

109TH CONGRESS  
2D SESSION

# S. 3926

To provide for the energy, economic, and national security of America, and  
for other purposes.

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IN THE SENATE OF THE UNITED STATES

SEPTEMBER 21, 2006

Mr. SANTORUM introduced the following bill; which was read twice and  
referred to the Committee on Finance

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## A BILL

To provide for the energy, economic, and national security  
of America, 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. SHORT TITLE; TABLE OF CONTENTS.**

4       (a) SHORT TITLE.—This Act may be cited as the  
5       “Empower America: Securing America’s Energy Future  
6       Act 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. Findings.

TITLE I—PRODUCTION

Subtitle A—Coal

PART I—COAL-TO-LIQUID FUEL PROMOTION

- Sec. 101. Short title.
- Sec. 102. Definitions.
- Sec. 103. Coal-to-liquid fuel loan guarantee program.
- Sec. 104. Coal-to-liquid facilities loan program.
- Sec. 105. Credit for investment in coal-to-liquid fuels projects.
- Sec. 106. Temporary expensing for equipment used in coal-to-liquid fuels process.
- Sec. 107. Modification of multiyear contract authority for procurement of fuel derived from coal, oil shale, and tar sands.
- Sec. 108. Strategic Petroleum Reserve.
- Sec. 109. Authorization to conduct research, development, testing, and evaluation of assured domestic fuels.

PART II—CLEAN COAL POWER INITIATIVE

- Sec. 111. Clean coal power initiative.

PART III—INCENTIVES FOR INNOVATIVE TECHNOLOGIES

- Sec. 116. Technical corrections.

Subtitle B—Refinery Permitting Process

- Sec. 121. Refinery permitting process.

Subtitle C—Oil and Gas

PART I—DEEP OCEAN ENERGY RESOURCES

- Sec. 131. Short title.
- Sec. 132. Policy.
- Sec. 133. Definitions under the outer continental shelf lands act.
- Sec. 134. Determination of adjacent zones and planning areas.
- Sec. 135. Administration of leasing.
- Sec. 136. Grant of leases by Secretary.
- Sec. 137. Disposition of receipts.
- Sec. 138. Review of outer Continental Shelf exploration plans.
- Sec. 139. Reservation of lands and rights.
- Sec. 140. Outer continental shelf leasing program.
- Sec. 141. Coordination with adjacent states.
- Sec. 142. Environmental studies.
- Sec. 143. Review of outer continental shelf development and production plans.
- Sec. 144. Federal Energy Natural Resources Enhancement Fund Act of 2006.
- Sec. 145. Termination of effect of laws prohibiting the spending of appropriated funds for certain purposes.
- Sec. 146. Outer Continental Shelf incompatible use.
- Sec. 147. Repurchase of certain leases.
- Sec. 148. Offsite environmental mitigation.
- Sec. 149. Amendments to the Mineral Leasing Act.
- Sec. 150. Minerals management service.
- Sec. 151. Authority to use decommissioned offshore oil and gas platforms and other facilities for artificial reef, scientific research, or other uses.

- Sec. 152. Repeal of requirement to conduct comprehensive inventory of OCS oil and natural gas resources.
- Sec. 153. Mining and petroleum schools.
- Sec. 154. Onshore and offshore mineral lease fees.
- Sec. 155. OCS regional headquarters.
- Sec. 156. National GEO Fund Act of 2006.
- Sec. 157. Leases for areas located within 100 miles of California or Florida.
- Sec. 158. Coastal impact assistance.
- Sec. 159. Oil shale and tar sands amendments.
- Sec. 160. Availability of OCS Receipts to provide payments under Secure Rural Schools and Community Self-Determination Act of 2000.

#### PART II—DOMESTIC OIL AND GAS PRODUCTION

- Sec. 171. Short title.
- Sec. 172. Definitions.
- Sec. 173. Leasing program for land within the Coastal Plain.
- Sec. 174. Lease sales.
- Sec. 175. Grant of leases by the Secretary.
- Sec. 176. Lease terms and conditions.
- Sec. 177. Coastal Plain environmental protection.
- Sec. 178. Expedited judicial review.
- Sec. 179. Use of revenues.
- Sec. 180. Rights-of-way across the Coastal Plain.
- Sec. 181. Conveyance.

#### PART III—EMERGENCY SERVICE ROUTE

- Sec. 191. Emergency service route.

#### TITLE II—RESEARCH AND DEVELOPMENT

- Sec. 201. Renewable energy.
- Sec. 202. Biomass research and development.
- Sec. 203. Production incentives for cellulosic biofuels.
- Sec. 204. Commercial byproducts from municipal solid waste and cellulosic biomass loan guarantee program.
- Sec. 205. Fossil energy.
- Sec. 206. Carbon capture research and development program.
- Sec. 207. Advanced energy initiative for vehicles.

#### TITLE III—CONSERVATION AND EFFICIENCY

##### Subtitle A—Decreasing Demand

- Sec. 301. Credit for teleworking.
- Sec. 302. Employer-provided computer equipment treated as fringe benefit.
- Sec. 303. Sense of Congress.

##### Subtitle B—Corporate Average Fuel Economy Reform

- Sec. 311. Short title.
- Sec. 312. CAFE standards for passenger automobiles.
- Sec. 313. Use of earned credits.
- Sec. 314. Use of civil penalties for research and development.
- Sec. 315. Effective date.

##### Subtitle C—Other Conservation and Efficiency Programs

- Sec. 321. Advanced building efficiency testbed.
- Sec. 322. Energy efficient public buildings.
- Sec. 323. Energy efficiency public information initiative.

#### TITLE IV—CONSUMER PROTECTION

- Sec. 401. Short title.
- Sec. 402. Protection of consumers against price gouging.
- Sec. 403. Justifiable price increases.
- Sec. 404. Emergency proclamations and orders.
- Sec. 405. Enforcement by Federal Trade Commission.
- Sec. 406. Penalties.
- Sec. 407. Definitions.
- Sec. 408. Effective date.

#### TITLE V—TAX INCENTIVES

- Sec. 501. Extension of excise tax credit for coal-to-liquids.
- Sec. 502. Extension of alternative motor vehicle credit.
- Sec. 503. Tax incentives extended to encourage cellulosic ethanol production.
- Sec. 504. Extension of biodiesel income and excise tax credits.
- Sec. 505. Extension of renewable energy resources.
- Sec. 506. Extension and modification of investment tax credit with respect to solar energy property and qualified fuel cell property.
- Sec. 507. Credit for production of natural gas.
- Sec. 508. Extension and modification of credit for residential energy efficient property.

#### TITLE VI—BOUTIQUE FUEL REDUCTIONS

- Sec. 601. Boutique fuel reductions.

### 1 **SEC. 2. FINDINGS.**

2 Congress finds that—

3 (1) according to the Energy Information Ad-  
4 ministration—

5 (A) the United States consumes approxi-  
6 mately 20,700,000 barrels of oil per day;

7 (B) total petroleum consumption will grow  
8 to approximately 26,100,000 barrels per day by  
9 2025;

10 (C) global energy consumption will rise by  
11 over 34 percent by 2015; and

1 (D) petroleum imports will represent 60  
2 percent of the demand of the United States for  
3 petroleum in 2025, up from 58 percent in 2004;

4 (2) the United States imports approximately  
5 13,500,000 barrels of oil per day;

6 (3) 65 percent of the petroleum imports of the  
7 United States come from Canada, Mexico, Saudi  
8 Arabia, Venezuela, and Nigeria, respectively, accord-  
9 ing to the Energy Information Administration;

10 (4) approximately 17 percent of the oil im-  
11 ported by the United States comes from the Middle  
12 East;

13 (5) Energy Information Administration statis-  
14 tics show that the top petroleum producers in the  
15 world include Saudi Arabia, the former Soviet  
16 Union, Iran, China, and Venezuela, with 6 of the 11  
17 largest oil fields located in Saudi Arabia, Venezuela,  
18 and Iran;

19 (6) nearly  $\frac{2}{3}$  of the proven oil reserves of the  
20 world are located in the Middle East, with 45 per-  
21 cent of the reserves located in Saudi Arabia, Iraq,  
22 and Iran;

23 (7) over 80 percent of the total export earnings  
24 of Iran, and 50 percent of the gross domestic prod-

1       uct of Iran, are generated through oil and gas reve-  
2       nues;

3           (8) Iran has provided the terrorist organization  
4       Hezbollah     with     between     \$60,000,000     and  
5       \$100,000,000 annually to support terror activities  
6       against the civilized world;

7           (9) leaders of both Iran and Venezuela have  
8       publicly denounced the United States and have la-  
9       beled the citizens and allies of the United States as  
10      the enemy;

11          (10) the Energy Information Administration es-  
12      timates that 94 percent of the energy used by the  
13      United States is provided by fossil fuels and nuclear  
14      energy;

15          (11) the energy policy of the United States  
16      must include the use and development of a variety  
17      of energy sources, including energy from coal, re-  
18      newable sources, nuclear sources, oil, and natural  
19      gas;

20          (12) the Energy Information Administration re-  
21      ports that the United States has approximately 25  
22      percent of the coal reserves of the world;

23          (13)(A) the Energy Information Administration  
24      projects that the United States will import coal in

1 a quantity that will meet less than 2 percent of the  
2 coal needs of the United States through 2025; and

3 (B) the National Mining Association reports  
4 that over 56 percent of all electricity in the United  
5 States is produced through the use of coal;

6 (14) the first coal-to-liquid fuel facility in the  
7 United States, located in Schuylkill County, Penn-  
8 sylvania, is in a pre-construction phase;

9 (15)(A) investment in the research and develop-  
10 ment of alternative fuel sources has been significant  
11 over the last decade; and

12 (B) the Federal Government has spent more  
13 than \$35,000,000,000, while energy companies have  
14 invested more than \$100,000,000,000, on the re-  
15 search and development of alternative fuel sources;

16 (16) reducing the dependence of the United  
17 States on foreign oil, and achieving energy security,  
18 requires an even greater commitment in the future;

19 (17) all the corn grown in the United States  
20 today could be used to produce only enough ethanol  
21 to displace about 12 percent of the gasoline con-  
22 sumed;

23 (18)(A) according to the Renewable Fuels Asso-  
24 ciation, there are over 100 ethanol plants in oper-  
25 ation, 42 plants under construction, over 60 plants

1 in various planning stages, and 7 plants that are ex-  
2 panding;

3 (B) ethanol production in 2005 totaled approxi-  
4 mately 4,000,000,000 gallons, which is the equiva-  
5 lent of approximately 3 percent of the gasoline con-  
6 sumption of the United States; and

7 (C) when the construction and expansion of  
8 planned ethanol facilities is finished, annual ethanol  
9 capacity in the United States will be approximately  
10 7,700,000,000 gallons;

11 (19)(A) there are now 65 biodiesel plants oper-  
12 ating in the United States and nearly 60 plants  
13 under construction; and

14 (B) in 2005, production in the United States  
15 from the plants reached 91,000,000 gallons, up from  
16 2,000,000 gallons in 2000;

17 (20)(A) research and development of renewable  
18 alternatives must continue; and

19 (B) according to the Department of Agri-  
20 culture, ethanol production from cellulosic feedstocks  
21 seems to be the most promising renewable alter-  
22 native for reducing the dependence of the United  
23 States on crude oil imports; and

24 (21) a study conducted by the Department of  
25 Energy and the Department of Agriculture con-



cluded that the land resources of the United States could, by 2030, produce enough biomass to displace the equivalent of at least 30 percent of petroleum consumption by the United States without seriously disrupting food production.

## **TITLE I—PRODUCTION**

### **Subtitle A—Coal**

#### **PART I—COAL-TO-LIQUID FUEL PROMOTION**

##### **SEC. 101. SHORT TITLE.**

This part may be cited as the “Coal-to-Liquid Fuel Promotion Act of 2006”.

##### **SEC. 102. DEFINITIONS.**

In this part:

(1) COAL-TO-LIQUID.—The term “coal-to-liquid” means—

(A) with respect to a process or technology, the use of the coal resources of the United States, using the class of chemical reactions known as Fischer-Tropsch, to produce synthetic fuel suitable for transportation; and

(B) with respect to a facility, the portion of a facility related to the Fischer-Tropsch process, Fischer-Tropsch finished fuel production, or the capture, transportation, or sequestration of byproducts of the use of coal at the

1           Fischer-Tropsch facility, including carbon emis-  
2           sions.

3           (2) SECRETARY.—The term “Secretary” means  
4           the Secretary of Energy.

5   **SEC. 103. COAL-TO-LIQUID FUEL LOAN GUARANTEE PRO-**  
6                           **GRAM.**

7           (a) ELIGIBLE PROJECTS.—Section 1703(b) of the  
8   Energy Policy Act of 2005 (42 U.S.C. 16513(b)) is  
9   amended by adding at the end the following:

10           “(11) Large-scale coal-to-liquid facilities (as de-  
11   fined in section 2 of the Coal-to-Liquid Fuel Pro-  
12   motion Act of 2006), that use coal resources of the  
13   United States to produce not less than 10,000 bar-  
14   rels a day of liquid transportation fuel.”.

15           (b) AUTHORIZATION OF APPROPRIATIONS.—Section  
16   1704 of the Energy Policy Act of 2005 (42 U.S.C. 16514)  
17   is amended by adding at the end the following:

18           “(c) COAL-TO-LIQUID PROJECTS.—

19           “(1) MANDATORY FUNDING.—

20           “(A) IN GENERAL.—Notwithstanding any  
21   other provision of law, not later than 30 days  
22   after the date of enactment of this subsection,  
23   out of any funds in the Treasury not otherwise  
24   appropriated, the Secretary of the Treasury  
25   shall transfer to the Secretary to provide the

1 cost of guarantees for projects involving large-  
2 scale coal-to-liquid facilities under section  
3 1703(b)(11) \$5,000,000,000, to remain avail-  
4 able until expended.

5 “(B) RECEIPT AND ACCEPTANCE.—The  
6 Secretary shall be entitled to receive, shall ac-  
7 cept, and shall use to provide the cost of guar-  
8 antees for projects described in subparagraph  
9 (A) the funds transferred under subparagraph  
10 (A), without further appropriation.

11 “(2) AUTHORIZATION OF APPROPRIATIONS.—In  
12 addition to the amounts made available under para-  
13 graph (1), there are authorized to be appropriated  
14 such sums as are necessary to provide the cost of  
15 guarantees for projects involving large-scale coal-to-  
16 liquid facilities under section 1703(b)(11).

17 “(3) LIMITATIONS.—

18 “(A) IN GENERAL.—No loan guarantees  
19 shall be provided under this title for projects  
20 described in paragraph (1) or (2) after (as de-  
21 termined by the Secretary)—

22 “(i) the tenth such loan guarantee is  
23 issued under this title; or

1 “(ii) production capacity covered by  
 2 such loan guarantees reaches 100,000 bar-  
 3rels per day of coal-to-liquid fuel.

4 “(B) INDIVIDUAL PROJECTS.—

5 “(i) IN GENERAL.—A loan guarantee  
 6 may be provided under this title for any  
 7 large-scale coal-to-liquid facility described  
 8 in paragraph (1) or (2) that produces no  
 9 more than 20,000 barrels of coal-to-liquid  
 10 fuel per day.

11 “(ii) NON-FEDERAL FUNDING RE-  
 12QUIREMENT.—To be eligible for a loan  
 13 guarantee under this title, a large-scale  
 14 coal-to-liquid facility described in para-  
 15 graph (1) or (2) that produces more than  
 16 20,000 barrels of coal-to-liquid fuel per  
 17 day shall be required to provide non-Fed-  
 18 eral funding for the proportional cost of  
 19 the loan guarantee for production that ex-  
 20 ceeds 20,000 barrels of coal-to-liquid fuel  
 21 per day.”.

22 **SEC. 104. COAL-TO-LIQUID FACILITIES LOAN PROGRAM.**

23 (a) DEFINITION OF ELIGIBLE RECIPIENT.—In this  
 24 section, the term “eligible recipient” means an individual,  
 25 organization, or other entity that owns, operates, or plans

1 to construct a coal-to-liquid facility that will produce at  
2 least 10,000 barrels per day of coal-to-liquid fuel.

3 (b) ESTABLISHMENT.—The Secretary shall establish  
4 a program under which the Secretary shall provide loans,  
5 in a total amount not to exceed \$20,000,000, for use by  
6 eligible recipients to pay the Federal share of the cost of  
7 obtaining any services necessary for the planning, permit-  
8 ting, and construction of a coal-to-liquid facility.

9 (c) APPLICATION.—To be eligible to receive a loan  
10 under subsection (b), an owner or operator of a coal-to-  
11 liquid facility shall submit to the Secretary an application  
12 at such time, in such manner, and containing such infor-  
13 mation as the Secretary may require.

14 (d) NON-FEDERAL MATCH.—To be eligible to receive  
15 a loan under this section, an eligible recipient shall use  
16 non-Federal funds to provide a dollar-for-dollar match of  
17 the amount of the loan.

18 (e) REPAYMENT OF LOAN.—

19 (1) IN GENERAL.—To be eligible to receive a  
20 loan under this section, an eligible recipient shall  
21 agree to repay the original amount of the loan to the  
22 Secretary not later than 5 years after the date of the  
23 receipt of the loan.

24 (2) SOURCE OF FUNDS.—Repayment of a loan  
25 under paragraph (1) may be made from any financ-

1       ing or assistance received for the construction of a  
 2       coal-to-liquid facility described in subsection (a), in-  
 3       cluding a loan guarantee provided under section  
 4       1703(b)(11) of the Energy Policy Act of 2005 (42  
 5       U.S.C. 16513(b)(11)).

6       (f) FUNDING.—

7           (1) IN GENERAL.—Notwithstanding any other  
 8       provision of law, not later than 30 days after the  
 9       date of enactment of this Act, out of any funds in  
 10      the Treasury not otherwise appropriated, the Sec-  
 11      retary of the Treasury shall transfer to the Sec-  
 12      retary to carry out this section \$200,000,000, to re-  
 13      main available until expended.

14          (2) RECEIPT AND ACCEPTANCE.—The Sec-  
 15      retary shall be entitled to receive, shall accept, and  
 16      shall use to carry out this section the funds trans-  
 17      ferred under paragraph (1), without further appro-  
 18      priation.

19   **SEC. 105. CREDIT FOR INVESTMENT IN COAL-TO-LIQUID**  
 20                   **FUELS PROJECTS.**

21          (a) IN GENERAL.—Section 46 of the Internal Rev-  
 22      enue Code of 1986 (relating to amount of credit) is  
 23      amended by striking “and” at the end of paragraph (3),  
 24      by striking the period at the end of paragraph (4) and

1 inserting “, and”, and by adding at the end the following  
 2 new paragraph:

3 “(5) the qualifying coal-to-liquid fuels project  
 4 credit.”.

5 (b) AMOUNT OF CREDIT.—Subpart E of part IV of  
 6 subchapter A of chapter 1 of the Internal Revenue Code  
 7 of 1986 (relating to rules for computing investment credit)  
 8 is amended by inserting after section 48B the following  
 9 new section:

10 **“SEC. 48C. QUALIFYING COAL-TO-LIQUID FUELS PROJECT**  
 11 **CREDIT.**

12 “(a) IN GENERAL.—For purposes of section 46, the  
 13 qualifying coal-to-liquid fuels project credit for any taxable  
 14 year is an amount equal to 20 percent of the qualified  
 15 investment for such taxable year.

16 “(b) QUALIFIED INVESTMENT.—

17 “(1) IN GENERAL.—For purposes of subsection  
 18 (a), the qualified investment for any taxable year is  
 19 the basis of property placed in service by the tax-  
 20 payer during such taxable year which is part of a  
 21 qualifying coal-to-liquid fuels project—

22 “(A)(i) the construction, reconstruction, or  
 23 erection of which is completed by the taxpayer,  
 24 or

1           “(ii) which is acquired by the taxpayer if  
2           the original use of such property commences  
3           with the taxpayer, and

4           “(B) with respect to which depreciation (or  
5           amortization in lieu of depreciation) is allow-  
6           able.

7           “(2) APPLICABLE RULES.—For purposes of this  
8           section, rules similar to the rules of subsection  
9           (a)(4) and (b) of section 48 shall apply.

10          “(c) DEFINITIONS.—For purposes of this section—

11           “(1) QUALIFYING COAL-TO-LIQUID FUELS  
12           PROJECT.—The term ‘qualifying coal-to-liquid fuels  
13           project’ means any domestic project which—

14           “(A) employs the Fischer-Tropsch process  
15           to produce at least 10,000 barrels per day of  
16           transportation grade liquid fuels from coal (in-  
17           cluding any property which allows for the cap-  
18           ture, transportation, or sequestration of by-  
19           products resulting from such process, including  
20           carbon emissions), and

21           “(B) any portion of the qualified invest-  
22           ment in which is certified under the qualifying  
23           coal-to-liquid program as eligible for credit  
24           under this section in an amount (not to exceed  
25           \$200,000,000) determined by the Secretary.



1           “(2) COAL.—The term ‘coal’ means any carbon-  
2           ized or semicarbonized matter, including peat.

3           “(d) QUALIFYING COAL-TO-LIQUID FUELS PROJECT  
4 PROGRAM.—

5           “(1) IN GENERAL.—The Secretary, in consulta-  
6           tion with the Secretary of Energy, shall establish a  
7           qualifying coal-to-liquid fuels project program to  
8           consider and award certifications for qualified in-  
9           vestment eligible for credits under this section to 10  
10          qualifying coal-to-liquid fuels project sponsors under  
11          this section. The total qualified investment which  
12          may be awarded eligibility for credit under the pro-  
13          gram shall not exceed \$2,000,000,000.

14          “(2) PERIOD OF ISSUANCE.—A certificate of  
15          eligibility under paragraph (1) may be issued only  
16          during the 10-fiscal year period beginning on Octo-  
17          ber 1, 2006.

18          “(3) SELECTION CRITERIA.—The Secretary  
19          shall not make a competitive certification award for  
20          qualified investment for credit eligibility under this  
21          section unless the recipient has documented to the  
22          satisfaction of the Secretary that—

23                 “(A) the award recipient is financially via-  
24                 ble without the receipt of additional Federal  
25                 funding associated with the proposed project,

1           “(B) the recipient will provide sufficient  
2 information to the Secretary for the Secretary  
3 to ensure that the qualified investment is spent  
4 efficiently and effectively,

5           “(C) a market exists for the products of  
6 the proposed project as evidenced by contracts  
7 or written statements of intent from potential  
8 customers,

9           “(D) the fuels identified with respect to  
10 the gasification technology for such project will  
11 comprise at least 90 percent of the fuels re-  
12 quired by the project for the production of  
13 transportation grade liquid fuels,

14           “(E) the award recipient’s project team is  
15 competent in the construction and operation of  
16 the Fischer-Tropsch process, with preference  
17 given to those recipients with experience which  
18 demonstrates successful and reliable operations  
19 of such process, and

20           “(F) the award recipient has met other cri-  
21 teria established and published by the Sec-  
22 retary.

23           “(e) DENIAL OF DOUBLE BENEFIT.—No deduction  
24 or other credit shall be allowed with respect to the basis

1 of any property taken into account in determining the  
2 credit allowed under this section.”.

3 (c) CONFORMING AMENDMENTS.—

4 (1) Section 49(a)(1)(C) of the Internal Revenue  
5 Code of 1986 is amended by striking “and” at the  
6 end of clause (iii), by striking the period at the end  
7 of clause (iv) and inserting “, and”, and by adding  
8 after clause (iv) the following new clause:

9 “(v) the basis of any property which  
10 is part of a qualifying coal-to-liquid fuels  
11 project under section 48C.”.

12 (2) The table of sections for subpart E of part  
13 IV of subchapter A of chapter 1 of such Code is  
14 amended by inserting after the item relating to sec-  
15 tion 48B the following new item:

“48C. Qualifying coal-to-liquid fuels project credit.”.

16 (d) EFFECTIVE DATE.—The amendments made by  
17 this section shall apply to periods after the date of the  
18 enactment of this Act, under rules similar to the rules of  
19 section 48(m) of the Internal Revenue Code of 1986 (as  
20 in effect on the day before the date of the enactment of  
21 the Revenue Reconciliation Act of 1990).

1 **SEC. 106. TEMPORARY EXPENSING FOR EQUIPMENT USED**  
 2 **IN COAL-TO-LIQUID FUELS PROCESS.**

3 (a) IN GENERAL.—Part VI of subchapter B of chap-  
 4 ter 1 of the Internal Revenue Code of 1986 is amended  
 5 by inserting after section 179D the following new section:

6 **“SEC. 179E. ELECTION TO EXPENSE CERTAIN COAL-TO-LIQ-**  
 7 **UID FUELS FACILITIES.**

8 “(a) TREATMENT AS EXPENSES.—A taxpayer may  
 9 elect to treat the cost of any qualified coal-to-liquid fuels  
 10 process property as an expense which is not chargeable  
 11 to capital account. Any cost so treated shall be allowed  
 12 as a deduction for the taxable year in which the expense  
 13 is incurred.

14 “(b) ELECTION.—

15 “(1) IN GENERAL.—An election under this sec-  
 16 tion for any taxable year shall be made on the tax-  
 17 payer’s return of the tax imposed by this chapter for  
 18 the taxable year. Such election shall be made in such  
 19 manner as the Secretary may by regulations pre-  
 20 scribe.

21 “(2) ELECTION IRREVOCABLE.—Any election  
 22 made under this section may not be revoked except  
 23 with the consent of the Secretary.

24 “(c) QUALIFIED COAL-TO-LIQUID FUELS PROCESS  
 25 PROPERTY.—The term ‘qualified coal-to-liquid fuels proc-

1 ess property’ means any property located in the United  
2 States—

3 “(1) which employs the Fischer-Tropsch process  
4 to produce transportation grade liquid fuels from  
5 coal (including any property which allows for the  
6 capture, transportation, or sequestration of by-prod-  
7 ucts resulting from such process, including carbon  
8 emissions),

9 “(2) the original use of which commences with  
10 the taxpayer,

11 “(3) the construction of which—

12 “(A) except as provided in subparagraph  
13 (B), is subject to a binding construction con-  
14 tract entered into after the date of the enact-  
15 ment of this section and before January 1,  
16 2011, but only if there was no written binding  
17 construction contract entered into on or before  
18 such date of enactment, or

19 “(B) in the case of self-constructed prop-  
20 erty, began after the date of the enactment of  
21 this section and before January 1, 2011, and

22 “(4) which is placed in service by the taxpayer  
23 after the date of the enactment of this section and  
24 before January 1, 2016.

1       “(d) ELECTION TO ALLOCATE DEDUCTION TO COOP-  
2       ERATIVE OWNER.—If—

3               “(1) a taxpayer to which subsection (a) applies  
4       is an organization to which part I of subchapter T  
5       applies, and

6               “(2) one or more persons directly holding an  
7       ownership interest in the taxpayer are organizations  
8       to which part I of subchapter T apply,  
9       the taxpayer may elect to allocate all or a portion of the  
10      deduction allowable under subsection (a) to such persons.  
11      Such allocation shall be equal to the person’s ratable share  
12      of the total amount allocated, determined on the basis of  
13      the person’s ownership interest in the taxpayer. The tax-  
14      able income of the taxpayer shall not be reduced under  
15      section 1382 by reason of any amount to which the pre-  
16      ceding sentence applies.

17      “(e) BASIS REDUCTION.—

18              “(1) IN GENERAL.—For purposes of this title,  
19      if a deduction is allowed under this section with re-  
20      spect to any qualified coal-to-liquid fuels process  
21      property, the basis of such property shall be reduced  
22      by the amount of the deduction so allowed.

23              “(2) ORDINARY INCOME RECAPTURE.—For  
24      purposes of section 1245, the amount of the deduc-  
25      tion allowable under subsection (a) with respect to

1 any property which is of a character subject to the  
 2 allowance for depreciation shall be treated as a de-  
 3 duction allowed for depreciation under section 167.

4 “(f) APPLICATION WITH OTHER DEDUCTIONS AND  
 5 CREDITS.—

6 “(1) OTHER DEDUCTIONS.—No deduction shall  
 7 be allowed under any other provision of this chapter  
 8 with respect to any expenditure with respect to  
 9 which a deduction is allowed under subsection (a) to  
 10 the taxpayer.

11 “(2) CREDITS.—No credit shall be allowed  
 12 under section 38 with respect to any amount for  
 13 which a deduction is allowed under subsection (a).

14 “(g) REPORTING.—No deduction shall be allowed  
 15 under subsection (a) to any taxpayer for any taxable year  
 16 unless such taxpayer files with the Secretary a report con-  
 17 taining such information with respect to the operation of  
 18 the property of the taxpayer as the Secretary shall re-  
 19 quire.”.

20 (b) CONFORMING AMENDMENTS.—

21 (1) Section 1016(a) of the Internal Revenue  
 22 Code of 1986 is amended by striking “and” at the  
 23 end of paragraph (36), by striking the period at the  
 24 end of paragraph (37) and inserting “, and”, and by  
 25 adding at the end the following new paragraph:

1 “(38) to the extent provided in section  
2 179E(e)(1).”.

3 (2) Section 1245(a) of such Code is amended  
4 by inserting “179E,” after “179D,” both places it  
5 appears in paragraphs (2)(C) and (3)(C).

6 (3) Section 263(a)(1) of such Code is amended  
7 by striking “or” at the end of subparagraph (J), by  
8 striking the period at the end of subparagraph (K)  
9 and inserting “, or”, and by inserting after subpara-  
10 graph (K) the following new subparagraph:

11 “(L) expenditures for which a deduction is  
12 allowed under section 179E.”.

13 (4) Section 312(k)(3)(B) of such Code is  
14 amended by striking “or 179D” each place it ap-  
15 pears in the heading and text and inserting “179D,  
16 or 179E”.

17 (5) The table of sections for part VI of sub-  
18 chapter B of chapter 1 of such Code is amended by  
19 inserting after the item relating to section 179D the  
20 following new item:

“Sec. 179E. Election to expense certain coal-to-liquid fuels facilities.”.

21 (c) EFFECTIVE DATE.—The amendments made by  
22 this section shall apply to properties placed in service after  
23 the date of the enactment of this Act.



1 **SEC. 107. MODIFICATION OF MULTIYEAR CONTRACT AU-**  
 2 **THORITY FOR PROCUREMENT OF FUEL DE-**  
 3 **RIVED FROM COAL, OIL SHALE, AND TAR**  
 4 **SANDS.**

5 Subsection (d) of section 2398a of title 10, United  
 6 States Code, is amended to read as follows:

7 “(d) MULTIYEAR CONTRACT AUTHORITY.—Notwith-  
 8 standing any other provision of law, a contract or other  
 9 agreement for the procurement of covered fuel under sub-  
 10 section (b) may be for any term, not in excess of 20 years,  
 11 that the Secretary of Defense considers appropriate to as-  
 12 sist in the development of a domestic alternative liquid  
 13 fuel.”.

14 **SEC. 108. STRATEGIC PETROLEUM RESERVE.**

15 (a) DEVELOPMENT, OPERATION, AND MAINTENANCE  
 16 OF RESERVE.—Section 159 of the Energy Policy and Con-  
 17 servation Act (42 U.S.C. 6239) is amended—

18 (1) by redesignating subsections (f), (g), (j),  
 19 (k), and (l) as subsections (a), (b), (e), (f), and (g),  
 20 respectively; and

21 (2) by inserting after subsection (b) (as redesign-  
 22 nated by paragraph (1)) the following:

23 “(c) STUDY OF MAINTAINING COAL-TO-LIQUID  
 24 PRODUCTS IN RESERVE.—Not later than 1 year after the  
 25 date of enactment of the Coal-to-Liquid Fuel Promotion

1 Act of 2006, the Secretary and the Secretary of Defense  
2 shall—

3 “(1) conduct a study of the feasibility and suit-  
4 ability of maintaining coal-to-liquid products in the  
5 Reserve; and

6 “(2) submit to the Committee on Energy and  
7 Natural Resources and the Committee on Armed  
8 Services of the Senate and the Committee on Energy  
9 and Commerce and the Committee on Armed Serv-  
10 ices of the House of Representatives a report de-  
11 scribing the results of the study.

12 “(d) CONSTRUCTION OF STORAGE FACILITIES.—As  
13 soon as practicable after the date of enactment of the  
14 Coal-to-Liquid Fuel Promotion Act of 2006, the Secretary  
15 may construct 1 or more storage facilities—

16 “(1) in the vicinity of pipeline infrastructure  
17 and at least 1 military base; but

18 “(2) outside the boundaries of any State on the  
19 coast of the Gulf of Mexico.”.

20 (b) PETROLEUM PRODUCTS FOR STORAGE IN RE-  
21 SERVE.—Section 160 of the Energy Policy and Conserva-  
22 tion Act (42 U.S.C. 6240) is amended—

23 (1) in subsection (a)—

24 (A) in paragraph (1), by inserting a semi-  
25 colon at the end;

1 (B) in paragraph (2), by striking “and” at  
2 the end;

3 (C) in paragraph (3), by striking the pe-  
4 riod at the end and inserting “; and”; and

5 (D) by adding at the end the following:

6 “(4) coal-to-liquid products (as defined in sec-  
7 tion 2 of the Coal-to-Liquid Fuel Promotion Act of  
8 2006), as the Secretary determines to be appro-  
9 priate, in a quantity not to exceed 20 percent of the  
10 total quantity of petroleum products in the Re-  
11 serve.”;

12 (2) in subsection (b), by redesignating para-  
13 graphs (3) through (5) as paragraphs (2) through  
14 (4), respectively; and

15 (3) by redesignating subsections (f) and (h) as  
16 subsections (d) and (e), respectively.

17 (c) CONFORMING AMENDMENTS.—Section 167 of the  
18 Energy Policy and Conservation Act (42 U.S.C. 6247) is  
19 amended—

20 (1) in subsection (b)—

21 (A) by redesignating paragraphs (2) and  
22 (3) as paragraphs (1) and (2), respectively; and

23 (B) in paragraph (2) (as redesignated by  
24 subparagraph (A)), by striking “section 160(f)”  
25 and inserting “section 160(e)”; and

1           (2) in subsection (d), in the matter preceding  
 2           paragraph (1), by striking “section 160(f)” and in-  
 3           serting “section 160(e)”.

4 **SEC. 109. AUTHORIZATION TO CONDUCT RESEARCH, DE-**  
 5 **VELOPMENT, TESTING, AND EVALUATION OF**  
 6 **ASSURED DOMESTIC FUELS.**

7           Of the amount authorized to be appropriated for the  
 8           Air Force for research, development, testing, and evalua-  
 9           tion, \$10,000,000 may be made available for the Air Force  
 10          Research Laboratory to continue support efforts to test,  
 11          qualify, and procure synthetic fuels developed from coal  
 12          for aviation jet use.

13 **PART II—CLEAN COAL POWER INITIATIVE**

14 **SEC. 111. CLEAN COAL POWER INITIATIVE.**

15          (a) FUNDING.—Section 401 of the Energy Policy Act  
 16          of 2005 (42 U.S.C. 15961) is amended by striking sub-  
 17          section (a) and inserting the following:

18          “(a) CLEAN COAL POWER INITIATIVE.—

19                 “(1) IN GENERAL.—Not later than 30 days  
 20                 after the date of enactment of this Act, on October  
 21                 1, 2008, and on each October 1 thereafter through  
 22                 October 1, 2014, out of any funds in the Treasury  
 23                 not otherwise appropriated, the Secretary of the  
 24                 Treasury shall transfer to the Secretary to carry out

1       this subtitle \$200,000,000, to remain available until  
2       expended.

3               “(2) RECEIPT AND ACCEPTANCE.—The Sec-  
4       retary shall be entitled to receive, shall accept, and  
5       shall use to carry out this subtitle the funds trans-  
6       ferred under paragraph (1), without further appro-  
7       priation. ”.

8       (b) REPORT.—Section 403 of the Energy Policy Act  
9       of 2005 (42 U.S.C. 15963) is amended by striking “2014”  
10      and inserting “2015”.

11               **PART III—INCENTIVES FOR INNOVATIVE**  
12                               **TECHNOLOGIES**

13      **SEC. 116. TECHNICAL CORRECTIONS.**

14       (a) TERMS AND CONDITIONS.—Section 1702 of the  
15      Energy Policy Act of 2005 (42 U.S.C. 16512) is amend-  
16      ed—

17               (1) in subsection (c), by striking “law,” and all  
18       that follows through “equal to” and inserting “law  
19       or unless the borrower requests a lesser amount, a  
20       guarantee by the Secretary shall be in an amount  
21       that is equal to the lesser of 100 percent or the loan  
22       amount or”; and

23               (2) in subsection (g)(4)(B)(ii), by striking “to  
24       secure the obligation” and inserting “by the bor-

1       rower to secure the obligation in order to reduce the  
2       cost of the obligation”.

3       (b) ELIGIBLE PROJECTS.—Section 1703(a)(2) of the  
4       Energy Policy Act of 2005 (42 U.S.C. 16513(a)(2)) is  
5       amended by striking “guarantee is issued” and inserting  
6       “first guarantee for the new or significantly improved  
7       technology is issued”.

## 8       **Subtitle B—Refinery Permitting** 9       **Process**

### 10      **SEC. 121. REFINERY PERMITTING PROCESS.**

11       (a) SHORT TITLE.—This section may be cited as the  
12       “Gas Petroleum Refiner Improvement and Community  
13       Empowerment Act” or the “Gas PRICE Act”.

14       (b) DEFINITIONS.—In this section:

15           (1) ADMINISTRATOR.—The term “Adminis-  
16       trator” means the Administrator of the Environ-  
17       mental Protection Agency.

18           (2) INDIAN TRIBE.—The term “Indian tribe”  
19       has the meaning given the term in section 4 of the  
20       Indian Self-Determination and Education Assistance  
21       Act (25 U.S.C. 450b).

22           (3) PERMIT.—The term “permit” means any  
23       permit, license, approval, variance, or other form of  
24       authorization that a refiner is required to obtain—

25           (A) under any Federal law; or

1 (B) from a State or Indian tribal govern-  
 2 ment agency delegated authority by the Federal  
 3 Government, or authorized under Federal law,  
 4 to issue permits.

5 (4) REFINER.—The term “refiner” means a  
 6 person that—

7 (A) owns or operates a refinery; or

8 (B) seeks to become an owner or operator  
 9 of a refinery.

10 (5) REFINERY.—

11 (A) IN GENERAL.—The term “refinery”  
 12 means—

13 (i) a facility at which crude oil is re-  
 14 fined into transportation fuel or other pe-  
 15 troleum products; and

16 (ii) a coal liquification or coal-to-liquid  
 17 facility at which coal is processed into syn-  
 18 thetic crude oil or any other fuel.

19 (B) INCLUSIONS.—The term “refinery” in-  
 20 cludes—

21 (i) an expansion of a refinery;

22 (ii) a biorefinery; and

23 (iii) any facility that produces a re-  
 24 newable fuel (as defined in section

1                   211(o)(1) of the Clean Air Act (42 U.S.C.  
2                   7545(o)(1)).

3                   (6) REFINERY EXPANSION.—The term “refin-  
4                   ery expansion” means a physical change in a refin-  
5                   ery that results in an increase in the capacity of the  
6                   refinery.

7                   (7) REFINERY PERMITTING AGREEMENT.—The  
8                   term “refinery permitting agreement” means an  
9                   agreement entered into between the Administrator  
10                  and a State or Indian tribe under subsection (d).

11                  (8) REFINERY PROJECT.—The term “refinery  
12                  project” means a project for—

13                       (A) acquisition or development of a base  
14                       realignment and closure site for use for a petro-  
15                       leum refinery; or

16                       (B) acquisition, development, rehabilita-  
17                       tion, expansion, or improvement of petroleum  
18                       refining operations on a base realignment and  
19                       closure site or in a community affected by a  
20                       base realignment and closure site.

21                  (9) SECRETARY.—The term “Secretary” means  
22                  the Secretary of Commerce.

23                  (10) STATE.—The term “State” means—

24                       (A) a State;

25                       (B) the District of Columbia;



1 (C) the Commonwealth of Puerto Rico;  
 2 and  
 3 (D) any other territory or possession of the  
 4 United States.

5 (c) ECONOMIC DEVELOPMENT ASSISTANCE TO EN-  
 6 COURAGE PETROLEUM-BASED REFINERY ACTIVITY ON  
 7 BRAC PROPERTY.—

8 (1) PRIORITY.—Notwithstanding section 206 of  
 9 the Public Works and Economic Development Act of  
 10 1965 (42 U.S.C. 3146), in awarding funds made  
 11 available to carry out section 209(c)(1) of that Act  
 12 (42 U.S.C. 3149(c)(1)) pursuant to section 702 of  
 13 that Act (42 U.S.C. 3232), the Secretary and the  
 14 Economic Development Administration shall give  
 15 priority to refinery projects.

16 (2) FEDERAL SHARE.—Except as provided in  
 17 paragraph (3)(C)(ii) and notwithstanding the Public  
 18 Works and Economic Development Act of 1965 (42  
 19 U.S.C. 3121 et seq.), the Federal share of a refinery  
 20 project shall be 80 percent of the project cost.

21 (3) ADDITIONAL AWARD.—

22 (A) IN GENERAL.—The Secretary shall  
 23 make an additional award in connection with a  
 24 grant made to a recipient for a refinery project.

1 (B) AMOUNT.—The amount of an addi-  
2 tional award shall be 10 percent of the amount  
3 of the grant for the refinery project.

4 (C) USE.—An additional award under this  
5 paragraph shall be used—

6 (i) to carry out any eligible purpose  
7 under the Public Works and Economic De-  
8 velopment Act of 1965 (42 U.S.C. 3121 et  
9 seq.);

10 (ii) notwithstanding section 204 of  
11 that Act (42 U.S.C. 3144), to pay up to  
12 100 percent of the cost of an eligible  
13 project or activity under that Act; or

14 (iii) to meet the non-Federal share re-  
15 quirements of that Act or any other Act.

16 (D) NON-FEDERAL SOURCE.—For the pur-  
17 pose of subparagraph (C)(iii), an additional  
18 award shall be treated as funds from a non-  
19 Federal source.

20 (E) FUNDING.—The Secretary shall use to  
21 carry out this paragraph any amounts made  
22 available for economic development assistance  
23 programs or under section 702 of that Act (42  
24 U.S.C. 3232).

1       (d) STREAMLINING OF REFINERY PERMITTING  
2 PROCESS.—

3           (1) IN GENERAL.—At the request of the Gov-  
4 ernor of a State or the governing body of an Indian  
5 tribe, the Administrator shall enter into a refinery  
6 permitting agreement with the State or Indian tribe  
7 under which the process for obtaining all permits  
8 necessary for the construction and operation of a re-  
9 finery shall be streamlined using a systematic inter-  
10 disciplinary multimedia approach as provided in this  
11 section.

12           (2) AUTHORITY OF ADMINISTRATOR.—Under a  
13 refinery permitting agreement—

14           (A) the Administrator shall have authority,  
15 as applicable and necessary, to—

16           (i) accept from a refiner a consoli-  
17 dated application for all permits that the  
18 refiner is required to obtain to construct  
19 and operate a refinery;

20           (ii) in consultation and cooperation  
21 with each Federal, State, or Indian tribal  
22 government agency that is required to  
23 make any determination to authorize the  
24 issuance of a permit, establish a schedule  
25 under which each agency shall—

1 (I) concurrently consider, to the  
 2 maximum extent practicable, each de-  
 3 termination to be made; and

4 (II) complete each step in the  
 5 permitting process; and

6 (iii) issue a consolidated permit that  
 7 combines all permits issued under the  
 8 schedule established under clause (ii); and

9 (B) the Administrator shall provide to  
 10 State and Indian tribal government agencies—

11 (i) financial assistance in such  
 12 amounts as the agencies reasonably require  
 13 to hire such additional personnel as are  
 14 necessary to enable the government agen-  
 15 cies to comply with the applicable schedule  
 16 established under subparagraph (A)(ii);  
 17 and

18 (ii) technical, legal, and other assist-  
 19 ance in complying with the refinery permit-  
 20 ting agreement.

21 (3) AGREEMENT BY THE STATE.—Under a re-  
 22 finery permitting agreement, a State or governing  
 23 body of an Indian tribe shall agree that—

24 (A) the Administrator shall have each of  
 25 the authorities described in paragraph (2); and

(B) each State or Indian tribal government agency shall—

(i) in accordance with State law, make such structural and operational changes in the agencies as are necessary to enable the agencies to carry out consolidated project-wide permit reviews concurrently and in coordination with the Environmental Protection Agency and other Federal agencies; and

(ii) comply, to the maximum extent practicable, with the applicable schedule established under paragraph (2)(A)(ii).

(4) INTERDISCIPLINARY APPROACH.—

(A) IN GENERAL.—The Administrator and a State or governing body of an Indian tribe shall incorporate an interdisciplinary approach, to the maximum extent practicable, in the development, review, and approval of permits subject to this subsection.

(B) OPTIONS.—Among other options, the interdisciplinary approach may include use of—

(i) environmental management practices; and

(ii) third party contractors.

1 (5) DEADLINES.—

2 (A) NEW REFINERIES.—In the case of a  
3 consolidated permit for the construction of a  
4 new refinery, the Administrator and the State  
5 or governing body of an Indian tribe shall ap-  
6 prove or disapprove the consolidated permit not  
7 later than—

8 (i) 360 days after the date of the re-  
9 ceipt of the administratively complete ap-  
10 plication for the consolidated permit; or

11 (ii) on agreement of the applicant, the  
12 Administrator, and the State or governing  
13 body of the Indian tribe, 90 days after the  
14 expiration of the deadline established  
15 under clause (i).

16 (B) EXPANSION OF EXISTING REFIN-  
17 ERIES.—In the case of a consolidated permit  
18 for the expansion of an existing refinery, the  
19 Administrator and the State or governing body  
20 of an Indian tribe shall approve or disapprove  
21 the consolidated permit not later than—

22 (i) 120 days after the date of the re-  
23 ceipt of the administratively complete ap-  
24 plication for the consolidated permit; or

1                   (ii) on agreement of the applicant, the  
2                   Administrator, and the State or governing  
3                   body of the Indian tribe, 30 days after the  
4                   expiration of the deadline established  
5                   under clause (i).

6                   (6) FEDERAL AGENCIES.—Each Federal agency  
7                   that is required to make any determination to au-  
8                   thorize the issuance of a permit shall comply with  
9                   the applicable schedule established under paragraph  
10                  (2)(A)(ii).

11                  (7) JUDICIAL REVIEW.—Any civil action for re-  
12                  view of any permit determination under a refinery  
13                  permitting agreement shall be brought exclusively in  
14                  the United States district court for the district in  
15                  which the refinery is located or proposed to be lo-  
16                  cated.

17                  (8) EFFICIENT PERMIT REVIEW.—In order to  
18                  reduce the duplication of procedures, the Adminis-  
19                  trator shall use State permitting and monitoring  
20                  procedures to satisfy substantially equivalent Fed-  
21                  eral requirements under this title.

22                  (9) SEVERABILITY.—If 1 or more permits that  
23                  are required for the construction or operation of a  
24                  refinery are not approved on or before any deadline  
25                  established under paragraph (5), the Administrator

1        may issue a consolidated permit that combines all  
 2        other permits that the refiner is required to obtain  
 3        other than any permits that are not approved.

4            (10) SAVINGS.—Nothing in this subsection af-  
 5        fects the operation or implementation of otherwise  
 6        applicable law regarding permits necessary for the  
 7        construction and operation of a refinery.

8            (11) CONSULTATION WITH LOCAL GOVERN-  
 9        MENTS.—Congress encourages the Administrator,  
 10       States, and tribal governments to consult, to the  
 11       maximum extent practicable, with local governments  
 12       in carrying out this subsection.

13           (12) AUTHORIZATION OF APPROPRIATIONS.—  
 14       There are authorized to be appropriated such sums  
 15       as are necessary to carry out this subsection.

16           (13) EFFECT ON LOCAL AUTHORITY.—Nothing  
 17       in this subsection affects—

18                (A) the authority of a local government  
 19                with respect to the issuance of permits; or

20                (B) any requirement or ordinance of a  
 21                local government (such as a zoning regulation).

22        (e) EFFICIENCY.—

23            (1) METHANE REDUCTION PROJECTS.—

24                (A) IN GENERAL.—Not later than 180  
 25                days after the date of enactment of this Act,



1 the Administrator shall solicit applications from  
2 eligible entities, as determined by the Adminis-  
3 trator, for grants under the Natural Gas STAR  
4 Program under the Environmental Protection  
5 Agency to pay the Federal share of the cost of  
6 projects relating to the reduction of methane  
7 emissions in the oil and gas industries.

8 (B) PROJECT INCLUSIONS.—To receive a  
9 grant under subparagraph (A), the application  
10 of the eligible entity shall include—

11 (i) an identification of 1 or more tech-  
12 nologies used to achieve a reduction in the  
13 emission of methane; and

14 (ii) an analysis of the cost-effective-  
15 ness of a technology described in clause (i).

16 (C) LIMITATION.—A grant to an eligible  
17 entity under this paragraph shall not exceed  
18 \$50,000.

19 (D) FEDERAL SHARE.—The Federal share  
20 of the cost of a project under this paragraph  
21 shall not exceed 50 percent.

22 (E) AUTHORIZATION OF APPROPRIA-  
23 TIONS.—There is authorized to be appropriated  
24 to carry out this paragraph \$1,000,000 for the  
25 period of fiscal years 2006 through 2010.

1 (2) EFFICIENCY PROMOTION WORKSHOPS.—

2 (A) IN GENERAL.—The Administrator, in  
3 conjunction with the Interstate Oil and Gas  
4 Compact Commission, shall conduct a series of  
5 technical workshops to provide information to  
6 officials in oil- and gas-producing States relat-  
7 ing to methane emission reduction techniques.

8 (B) AUTHORIZATION OF APPROPRIA-  
9 TIONS.—There is authorized to be appropriated  
10 to carry out this paragraph \$1,000,000 for the  
11 period of fiscal years 2006 through 2010.

12 (f) FUEL EMERGENCY WAIVERS.—Section  
13 211(c)(4)(C) of the Clean Air Act (42 U.S.C.  
14 7545(c)(4)(C)) (as amended by section 1541 of the En-  
15 ergy Policy Act of 2005 (Public Law 109–58; 119 Stat.  
16 1106)) is amended—

17 (1) by redesignating the first clause (v) as  
18 clause (vi);

19 (2) by redesignating the second clause (v) as  
20 clause (vii); and

21 (3) by inserting after clause (iv) the following:

22 “(v) A State shall be held harmless and not be re-  
23 quired to revise its State implementation plan under sec-  
24 tion 110 to account for the emissions from a waiver grant-  
25 ed by the Administrator under clause (ii).”.

1 (g) FISCHER-TROPSCH FUELS.—

2 (1) IN GENERAL.—In cooperation with the Sec-  
3 retary of Energy, the Secretary of Defense, the Ad-  
4 ministrator of the Federal Aviation Administration,  
5 Secretary of Health and Human Services, and  
6 Fischer-Tropsch industry representatives, the Ad-  
7 ministrator shall—

8 (A) conduct a research and demonstration  
9 program to evaluate the air quality benefits of  
10 ultra-clean Fischer-Tropsch transportation fuel,  
11 including diesel and jet fuel;

12 (B) evaluate the use of ultra-clean Fischer-  
13 Tropsch transportation fuel as a mechanism for  
14 reducing engine exhaust emissions; and

15 (C) submit recommendations to Congress  
16 on the most effective use and associated bene-  
17 fits of these ultra-clean fuel for reducing public  
18 exposure to exhaust emissions.

19 (2) GUIDANCE AND TECHNICAL SUPPORT.—The  
20 Administrator shall, to the extent necessary, issue  
21 any guidance or technical support documents that  
22 would facilitate the effective use and associated ben-  
23 efit of Fischer-Tropsch fuel and blends.

24 (3) REQUIREMENTS.—The program described  
25 in paragraph (1) shall consider—

1 (A) the use of neat (100 percent) Fischer-  
 2 Tropesch fuel and blends with conventional  
 3 crude oil-derived fuel for heavy-duty and light-  
 4 duty diesel engines and the aviation sector; and

5 (B) the production costs associated with  
 6 domestic production of those ultra clean fuel  
 7 and prices for consumers.

8 (4) REPORTS.—The Administrator shall submit  
 9 to the Committee on Environment and Public Works  
 10 of the Senate and the Committee on Energy and  
 11 Commerce of the House of Representatives—

12 (A) not later than October 1, 2007, an in-  
 13 terim report on actions taken to carry out this  
 14 subsection; and

15 (B) not later than December 1, 2008, a  
 16 final report on actions taken to carry out this  
 17 subsection.

## 18 **Subtitle C—Oil and Gas**

### 19 **PART I—DEEP OCEAN ENERGY RESOURCES**

#### 20 **SEC. 131. SHORT TITLE.**

21 This part may be cited as the “Deep Ocean Energy  
 22 Resources Act of 2006”.

#### 23 **SEC. 132. POLICY.**

24 It is the policy of the United States that—

1           (1) the United States is blessed with abundant  
2           energy resources on the outer Continental Shelf and  
3           has developed a comprehensive framework of envi-  
4           ronmental laws and regulations and fostered the de-  
5           velopment of state-of-the-art technology that allows  
6           for the responsible development of these resources  
7           for the benefit of its citizenry;

8           (2) adjacent States are required by the cir-  
9           cumstances to commit significant resources in sup-  
10          port of exploration, development, and production ac-  
11          tivities for mineral resources on the outer Conti-  
12          nental Shelf, and it is fair and proper for a portion  
13          of the receipts from such activities to be shared with  
14          Adjacent States and their local coastal governments;

15          (3) the existing laws governing the leasing and  
16          production of the mineral resources of the outer  
17          Continental Shelf have reduced the production of  
18          mineral resources, have preempted Adjacent States  
19          from being sufficiently involved in the decisions re-  
20          garding the allowance of mineral resource develop-  
21          ment, and have been harmful to the national inter-  
22          est;

23          (4) the national interest is served by granting  
24          the Adjacent States more options related to whether

1 or not mineral leasing should occur in the outer  
2 Continental Shelf within their Adjacent Zones;

3 (5) it is not reasonably foreseeable that explo-  
4 ration of a leased tract located more than 25 miles  
5 seaward of the coastline, development and produc-  
6 tion of a natural gas discovery located more than 25  
7 miles seaward of the coastline, or development and  
8 production of an oil discovery located more than 50  
9 miles seaward of the coastline will adversely affect  
10 resources near the coastline;

11 (6) transportation of oil from a leased tract  
12 might reasonably be foreseen, under limited cir-  
13 cumstances, to have the potential to adversely affect  
14 resources near the coastline if the oil is within 50  
15 miles of the coastline, but such potential to adversely  
16 affect such resources is likely no greater, and prob-  
17 ably less, than the potential impacts from tanker  
18 transportation because tanker spills usually involve  
19 large releases of oil over a brief period of time; and

20 (7) among other bodies of inland waters, the  
21 Great Lakes, Long Island Sound, Delaware Bay,  
22 Chesapeake Bay, Albemarle Sound, San Francisco  
23 Bay, and Puget Sound are not part of the outer  
24 Continental Shelf, and are not subject to leasing by  
25 the Federal Government for the exploration, develop-

1       ment, and production of any mineral resources that  
2       might lie beneath them.

3   **SEC. 133. DEFINITIONS UNDER THE OUTER CONTINENTAL**  
4       **SHELF LANDS ACT.**

5       Section 2 of the Outer Continental Shelf Lands Act  
6   (43 U.S.C. 1331) is amended—

7           (1) in subsection (a), by inserting after “con-  
8       trol” the following: “or lying within the United  
9       States exclusive economic zone adjacent to the terri-  
10      tories of the United States”;

11          (2) by striking the semicolon at the end of each  
12      of subsections (a) through (o) and inserting a pe-  
13      riod;

14          (3) by amending subsection (f) to read as fol-  
15      lows:

16      “(f) The term ‘affected State’ means the Adjacent  
17      State.”;

18          (4) by striking “; and” at the end of subsection  
19      (p) and inserting a period; and

20          (5) by adding at the end the following:

21      “(r) The term ‘Adjacent State’ means, with respect  
22      to any program, plan, lease sale, leased tract or other ac-  
23      tivity, proposed, conducted, or approved pursuant to the  
24      provisions of this Act, any State the laws of which are  
25      declared, pursuant to section 4(a)(2), to be the law of the

1 United States for the portion of the outer Continental  
 2 Shelf on which such program, plan, lease sale, leased tract,  
 3 or activity appertains or is, or is proposed to be, con-  
 4 ducted. For purposes of this subsection, the term ‘State’  
 5 includes Puerto Rico and the other territories of the  
 6 United States.

7 “(s) The term ‘Adjacent Zone’ means, with respect  
 8 to any program, plan, lease sale, leased tract, or other ac-  
 9 tivity, proposed, conducted, or approved pursuant to the  
 10 provisions of this Act, the portion of the outer Continental  
 11 Shelf for which the laws of a particular Adjacent State  
 12 are declared, pursuant to section 4(a)(2), to be the law  
 13 of the United States.

14 “(t) The term ‘miles’ means statute miles.

15 “(u) The term ‘coastline’ has the same meaning as  
 16 the term ‘coast line’ as defined in section 2(c) of the Sub-  
 17 merged Lands Act (43 U.S.C. 1301(c)).

18 “(v) The term ‘Neighboring State’ means a coastal  
 19 State having a common boundary at the coastline with the  
 20 Adjacent State.”.

21 **SEC. 134. DETERMINATION OF ADJACENT ZONES AND**  
 22 **PLANNING AREAS.**

23 Section 4(a)(2)(A) of the Outer Continental Shelf  
 24 Lands Act (43 U.S.C. 1333(a)(2)(A)) is amended in the  
 25 first sentence by striking “, and the President” and all



1 that follows through the end of the sentence and inserting  
 2 the following: “. The lines extending seaward and defining  
 3 each State’s Adjacent Zone, and each OCS Planning Area,  
 4 are as indicated on the maps for each outer Continental  
 5 Shelf region entitled ‘Alaska OCS Region State Adjacent  
 6 Zone and OCS Planning Areas’, ‘Pacific OCS Region  
 7 State Adjacent Zones and OCS Planning Areas’, ‘Gulf of  
 8 Mexico OCS Region State Adjacent Zones and OCS Plan-  
 9 ning Areas’, and ‘Atlantic OCS Region State Adjacent  
 10 Zones and OCS Planning Areas’, all of which are dated  
 11 September 2005 and on file in the Office of the Director,  
 12 Minerals Management Service.”.

13 **SEC. 135. ADMINISTRATION OF LEASING.**

14 Section 5 of the Outer Continental Shelf Lands Act  
 15 (43 U.S.C. 1334) is amended by adding at the end the  
 16 following:

17 “(k) VOLUNTARY PARTIAL RELINQUISHMENT OF A  
 18 LEASE.—Any lessee of a producing lease may relinquish  
 19 to the Secretary any portion of a lease that the lessee has  
 20 no interest in producing and that the Secretary finds is  
 21 geologically prospective. In return for any such relinquis-  
 22 ment, the Secretary shall provide to the lessee a royalty  
 23 incentive for the portion of the lease retained by the lessee,  
 24 in accordance with regulations promulgated by the Sec-  
 25 retary to carry out this subsection. The Secretary shall

1 publish final regulations implementing this subsection  
2 within 1 year after the date of the enactment of the Deep  
3 Ocean Energy Resources Act of 2006.

4 “(1) NATURAL GAS LEASE REGULATIONS.—Not later  
5 than July 1, 2007, the Secretary shall publish a final regu-  
6 lation that shall—

7 “(1) establish procedures for entering into nat-  
8 ural gas leases;

9 “(2) ensure that natural gas leases are only  
10 available for tracts on the outer Continental Shelf  
11 that are wholly within 100 miles of the coastline  
12 within an area withdrawn from disposition by leas-  
13 ing on the day after the date of enactment of the  
14 Deep Ocean Energy Resources Act of 2006;

15 “(3) provide that natural gas leases shall con-  
16 tain the same rights and obligations established for  
17 oil and gas leases, except as otherwise provided in  
18 the Deep Ocean Energy Resources Act of 2006;

19 “(4) provide that, in reviewing the adequacy of  
20 bids for natural gas leases, the value of any crude  
21 oil estimated to be contained within any tract shall  
22 be excluded;

23 “(5) provide that any crude oil produced from  
24 a well and reinjected into the leased tract shall not  
25 be subject to payment of royalty, and that the Sec-

1       retary shall consider, in setting the royalty rates for  
 2       a natural gas lease, the additional cost to the lessee  
 3       of not producing any crude oil; and

4               “(6) provide that any Federal law that applies  
 5       to an oil and gas lease on the outer Continental  
 6       Shelf shall apply to a natural gas lease unless other-  
 7       wise clearly inapplicable.”.

8   **SEC. 136. GRANT OF LEASES BY SECRETARY.**

9       (a) IN GENERAL.—Section 8 of the Outer Conti-  
 10      nental Shelf Lands Act (43 U.S.C. 1337) is amended—

11              (1) in subsection (a)—

12                      (A) in paragraph (1), by inserting after  
 13              the first sentence the following: “Further, the  
 14              Secretary may grant natural gas leases in a  
 15              manner similar to the granting of oil and gas  
 16              leases and under the various bidding systems  
 17              available for oil and gas leases.”;

18                      (B) in paragraph (3)—

19                              (i) by striking subparagraph (A) and  
 20                              redesignating subparagraphs (B) and (C)  
 21                              as subparagraphs (A) and (B), respec-  
 22                              tively; and

23                              (ii) in subparagraph (A) (as redesign-  
 24                              ated by clause (i)) by striking “In the  
 25                              Western” and all that follows through

1 “Alaska, the Secretary” and inserting  
 2 “The Secretary”;

3 (2) by adding at the end of subsection (b) the  
 4 following:

5 “The Secretary may issue more than 1 lease for a given  
 6 tract if each lease applies to a separate and distinct range  
 7 of vertical depths, horizontal surface area, or a combina-  
 8 tion of the 2. The Secretary may issue regulations that  
 9 the Secretary determines are necessary to manage such  
 10 leases consistent with the purposes of this Act.”;

11 (3) in subsection (g)—

12 (A) by striking paragraphs (1), (2), (4),  
 13 (5), (6), and (7); and

14 (B) in paragraph (3)—

15 (i) by striking the last sentence; and

16 (ii) by striking “(3)”;

17 (4) in subsection (p)(2), by striking subpara-  
 18 graph (B) and inserting the following:

19 “(B) The Secretary shall provide for the pay-  
 20 ment to coastal states, and their local coastal gov-  
 21 ernments, of 75 percent of Federal receipts from  
 22 projects authorized under this section located par-  
 23 tially or completely within the area extending sea-  
 24 ward of State submerged lands out to 4 marine  
 25 leagues from the coastline, and the payment to

1 coastal states of 50 percent of the receipts from  
 2 projects completely located in the area more than 4  
 3 marine leagues from the coastline. Payments shall  
 4 be based on a formula established by the Secretary  
 5 by rulemaking no later than 180 days after the date  
 6 of the enactment of the Deep Ocean Energy Re-  
 7 sources Act of 2006 that provides for equitable dis-  
 8 tribution, based on proximity to the project, among  
 9 coastal states that have coastline that is located  
 10 within 200 miles of the geographic center of the  
 11 project.”; and

12 (5) by adding at the end the following:

13 “(q) NATURAL GAS LEASES.—

14 “(1) RIGHT TO PRODUCE NATURAL GAS.—A  
 15 lessee of a natural gas lease shall have the right to  
 16 produce the natural gas from a field on a natural  
 17 gas leased tract if the Secretary estimates that the  
 18 discovered field has at least 40 percent of the eco-  
 19 nomically recoverable Btu content of the field con-  
 20 tained within natural gas and such natural gas is ec-  
 21 onomical to produce.

22 “(2) CRUDE OIL.—A lessee of a natural gas  
 23 lease may not produce crude oil from the lease.

24 “(3) ESTIMATES OF BTU CONTENT.—The Sec-  
 25 retary shall make estimates of the natural gas Btu

1 content of discovered fields on a natural gas lease  
2 only after the completion of at least 1 exploration  
3 well, the data from which has been tied to the re-  
4 sults of a three-dimensional seismic survey of the  
5 field. The Secretary may not require the lessee to  
6 further delineate any discovered field prior to mak-  
7 ing such estimates.

8 “(4) DEFINITION OF NATURAL GAS.—For pur-  
9 poses of a natural gas lease, the term ‘natural gas’  
10 means natural gas and all substances produced in  
11 association with gas, including hydrocarbon liquids  
12 (other than crude oil) that are obtained by the con-  
13 densation of hydrocarbon vapors and separate out in  
14 liquid form from the produced gas stream.

15 “(r) REMOVAL OF RESTRICTIONS ON JOINT BIDDING  
16 IN CERTAIN AREAS OF THE OUTER CONTINENTAL  
17 SHELF.—Restrictions on joint bidders shall no longer  
18 apply to tracts located in the Alaska OCS Region. Such  
19 restrictions shall not apply to tracts in other OCS regions  
20 determined to be ‘frontier tracts’ or otherwise ‘high cost  
21 tracts’ under final regulations that shall be published by  
22 the Secretary by not later than 1 year after the date of  
23 the enactment of the Deep Ocean Energy Resources Act  
24 of 2006.

1       “(s) ROYALTY SUSPENSION PROVISIONS.—The Sec-  
2 retary shall agree to a request by any lessee to amend  
3 any lease issued for Central and Western Gulf of Mexico  
4 tracts during the period of December 1, 1995, through  
5 December 31, 2000, to incorporate price thresholds appli-  
6 cable to royalty suspension provisions, or amend existing  
7 price thresholds, in the amount of \$40.50 per barrel (2006  
8 dollars) for oil and for natural gas of \$6.75 per million  
9 Btu (2006 dollars). Any amended lease shall impose the  
10 new or revised price thresholds effective October 1, 2005.  
11 Existing lease provisions shall prevail through September  
12 30, 2005. After the date of the enactment of the Deep  
13 Ocean Energy Resources Act of 2006, price thresholds  
14 shall apply to any royalty suspension volumes granted by  
15 the Secretary. Unless otherwise set by Secretary by regu-  
16 lation or for a particular lease sale, the price thresholds  
17 shall be \$40.50 for oil (2006 dollars) and \$6.75 for nat-  
18 ural gas (2006 dollars).

19       “(t) ROYALTY RATE FOR OIL AND GAS OR NATURAL  
20 GAS LEASES ON THE OUTER CONTINENTAL SHELF.—  
21 After the date of the enactment of the Deep Ocean Energy  
22 Resources Act of 2006, the base royalty rate for new oil  
23 and gas or natural gas leases on the outer Continental  
24 Shelf shall be the same for all leased tracts.

25       “(u) CONSERVATION OF RESOURCES FEES.—

1           “(1) Not later than 1 year after the date of the  
2           enactment of the Deep Ocean Energy Resources Act  
3           of 2006, the Secretary by regulation shall establish  
4           a conservation of resources fee for producing leases  
5           that will apply to new and existing leases which shall  
6           be set at \$9 per barrel for oil and \$1.25 per million  
7           Btu for gas. This fee shall only apply to leases in  
8           production located in more than 200 meters of water  
9           for which royalties are not being paid when prices  
10          exceed \$40.50 per barrel for oil and \$6.75 per mil-  
11          lion Btu for natural gas in 2006, dollars. This fee  
12          shall apply to production from and after October 1,  
13          2005, and shall be treated as offsetting receipts.

14          “(2) Not later than 1 year after the date of the  
15          enactment of the Deep Ocean Energy Resources Act  
16          of 2006, the Secretary by regulation shall establish  
17          a conservation of resources fee for nonproducing  
18          leases that will apply to new and existing leases  
19          which shall be set at not less than \$1.00 nor more  
20          than \$4.00 per acre per year. This fee shall apply  
21          from and after October 1, 2005, and shall be treated  
22          as offsetting receipts.”.

23          (b) EFFECTIVE DATE.—The amendments made by  
24          subsection (a)(3) take effect on October 1, 2006.



1 **SEC. 137. DISPOSITION OF RECEIPTS.**

2 Section 9 of the Outer Continental Shelf Lands Act  
3 (43 U.S.C. 1338) is amended—

4 (1) by striking “All rentals” and inserting the  
5 following:

6 “(a) IN GENERAL.—All rentals”;

7 (2) in subsection (a) (as designated by para-  
8 graph (1)) by inserting “, if not paid as otherwise  
9 provided in this title” after “receipts”; and

10 (3) by adding at the end the following:

11 “(b) TREATMENT OF OCS RECEIPTS FROM TRACTS  
12 COMPLETELY WITHIN 100 MILES OF THE COASTLINE.—

13 “(1) DEPOSIT.—The Secretary shall deposit  
14 into a separate account in the Treasury the portion  
15 of OCS Receipts for each fiscal year that will be  
16 shared under paragraphs (2), (3), and (4).

17 “(2) PHASED-IN RECEIPTS SHARING.—

18 “(A) Beginning October 1, 2005, the Sec-  
19 retary shall share OCS Receipts derived from  
20 the following areas:

21 “(i) Lease tracts located on portions  
22 of the Gulf of Mexico OCS Region com-  
23 pletely beyond 4 marine leagues from any  
24 coastline and completely within 100 miles  
25 of any coastline that are available for leas-  
26 ing under the 2002–2007 5-Year Oil and

1 Gas Leasing Program in effect prior to the  
2 date of the enactment of the Deep Ocean  
3 Energy Resources Act of 2006.

4 “(ii) Lease tracts in production prior  
5 to October 1, 2005, completely beyond 4  
6 marine leagues from any coastline and  
7 completely within 100 miles of any coast-  
8 line located on portions of the OCS that  
9 were not available for leasing under the  
10 2002–2007 5-Year OCS Oil and Gas Leas-  
11 ing Program in effect prior to the date of  
12 the enactment of the Deep Ocean Energy  
13 Resources Act of 2006.

14 “(iii) Lease tracts for which leases are  
15 issued prior to October 1, 2005, located in  
16 the Alaska OCS Region completely beyond  
17 4 marine leagues from any coastline and  
18 completely within 100 miles of the coast-  
19 line.

20 “(B) The Secretary shall share the fol-  
21 lowing percentages of OCS Receipts from the  
22 leases described in subparagraph (A) derived  
23 during the fiscal year indicated:

24 “(i) For fiscal year 2006, 6.0 percent.

1                   “(ii) For fiscal year 2007, 7.0 per-  
2 cent.

3                   “(iii) For fiscal year 2008, 8.0 per-  
4 cent.

5                   “(iv) For fiscal year 2009, 9.0 per-  
6 cent.

7                   “(v) For fiscal year 2010, 12.0 per-  
8 cent.

9                   “(vi) For fiscal year 2011, 15.0 per-  
10 cent.

11                  “(vii) For fiscal year 2012, 18.0 per-  
12 cent.

13                  “(viii) For fiscal year 2013, 21.0 per-  
14 cent.

15                  “(ix) For fiscal year 2014, 24.0 per-  
16 cent.

17                  “(x) For fiscal year 2015, 27.0 per-  
18 cent.

19                  “(xi) For fiscal year 2016, 30.0 per-  
20 cent.

21                  “(xii) For fiscal year 2017, 33.0 per-  
22 cent.

23                  “(xiii) For fiscal year 2018, 36.0 per-  
24 cent.

1                   “(xiv) For fiscal year 2019, 39.0 per-  
2 cent.

3                   “(xv) For fiscal year 2020, 42.0 per-  
4 cent.

5                   “(xvi) For fiscal year 2021, 45.0 per-  
6 cent.

7                   “(xvii) For fiscal year 2022 and each  
8 subsequent fiscal year, 50.0 percent.

9                   “(C) The provisions of this paragraph shall  
10 not apply to leases that could not have been  
11 issued but for section 5(k) of this Act or the  
12 amendment made by section 136(a)(2) of the  
13 Deep Ocean Energy Resources Act of 2006.

14                  “(3) IMMEDIATE RECEIPTS SHARING.—Begin-  
15 ning October 1, 2005, the Secretary shall share 50  
16 percent of OCS Receipts derived from all leases lo-  
17 cated completely beyond 4 marine leagues from any  
18 coastline and completely within 100 miles of any  
19 coastline not included within the provisions of para-  
20 graph (2).

21                  “(4) RECEIPTS SHARING FROM TRACTS WITHIN  
22 4 MARINE LEAGUES OF ANY COASTLINE.—Beginning  
23 October 1, 2005, the Secretary shall share 75 per-  
24 cent of OCS Receipts derived from all leases located

1 completely or partially within 4 marine leagues from  
2 any coastline.

3 “(5) ALLOCATIONS.—The Secretary shall allo-  
4 cate the OCS Receipts deposited into the separate  
5 account established by paragraph (1) that are  
6 shared under paragraphs (2), (3), and (4) as follows:

7 “(A) BONUS BIDS.—Deposits derived from  
8 bonus bids from a leased tract, including inter-  
9 est thereon, shall be allocated at the end of  
10 each fiscal year as follows:

11 “(i) 85 percent to the Adjacent State.

12 “(ii) 5 percent into the Treasury,  
13 which shall be allocated to the account es-  
14 tablished by section 144 of the Deep Ocean  
15 Energy Resources Act of 2006.

16 “(iii) 5 percent into the account es-  
17 tablished by section 153 of the Deep Ocean  
18 Energy Resources Act of 2006.

19 “(iv) 5 percent into the account estab-  
20 lished by section 156 of the Deep Ocean  
21 Energy Resources Act of 2006.

22 “(B) ROYALTIES.—Deposits derived from  
23 royalties from a leased tract, including interest  
24 thereon, shall be allocated at the end of each  
25 fiscal year as follows:

1           “(i) 85 percent to the Adjacent State  
2           and any other producing State or States  
3           with a leased tract within its Adjacent  
4           Zone within 100 miles of its coastline that  
5           generated royalties during the fiscal year,  
6           if the other producing or States have a  
7           coastline point within 300 miles of any  
8           portion of the leased tract, in which case  
9           the amount allocated for the leased tract  
10          shall be—

11                 “(I) one-third to the Adjacent  
12                 State; and

13                 “(II) two-thirds to each pro-  
14                 ducing State, including the Adjacent  
15                 State, inversely proportional to the  
16                 distance between the nearest point on  
17                 the coastline of the producing State  
18                 and the geographic center of the  
19                 leased tract.

20           “(ii) 5 percent into the Treasury,  
21           which shall be allocated to the account es-  
22           tablished by section 144 of the Deep Ocean  
23           Energy Resources Act of 2006.

1 “(iii) 5 percent into the account es-  
 2 tablished by section 153 of the Deep Ocean  
 3 Energy Resources Act of 2006.

4 “(iv) 5 percent into the account estab-  
 5 lished by section 156 of the Deep Ocean  
 6 Energy Resources Act of 2006.

7 “(c) TREATMENT OF OCS RECEIPTS FROM TRACTS  
 8 PARTIALLY OR COMPLETELY BEYOND 100 MILES OF THE  
 9 COASTLINE.—

10 “(1) DEPOSIT.—The Secretary shall deposit  
 11 into a separate account in the Treasury the portion  
 12 of OCS Receipts for each fiscal year that will be  
 13 shared under paragraphs (2) and (3).

14 “(2) PHASED-IN RECEIPTS SHARING.—

15 “(A) Beginning October 1, 2005, the Sec-  
 16 retary shall share OCS Receipts derived from  
 17 the following areas:

18 “(i) Lease tracts located on portions  
 19 of the Gulf of Mexico OCS Region partially  
 20 or completely beyond 100 miles of any  
 21 coastline that were available for leasing  
 22 under the 2002–2007 5-Year Oil and Gas  
 23 Leasing Program in effect prior to the  
 24 date of enactment of the Deep Ocean En-  
 25 ergy Resources Act of 2006.

1 “(ii) Lease tracts in production prior  
2 to October 1, 2005, partially or completely  
3 beyond 100 miles of any coastline located  
4 on portions of the OCS that were not  
5 available for leasing under the 2002–2007  
6 5-Year OCS Oil and Gas Leasing Program  
7 in effect prior to the date of enactment of  
8 the Deep Ocean Energy Resources Act of  
9 2006.

10 “(iii) Lease tracts for which leases are  
11 issued prior to October 1, 2005, located in  
12 the Alaska OCS Region partially or com-  
13 pletely beyond 100 miles of the coastline.

14 “(B) The Secretary shall share the fol-  
15 lowing percentages of OCS Receipts from the  
16 leases described in subparagraph (A) derived  
17 during the fiscal year indicated:

18 “(i) For fiscal year 2006, 6.0 percent.

19 “(ii) For fiscal year 2007, 7.0 per-  
20 cent.

21 “(iii) For fiscal year 2008, 8.0 per-  
22 cent.

23 “(iv) For fiscal year 2009, 9.0 per-  
24 cent.



1 “(v) For fiscal year 2010, 12.0 per-  
2 cent.

3 “(vi) For fiscal year 2011, 15.0 per-  
4 cent.

5 “(vii) For fiscal year 2012, 18.0 per-  
6 cent.

7 “(viii) For fiscal year 2013, 21.0 per-  
8 cent.

9 “(ix) For fiscal year 2014, 24.0 per-  
10 cent.

11 “(x) For fiscal year 2015, 27.0 per-  
12 cent.

13 “(xi) For fiscal year 2016, 30.0 per-  
14 cent.

15 “(xii) For fiscal year 2017, 33.0 per-  
16 cent.

17 “(xiii) For fiscal year 2018, 36.0 per-  
18 cent.

19 “(xiv) For fiscal year 2019, 39.0 per-  
20 cent.

21 “(xv) For fiscal year 2020, 42.0 per-  
22 cent.

23 “(xvi) For fiscal year 2021, 45.0 per-  
24 cent.

1                   “(xvii) For fiscal year 2022 and each  
2                   subsequent fiscal year, 50.0 percent.

3                   “(C) The provisions of this paragraph shall  
4                   not apply to leases that could not have been  
5                   issued but for section 5(k) of this Act or the  
6                   amendment made by section 136(a)(2) of the  
7                   Deep Ocean Energy Resources Act of 2006.

8                   “(3) IMMEDIATE RECEIPTS SHARING.—Begin-  
9                   ning October 1, 2005, the Secretary shall share 50  
10                  percent of OCS Receipts derived on and after Octo-  
11                  ber 1, 2005, from all leases located partially or com-  
12                  pletely beyond 100 miles of any coastline not in-  
13                  cluded within the provisions of paragraph (2).

14                  “(4) ALLOCATIONS.—The Secretary shall allo-  
15                  cate the OCS Receipts deposited into the separate  
16                  account established by paragraph (1) that are  
17                  shared under paragraphs (2) and (3) as follows:

18                  “(A) BONUS BIDS.—Deposits derived from  
19                  bonus bids from a leased tract, including inter-  
20                  est thereon, shall be allocated at the end of  
21                  each fiscal year as follows:

22                         “(i) 85 percent to the Adjacent State.

23                         “(ii) 5 percent into the Treasury,  
24                         which shall be allocated to the account es-

1           tablished by section 144 of the Deep Ocean  
2           Energy Resources Act of 2006.

3           “(iii) 5 percent into the account es-  
4           tablished by section 153 of the Deep Ocean  
5           Energy Resources Act of 2006.

6           “(iv) 5 percent into the account estab-  
7           lished by section 156 of the Deep Ocean  
8           Energy Resources Act of 2006.

9           “(B) ROYALTIES.—Deposits derived from  
10          royalties from a leased tract, including interest  
11          thereon, shall be allocated at the end of each  
12          fiscal year as follows:

13           “(i) 85 percent to the Adjacent State  
14           and any other producing State or States  
15           with a leased tract within its Adjacent  
16           Zone partially or completely beyond 100  
17           miles of its coastline that generated royal-  
18           ties during the fiscal year, if the other pro-  
19           ducing State or States have a coastline  
20           point within 300 miles of any portion of  
21           the leased tract, in which case the amount  
22           allocated for the leased tract shall be—

23           “(I) one-third to the Adjacent  
24           State; and

1                   “(II) two-thirds to each pro-  
 2                   ducing State, including the Adjacent  
 3                   State, inversely proportional to the  
 4                   distance between the nearest point on  
 5                   the coastline of the producing State  
 6                   and the geographic center of the  
 7                   leased tract.

8                   “(ii) 5 percent into the account estab-  
 9                   lished by section 144 of the Deep Ocean  
 10                  Energy Resources Act of 2006.

11                  “(iii) 5 percent into the account es-  
 12                  tablished by section 153 of the Deep Ocean  
 13                  Energy Resources Act of 2006.

14                  “(iv) 5 percent into the account estab-  
 15                  lished by section 156 of the Deep Ocean  
 16                  Energy Resources Act of 2006.

17                  “(d) TRANSMISSION OF ALLOCATIONS.—

18                   “(1) IN GENERAL.—Not later than 90 days  
 19                   after the end of each fiscal year, the Secretary shall  
 20                   transmit—

21                   “(A) to each State 60 percent of such  
 22                   State’s allocations under subsections  
 23                   (b)(5)(A)(i), (b)(5)(B)(i), (c)(4)(A)(i), and  
 24                   (c)(4)(B)(i) for the immediate prior fiscal year;

“(B) to coastal county-equivalent and municipal political subdivisions of such State a total of 40 percent of such State’s allocations under subsections (b)(5)(A)(i), (b)(5)(B)(i), (c)(4)(A)(i), and (c)(4)(B)(i), together with all accrued interest thereon; and

“(C) the remaining allocations under subsections (b)(5) and (c)(4), together with all accrued interest thereon.

“(2) ALLOCATIONS TO COASTAL COUNTY-EQUIVALENT POLITICAL SUBDIVISIONS.—

“(A) IN GENERAL.—The Secretary shall make an initial allocation of the OCS Receipts to be shared under paragraph (1)(B) as follows:

“(i) 25 percent shall be allocated to coastal county-equivalent political subdivisions that are completely more than 25 miles landward of the coastline and at least a part of which lies not more than 75 miles landward from the coastline, with the allocation among such coastal county-equivalent political subdivisions based on population.

“(ii) 75 percent shall be allocated to coastal county-equivalent political subdivi-

sions that are completely or partially less than 25 miles landward of the coastline, with the allocation among such coastal county-equivalent political subdivisions to be further allocated as follows:

“(I) 25 percent shall be allocated based on the ratio of such coastal county-equivalent political subdivision’s population to the coastal population of all coastal county-equivalent political subdivisions in the State.

“(II) 25 percent shall be allocated based on the ratio of such coastal county-equivalent political subdivision’s coastline miles to the coastline miles of all coastal county-equivalent political subdivisions in the State as calculated by the Secretary. In such calculations, coastal county-equivalent political subdivisions without a coastline shall be considered to have 50 percent of the average coastline miles of the coastal county-equivalent political subdivisions that do have coastlines.

1                   “(III) 25 percent shall be allo-  
2 cated to all coastal county-equivalent  
3 political subdivisions having a coast-  
4 line point within 300 miles of the  
5 leased tract for which OCS Receipts  
6 are being shared based on a formula  
7 that allocates the funds based on such  
8 coastal county-equivalent political sub-  
9 division’s relative distance from the  
10 leased tract.

11                   “(IV) 25 percent shall be allo-  
12 cated to all coastal county-equivalent  
13 political subdivisions having a coast-  
14 line point within 300 miles of the  
15 leased tract for which OCS Receipts  
16 are being shared based on the relative  
17 level of outer Continental Shelf oil  
18 and gas activities in a coastal political  
19 subdivision compared to the level of  
20 outer Continental Shelf activities in  
21 all coastal political subdivisions in the  
22 State.

23                   “(B) DEFINITION OF OUTER CONTI-  
24 NENTAL SHELF OIL AND GAS ACTIVITIES.—The  
25 Secretary shall define the term ‘outer Conti-

1 nental Shelf oil and gas activities' for purposes  
2 of this subparagraph to include—

3 “(i) construction of vessels, drillships,  
4 and platforms involved in exploration, pro-  
5 duction, and development on the outer  
6 Continental Shelf;

7 “(ii) support and supply bases, ports,  
8 and related activities;

9 “(iii) offices of geologists, geo-  
10 physicists, engineers, and other profes-  
11 sionals involved in support of exploration,  
12 production, and development of oil and gas  
13 on the outer Continental Shelf;

14 “(iv) pipelines and other means of  
15 transporting oil and gas production from  
16 the outer Continental Shelf; and

17 “(v) processing and refining of oil and  
18 gas production from the outer Continental  
19 Shelf.

20 “(C) COASTAL POINT.—For purposes of  
21 this subparagraph, if a coastal county-equiva-  
22 lent political subdivision does not have a coast-  
23 line, its coastal point shall be the point on the  
24 coastline closest to it.



1           “(3) ALLOCATIONS TO COASTAL MUNICIPAL PO-  
2           LITICAL SUBDIVISIONS.—The initial allocation to  
3           each coastal county-equivalent political subdivision  
4           under paragraph (2) shall be further allocated to the  
5           coastal county-equivalent political subdivision and  
6           any coastal municipal political subdivisions located  
7           partially or wholly within the boundaries of the  
8           coastal county-equivalent political subdivision as fol-  
9           lows:

10               “(A) One-third shall be allocated to the  
11               coastal county-equivalent political subdivision.

12               “(B) Two-thirds shall be allocated on a per  
13               capita basis to the municipal political subdivi-  
14               sions and the county-equivalent political sub-  
15               division, with the allocation to the latter based  
16               upon its population not included within the  
17               boundaries of a municipal political subdivision.

18           “(e) INVESTMENT OF DEPOSITS.—Amounts depos-  
19           ited under this section shall be invested by the Secretary  
20           of the Treasury in securities backed by the full faith and  
21           credit of the United States having maturities suitable to  
22           the needs of the account in which they are deposited and  
23           yielding the highest reasonably available interest rates as  
24           determined by the Secretary of the Treasury.

1       “(f) USE OF FUNDS.—A recipient of funds under this  
2 section may use the funds for 1 or more of the following:

3           “(1) To reduce in-State college tuition at public  
4 institutions of higher learning and otherwise support  
5 public education, including career technical edu-  
6 cation.

7           “(2) To make transportation infrastructure im-  
8 provements.

9           “(3) To reduce taxes.

10          “(4) To promote, fund, and provide for—

11           “(A) coastal or environmental restoration;

12           “(B) fish, wildlife, and marine life habitat  
13 enhancement;

14           “(C) waterways construction and mainte-  
15 nance;

16           “(D) levee construction and maintenance  
17 and shore protection; and

18           “(E) marine and oceanographic education  
19 and research.

20          “(5) To promote, fund, and provide for —

21           “(A) infrastructure associated with energy  
22 production activities conducted on the outer  
23 Continental Shelf;

24           “(B) energy demonstration projects;

1           “(C) supporting infrastructure for shore-  
2           based energy projects;

3           “(D) State geologic programs, including  
4           geologic mapping and data storage programs,  
5           and State geophysical data acquisition;

6           “(E) State seismic monitoring programs,  
7           including operation of monitoring stations;

8           “(F) development of oil and gas resources  
9           through enhanced recovery techniques;

10          “(G) alternative energy development, in-  
11          cluding bio fuels, coal-to-liquids, oil shale, tar  
12          sands, geothermal, geopressure, wind, waves,  
13          currents, hydro, and other renewable energy;

14          “(H) energy efficiency and conservation  
15          programs; and

16          “(I) front-end engineering and design for  
17          facilities that produce liquid fuels from hydro-  
18          carbons and other biological matter.

19          “(6) To promote, fund, and provide for—

20               “(A) historic preservation programs and  
21               projects;

22               “(B) natural disaster planning and re-  
23               sponse; and

24               “(C) hurricane and natural disaster insur-  
25               ance programs.

1           “(7) For any other purpose as determined by  
2       State law.

3           “(g) NO ACCOUNTING REQUIRED.—No recipient of  
4 funds under this section shall be required to account to  
5 the Federal Government for the expenditure of such  
6 funds, except as otherwise may be required by law. How-  
7 ever, States may enact legislation providing for accounting  
8 for and auditing of such expenditures. Further, funds allo-  
9 cated under this section to States and political subdivi-  
10 sions may be used as matching funds for other Federal  
11 programs.

12          “(h) EFFECT OF FUTURE LAWS.—Enactment of any  
13 future Federal statute that has the effect, as determined  
14 by the Secretary, of restricting any Federal agency from  
15 spending appropriated funds, or otherwise preventing it  
16 from fulfilling its pre-existing responsibilities as of the  
17 date of enactment of the statute, unless such responsibil-  
18 ities have been reassigned to another Federal agency by  
19 the statute with no prevention of performance, to issue  
20 any permit or other approval impacting on the OCS oil  
21 and gas leasing program, or any lease issued thereunder,  
22 or to implement any provision of this Act shall automati-  
23 cally prohibit any sharing of OCS Receipts under this sec-  
24 tion directly with the States, and their coastal political  
25 subdivisions, for the duration of the restriction. The Sec-

1 retary shall make the determination of the existence of  
 2 such restricting effects within 30 days of a petition by any  
 3 outer Continental Shelf lessee or producing State.

4 “(i) DEFINITIONS.—In this section:

5 “(1) COASTAL COUNTY-EQUIVALENT POLITICAL  
 6 SUBDIVISION.—The term ‘coastal county-equivalent  
 7 political subdivision’ means a political jurisdiction  
 8 immediately below the level of State government, in-  
 9 cluding a county, parish, borough in Alaska, inde-  
 10 pendent municipality not part of a county, parish, or  
 11 borough in Alaska, or other equivalent subdivision of  
 12 a coastal State, that lies within the coastal zone.

13 “(2) COASTAL MUNICIPAL POLITICAL SUBDIVI-  
 14 SION.—The term ‘coastal municipal political subdivi-  
 15 sion’ means a municipality located within and part  
 16 of a county, parish, borough in Alaska, or other  
 17 equivalent subdivision of a State, all or part of which  
 18 coastal municipal political subdivision lies within the  
 19 coastal zone.

20 “(3) COASTAL POPULATION.—The term ‘coastal  
 21 population’ means the population of all coastal coun-  
 22 ty-equivalent political subdivisions, as determined by  
 23 the most recent official data of the Census Bureau.

24 “(4) COASTAL ZONE.—The term ‘coastal zone’  
 25 means that portion of a coastal State, including the

1 entire territory of any coastal county-equivalent po-  
2 litical subdivision at least a part of which lies, within  
3 75 miles landward from the coastline, or a greater  
4 distance as determined by State law enacted to im-  
5 plement this section.

6 “(5) BONUS BIDS.—The term ‘bonus bids’  
7 means all funds received by the Secretary to issue  
8 an outer Continental Shelf minerals lease.

9 “(6) ROYALTIES.—The term ‘royalties’ means  
10 all funds received by the Secretary from production  
11 of oil or natural gas, or the sale of production taken  
12 in-kind, from an outer Continental Shelf minerals  
13 lease.

14 “(7) PRODUCING STATE.—The term ‘producing  
15 State’ means an Adjacent State having an Adjacent  
16 Zone containing leased tracts from which OCS Re-  
17 ceipts were derived.

18 “(8) OCS RECEIPTS.—The term ‘OCS Receipts’  
19 means bonus bids, royalties, and conservation of re-  
20 sources fees.”.

21 **SEC. 138. REVIEW OF OUTER CONTINENTAL SHELF EXPLO-**  
22 **RATION PLANS.**

23 Subsections (c) and (d) of section 11 of the Outer  
24 Continental Shelf Lands Act (43 U.S.C. 1340) are amend-  
25 ed to read as follows:

1 “(c) PLAN REVIEW; PLAN PROVISIONS.—

2 “(1) Except as otherwise provided in this Act,  
3 prior to commencing exploration pursuant to any oil  
4 and gas lease issued or maintained under this Act,  
5 the holder thereof shall submit an exploration plan  
6 (hereinafter in this section referred to as a ‘plan’) to  
7 the Secretary for review which shall include all infor-  
8 mation and documentation required under para-  
9 graphs (2) and (3). The Secretary shall review the  
10 plan for completeness within 10 days of submission.  
11 If the Secretary finds that the plan is not complete,  
12 the Secretary shall notify the lessee with a detailed  
13 explanation and require such modifications of such  
14 plan as are necessary to achieve completeness. The  
15 Secretary shall have 10 days to review a modified  
16 plan for completeness. Such plan may apply to more  
17 than 1 lease held by a lessee in any 1 region of the  
18 outer Continental Shelf, or by a group of lessees act-  
19 ing under a unitization, pooling, or drilling agree-  
20 ment, and the lessee shall certify that such plan is  
21 consistent with the terms of the lease and is con-  
22 sistent with all statutory and regulatory require-  
23 ments in effect on the date of issuance of the lease,  
24 and any regulations promulgated under this Act to  
25 the conservation of resources after the date of the

1       lease issuances. The Secretary shall have 30 days  
2       from the date the plan is deemed complete to con-  
3       duct a review of the plan. If the Secretary finds the  
4       plan is not consistent with the lease and all such  
5       statutory and regulatory requirements, the Secretary  
6       shall notify the lessee with a detailed explanation of  
7       such modifications of such plan as are necessary to  
8       achieve compliance. The Secretary shall have 30  
9       days to review any modified plan submitted by the  
10      lessee. The lessee shall not take any action under  
11      the exploration plan within the 30-day review period,  
12      or thereafter until the plan has been modified to  
13      achieve compliance as so notified.

14           “(2) An exploration plan submitted under this  
15      subsection shall include, in the degree of detail  
16      which the Secretary may by regulation require—

17                   “(A) a schedule of anticipated exploration  
18                   activities to be undertaken;

19                   “(B) a description of equipment to be used  
20                   for such activities;

21                   “(C) the general location of each well to be  
22                   drilled; and

23                   “(D) such other information deemed perti-  
24                   nent by the Secretary.



1           “(3) The Secretary may, by regulation, require  
 2           that such plan be accompanied by a general state-  
 3           ment of development and production intentions  
 4           which shall be for planning purposes only and which  
 5           shall not be binding on any party.

6           “(d) PLAN REVISIONS; CONDUCT OF EXPLORATION  
 7   ACTIVITIES.—

8           “(1) If a significant revision of an exploration  
 9           plan under this subsection is submitted to the Sec-  
 10          retary, the process to be used for the review of such  
 11          revision shall be the same as set forth in subsection  
 12          (c).

13          “(2) All exploration activities pursuant to any  
 14          lease shall be conducted in accordance with an explo-  
 15          ration plan or a revised plan which has been sub-  
 16          mitted to and reviewed by the Secretary.”.

17   **SEC. 139. RESERVATION OF LANDS AND RIGHTS.**

18          Section 12 of the Outer Continental Shelf Lands Act  
 19   (43 U.S.C. 1341) is amended—

20          (1) in subsection (a) by adding at the end the  
 21          following: “The President may partially or com-  
 22          pletely revise or revoke any prior withdrawal made  
 23          by the President under the authority of this section.  
 24          The President may not revise or revoke a withdrawal  
 25          that was initiated by a petition from a State and ap-

1       proved by the Secretary of the Interior under sub-  
 2       section (h). A withdrawal by the President may be  
 3       for a term not to exceed 10 years. When considering  
 4       potential uses of the outer Continental Shelf, to the  
 5       maximum extent possible, the President shall accom-  
 6       modate competing interests and potential uses.”;  
 7       and

8               (2) by adding at the end the following:

9       “(g) AVAILABILITY FOR LEASING WITHIN CERTAIN  
 10    AREAS OF THE OUTER CONTINENTAL SHELF.—

11           “(1) PROHIBITION AGAINST LEASING.—

12               “(A) UNAVAILABLE FOR LEASING WITH-  
 13       OUT STATE REQUEST.—Except as otherwise  
 14       provided in this subsection, from and after en-  
 15       actment of the Deep Ocean Energy Resources  
 16       Act of 2006, the Secretary shall not offer for  
 17       leasing for oil and gas, or natural gas, any area  
 18       within 50 miles of the coastline that was with-  
 19       drawn from disposition by leasing in the Atlan-  
 20       tic OCS Region or the Pacific OCS Region, or  
 21       the Gulf of Mexico OCS Region Eastern Plan-  
 22       ning Area, as depicted on the maps referred to  
 23       in this subparagraph, under the ‘Memorandum  
 24       on Withdrawal of Certain Areas of the United  
 25       States Outer Continental Shelf from Leasing

1 Disposition’, 34 Weekly Comp. Pres. Doc.  
2 1111, dated June 12, 1998, or any area within  
3 50 miles of the coastline not withdrawn under  
4 that Memorandum that is included within the  
5 Gulf of Mexico OCS Region Eastern Planning  
6 Area as indicated on the map entitled ‘Gulf of  
7 Mexico OCS Region State Adjacent Zones and  
8 OCS Planning Areas’ or the Florida Straits  
9 Planning Area as indicated on the map entitled  
10 ‘Atlantic OCS Region State Adjacent Zones and  
11 OCS Planning Areas’, both of which are dated  
12 September 2005 and on file in the Office of the  
13 Director, Minerals Management Service.

14 “(B) AREAS BETWEEN 50 AND 100 MILES  
15 FROM THE COASTLINE.—Unless an Adjacent  
16 State petitions under subsection (h) within 1  
17 year after the date of the enactment of the  
18 Deep Ocean Energy Resources Act of 2006 for  
19 natural gas leasing or by June 30, 2009, for oil  
20 and gas leasing, the Secretary shall offer for  
21 leasing any area more than 50 miles but less  
22 than 100 miles from the coastline that was  
23 withdrawn from disposition by leasing in the  
24 Atlantic OCS Region, the Pacific OCS Region,  
25 or the Gulf of Mexico OCS Region Eastern

1 Planning Area, as depicted on the maps re-  
2 ferred to in this subparagraph, under the  
3 ‘Memorandum on Withdrawal of Certain Areas  
4 of the United States Outer Continental Shelf  
5 from Leasing Disposition’, 34 Weekly Comp.  
6 Pres. Doc. 1111, dated June 12, 1998, or any  
7 area more than 50 miles but less than 100  
8 miles of the coastline not withdrawn under that  
9 Memorandum that is included within the Gulf  
10 of Mexico OCS Region Eastern Planning Area  
11 as indicated on the map entitled ‘Gulf of Mexico  
12 OCS Region State Adjacent Zones and OCS  
13 Planning Areas’ or within the Florida Straits  
14 Planning Area as indicated on the map entitled  
15 ‘Atlantic OCS Region State Adjacent Zones and  
16 OCS Planning Areas’, both of which are dated  
17 September 2005 and on file in the Office of the  
18 Director, Minerals Management Service.

19 “(2) REVOCATION OF WITHDRAWAL.—The pro-  
20 visions of the ‘Memorandum on Withdrawal of Cer-  
21 tain Areas of the United States Outer Continental  
22 Shelf from Leasing Disposition’, 34 Weekly Comp.  
23 Pres. Doc. 1111, dated June 12, 1998, are hereby  
24 revoked and are no longer in effect regarding any  
25 areas that are more than 100 miles from the coast-

1 line, nor for any areas that are less than 100 miles  
2 from the coastline and are included within the Gulf  
3 of Mexico OCS Region Central Planning Area as de-  
4 picted on the map entitled ‘Gulf of Mexico OCS Re-  
5 gion State Adjacent Zones and OCS Planning Areas’  
6 dated September 2005 and on file in the Office of  
7 the Director, Minerals Management Service. The  
8 2002–2007 5-Year Outer Continental Shelf Oil and  
9 Gas Leasing Program is hereby amended to include  
10 the areas added to the Gulf of Mexico OCS Region  
11 Central Planning Area by this Act to the extent that  
12 such areas were included within the original bound-  
13 aries of proposed Lease Sale 181. The amendment  
14 to such leasing program includes a sale in such addi-  
15 tional areas, which shall be held no later than June  
16 30, 2007. The Final Environmental Impact State-  
17 ment prepared for this area for Lease Sale 181 shall  
18 be deemed sufficient for all purposes for each lease  
19 sale in which such area is offered for lease during  
20 the 2002–2007 5-Year Outer Continental Shelf Oil  
21 and Gas Leasing Program without need for sup-  
22 plementation. Any tract only partially added to the  
23 Gulf of Mexico OCS Region Central Planning Area  
24 by this Act shall be eligible for leasing of the part  
25 of such tract that is included within the Gulf of

1 Mexico OCS Region Central Planning Area, and the  
2 remainder of such tract that lies outside of the Gulf  
3 of Mexico OCS Region Central Planning Area may  
4 be developed and produced by the lessee of such par-  
5 tial tract using extended reach or similar drilling  
6 from a location on a leased area. Further, any area  
7 in the OCS withdrawn from leasing may be leased,  
8 and thereafter developed and produced by the lessee  
9 using extended reach or similar drilling from a loca-  
10 tion on a leased area located in an area available for  
11 leasing.

12 “(3) PETITION FOR LEASING.—

13 “(A) IN GENERAL.—The Governor of the  
14 State, upon concurrence of its legislature, may  
15 submit to the Secretary a petition requesting  
16 that the Secretary make available any area that  
17 is within the State’s Adjacent Zone, included  
18 within the provisions of paragraph (1), and that  
19 (i) is greater than 25 miles from any point on  
20 the coastline of a Neighboring State for the  
21 conduct of offshore leasing, pre-leasing, and re-  
22 lated activities with respect to natural gas leas-  
23 ing; or (ii) is greater than 50 miles from any  
24 point on the coastline of a Neighboring State  
25 for the conduct of offshore leasing, pre-leasing,

1 and related activities with respect to oil and gas  
2 leasing. The Adjacent State may also petition  
3 for leasing any other area within its Adjacent  
4 Zone if leasing is allowed in the similar area of  
5 the Adjacent Zone of the applicable Neigh-  
6 boring State, or if not allowed, if the Neigh-  
7 boring State, acting through its Governor, ex-  
8 presses its concurrence with the petition. The  
9 Secretary shall only consider such a petition  
10 upon making a finding that leasing is allowed  
11 in the similar area of the Adjacent Zone of the  
12 applicable Neighboring State or upon receipt of  
13 the concurrence of the Neighboring State. The  
14 date of receipt by the Secretary of such concur-  
15 rence by the Neighboring State shall constitute  
16 the date of receipt of the petition for that area  
17 for which the concurrence applies. Except for  
18 any area described in the last sentence of para-  
19 graph (2), a petition for leasing any part of the  
20 Alabama Adjacent Zone that is a part of the  
21 Gulf of Mexico Eastern Planning Area, as indi-  
22 cated on the map entitled ‘Gulf of Mexico OCS  
23 Region State Adjacent Zones and OCS Plan-  
24 ning Areas’ which is dated September 2005 and  
25 on file in the Office of the Director, Minerals

1 Management Service, shall require the concur-  
2 rence of both Alabama and Florida.

3 “(B) LIMITATIONS ON LEASING.—In its  
4 petition, a State with an Adjacent Zone that  
5 contains leased tracts may condition new leas-  
6 ing for oil and gas, or natural gas for tracts  
7 within 25 miles of the coastline by—

8 “(i) requiring a net reduction in the  
9 number of production platforms;

10 “(ii) requiring a net increase in the  
11 average distance of production platforms  
12 from the coastline;

13 “(iii) limiting permanent surface occu-  
14 pancy on new leases to areas that are more  
15 than 10 miles from the coastline;

16 “(iv) limiting some tracts to being  
17 produced from shore or from platforms lo-  
18 cated on other tracts; or

19 “(v) other conditions that the Adja-  
20 cent State may deem appropriate as long  
21 as the Secretary does not determine that  
22 production is made economically or tech-  
23 nically impracticable or otherwise impos-  
24 sible.



1           “(C) ACTION BY SECRETARY.—Not later  
2           than 90 days after receipt of a petition under  
3           subparagraph (A), the Secretary shall approve  
4           the petition, unless the Secretary determines  
5           that leasing the area would probably cause seri-  
6           ous harm or damage to the marine resources of  
7           the State’s Adjacent Zone. Prior to approving  
8           the petition, the Secretary shall complete an en-  
9           vironmental assessment that documents the an-  
10          ticipated environmental effects of leasing in the  
11          area included within the scope of the petition.

12          “(D) FAILURE TO ACT.—If the Secretary  
13          fails to approve or deny a petition in accordance  
14          with subparagraph (C) the petition shall be con-  
15          sidered to be approved 90 days after receipt of  
16          the petition.

17          “(E) AMENDMENT OF THE 5-YEAR LEAS-  
18          ING PROGRAM.—Notwithstanding section 18,  
19          within 180 days of the approval of a petition  
20          under subparagraph (C) or (D), after the expi-  
21          ration of the time limits in paragraph (1)(B),  
22          and within 180 days after the enactment of the  
23          Deep Ocean Energy Resources Act of 2006 for  
24          the areas made available for leasing under  
25          paragraph (2), the Secretary shall amend the

1           current 5-Year Outer Continental Shelf Oil and  
 2           Gas Leasing Program to include a lease sale or  
 3           sales for at least 75 percent of the associated  
 4           areas, unless there are, from the date of ap-  
 5           proval, expiration of such time limits, or enact-  
 6           ment, as applicable, fewer than 12 months re-  
 7           maining in the current 5-Year Leasing Program  
 8           in which case the Secretary shall include the as-  
 9           sociated areas within lease sales under the next  
 10          5-Year Leasing Program. For purposes of  
 11          amending the 5-Year Program in accordance  
 12          with this section, further consultations with  
 13          States shall not be required. For purposes of  
 14          this section, an environmental assessment per-  
 15          formed under the provisions of the National  
 16          Environmental Policy Act of 1969 to assess the  
 17          effects of approving the petition shall be suffi-  
 18          cient to amend the 5-Year Leasing Program.

19          “(h) OPTION TO PETITION FOR EXTENSION OF  
 20          WITHDRAWAL FROM LEASING WITHIN CERTAIN AREAS  
 21          OF THE OUTER CONTINENTAL SHELF.—

22               “(1) IN GENERAL.—The Governor of the State,  
 23          upon the concurrence of its legislature, may submit  
 24          to the Secretary petitions requesting that the Sec-  
 25          retary extend for a period of time of up to 5 years

1       for each petition the withdrawal from leasing for all  
2       or part of any area within the State's Adjacent Zone  
3       located more than 50 miles, but less than 100 miles,  
4       from the coastline that is subject to subsection  
5       (g)(1)(B). A State may petition multiple times for  
6       any particular area but not more than once per cal-  
7       endar year for any particular area. A State must  
8       submit separate petitions, with separate votes by its  
9       legislature, for oil and gas leasing and for natural  
10      gas leasing. A petition of a State may request some  
11      areas to be withdrawn from all leasing and some  
12      areas to be withdrawn only from 1 type of leasing.  
13      Petitions for extending the withdrawal from leasing  
14      of any part of the Alabama Adjacent Zone that is  
15      more than 50 miles, but less than 100 miles, from  
16      the coastline that is a part of the Gulf of Mexico  
17      OCS Region Eastern Planning Area, as indicated on  
18      the map entitled 'Gulf of Mexico OCS Region State  
19      Adjacent Zones and OCS Planning Areas' which is  
20      dated September 2005 and on file in the Office of  
21      the Director, Minerals Management Service, may be  
22      made by either Alabama or Florida.

23           “(2) ACTION BY SECRETARY.—The Secretary  
24      shall perform an environmental assessment under  
25      the National Environmental Policy Act of 1969 (42

1 U.S.C. 4321 et seq.) to assess the effects of approv-  
2 ing the petition under paragraph (1). Not later than  
3 90 days after receipt of the petition, the Secretary  
4 shall approve the petition, unless the Secretary de-  
5 termines that extending the withdrawal from leasing  
6 would probably cause serious harm or damage to the  
7 marine resources of the State's Adjacent Zone. The  
8 Secretary shall not approve a petition from a State  
9 that extends the remaining period of a withdrawal of  
10 an area from leasing for a total of more than 10  
11 years. However, the Secretary may approve petitions  
12 to extend the withdrawal from leasing of any area ad  
13 infinitum, subject only to the limitations contained  
14 in this subsection.

15 “(3) FAILURE TO ACT.—If the Secretary fails  
16 to approve or deny a petition in accordance with  
17 paragraph (2) the petition shall be considered to be  
18 approved 90 days after receipt of the petition.

19 “(i) EFFECT OF OTHER LAWS.—Adoption by any  
20 Adjacent State of any constitutional provision, or enact-  
21 ment of any State statute, that has the effect, as deter-  
22 mined by the Secretary, of restricting either the Governor  
23 or the Legislature, or both, from exercising full discretion  
24 related to subsection (g) or (h), or both, shall automati-  
25 cally (1) prohibit any sharing of OCS Receipts under this

1 Act with the Adjacent State, and its coastal political sub-  
2 divisions, and (2) prohibit the Adjacent State from exer-  
3 cising any authority under subsection (h), for the duration  
4 of the restriction. The Secretary shall make the determina-  
5 tion of the existence of such restricting constitutional pro-  
6 vision or State statute within 30 days of a petition by any  
7 outer Continental Shelf lessee or coastal State.”.

8 **SEC. 140. OUTER CONTINENTAL SHELF LEASING PROGRAM.**

9 Section 18 of the Outer Continental Shelf Lands Act  
10 (43 U.S.C. 1344) is amended—

11 (1) in subsection (a), by adding at the end of  
12 paragraph (3) the following: “The Secretary shall, in  
13 each 5-year program, include lease sales that when  
14 viewed as a whole propose to offer for oil and gas  
15 or natural gas leasing at least 75 percent of the  
16 available unleased acreage within each OCS Plan-  
17 ning Area. Available unleased acreage is that portion  
18 of the outer Continental Shelf that is not under  
19 lease at the time of the proposed lease sale, and has  
20 not otherwise been made unavailable for leasing by  
21 law.”;

22 (2) in subsection (c), by striking “(c)(1)” and  
23 all that follows through the end of paragraph (2)  
24 and inserting the following:

1       “(c)(1) During the preparation of any proposed leas-  
2 ing program under this section, the Secretary shall con-  
3 sider and analyze leasing throughout the entire Outer  
4 Continental Shelf without regard to any other law affect-  
5 ing such leasing. During this preparation the Secretary  
6 shall invite and consider suggestions from any interested  
7 Federal agency, including the Attorney General, in con-  
8 sultation with the Federal Trade Commission, and from  
9 the Governor of any coastal State. The Secretary may also  
10 invite or consider any suggestions from the executive of  
11 any local government in a coastal State that have been  
12 previously submitted to the Governor of such State, and  
13 from any other person. Further, the Secretary shall con-  
14 sult with the Secretary of Defense regarding military oper-  
15 ational needs in the outer Continental Shelf. The Sec-  
16 retary shall work with the Secretary of Defense to resolve  
17 any conflicts that might arise regarding offering any area  
18 of the outer Continental Shelf for oil and gas or natural  
19 gas leasing. If the Secretaries are not able to resolve all  
20 such conflicts, any unresolved issues shall be elevated to  
21 the President for resolution.

22       “(2) After the consideration and analysis required by  
23 paragraph (1), including the consideration of the sugges-  
24 tions received from any interested Federal agency, the  
25 Federal Trade Commission, the Governor of any coastal

1 State, any local government of a coastal State, and any  
2 other person, the Secretary shall publish in the Federal  
3 Register a proposed leasing program accompanied by a  
4 draft environmental impact statement prepared pursuant  
5 to the National Environmental Policy Act of 1969 (42  
6 U.S.C. 4321 et seq.). After the publishing of the proposed  
7 leasing program and during the comment period provided  
8 for on the draft environmental impact statement, the Sec-  
9 retary shall submit a copy of the proposed program to the  
10 Governor of each affected State for review and comment.  
11 The Governor may solicit comments from those executives  
12 of local governments in the Governor's State that the Gov-  
13 ernor, in the discretion of the Governor, determines will  
14 be affected by the proposed program. If any comment by  
15 such Governor is received by the Secretary at least 15 days  
16 prior to submission to the Congress pursuant to para-  
17 graph (3) and includes a request for any modification of  
18 such proposed program, the Secretary shall reply in writ-  
19 ing, granting or denying such request in whole or in part,  
20 or granting such request in such modified form as the Sec-  
21 retary considers appropriate, and stating the Secretary's  
22 reasons therefor. All such correspondence between the  
23 Secretary and the Governor of any affected State, together  
24 with any additional information and data relating thereto,

1 shall accompany such proposed program when it is sub-  
2 mitted to the Congress.”; and

3 (3) by adding at the end the following:

4 “(i) PROJECTION OF STATE ADJACENT ZONE RE-  
5 SOURCES AND STATE AND LOCAL GOVERNMENT SHARES  
6 OF OCS RECEIPTS.—Concurrent with the publication of  
7 the scoping notice at the beginning of the development of  
8 each 5-year outer Continental Shelf oil and gas leasing  
9 program, or as soon thereafter as possible, the Secretary  
10 shall—

11 “(1) provide to each Adjacent State a current  
12 estimate of proven and potential oil and gas re-  
13 sources located within the State’s Adjacent Zone;  
14 and

15 “(2) provide to each Adjacent State, and coast-  
16 al political subdivisions thereof, a best-efforts projec-  
17 tion of the OCS Receipts that the Secretary expects  
18 will be shared with each Adjacent State, and its  
19 coastal political subdivisions, using the assumption  
20 that the unleased tracts within the State’s Adjacent  
21 Zone are fully made available for leasing, including  
22 long-term projected OCS Receipts. In addition, the  
23 Secretary shall include a macroeconomic estimate of  
24 the impact of such leasing on the national economy  
25 and each State’s economy, including investment,



1 jobs, revenues, personal income, and other cat-  
2 egories.”.

3 **SEC. 141. COORDINATION WITH ADJACENT STATES.**

4 Section 19 of the Outer Continental Shelf Lands Act  
5 (43 U.S.C. 1345) is amended—

6 (1) in subsection (a), in the first sentence, by  
7 inserting “, for any tract located within the Adjacent  
8 State’s Adjacent Zone,” after “government”; and

9 (2) by adding at the end the following:

10 “(f)(1) No Federal agency may permit or otherwise  
11 approve, without the concurrence of the Adjacent State,  
12 the construction of a crude oil or petroleum products (or  
13 both) pipeline within the part of the Adjacent State’s Ad-  
14 jacent Zone that is withdrawn from oil and gas or natural  
15 gas leasing, except that such a pipeline may be approved,  
16 without such Adjacent State’s concurrence, to pass  
17 through such Adjacent Zone if at least 50 percent of the  
18 production projected to be carried by the pipeline within  
19 its first 10 years of operation is from areas of the Adja-  
20 cent State’s Adjacent Zone.

21 “(2) No State may prohibit the construction within  
22 its Adjacent Zone or its State waters of a natural gas pipe-  
23 line that will transport natural gas produced from the  
24 outer Continental Shelf. However, an Adjacent State may  
25 prevent a proposed natural gas pipeline landing location

1 if it proposes 2 alternate landing locations in the Adjacent  
 2 State, acceptable to the Adjacent State, located within 50  
 3 miles on either side of the proposed landing location.”.

4 **SEC. 142. ENVIRONMENTAL STUDIES.**

5 Section 20(d) of the Outer Continental Shelf Lands  
 6 Act (43 U.S.C. 1346) is amended—

7 (1) by inserting “(1)” after “(d)”; and

8 (2) by adding at the end the following:

9 “(2) For all programs, lease sales, leases, and actions  
 10 under this Act, the following shall apply regarding the ap-  
 11 plication of the National Environmental Policy Act of  
 12 1969 (42 U.S.C. 4321 et seq.):

13 “(A) Granting or directing lease suspensions  
 14 and the conduct of all preliminary activities on outer  
 15 Continental Shelf tracts, including seismic activities,  
 16 are categorically excluded from the need to prepare  
 17 either an environmental assessment or an environ-  
 18 mental impact statement, and the Secretary shall  
 19 not be required to analyze whether any exceptions to  
 20 a categorical exclusion apply for activities conducted  
 21 under the authority of this Act.

22 “(B) The environmental impact statement de-  
 23 veloped in support of each 5-year oil and gas leasing  
 24 program provides the environmental analysis for all  
 25 lease sales to be conducted under the program and

1       such sales shall not be subject to further environ-  
2       mental analysis.

3               “(C) Exploration plans shall not be subject to  
4       any requirement to prepare an environmental impact  
5       statement, and the Secretary may find that explo-  
6       ration plans are eligible for categorical exclusion due  
7       to the impacts already being considered within an  
8       environmental impact statement or due to mitigation  
9       measures included within the plan.

10              “(D) Within each OCS Planning Area, after the  
11       preparation of the first development and production  
12       plan environmental impact statement for a leased  
13       tract within the Area, future development and pro-  
14       duction plans for leased tracts within the Area shall  
15       only require the preparation of an environmental as-  
16       sessment unless the most recent development and  
17       production plan environmental impact statement  
18       within the Area was finalized more than 10 years  
19       prior to the date of the approval of the plan, in  
20       which case an environmental impact statement shall  
21       be required.”.

22   **SEC. 143. REVIEW OF OUTER CONTINENTAL SHELF DEVEL-**  
23                   **OPMENT AND PRODUCTION PLANS.**

24       Section 25 of the Outer Continental Shelf Lands Act  
25   (43 U.S.C. 1351) is amended to read as follows:

1   **“SEC. 25. REVIEW OF OUTER CONTINENTAL SHELF DEVEL-**  
2                   **OPMENT AND PRODUCTION PLANS.**

3           “(a) DEVELOPMENT AND PRODUCTION PLANS; SUB-  
4   MISSION TO SECRETARY; STATEMENT OF FACILITIES AND  
5   OPERATION; SUBMISSION TO GOVERNORS OF AFFECTED  
6   STATES AND LOCAL GOVERNMENTS.—

7           “(1) Prior to development and production pur-  
8       suant to an oil and gas lease issued on or after Sep-  
9       tember 18, 1978, for any area of the outer Conti-  
10      nental Shelf, or issued or maintained prior to Sep-  
11      tember 18, 1978, for any area of the outer Conti-  
12      nental Shelf, with respect to which no oil or gas has  
13      been discovered in paying quantities prior to Sep-  
14      tember 18, 1978, the lessee shall submit a develop-  
15      ment and production plan (hereinafter in this sec-  
16      tion referred to as a ‘plan’) to the Secretary for re-  
17      view.

18           “(2) A plan shall be accompanied by a state-  
19      ment describing all facilities and operations, other  
20      than those on the outer Continental Shelf, proposed  
21      by the lessee and known by the lessee (whether or  
22      not owned or operated by such lessee) that will be  
23      constructed or utilized in the development and pro-  
24      duction of oil or gas from the lease area, including  
25      the location and site of such facilities and oper-  
26      ations, the land, labor, material, and energy require-

1       ments associated with such facilities and operations,  
2       and all environmental and safety safeguards to be  
3       implemented.

4               “(3) Except for any privileged or proprietary  
5       information (as such term is defined in regulations  
6       issued by the Secretary), the Secretary, within 30  
7       days after receipt of a plan and statement, shall—

8               “(A) submit such plan and statement to  
9       the Governor of any affected State, and upon  
10      request to the executive of any affected local  
11      government; and

12              “(B) make such plan and statement avail-  
13      able to any appropriate interstate regional enti-  
14      ty and the public.

15      “(b) DEVELOPMENT AND PRODUCTION ACTIVITIES  
16      IN ACCORDANCE WITH PLAN AS LEASE REQUIREMENT.—  
17      After enactment of the Deep Ocean Energy Resources Act  
18      of 2006, no oil and gas lease may be issued pursuant to  
19      this Act in any region of the outer Continental Shelf, un-  
20      less such lease requires that development and production  
21      activities be carried out in accordance with a plan that  
22      complies with the requirements of this section. This sec-  
23      tion shall also apply to leases that do not have an approved  
24      development and production plan as of the date of enact-  
25      ment of the Deep Ocean Energy Resources Act of 2006.

1       “(c) SCOPE AND CONTENTS OF PLAN.—A plan may  
2     apply to more than 1 oil and gas lease, and shall set forth,  
3     in the degree of detail established by regulations issued  
4     by the Secretary—

5               “(1) the general work to be performed;

6               “(2) a description of all facilities and operations  
7     located on the outer Continental Shelf that are pro-  
8     posed by the lessee or known by the lessee (whether  
9     or not owned or operated by such lessee) to be di-  
10    rectly related to the proposed development, including  
11    the location and size of such facilities and oper-  
12    ations, and the land, labor, material, and energy re-  
13    quirements associated with such facilities and oper-  
14    ations;

15              “(3) the environmental safeguards to be imple-  
16    mented on the outer Continental Shelf and how such  
17    safeguards are to be implemented;

18              “(4) all safety standards to be met and how  
19    such standards are to be met;

20              “(5) an expected rate of development and pro-  
21    duction and a time schedule for performance; and

22              “(6) such other relevant information as the Sec-  
23    retary may by regulation require.

24       “(d) COMPLETENESS REVIEW OF THE PLAN.—

1           “(1) Prior to commencing any activity under a  
2           development and production plan pursuant to any oil  
3           and gas lease issued or maintained under this Act,  
4           the lessee shall certify that the plan is consistent  
5           with the terms of the lease and that it is consistent  
6           with all statutory and regulatory requirements in ef-  
7           fect on the date of issuance of the lease, and any  
8           regulations promulgated under this Act related to  
9           the conservation of resources after the date of lease  
10          issuance. The plan shall include all required infor-  
11          mation and documentation required under sub-  
12          section (c).

13           “(2) The Secretary shall review the plan for  
14          completeness within 30 days of submission. If the  
15          Secretary finds that the plan is not complete, the  
16          Secretary shall notify the lessee with a detailed ex-  
17          planation of such modifications of such plan as are  
18          necessary to achieve completeness. The Secretary  
19          shall have 30 days to review a modified plan for  
20          completeness.

21          “(e) REVIEW FOR CONSISTENCY OF THE PLAN.—

22           “(1) After a determination that a plan is com-  
23          plete, the Secretary shall have 120 days to conduct  
24          a review of the plan, to ensure that it is consistent  
25          with the terms of the lease, and that it is consistent

1 with all such statutory and regulatory requirements  
2 applicable to the lease. The review shall ensure that  
3 the plan is consistent with lease terms, and statutory  
4 and regulatory requirements applicable to the lease,  
5 related to national security or national defense, in-  
6 cluding any military operating stipulations or other  
7 restrictions. The Secretary shall seek the assistance  
8 of the Department of Defense in the conduct of the  
9 review of any plan prepared under this section for  
10 a lease containing military operating stipulations or  
11 other restrictions and shall accept the assistance of  
12 the Department of Defense in the conduct of the re-  
13 view of any plan prepared under this section for any  
14 other lease when the Secretary of Defense requests  
15 an opportunity to participate in the review. If the  
16 Secretary finds that the plan is not consistent, the  
17 Secretary shall notify the lessee with a detailed ex-  
18 planation of such modifications of such plan as are  
19 necessary to achieve consistency.

20 “(2) The Secretary shall have 120 days to re-  
21 view a modified plan.

22 “(3) The lessee shall not conduct any activities  
23 under the plan during any 120-day review period, or  
24 thereafter until the plan has been modified to  
25 achieve compliance as so notified.



1           “(4) After review by the Secretary provided for  
2           by this section, a lessee may operate pursuant to the  
3           plan without further review or approval by the Sec-  
4           retary.

5           “(f) REVIEW OF REVISION OF THE APPROVED  
6 PLAN.—The lessee may submit to the Secretary any revi-  
7 sion of a plan if the lessee determines that such revision  
8 will lead to greater recovery of oil and natural gas, im-  
9 prove the efficiency, safety, and environmental protection  
10 of the recovery operation, is the only means available to  
11 avoid substantial economic hardship to the lessee, or is  
12 otherwise not inconsistent with the provisions of this Act,  
13 to the extent such revision is consistent with protection  
14 of the human, marine, and coastal environments. The  
15 process to be used for the review of any such revision shall  
16 be the same as that set forth in subsections (d) and (e).

17           “(g) CANCELLATION OF LEASE ON FAILURE TO  
18 SUBMIT PLAN OR COMPLY WITH A PLAN.—Whenever the  
19 owner of any lease fails to submit a plan in accordance  
20 with regulations issued under this section, or fails to com-  
21 ply with a plan, the lease may be canceled in accordance  
22 with section 5(c) and (d). Termination of a lease because  
23 of failure to comply with a plan, including required modi-  
24 fications or revisions, shall not entitle a lessee to any com-  
25 pensation.

1       “(h) PRODUCTION AND TRANSPORTATION OF NAT-  
2 URAL GAS; SUBMISSION OF PLAN TO FEDERAL ENERGY  
3 REGULATORY COMMISSION; IMPACT STATEMENT.—If any  
4 development and production plan submitted to the Sec-  
5 retary pursuant to this section provides for the production  
6 and transportation of natural gas, the lessee shall contem-  
7 poraneously submit to the Federal Energy Regulatory  
8 Commission that portion of such plan that relates to the  
9 facilities for transportation of natural gas. The Secretary  
10 and the Federal Energy Regulatory Commission shall  
11 agree as to which of them shall prepare an environmental  
12 impact statement pursuant to the National Environmental  
13 Policy Act of 1969 (42 U.S.C. 4321 et seq.) applicable  
14 to such portion of such plan, or conduct studies as to the  
15 effect on the environment of implementing it. Thereafter,  
16 the findings and recommendations by the agency pre-  
17 paring such environmental impact statement or con-  
18 ducting such studies pursuant to such agreement shall be  
19 adopted by the other agency, and such other agency shall  
20 not independently prepare another environmental impact  
21 statement or duplicate such studies with respect to such  
22 portion of such plan, but the Federal Energy Regulatory  
23 Commission, in connection with its review of an applica-  
24 tion for a certificate of public convenience and necessity  
25 applicable to such transportation facilities pursuant to sec-

tion 7 of the Natural Gas Act (15 U.S.C. 717f), may prepare such environmental studies or statement relevant to certification of such transportation facilities as have not been covered by an environmental impact statement or studies prepared by the Secretary. The Secretary, in consultation with the Federal Energy Regulatory Commission, shall promulgate rules to implement this subsection, but the Federal Energy Regulatory Commission shall retain sole authority with respect to rules and procedures applicable to the filing of any application with the Commission and to all aspects of the Commission's review of, and action on, any such application."

**SEC. 144. FEDERAL ENERGY NATURAL RESOURCES ENHANCEMENT FUND ACT OF 2006.**

(a) FINDINGS.—Congress finds the following:

(1) Energy and minerals exploration, development, and production on Federal onshore and offshore lands, including bio-based fuel, natural gas, minerals, oil, geothermal, and power from wind, waves, currents, and thermal energy, involves significant outlays of funds by Federal and State wildlife, fish, and natural resource management agencies for environmental studies, planning, development, monitoring, and management of wildlife, fish, air, water, and other natural resources.

1           (2) State wildlife, fish, and natural resource  
2           management agencies are funded primarily through  
3           permit and license fees paid to the States by the  
4           general public to hunt and fish, and through Federal  
5           excise taxes on equipment used for these activities.

6           (3) Funds generated from consumptive and rec-  
7           reational uses of wildlife, fish, and other natural re-  
8           sources currently are inadequate to address the nat-  
9           ural resources related to energy and minerals devel-  
10          opment on Federal onshore and offshore lands.

11          (4) Funds available to Federal agencies respon-  
12          sible for managing Federal onshore and offshore  
13          lands and Federal-trust wildlife and fish species and  
14          their habitats are inadequate to address the natural  
15          resources related to energy and minerals develop-  
16          ment on Federal onshore and offshore lands.

17          (5) Receipts derived from sales, bonus bids, and  
18          royalties under the mineral leasing laws of the  
19          United States are paid to the Treasury through the  
20          Minerals Management Service of the Department of  
21          the Interior.

22          (6) None of the receipts derived from sales,  
23          bonus bids, and royalties under the minerals leasing  
24          laws of the United States are paid to the Federal or  
25          State agencies to examine, monitor, and manage

1 wildlife, fish, air, water, and other natural resources  
2 related to natural gas, oil, and mineral exploration  
3 and development.

4 (b) PURPOSES.—It is the purpose of this section to—

5 (1) establish a fund for the monitoring and  
6 management of wildlife and fish, and their habitats,  
7 and air, water, and other natural resources related  
8 to energy and minerals development on Federal on-  
9 shore and offshore lands;

10 (2) make available receipts derived from sales,  
11 bonus bids, royalties, and fees from onshore and off-  
12 shore gas, mineral, oil, and any additional form of  
13 energy and minerals development under the laws of  
14 the United States for the purposes of such fund;

15 (3) distribute funds from such fund each fiscal  
16 year to the Secretary of the Interior and the States;  
17 and

18 (4) use the distributed funds to secure the nec-  
19 essary trained workforce or contractual services to  
20 conduct environmental studies, planning, develop-  
21 ment, monitoring, and post-development manage-  
22 ment of wildlife and fish and their habitats and air,  
23 water, and other natural resources that may be re-  
24 lated to bio-based fuel, gas, mineral, oil, wind, or  
25 other energy exploration, development, transpor-

tation, transmission, and associated activities on  
Federal onshore and offshore lands, including—

(A) pertinent research, surveys, and environmental analyses conducted to identify any impacts on wildlife, fish, air, water, and other natural resources from energy and mineral exploration, development, production, and transportation or transmission;

(B) projects to maintain, improve, or enhance wildlife and fish populations and their habitats or air, water, or other natural resources, including activities under the Endangered Species Act of 1973 (16 U.S.C. 1531 et seq.);

(C) research, surveys, environmental analyses, and projects that assist in managing, including mitigating either onsite or offsite, or both, the impacts of energy and mineral activities on wildlife, fish, air, water, and other natural resources; and

(D) projects to teach young people to live off the land.

(c) DEFINITIONS.—In this section:

(1) ENHANCEMENT FUND.—The term “Enhancement Fund” means the Federal Energy Nat-

1        ural Resources Enhancement Fund established by  
2        subsection (d).

3            (2) STATE.—The term “State” means the Gov-  
4        ernor of the State.

5        (d) ESTABLISHMENT AND USE OF FEDERAL ENERGY  
6        NATURAL RESOURCES ENHANCEMENT FUND.—

7            (1) ENHANCEMENT FUND.—There is estab-  
8        lished in the Treasury a separate account to be  
9        known as the “Federal Energy Natural Resources  
10       Enhancement Fund”.

11          (2) FUNDING.—The Secretary of the Treasury  
12       shall deposit in the Enhancement Fund—

13            (A) such sums as are provided by sections  
14            9(b)(5)(A)(ii), 9(b)(5)(B)(ii), 9(c)(4)(A)(ii), and  
15            9(c)(4)(B)(ii) of the Outer Continental Shelf  
16       Lands Act, as amended by this Act;

17            (B)(i) during the period of October 1,  
18       2006, through September 30, 2015, 1 percent  
19       of all sums paid into the Treasury under sec-  
20       tion 35 of the Mineral Leasing Act (30 U.S.C.  
21       191), and

22            (ii) beginning October 1, 2015, and there-  
23       after, 2.5 percent of all sums paid into the  
24       Treasury under section 35 of the Mineral Leas-  
25       ing Act (30 U.S.C. 191); and

1 (C)(i) during the period of October 1,  
2 2006, through September 30, 2015, 1 percent  
3 of all sums paid into the Treasury from receipts  
4 derived from bonus bids and royalties from  
5 other mineral leasing on public lands, and

6 (ii) beginning October 1, 2015, and there-  
7 after, 2.5 percent of all sums paid into the  
8 Treasury from receipts derived from bonus bids  
9 and royalties from other mineral leasing on  
10 public lands.

11 (3) INVESTMENTS.—The Secretary of the  
12 Treasury shall invest the amounts deposited under  
13 paragraph (2) and all accrued interest on the  
14 amounts deposited under paragraph (2) only in in-  
15 terest bearing obligations of the United States or in  
16 obligations guaranteed as to both principal and in-  
17 terest by the United States.

18 (4) PAYMENT TO SECRETARY OF THE INTE-  
19 RIOR.—

20 (A) IN GENERAL.—Beginning with fiscal  
21 year 2007, and in each fiscal year thereafter,  
22 one-third of amounts deposited into the En-  
23 hancement Fund, together with the interest  
24 thereon, shall be available, without fiscal year  
25 limitations, to the Secretary of the Interior for



1 use for the purposes described in subsection  
2 (b)(4).

3 (B) WITHDRAWALS AND TRANSFER OF  
4 FUNDS.—The Secretary of the Treasury shall  
5 withdraw such amounts from the Enhancement  
6 Fund as the Secretary of the Interior may re-  
7 quest, subject to the limitation in subparagraph  
8 (A), and transfer such amounts to the Sec-  
9 retary of the Interior to be used, at the discre-  
10 tion of the Secretary of the Interior, by the  
11 Minerals Management Service, the Bureau of  
12 Land Management, and the United States Fish  
13 and Wildlife Service for use for the purposes  
14 described in subsection (b)(4).

15 (5) PAYMENT TO STATES.—

16 (A) IN GENERAL.—Beginning with fiscal  
17 year 2007, and in each fiscal year thereafter,  
18 two-thirds of amounts deposited into the En-  
19 hancement Fund, together with the interest  
20 thereon, shall be available, without fiscal year  
21 limitations, to the States for use for the pur-  
22 poses described in subsection (b)(4).

23 (B) WITHDRAWALS AND TRANSFER OF  
24 FUNDS.—Within the first 90 days of each fiscal  
25 year, the Secretary of the Treasury shall with-

1 draw amounts from the Enhancement Fund  
2 and transfer such amounts to the States based  
3 on the proportion of all receipts that were col-  
4 lected the previous fiscal year from Federal  
5 leases within the boundaries of each State and  
6 each State's outer Continental Shelf Adjacent  
7 Zone as determined in accordance with section  
8 4(a) of the Outer Continental Shelf Lands Act  
9 (43 U.S.C. 1333(a)), as amended by this Act.

10 (C) USE OF PAYMENTS BY STATE.—Each  
11 State shall use the payments made under sub-  
12 paragraph (B) only for carrying out projects  
13 and programs for the purposes described in  
14 subsection (b)(4).

15 (D) ENCOURAGE USE OF PRIVATE FUNDS  
16 BY STATE.—Each State shall use the payments  
17 made under subparagraph (B) to leverage pri-  
18 vate funds for carrying out projects for the pur-  
19 poses described in subsection (b)(4).

20 (e) LIMITATION ON USE.—Amounts made available  
21 under this section may not be used for the purchase of  
22 any interest in land.

23 (f) REPORTS TO CONGRESS.—

24 (1) IN GENERAL.—Beginning in fiscal year  
25 2008 and continuing for each fiscal year thereafter,

1 the Secretary of the Interior and each State receiv-  
2 ing funds from the Enhancement Fund shall submit  
3 a report to the Committee on Energy and Natural  
4 Resources of the Senate and the Committee on Re-  
5 sources of the House of Representatives.

6 (2) REQUIRED INFORMATION.—Reports sub-  
7 mitted to Congress by the Secretary of the Interior  
8 and States under this subsection shall include the  
9 following information regarding expenditures during  
10 the previous fiscal year:

11 (A) A summary of pertinent scientific re-  
12 search and surveys conducted to identify im-  
13 pacts on wildlife, fish, and other natural re-  
14 sources from energy and mineral developments.

15 (B) A summary of projects planned and  
16 completed to maintain, improve or enhance  
17 wildlife and fish populations and their habitats  
18 or other natural resources.

19 (C) A list of additional actions that assist,  
20 or would assist, in managing, including miti-  
21 gating either onsite or offsite, or both, the im-  
22 pacts of energy and mineral development on  
23 wildlife, fish, and other natural resources.

24 (D) A summary of private (non-Federal)  
25 funds used to plan, conduct, and complete the

1 plans and programs identified in subparagraphs  
2 (A) and (B).

3 **SEC. 145. TERMINATION OF EFFECT OF LAWS PROHIBITING**  
4 **THE SPENDING OF APPROPRIATED FUNDS**  
5 **FOR CERTAIN PURPOSES.**

6 All provisions of existing Federal law prohibiting the  
7 spending of appropriated funds to conduct oil and natural  
8 gas leasing and preleasing activities, or to issue a lease  
9 to any person, for any area of the outer Continental Shelf  
10 shall have no force or effect.

11 **SEC. 146. OUTER CONTINENTAL SHELF INCOMPATIBLE**  
12 **USE.**

13 (a) IN GENERAL.—No Federal agency may permit  
14 construction or operation (or both) of any facility, or des-  
15 ignate or maintain a restricted transportation corridor or  
16 operating area on the Federal outer Continental Shelf or  
17 in State waters, that will be incompatible with, as deter-  
18 mined by the Secretary of the Interior, oil and gas or nat-  
19 ural gas leasing and substantially full exploration and pro-  
20 duction of tracts that are geologically prospective for oil  
21 or natural gas (or both).

22 (b) EXCEPTIONS.—Subsection (a) shall not apply to  
23 any facility, transportation corridor, or operating area the  
24 construction, operation, designation, or maintenance of  
25 which is or will be—

1           (1) located in an area of the outer Continental  
2       Shelf that is unavailable for oil and gas or natural  
3       gas leasing by operation of law;

4           (2) used for a military readiness activity (as de-  
5       fined in section 315(f) of Public Law 107–314 (16  
6       U.S.C. 703 note)); or

7           (3) required in the national interest, as deter-  
8       mined by the President.

9       **SEC. 147. REPURCHASE OF CERTAIN LEASES.**

10       (a) **AUTHORITY TO REPURCHASE AND CANCEL CER-**  
11 **TAIN LEASES.**—The Secretary of the Interior shall repur-  
12 chase and cancel any Federal oil and gas, geothermal,  
13 coal, oil shale, tar sands, or other mineral lease, whether  
14 onshore or offshore, if the Secretary finds that such lease  
15 qualifies for repurchase and cancellation under the regula-  
16 tions authorized by this section.

17       (b) **REGULATIONS.**—Not later than 1 year after the  
18 date of the enactment of this Act, the Secretary shall pub-  
19 lish a final regulation stating the conditions under which  
20 a lease referred to in subsection (a) would qualify for re-  
21 purchase and cancellation, and the process to be followed  
22 regarding repurchase and cancellation. Such regulation  
23 shall include, but not be limited to, the following:

1           (1) The Secretary shall repurchase and cancel  
2       a lease after written request by the lessee upon a  
3       finding by the Secretary that—

4                (A) a request by the lessee for a required  
5       permit or other approval complied with applica-  
6       ble law, except the Coastal Zone Management  
7       Act of 1972 (16 U.S.C. 1451 et seq.), and  
8       terms of the lease and such permit or other ap-  
9       proval was denied;

10              (B) a Federal agency failed to act on a re-  
11       quest by the lessee for a required permit, other  
12       approval, or administrative appeal within a reg-  
13       ulatory or statutory time-frame associated with  
14       the requested action, whether advisory or man-  
15       datory, or if none, within 180 days; or

16              (C) a Federal agency attached a condition  
17       of approval, without agreement by the lessee, to  
18       a required permit or other approval if such con-  
19       dition of approval was not mandated by Federal  
20       statute or regulation in effect on the date of  
21       lease issuance, or was not specifically allowed  
22       under the terms of the lease.

23           (2) A lessee shall not be required to exhaust ad-  
24       ministrative remedies regarding a permit request,

1 administrative appeal, or other required request for  
2 approval for the purposes of this section.

3 (3) The Secretary shall make a final agency de-  
4 cision on a request by a lessee under this section  
5 within 180 days of request.

6 (4) Compensation to a lessee to repurchase and  
7 cancel a lease under this section shall be the amount  
8 that a lessee would receive in a restitution case for  
9 a material breach of contract.

10 (5) Compensation shall be in the form of a  
11 check or electronic transfer from the Department of  
12 the Treasury from funds deposited into miscella-  
13 neous receipts under the authority of the same Act  
14 that authorized the issuance of the lease being re-  
15 purchased.

16 (6) Failure of the Secretary to make a final  
17 agency decision on a request by a lessee under this  
18 section within 180 days of request shall result in a  
19 10 percent increase in the compensation due to the  
20 lessee if the lease is ultimately repurchased.

21 (c) NO PREJUDICE.—This section shall not be inter-  
22 preted to prejudice any other rights that the lessee would  
23 have in the absence of this section.

1 **SEC. 148. OFFSITE ENVIRONMENTAL MITIGATION.**

2       Notwithstanding any other provision of law, any per-  
 3 son conducting activities under the Mineral Leasing Act  
 4 (30 U.S.C. 181 et seq.), the Geothermal Steam Act of  
 5 1970 (30 U.S.C. 1001 et seq.), the Mineral Leasing Act  
 6 for Acquired Lands (30 U.S.C. 351 et seq.), the Weeks  
 7 Law (Act of March 1, 1911), the Act of May 10, 1872  
 8 (commonly known as the “General Mining Act of 1872”)  
 9 (30 U.S.C. 22 et seq.), the first section of the Act of July  
 10 31, 1947 (commonly known as the “Materials Act of  
 11 1947”) (30 U.S.C. 601), or the Outer Continental Shelf  
 12 Lands Act (43 U.S.C. 1331 et seq.), may in satisfying  
 13 any mitigation requirements associated with such activi-  
 14 ties propose mitigation measures on a site away from the  
 15 area impacted and the Secretary of the Interior shall ac-  
 16 cept these proposed measures if the Secretary finds that  
 17 they generally achieve the purposes for which mitigation  
 18 measures appertained.

19 **SEC. 149. AMENDMENTS TO THE MINERAL LEASING ACT.**

20       Section 17(g) of the Mineral Leasing Act (30 U.S.C.  
 21 226(g)) is amended to read as follows:

22       “(g) REGULATION OF SURFACE-DISTURBING ACTIVI-  
 23 TIES.—

24               “(1) REGULATION OF SURFACE-DISTURBING  
 25 ACTIVITIES.—The Secretary of the Interior, or for  
 26 National Forest lands, the Secretary of Agriculture,



1 shall regulate all surface-disturbing activities con-  
2 ducted pursuant to any lease issued under this Act,  
3 and shall determine reclamation and other actions as  
4 required in the interest of conservation of surface re-  
5 sources.

6 “(2) SUBMISSION OF EXPLORATION PLAN; COM-  
7 PLETION REVIEW; COMPLIANCE REVIEW.—

8 “(A) Prior to beginning oil and gas explo-  
9 ration activities, a lessee shall submit an explo-  
10 ration plan to the Secretary of the Interior for  
11 review.

12 “(B) The Secretary shall review the plan  
13 for completeness within 10 days of submission.

14 “(C) In the event the exploration plan is  
15 determined to be incomplete, the Secretary shall  
16 notify the lessee in writing and specify the  
17 items or information needed to complete the ex-  
18 ploration plan.

19 “(D) The Secretary shall have 10 days to  
20 review any modified exploration plan submitted  
21 by the lessee.

22 “(E) To be deemed complete, an explo-  
23 ration plan shall include, in the degree of detail  
24 to be determined by the Secretary by rule or  
25 regulation—

1 “(i) a drilling plan containing a de-  
2 scription of the drilling program;

3 “(ii) the surface and projected com-  
4 pletion zone location;

5 “(iii) pertinent geologic data;

6 “(iv) expected hazards, and proposed  
7 mitigation measures to address such haz-  
8 ards;

9 “(v) a schedule of anticipated explo-  
10 ration activities to be undertaken;

11 “(vi) a description of equipment to be  
12 used for such activities;

13 “(vii) a certification from the lessee  
14 stating that the exploration plan complies  
15 with all lease, regulatory and statutory re-  
16 quirements in effect on the date of the  
17 issuance of the lease and any regulations  
18 promulgated after the date of lease  
19 issuance related to the conservation of re-  
20 sources;

21 “(viii) evidence that the lessee has se-  
22 cured an adequate bond, surety, or other  
23 financial arrangement prior to commence-  
24 ment of any surface disturbing activity;

1                   “(ix) a plan that details the complete  
2                   and timely reclamation of the lease tract;  
3                   and

4                   “(x) such other relevant information  
5                   as the Secretary may by regulation require.

6                   “(F) Upon a determination that the explo-  
7                   ration plan is complete, the Secretary shall have  
8                   30 days from the date the plan is deemed com-  
9                   plete to conduct a review of the plan.

10                  “(G) If the Secretary finds the exploration  
11                  plan is not consistent with all statutory and  
12                  regulatory requirements described in subpara-  
13                  graph (E)(vii), the Secretary shall notify the  
14                  lessee with a detailed explanation of such modi-  
15                  fications of the exploration plan as are nec-  
16                  essary to achieve compliance.

17                  “(H) The lessee shall not take any action  
18                  under the exploration plan within a 30 day re-  
19                  view period, or thereafter until the plan has  
20                  been modified to achieve compliance as so noti-  
21                  fied.

22                  “(I) After review by the Secretary provided  
23                  by this subsection, a lessee may operate pursu-  
24                  ant to the plan without further review or ap-  
25                  proval by the Secretary.

1           “(3) PLAN REVISIONS; CONDUCT OF EXPLO-  
2           RATION ACTIVITIES.—

3           “(A) If a significant revision of an explo-  
4           ration plan under this subsection is submitted  
5           to the Secretary, the process to be used for the  
6           review of such revision shall be the same as set  
7           forth in paragraph (2) of this subsection.

8           “(B) All exploration activities pursuant to  
9           any lease shall be conducted in accordance with  
10          an exploration plan that has been submitted to  
11          and reviewed by the Secretary or a revision of  
12          such plan.

13          “(4) SUBMISSION OF DEVELOPMENT AND PRO-  
14          DUCTION PLAN; COMPLETENESS REVIEW; COMPLI-  
15          ANCE REVIEW.—

16          “(A) Prior to beginning oil and gas devel-  
17          opment and production activities, a lessee shall  
18          submit a development and exploration plan to  
19          the Secretary of the Interior. Upon submission,  
20          such plans shall be subject to a review for com-  
21          pleteness.

22          “(B) The Secretary shall review the plan  
23          for completeness within 30 days of submission.

24          “(C) In the event a development and pro-  
25          duction plan is determined to be incomplete, the

1 Secretary shall notify the lessee in writing and  
2 specify the items or information needed to com-  
3 plete the plan.

4 “(D) The Secretary shall have 30 days to  
5 review for completeness any modified develop-  
6 ment and production plan submitted by the les-  
7 see.

8 “(E) To be deemed complete, a develop-  
9 ment and production plan shall include, in the  
10 degree of detail to be determined by the Sec-  
11 retary by rule or regulation—

12 “(i) a drilling plan containing a de-  
13 scription of the drilling program;

14 “(ii) the surface and projected com-  
15 pletion zone location;

16 “(iii) pertinent geologic data;

17 “(iv) expected hazards, and proposed  
18 mitigation measures to address such haz-  
19 ards;

20 “(v) a statement describing all facili-  
21 ties and operations proposed by the lessee  
22 and known by the lessee (whether or not  
23 owned or operated by such lessee) that  
24 shall be constructed or utilized in the de-  
25 velopment and production of oil or gas

1 from the leases areas, including the loca-  
2 tion and site of such facilities and oper-  
3 ations, the land, labor, material, and en-  
4 ergy requirements associated with such fa-  
5 cilities and operations;

6 “(vi) the general work to be per-  
7 formed;

8 “(vii) the environmental safeguards to  
9 be implemented in connection with the de-  
10 velopment and production and how such  
11 safeguards are to be implemented;

12 “(viii) all safety standards to be met  
13 and how such standards are to be met;

14 “(ix) an expected rate of development  
15 and production and a time schedule for  
16 performance;

17 “(x) a certification from the lessee  
18 stating that the development and produc-  
19 tion plan complies with all lease, regu-  
20 latory, and statutory requirements in effect  
21 on the date of issuance of the lease, and  
22 any regulations promulgated after the date  
23 of lease issuance related to the conserva-  
24 tion of resources;

1           “(xi) evidence that the lessee has se-  
2           cured an adequate bond, surety, or other  
3           financial arrangement prior to commence-  
4           ment of any surface disturbing activity;

5           “(xii) a plan that details the complete  
6           and timely reclamation of the lease tract;  
7           and

8           “(xiii) such other relevant information  
9           as the Secretary may by regulation require.

10          “(F) Upon a determination that the devel-  
11          opment and production plan is complete, the  
12          Secretary shall have 120 days from the date the  
13          plan is deemed complete to conduct a review of  
14          the plan.

15          “(G) If the Secretary finds the develop-  
16          ment and production plan is not consistent with  
17          all statutory and regulatory requirements de-  
18          scribed in subparagraph (E)(x), the Secretary  
19          shall notify the lessee with a detailed expla-  
20          nation of such modifications of the development  
21          and production plan as are necessary to achieve  
22          compliance.

23          “(H) The lessee shall not take any action  
24          under the development and production plan  
25          within a 120 day review period, or thereafter

1           until the plan has been modified to achieve  
2           compliance as so notified.

3           “(5) PLAN REVISIONS; CONDUCT OF DEVELOP-  
4           MENT AND PRODUCTION ACTIVITIES.—

5                   “(A) If a significant revision of a develop-  
6           ment and production plan under this subsection  
7           is submitted to the Secretary, the process to be  
8           used for the review of such revision shall be the  
9           same as set forth in paragraph (4) of this sub-  
10          section.

11                   “(B) All development and production ac-  
12          tivities pursuant to any lease shall be conducted  
13          in accordance with a development and produc-  
14          tion plan that has been submitted to and re-  
15          viewed by the Secretary or a revision of such  
16          plan.

17           “(6) CANCELLATION OF LEASE ON FAILURE TO  
18          SUBMIT PLAN OR COMPLY WITH APPROVED PLAN.—

19          Whenever the owner of any lease fails to submit a  
20          plan in accordance with regulations issued under  
21          this section, or fails to comply with a plan, the lease  
22          may be canceled in accordance with section 31. Ter-  
23          mination of a lease because of failure to comply with  
24          a plan, including required modifications or revisions,  
25          shall not entitle a lessee to any compensation.”.



1 **SEC. 150. MINERALS MANAGEMENT SERVICE.**

2       The bureau known as the “Minerals Management  
3 Service” in the Department of the Interior shall be known  
4 as the “National Ocean Resources and Royalty Service”.

5 **SEC. 151. AUTHORITY TO USE DECOMMISSIONED OFF-**  
6 **SHORE OIL AND GAS PLATFORMS AND**  
7 **OTHER FACILITIES FOR ARTIFICIAL REEF,**  
8 **SCIENTIFIC RESEARCH, OR OTHER USES.**

9       (a) **SHORT TITLE.**—This section may be cited as the  
10 “Rigs to Reefs Act of 2006”.

11       (b) **IN GENERAL.**—The Outer Continental Shelf  
12 Lands Act (43 U.S.C. 1301 et seq.) is amended by insert-  
13 ing after section 9 the following:

14 **“SEC. 10. USE OF DECOMMISSIONED OFFSHORE OIL AND**  
15 **GAS PLATFORMS AND OTHER FACILITIES**  
16 **FOR ARTIFICIAL REEF, SCIENTIFIC RE-**  
17 **SEARCH, OR OTHER USES.**

18       “(a) **IN GENERAL.**—The Secretary shall issue regula-  
19 tions under which the Secretary may authorize use of an  
20 offshore oil and gas platform or other facility that is de-  
21 commissioned from service for oil and gas purposes for  
22 an artificial reef, scientific research, or any other use au-  
23 thorized under section 8(p) or any other applicable Fed-  
24 eral law.

25       “(b) **TRANSFER REQUIREMENTS.**—The Secretary  
26 shall not allow the transfer of a decommissioned offshore

1 oil and gas platform or other facility to another person  
2 unless the Secretary is satisfied that the transferee is suf-  
3 ficiently bonded, endowed, or otherwise financially able to  
4 fulfill its obligations, including—

5           “(1) ongoing maintenance of the platform or  
6       other facility;

7           “(2) any liability obligations that might arise;

8           “(3) removal of the platform or other facility if  
9       determined necessary by the Secretary; and

10          “(4) any other requirements and obligations  
11       that the Secretary may deem appropriate by regula-  
12       tion.

13       “(c) PLUGGING AND ABANDONMENT.—The Sec-  
14 retary shall ensure that plugging and abandonment of  
15 wells is accomplished at an appropriate time.

16       “(d) POTENTIAL TO PETITION TO OPT-OUT OF REG-  
17 ULATIONS.—An Adjacent State acting through a resolu-  
18 tion of its legislature, with concurrence of its Governor,  
19 may preliminarily petition to opt-out of the application of  
20 regulations promulgated under this section to platforms  
21 and other facilities located in the area of its Adjacent Zone  
22 within 12 miles of the coastline. Upon receipt of the pre-  
23 liminary petition, the Secretary shall complete an environ-  
24 mental assessment that documents the anticipated envi-  
25 ronmental effects of approving the petition. The Secretary

1 shall provide the environmental assessment to the State,  
 2 which then has the choice of no action or confirming its  
 3 petition by further action of its legislature, with the con-  
 4 currence of its Governor. The Secretary is authorized to  
 5 except such area from the application of such regulations,  
 6 and shall approve any confirmed petition.

7       “(e) LIMITATION ON LIABILITY.—A person that had  
 8 used an offshore oil and gas platform or other facility for  
 9 oil and gas purposes and that no longer has any ownership  
 10 or control of the platform or other facility shall not be  
 11 liable under Federal law for any costs or damages arising  
 12 from such platform or other facility after the date the plat-  
 13 form or other facility is used for any purpose under sub-  
 14 section (a), unless such costs or damages arise from—

15               “(1) use of the platform or other facility by the  
 16       person for development or production of oil or gas;  
 17       or

18               “(2) another act or omission of the person.

19       “(f) OTHER LEASING AND USE NOT AFFECTED.—  
 20 This section, and the use of any offshore oil and gas plat-  
 21 form or other facility for any purpose under subsection  
 22 (a), shall not affect—

23               “(1) the authority of the Secretary to lease any  
 24       area under this Act; or

1           “(2) any activity otherwise authorized under  
2       this Act.”.

3       (c) DEADLINE FOR REGULATIONS.—The Secretary of  
4       the Interior shall issue regulations under subsection (b)  
5       by not later than 180 days after the date of the enactment  
6       of this Act.

7       (d) STUDY AND REPORT ON EFFECTS OF REMOVAL  
8       OF PLATFORMS.—Not later than 1 year after the date of  
9       enactment of this Act, the Secretary of the Interior, in  
10      consultation with other Federal agencies as the Secretary  
11      deems advisable, shall study and report to the Congress  
12      regarding how the removal of offshore oil and gas plat-  
13      forms and other facilities from the outer Continental Shelf  
14      would affect existing fish stocks and coral populations.

15   **SEC. 152. REPEAL OF REQUIREMENT TO CONDUCT COM-**  
16                   **PREHENSIVE INVENTORY OF OCS OIL AND**  
17                   **NATURAL GAS RESOURCES.**

18      The Energy Policy Act of 2005 (Public Law 109–  
19   58) is amended—

20           (1) by repealing section 357 (119 Stat. 720; 42  
21      U.S.C. 15912); and

22           (2) in the table of contents in section 1(b), by  
23      striking the item relating to such section 357.

1 **SEC. 153. MINING AND PETROLEUM SCHOOLS.**

2 (a) FEDERAL ENERGY AND MINERAL RESOURCES  
3 PROFESSIONAL DEVELOPMENT FUND.—

4 (1) PROFESSIONAL DEVELOPMENT FUND.—

5 There is established in the Treasury a separate ac-  
6 count to be known as the “Federal Energy and Min-  
7 eral Resources Professional Development Fund” (in  
8 this section referred to as the “Professional Develop-  
9 ment Fund”).

10 (2) FUNDING.—The Secretary of the Treasury  
11 shall deposit in the Professional Development  
12 Fund—

13 (A) such sums as are provided by sections  
14 9(b)(5)(A)(iii), 9(b)(5)(B)(iii), 9(c)(4)(A)(iii),  
15 and 9(c)(4)(B)(iii) of the Outer Continental  
16 Shelf Lands Act, as amended by this Act;

17 (B)(i) during the period of October 1,  
18 2006, through September 30, 2015, 1 percent  
19 of all sums paid into the Treasury under sec-  
20 tion 35 of the Mineral Leasing Act (30 U.S.C.  
21 191); and

22 (ii) beginning October 1, 2015, and there-  
23 after, 2.5 percent of all sums paid into the  
24 Treasury under section 35 of the Mineral Leas-  
25 ing Act (30 U.S.C. 191);

1 (C)(i) during the period of October 1,  
2 2006, through September 30, 2015, 1 percent  
3 of all sums paid into the Treasury from receipts  
4 derived from bonus bids and royalties from  
5 other mineral leasing on public lands; and

6 (ii) beginning October 1, 2015, and there-  
7 after, 2.5 percent of all sums paid into the  
8 Treasury from receipts derived from bonus bids  
9 and royalties from other mineral leasing on  
10 public lands;

11 (D) donations received under paragraph  
12 (4);

13 (E) amounts referred to in section 2325 of  
14 the Revised Statutes (30 U.S.C. 29); and

15 (F) funds received under section 10 of the  
16 Energy and Mineral Schools Reinvestment Act,  
17 as designated and amended by subsection (b) of  
18 this section.

19 (3) INVESTMENTS.—The Secretary of the  
20 Treasury shall invest the amounts deposited under  
21 paragraph (2) and all accrued interest on the  
22 amounts deposited under paragraph (2) only in in-  
23 terest bearing obligations of the United States or in  
24 obligations guaranteed as to both principal and in-  
25 terest by the United States.

1           (4) DONATIONS.—The Secretary of the Interior  
2           may solicit and accept donations of funds for deposit  
3           into the Professional Development Fund.

4           (5) AVAILABILITY TO SECRETARY OF THE IN-  
5           TERIOR.—

6                   (A) IN GENERAL.—Beginning with fiscal  
7                   year 2007, and in each fiscal year thereafter,  
8                   the amounts deposited into the Professional De-  
9                   velopment Fund, together with the interest  
10                  thereon, shall be available, without fiscal year  
11                  limitations, to the Secretary of the Interior for  
12                  use to carry out the Energy and Mineral  
13                  Schools Reinvestment Act, as designated and  
14                  amended by subsection (b) of this section.

15                  (B) WITHDRAWALS AND TRANSFER OF  
16                  FUNDS.—The Secretary of the Treasury shall  
17                  withdraw such amounts from the Professional  
18                  Development Fund as the Secretary of the Inte-  
19                  rior may request and transfer such amounts to  
20                  the Secretary of the Interior to be used, at the  
21                  discretion of the Secretary to carry out the En-  
22                  ergy and Mineral Schools Reinvestment Act, as  
23                  designated and amended by subsection (b) of  
24                  this section.

1 (b) MAINTENANCE AND RESTORATION OF EXISTING  
 2 AND HISTORIC PETROLEUM AND MINING ENGINEERING  
 3 PROGRAMS.—Public Law 98–409 (30 U.S.C. 1221 et  
 4 seq.) is amended to read as follows:

5 **“SECTION 1. SHORT TITLE.**

6 “This Act may be cited as the ‘Energy and Mineral  
 7 Schools Reinvestment Act’.

8 **“SEC. 2. POLICY.**

9 “It is the policy of the United States to maintain the  
 10 human capital needed to preserve and foster the economic,  
 11 energy, and mineral resources security of the United  
 12 States. The petroleum and mining engineering programs  
 13 and the applied geology and geophysics programs at State  
 14 chartered schools, universities, and institutions that  
 15 produce human capital are national assets and should be  
 16 assisted with Federal funds to ensure their continued  
 17 health and existence.

18 **“SEC. 3. MAINTAINING AND RESTORING HISTORIC AND EX-**  
 19 **ISTING PETROLEUM AND MINING ENGINEER-**  
 20 **ING EDUCATION PROGRAMS.**

21 “(a) Using the funds in the Federal Energy and Min-  
 22 eral Resources Professional Development Fund estab-  
 23 lished under section 153(a)(1) of the Deep Ocean Energy  
 24 Resources Act of 2006, the Secretary of the Interior (in  
 25 this Act referred to as the ‘Secretary’) shall provide funds



1 to each historic and existing State-chartered recognized  
2 petroleum or mining school to assist such schools, univer-  
3 sities, and institutions in maintaining programs in petro-  
4 leum, mining, and mineral engineering education and re-  
5 search. All funds shall be directed only to these programs  
6 and shall be subject to the conditions of this section. Such  
7 funds shall not be less than 33 percent of the annual out-  
8 lay of funds under this Act.

9 “(b) In this Act, the term ‘historic and existing State-  
10 chartered recognized petroleum or mining school’ means  
11 a school, university, or educational institution with the  
12 presence of an engineering program meeting the specific  
13 program criteria, established by the member societies of  
14 ABET, Inc., for petroleum, mining, or mineral engineer-  
15 ing and that is accredited on the date of enactment of  
16 the Deep Ocean Energy Resources Act of 2006 by ABET,  
17 Inc.

18 “(c) It shall be the duty of each school, university,  
19 or institution receiving funds under this section to provide  
20 for and enhance the training of undergraduate and grad-  
21 uate petroleum, mining, and mineral engineers through re-  
22 search, investigations, demonstrations, and experiments.  
23 All such work shall be carried out in a manner that will  
24 enhance undergraduate education.

1       “(d) Each school, university, or institution receiving  
2 funds under this Act shall maintain the program for which  
3 the funds are provided for 10 years after the date of the  
4 first receipt of such funds and take steps agreed to by  
5 the Secretary to increase the number of undergraduate  
6 students enrolled in and completing the programs of study  
7 in petroleum, mining, and mineral engineering.

8       “(e) The research, investigation, demonstration, ex-  
9 periment, and training authorized by this section may in-  
10 clude development and production of conventional and  
11 non-conventional fuel resources, the production of metallic  
12 and non-metallic mineral resources including industrial  
13 mineral resources, and the production of stone, sand, and  
14 gravel. In all cases the work carried out with funds made  
15 available under this Act shall include a significant oppor-  
16 tunity for participation by undergraduate students.

17       “(f) Research funded by this Act related to energy  
18 and mineral resource development and production may in-  
19 clude studies of petroleum, mining, and mineral extraction  
20 and immediately related beneficiation technology; mineral  
21 economics, reclamation technology and practices for active  
22 operations, and the development of re-mining systems and  
23 technologies to facilitate reclamation that fosters the ulti-  
24 mate recovery of resources at abandoned petroleum, min-  
25 ing, and aggregate production sites.

1       “(g) Grants for basic science and engineering studies  
2 and research shall not require additional participation by  
3 funding partners. Grants for studies to demonstrate the  
4 proof of concept for science and engineering or the dem-  
5 onstration of feasibility and implementation shall include  
6 participation by industry and may include funding from  
7 other Federal agencies.

8       “(h)(1) No funds made available under this section  
9 shall be applied to the acquisition by purchase or lease  
10 of any land or interests therein, or the rental, purchase,  
11 construction, preservation, or repair of any building.

12       “(2) Funding made available under this section may  
13 be used with the express approval of the Secretary for pro-  
14 posals that will provide for maintaining or upgrading of  
15 existing laboratories and laboratory equipment. Funding  
16 for such maintenance shall not be used for university over-  
17 head expenses.

18       “(3) Funding made available under this Act may be  
19 used for maintaining and upgrading mines and oil and gas  
20 drilling rigs owned by a school, university, or institution  
21 described in this section that are used for undergraduate  
22 and graduate training and worker safety training. All re-  
23 quests for funding such mines and oil and gas drilling rigs  
24 must demonstrate that they have been owned by the  
25 school, university, or institution for 5 years prior to the

1 date of enactment of the Deep Ocean Energy Resources  
 2 Act of 2006 and have been actively used for instructional  
 3 or training purposes during that time.

4 “(4) Any funding made available under this section  
 5 for research, investigation, demonstration, experiment, or  
 6 training shall not be used for university overhead charges  
 7 in excess of 10 percent of the amount authorized by the  
 8 Secretary.

9 **“SEC. 4. FORMER AND NEW PETROLEUM AND MINING ENGI-**  
 10 **NEERING PROGRAMS.**

11 “A school, university, or educational institution that  
 12 formerly met the requirements of section 3(b) immediately  
 13 before the date of the enactment of the Deep Ocean En-  
 14 ergy Resources Act of 2006, or that seeks to establish a  
 15 new program described in section 3(b), shall be eligible  
 16 for funding under this Act only if it—

17 “(1) establishes a petroleum, mining, or mineral  
 18 engineering program that meets the specific program  
 19 criteria and is accredited as such by ABET, Inc.;

20 “(2) agrees to the conditions of subsections (c)  
 21 through (h) of section 3 and the Secretary, as ad-  
 22 vised by the Committee established by section 11,  
 23 determines that the program will strengthen and in-  
 24 crease the number of nationally available, well-

1 qualified faculty members in petroleum, mining, and  
2 mineral engineering; and

3 “(3) agrees to maintain the accredited program  
4 for 10 years after the date of the first receipt of  
5 funds under this Act.

6 **“SEC. 5. FUNDING OF CONSORTIA OF HISTORIC AND EXIST-**  
7 **ING SCHOOLS.**

8 “Where appropriate, the Secretary may make funds  
9 available to consortia of schools, universities, or institu-  
10 tions described in sections 3, 4, and 6, including those con-  
11 sortia that include schools, universities, or institutions  
12 that are ineligible for funds under this Act if those schools,  
13 universities, or institutions, respectively, have skills, pro-  
14 grams, or facilities specifically identified as needed by the  
15 consortia to meet the necessary expenses for purposes of—

16 “(1) specific energy and mineral research  
17 projects of broad application that could not other-  
18 wise be undertaken, including the expenses of plan-  
19 ning and coordinating regional petroleum, geo-  
20 thermal, mining, and mineral engineering or  
21 beneficiation projects by 2 or more schools; and

22 “(2) research into any aspects of petroleum,  
23 geothermal, mining, or mineral engineering or  
24 beneficiation problems, including exploration, that  
25 are related to the mission of the Department of the

1 Interior and that are considered by the Committee  
 2 to be desirable.

3 **“SEC. 6. SUPPORT FOR SCHOOLS WITH ENERGY AND MIN-**  
 4 **ERAL RESOURCE PROGRAMS IN PETROLEUM**  
 5 **AND MINERAL EXPLORATION GEOLOGY, PE-**  
 6 **TROLEUM GEOPHYSICS, OR MINING GEO-**  
 7 **PHYSICS.**

8 “(a) 20 percent of the annual outlay of funds under  
 9 this Act may be granted to schools, universities, and insti-  
 10 tutions other than those described in sections 3 and 4.

11 “(b) The Secretary, as advised by the Committee es-  
 12 tablished by section 11, shall determine the eligibility of  
 13 a college or university to receive funding under this Act  
 14 using criteria that include—

15 “(1) the presence of a substantial program of  
 16 undergraduate and graduate geoscience instruction  
 17 and research in 1 or more of the following special-  
 18 ties: petroleum geology, geothermal geology, mineral  
 19 exploration geology, economic geology, industrial  
 20 minerals geology, mining geology, petroleum geo-  
 21 physics, mining geophysics, geological engineering,  
 22 or geophysical engineering that has a demonstrated  
 23 history of achievement;

24 “(2) evidence of institutional commitment for  
 25 the purposes of this Act that includes a significant

1 opportunity for participation by undergraduate stu-  
2 dents in research;

3 “(3) evidence that such school, university, or in-  
4 stitution has or can obtain significant industrial co-  
5 operation in activities within the scope of this Act;

6 “(4) agreement by the school, university, or in-  
7 stitution to maintain the programs for which the  
8 funding is sought for the 10-year period beginning  
9 on the date the school, university, or institution first  
10 receives such funds; and

11 “(5) requiring that such funding shall be for  
12 the purposes set forth in subsections (c) through (h)  
13 of section 3 and subject to the conditions set forth  
14 in section 3(h).

15 **“SEC. 7. DESIGNATION OF FUNDS FOR SCHOLARSHIPS AND**  
16 **FELLOWSHIPS.**

17 “(a) The Secretary shall utilize 19 percent of the an-  
18 nual outlay of funds under this Act for the purpose of  
19 providing merit-based scholarships for undergraduate edu-  
20 cation, graduate fellowships, and postdoctoral fellowships.

21 “(b) In order to receive a scholarship or a graduate  
22 fellowship, an individual student must be a lawful perma-  
23 nent resident of the United States or a United States cit-  
24 izen and must agree in writing to complete a course of  
25 studies and receive a degree in petroleum, mining, or min-

1 eral engineering, petroleum geology, geothermal geology,  
2 mining and economic geology, petroleum and mining geo-  
3 physics, or mineral economics.

4 “(c) The regulations required by section 9 shall re-  
5 quire that an individual, in order to retain a scholarship  
6 or graduate fellowship, must continue in 1 of the course  
7 of studies listed in subsection (b) of this section, must re-  
8 main in good academic standing, as determined by the  
9 school, institution, or university and must allow for rein-  
10 statement of the scholarship or graduate fellowship by the  
11 Secretary, upon the recommendation of the school or insti-  
12 tution. Such regulations may also provide for recovery of  
13 funds from an individual who fails to complete any of the  
14 courses of study listed in subsection (b) of this section  
15 after notice that such completion is a requirement of re-  
16 ceipt funding under this Act.

17 **“SEC. 8. FUNDING CRITERIA FOR INSTITUTIONS.**

18 “(a) Each application for funds under this Act shall  
19 state, among other things, the nature of the project to be  
20 undertaken; the period during which it will be pursued;  
21 the qualifications of the personnel who will direct and con-  
22 duct it; the estimated costs; the importance of the project  
23 to the Nation, region, or States concerned; its relation to  
24 other known research projects theretofore pursued or  
25 being pursued; the extent to which the proposed project



1 will maximize the opportunity for the training of under-  
2 graduate petroleum, mining, and mineral engineers; geolo-  
3 gists and geophysicists; and the extent of participation by  
4 nongovernmental sources in the project.

5 “(b) No funds shall be made available under this Act  
6 except for a project approved by the Secretary. All funds  
7 shall be made available upon the basis of merit of the  
8 project, the need for the knowledge that it is expected to  
9 produce when completed, and the opportunity it provides  
10 for the undergraduate training of individuals as petro-  
11 leum, mining, and mineral engineers, geologists, and geo-  
12 physicists.

13 “(c) Funds available under this Act shall be paid at  
14 such times and in such amounts during each fiscal year  
15 as determined by the Secretary, and upon vouchers ap-  
16 proved by the Secretary. Each school, university, or insti-  
17 tution that receives funds under this Act shall—

18 “(1) establish its plan to provide for the train-  
19 ing of individuals as petroleum, mining, and mineral  
20 engineers, geologists, and geophysicists under a cur-  
21 riculum appropriate to the field of mineral resources  
22 and mineral engineering and related fields;

23 “(2) establish policies and procedures that as-  
24 sure that Federal funds made available under this  
25 Act for any fiscal year will supplement and, to the

1 extent practicable, increase the level of funds that  
2 would, in the absence of such Federal funds, be  
3 made available for purposes of this Act, and in no  
4 case supplant such funds; and

5 “(3) have an officer appointed by its governing  
6 authority who shall receive and account for all funds  
7 paid under this Act and shall make an annual report  
8 to the Secretary on or before the first day of Sep-  
9 tember of each year, on work accomplished and the  
10 status of projects underway, together with a detailed  
11 statement of the amounts received under this Act  
12 during the preceding fiscal year, and of its disburse-  
13 ments on schedules prescribed by the Secretary.

14 “(d) If any of the funds received by the authorized  
15 receiving officer of a program under this Act are found  
16 by the Secretary to have been improperly diminished, lost,  
17 or misapplied, such funds shall be recovered by the Sec-  
18 retary.

19 “(e) Schools, universities, and institutions receiving  
20 funds under this Act are authorized and encouraged to  
21 plan and conduct programs under this Act in cooperation  
22 with each other and with such other agencies, business en-  
23 terprises and individuals.

1   **“SEC. 9. DUTIES OF SECRETARY.**

2           “(a) The Secretary, acting through the Assistant Sec-  
3   retary for Land and Minerals Management, shall admin-  
4   ister this Act and shall prescribe such rules and regula-  
5   tions as may be necessary to carry out its provisions not  
6   later than 1 year after the enactment of the Deep Ocean  
7   Energy Resources Act of 2006.

8           “(b)(1) There is established in the Department of the  
9   Interior, under the supervision of the Assistant Secretary  
10   for Land and Minerals Management, an office to be known  
11   as the Office of Petroleum and Mining Schools (hereafter  
12   in this Act referred to as the ‘Office’) to administer the  
13   provisions of this Act. There shall be a Director of the  
14   Office who shall be a member of the Senior Executive  
15   Service. The position of the Director shall be allocated  
16   from among the existing Senior Executive Service posi-  
17   tions at the Department of the Interior and shall be a  
18   career reserved position as defined in section 3132(a)(8)  
19   of title 5, United States Code.

20           “(2) The Director is authorized to appoint a Deputy  
21   Director and to employ such officers and employees as  
22   may be necessary to enable the Office to carry out its func-  
23   tions, not to exceed fifteen. Such appointments shall be  
24   made from existing positions at the Department of the In-  
25   terior, and shall be subject to the provisions of title 5,  
26   United States Code, governing appointments in the com-

1 petitive service. Such positions shall be paid in accordance  
2 with the provisions of chapter 51 and subchapter III of  
3 chapter 53 of such title relating to classification and Gen-  
4 eral Schedule pay rates.

5 “(3) In carrying out his or her functions, the Director  
6 shall assist and advise the Secretary and the Committee  
7 established by section 11 of this Act by

8 “(A) providing professional and administrative  
9 staff support for the Committee including record-  
10 keeping and maintaining minutes of all Committee  
11 and subcommittee meetings;

12 “(B) coordinating the activities of the Com-  
13 mittee with Federal agencies and departments, and  
14 the schools, universities, and institutions to which  
15 funds are provided under this Act;

16 “(C) maintaining accurate records of funds dis-  
17 bursed for all scholarships, fellowships, research  
18 grants, and grants for career technical education  
19 purposes;

20 “(D) preparing any regulations required to im-  
21 plement this Act;

22 “(E) conducting site visits at schools, univer-  
23 sities, and institutions receiving funding under this  
24 Act; and

1           “(F) serving as a central repository for reports  
2           and clearing house for public information on re-  
3           search funded by this Act.

4           “(4) The Director or an employee of the Office shall  
5           be present at each meeting of the Committee established  
6           by section 11 or a subcommittee of such Committee.

7           “(5) The Director is authorized to contract with pub-  
8           lic or private agencies, institutions, and organizations and  
9           with individuals without regard to section 3324(a) and (b)  
10          of title 31, United States Code, and section 5 of title 41,  
11          United States Code, in carrying out his or her functions.

12          “(6) As needed the Director shall ascertain whether  
13          the requirements of this Act have been met by schools,  
14          universities, institutions, and individuals, including the  
15          payment of any revenues derived from patents into the  
16          fund created by section 153(a)(1) of the Deep Ocean En-  
17          ergy Resources Act of 2006 as required by section 10(d)  
18          of this Act.

19          “(c) The Secretary, acting through the Office of Pe-  
20          troleum and Mining Schools, shall furnish such advice and  
21          assistance as will best promote the purposes of this Act,  
22          shall participate in coordinating research, investigations,  
23          demonstrations, and experiments initiated under this Act,  
24          shall indicate to schools, universities, and institutions re-  
25          ceiving funds under this Act such lines of inquiry that

1 seem most important, and shall encourage and assist in  
2 the establishment and maintenance of cooperation between  
3 such schools, universities, and institutions, other research  
4 organizations, the Department of the Interior, and other  
5 Federal agencies.

6 “(d) The Secretary shall establish procedures—

7 “(1) to ensure that each employee and con-  
8 tractor of the Office established by this section and  
9 each member of the committee established by section  
10 11 of this Act shall disclose to the Secretary any fi-  
11 nancial interests in or financial relationships with  
12 schools, universities, institutions or individuals re-  
13 ceiving funds, scholarships or fellowships under this  
14 Act;

15 “(2) to require any employee, contractor, or  
16 member of the committee with a financial relation-  
17 ship disclosed under paragraph (1) to recuse them-  
18 selves from—

19 “(A) any recommendation or decision re-  
20 garding the awarding of funds, scholarships or  
21 fellowships; or

22 “(B) any review, report, analysis or inves-  
23 tigation regarding compliance with the provi-  
24 sions of this Act by a school, university, institu-  
25 tion or any individual.

1       “(e) On or before the first day of July of each year  
2 beginning after the date of enactment of this sentence,  
3 schools, universities, and institutions receiving funds  
4 under this Act shall certify compliance with this Act and  
5 upon request of the Director of the office established by  
6 this section provide documentation of such compliance.

7       “(f) An individual granted a scholarship or fellowship  
8 with funds provided under this Act shall through their re-  
9 spective school, university, or institution, advise the Direc-  
10 tor of the office established by this Act of progress towards  
11 completion of the course of studies and upon the awarding  
12 of the degree within 30 days after the award.

13       “(g) The regulations required by this section shall in-  
14 clude a preference for veterans and service members who  
15 have received or will receive either the Afghanistan Cam-  
16 paign Medal or the Iraq Campaign Medal as authorized  
17 by Public Law 108–234 (10 U.S.C. 1121 note), and Exec-  
18 utive Order 13363 (69 Fed. Reg. 70175; relating to estab-  
19 lishing the Afghanistan and Iraq Campaign Medals).

20       **“SEC. 10. COORDINATION.**

21       “(a) Nothing in this Act shall be construed to impair  
22 or modify the legal relationship existing between any of  
23 the schools, universities, and institutions under whose di-  
24 rection a program is established with funds provided under  
25 this Act and the government of the State in which it is

1 located. Nothing in this Act shall in any way be construed  
2 to authorize Federal control or direction of education at  
3 any school, university, or institution.

4 “(b) The programs authorized by this Act are in-  
5 tended to enhance the Nation’s petroleum, mining, and  
6 mineral engineering education programs and to enhance  
7 educational programs in petroleum and mining exploration  
8 and to increase the number of individuals enrolled in and  
9 completing these programs. To achieve this intent, the  
10 Secretary and the Committee established by section 11  
11 shall receive the continuing advice and cooperation of all  
12 agencies of the Federal Government concerned with the  
13 identification, exploration, and development of energy and  
14 mineral resources.

15 “(c) Nothing in this Act is intended to give or shall  
16 be construed as giving the Secretary any authority over  
17 mining and mineral resources research conducted by any  
18 agency of the Federal Government, or as repealing or di-  
19 minishing existing authorities or responsibilities of any  
20 agency of the Federal Government to plan and conduct,  
21 contract for, or assist in research in its area of responsi-  
22 bility and concern with regard to mining and mineral re-  
23 sources.

24 “(d) The schools, universities, and institutions receiv-  
25 ing funding under this Act shall make detailed reports to



1 the Office of Petroleum and Mining Schools on projects  
 2 completed, in progress, or planned with funds provided  
 3 under this Act. All such reports shall be available to the pub-  
 4 lic on not less than an annual basis through the Office  
 5 of Petroleum and Mining Schools. All uses, products, proc-  
 6 esses, patents, and other developments resulting from any  
 7 research, demonstration, or experiment funded in whole  
 8 or in part under this Act shall be made available promptly  
 9 to the general public, subject to exception or limitation,  
 10 if any, as the Secretary may find necessary in the interest  
 11 of national security. Schools, universities, and institutions  
 12 receiving patents for inventions funded in whole or in part  
 13 under this Act shall be governed by the applicable Federal  
 14 law, except that 1 percent of gross annual revenues due  
 15 to the holders of the patents that are derived from such  
 16 patents shall be paid by the holders of the patents to the  
 17 Federal Energy and Mineral Resources Professional De-  
 18 velopment Fund established by section 153(a)(1) of the  
 19 Deep Ocean Energy Resources Act of 2006.

20 **“SEC. 11. COMMITTEE ON PETROLEUM, MINING, AND MIN-**  
 21 **ERAL ENGINEERING AND ENERGY AND MIN-**  
 22 **ERAL RESOURCE EDUCATION.**

23 “(a) The Secretary shall appoint a Committee on Pe-  
 24 troleum, Mining, and Mineral Engineering and Energy  
 25 and Mineral Resource Education composed of—

1           “(1) the Assistant Secretary of the Interior re-  
2           sponsible for land and minerals management and  
3           not more than 16 other persons who are knowledge-  
4           able in the fields of mining and mineral resources re-  
5           search, including 2 university administrators, 1 of  
6           whom shall be from historic and existing petroleum  
7           and mining schools; a community, technical, or tribal  
8           college administrator; a career technical education  
9           educator; 6 representatives equally distributed from  
10          the petroleum, mining, and aggregate industries; a  
11          working miner; a working oilfield worker; a rep-  
12          resentative of the Interstate Oil and Gas Compact  
13          Commission; a representative from the Interstate  
14          Mining Compact Commission; a representative from  
15          the Western Governors Association; a representative  
16          of the State geologists, and a representative of a  
17          State mining and reclamation agency. In making  
18          these 16 appointments, the Secretary shall consult  
19          with interested groups.

20          “(2) The Assistant Secretary for Land and  
21          Minerals Management, in the capacity of the Chair-  
22          man of the Committee, may have present during  
23          meetings of the Committee representatives of Fed-  
24          eral agencies with responsibility for energy and min-  
25          erals resources management, energy and mineral re-

1 source investigations, energy and mineral commodity  
2 information, international trade in energy and min-  
3 eral commodities, mining safety regulation and mine  
4 safety research, and research into the development,  
5 production, and utilization of energy and mineral  
6 commodities. These representatives shall serve as  
7 technical advisors to the committee and shall have  
8 no voting responsibilities.

9 “(b) The Committee shall consult with, and make rec-  
10 ommendations to, the Secretary on all matters relating to  
11 funding energy and mineral resources research, the award-  
12 ing of scholarships and fellowships and allocation of fund-  
13 ing made under this Act. The Secretary shall consult with  
14 and carefully consider recommendations of the Committee  
15 in such matters.

16 “(c) Committee members, other than officers or em-  
17 ployees of Federal, State, or local governments, shall be,  
18 for each day (including traveltime) during which they are  
19 performing Committee business, paid at a rate fixed by  
20 the Secretary but not in excess of the daily equivalent of  
21 the maximum rate of pay for level IV of the Executive  
22 Schedule under section 5315 of title 5, United States  
23 Code, and shall be fully reimbursed for travel, subsistence,  
24 and related expenses.

1       “(d) The Committee shall be chaired by the Assistant  
2 Secretary of the Interior responsible for land and minerals  
3 management. There shall also be elected a Vice Chairman  
4 by the Committee from among the members referred to  
5 in this section. The Vice Chairman shall perform such du-  
6 ties as are determined to be appropriate by the committee,  
7 except that the Chairman of the Committee must person-  
8 ally preside at all meetings of the full Committee. The  
9 Committee may organize itself into such subcommittees as  
10 the Committee may deem appropriate.

11       “(e) Following completion of the report required by  
12 section 385 of the Energy Policy Act of 2005 (119 Stat.  
13 744), the Committee shall consider the recommendations  
14 of the report, ongoing efforts in the schools, universities,  
15 and institutions receiving funding under this Act, the Fed-  
16 eral and State Governments, and the private sector, and  
17 shall formulate and recommend to the Secretary a na-  
18 tional plan for a program utilizing the fiscal resources pro-  
19 vided under this Act. The Committee shall submit such  
20 plan to the Secretary for approval. Upon approval, the  
21 plan shall guide the Secretary and the Committee in their  
22 actions under this Act.

23       “(f) Section 10 of the Federal Advisory Committee  
24 Act (5 U.S.C. App. 2) shall not apply to the Committee.

1 **“SEC. 12. CAREER TECHNICAL EDUCATION.**

2 “(a) Up to 25 percent of the annual outlay of funds  
3 under this Act may be granted to schools or institutions  
4 including colleges, universities, community colleges, tribal  
5 colleges, technical institutes, and secondary schools, other  
6 than those described in sections 3, 4, 5, and 6.

7 “(b) The Secretary, as advised by the Committee es-  
8 tablished under section 11, shall determine the eligibility  
9 of a school or institution to receive funding under this sec-  
10 tion using criteria that include—

11 “(1) the presence of a State-approved program  
12 in mining engineering technology, petroleum engi-  
13 neering technology, industrial engineering tech-  
14 nology, or industrial technology that—

15 “(A) is focused on technology and its use  
16 in energy and mineral production and related  
17 maintenance, operational safety, or energy in-  
18 frastructure protection and security;

19 “(B) prepares students for advanced or su-  
20 pervisory roles in the mining industry or the pe-  
21 troleum industry; and

22 “(C) grants either an associate’s degree or  
23 a baccalaureate degree in 1 of the subjects list-  
24 ed in subparagraph (A);

25 “(2) the presence of a program, including a sec-  
26 ondary school vocational education program or ca-

1       reer academy, that provides training for individuals  
2       entering the petroleum, coal mining, or mineral min-  
3       ing industries; or

4               “(3) the presence of a State-approved program  
5       of career technical education at a secondary school,  
6       offered cooperatively with a community college in 1  
7       of the industrial sectors of—

8               “(A) agriculture, forestry, or fisheries;

9               “(B) utilities;

10              “(C) construction;

11              “(D) manufacturing; and

12              “(E) transportation and warehousing.

13       “(c) Schools or institutions receiving funds under this  
14 section must show evidence of an institutional commit-  
15 ment for the purposes of career technical education and  
16 provide evidence that the school or institution has received  
17 or will receive industry cooperation in the form of equip-  
18 ment, employee time, or donations of funds to support the  
19 activities that are within the scope of this section.

20       “(d) Schools or institutions receiving funds under  
21 this section must agree to maintain the programs for  
22 which the funding is sought for a period of 10 years begin-  
23 ning on the date the school or institution receives such  
24 funds, unless the Secretary finds that a shorter period of

1 time is appropriate for the local labor market or is re-  
 2 quired by State authorities.

3 “(e) Schools or institutions receiving funds under this  
 4 section may combine these funds with State funds, and  
 5 other Federal funds where allowed by law, to carry out  
 6 programs described in this section, however the use of the  
 7 funds received under this section must be reported to the  
 8 Secretary not less than annually.

9 **“SEC. 13. DEPARTMENT OF THE INTERIOR WORKFORCE EN-**  
 10 **HANCEMENT.**

11 “(a) PHYSICAL SCIENCE, ENGINEERING AND TECH-  
 12 NOLOGY SCHOLARSHIP PROGRAM.—

13 “(1) From the funds made available to carry  
 14 out this section, the Secretary shall use 30 percent  
 15 of that amount to provide financial assistance for  
 16 education in physical sciences, engineering, and engi-  
 17 neering or industrial technology and disciplines that,  
 18 as determined by the Secretary, are critical to the  
 19 functions of the Department of the Interior and are  
 20 needed in the Department of the Interior workforce.

21 “(2) The Secretary may award a scholarship in  
 22 accordance with this section to a person who—

23 “(A) is a citizen of the United States;

24 “(B) is pursuing an undergraduate or ad-  
 25 vanced degree in a critical skill or discipline de-

1           scribed in paragraph (1) at an institution of  
2           higher education; and

3                 “(C) enters into a service agreement with  
4           the Secretary as described in subsection (e).

5                 “(3) The amount of the financial assistance  
6           provided under a scholarship awarded to a person  
7           under this subsection shall be the amount deter-  
8           mined by the Secretary as being necessary to pay all  
9           educational expenses incurred by that person, includ-  
10          ing tuition, fees, cost of books, laboratory expenses,  
11          and expenses of room and board. The expenses paid,  
12          however, shall be limited to those educational ex-  
13          penses normally incurred by students at the institu-  
14          tion of higher education involved.

15          “(b) SCHOLARSHIP PROGRAM FOR STUDENTS AT-  
16          TENDING MINORITY SERVING HIGHER EDUCATION INSTI-  
17          TUTIONS.—

18                 “(1) From the funds made available to carry  
19           out this section, the Secretary shall use 25 percent  
20           of that amount to award scholarships in accordance  
21           with this section to persons who—

22                         “(A) are enrolled in a Minority Serving  
23           Higher Education Institutions.

24                         “(B) are citizens of the United States;



1           “(C) are pursuing an undergraduate or ad-  
2           vanced degree in agriculture, engineering, engi-  
3           neering or industrial technology, or physical  
4           sciences, or other discipline that is found by the  
5           Secretary to be critical to the functions of the  
6           Department of the Interior and are needed in  
7           the Department of the Interior workforce; and

8           “(D) enter into a service agreement with  
9           the Secretary of the Interior as described in  
10          subsection (e).

11          “(2) The amount of the financial assistance  
12          provided under a scholarship awarded to a person  
13          under this subsection shall be the amount deter-  
14          mined by the Secretary as being necessary to pay all  
15          educational expenses incurred by that person, includ-  
16          ing tuition, fees, cost of books, laboratory expenses,  
17          and expenses of room and board. The expenses paid,  
18          however, shall be limited to those educational ex-  
19          penses normally incurred by students at the institu-  
20          tion of higher education involved.

21          “(c) EDUCATION PARTNERSHIPS WITH MINORITY  
22          SERVING HIGHER EDUCATION INSTITUTIONS.—

23          “(1) The Secretary shall require the director of  
24          each Bureau and Office, to foster the participation  
25          of Minority Serving Higher Education Institutions

1 in any regulatory activity, land management activity,  
2 science activity, engineering or industrial technology  
3 activity, or engineering activity carried out by the  
4 Department of the Interior.

5 “(2) From the funds made available to carry  
6 out this section, the Secretary shall use 25 percent  
7 of that amount to support activities at Minority  
8 Serving Higher Education Institutions by—

9 “(A) funding faculty and students in these  
10 institutions in collaborative research projects  
11 that are directly related to the Departmental or  
12 Bureau missions;

13 “(B) allowing equipment transfer to Mi-  
14 nority Serving Higher Education Institutions as  
15 a part of a collaborative research program di-  
16 rectly related to a Departmental or Bureau mis-  
17 sion;

18 “(C) allowing faculty and students at these  
19 Minority Serving Higher Education Institutions  
20 to participate Departmental and Bureau train-  
21 ing activities;

22 “(D) funding paid internships in Depart-  
23 mental and Bureau facilities for students at Mi-  
24 nority Serving Higher Education Institutions;

1           “(E) assigning Departmental and Bureau  
 2           personnel to positions located at Minority Serv-  
 3           ing Higher Educational Institutions to serve as  
 4           mentors to students interested in a science,  
 5           technology or engineering disciplines related to  
 6           the mission of the Department or the Bureaus.

7           “(d) KINDERGARTEN THROUGH GRADE 12 SCIENCE  
 8           EDUCATION ENHANCEMENT PROGRAM.—

9           “(1) From the funds made available to carry  
 10          out this section, the Secretary shall use 20 percent  
 11          of that amount to support activities designed to en-  
 12          hance the knowledge and expertise of teachers of  
 13          basic sciences, mathematics, engineering and tech-  
 14          nology in Kindergarten through Grade 12 programs.

15          “(2) The Secretary is authorized to—

16               “(A) support competitive events for stu-  
 17               dents under the supervision of teachers that are  
 18               designed to encourage student interest and  
 19               knowledge in science, engineering, technology  
 20               and mathematics;

21               “(B) support competitively-awarded, peer-  
 22               reviewed programs to promote professional de-  
 23               velopment for mathematics, science, engineering  
 24               and technology teachers who teach in grades  
 25               from kindergarten through grade 12;

1           “(C) support summer internships at De-  
2           partment facilities, for mathematics, science,  
3           engineering and technology teachers who teach  
4           in grades from kindergarten through grade 12;  
5           and

6           “(D) sponsor and assist in sponsoring edu-  
7           cational and teacher training activities in sub-  
8           ject areas identified as critical skills.

9           “(e) SERVICE AGREEMENT FOR RECIPIENTS OF AS-  
10          SISTANCE.—

11           “(1) To receive financial assistance under sub-  
12          section (a) and subsection (b) of this section—

13           “(A) in the case of an employee of the De-  
14          partment of the Interior, the employee shall  
15          enter into a written agreement to continue in  
16          the employment of the department for the pe-  
17          riod of obligated service determined under para-  
18          graph (2); and

19           “(B) in the case of a person not an em-  
20          ployee of the Department of the Interior, the  
21          person shall enter into a written agreement to  
22          accept and continue employment in the Depart-  
23          ment of the Interior for the period of obligated  
24          service determined under paragraph (2).

1           “(2) For the purposes of this section, the period  
2           of obligated service for a recipient of a scholarship  
3           under this section shall be the period determined by  
4           the Secretary as being appropriate to obtain ade-  
5           quate service in exchange for the financial assistance  
6           provided under the scholarship. In no event may the  
7           period of service required of a recipient be less than  
8           the total period of pursuit of a degree that is cov-  
9           ered by the scholarship. The period of obligated  
10          service is in addition to any other period for which  
11          the recipient is obligated to serve in the civil service  
12          of the United States.

13           “(3) An agreement entered into under this sub-  
14          section by a person pursuing an academic degree  
15          shall include any terms and conditions that the Sec-  
16          retary determines necessary to protect the interests  
17          of the United States or otherwise appropriate for  
18          carrying out this section.

19          “(f) REFUND FOR PERIOD OF UNSERVED OBLI-  
20          GATED SERVICE.—

21           “(1) A person who voluntarily terminates serv-  
22          ice before the end of the period of obligated service  
23          required under an agreement entered into under  
24          subsection (e) shall refund to the United States an  
25          amount determined by the Secretary as being appro-

1        piate to obtain adequate service in exchange for fi-  
2        nancial assistance.

3            “(2) An obligation to reimburse the United  
4        States imposed under paragraph (1) is for all pur-  
5        poses a debt owed to the United States.

6            “(3) The Secretary of the Interior may waive,  
7        in whole or in part, a refund required under para-  
8        graph (1) if the Secretary determines that recovery  
9        would be against equity and good conscience or  
10       would be contrary to the best interests of the United  
11       States.

12           “(4) A discharge in bankruptcy under title 11,  
13        United States Code, that is entered less than 5 years  
14        after the termination of an agreement under this  
15        section does not discharge the person signing such  
16        agreement from a debt arising under such agree-  
17        ment or under this subsection.

18        “(g) RELATIONSHIP TO OTHER PROGRAMS.—The  
19        Secretary shall coordinate the provision of financial assist-  
20        ance under the authority of this section with the provision  
21        of financial assistance under the authorities provided in  
22        this Act in order to maximize the benefits derived by the  
23        Department of Interior from the exercise of all such au-  
24        thorities.

1       “(h) REPORT.—Not later than September 1 of each  
2 year, the Secretary shall submit to the Committee on Re-  
3 sources of the House of Representatives and the Com-  
4 mittee on Energy and Natural Resources of the Senate  
5 a report on the status of the assistance program carried  
6 out under this section. The report shall describe the pro-  
7 grams within the Department designed to recruit and re-  
8 tain a workforce on a short-term basis and on a long-term  
9 basis.

10       “(i) DEFINITIONS.—As used in this section:

11               “(1) The term ‘Minority Serving Higher Edu-  
12 cation Institutions’ means a Hispanic-serving insti-  
13 tution, historically Black college or university, Alas-  
14 ka Native-serving institution, or tribal college.

15               “(2) The term ‘Hispanic-serving institution’ has  
16 the meaning given the term in section 502(a) of the  
17 Higher Education Act of 1965 (20 U.S.C.  
18 1101a(a)).

19               “(3) The term ‘historically Black college or uni-  
20 versity’ has the meaning given the term ‘part B in-  
21 stitution’ in section 322 of the Higher Education  
22 Act of 1965 (20 U.S.C. 1061).

23               “(4) The term ‘tribal college’ has the meaning  
24 given the term ‘tribally controlled college or univer-  
25 sity’ in section 2(a) of the Tribally Controlled Col-

1       lege or University Assistance Act of 1978 (25 U.S.C.  
2       1801(a)).

3           “(5) The term ‘institution of higher education’  
4       has the meaning given such term in section 101 of  
5       the Higher Education Act of 1965 (20 U.S.C.  
6       1001).

7           “(6) The term ‘Alaska Native-serving institu-  
8       tion’ has the meaning given the term in section 317  
9       of the Higher Education Act of 1965 (20 U.S.C.  
10      1059d).

11       “(j) FUNDING.—The Secretary shall spend 3 percent  
12      of the annual outlay under this Act to implement this sec-  
13      tion not to exceed \$10,000,000.”.

14      **SEC. 154. ONSHORE AND OFFSHORE MINERAL LEASE FEES.**

15       Except as otherwise provided in this part, the De-  
16      partment of the Interior is prohibited from charging fees  
17      applicable to actions on Federal onshore and offshore oil  
18      and gas, coal, geothermal, and other mineral leases, in-  
19      cluding transportation of any production from such leases,  
20      if such fees were not established in final regulations prior  
21      to the date of issuance of the lease.

22      **SEC. 155. OCS REGIONAL HEADQUARTERS.**

23       The headquarters for the Gulf of Mexico Region shall  
24      permanently be located within the State of Louisiana with-  
25      in 25 miles of the center of Jackson Square, New Orleans,



1 Louisiana. Further, not later than July 1, 2008, the Sec-  
2 retary of the Interior shall establish the headquarters for  
3 the Atlantic OCS Region and the headquarters for the Pa-  
4 cific OCS Region within a State bordering the Atlantic  
5 OCS Region and a State bordering the Pacific OCS Re-  
6 gion, respectively, from among the States bordering those  
7 Regions, that petitions by no later than January 1, 2008,  
8 for leasing, for oil and gas or natural gas, covering at least  
9 40 percent of the area of its Adjacent Zone within 100  
10 miles of the coastline. Such Atlantic and Pacific OCS Re-  
11 gions headquarters shall be located within 25 miles of the  
12 coastline and each MMS OCS regional headquarters shall  
13 be the permanent duty station for all Minerals Manage-  
14 ment Service personnel that on a daily basis spend on av-  
15 erage 60 percent or more of their time in performance of  
16 duties in support of the activities of the respective Region,  
17 except that the Minerals Management Service may house  
18 regional inspection staff in other locations. Each OCS Re-  
19 gion shall each be led by a Regional Director who shall  
20 be an employee within the Senior Executive Service.

21 **SEC. 156. NATIONAL GEO FUND ACT OF 2006.**

22 (a) SHORT TITLE.—This section may be cited as the  
23 “National Geo Fund Act of 2006”.

24 (b) PURPOSES.—The purpose of this section is to—

1           (1) establish a fund to provide funding for the  
2           management of geologic programs, geologic map-  
3           ping, geophysical and other seismic studies, seismic  
4           monitoring programs, and the preservation and use  
5           of geologic and geophysical data, geothermal and  
6           geopressure energy resource management, unconven-  
7           tional energy resources management, and renewable  
8           energy management associated with ocean wave, cur-  
9           rent, and thermal resources;

10          (2) make available receipts derived from sales,  
11          bonus bids, royalties, and fees from onshore and off-  
12          shore gas, minerals, oil, and any additional form of  
13          energy exploration and development under the laws  
14          of the United States for the purposes of the such  
15          fund;

16          (3) distribute funds from such fund each fiscal  
17          year to the Secretary of the Interior and the States;  
18          and

19          (4) use the distributed funds to manage activi-  
20          ties conducted under this section, and to secure the  
21          necessary trained workforce, contractual services,  
22          and other support, including maintenance and cap-  
23          ital investments, to perform the functions and activi-  
24          ties described in paragraph (1).

25          (c) DEFINITIONS.—In this section:

1           (1) GEO FUND.—The term “Geo Fund” means  
2           the National Geo Fund established by subsection  
3           (d).

4           (2) STATE.—The term “State” means the  
5           agency of a State designated by its Governor or  
6           State law to perform the functions and activities de-  
7           scribed in subsection (b)(1).

8           (d) ESTABLISHMENT AND USE OF THE GEO  
9           FUND.—

10           (1) GEO FUND.—There is established in the  
11           Treasury a separate account to be known as the  
12           “National Geo Fund”.

13           (2) FUNDING.—The Secretary of the Treasury  
14           shall deposit in the Geo Fund—

15                   (A) such sums as are provided by sections  
16                   9(b)(5)(A)(iv), 9(b)(5)(B)(iv), 9(c)(4)(A)(iv),  
17                   and 9(c)(4)(B)(iv) of the Outer Continental  
18                   Shelf Lands Act, as amended by this Act;

19                   (B)(i) during the period of October 1,  
20                   2006, through September 30, 2015, 1 percent  
21                   of all sums paid into the Treasury under sec-  
22                   tion 35 of the Mineral Leasing Act (30 U.S.C.  
23                   191), and

24                   (ii) beginning October 1, 2015, and there-  
25                   after, 2.5 percent of all sums paid into the

1 Treasury under section 35 of the Mineral Leas-  
2 ing Act (30 U.S.C. 191);

3 (C)(i) during the period of October 1,  
4 2006, through September 30, 2015, 1 percent  
5 of all sums paid into the Treasury from receipts  
6 derived from bonus bids and royalties from  
7 other mineral leasing on public lands, and

8 (ii) beginning October 1, 2015, and there-  
9 after, 2.5 percent of all sums paid into the  
10 Treasury from receipts derived from bonus bids  
11 and royalties from other mineral leasing on  
12 public lands; and

13 (D) \$65,000,000 from outer Continental  
14 Shelf bonus bids, royalties, and conservation of  
15 resources fees received in fiscal year 2007, and  
16 \$50,000,000 from outer Continental Shelf  
17 bonus bids, royalties, and conservation of re-  
18 sources fees received in each of fiscal years  
19 2008, 2009, 2010, 2011, 2012, and 2013, 75  
20 percent of which shall be used to implement  
21 subsection (g) and all of which shall remain  
22 available until expended.

23 (3) INVESTMENTS.—The Secretary of the  
24 Treasury shall invest the amounts deposited under  
25 paragraph (2) and all accrued interest on the

1 amounts deposited under paragraph (2) only in in-  
2 terest bearing obligations of the United States or in  
3 obligations guaranteed as to both principal and in-  
4 terest by the United States.

5 (4) AVAILABILITY TO SECRETARY OF THE IN-  
6 TERIOR.—

7 (A) IN GENERAL.—Beginning with fiscal  
8 year 2007, and in each fiscal year thereafter,  
9 one-third of amounts deposited into the Geo  
10 Fund, unless otherwise specified herein, to-  
11 gether with the interest thereon, shall be avail-  
12 able, without fiscal year limitations, to the Sec-  
13 retary of the Interior for use for the purposes  
14 described in subsection (b)(4).

15 (B) WITHDRAWALS AND TRANSFER OF  
16 FUNDS.—The Secretary of the Treasury shall  
17 withdraw such amounts from the Geo Fund as  
18 the Secretary of the Interior may request, sub-  
19 ject to the limitation in subparagraph (A), and  
20 transfer such amounts to the Secretary of the  
21 Interior to be used, at the discretion of the Sec-  
22 retary of the Interior, by the Minerals Manage-  
23 ment Service, the Bureau of Land Manage-  
24 ment, and the United States Geological Survey  
25 for the purposes described in subsection (b)(4).

1 No funds distributed from the Geo Fund may  
2 be used to purchase an interest in land.

3 (5) PAYMENT TO STATES.—

4 (A) IN GENERAL.—Beginning with fiscal  
5 year 2007, and in each fiscal year thereafter,  
6 two-thirds of amounts deposited into the Geo  
7 Fund, unless otherwise specified herein, to-  
8 gether with the interest thereon, shall be avail-  
9 able, without fiscal year limitations, to the  
10 States for use for the purposes described in  
11 subsection (b)(4).

12 (B) WITHDRAWALS AND TRANSFER OF  
13 FUNDS.—Within the first 90 days of each fiscal  
14 year, the Secretary of the Treasury shall with-  
15 draw amounts from the Geo Fund and transfer  
16 such amounts to the States based on a formula  
17 devised by the Secretary of the Interior based  
18 on the relative needs of the States and the  
19 needs of the Nation.

20 (C) USE OF PAYMENTS BY STATES.—Each  
21 State shall use the payments made under sub-  
22 paragraph (B) only for carrying out projects  
23 and programs for the purposes described in  
24 subsection (b)(4). No funds distributed from

1 the Geo Fund may be used to purchase an in-  
2 terest in land.

3 (D) ENCOURAGEMENT OF USE OF PRIVATE  
4 FUNDS BY STATES.—Each State shall use the  
5 payments made under subparagraph (B) to le-  
6 verage private funds for carrying out projects  
7 for the purposes described in subsection (b)(4).

8 (E) REPORT TO CONGRESS.—Beginning in  
9 fiscal year 2008 and continuing for each fiscal  
10 year thereafter, the Secretary of the Interior  
11 and each State receiving funds from the Geo  
12 Fund shall submit a report to the Committee  
13 on Energy and Natural Resources of the Senate  
14 and the Committee on Resources of the House  
15 of Representatives. Reports submitted to the  
16 Congress by the Secretary of the Interior and  
17 the States shall include detailed information re-  
18 garding expenditures during the previous fiscal  
19 year.

20 (e) STRATEGIC UNCONVENTIONAL RESOURCES.—

21 (1) PROGRAM.—The Secretary of the Interior  
22 shall establish a program for production of fuels  
23 from strategic unconventional resources, and produc-  
24 tion of oil and gas resources using CO<sub>2</sub> enhanced re-  
25 covery. The program shall focus initially on activities

1 and domestic resources most likely to result in sig-  
2 nificant production in the near future, and shall in-  
3 clude work necessary to improve extraction tech-  
4 niques, including surface and in situ operations. The  
5 program shall include characterization and assess-  
6 ment of potential resources, a sampling program,  
7 appropriate laboratory and other analyses and test-  
8 ing, and assessment of methods for exploration and  
9 development of these strategic unconventional re-  
10 sources.

11 (2) PILOT PROJECTS.—The program created in  
12 paragraph (1) shall include, but not be limited to,  
13 pilot projects on (A) the Maverick Basin heavy oil  
14 and tar sands formations of Texas, including the  
15 San Miguel deposits, (B) the Greater Green River  
16 Basin heavy oil, oil shale, tar sands, and coal depos-  
17 its of Colorado, Utah, and Wyoming, (C) the shale,  
18 tar sands, heavy oil, and coal deposits in the Ala-  
19 bama-Mississippi-Tennessee region, (D) the shale,  
20 tar sands, heavy oil, and coal deposits in the Ohio  
21 River valley, and (E) strategic unconventional re-  
22 sources in California. The Secretary shall identify  
23 and report to Congress on feasible incentives to fos-  
24 ter recovery of unconventional fuels by private indus-  
25 try within the United States. Such incentives may



1 include, but are not limited to, long-term contracts  
2 for the purchase of unconventional fuels for defense  
3 purposes, Federal grants and loan guarantees for  
4 necessary capital expenditures, and favorable terms  
5 for the leasing of Government lands containing un-  
6 conventional resources.

7 (3) DEFINITIONS.—In this subsection:

8 (A) STRATEGIC UNCONVENTIONAL RE-  
9 SOURCES.—The term “strategic unconventional  
10 resources” means hydrocarbon resources, in-  
11 cluding heavy oil, oil shale, tar sands, and coal  
12 deposits, from which liquid fuels may be pro-  
13 duced.

14 (B) IN SITU EXTRACTION METHODS.—The  
15 term “in situ extraction methods” means recov-  
16 ery techniques that are applied to the resources  
17 while they are still in the ground, and are in  
18 commercial use or advanced stages of develop-  
19 ment. Such techniques include, but are not lim-  
20 ited to, steam flooding, steam-assisted gravity  
21 drainage (including combination with electric  
22 power generation where appropriate), cyclic  
23 steam stimulation, air injection, and chemical  
24 treatment.

1           (4) FUNDING.—The Secretary shall carry out  
2           the program for the production of strategic uncon-  
3           ventional fuels with funds from the Geo Fund in  
4           each of fiscal years 2007 through 2011 in the  
5           amount of not less than \$35,000,000 each year.  
6           Each pilot project shall be allocated not less than  
7           \$4,000,000 per year in each of fiscal years 2007  
8           through 2011.

9           (f) SUPPORT OF GEOTHERMAL AND GEOPRESSURE  
10          OIL AND GAS ENERGY PRODUCTION.—

11           (1) IN GENERAL.—The Secretary shall carry  
12           out a grant program in support of geothermal and  
13           geopressure oil and gas energy production. The pro-  
14           gram shall include grants for a total of not less than  
15           3 assessments of the use of innovative geothermal  
16           techniques such as organic rankine cycle systems at  
17           marginal, unproductive, and productive oil and gas  
18           wells, and not less than 1 assessment of the use of  
19           innovative geopressure techniques. The Secretary  
20           shall, to the extent practicable and in the public in-  
21           terest, make awards that—

22                   (A) include not less than 5 oil or gas well  
23           sites per project award;

1 (B) use a range of oil or gas well hot water  
2 source temperatures from 150 degrees Fahr-  
3 enheit to 300 degrees Fahrenheit;

4 (C) use existing or new oil or gas wells;

5 (D) cover a range of sizes from 175 kilo-  
6 watts to 1 megawatt;

7 (E) are located at a range of sites includ-  
8 ing tribal lands, Federal lease, State, or pri-  
9 vately owned sites;

10 (F) can be replicated at a wide range of  
11 sites;

12 (G) facilitate identification of optimum  
13 techniques among competing alternatives;

14 (H) include business commercialization  
15 plans that have the potential for production of  
16 equipment at high volumes and operation and  
17 support at a large number of sites; and

18 (I) satisfy other criteria that the Secretary  
19 determines are necessary to carry out the pro-  
20 gram.

21 The Secretary shall give preference to assessments  
22 that address multiple elements contained in subpara-  
23 graphs (A) through (I).

24 (2) GRANT AWARDS.—

1 (A) IN GENERAL.—Each grant award for  
2 assessment of innovative geothermal or  
3 geopressure technology such as organic rankine  
4 cycle systems at oil and gas wells made by the  
5 Secretary under this section shall include—

6 (i) necessary and appropriate site en-  
7 gineering study;

8 (ii) detailed economic assessment of  
9 site specific conditions;

10 (iii) appropriate feasibility studies to  
11 determine ability for replication;

12 (iv) design or adaptation of existing  
13 technology for site specific circumstances  
14 or conditions;

15 (v) installation of equipment, service,  
16 and support; and

17 (vi) monitoring for a minimum of 1  
18 year after commissioning date.

19 (3) COMPETITIVE GRANT SELECTION.—Not less  
20 than 180 days after the date of the enactment of  
21 this Act, the Secretary shall conduct a national solici-  
22 tation for applications for grants under the pro-  
23 gram. Grant recipients shall be selected on a com-  
24 petitive basis based on criteria in subsection (b).

1           (4) FEDERAL SHARE.—The Federal share of  
2       costs of grants under this subsection shall be pro-  
3       vided from funds made available to carry out this  
4       section. The Federal share of the cost of a project  
5       carried out with such a grant shall not exceed 50  
6       percent of such cost.

7           (5) FUNDING.—The Secretary shall carry out  
8       the grant program under this subsection with funds  
9       from the Geo Fund in each of fiscal years 2007  
10      through 2011 in the amount of not less than  
11      \$5,000,000 each fiscal year. No funds authorized  
12      under this section may be used for the purposes of  
13      drilling new wells.

14          (6) AMENDMENT.—Section 4 of the Geothermal  
15      Steam Act of 1970 (30 U.S.C. 1003) is amended by  
16      adding at the end the following:

17      “(h) GEOTHERMAL RESOURCES CO-PRODUCED  
18      WITH THE MINERALS.—Any person who holds a lease or  
19      who operates a cooperative or unit plan under the Mineral  
20      Leasing Act (30 U.S.C. 181 et seq.), in the absence of  
21      an existing lease for geothermal resources under this Act,  
22      shall upon notice to the Secretary have the right to utilize  
23      any geothermal resources co-produced with the minerals  
24      for which the lease was issued during the operation of that  
25      lease or cooperative or unit plan, for the generating of

1 electricity to operate the lease. Any electricity that is pro-  
 2 duced in excess of that which is required to operate the  
 3 lease and that is sold for purposes outside of the boundary  
 4 of the lease shall be subject to the requirements of section  
 5 5.”.

6 (g) LIQUID FUELS GRANT PROGRAM.—

7 (1) PROGRAM.—The Secretary of the Interior  
 8 shall establish a grant program for facilities for coal-  
 9 to-liquids, petroleum coke-to-liquids, oil shale, tar  
 10 sands, heavy oil, and Alaska natural gas-to-liquids  
 11 and to assess the production of low-rank coal water  
 12 fuel (in this subsection referred to as “LRCWF”).

13 (2) LRCWF.—The LRCWF grant project loca-  
 14 tion shall use lignite coal from fields near the  
 15 Tombigbee River within 60 miles of a land-grant col-  
 16 lege and shall be allocated \$15,000,000 for expendi-  
 17 ture during fiscal year 2007.

18 (3) DEFINITIONS.—In this subsection:

19 (A) COAL-TO-LIQUIDS FRONT-END ENGI-  
 20 NEERING AND DESIGN.—The terms “coal-to-liq-  
 21 uids front-end engineering and design” and  
 22 “FEED” mean those expenditures necessary to  
 23 engineer, design, and obtain permits for a facil-  
 24 ity for a particular geographic location which

1 will utilize a process or technique to produce  
2 liquid fuels from coal resources.

3 (B) LOW-RANK COAL WATER FUEL.—The  
4 term “low-rank coal water fuel” means a liquid  
5 fuel produced from hydrothermal treatment of  
6 lignite and sub-bituminous coals.

7 (4) GRANT PROVISIONS.—All grants shall re-  
8 quire a 50 percent non-Federal cost share. The first  
9 4 FEED grant recipients who receive full project  
10 construction financing commitments, based on ear-  
11 liest calendar date, shall not be required to repay  
12 any of their grants. The next 4 FEED grant recipi-  
13 ents who receive such commitments shall be required  
14 to repay 25 percent of the grant. The next 4 FEED  
15 grant recipients who receive such commitments shall  
16 be required to repay 50 percent of the grant, and  
17 the remaining FEED grant recipients shall be re-  
18 quired to repay 75 percent of the grant. The  
19 LRCWF recipient shall not be required to repay the  
20 grant. Any required repayment shall be paid as part  
21 of the closing process for any construction financing  
22 relating to the grant. No repayment shall require the  
23 payment of interest if repaid within 5 years of the  
24 issuance of the grant. FEED grants shall be limited  
25 to a maximum of \$1,000,000 per 1,000 barrels per

1 day of liquid fuels production capacity, not to exceed  
2 \$25 million per year.

3 (5) FUNDING.—The Secretary shall carry out  
4 the grant program established by this subsection  
5 with funds from the Geo Fund.

6 (h) RENEWABLE ENERGY FROM OCEAN WAVE, CUR-  
7 RENT, AND THERMAL RESOURCES.—

8 (1) PROGRAM.—The Secretary of the Interior  
9 shall establish a grant program for the production of  
10 renewable energy from ocean waves, currents, and  
11 thermal resources.

12 (2) GRANT PROVISIONS.—All grants under this  
13 subsection shall require a 50 percent non-Federal  
14 cost share.

15 (3) FUNDING.—The Secretary shall carry out  
16 this grant program with funds from the Geo Fund  
17 in each of fiscal years 2007 through 2011 in the  
18 amount of not less than \$6,000,000 each year, and  
19 thereafter in such amounts as the Secretary may  
20 find appropriate.

21 (i) AMENDMENT TO THE SURFACE MINING CONTROL  
22 AND RECLAMATION ACT OF 1977.—Section 517 of the  
23 Surface Mining Control and Reclamation Act of 1977 (30  
24 U.S.C. 1267) is amended by adding at the end the fol-  
25 lowing:



1       “(i) Any person who provides the regulatory authority  
 2 with a map under subsection (b)(1) shall not be liable to  
 3 any other person in any way for the accuracy or complete-  
 4 ness of any such map which was not prepared and certified  
 5 by or on behalf of such person.”.

6   **SEC. 157. LEASES FOR AREAS LOCATED WITHIN 100 MILES**  
 7                   **OF CALIFORNIA OR FLORIDA.**

8       (a) AUTHORIZATION TO CANCEL AND EXCHANGE  
 9 CERTAIN EXISTING OIL AND GAS LEASES; PROHIBITION  
 10 ON SUBMITTAL OF EXPLORATION PLANS FOR CERTAIN  
 11 LEASES PRIOR TO JUNE 30, 2010.—

12           (1) AUTHORITY.—Within 2 years after the date  
 13 of enactment of this Act, the lessee of an existing oil  
 14 and gas lease for an area located completely within  
 15 100 miles of the coastline within the California or  
 16 Florida Adjacent Zones shall have the option, with-  
 17 out compensation, of exchanging such lease for a  
 18 new oil and gas lease having a primary term of 5  
 19 years. For the area subject to the new lease, the les-  
 20 see may select any unleased tract on the outer Con-  
 21 tinental Shelf that is in an area available for leasing.  
 22 Further, with the permission of the relevant Gov-  
 23 ernor, such a lessee may convert its existing oil and  
 24 gas lease into a natural gas lease having a primary  
 25 term of 5 years and covering the same area as the

1 existing lease or another area within the same  
2 State's Adjacent Zone within 100 miles of the coast-  
3 line.

4 (2) ADMINISTRATIVE PROCESS.—The Secretary  
5 of the Interior shall establish a reasonable adminis-  
6 trative process to implement paragraph (1). Ex-  
7 changes and conversions under subsection (a), in-  
8 cluding the issuance of new leases, shall not be con-  
9 sidered to be major Federal actions for purposes of  
10 the National Environmental Policy Act of 1969 (42  
11 U.S.C. 4321 et seq.). Further, such actions con-  
12 ducted in accordance with this section are deemed to  
13 be in compliance all provisions of the Outer Conti-  
14 nental Shelf Lands Act (43 U.S.C. 1331 et seq.).

15 (3) OPERATING RESTRICTIONS.—A new lease  
16 issued in exchange for an existing lease under this  
17 section shall be subject to such national defense op-  
18 erating stipulations on the OCS tract covered by the  
19 new lease as may be applicable upon issuance.

20 (4) PRIORITY.—The Secretary shall give pri-  
21 ority in the lease exchange process based on the  
22 amount of the original bonus bid paid for the  
23 issuance of each lease to be exchanged. The Sec-  
24 retary shall allow leases covering partial tracts to be  
25 exchanged for leases covering full tracts conditioned

1       upon payment of additional bonus bids on a per-acre  
2       basis as determined by the average per acre of the  
3       original bonus bid per acre for the partial tract  
4       being exchanged.

5           (5) EXPLORATION PLANS.—Any exploration  
6       plan submitted to the Secretary of the Interior after  
7       the date of the enactment of this Act and before  
8       July 1, 2010, for an oil and gas lease for an area  
9       wholly within 100 miles of the coastline within the  
10      California Adjacent Zone or Florida Adjacent Zone  
11      shall not be treated as received by the Secretary  
12      until the earlier of July 1, 2010, or the date on  
13      which a petition by the Adjacent State for oil and  
14      gas leasing covering the area within which is located  
15      the area subject to the oil and gas lease was ap-  
16      proved.

17      (b) FURTHER LEASE CANCELLATION AND EX-  
18      CHANGE PROVISIONS.—

19           (1) CANCELLATION OF LEASE.—As part of the  
20      lease exchange process under this section, the Sec-  
21      retary shall cancel a lease that is exchanged under  
22      this section.

23           (2) CONSENT OF LESSEES.—All lessees holding  
24      an interest in a lease must consent to cancellation

1 of their leasehold interests in order for the lease to  
2 be cancelled and exchanged under this section.

3 (3) WAIVER OF RIGHTS.—As a prerequisite to  
4 the exchange of a lease under this section, the lessee  
5 must waive any rights to bring any litigation against  
6 the United States related to the transaction.

7 (4) PLUGGING AND ABANDONMENT.—The plug-  
8 ging and abandonment requirements for any wells  
9 located on any lease to be cancelled and exchanged  
10 under this section must be complied with by the les-  
11 sees prior to the cancellation and exchange.

12 (c) AREA PARTIALLY WITHIN 100 MILES OF FLOR-  
13 IDA.—An existing oil and gas lease for an area located  
14 partially within 100 miles of the coastline within the Flor-  
15 ida Adjacent Zone may only be developed and produced  
16 using wells drilled from well-head locations at least 100  
17 miles from the coastline to any bottom-hole location on  
18 the area of the lease. This subsection shall not apply if  
19 Florida has petitioned for leasing closer to the coastline  
20 than 100 miles.

21 (d) EXISTING OIL AND GAS LEASE DEFINED.—In  
22 this section the term “existing oil and gas lease” means  
23 an oil and gas lease in effect on the date of the enactment  
24 of this Act.

1 **SEC. 158. COASTAL IMPACT ASSISTANCE.**

2 Section 31 of the Outer Continental Shelf Lands Act  
3 (43 U.S.C. 1356a) is repealed.

4 **SEC. 159. OIL SHALE AND TAR SANDS AMENDMENTS.**

5 (a) REPEAL OF REQUIREMENT TO ESTABLISH PAY-  
6 MENTS.—Subsection (o) of section 369 of the Energy Pol-  
7 icy Act of 2005 (42 U.S.C. 15927) is repealed.

8 (b) TREATMENT OF REVENUES.—Section 21 of the  
9 Mineral Leasing Act (30 U.S.C. 241) is amended—

10 (1) by redesignating subsection (d) as sub-  
11 section (e);

12 (2) by redesignating the second subsection (c)  
13 (relating to offsite leases) as subsection (d);

14 (3) in paragraphs (1) and (3) of subsection (e)  
15 (as redesignated by paragraph (1)) by striking “sub-  
16 section (c)” each place it appears and inserting  
17 “subsection (d)”; and

18 (4) by adding at the end the following:

19 “(f) REVENUES.—

20 “(1) IN GENERAL.—Notwithstanding the provi-  
21 sions of section 35, all revenues received from and  
22 under an oil shale or tar sands lease shall be dis-  
23 posed of as provided in this subsection.

24 “(2) ROYALTY RATES FOR COMMERCIAL  
25 LEASES.—

1           “(A) ROYALTY RATES.—The Secretary  
2 shall model the royalty schedule for oil shale  
3 and tar sands leases based on the royalty pro-  
4 gram currently in effect for the production of  
5 synthetic crude oil from oil sands in the Prov-  
6 ince of Alberta, Canada.

7           “(B) REDUCTION.—The Secretary shall re-  
8 duce any royalty otherwise required to be paid  
9 under subparagraph (A) under any oil shale or  
10 tar sands lease on a sliding scale based upon  
11 market price, with a 10 percent reduction if the  
12 average futures price of NYMEX Light Sweet  
13 Crude, or a similar index, drops, for the pre-  
14 vious quarter year, below \$50 (in January 1,  
15 2006, dollars), and an 80 percent reduction if  
16 the average price drops below \$30 (in January  
17 1, 2006, dollars) for the quarter previous to the  
18 1 in which the production is sold.

19           “(3) DISPOSITION OF REVENUES.—

20           “(A) DEPOSIT.—The Secretary shall de-  
21 posit into a separate account in the Treasury  
22 all revenues derived from any oil shale or tar  
23 sands lease.

24           “(B) ALLOCATIONS TO STATES AND LOCAL  
25 POLITICAL SUBDIVISIONS.—The Secretary shall

1 allocate 50 percent of the revenues deposited  
2 into the account established under subpara-  
3 graph (A) to the State within the boundaries of  
4 which the leased lands are located, with a por-  
5 tion of that to be paid directly by the Secretary  
6 to the State's local political subdivisions as pro-  
7 vided in this paragraph.

8 “(C) TRANSMISSION OF ALLOCATIONS.—

9 “(i) IN GENERAL.—Not later than the  
10 last business day of the month after the  
11 month in which the revenues were received,  
12 the Secretary shall transmit—

13 “(I) to each State two-thirds of  
14 such State's allocations under sub-  
15 paragraph (B), and in accordance  
16 with clauses (ii) and (iii) to certain  
17 county-equivalent and municipal polit-  
18 ical subdivisions of such State a total  
19 of one-third of such State's allocations  
20 under subparagraph (B), together  
21 with all accrued interest thereon; and

22 “(II) the remaining balance of  
23 such revenues deposited into the ac-  
24 count that are not allocated under  
25 subparagraph (B), together with in-

terest thereon, shall be transmitted to the miscellaneous receipts account of the Treasury, except that until a lease has been in production for 20 years 50 percent of such remaining balance derived from a lease shall be paid in accordance with subclause (I).

“(ii) ALLOCATIONS TO CERTAIN COUNTY-EQUIVALENT POLITICAL SUBDIVISIONS.—The Secretary shall under clause (i)(I) make equitable allocations of the revenues to county-equivalent political subdivisions that the Secretary determines are closely associated with the leasing and production of oil shale and tar sands, under a formula that the Secretary shall determine by regulation.

“(iii) ALLOCATIONS TO MUNICIPAL POLITICAL SUBDIVISIONS.—The initial allocation to each county-equivalent political subdivision under clause (ii) shall be further allocated to the county-equivalent political subdivision and any municipal political subdivisions located partially or wholly within the boundaries of the county-equiva-



1           lent political subdivision on an equitable  
2           basis under a formula that the Secretary  
3           shall determine by regulation.

4           “(D) INVESTMENT OF DEPOSITS.—The de-  
5           posits in the Treasury account established  
6           under this section shall be invested by the Sec-  
7           retary of the Treasury in securities backed by  
8           the full faith and credit of the United States  
9           having maturities suitable to the needs of the  
10          account and yielding the highest reasonably  
11          available interest rates as determined by the  
12          Secretary of the Treasury.

13          “(E) USE OF FUNDS.—A recipient of  
14          funds under this subsection may use the funds  
15          for any lawful purpose as determined by State  
16          law. Funds allocated under this subsection to  
17          States and local political subdivisions may be  
18          used as matching funds for other Federal pro-  
19          grams without limitation. Funds allocated to  
20          local political subdivisions under this subsection  
21          may not be used in calculation of payments to  
22          such local political subdivisions under programs  
23          for payments in lieu of taxes or other similar  
24          programs.

1           “(F) NO ACCOUNTING REQUIRED.—No re-  
2           cipient of funds under this subsection shall be  
3           required to account to the Federal Government  
4           for the expenditure of such funds, except as  
5           otherwise may be required by law.

6           “(4) DEFINITIONS.—In this subsection:

7           “(A) COUNTY-EQUIVALENT POLITICAL  
8           SUBDIVISION.—The term ‘county-equivalent po-  
9           litical subdivision’ means a political jurisdiction  
10          immediately below the level of State govern-  
11          ment, including a county, parish, borough in  
12          Alaska, independent municipality not part of a  
13          county, parish, or borough in Alaska, or other  
14          equivalent subdivision of a State.

15          “(B) MUNICIPAL POLITICAL SUBDIVI-  
16          SION.—The term ‘municipal political subdivi-  
17          sion’ means a municipality located within and  
18          part of a county, parish, borough in Alaska, or  
19          other equivalent subdivision of a State.”.

1 **SEC. 160. AVAILABILITY OF OCS RECEIPTS TO PROVIDE**  
 2 **PAYMENTS UNDER SECURE RURAL SCHOOLS**  
 3 **AND COMMUNITY SELF-DETERMINATION ACT**  
 4 **OF 2000.**

5 Section 9 of the Outer Continental Shelf Lands Act  
 6 (43 U.S.C. 1338) (as amended by section 137) is amended  
 7 by adding at the end the following:

8 “(j) AVAILABILITY OF FUNDS FOR PAYMENTS  
 9 UNDER SECURE RURAL SCHOOLS AND COMMUNITY  
 10 SELF-DETERMINATION ACT OF 2000.—Notwithstanding  
 11 any other provision of this section, \$50,000,000 of OCS  
 12 Receipts shall be available to the Secretary of the Treas-  
 13 ury for each of fiscal years 2007 through 2012 to make  
 14 payments under sections 102 and 103 of the Secure Rural  
 15 Schools and Community Self-Determination Act of 2000  
 16 (16 U.S.C. 500 note; Public Law 106–393). The Secretary  
 17 of the Treasury shall use the funds made available by this  
 18 subsection to make such payments in lieu of using funds  
 19 in the Treasury not otherwise appropriated, as otherwise  
 20 authorized by sections 102(b)(3) and 103(b)(2) of such  
 21 Act.”.

22 **PART II—DOMESTIC OIL AND GAS PRODUCTION**

23 **SEC. 171. SHORT TITLE.**

24 This part may be cited as the “Arctic Coastal Plain  
 25 Domestic Energy Security Act of 2006”.

1 **SEC. 172. DEFINITIONS.**

2 In this part:

3 (1) COASTAL PLAIN.—The term “Coastal  
4 Plain” means the area identified as the “1002  
5 Coastal Plain Area” on the map.

6 (2) FEDERAL AGREEMENT.—The term “Fed-  
7 eral Agreement” means the Federal Agreement and  
8 Grant Right-of-Way for the Trans-Alaska Pipeline  
9 issued on January 23, 1974, in accordance with sec-  
10 tion 28 of the Mineral Leasing Act (30 U.S.C. 185)  
11 and the Trans-Alaska Pipeline Authorization Act  
12 (43 U.S.C. 1651 et seq.).

13 (3) FINAL STATEMENT.—The term “Final  
14 Statement” means the final legislative environmental  
15 impact statement on the Coastal Plain, dated April  
16 1987, and prepared pursuant to section 1002 of the  
17 Alaska National Interest Lands Conservation Act  
18 (16 U.S.C. 3142) and section 102(2)(C) of the Na-  
19 tional Environmental Policy Act of 1969 (42 U.S.C.  
20 4332(2)(C)).

21 (4) MAP.—The term “map” means the map  
22 prepared by the United States Geological Survey,  
23 entitled “Arctic National Wildlife Refuge 1002  
24 Coastal Plain Area”, dated September 2005, and on  
25 file with the United States Geological Survey.

1           (5) SECRETARY.—The term “Secretary” means  
2       the Secretary of the Interior or the designee of the  
3       Secretary.

4   **SEC. 173. LEASING PROGRAM FOR LAND WITHIN THE**  
5                   **COASTAL PLAIN.**

6       (a) IN GENERAL.—The Secretary shall take such ac-  
7       tions as are necessary—

8           (1) to establish and implement in accordance  
9       with this part a competitive oil and gas leasing pro-  
10      gram under the Mineral Leasing Act (30 U.S.C. 181  
11      et seq.) that will result in an environmentally sound  
12      program for the exploration, development, and pro-  
13      duction of the oil and gas resources of the Coastal  
14      Plain; and

15          (2) to administer the provisions of this part  
16      through regulations, lease terms, conditions, restric-  
17      tions, prohibitions, stipulations, and other provisions  
18      that—

19                  (A) ensure the oil and gas exploration, de-  
20      velopment, and production activities on the  
21      Coastal Plain will result in no significant ad-  
22      verse effect on fish and wildlife, their habitat,  
23      subsistence resources, and the environment; and

24                  (B) require the application of the best  
25      commercially available technology for oil and

1 gas exploration, development, and production to  
 2 all exploration, development, and production op-  
 3 erations under this part in a manner that en-  
 4 sures the receipt of fair market value by the  
 5 public for the mineral resources to be leased.

6 (b) REPEAL.—Section 1003 of the Alaska National  
 7 Interest Lands Conservation Act (16 U.S.C. 3143) is re-  
 8 pealed.

9 (c) COMPLIANCE WITH REQUIREMENTS UNDER CER-  
 10 TAIN OTHER LAWS.—

11 (1) COMPATIBILITY.—For purposes of the Na-  
 12 tional Wildlife Refuge System Administration Act of  
 13 1966 (16 U.S.C. 668dd et seq.)—

14 (A) the oil and gas leasing program and  
 15 activities authorized by this section in the  
 16 Coastal Plain shall be considered to be compat-  
 17 ible with the purposes for which the Arctic Na-  
 18 tional Wildlife Refuge was established; and

19 (B) no further findings or decisions shall  
 20 be required to implement that program and  
 21 those activities.

22 (2) ADEQUACY OF THE DEPARTMENT OF THE  
 23 INTERIOR'S LEGISLATIVE ENVIRONMENTAL IMPACT  
 24 STATEMENT.—The Final Statement shall be consid-  
 25 ered to satisfy the requirements under the National

1 Environmental Policy Act of 1969 (42 U.S.C. 4321  
2 et seq.) that apply with respect to actions authorized  
3 to be taken by the Secretary to develop and promul-  
4 gate the regulations for the establishment of a leas-  
5 ing program authorized by this part before the con-  
6 duct of the first lease sale.

7 (3) COMPLIANCE WITH NEPA FOR OTHER AC-  
8 TIONS.—

9 (A) IN GENERAL.—Before conducting the  
10 first lease sale under this part, the Secretary  
11 shall prepare an environmental impact state-  
12 ment under the National Environmental Policy  
13 Act of 1969 (42 U.S.C. 4321 et seq.) with re-  
14 spect to the actions authorized by this part that  
15 are not referred to in paragraph (2).

16 (B) IDENTIFICATION AND ANALYSIS.—  
17 Notwithstanding any other provision of law, in  
18 carrying out this paragraph, the Secretary shall  
19 not be required—

20 (i) to identify nonleasing alternative  
21 courses of action; or

22 (ii) to analyze the environmental ef-  
23 fects of those courses of action.

1 (C) IDENTIFICATION OF PREFERRED AC-  
2 TION.—Not later than 18 months after the date  
3 of enactment of this Act, the Secretary shall—

4 (i) identify only a preferred action and  
5 a single leasing alternative for the first  
6 lease sale authorized under this section;  
7 and

8 (ii) analyze the environmental effects  
9 and potential mitigation measures for  
10 those 2 alternatives.

11 (D) PUBLIC COMMENTS.—The Secretary  
12 shall only consider public comments that—

13 (i) specifically address the preferred  
14 action of the Secretary; and

15 (ii) are filed not later than 20 days  
16 after the date of publication of an environ-  
17 mental analysis.

18 (E) EFFECT OF COMPLIANCE.—Notwith-  
19 standing any other law, compliance with this  
20 paragraph shall be considered to satisfy all re-  
21 quirements for the analysis and consideration of  
22 the environmental effects of proposed leasing  
23 under this part.



1 (d) RELATIONSHIP TO STATE AND LOCAL AUTHOR-  
2 ITY.—Nothing in this part expands or limits any State or  
3 local regulatory authority.

4 (e) SPECIAL AREAS.—

5 (1) DESIGNATION.—

6 (A) IN GENERAL.—The Secretary, after  
7 consultation with the State of Alaska, the City  
8 of Kaktovik, Alaska, and the North Slope Bor-  
9 ough, Alaska, may designate not more than  
10 45,000 acres of the Coastal Plain as a special  
11 area if the Secretary determines that the special  
12 area would be of such unique character and in-  
13 terest as to require special management and  
14 regulatory protection.

15 (B) SADLEROCHIT SPRING AREA.—The  
16 Secretary shall designate as a special area in  
17 accordance with subparagraph (A) the  
18 Sadlerochit Spring area, comprising approxi-  
19 mately 4,000 acres as depicted on the map.

20 (2) MANAGEMENT.—The Secretary shall man-  
21 age each special area designated under this sub-  
22 section in a manner that preserves the unique and  
23 diverse character of the area, including fish, wildlife,  
24 subsistence resources, and cultural values of the  
25 area.

1           (3) EXCLUSION FROM LEASING OR SURFACE  
2 OCCUPANCY.—

3           (A) IN GENERAL.—The Secretary may ex-  
4 clude any special area designated under this  
5 subsection from leasing.

6           (B) NO SURFACE OCCUPANCY.—If the Sec-  
7 retary leases all or a portion of a special area  
8 for the purposes of oil and gas exploration, de-  
9 velopment, production, and related activities,  
10 there shall be no surface occupancy of the land  
11 comprising the special area.

12          (4) DIRECTIONAL DRILLING.—Notwithstanding  
13 any other provision of this subsection, the Secretary  
14 may lease all or a portion of a special area under  
15 terms that permit the use of horizontal drilling tech-  
16 nology from sites on leases located outside the spe-  
17 cial area.

18          (f) LIMITATION ON CLOSED AREAS.—The Secretary  
19 may not close land within the Coastal Plain to oil and gas  
20 leasing or to exploration, development, or production ex-  
21 cept in accordance with this part.

22          (g) REGULATIONS.—

23           (1) IN GENERAL.—Not later than 15 months  
24 after the date of enactment of this Act, the Sec-  
25 retary shall issue such regulations as are necessary

1 to carry out this part, including rules and regula-  
2 tions relating to protection of the fish and wildlife,  
3 fish and wildlife habitat, subsistence resources, and  
4 environment of the Coastal Plain.

5 (2) REVISION OF REGULATIONS.—The Sec-  
6 retary shall periodically review and, as appropriate,  
7 revise the rules and regulations issued under para-  
8 graph (1) to reflect any significant biological, envi-  
9 ronmental, or engineering data that come to the at-  
10 tention of the Secretary.

11 **SEC. 174. LEASE SALES.**

12 (a) IN GENERAL.—Land may be leased pursuant to  
13 this part to any person qualified to obtain a lease for de-  
14 posits of oil and gas under the Mineral Leasing Act (30  
15 U.S.C. 181 et seq.).

16 (b) PROCEDURES.—The Secretary shall, by regula-  
17 tion, establish procedures for—

18 (1) receipt and consideration of sealed nomina-  
19 tions for any area in the Coastal Plain for inclusion  
20 in, or exclusion (as provided in subsection (c)) from,  
21 a lease sale;

22 (2) the holding of lease sales after that nomina-  
23 tion process; and

1           (3) public notice of and comment on designa-  
2           tion of areas to be included in, or excluded from, a  
3           lease sale.

4           (c) LEASE SALE BIDS.—Bidding for leases under  
5 this part shall be by sealed competitive cash bonus bids.

6           (d) ACREAGE MINIMUM IN FIRST SALE.—For the  
7 first lease sale under this part, the Secretary shall offer  
8 for lease those tracts the Secretary considers to have the  
9 greatest potential for the discovery of hydrocarbons, tak-  
10 ing into consideration nominations received pursuant to  
11 subsection (b)(1), but in no case less than 200,000 acres.

12          (e) TIMING OF LEASE SALES.—The Secretary  
13 shall—

14           (1) not later than 22 months after the date of  
15 enactment of this Act, conduct the first lease sale  
16 under this part; and

17           (2) conduct additional sales at appropriate in-  
18 tervals if, as determined by the Secretary, sufficient  
19 interest in development exists to warrant the con-  
20 duct of the additional sales.

21 **SEC. 175. GRANT OF LEASES BY THE SECRETARY.**

22          (a) IN GENERAL.—On payment by a lessee of such  
23 bonus as may be accepted by the Secretary, the Secretary  
24 may grant to the highest responsible qualified bidder in

1 a lease sale conducted pursuant to section 174 a lease for  
2 any land on the Coastal Plain.

3 (b) SUBSEQUENT TRANSFERS.—

4 (1) IN GENERAL.—No lease issued under this  
5 part may be sold, exchanged, assigned, sublet, or  
6 otherwise transferred except with the approval of the  
7 Secretary.

8 (2) CONDITION FOR APPROVAL.—Before grant-  
9 ing any approval described in paragraph (1), the  
10 Secretary shall consult with, and give due consider-  
11 ation to the opinion of, the Attorney General.

12 **SEC. 176. LEASE TERMS AND CONDITIONS.**

13 (a) IN GENERAL.—An oil or gas lease issued pursu-  
14 ant to this part shall—

15 (1) provide for the payment of a royalty of not  
16 less than 12½ percent of the amount or value of the  
17 production removed or sold from the lease, as deter-  
18 mined by the Secretary in accordance with regula-  
19 tions applicable to other Federal oil and gas leases;

20 (2) provide that the Secretary may close, on a  
21 seasonal basis, such portions of the Coastal Plain to  
22 exploratory drilling activities as are necessary to  
23 protect caribou calving areas and other species of  
24 fish and wildlife;

1           (3) require that each lessee of land within the  
2           Coastal Plain shall be fully responsible and liable for  
3           the reclamation of land within the Coastal Plain and  
4           any other Federal land that is adversely affected in  
5           connection with exploration, development, produc-  
6           tion, or transportation activities conducted under the  
7           lease and within the Coastal Plain by the lessee or  
8           by any of the subcontractors or agents of the lessee;

9           (4) provide that the lessee may not delegate or  
10          convey, by contract or otherwise, that reclamation  
11          responsibility and liability to another person without  
12          the express written approval of the Secretary;

13          (5) provide that the standard of reclamation for  
14          land required to be reclaimed under this part shall  
15          be, to the maximum extent practicable—

16                (A) a condition capable of supporting the  
17                uses that the land was capable of supporting  
18                prior to any exploration, development, or pro-  
19                duction activities; or

20                (B) on application by the lessee, to a high-  
21                er or better standard, as approved by the Sec-  
22                retary;

23          (6) contain terms and conditions relating to  
24          protection of fish and wildlife, fish and wildlife habi-

1       tat, subsistence resources, and the environment as  
2       required under section 173(a)(2);

3           (7) provide that each lessee, and each agent  
4       and contractor of a lessee, use their best efforts to  
5       provide a fair share of employment and contracting  
6       for Alaska Natives and Alaska Native Corporations  
7       from throughout the State, as determined by the  
8       level of obligation previously agreed to in the Fed-  
9       eral Agreement;

10       (8) prohibit the export of oil produced under  
11       the lease; and

12       (9) contain such other provisions as the Sec-  
13       retary determines to be necessary to ensure compli-  
14       ance with this section and regulations issued under  
15       this part.

16       (b) PROJECT LABOR AGREEMENTS.—The Secretary,  
17       as a term and condition of each lease under this part, and  
18       in recognizing the proprietary interest of the Federal Gov-  
19       ernment in labor stability and in the ability of construction  
20       labor and management to meet the particular needs and  
21       conditions of projects to be developed under the leases  
22       issued pursuant to this part (including the special con-  
23       cerns of the parties to those leases), shall require that each  
24       lessee, and each agent and contractor of a lessee, under  
25       this part negotiate to obtain a project labor agreement for

1 the employment of laborers and mechanics on production,  
2 maintenance, and construction under the lease.

3 **SEC. 177. COASTAL PLAIN ENVIRONMENTAL PROTECTION.**

4 (a) NO SIGNIFICANT ADVERSE EFFECT STANDARD  
5 TO GOVERN AUTHORIZED COASTAL PLAIN ACTIVITIES.—

6 In accordance with section 173, the Secretary shall admin-  
7 ister this part through regulations, lease terms, conditions,  
8 restrictions, prohibitions, stipulations, and other provi-  
9 sions that—

10 (1) ensure that oil and gas exploration, develop-  
11 ment, and production activities on the Coastal Plain  
12 will result in no significant adverse effect on fish  
13 and wildlife, fish and wildlife habitat, and the envi-  
14 ronment;

15 (2) require the application of the best commer-  
16 cially available technology for oil and gas explo-  
17 ration, development, and production on all new ex-  
18 ploration, development, and production operations;  
19 and

20 (3) ensure that the maximum surface acreage  
21 covered in connection with the leasing program by  
22 production and support facilities, including airstrips  
23 and any areas covered by gravel berms or piers for  
24 support of pipelines, does not exceed 2,000 acres on  
25 the Coastal Plain.



1 (b) SITE-SPECIFIC ASSESSMENT AND MITIGATION.—

2 The Secretary shall also require, with respect to any pro-  
3 posed drilling and related activities, that—

4 (1) a site-specific analysis be made of the prob-  
5 able effects, if any, that the drilling or related activi-  
6 ties will have on fish and wildlife, fish and wildlife  
7 habitat, and the environment;

8 (2) a plan be implemented to avoid, minimize,  
9 and mitigate (in that order and to the maximum ex-  
10 tent practicable) any significant adverse effect iden-  
11 tified under paragraph (1); and

12 (3) the development of the plan occur after con-  
13 sultation with each agency having jurisdiction over  
14 matters mitigated by the plan.

15 (c) REGULATIONS TO PROTECT COASTAL PLAIN  
16 FISH AND WILDLIFE RESOURCES, SUBSISTENCE USERS,  
17 AND THE ENVIRONMENT.—Before implementing the leas-  
18 ing program authorized by this part, the Secretary shall  
19 prepare and promulgate regulations, lease terms, condi-  
20 tions, restrictions, prohibitions, stipulations, and other  
21 measures designed to ensure that the activities carried out  
22 on the Coastal Plain under this part are conducted in a  
23 manner consistent with the purposes and environmental  
24 requirements of this part.

1 (d) COMPLIANCE WITH FEDERAL AND STATE ENVI-  
2 RONMENTAL LAWS AND OTHER REQUIREMENTS.—The  
3 proposed regulations, lease terms, conditions, restrictions,  
4 prohibitions, and stipulations for the leasing program  
5 under this part shall require—

6 (1) compliance with all applicable provisions of  
7 Federal and State environmental law;

8 (2) implementation of and compliance with—

9 (A) standards that are at least as effective  
10 as the safety and environmental mitigation  
11 measures, as described in items 1 through 29  
12 on pages 167 through 169 of the Final State-  
13 ment, on the Coastal Plain;

14 (B) seasonal limitations on exploration, de-  
15 velopment, and related activities, as necessary,  
16 to avoid significant adverse effects during peri-  
17 ods of concentrated fish and wildlife breeding,  
18 denning, nesting, spawning, and migration;

19 (C) design safety and construction stand-  
20 ards for all pipelines and any access and service  
21 roads that minimize, to the maximum extent  
22 practicable, adverse effects on—

23 (i) the passage of migratory species  
24 (such as caribou); and

1                   (ii) the flow of surface water by re-  
2                   quiring the use of culverts, bridges, and  
3                   other structural devices;

4                   (D) prohibitions on general public access  
5                   to, and use of, all pipeline access and service  
6                   roads;

7                   (E) stringent reclamation and rehabilita-  
8                   tion requirements in accordance with this sec-  
9                   tion for the removal from the Coastal Plain of  
10                  all oil and gas development and production fa-  
11                  cilities, structures, and equipment on comple-  
12                  tion of oil and gas production operations, except  
13                  in a case in which the Secretary determines  
14                  that those facilities, structures, or equipment—

15                       (i) would assist in the management of  
16                       the Arctic National Wildlife Refuge; and

17                       (ii) are donated to the United States  
18                       for that purpose;

19                   (F) appropriate prohibitions or restrictions  
20                  on—

21                       (i) access by all modes of transpor-  
22                       tation;

23                       (ii) sand and gravel extraction; and

24                       (iii) use of explosives;

1 (G) reasonable stipulations for protection  
2 of cultural and archaeological resources;

3 (H) measures to protect groundwater and  
4 surface water, including—

5 (i) avoidance, to the maximum extent  
6 practicable, of springs, streams, and river  
7 systems;

8 (ii) the protection of natural surface  
9 drainage patterns, wetland, and riparian  
10 habitats; and

11 (iii) the regulation of methods or tech-  
12 niques for developing or transporting ade-  
13 quate supplies of water for exploratory  
14 drilling; and

15 (I) research, monitoring, and reporting re-  
16 quirements;

17 (3) that exploration activities (except surface  
18 geological studies) be limited to the period between  
19 approximately November 1 and May 1 of each year  
20 and be supported, if necessary, by ice roads, winter  
21 trails with adequate snow cover, ice pads, ice air-  
22 strips, and air transport methods (except that those  
23 exploration activities may be permitted at other  
24 times if the Secretary determines that the explo-  
25 ration will have no significant adverse effect on fish

1 and wildlife, fish and wildlife habitat, and the envi-  
2 ronment of the Coastal Plain);

3 (4) consolidation of facility siting;

4 (5) avoidance or reduction of air traffic-related  
5 disturbance to fish and wildlife;

6 (6) treatment and disposal of hazardous and  
7 toxic wastes, solid wastes, reserve pit fluids, drilling  
8 muds and cuttings, and domestic wastewater, includ-  
9 ing, in accordance with applicable Federal and State  
10 environmental laws (including regulations)—

11 (A) preparation of an annual waste man-  
12 agement report;

13 (B) development and implementation of a  
14 hazardous materials tracking system; and

15 (C) prohibition on the use of chlorinated  
16 solvents;

17 (7) fuel storage and oil spill contingency plan-  
18 ning;

19 (8) conduct of periodic field crew environmental  
20 briefings;

21 (9) avoidance of significant adverse effects on  
22 subsistence hunting, fishing, and trapping;

23 (10) compliance with applicable air and water  
24 quality standards;

1           (11) appropriate seasonal and safety zone des-  
2           ignations around well sites, within which subsistence  
3           hunting and trapping shall be limited; and

4           (12) all other protective environmental stipula-  
5           tions, restrictions, terms, and conditions considered  
6           necessary by the Secretary.

7           (e) CONSIDERATIONS.—In preparing and issuing reg-  
8           ulations, lease terms, conditions, restrictions, prohibitions,  
9           and stipulations under this section, the Secretary shall  
10          take into consideration—

11           (1) the stipulations and conditions that govern  
12           the National Petroleum Reserve-Alaska leasing pro-  
13           gram, as set forth in the 1999 Northeast National  
14           Petroleum Reserve-Alaska Final Integrated Activity  
15           Plan/Environmental Impact Statement;

16           (2) the environmental protection standards that  
17           governed the initial Coastal Plain seismic exploration  
18           program under parts 37.31 through 37.33 of title  
19           50, Code of Federal Regulations (or successor regu-  
20           lations); and

21           (3) the land use stipulations for exploratory  
22           drilling on the KIC–ASRC private land described in  
23           Appendix 2 of the agreement between Arctic Slope  
24           Regional Corporation and the United States dated  
25           August 9, 1983.

1 (f) FACILITY CONSOLIDATION PLANNING.—

2 (1) IN GENERAL.—After providing for public  
3 notice and comment, the Secretary shall prepare and  
4 periodically update a plan to govern, guide, and di-  
5 rect the siting and construction of facilities for the  
6 exploration, development, production, and transpor-  
7 tation of oil and gas resources from the Coastal  
8 Plain.

9 (2) OBJECTIVES.—The objectives of the plan  
10 shall be—

11 (A) the avoidance of unnecessary duplica-  
12 tion of facilities and activities;

13 (B) the encouragement of consolidation of  
14 common facilities and activities;

15 (C) the location or confinement of facilities  
16 and activities to areas that will minimize impact  
17 on fish and wildlife, fish and wildlife habitat,  
18 and the environment;

19 (D) the use of existing facilities, to the  
20 maximum extent practicable; and

21 (E) the enhancement of compatibility be-  
22 tween wildlife values and development activities.

23 (g) ACCESS TO PUBLIC LAND.—The Secretary  
24 shall—

(1) manage public land in the Coastal Plain in accordance with subsections (a) and (b) of section 811 of the Alaska National Interest Lands Conservation Act (16 U.S.C. 3121); and

(2) ensure that local residents shall have reasonable access to public land in the Coastal Plain for traditional uses.

**SEC. 178. EXPEDITED JUDICIAL REVIEW.**

(a) FILING OF COMPLAINTS.—

(1) DEADLINE.—A complaint seeking judicial review of a provision of this part or an action of the Secretary under this part shall be filed—

(A) except as provided in subparagraph (B), during the 90-day period beginning on the date on which the action being challenged was carried out; or

(B) in the case of a complaint based solely on grounds arising after the 90-day period described in subparagraph (A), by not later than 90 days after the date on which the complainant knew or reasonably should have known about the grounds for the complaint.

(2) VENUE.—A complaint seeking judicial review of a provision of this part or an action of the Secretary under this part shall be filed in the United



1 States Court of Appeals for the District of Colum-  
2 bia.

3 (3) SCOPE.—

4 (A) IN GENERAL.—Judicial review of a de-  
5 cision of the Secretary relating to a lease sale  
6 under this part (including an environmental  
7 analysis of such a lease sale) shall be—

8 (i) limited to a review of whether the  
9 decision is in accordance with this part;  
10 and

11 (ii) based on the administrative record  
12 of the decision.

13 (B) PRESUMPTIONS.—Any identification  
14 by the Secretary of a preferred course of action  
15 relating to a lease sale, and any analysis by the  
16 Secretary of environmental effects, under this  
17 part shall be presumed to be correct unless  
18 proven otherwise by clear and convincing evi-  
19 dence.

20 (b) LIMITATION ON OTHER REVIEW.—Any action of  
21 the Secretary that is subject to judicial review under this  
22 section shall not be subject to judicial review in any civil  
23 or criminal proceeding for enforcement.

1 **SEC. 179. USE OF REVENUES.**

2       Notwithstanding any other provision of law, all ad-  
3 justed bonus, rental, and royalty revenues from oil and  
4 gas leasing and operations authorized under this part shall  
5 be used to carry out this Act and the amendments made  
6 by this Act, with priority given to loan guarantees, dem-  
7 onstrations, and grants made or carried out under parts  
8 I and II of title I and title II (as determined by the Sec-  
9 retary).

10 **SEC. 180. RIGHTS-OF-WAY ACROSS THE COASTAL PLAIN.**

11       (a) EXEMPTION.—Sections 1101 through 1108 of the  
12 Alaska National Interest Lands Conservation Act (16  
13 U.S.C. 3161 et seq.) shall not apply to any right-of-way  
14 or easement across the Coastal Plain for the transpor-  
15 tation of oil and gas issued by the Secretary under section  
16 28 of the Mineral Leasing Act (30 U.S.C. 185).

17       (b) TERMS AND CONDITIONS.—The Secretary shall  
18 include in any right-of-way or easement described in sub-  
19 section (a) such terms and conditions as the Secretary de-  
20 termines to be necessary to ensure that the transportation  
21 of oil or gas does not significantly adversely affect any  
22 fish, wildlife, subsistence resource, or habitat, or the envi-  
23 ronment, of the Coastal Plain, including terms and condi-  
24 tions requiring facilities to be sited or designed to avoid  
25 any unnecessary duplication of roads or pipelines.

1       (c) REGULATIONS.—In promulgating regulations  
2 pursuant to section 173(g), the Secretary shall include  
3 provisions for rights-of-way and easements described in  
4 subsection (a).

5 **SEC. 181. CONVEYANCE.**

6       Notwithstanding section 1302(h)(2) of the Alaska  
7 National Interest Lands Conservation Act (16 U.S.C.  
8 3192(h)(2)), to remove any impediment on a title to land,  
9 and to clarify land ownership patterns in the Coastal  
10 Plain, the Secretary shall—

11           (1) to the extent necessary to fulfill the entitle-  
12 ment of the Kaktovik Inupiat Corporation under sec-  
13 tion 12 of the Alaska Native Claims Settlement Act  
14 (43 U.S.C. 1611), as determined by the Secretary,  
15 convey to that Corporation the surface estate of the  
16 land described in paragraph (1) of Public Land  
17 Order 6959, in accordance with the terms and condi-  
18 tions of the agreement between the Secretary, the  
19 United States Fish and Wildlife Service, the Bureau  
20 of Land Management, and the Kaktovik Inupiat  
21 Corporation, dated January 22, 1993; and

22           (2) convey to the Arctic Slope Regional Cor-  
23 poration the remaining subsurface estate to which  
24 that Corporation is entitled under the agreement be-

1       tween that corporation and the United States, dated  
2       August 9, 1983.

3       **PART III—EMERGENCY SERVICE ROUTE**

4       **SEC. 191. EMERGENCY SERVICE ROUTE.**

5       Section 1948 of the Safe, Accountable, Flexible, Effi-  
6       cient Transportation Equity Act: A Legacy for Users  
7       (Public Law 109–59; 119 Stat. 1514) is repealed.

8       **TITLE II—RESEARCH AND**  
9       **DEVELOPMENT**

10      **SEC. 201. RENEWABLE ENERGY.**

11      Section 931 of the Energy Policy Act of 2005 (42  
12      U.S.C. 16231) is amended—

13               (1) by striking subsections (b) through (e);

14               (2) by redesignating subsections (f) and (g) as  
15      subsections (b) and (c), respectively; and

16               (3) by adding at the end the following:

17      “(d) FUNDING.—

18               “(1) APPROPRIATION.—

19                       “(A) IN GENERAL.—Out of any funds in  
20      the Treasury not otherwise appropriated, the  
21      Secretary of the Treasury shall transfer to the  
22      Secretary to carry out this section—

23                               “(i) not later than 30 days after the  
24                               date of enactment of this subparagraph,  
25                               \$632,000,000;

1                   “(ii)     on     October     1,     2007,  
2                   \$742,000,000; and

3                   “(iii)    on     October     1,     2008,  
4                   \$852,000,000.

5                   “(B) RECEIPT AND ACCEPTANCE.—Subject  
6                   to paragraphs (2) through (4), the Secretary  
7                   shall be entitled to receive, shall accept, and  
8                   shall use to carry out renewable energy re-  
9                   search, demonstration, and commercial applica-  
10                  tion activities (including activities authorized  
11                  under this subtitle) the funds transferred under  
12                  subparagraph (A), without further appropria-  
13                  tion.

14                  “(C) AVAILABILITY OF FUNDS.—Funds  
15                  transferred under subparagraph (A) shall re-  
16                  main available until expended.

17                  “(2) BIOENERGY.—Of the amounts made avail-  
18                  able by paragraph (1), the Secretary shall use to  
19                  carry out section 932—

20                  “(A) \$213,000,000 for fiscal year 2007, of  
21                  which \$100,000,000 shall be for section 932(d);

22                  “(B) \$251,000,000 for fiscal year 2008, of  
23                  which \$125,000,000 shall be for section 932(d);  
24                  and

1           “(C) \$274,000,000 for fiscal year 2009, of  
2           which \$150,000,000 shall be for section 932(d).

3           “(3) SOLAR POWER.—Of the amounts made  
4           available by paragraph (1), the Secretary shall use  
5           to carry out activities under subsection (a)(2)(A)—

6           “(A) \$140,000,000 for fiscal year 2007, of  
7           which \$40,000,000 shall be for activities under  
8           section 935;

9           “(B) \$200,000,000 for fiscal year 2008, of  
10          which \$50,000,000 shall be for activities under  
11          section 935; and

12          “(C) \$250,000,000 for fiscal year 2009, of  
13          which \$50,000,000 shall be for activities under  
14          section 935.

15          “(4) ADMINISTRATION.—Of the funds made  
16          available by paragraph (1), not less than \$5,000,000  
17          for each fiscal year shall be made available for  
18          grants to—

19                 “(A) part B institutions;

20                 “(B) Tribal Colleges or Universities (as de-  
21                 fined in section 316(b) of the Higher Education  
22                 Act of 1965 (20 U.S.C. 1059c(b))); and

23                 “(C) Hispanic-serving institutions.”.

1 **SEC. 202. BIOMASS RESEARCH AND DEVELOPMENT.**

2 Section 310 of the Biomass Research and Develop-  
3 ment Act of 2000 (7 U.S.C. 8609) is amended by striking  
4 subsection (b) and inserting the following:

5 “(b) **ADDITIONAL FUNDING.**—

6 “(1) **IN GENERAL.**—In addition to the amounts  
7 transferred under subsection (a), not later than 30  
8 days after the date of enactment of this paragraph,  
9 on October 1, 2007, and on each October 1 there-  
10 after through October 1, 2015, out of any funds in  
11 the Treasury not otherwise appropriated, the Sec-  
12 retary of the Treasury shall transfer to the Sec-  
13 retary to carry out this title \$200,000,000, to re-  
14 main available until expended.

15 “(2) **RECEIPT AND ACCEPTANCE.**—The Sec-  
16 retary shall be entitled to receive, shall accept, and  
17 shall use to carry out this title the funds transferred  
18 under paragraph (1), without further appropria-  
19 tion.”.

20 **SEC. 203. PRODUCTION INCENTIVES FOR CELLULOSIC**  
21 **BIOFUELS.**

22 Section 942 of the Energy Policy Act of 2005 (42  
23 U.S.C. 16251) is amended by striking subsection (f) and  
24 inserting the following:

25 “(f) **FUNDING.**—

1           “(1) IN GENERAL.—Out of any funds in the  
 2           Treasury not otherwise appropriated, the Secretary  
 3           of the Treasury shall transfer to the Secretary to  
 4           carry out this section—

5                   “(A) not later than 30 days after the date  
 6                   of enactment of this paragraph, \$150,000,000;

7                   “(B) on October 1, 2007, \$200,000,000;  
 8                   and

9                   “(C) on each October 1 thereafter through  
 10                  October 1, 2010, \$250,000,000.

11           “(2) RECEIPT AND ACCEPTANCE.—The Sec-  
 12           retary shall be entitled to receive, shall accept, and  
 13           shall use to carry out this section the funds trans-  
 14           ferred under paragraph (1), without further appro-  
 15           priation.

16           “(3) AVAILABILITY OF FUNDS.—Funds trans-  
 17           ferred under paragraph (1) shall remain available  
 18           until expended.”.

19 **SEC. 204. COMMERCIAL BYPRODUCTS FROM MUNICIPAL**  
 20 **SOLID WASTE AND CELLULOSIC BIOMASS**  
 21 **LOAN GUARANTEE PROGRAM.**

22           Section 1510 of the Energy Policy Act of 2005 (42  
 23 U.S.C. 16501) is amended by striking subsection (k) and  
 24 inserting the following:

25           “(k) FUNDING.—



1 “(1) MANDATORY FUNDING.—

2 “(A) IN GENERAL.—Notwithstanding any  
3 other provision of law, not later than 30 days  
4 after the date of enactment of this paragraph,  
5 out of any funds in the Treasury not otherwise  
6 appropriated, the Secretary of the Treasury  
7 shall transfer to the Secretary to carry out this  
8 section \$1,000,000,000, to remain available  
9 until expended.

10 “(B) RECEIPT AND ACCEPTANCE.—The  
11 Secretary shall be entitled to receive, shall ac-  
12 cept, and shall use to carry out this section the  
13 funds transferred under subparagraph (A),  
14 without further appropriation.

15 “(2) AUTHORIZATION OF APPROPRIATIONS.—In  
16 addition to the amounts made available under para-  
17 graph (1), there are authorized to be appropriated  
18 such sums as are necessary to carry out this sec-  
19 tion.”.

20 **SEC. 205. FOSSIL ENERGY.**

21 Section 961 of the Energy Policy Act of 2005 (42  
22 U.S.C. 16291) is amended by striking subsections (b)  
23 through (e) and inserting the following:

24 “(b) FUNDING.—

25 “(1) APPROPRIATION.—

1           “(A) IN GENERAL.—Out of any funds in  
2           the Treasury not otherwise appropriated, the  
3           Secretary of the Treasury shall transfer to the  
4           Secretary to carry out fossil energy research,  
5           development, demonstration, and commercial  
6           application activities, including activities au-  
7           thorized under this subtitle—

8                   “(i) not later than 30 days after the  
9                   date of enactment of this subparagraph,  
10                  \$387,000,000;

11                  “(ii) on October 1, 2007,  
12                  \$401,000,000; and

13                  “(iii) on October 1, 2008,  
14                  \$424,000,000.

15           “(B) RECEIPT AND ACCEPTANCE.—The  
16           Secretary shall be entitled to receive, shall ac-  
17           cept, and shall use to carry out this section the  
18           funds transferred under subparagraph (A),  
19           without further appropriation.

20           “(C) AVAILABILITY OF FUNDS.—Funds  
21           transferred under subparagraph (A) shall re-  
22           main available until expended.

23           “(2) ALLOCATIONS.—From amounts made  
24           available under paragraph (1), the Secretary shall  
25           use—

1 “(A) for activities under section 962—

2 “(i) \$367,000,000 for fiscal year  
3 2007;

4 “(ii) \$376,000,000 for fiscal year  
5 2008; and

6 “(iii) \$394,000,000 for fiscal year  
7 2009; and

8 “(B) for activities under section 964—

9 “(i) \$20,000,000 for fiscal year 2007;

10 “(ii) \$25,000,000 for fiscal year 2008;

11 and

12 “(iii) \$30,000,000 for fiscal year  
13 2009.

14 “(3) AUTHORIZATION OF APPROPRIATIONS.—In  
15 addition to the amounts made available under para-  
16 graph (1), there are authorized to be appropriated to  
17 the Secretary to carry out fossil energy research, de-  
18 velopment, demonstration, and commercial applica-  
19 tion activities, including activities authorized under  
20 this subtitle, \$224,000,000 for fiscal year 2007,  
21 \$225,000,000 for fiscal year 2008, \$217,000,000 for  
22 fiscal year 2009, and \$25,000,000 for each of fiscal  
23 years 2010 through 2012, including—

24 “(A) for activities under section 966—

1 “(i) \$1,500,000 for fiscal year 2007;

2 and

3 “(ii) \$450,000 for each of fiscal years

4 2008 and 2009; and

5 “(B) for the Office of Arctic Energy under

6 section 3197 of the Floyd D. Spence National

7 Defense Authorization Act for Fiscal Year 2001

8 (42 U.S.C. 7144d), \$25,000,000 for each of fis-

9 cal years 2007 through 2012.

10 “(4) LIMITATIONS.—

11 “(A) USES.—None of the funds made

12 available or authorized under this section may

13 be used for Fossil Energy Environmental Res-

14 toration or Import/Export Authorization.

15 “(B) INSTITUTIONS OF HIGHER EDU-

16 CATION.—Of the funds made available by para-

17 graph (2)(B) for each fiscal year, not less than

18 20 percent shall be dedicated to research and

19 development carried out at institutions of high-

20 er education.”.

21 **SEC. 206. CARBON CAPTURE RESEARCH AND DEVELOP-**

22 **MENT PROGRAM.**

23 Section 963 of the Energy Policy Act of 2005 (42

24 U.S.C. 16293) is amended by striking subsection (c) and

25 inserting the following:

1 “(c) FUNDING.—

2 “(1) IN GENERAL.—Out of any funds in the  
3 Treasury not otherwise appropriated, the Secretary  
4 of the Treasury shall transfer to the Secretary to  
5 carry out this section—

6 “(A) not later than 30 days after the date  
7 of enactment of this subparagraph,  
8 \$25,000,000;

9 “(B) on October 1, 2007, \$30,000,000;  
10 and

11 “(C) on October 1, 2008, \$35,000,000.

12 “(2) RECEIPT AND ACCEPTANCE.—The Sec-  
13 retary shall be entitled to receive, shall accept, and  
14 shall use to carry out this section the funds trans-  
15 ferred under paragraph (1), without further appro-  
16 priation.

17 “(3) AVAILABILITY OF FUNDS.—Funds trans-  
18 ferred under paragraph (1) shall remain available  
19 until expended.”.

20 **SEC. 207. ADVANCED ENERGY INITIATIVE FOR VEHICLES.**

21 (a) PURPOSES.—The purposes of this section are—

22 (1) to enable and promote, in partnership with  
23 industry, comprehensive development, demonstra-  
24 tion, and commercialization of a wide range of elec-

1       tric drive components, systems, and vehicles using  
2       diverse electric drive transportation technologies;

3           (2) to make critical public investments to help  
4       private industry, institutions of higher education,  
5       National Laboratories, and research institutions to  
6       expand innovation, industrial growth, and jobs in the  
7       United States;

8           (3) to expand the availability of the existing  
9       electric infrastructure for fueling light duty trans-  
10      portation and other on-road and nonroad vehicles  
11      that are using petroleum and are mobile sources of  
12      emissions—

13           (A) including the more than 3,000,000 re-  
14      ported units (such as electric forklifts, golf  
15      carts, and similar nonroad vehicles) in use on  
16      the date of enactment of this Act; and

17           (B) with the goal of enhancing the energy  
18      security of the United States, reduce depend-  
19      ence on imported oil, and reduce emissions  
20      through the expansion of grid-supported mobil-  
21      ity;

22           (4) to accelerate the widespread commercializa-  
23      tion of all types of electric drive vehicle technology  
24      into all sizes and applications of vehicles, including

1 commercialization of plug-in hybrid electric vehicles  
2 and plug-in hybrid fuel cell vehicles; and

3 (5) to improve the energy efficiency of and re-  
4 duce the petroleum use in transportation.

5 (b) DEFINITIONS.—In this section:

6 (1) BATTERY.—The term “battery” means an  
7 energy storage device used in an on-road or nonroad  
8 vehicle powered in whole or in part using an off-  
9 board or on-board source of electricity.

10 (2) ELECTRIC DRIVE TRANSPORTATION TECH-  
11 NOLOGY.—The term “electric drive transportation  
12 technology” means—

13 (A) a vehicle that—

14 (i) uses an electric motor for all or  
15 part of the motive power of the vehicle;  
16 and

17 (ii) may use off-board electricity, in-  
18 cluding battery electric vehicles, fuel cell  
19 vehicles, engine dominant hybrid electric  
20 vehicles, plug-in hybrid electric vehicles,  
21 plug-in hybrid fuel cell vehicles, and elec-  
22 tric rail; or

23 (B) equipment relating to transportation  
24 or mobile sources of air pollution that uses an  
25 electric motor to replace an internal combustion

1 engine for all or part of the work of the equip-  
2 ment, including corded electric equipment  
3 linked to transportation or mobile sources of air  
4 pollution.

5 (3) ENGINE DOMINANT HYBRID ELECTRIC VE-  
6 HICLE.—The term “engine dominant hybrid electric  
7 vehicle” means an on-road or nonroad vehicle that—

8 (A) is propelled by an internal combustion  
9 engine or heat engine using—

10 (i) any combustible fuel; and

11 (ii) an on-board, rechargeable storage  
12 device; and

13 (B) has no means of using an off-board  
14 source of electricity.

15 (4) FUEL CELL VEHICLE.—The term “fuel cell  
16 vehicle” means an on-road or nonroad vehicle that  
17 uses a fuel cell (as defined in section 803 of the En-  
18 ergy Policy Act of 2005 (42 U.S.C. 16152)).

19 (5) INITIATIVE.—The term “Initiative” means  
20 the Advanced Battery Initiative established by the  
21 Secretary under subsection (f)(1).

22 (6) NONROAD VEHICLE.—The term “nonroad  
23 vehicle” has the meaning given the term in section  
24 216 of the Clean Air Act (42 U.S.C. 7550).



1           (7) PLUG-IN HYBRID ELECTRIC VEHICLE.—The  
 2           term “plug-in hybrid electric vehicle” means an on-  
 3           road or nonroad vehicle that is propelled by an inter-  
 4           nal combustion engine or heat engine using—

5                     (A) any combustible fuel;

6                     (B) an on-board, rechargeable storage de-  
 7           vice; and

8                     (C) a means of using an off-board source  
 9           of electricity.

10          (8) PLUG-IN HYBRID FUEL CELL VEHICLE.—  
 11          The term “plug-in hybrid fuel cell vehicle” means a  
 12          fuel cell vehicle with a battery powered by an off-  
 13          board source of electricity.

14          (9) INDUSTRY ALLIANCE.—The term “Industry  
 15          Alliance” means the entity selected by the Secretary  
 16          under subsection (f)(2).

17          (10) INSTITUTION OF HIGHER EDUCATION.—  
 18          The term “institution of higher education” has the  
 19          meaning given the term in section 2 of the Energy  
 20          Policy Act of 2005 (42 U.S.C. 15801).

21          (11) SECRETARY.—The term “Secretary”  
 22          means the Secretary of Energy.

23          (c) GOALS.—The goals of the electric drive transpor-  
 24          tation technology program established under subsection

1 (e) shall be to develop, in partnership with industry and  
2 institutions of higher education, projects that focus on—

3 (1) innovative electric drive technology devel-  
4 oped in the United States;

5 (2) growth of employment in the United States  
6 in electric drive design and manufacturing;

7 (3) validation of the plug-in hybrid potential  
8 through fleet demonstrations; and

9 (4) acceleration of fuel cell commercialization  
10 through comprehensive development and commer-  
11 cialization of the electric drive technology systems  
12 that are the foundational technology of the fuel cell  
13 vehicle system.

14 (d) ASSESSMENT.—Not later than 120 days after the  
15 date of enactment of this Act, the Secretary shall offer  
16 to enter into an arrangement with the National Academy  
17 of Sciences—

18 (1) to conduct an assessment (in cooperation  
19 with industry, standards development organizations,  
20 and other entities, as appropriate), of state-of-the-  
21 art battery technologies with potential application  
22 for electric drive transportation;

23 (2) to identify knowledge gaps in the scientific  
24 and technological bases of battery manufacture and  
25 use;

1           (3) to identify fundamental research areas that  
2           would likely have a significant impact on the devel-  
3           opment of superior battery technologies for electric  
4           drive vehicle applications; and

5           (4) to recommend steps to the Secretary to ac-  
6           celerate the development of battery technologies for  
7           electric drive transportation.

8           (e) PROGRAM.—The Secretary shall conduct a pro-  
9           gram of research, development, demonstration, and com-  
10          mercial application for electric drive transportation tech-  
11          nology, including—

12           (1) high-capacity, high-efficiency batteries;

13           (2) high-efficiency on-board and off-board  
14          charging components;

15           (3) high-powered drive train systems for pas-  
16          senger and commercial vehicles and for nonroad  
17          equipment;

18           (4) control system development and power train  
19          development and integration for plug-in hybrid elec-  
20          tric vehicles, plug-in hybrid fuel cell vehicles, and en-  
21          gine dominant hybrid electric vehicles, including—

22           (A) development of efficient cooling sys-  
23          tems;

24           (B) analysis and development of control  
25          systems that minimize the emissions profile

1 when clean diesel engines are part of a plug-in  
 2 hybrid drive system; and

3 (C) development of different control sys-  
 4 tems that optimize for different goals, includ-  
 5 ing—

6 (i) battery life;

7 (ii) reduction of petroleum consump-  
 8 tion; and

9 (iii) green house gas reduction;

10 (5) nanomaterial technology applied to both  
 11 battery and fuel cell systems;

12 (6) large-scale demonstrations, testing, and  
 13 evaluation of plug-in hybrid electric vehicles in dif-  
 14 ferent applications with different batteries and con-  
 15 trol systems, including—

16 (A) military applications;

17 (B) mass market passenger and light-duty  
 18 truck applications;

19 (C) private fleet applications; and

20 (D) medium- and heavy-duty applications;

21 (7) a nationwide education strategy for electric  
 22 drive transportation technologies providing sec-  
 23 ondary and high school teaching materials and sup-  
 24 port for education offered by institutions of higher

1 education that is focused on electric drive system  
 2 and component engineering;

3 (8) development, in consultation with the Ad-  
 4 ministrator of the Environmental Protection Agency,  
 5 of procedures for testing and certification of criteria  
 6 pollutants, fuel economy, and petroleum use for  
 7 light-, medium-, and heavy-duty vehicle applications,  
 8 including consideration of—

9 (A) the vehicle and fuel as a system, not  
 10 just an engine; and

11 (B) nightly off-board charging; and

12 (9) advancement of battery and corded electric  
 13 transportation technologies in mobile source applica-  
 14 tions by—

15 (A) improvement in battery, drive train,  
 16 and control system technologies; and

17 (B) working with industry and the Admin-  
 18 istrator of the Environmental Protection Agen-  
 19 cy—

20 (i) to understand and inventory mar-  
 21 kets; and

22 (ii) to identify and implement methods  
 23 of removing barriers for existing and  
 24 emerging applications.

25 (f) ADVANCED BATTERY INITIATIVE.—

1           (1) IN GENERAL.—The Secretary shall establish  
2           and carry out an Advanced Battery Initiative in ac-  
3           cordance with this subsection to support research,  
4           development, demonstration, and commercial appli-  
5           cation of battery technologies.

6           (2) INDUSTRY ALLIANCE.—Not later than 180  
7           days after the date of enactment of this Act, the  
8           Secretary shall competitively select an Industry Alli-  
9           ance to represent participants who are private, for-  
10          profit firms, the primary business of which is the  
11          manufacturing of batteries.

12          (3) RESEARCH.—

13                (A) GRANTS.—The Secretary shall carry  
14                out research activities of the Initiative through  
15                competitively-awarded grants to—

16                    (i) researchers, including Industry Al-  
17                    liance participants;

18                    (ii) small businesses;

19                    (iii) National Laboratories; and

20                    (iv) institutions of higher education.

21                (B) INDUSTRY ALLIANCE.—The Secretary  
22                shall annually solicit from the Industry Alli-  
23                ance—

1 (i) comments to identify advanced  
2 battery technology needs relevant to elec-  
3 tric drive technology;

4 (ii) an assessment of the progress of  
5 research activities of the Initiative; and

6 (iii) assistance in annually updating  
7 advanced battery technology roadmaps.

8 (4) AVAILABILITY TO THE PUBLIC.—The infor-  
9 mation and roadmaps developed under this sub-  
10 section shall be available to the public.

11 (5) PREFERENCE.—In making awards under  
12 this subsection, the Secretary shall give preference  
13 to participants in the Industry Alliance.

14 (g) COST SHARING.—In carrying out this section, the  
15 Secretary shall require cost sharing in accordance with  
16 section 988 of the Energy Policy Act of 2005 (42 U.S.C.  
17 16352).

18 (h) FUNDING.—

19 (1) IN GENERAL.—Not later than 30 days after  
20 the date of enactment of this Act, on October 1,  
21 2007, and on each October 1 thereafter through Oc-  
22 tober 1, 2011, out of any funds in the Treasury not  
23 otherwise appropriated, the Secretary of the Treas-  
24 ury shall transfer to the Secretary to carry out this

1       section \$300,000,000, to remain available until ex-  
2       pended.

3           (2) RECEIPT AND ACCEPTANCE.—The Sec-  
4       retary shall be entitled to receive, shall accept, and  
5       shall use to carry out this section the funds trans-  
6       ferred under paragraph (1), without further appro-  
7       priation.

## 8       **TITLE III—CONSERVATION AND** 9       **EFFICIENCY**

### 10      **Subtitle A—Decreasing Demand**

#### 11      **SEC. 301. CREDIT FOR TELEWORKING.**

12       (a) IN GENERAL.—Subpart B of part IV of sub-  
13      chapter A of chapter 1 of the Internal Revenue Code of  
14      1986 (relating to foreign tax credit, etc.) is amended by  
15      adding at the end the following new section:

#### 16      **“SEC. 30D. TELEWORKING CREDIT.**

17       “(a) ALLOWANCE OF CREDIT.—In the case of an eli-  
18      gible taxpayer, there shall be allowed as a credit against  
19      the tax imposed by this chapter for the taxable year an  
20      amount equal to the qualified teleworking expenses paid  
21      or incurred by the taxpayer during such year.

#### 22       “(b) MAXIMUM CREDIT.—

23       “(1) PER TELEWORKER LIMITATION.—The  
24      credit allowed by subsection (a) for a taxable year  
25      with respect to qualified teleworking expenses paid



1 or incurred by or on behalf of an individual tele-  
 2 worker shall not exceed—

3 “(A) in the case of an eligible taxpayer de-  
 4 scribed in subsection (c)(1)(A), \$1,000, and

5 “(B) in the case of an eligible taxpayer de-  
 6 scribed in subsection (c)(1)(B), \$2,000.

7 “(2) REDUCTION FOR TELEWORKING LESS  
 8 THAN FULL YEAR.—In the case of an individual who  
 9 is in a teleworking arrangement for less than a full  
 10 taxable year, the dollar amount referred to subpara-  
 11 graph (A) or (B) of paragraph (1) shall be reduced  
 12 by an amount which bears the same ratio to such  
 13 dollar amount as the number of months in which  
 14 such individual is not in a teleworking arrangement  
 15 bears to 12. For purposes of the preceding sentence,  
 16 an individual shall be treated as being in a tele-  
 17 working arrangement for a month if the individual  
 18 is subject to such arrangement for any day of such  
 19 month.

20 “(c) DEFINITIONS.—For purposes of this section—

21 “(1) ELIGIBLE TAXPAYER.—The term ‘eligible  
 22 taxpayer’ means—

23 “(A) in the case of an individual, an indi-  
 24 vidual who performs services for an employer  
 25 under a teleworking arrangement, and

1           “(B) in the case of an employer, an em-  
2           ployer for whom employees perform services  
3           under a teleworking arrangement.

4           “(2) TELEWORKING ARRANGEMENT.—The term  
5           ‘teleworking arrangement’ means an arrangement  
6           under which an employee teleworks for an employer  
7           not less than 75 days per year.

8           “(3) QUALIFIED TELEWORKING EXPENSES.—  
9           The term ‘qualified teleworking expenses’ means ex-  
10          penses paid or incurred under a teleworking ar-  
11          rangement for furnishings and electronic information  
12          equipment which are used to enable an individual to  
13          telework.

14          “(4) TELEWORK.—The term ‘telework’ means  
15          to perform work functions, using electronic informa-  
16          tion and communication technologies, thereby reduc-  
17          ing or eliminating the physical commute to and from  
18          the traditional work site.

19          “(d) LIMITATION BASED ON AMOUNT OF TAX.—

20          “(1) LIABILITY FOR TAX.—The credit allowable  
21          under subsection (a) for any taxable year shall not  
22          exceed the excess (if any) of—

23                 “(A) the regular tax for the taxable year,  
24                 reduced by the sum of the credits allowable

1           under subpart A and the preceding sections of  
2           this subpart, over

3                 “(B) the tentative minimum tax for the  
4           taxable year.

5                 “(2) CARRYFORWARD OF UNUSED CREDIT.—If  
6           the amount of the credit allowable under subsection  
7           (a) for any taxable year exceeds the limitation under  
8           paragraph (1) for the taxable year, the excess shall  
9           be carried to the succeeding taxable year and added  
10          to the amount allowable as a credit under subsection  
11          (a) for such succeeding taxable year.

12                 “(e) SPECIAL RULES.—

13                 “(1) BASIS REDUCTION.—The basis of any  
14           property for which a credit is allowable under sub-  
15           section (a) shall be reduced by the amount of such  
16           credit (determined without regard to subsection (d)).

17                 “(2) RECAPTURE.—The Secretary shall, by reg-  
18           ulations, provide for recapturing the benefit of any  
19           credit allowable under subsection (a) with respect to  
20           any property which ceases to be property eligible for  
21           such credit.

22                 “(3) PROPERTY USED OUTSIDE UNITED STATES  
23           NOT QUALIFIED.—No credit shall be allowed under  
24           subsection (a) with respect to any property referred  
25           to in section 50(b)(1) or with respect to the portion

1 of the cost of any property taken into account under  
2 section 179.

3 “(4) ELECTION TO NOT TAKE CREDIT.—No  
4 credit shall be allowed under subsection (a) for any  
5 expense if the taxpayer elects to not have this sec-  
6 tion apply with respect to such expense.

7 “(5) DENIAL OF DOUBLE BENEFIT.—No deduc-  
8 tion or credit (other than under this section) shall  
9 be allowed under this chapter with respect to any ex-  
10 pense which is taken into account in determining the  
11 credit under this section.”.

12 (b) CONFORMING AMENDMENTS.—

13 (1) Subsection (a) of section 1016 of the Inter-  
14 nal Revenue Code of 1986 is amended by striking  
15 “and” at the end of paragraph (36), by striking the  
16 period at the end of paragraph (37) and inserting “,  
17 and”, and by adding at the end the following new  
18 paragraph:

19 “(38) to the extent provided in section  
20 30D(e)(1), in the case of amounts with respect to  
21 which a credit has been allowed under section  
22 30D.”.

23 (2) Section 55(c)(3) of such Code is amended  
24 by inserting “30D(d),” after “30(b)(3),”.

1           (3) Section 6501(m) of such Code is amended  
2           by inserting “30D(e)(4),” after “30C(e)(5),”.

3           (c) CLERICAL AMENDMENT.—The table of sections  
4 for subpart B of part IV of subchapter A of chapter 1  
5 of the Internal Revenue Code of 1986 is amended by add-  
6 ing at the end the following new item:

“Sec. 30D. Teleworking credit.”.

7           (d) EFFECTIVE DATE.—The amendments made by  
8 this section shall apply to amounts paid or incurred after  
9 the date of the enactment of this Act, in taxable years  
10 ending after such date.

11 **SEC. 302. EMPLOYER-PROVIDED COMPUTER EQUIPMENT**  
12 **TREATED AS FRINGE BENEFIT.**

13           (a) IN GENERAL.—Subsection (a) of section 132 of  
14 the Internal Revenue Code of 1986 is amended by striking  
15 “or” at the end of paragraph (7), by striking the period  
16 at the end of paragraph (8) and inserting “, or”, and by  
17 adding at the end the following new paragraph:

18           “(9) qualified employer-provided computer  
19 equipment fringe.”.

20           (b) QUALIFIED EMPLOYER-PROVIDED COMPUTER  
21 EQUIPMENT FRINGE.—Section 132 of the Internal Rev-  
22 enue Code of 1986 is amended by redesignating subsection  
23 (o) as subsection (p) and by inserting after subsection (n)  
24 the following new subsection:

1       “(o) QUALIFIED EMPLOYER-PROVIDED COMPUTER  
2 EQUIPMENT FRINGE.—For purposes of this section—

3               “(1) IN GENERAL.—The term ‘qualified em-  
4 ployer-provided computer equipment fringe’ means  
5 any computer and related equipment and services  
6 provided to an employee by an employer if—

7                       “(A) such computer and related equipment  
8 and services are necessary for the employee to  
9 perform work for the employer from the em-  
10 ployee’s home, and

11                      “(B) the employee makes substantial busi-  
12 ness use of the equipment in the performance  
13 of work for the employer.

14               “(2) SUBSTANTIAL USE.—For purposes of  
15 paragraph (1), the term ‘substantial business use’  
16 includes standby use for periods when work from  
17 home may be required by the employer such as dur-  
18 ing work closures caused by the threat of terrorism,  
19 inclement weather, or natural disasters.”.

20       (c) EFFECTIVE DATE.—The amendments made by  
21 this section shall apply to taxable years beginning after  
22 December 31, 2005.

1 **SEC. 303. SENSE OF CONGRESS.**

2 It is the sense of Congress that Congress and the em-  
 3 ployees of the legislative branch of the Federal Govern-  
 4 ment should—

5 (1) conserve gasoline, aviation, and diesel fuel  
 6 by whatever means practicable; and

7 (2) as a part of such conservation efforts, pro-  
 8 mote teleworking.

9 **Subtitle B—Corporate Average**  
 10 **Fuel Economy Reform**

11 **SEC. 311. SHORT TITLE.**

12 This subtitle may be cited as the “Corporate Average  
 13 Fuel Economy Reform Act of 2006”.

14 **SEC. 312. CAFE STANDARDS FOR PASSENGER AUTO-**  
 15 **MOBILES.**

16 (a) AVERAGE FUEL ECONOMY STANDARDS FOR  
 17 AUTOMOBILES.—Section 32902 of title 49, United States  
 18 Code, is amended—

19 (1) by striking subsections (b) and (c) and in-  
 20 serting the following:

21 “(b) PASSENGER AUTOMOBILES.—

22 “(1) IN GENERAL.—Not later than 18 months  
 23 before the beginning of each model year, the Sec-  
 24 retary of Transportation shall prescribe by regula-  
 25 tion average fuel economy standards for passenger  
 26 automobiles manufactured by a manufacturer in

1       that model year. Each standard shall be the max-  
 2       imum feasible average fuel economy level that the  
 3       Secretary decides the manufacturers can achieve in  
 4       that model year. The Secretary may prescribe sepa-  
 5       rate standards for different classes of passenger  
 6       automobiles.

7               “(2) MINIMUM STANDARD.—In prescribing  
 8       standards under paragraph (1), the Secretary shall  
 9       ensure that each manufacturer’s standard for a par-  
 10      ticular model year is not less than the greater of—

11               “(A) the standard in effect on the date of  
 12      enactment of the Corporate Average Fuel Econ-  
 13      omy Reform Act of 2006; or

14               “(B) a standard established in accordance  
 15      with the requirement of section 315(c)(2) of  
 16      that Act.

17      “(c) FLEXIBILITY OF AUTHORITY.—

18               “(1) IN GENERAL.—The authority of the Sec-  
 19      retary to prescribe by regulation average fuel econ-  
 20      omy standards for automobiles under this section in-  
 21      cludes the authority to prescribe standards based on  
 22      1 or more vehicle attributes that relate to fuel econ-  
 23      omy, and to express the standards in the form of a  
 24      mathematical function. The Secretary may issue a



1 regulation prescribing standards for 1 or more  
2 model years.

3 “(2) REQUIRED LEAD-TIME.—If the Secretary  
4 prescribes an amendment to a standard under this  
5 section that makes an average fuel economy stand-  
6 ard more stringent, the Secretary shall prescribe  
7 such amendment not later than 18 months before  
8 the beginning of the model year to which the amend-  
9 ment applies.

10 “(3) NO ACROSS-THE-BOARD INCREASES.—A  
11 standard, or an amendment to a standard under this  
12 section, may not be expressed as a uniform percent-  
13 age increase from the fuel-economy performance of  
14 automobile classes or categories already achieved in  
15 a model year by a manufacturer.”;

16 (2) in subsection (f), by inserting “motor vehi-  
17 cle safety, emissions,” after “economy,”;

18 (3) in subsection (f), by striking “energy” and  
19 inserting “energy and reduce its dependence on oil  
20 for transportation”;

21 (4) by striking subsection (j) and inserting the  
22 following:

23 “(j) COMMENTS FROM DOE AND EPA.—

24 “(1) NOTICE OF PROPOSED RULEMAKING.—Be-  
25 fore issuing a notice proposing to prescribe or

1       amend an average fuel economy standard under sub-  
2       section (a), (b), or (g), the Secretary of Transpor-  
3       tation shall give the Secretary of Energy and the  
4       Administrator of the Environmental Protection  
5       Agency at least 10 days to comment on the proposed  
6       standard or amendment. If the Secretary of Energy  
7       or the Administrator concludes that the proposed  
8       standard or amendment would adversely affect the  
9       conservation goals of the Department of Energy or  
10      the environmental protection goals of the Environ-  
11      mental Protection Agency, respectively, the Sec-  
12      retary or the Administrator may provide written  
13      comments to the Secretary of Transportation about  
14      the impact of the proposed standard or amendment  
15      on those goals. To the extent that the Secretary of  
16      Transportation does not revise a proposed standard  
17      or amendment to take into account the comments, if  
18      any, the Secretary shall include the comments in the  
19      notice.

20           “(2) NOTICE OF FINAL RULE.—Before taking  
21      final action on a standard or an exemption from a  
22      standard under this section, the Secretary of Trans-  
23      portation shall notify the Secretary of Energy and  
24      the Administrator of the Environmental Protection

1       Agency and provide them a reasonable time to com-  
2       ment on the standard or exemption.”; and

3               (5) by adding at the end the following:

4       “(k) COSTS–BENEFITS.—The Secretary of Transpor-  
5       tation may not prescribe an average fuel economy stand-  
6       ard under this section that imposes marginal costs that  
7       exceed marginal benefits, as determined at the time any  
8       change in the standard is promulgated.”.

9       (b) EXEMPTION CRITERIA.—Section 32904(b)(6)(B)  
10      of title 49, United States Code, is amended by striking  
11      “exemption would result in reduced employment in the  
12      United States related to motor vehicle manufacturing”  
13      and inserting “manufacturer requesting the exemption will  
14      transfer employment from the United States related to  
15      motor vehicle manufacturing because of the grant of the  
16      exemption”.

17      (c) CONFORMING AMENDMENTS.—

18               (1) Section 32902 of title 49, United States  
19      Code, is amended—

20                       (A) in subsection (d)(1), by striking “or  
21                       (c) of this section”;

22                       (B) in subsection (e)(2), by striking “(c),  
23                       or (d) of this section” and inserting “or (d)”;

24                       (C) in subsection (g)—

25                               (i) in paragraph (1)—

1 (I) by striking “subsection (a) or  
 2 (d)” each place it appears and insert-  
 3 ing “subsection (a), (b), or (d)”;  
 4 (II) by striking “(1)”;  
 5 (ii) by striking paragraph (2); and  
 6 (D) in subsection (h), by striking “(c),”  
 7 and inserting “(b),”.

8 (2) Section 32903 of such title is amended by  
 9 striking “section 32902(b)–(d) of this title” each  
 10 place it appears and inserting “subsection (b) or (d)  
 11 of section 32902”.

12 (3) Section 32904(a)(1)(B) of such title is  
 13 amended by striking “section 32902(b)–(d) of this  
 14 title” and inserting “subsection (b) or (d) of section  
 15 32902”.

16 (4) The first sentence of section 32909(b) of  
 17 such title is amended to read as follows: “The peti-  
 18 tion shall be filed not later than 59 days after the  
 19 regulation is prescribed.”.

20 (5) Section 32917(b)(1)(B) of such title is  
 21 amended by striking “or (c) of this title”.

22 **SEC. 313. USE OF EARNED CREDITS.**

23 Section 32903 of title 49, United States Code, is  
 24 amended—

1           (1) in subsection (a), by striking “3 consecutive  
2       model years” and inserting “5 consecutive model  
3       years”;

4           (2) in subsection (b)(2), by striking “3 model  
5       years” and inserting “5 model years”;

6           (3) by redesignating subsection (f) as sub-  
7       section (g); and

8           (4) by inserting after subsection (e) the fol-  
9       lowing:

10       “(f) CREDIT TRANSFERS.—Taking into consideration  
11   the potential effect of transfers on creating incentives for  
12   manufacturers to produce more efficient vehicles and do-  
13   mestic automotive employment, the Secretary of Trans-  
14   portation may permit, by regulation, on such terms and  
15   conditions as the Secretary may specify, a manufacturer  
16   of automobiles that earns credits to transfer such credits  
17   attributable to 1 of the following production segments in  
18   a model year to apply those credits in that model year  
19   to the other production segment:

20           “(1) Passenger-automobile production.

21           “(2) Non-passenger-automobile production.”.

22   **SEC. 314. USE OF CIVIL PENALTIES FOR RESEARCH AND**  
23   **DEVELOPMENT.**

24       Section 32912 of title 49, United States Code, is  
25   amended by adding at the end the following:

1       “(e) RESEARCH AND DEVELOPMENT AND USE OF  
2 CIVIL PENALTIES.—

3               “(1) AVAILABILITY.—All civil penalties assessed  
4 by the Secretary or by a Court shall be credited to  
5 an account at the Department of Transportation  
6 and shall be available to the Secretary to carry out  
7 the research program described in paragraph (2).

8               “(2) RESEARCH AND DEVELOPMENT.—The  
9 Secretary shall carry out a program of research and  
10 development into fuel saving automotive technologies  
11 and to support rulemaking related to the corporate  
12 average fuel economy program.”.

13 **SEC. 315. EFFECTIVE DATE.**

14       (a) IN GENERAL.—Except as provided under sub-  
15 section (b), this subtitle, and the amendments made by  
16 this subtitle, shall take effect on the date of the enactment  
17 of this Act.

18       (b) TRANSITION FOR PASSENGER AUTOMOBILE  
19 STANDARD.—Notwithstanding subsection (a), and except  
20 as provided in subsection (c)(2), until the effective date  
21 of a standard for passenger automobiles that is issued  
22 under the authority of section 32902(b) of title 49, United  
23 States Code, as amended by this subtitle, the standard or  
24 standards in place for passenger automobiles under the  
25 authority of section 32902 of that title, as that section

1 was in effect on the day before the date of enactment of  
2 this Act, shall remain in effect.

3 (c) RULEMAKING.—

4 (1) INITIATION OF RULEMAKING UNDER  
5 AMENDED LAW.—Not later than 60 days after the  
6 date of the enactment of this Act, the Secretary of  
7 Transportation shall initiate a rulemaking for pas-  
8 senger automobiles under section 32902(b) of title  
9 49, United States Code, as amended by this subtitle.

10 (2) AMENDMENT OF EXISTING STANDARD.—  
11 Until the Secretary issues a final rule pursuant to  
12 the rulemaking initiated in accordance with para-  
13 graph (1), the Secretary shall amend the average  
14 fuel economy standard prescribed pursuant to sec-  
15 tion 32092(b) of title 49, United States Code, with  
16 respect to passenger automobiles in model years to  
17 which the standard adopted by such final rule does  
18 not apply.

## 19 **Subtitle C—Other Conservation** 20 **and Efficiency Programs**

### 21 **SEC. 321. ADVANCED BUILDING EFFICIENCY TESTBED.**

22 Section 107(c) of the Energy Policy Act of 2005 (42  
23 U.S.C. 15812(c)) is amended by striking “(c)” and all  
24 that follows through “For any” and inserting the fol-  
25 lowing:

1 “(c) FUNDING.—

2 “(1) IN GENERAL.—Not later than 30 days  
3 after the date of enactment of this paragraph, and  
4 on each October 1 thereafter through October 1,  
5 2008, out of any funds in the Treasury not other-  
6 wise appropriated, the Secretary of the Treasury  
7 shall transfer to the Secretary of Energy to carry  
8 out this section \$6,000,000, to remain available  
9 until expended.

10 “(2) RECEIPT AND ACCEPTANCE.—The Sec-  
11 retary shall be entitled to receive, shall accept, and  
12 shall use to carry out this section the funds trans-  
13 ferred under paragraph (1), without further appro-  
14 priation.

15 “(3) ALLOCATION OF FUNDS.—For any”.

16 **SEC. 322. ENERGY EFFICIENT PUBLIC BUILDINGS.**

17 Section 125(c) of the Energy Policy Act of 2005 (42  
18 U.S.C. 15822(c)) is amended by striking “(c)” and all  
19 that follows through “Not more than” and inserting the  
20 following:

21 “(c) FUNDING.—

22 “(1) IN GENERAL.—Not later than 30 days  
23 after the date of enactment of this paragraph, on  
24 October 1, 2007, and on each October 1 thereafter  
25 through October 1, 2010, out of any funds in the



1 Treasury not otherwise appropriated, the Secretary  
 2 of the Treasury shall transfer to the Secretary of  
 3 Energy to carry out this section \$30,000,000, to re-  
 4 main available until expended.

5 “(2) RECEIPT AND ACCEPTANCE.—The Sec-  
 6 retary shall be entitled to receive, shall accept, and  
 7 shall use to carry out this section the funds trans-  
 8 ferred under paragraph (1), without further appro-  
 9 priation.

10 “(3) USE OF FUNDS.—Not more than”.

11 **SEC. 323. ENERGY EFFICIENCY PUBLIC INFORMATION INI-**  
 12 **TIATIVE.**

13 Section 134 of the Energy Policy Act of 2005 (42  
 14 U.S.C. 15832) is amended—

15 (1) in subsection (a)—

16 (A) in the matter preceding paragraph (1),  
 17 by striking “The Secretary” and inserting “The  
 18 Secretary, in cooperation with the Secretary of  
 19 Education,”;

20 (B) by redesignating paragraphs (2), (3),  
 21 and (4) as paragraphs (3), (4), and (5), respec-  
 22 tively; and

23 (C) by inserting after paragraph (1) the  
 24 following:

1 “(2) the national security implications of re-  
 2 maining dependent on foreign sources of oil;”;

3 (2) in subsection (d), by striking “2010” and  
 4 inserting “2011”; and

5 (3) by striking subsection (e) and inserting the  
 6 following:

7 “(e) FUNDING.—

8 “(1) IN GENERAL.—Not later than 30 days  
 9 after the date of enactment of this paragraph, on  
 10 October 1, 2007, and on each October 1 thereafter  
 11 through October 1, 2010, out of any funds in the  
 12 Treasury not otherwise appropriated, the Secretary  
 13 of the Treasury shall transfer to the Secretary of  
 14 Energy to carry out this section \$90,000,000, to re-  
 15 main available until expended.

16 “(2) RECEIPT AND ACCEPTANCE.—The Sec-  
 17 retary shall be entitled to receive, shall accept, and  
 18 shall use to carry out this section the funds trans-  
 19 ferred under paragraph (1), without further appro-  
 20 priation.”.

## 21 **TITLE IV—CONSUMER** 22 **PROTECTION**

### 23 **SEC. 401. SHORT TITLE.**

24 This title may be cited as the “Gasoline Consumer  
 25 Anti-price-gouging Protection Act”.

1 **SEC. 402. PROTECTION OF CONSUMERS AGAINST PRICE**  
2 **GOUGING.**

3 It is unlawful for any supplier to increase the price  
4 at which that supplier sells, or offers to sell, gasoline or  
5 petroleum distillates in, or for use in—

6 (1) an area covered by a Presidential proclama-  
7 tion issued under section 404(a)(1) by an uncon-  
8 scionable amount during the period beginning on the  
9 date the proclamation is issued and ending on the  
10 date specified in the proclamation; or

11 (2) an area covered by a Federal Trade Com-  
12 mission emergency order issued under section  
13 404(a)(2) by an unconscionable amount during the  
14 period beginning on the date the order is issued and  
15 ending on the date specified in the order.

16 **SEC. 403. JUSTIFIABLE PRICE INCREASES.**

17 (a) IN GENERAL.—The prohibition in section 402  
18 does not apply to the extent that the increase in the price  
19 of the gasoline or petroleum distillate is substantially at-  
20 tributable to—

21 (1) an increase in the wholesale cost of gasoline  
22 and petroleum distillates to a retail seller or reseller;

23 (2) an increase in the replacement costs for  
24 gasoline or petroleum distillate sold;

25 (3) an increase in operational costs; or

1           (4) local, regional, national, or international  
2           market conditions.

3           (b) OTHER MITIGATING FACTORS.—In determining  
4           whether a violation of section 402 has occurred, there also  
5           shall be taken into account, among other factors, the price  
6           that would reasonably equate supply and demand in a  
7           competitive and freely functioning market and whether the  
8           price at which the gasoline or petroleum distillate was sold  
9           reasonably reflects additional costs or risks, not within the  
10          control of the seller, that were paid or incurred by the  
11          seller.

12   **SEC. 404. EMERGENCY PROCLAMATIONS AND ORDERS.**

13          (a) IN GENERAL.—

14               (1) PRESIDENTIAL EMERGENCY PROCLAMA-  
15               TIONS.—The President may issue an emergency  
16               proclamation when an abnormal market disruption  
17               has occurred or is reasonably expected to occur.

18               (2) FTC EMERGENCY ORDERS.—In the absence  
19               of a Presidential proclamation under paragraph (1),  
20               the Federal Trade Commission, by majority vote,  
21               may—

22                       (A) determine that an abnormal market  
23                       disruption affecting more than 1 State has oc-  
24                       curred or is reasonably expected to occur; and

1 (B) issue an emergency order if it makes  
2 such a determination.

3 (b) SCOPE AND DURATION.—

4 (1) IN GENERAL.—The emergency proclamation  
5 or order—

6 (A) shall specify with particularity—

7 (i) the period for which the proclama-  
8 tion or order applies; and

9 (ii) the event, circumstance, or condi-  
10 tion that is the reason such a proclamation  
11 or order is determined to be necessary; and

12 (B) may specify the area or region to  
13 which it applies, which, for the 48 contiguous  
14 States, may not be limited to a single State.

15 (2) LIMITATIONS.—An emergency proclamation  
16 or a order under subsection (a)—

17 (A) may not apply for a period of more  
18 than 30 consecutive days (renewable for a con-  
19 secutive period of not more than 30 days); and

20 (B) may apply to a period of not more  
21 than 7 days preceding the occurrence of an  
22 event, circumstance, or condition that is the  
23 reason such a proclamation or order is nec-  
24 essary.

1 **SEC. 405. ENFORCEMENT BY FEDERAL TRADE COMMIS-**  
2 **SION.**

3 (a) VIOLATION IS UNFAIR OR DECEPTIVE ACT OR  
4 PRACTICE.—Section 402 of this title shall be enforced by  
5 the Federal Trade Commission as if the violation of sec-  
6 tion 402 were an unfair or deceptive act or practice pro-  
7 scribed under a rule issued under section 18(a)(1)(B) of  
8 the Federal Trade Commission Act (15 U.S.C.  
9 57a(a)(1)(B)).

10 (b) ACTIONS BY THE COMMISSION.—The Commis-  
11 sion shall prevent any supplier from violating this title in  
12 the same manner, by the same means, and with the same  
13 jurisdiction, powers, and duties as though all applicable  
14 terms and provisions of the Federal Trade Commission  
15 Act (15 U.S.C. 41 et seq.) were incorporated into and  
16 made a part of this title. Any entity that violates any pro-  
17 vision of this title is subject to the penalties and entitled  
18 to the privileges and immunities provided in the Federal  
19 Trade Commission Act in the same manner, by the same  
20 means, and with the same jurisdiction, power, and duties  
21 as though all applicable terms and provisions of the Fed-  
22 eral Trade Commission Act were incorporated into and  
23 made a part of this title.

24 (c) REGULATIONS.—Not later than 180 days after  
25 the date of enactment of this Act, the Federal Trade Com-

1 mission shall prescribe such regulations as may be nec-  
2 essary or appropriate to implement this title.

3 **SEC. 406. PENALTIES.**

4 (a) CIVIL PENALTY.—

5 (1) IN GENERAL.—In addition to any penalty  
6 applicable under the Federal Trade Commission Act  
7 any supplier who violates this title is punishable by  
8 a civil penalty of—

9 (A) not more than \$500,000, in the case of  
10 an independent small business marketer of gas-  
11 oline (within the meaning of section 324(c) of  
12 the Clean Air Act (42 U.S.C. 7625(c)); and

13 (B) not more than \$5,000,000 in the case  
14 of any other supplier.

15 (2) METHOD OF ASSESSMENT.—The penalty  
16 provided by paragraph (1) shall be assessed in the  
17 same manner as civil penalties imposed under sec-  
18 tion 5 of the Federal Trade Commission Act (15  
19 U.S.C. 45).

20 (3) MULTIPLE OFFENSES; MITIGATING FAC-  
21 TORS.—In assessing the penalty provided by sub-  
22 section (a)—

23 (A) each day of a continuing violation shall  
24 be considered a separate violation; and

1 (B) the Commission shall take into consid-  
2 eration the seriousness of the violation and the  
3 efforts of the supplier committing the violation  
4 to remedy the harm caused by the violation in  
5 a timely manner.

6 (b) CRIMINAL PENALTY.—

7 (1) IN GENERAL.—In addition to any penalty  
8 applicable under the Federal Trade Commission Act,  
9 the violation of this title is punishable by a fine of  
10 not more than \$1,000,000, imprisonment for not  
11 more than 2 years, or both.

12 (2) ENFORCEMENT.—The criminal penalty pro-  
13 vided by paragraph (1) may be imposed only pursu-  
14 ant to a criminal action brought by the Attorney  
15 General or other officer of the Department of Jus-  
16 tice, or any attorney specially appointed by the At-  
17 torney General of the United States, in accordance  
18 with section 515 of title 28, United States Code.

19 **SEC. 407. DEFINITIONS.**

20 In this title:

21 (1) ABNORMAL MARKET DISRUPTION.—The  
22 term “abnormal market disruption” means there is  
23 a reasonable likelihood that, in the absence of a  
24 proclamation under section 404(a), there will be an  
25 increase in the average price of gasoline or petro-



1       leum distillates as a result of a change in the mar-  
2       ket, whether actual or imminently threatened, result-  
3       ing from extreme weather, a natural disaster, strike,  
4       civil disorder, war, military action, a national or  
5       local emergency, or other similar cause, that ad-  
6       versely affects the availability or delivery gasoline or  
7       petroleum distillates.

8           (2) SUPPLIER.—The term “supplier” means  
9       any person engaged in the trade or business of sell-  
10      ing, reselling, at retail or wholesale, or distributing  
11      gasoline or petroleum distillates.

12          (3) UNCONSCIONABLE AMOUNT.—The term  
13      “unconscionable amount” means, with respect to  
14      any supplier to whom section 402 applies, a signifi-  
15      cant increase in the price at which gasoline or petro-  
16      leum distillates are sold or offered for sale by that  
17      supplier that increases the price, for the same grade  
18      of gasoline or petroleum distillate, to an amount  
19      that—

20           (A) substantially exceeds the average price  
21      at which gasoline or petroleum distillates were  
22      sold or offered for sale by that supplier during  
23      the 30-day period immediately preceding the  
24      sale or offer;

1 (B) substantially exceeds the average price  
 2 at which gasoline or petroleum distillates were  
 3 sold or offered for sale by that person's com-  
 4 petitors during the period for which the emer-  
 5 gency proclamation applies; and

6 (C) cannot be justified by taking into ac-  
 7 count the factors described in section 403(b).

8 **SEC. 408. EFFECTIVE DATE.**

9 This title shall take effect on the date on which a  
 10 final rule issued by the Federal Trade Commission under  
 11 section 405(c) is published in the Federal Register.

12 **TITLE V—TAX INCENTIVES**

13 **SEC. 501. EXTENSION OF EXCISE TAX CREDIT FOR COAL-**  
 14 **TO-LIQUIDS.**

15 (a) IN GENERAL.—Section 6426(d)(4) of the Inter-  
 16 nal Revenue Code of 1986 (relating to termination) is  
 17 amended by inserting “or any liquid fuel described in  
 18 paragraph (2)(E)” after “liquefied hydrogen”.

19 (b) CONFORMING AMENDMENT.—Section 6427(e)(5)  
 20 of such Code is amended by inserting “or any liquid fuel  
 21 described in section 6426(d)(2)(E)” after “liquefied hy-  
 22 drogen”.

23 (c) EFFECTIVE DATE.—The amendments made by  
 24 this section shall apply with respect to any sale or use  
 25 for any period after the date of the enactment of this Act.

1 **SEC. 502. EXTENSION OF ALTERNATIVE MOTOR VEHICLE**  
2 **CREDIT.**

3 (a) IN GENERAL.—Section 30B(j) of the Internal  
4 Revenue Code of 1986 (relating to termination) is amend-  
5 ed by striking “2010” both places it appears and “2009”  
6 and inserting “2014”.

7 (b) DELAY ON LIMITATION OF CERTAIN VEHICLES  
8 ELIGIBLE FOR ALTERNATIVE MOTOR VEHICLE CRED-  
9 IT.—Paragraph (2) of section 30B(f) of the Internal Rev-  
10 enue Code of 1986 is amended by striking “December 31,  
11 2005” and inserting “December 31, 2007”.

12 (c) EFFECTIVE DATE.—The amendments made by  
13 this section shall take effect as if included in the amend-  
14 ment made by section 1341(a) of the Energy Policy Act  
15 of 2005.

16 **SEC. 503. TAX INCENTIVES EXTENDED TO ENCOURAGE CEL-**  
17 **LULOSIC ETHANOL PRODUCTION.**

18 (a) ALCOHOL FUEL MIXTURE EXCISE TAX CRED-  
19 IT.—Section 6426(b)(5) of the Internal Revenue Code of  
20 1986 (relating to termination) is amended by inserting  
21 “(December 31, 2015, in the case of ethanol produced  
22 from cellulosic feedstocks)” after “December 31, 2010”.

23 (b) INCOME TAX CREDIT FOR ALCOHOL USED AS  
24 FUEL; SMALL ETHANOL PRODUCER CREDIT; ETHANOL  
25 BLENDER CREDIT.—

1           (1) IN GENERAL.—Section 40(e)(1)(A) of the  
 2       Internal Revenue Code of 1986 (relating to termi-  
 3       nation) is amended by inserting “(December 31,  
 4       2015, in the case of ethanol produced from cellulosic  
 5       feedstocks)” after “December 31, 2010”.

6           (2) CONFORMING AMENDMENTS FOR REDUCED  
 7       CREDIT FOR ETHANOL BLENDERS.—Section 40(h)  
 8       of such Code (relating to reduced credit for ethanol  
 9       blenders) is amended—

10           (A) by inserting “(2015, in the case of eth-  
 11       anol produced from cellulosic feedstocks)” after  
 12       “2010” in paragraph (1), and

13           (B) by striking “2010” in the table con-  
 14       tained in paragraph (2) and inserting “2015”.

15       (c) REBATE FOR ALCOHOL FUEL USED TO  
 16       PRODUCE A MIXTURE.—Section 6427(e)(5)(A) of the In-  
 17       ternal Revenue Code of 1986 (relating to termination) is  
 18       amended by inserting “(December 31, 2015, in the case  
 19       of ethanol produced from cellulosic feedstocks)” after  
 20       “December 31, 2010”.

21       **SEC. 504. EXTENSION OF BIODIESEL INCOME AND EXCISE**  
 22       **TAX CREDITS.**

23       Sections 40A(g), 6426(c)(6), and 6427(e)(5)(B) of  
 24       the Internal Revenue Code of 1986 are each amended by  
 25       striking “2008” and inserting “2010”.

1 **SEC. 505. EXTENSION OF RENEWABLE ENERGY RE-**  
 2 **SOURCES.**

3 Section 45(d) of the Internal Revenue Code of 1986  
 4 (relating to qualified facilities) is amended by striking  
 5 “2008” each place it appears and inserting “2012”.

6 **SEC. 506. EXTENSION AND MODIFICATION OF INVESTMENT**  
 7 **TAX CREDIT WITH RESPECT TO SOLAR EN-**  
 8 **ERGY PROPERTY AND QUALIFIED FUEL CELL**  
 9 **PROPERTY.**

10 (a) SOLAR ENERGY PROPERTY.—Paragraphs  
 11 (2)(A)(i)(II) and (3)(A)(ii) of section 48(a) of the Internal  
 12 Revenue Code of 1986 are each amended by striking  
 13 “2008” and inserting “2016”.

14 (b) ELIGIBLE FUEL CELL PROPERTY.—Paragraph  
 15 (1)(E) of section 48(c) of the Internal Revenue Code of  
 16 1986 is amended by striking “2007” and inserting  
 17 “2015”.

18 (c) CREDITS ALLOWED AGAINST THE ALTERNATIVE  
 19 MINIMUM TAX.—Section 38(c)(4)(B) of the Internal Rev-  
 20 enue Code of 1986 (defining specified credits) is amended  
 21 by striking the period at the end of clause (ii)(II) and in-  
 22 serting “, and”, and by adding at the end the following  
 23 new clause:

24 “(iii) the portion of the investment  
 25 credit under section 46(2) as determined  
 26 under section 48(a)(2)(A)(i).”.

1 (d) EFFECTIVE DATE.—The amendments made by  
 2 this section shall apply to taxable years beginning after  
 3 December 31, 2006.

4 **SEC. 507. CREDIT FOR PRODUCTION OF NATURAL GAS.**

5 (a) ALLOWANCE OF CREDIT.—Subpart D of part IV  
 6 of subchapter A of chapter 1 of the Internal Revenue Code  
 7 of 1986 (relating to business related credits) is amended  
 8 by inserting after section 45M the following new section:

9 **“SEC. 45N. CREDIT FOR PRODUCTION OF NATURAL GAS.**

10 “(a) IN GENERAL.—For purposes of section 38, in  
 11 the case of a taxpayer, the amount of the natural gas pro-  
 12 duction credit determined under this section for a taxable  
 13 year is equal to the product of—

14 “(1) \$2, multiplied by

15 “(2) each 1,000,000 British thermal units of  
 16 natural gas produced by the taxpayer at a high Btu  
 17 fuel facility during the taxable year.

18 “(b) REDUCTION IN CREDIT AMOUNT AS NATURAL  
 19 GAS PRICES INCREASE.—For purposes of this section, in  
 20 the case of natural gas produced after the first day of a  
 21 production month following the date on which the spot  
 22 price of natural gas delivered at Henry Hub, Louisiana,  
 23 on average, exceeds \$6 per million British thermal units  
 24 for 30 consecutive trading days, the \$2 amount under sub-  
 25 section (a) shall be reduced (but not below zero) by an

1 amount which is equal to the amount by which such spot  
2 price exceeds \$6 per million British thermal units.

3 “(c) HIGH BTU FUEL FACILITY.—For purposes of  
4 this section—

5 “(1) IN GENERAL.—The term ‘high Btu fuel fa-  
6 cility’ means a facility that produces high Btu bio-  
7 mass fuel and which is placed in service after the  
8 date of the enactment of this section and before  
9 January 1, 2012.

10 “(2) HIGH BTU BIOMASS FUEL.—The term  
11 ‘high Btu biomass fuel’ means fuel produced from  
12 biomass (as defined in section 45K(c)(3)) that—

13 “(A) contains no more than 7 pounds of  
14 water per million standard cubic feet,

15 “(B) contains not less than 95 percent  
16 methane per volume, and

17 “(C) has a Btu content of at least 950 per  
18 square cubic feet.

19 “(d) OTHER RULES TO APPLY.—Rules similar to the  
20 rules of paragraphs (1), (3), (4), and (5) of section 45(e)  
21 shall apply for purposes of this section.

22 “(e) DENIAL OF DOUBLE BENEFIT.—No credit shall  
23 be allowed under subsection (a) for natural gas produced  
24 by the taxpayer if a credit is allowed to the taxpayer with  
25 respect to such gas under section 45, 45I, or 45K.

1       “(f) APPLICATION OF SECTION.—This section shall  
 2 not apply to natural gas produced at any facility after the  
 3 date which is 10 years after the date such facility is placed  
 4 in service.”.

5       (b) CREDIT TO BE PART OF GENERAL BUSINESS  
 6 CREDIT.—Subsection (b) of section 38 of the Internal  
 7 Revenue Code of 1986 (relating to general business credit)  
 8 is amended by striking “and” at the end of paragraph  
 9 (29), by striking the period at the end of paragraph (30)  
 10 and inserting “, and”, and by adding at the end the fol-  
 11 lowing new paragraph:

12               “(31) the natural gas production credit deter-  
 13 mined under section 45N(a).”.

14       (c) CONFORMING AMENDMENT.—The table of sec-  
 15 tions for subpart D of part IV of subchapter A of chapter  
 16 1 of the Internal Revenue Code of 1986 is amended by  
 17 inserting after the item relating to section 45M the fol-  
 18 lowing new item:

“Sec. 45N. Credit for production of natural gas.”.

19       (d) EFFECTIVE DATE.—The amendments made by  
 20 this section shall apply to natural gas produced after De-  
 21 cember 31, 2006, in taxable years ending after such date.



1 **SEC. 508. EXTENSION AND MODIFICATION OF CREDIT FOR**  
 2 **RESIDENTIAL ENERGY EFFICIENT PROP-**  
 3 **ERTY.**

4 (a) EXTENSION.—Section 25D of the Internal Rev-  
 5 enue Code of 1986 (relating to termination) is amended  
 6 by striking “2007” and inserting “2015”.

7 (b) MODIFICATION OF MAXIMUM CREDIT.—Para-  
 8 graph (1) of section 25D(b) of the Internal Revenue Code  
 9 of 1986 (relating to limitations) is amended to read as  
 10 follows:

11 “(1) MAXIMUM CREDIT.—The credit allowed  
 12 under subsection (a) for any taxable year shall not  
 13 exceed—

14 “(A) \$1,000 with respect to each half kilo-  
 15 watt of capacity of qualified photovoltaic prop-  
 16 erty for which qualified photovoltaic property  
 17 expenditures are made,

18 “(B) \$2,000 with respect to any qualified  
 19 solar water heating property expenditures, and

20 “(C) \$500 with respect to each half kilo-  
 21 watt of capacity of qualified fuel cell property  
 22 (as defined in section 48(c)(1)) for which quali-  
 23 fied fuel cell property expenditures are made.”.

24 (c) CREDIT ALLOWED AGAINST ALTERNATIVE MIN-  
 25 IMUM TAX.—

1           (1) IN GENERAL.—Section 25D(b) of the Inter-  
 2           nal Revenue Code of 1986 (as amended by sub-  
 3           section (b)) is amended by adding at the end the fol-  
 4           lowing new paragraph:

5           “(3) CREDIT ALLOWED AGAINST ALTERNATIVE  
 6           MINIMUM TAX.—The credit allowed under subsection  
 7           (a) for the taxable year shall not exceed the excess  
 8           of—

9                   “(A) the sum of the regular tax liability  
 10                 (as defined in section 26(b)) plus the tax im-  
 11                 posed by section 55, over

12                   “(B) the sum of the credits allowable  
 13                 under subpart A of part IV of subchapter A  
 14                 and section 27 for the taxable year.”.

15           (2) CONFORMING AMENDMENT.—Subsection (c)  
 16           of section 25D of such Code is amended to read as  
 17           follows:

18           “(c) CARRYFORWARD OF UNUSED CREDIT.—If the  
 19           credit allowable under subsection (a) for any taxable year  
 20           exceeds the limitation imposed by subsection (b)(3) for  
 21           such taxable year, such excess shall be carried to the suc-  
 22           ceeding taxable year and added to the credit allowable  
 23           under subsection (a) for such succeeding taxable year.”.

1 (d) EFFECTIVE DATE.—The amendments made by  
2 this section shall apply to taxable years beginning after  
3 December 31, 2006.

## 4 **TITLE VI—BOUTIQUE FUEL** 5 **REDUCTIONS**

### 6 **SEC. 601. BOUTIQUE FUEL REDUCTIONS.**

7 Section 211(c)(4)(C) of the Clean Air Act (42 U.S.C.  
8 7545(c)(4)(C)) (as amended by section 1541 of the En-  
9 ergy Policy Act of 2005 (Public Law 109–58; 119 Stat.  
10 1106)) is amended—

11 (1) by redesignating the second clause (v) as  
12 clause (vi); and

13 (2) in clause (vi) (as redesignated by paragraph  
14 (1)), by striking subclauses (III) and (IV) and in-  
15 serting the following:

16 “(III) The Administrator shall remove a fuel from the  
17 list published under subclause (II) if a fuel ceases to be  
18 included in a State implementation plan or if a fuel in  
19 a State implementation plan is identical to a Federal fuel  
20 formulation implemented by the Administrator and shall  
21 reduce the total number of fuels permitted to be included  
22 in a State implementation plan or revision on the list pub-  
23 lished under subclause (II) accordingly.

24 “(IV) Subclause (I) shall not limit the authority of  
25 the Administrator to approve a control or prohibition re-

1 specting any new fuel under this paragraph in a State im-  
2 plementation plan or revision to a State implementation  
3 plan if the new fuel completely replaces a fuel on the list  
4 published under subclause (II).”.

○