

109TH CONGRESS
2^D SESSION

S. 2314

To suspend the application of any provision of Federal law under which persons are relieved from the requirement to pay royalties for production of oil or natural gas from Federal lands in periods of high oil and natural gas prices, to require the Secretary to seek to renegotiate existing oil and natural gas leases to similarly limit suspension of royalty obligations under such leases, and for other purposes.

IN THE SENATE OF THE UNITED STATES

FEBRUARY 16, 2006

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

A BILL

To suspend the application of any provision of Federal law under which persons are relieved from the requirement to pay royalties for production of oil or natural gas from Federal lands in periods of high oil and natural gas prices, to require the Secretary to seek to renegotiate existing oil and natural gas leases to similarly limit suspension of royalty obligations under such leases, 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,*

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “Royalty Relief Act of
3 2006”.

4 **SEC. 2. SUSPENSION OF ROYALTY RELIEF.**

5 (a) REQUIREMENT.—The Secretary of the Interior
6 (referred to in this Act as the “Secretary”) shall suspend
7 the application of any provision of Federal law under
8 which a person would otherwise be provided relief from
9 a requirement to pay a royalty for the production of oil
10 or natural gas from Federal land (including submerged
11 land) occurring after the date of enactment of this Act
12 during a period in which—

13 (1) for the production of oil, the average price
14 of crude oil in the United States during the 4-week
15 period immediately preceding the suspension is
16 greater than \$34.71 per barrel; and

17 (2) for the production of natural gas, the aver-
18 age wellhead price of natural gas in the United
19 States during the 4-week period immediately pre-
20 ceding the suspension is greater than \$4.34 per
21 1,000 cubic feet.

22 (b) DETERMINATION OF AVERAGE PRICES.—For
23 purposes of subsection (a), the Secretary shall determine
24 average prices, taking into consideration the most recent
25 data reported by the Energy Information Administration.

1 **SEC. 3. RENEGOTIATION OF EXISTING LEASES.**

2 (a) REQUIREMENT.—The Secretary shall renegotiate
3 each lease authorizing production of oil or natural gas on
4 Federal land (including submerged land) issued by the
5 Secretary before the date of the enactment of this Act as
6 the Secretary determines to be necessary to modify the
7 terms of the lease to ensure that a suspension of a require-
8 ment to pay royalties under the lease does not apply to
9 production described in section 2(a).

10 (b) FAILURE TO RENEGOTIATE AND MODIFY.—Be-
11 ginning on the date that is 1 year after the date of enact-
12 ment of this Act, a lessee under a lease described in sub-
13 section (a) shall not be eligible—

14 (1) to enter into a new lease described in that
15 subsection; or

16 (2) to obtain by sale or other transfer any lease
17 issued before that date, unless the lessee—

18 (A) renegotiates the lease; and

19 (B) enters into an agreement with the Sec-
20 retary to modify the terms of the lease in ac-
21 cordance with subsection (a).

22 **SEC. 4. CONFORMING AMENDMENTS.**

23 Sections 344, 345, and 346 of the Energy Policy Act
24 of 2005 (42 U.S.C. 15904, 15905; 119 Stat. 704) are re-
25 pealed.