ROYALTIES.—After mak-  
6 ing distributions in accordance with paragraphs (1)  
7 and (2) and in accordance with section 31, the Sec-  
8 retary shall, without further appropriation or action,  
9 distribute a conservation royalty equal to 12.5 per-  
10 cent of Federal royalty revenues derived from an  
11 area leased under this section in an amount not to  
12 exceed \$1,250,000,000 from all areas leased under  
13 this section for any year, into the following pro-  
14 grams that distribute conservation funds to States:

15           “(A) The Federal aid to wildlife restora-  
16 tion fund established under section 3(a)(1) of  
17 the Pittman-Robertson Wildlife Restoration Act  
18 (16 U.S.C. 669b(a)(1)).

19           “(B) The land and water conservation  
20 fund established under section 2 of the Land  
21 and Water Conservation Fund Act of 1965 (16  
22 U.S.C. 460l–5) to provide financial assistance  
23 to States under section 6 of that Act (16  
24 U.S.C. 460l–8).”.

1 **SEC. 10. REVENUE SHARING FROM NONMORATORIUM**  
2 **AREAS.**

3 Section 18 of the Outer Continental Shelf Lands Act  
4 (43 U.S.C. 1344) (as amended by section 9) is amended  
5 by adding at the end the following:

6 “(m) REVENUE SHARING FROM NONMORATORIUM  
7 AREA.—Revenues from production that occurs beginning  
8 on the date that is 5 years after the date of enactment  
9 of this subsection in an area that is not a moratorium  
10 area shall be distributed in the same proportion and for  
11 the same uses as provided in subsection (l).”.

12 **SEC. 11. REPEAL OF REQUIREMENT TO CONDUCT COM-**  
13 **PREHENSIVE INVENTORY OF OCS NATURAL**  
14 **GAS RESOURCES.**

15 Section 357 of the Energy Policy Act of 2005 (42  
16 U.S.C. 15912) is repealed.

17 **SEC. 12. LEASES FOR AREAS LOCATED WITHIN 100 MILES**  
18 **OFF CALIFORNIA OR FLORIDA.**

19 (a) IN GENERAL.—Effective beginning on the date  
20 that is 180 days after the date of enactment of this Act,  
21 the lessee of a natural gas lease in existence on the date  
22 of enactment of this Act for an area located completely  
23 within 100 miles of the coastline and within the California  
24 or Florida Adjacent Zones shall have the option, without  
25 compensation, of exchanging the lease for a new natural  
26 gas lease having a primary term of 5 years.

1 (b) TRACTS.—For the area subject to the new lease,  
2 the lessee may select any unleased tract—

3 (1) at least part of which is located within the  
4 area between 100 and 125 miles from the coastline;  
5 and

6 (2) that is located—

7 (A) completely beyond 100 miles from the  
8 coastline; and

9 (B) within the same Adjacent Zone of the  
10 adjacent State as the lease being exchanged.

11 (c) ADMINISTRATIVE PROCESS.—

12 (1) IN GENERAL.—The Secretary of the Inte-  
13 rior (referred to in this section as the “Secretary”)  
14 shall establish a reasonable administrative process  
15 through which a lessee may exercise the option of  
16 the lessee to exchange a natural gas lease for a new  
17 natural gas lease in accordance with this section.

18 (2) RELATIONSHIP TO OTHER LAWS.—An ex-  
19 change of leases conducted in accordance with this  
20 section (including the issuance of a new lease)—

21 (A) shall not be considered to be a major  
22 Federal action for purposes of the National En-  
23 vironmental Policy Act of 1969 (42 U.S.C.  
24 4321 et seq.); and

1 (B) shall be considered in compliance with  
2 the Outer Continental Shelf Lands Act (43  
3 U.S.C. 1331 et seq.).

4 (3) WITHDRAWAL.—The Secretary shall issue a  
5 new lease in exchange for the lease being exchanged  
6 notwithstanding that the area that will be subject to  
7 the lease may be withdrawn from leasing under the  
8 Outer Continental Shelf Lands Act (43 U.S.C. 1331  
9 et seq.) or otherwise unavailable for leasing under  
10 any other law.

11 (d) OPERATING RESTRICTIONS.—A new lease issued  
12 in exchange for an existing lease under this section shall  
13 be subject to such national defense operating restrictions  
14 on the outer Continental Shelf tract covered by the new  
15 lease as apply on the date of issuance of the new lease.

16 (e) PRIORITY.—

17 (1) BONUS BID.—The Secretary shall give pri-  
18 ority in the lease exchange process under this section  
19 based on the amount of the original bonus bid paid  
20 for the issuance of each lease to be exchanged.

21 (2) EXCHANGE OF PARTIAL TRACTS FOR FULL  
22 TRACTS.—The Secretary shall allow leases covering  
23 partial tracts to be exchanged for leases covering full  
24 tracts under this section conditioned on payment of  
25 additional bonus bids on a per-acre basis, as deter-

1       mined based on the average per acre of the original  
2       bonus bid per acre for the partial tract being ex-  
3       changed.

4       (f) EXPLORATION PLANS.—An exploration plan sub-  
5       mitted to the Secretary during the period beginning on  
6       the date of enactment of this Act and ending June 30,  
7       2012, for a natural gas lease for an area wholly within  
8       100 miles of the coastline within the California Adjacent  
9       Zone or the Florida Adjacent Zone shall not be treated  
10      as received by the Secretary until the earlier of—

11               (1) July 1, 2012; or

12               (2) the date of approval of a petition by the Ad-  
13      jacent State for natural gas leasing covering the  
14      area within which is located the area subject to the  
15      natural gas lease.

16      (g) CANCELLATION OF LEASE.—As part of the lease  
17      exchange process under this section, the Secretary shall  
18      cancel a lease that is exchanged under this section.

19      (h) CONDITIONS FOR LEASE EXCHANGE.—For a  
20      lease to be cancelled and exchanged under this section—

21               (1) each lessee holding an interest in the lease  
22      must consent to cancellation of the leasehold interest  
23      of the lessee;

1           (2) each lessee must waive any rights to bring  
2           any litigation against the United States related to  
3           the transaction; and

4           (3) the plugging and abandonment require-  
5           ments for any well located on any lease to be can-  
6           celled and exchanged under this section must be  
7           complied with by the lessees prior to the cancellation  
8           and exchange.

9           (i) AREA PARTIALLY WITHIN 100 MILES OF FLOR-  
10          IDA.—A natural gas lease in existence on the date of en-  
11          actment of this Act for an area located partially within  
12          100 miles of the coastline within the Florida Adjacent  
13          Zone may only be developed and produced under this sec-  
14          tion using wells drilled from well-head locations at least  
15          100 miles from the coastline to any bottom-hole location  
16          on the area of the lease.

17          **SEC. 13. REPURCHASE OF CERTAIN LEASES.**

18           (a) IN GENERAL.—The Secretary of the Interior (re-  
19          ferred to in this section as the “Secretary”) shall repur-  
20          chase and cancel any Federal natural gas lease in the  
21          outer Continental Shelf, if the Secretary finds that the  
22          lease qualifies for repurchase and cancellation under the  
23          regulations authorized by this section.

24           (b) REGULATIONS.—

1           (1) IN GENERAL.—Not later than 1 year after  
2 the date of enactment of this Act, the Secretary  
3 shall publish a final regulation prescribing the condi-  
4 tions under which a lease referred to in subsection  
5 (a) would qualify for repurchase and cancellation,  
6 and the process to be followed regarding repurchase  
7 and cancellation, in a manner consistent with this  
8 subsection.

9           (2) FINDING.—The Secretary shall repurchase  
10 and cancel a lease under this section on a written re-  
11 quest by the lessee and a finding by the Secretary  
12 that—

13                   (A) a request by the lessee for a required  
14 permit or other approval complied with applica-  
15 ble law (other than the Coastal Zone Manage-  
16 ment Act of 1972 (16 U.S.C. 1451 et seq.))  
17 and terms of the lease and the permit or other  
18 approval was denied;

19                   (B) a Federal agency failed to act on a re-  
20 quest by the lessee for a required permit, other  
21 approval, or administrative appeal—

22                           (i) within a time period established by  
23 law (including regulations) for the re-  
24 quested action, whether advisory or man-  
25 datory; or

1 (ii) if no such period is established,  
2 within 180 days after receipt of the re-  
3 quest; or

4 (C) a Federal agency attached a condition  
5 of approval, without agreement by the lessee, to  
6 a required permit or other approval that—

7 (i) was not required by Federal law  
8 (including regulations) in effect on the  
9 date of lease issuance; or

10 (ii) was not specifically allowed under  
11 the terms of the lease.

12 (3) EXHAUSTION OF REMEDIES.—A lessee shall  
13 not be required to exhaust administrative remedies  
14 regarding a permit request, administrative appeal, or  
15 other required request for approval under this sec-  
16 tion.

17 (4) DEADLINE.—The Secretary shall make a  
18 final agency decision on a request by a lessee under  
19 this section not later than 180 days after receipt of  
20 the request.

21 (5) COMPENSATION.—

22 (A) AMOUNT.—The amount of compensa-  
23 tion to a lessee to repurchase and cancel a lease  
24 under this section shall be equal to the amount

1           that a lessee would receive in a restitution case  
2           for a material breach of contract.

3           (B) FORM.—The compensation shall be in  
4           the form of a check or electronic transfer from  
5           the Secretary of the Treasury from funds de-  
6           posited into miscellaneous receipts under the  
7           authority of the Act that authorized the  
8           issuance of the lease being repurchased.

9           (C) DEADLINE.—The failure of the Sec-  
10          retary to make a final agency decision on a re-  
11          quest by a lessee under this section in accord-  
12          ance with paragraph (4) shall result in a per-  
13          cent increase in the compensation due to the  
14          lessee if the lease is ultimately repurchased.

15          (c) OTHER RIGHTS.—This section does not affect any  
16          other right the lessee may have in the absence of this sec-  
17          tion.

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