

110TH CONGRESS  
1ST SESSION

# H. R. 2784

To greatly enhance the Nation's environmental, energy, economic, and national security by terminating long-standing Federal prohibitions on the domestic production of abundant offshore supplies of natural gas, to dedicate fixed percentages of the resultant royalties for environmental restoration projects, renewable energy and carbon sequestration research, and weatherization and energy assistance for those in need, and to share a portion of such royalties with producing States, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

JUNE 20, 2007

Mr. PETERSON of Pennsylvania (for himself, Mr. ABERCROMBIE, Mrs. DRAKE, Mr. NUNES, Mr. EDWARDS, and Mr. MELANCON) introduced the following bill; which was referred to the Committee on Natural Resources, and in addition to the Committees on Rules and Budget, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

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## A BILL

To greatly enhance the Nation's environmental, energy, economic, and national security by terminating long-standing Federal prohibitions on the domestic production of abundant offshore supplies of natural gas, to dedicate fixed percentages of the resultant royalties for environmental restoration projects, renewable energy and carbon sequestration research, and weatherization and energy assistance for those in need, and to share a portion

of such royalties with producing States, 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.**

4        This Act may be cited as the “National Environment  
 5 and Energy Development Act”.

6 **SEC. 2. TERMINATION OF PROHIBITIONS ON EXPENDI-**  
 7 **TURES FOR, AND WITHDRAWALS FROM, OFF-**  
 8 **SHORE GAS LEASING.**

9        (a) PROHIBITIONS ON EXPENDITURES.—All provi-  
 10 sions of Federal law that prohibit the expenditure of ap-  
 11 propriated funds to conduct natural gas leasing and  
 12 preleasing activities for any area of the Outer Continental  
 13 Shelf shall have no force or effect with respect to such  
 14 activities.

15        (b) REVOCATION WITHDRAWALS.—All withdrawals  
 16 of Federal submerged lands of the Outer Continental Shelf  
 17 from leasing, including withdrawals by the President  
 18 under the authority of section 12(a) of the Outer Conti-  
 19 nental Shelf Lands Act (43 U.S.C. 1341(a)), are hereby  
 20 revoked and are no longer in effect with respect to the  
 21 leasing of areas for exploration for, and development and  
 22 production of, natural gas.

23        (c) PROHIBITIONS AND WITHDRAWALS FOR OIL NOT  
 24 AFFECTED.—This section does not affect—

1           (1) any prohibition on the expenditure of appro-  
2           priated funds to conduct oil leasing or preleasing ac-  
3           tivities; and

4           (2) any withdrawal of Federal submerged lands  
5           from leasing for exploration for, and development  
6           and production of, oil.

7   **SEC. 3. OUTER CONTINENTAL SHELF NATURAL GAS LEAS-**  
8                           **ING PROGRAM.**

9           The Outer Continental Shelf Lands Act (43 U.S.C.  
10 1331 et seq.) is amended by inserting after section 9 the  
11 following:

12   **“SEC. 10. MORATORIA AREA AND STATE APPROVAL RE-**  
13                           **QUIREMENT WITH RESPECT TO NATURAL**  
14                           **GAS LEASING.**

15           “(a) **BUFFER ZONE.**—The Secretary may not grant  
16 any natural gas lease for any area of the outer Continental  
17 Shelf that is located within 25 miles of the coastline of  
18 a State.

19           “(b) **STATE APPROVAL REQUIREMENT.**—

20           “(1) **IN GENERAL.**—The Secretary may not  
21 issue any lease authorizing exploration for, or devel-  
22 opment of, natural gas in any area of the outer Con-  
23 tinental Shelf that is located within 50 miles of the  
24 coastline of a State unless the State has enacted a

1 law approving of the issuance of such leases by the  
2 Secretary.

3 “(2) STATE APPROVAL PERMANENT.—Repeal of  
4 such a law by a State shall have no effect for pur-  
5 poses of paragraph (1).

6 “(c) STATE DISAPPROVAL AUTHORITY.—

7 “(1) IN GENERAL.—The Secretary may not  
8 issue any lease authorizing exploration for, or devel-  
9 opment of, natural gas in any area of the outer Con-  
10 tinental Shelf that is located more than 50 miles and  
11 less than 100 miles from the coastline of a State if  
12 the State has enacted a law disapproving of the  
13 issuance of such leases by the Secretary.

14 “(2) REQUIREMENTS FOR STATE LAW.—A law  
15 enacted by a State for purposes of paragraph (1)—

16 “(A) shall have no force or effect for pur-  
17 poses of paragraph (1) unless first enacted by  
18 the State within the one-year period beginning  
19 on the date of the enactment of the National  
20 Environment and Energy Development Act; and

21 “(B) shall have no force or effect for pur-  
22 poses of paragraph (1) after the end of the 2-  
23 year period beginning on the date it first takes  
24 effect, unless the State, in the 2-year period  
25 preceding the application of the law for pur-

1           poses of paragraph (1), enacted legislation ex-  
2           tending the effectiveness of the law.”.

3 **SEC. 4. SHARING OF REVENUES.**

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

6           (1) in paragraph (2) by striking “Notwith-  
7           standing” and inserting “Except as provided in  
8           paragraph (6), and notwithstanding”;

9           (2) by redesignating paragraphs (6) and (7) as  
10          paragraphs (8) and (9); and

11          (3) by inserting after paragraph (5) the fol-  
12          lowing:

13               “(6) BONUS BIDS AND ROYALTIES UNDER  
14               QUALIFIED GAS LEASES.—

15                       “(A) NEW GAS LEASES.—Of amounts re-  
16                       ceived by the United States as bonus bids and  
17                       royalties under any qualified gas lease on sub-  
18                       merged lands that are located within the sea-  
19                       ward boundaries of a State established under  
20                       section 4(a)(2)(A)—

21                               “(i) 25 percent shall be deposited in  
22                               the general fund of the Treasury;

23                               “(ii) 37.5 percent shall be paid to the  
24                               States that are producing States with re-  
25                               spect to those submerged lands;

1           “(iii) 8.0 percent shall be deposited in  
2 the Energy Efficiency and Renewables Re-  
3 serve established by paragraph (7);

4           “(iv) 8.0 percent shall be deposited in  
5 the Carbon Capture and Sequestration Re-  
6 serve established by paragraph (7);

7           “(v) 5.0 percent shall be deposited in  
8 the Chesapeake Bay Restoration Reserve  
9 established by paragraph (7);

10           “(vi) 5.0 percent shall be deposited in  
11 the Great Lakes Restoration Reserve es-  
12 tablished by paragraph (7);

13           “(vii) 3.0 percent shall be deposited in  
14 the Everglades Restoration Reserve estab-  
15 lished by paragraph (7);

16           “(viii) 3.0 percent shall be deposited  
17 in the Colorado River Basin Restoration  
18 Reserve established by paragraph (7);

19           “(ix) 3.0 percent shall be deposited in  
20 the San Francisco Bay Restoration Re-  
21 serve established by paragraph (7); and

22           “(x) 2.5 percent shall be available,  
23 half to the Secretary of Health and  
24 Human Services for carrying out the Low-  
25 Income Home Energy Assistance Act of

1           1981 (42 U.S.C. 8621, et seq.) and half to  
2           the Secretary of Energy for carrying out  
3           the Weatherization Assistance program  
4           under part A of title IV of the Energy  
5           Conservation and Production Act (42  
6           U.S.C. 6861 et seq.).

7           “(B) LEASED TRACT THAT LIES PAR-  
8           Tially WITHIN THE SEAWARD BOUNDARIES OF  
9           A STATE.—In the case of a leased tract that lies  
10          partially within the seaward boundaries of a  
11          State, the amounts of bonus bids and royalties  
12          from such tract that are subject to subpara-  
13          graph (A) with respect to such State shall be a  
14          percentage of the total amounts of bonus bids  
15          and royalties from such tract that is equivalent  
16          to the total percentage of surface acreage of the  
17          tract that lies within such seaward boundaries.

18          “(C) USE OF PAYMENTS TO STATES.—  
19          Amounts paid to a State under subparagraph  
20          (A)(ii) shall be used by the State for one or  
21          more of the following:

22                   “(i) Education.

23                   “(ii) Transportation.

24                   “(iii) Reducing taxes.

1           “(iv) Coastal and environmental res-  
2           toration.

3           “(v) Energy infrastructure and  
4           projects.

5           “(vi) State seismic monitoring pro-  
6           grams.

7           “(vii) Alternative energy development.

8           “(viii) Energy efficiency and conserva-  
9           tion.

10          “(ix) Hurricane and natural disaster  
11          insurance programs.

12          “(x) Any other purpose determined by  
13          State law.

14          “(D) DEFINITIONS.—In this paragraph:

15           “(i) ADJACENT STATE.—The term  
16           ‘adjacent State’ means, with respect to any  
17           program, plan, lease sale, leased tract or  
18           other activity, proposed, conducted, or ap-  
19           proved pursuant to the provisions of this  
20           Act, any State the laws of which are de-  
21           clared, pursuant to section 4(a)(2), to be  
22           the law of the United States for the por-  
23           tion of the outer Continental Shelf on  
24           which such program, plan, lease sale,



1 leased tract, or activity appertains or is, or  
2 is proposed to be, conducted.

3 “(ii) ADJACENT ZONE.—The term  
4 ‘adjacent zone’ means, with respect to any  
5 program, plan, lease sale, leased tract, or  
6 other activity, proposed, conducted, or ap-  
7 proved pursuant to the provisions of this  
8 Act, the portion of the outer Continental  
9 Shelf for which the laws of a particular ad-  
10 jacent State are declared, pursuant to sec-  
11 tion 4(a)(2), to be the law of the United  
12 States.

13 “(iii) PRODUCING STATE.—The term  
14 ‘producing State’ means an Adjacent State  
15 having an adjacent zone containing leased  
16 tracts from which are derived bonus bids  
17 and royalties under a lease under this Act.

18 “(iv) STATE.—The term ‘State’ in-  
19 cludes Puerto Rico and the other Terri-  
20 tories of the United States.

21 “(v) QUALIFIED GAS LEASE.—The  
22 term ‘qualified gas lease’ means a lease  
23 under this Act granted after the date of  
24 the enactment of the National Environ-  
25 ment and Energy Development Act that

1           authorizes development and production of  
2           natural gas and associated condensate.

3           “(E) APPLICATION.—This paragraph shall  
4           apply to bonus bids and royalties received by  
5           the United States after September 30, 2007.

6           “(7) ESTABLISHMENT OF RESERVE AC-  
7           COUNTS.—

8           “(A) IN GENERAL.—For budgetary pur-  
9           poses, there is established as a separate account  
10          to receive deposits under paragraph (6)(A)—

11          “(i) the Energy Efficiency and Re-  
12          newables Reserve to offset the cost of legis-  
13          lation enacted after the date of the enact-  
14          ment of the National Environment and  
15          Energy Development Act to accelerate the  
16          use of clean domestic renewable energy re-  
17          sources and alternative fuels; to promote  
18          the utilization of energy-efficient products  
19          and practices and conservation; and to in-  
20          crease research, development, and deploy-  
21          ment of clean renewable energy and effi-  
22          ciency technologies.

23          “(ii) the Carbon Capture and Seques-  
24          tration Reserve to offset the cost of legisla-  
25          tion enacted after the date of the enact-

1           ment of the National Environment and  
2           Energy Development Act to promote activi-  
3           ties associated with carbon capture and se-  
4           questration;

5           “(iii) the Chesapeake Bay Restoration  
6           Reserve to offset the cost of legislation en-  
7           acted after the date of the enactment of  
8           the National Environment and Energy De-  
9           velopment Act to conduct restoration ac-  
10          tivities primarily or entirely within the  
11          Chesapeake Bay watershed that seeks to  
12          improve the overall health of the ecosystem  
13          of the Chesapeake Bay;

14          “(iv) the Great Lakes Restoration Re-  
15          serve to offset the cost of legislation en-  
16          acted after the date of the enactment of  
17          the National Environment and Energy De-  
18          velopment Act to conduct restoration ac-  
19          tivities primarily or entirely within the the  
20          Great Lakes watershed that seeks to im-  
21          prove the overall health of the ecosystem of  
22          the Great Lakes;

23          “(v) the Everglades Restoration Re-  
24          serve to offset the cost of legislation en-  
25          acted after the date of the enactment of

1 the National Environment and Energy De-  
2 velopment Act to conduct restoration ac-  
3 tivities primarily or entirely within the  
4 Florida Everglades watershed that seeks to  
5 improve the overall health of the ecosystem  
6 of the Everglades;

7 “(vi) the Colorado River Basin Res-  
8 toration Reserve to offset the cost of legis-  
9 lation enacted after the date of the enact-  
10 ment of the National Environment and  
11 Energy Development Act to conduct res-  
12 toration activities primarily or entirely  
13 within the the Colorado River Basin water-  
14 shed that seeks to improve the overall  
15 health of the ecosystem of the Colorado  
16 River Basin; and

17 “(vii) the San Francisco Bay Restora-  
18 tion Reserve to offset the cost of legislation  
19 enacted after the date of the enactment of  
20 the National Environment and Energy De-  
21 velopment Act to conduct restoration ac-  
22 tivities primarily or entirely within the San  
23 Francisco Bay, California, watershed that  
24 seeks to improve the overall health of the  
25 ecosystem of San Francisco Bay.

1 “(B) PROCEDURE FOR ADJUSTMENTS.—

2 “(i) BUDGET COMMITTEE CHAIR-  
3 MAN.—After the reporting of a bill or joint  
4 resolution, or the offering of an amend-  
5 ment thereto or the submission of a con-  
6 ference report thereon, providing funding  
7 for the purposes set forth in clause (i), (ii),  
8 (iii), (iv), (v), (vi), or (vii) of subparagraph  
9 (A) in excess of the amount of the deposits  
10 under paragraph (6)(A) for those purposes  
11 for fiscal year 2007, the chairman of the  
12 Committee on the Budget of the applicable  
13 House of Congress shall make the adjust-  
14 ments set forth in clause (ii) for the  
15 amount of new budget authority and out-  
16 lays in that measure and the outlays flow-  
17 ing from that budget authority.

18 “(ii) MATTERS TO BE ADJUSTED.—  
19 The adjustments referred to in clause (i)  
20 are to be made to—

21 “(I) the discretionary spending  
22 limits, if any, set forth in the appro-  
23 priate concurrent resolution on the  
24 budget;

1           “(II) the allocations made pursu-  
2           ant to the appropriate concurrent res-  
3           olution on the budget pursuant to sec-  
4           tion 302(a) of the Congressional  
5           Budget Act of 1974; and

6           “(III) the budget aggregates con-  
7           tained in the appropriate concurrent  
8           resolution on the budget as required  
9           by section 301(a) of the Congressional  
10          Budget Act of 1974.

11          “(iii) AMOUNTS OF ADJUSTMENTS.—  
12          The adjustments referred to in clauses (i)  
13          and (ii) shall not exceed the receipts esti-  
14          mated by the Congressional Budget Office  
15          that are attributable to this Act for the fis-  
16          cal year in which the adjustments are  
17          made.

18          “(C) EXPENDITURES ONLY BY SECRETARY  
19          OF THE INTERIOR IN CONSULTATION.—Legisla-  
20          tion shall not be treated as legislation referred  
21          to in subparagraph (A) unless any expenditure  
22          under such legislation for a purpose referred to  
23          in that subparagraph may be made only by the  
24          Secretary of the Interior after consultation with  
25          the Administrator of the Environmental Protec-

1           tion Agency, the Administrator of the National  
2           Oceanic and Atmospheric Administration, the  
3           Secretary of the Army acting through the Corps  
4           of Engineers, and, as appropriate, the Secretary  
5           of State.

6           “(8) MAINTENANCE OF EFFORT BY STATES.—  
7           The Secretary of the Interior, the Secretary of  
8           Health and Human Services, and the Secretary of  
9           Energy shall ensure that financial assistance pro-  
10          vided to a State for any purpose with amounts made  
11          available under this subsection or in any legislation  
12          with respect to which paragraph (7) applies supple-  
13          ment, and do not replace, the amounts expended by  
14          the State for that purpose before the date of the en-  
15          actment of the National Environment and Energy  
16          Development Act.”.

17          (b) ESTABLISHMENT OF STATE SEAWARD BOUND-  
18          ARIES.—Section 4(a)(2)(A) of the Outer Continental Shelf  
19          Lands Act (43 U.S.C. 1333(a)(2)(A)) is amended in the  
20          first sentence by striking “, and the President” and all  
21          that follows through the end of the sentence and inserting  
22          the following: “. Such extended lines are deemed to be as  
23          indicated on the maps for each Outer Continental Shelf  
24          region entitled ‘Alaska OCS Region State Adjacent Zone  
25          and OCS Planning Areas’, ‘Pacific OCS Region State Ad-

1 jacent Zones and OCS Planning Areas’, ‘Gulf of Mexico  
2 OCS Region State Adjacent Zones and OCS Planning  
3 Areas’, and ‘Atlantic OCS Region State Adjacent Zones  
4 and OCS Planning Areas’, all of which are dated Sep-  
5 tember 2005 and on file in the Office of the Director, Min-  
6 erals Management Service. The preceding sentence shall  
7 not apply with respect to the treatment under section 105  
8 of the Gulf of Mexico Energy Security Act of 2006 (title  
9 I of division C of Public Law 109–432) of qualified outer  
10 Continental Shelf revenues deposited and disbursed under  
11 subsection (a)(2) of that section.”.

12 **SEC. 5. NATURAL GAS LEASING.**

13 Section 8 of the Outer Continental Shelf Lands Act  
14 (43 U.S.C. 1337) is further amended by adding at the  
15 end the following subsection:

16 “(r) NATURAL GAS LEASING.—

17 “(1) IN GENERAL.—The Secretary may issue  
18 leases under this section that authorize development  
19 and production of natural gas and associated con-  
20 densate in accordance with regulations promulgated  
21 under paragraph (2).

22 “(2) REGULATIONS.—Before issuing any lease  
23 under paragraph (1), the Secretary must promulgate  
24 regulations that—



1           “(A) define what constitutes natural gas,  
2 condensate, and oil;

3           “(B) establish the lessee’s rights and obli-  
4 gations regarding condensate produced in asso-  
5 ciation with natural gas;

6           “(C) prescribe procedures and require-  
7 ments that the lessee of a lease issued under  
8 this subsection must follow if the lessee dis-  
9 covers oil deposits in the course of exploration  
10 or development; and

11           “(D) establish such other requirements for  
12 natural gas leases as the Secretary considers  
13 appropriate.

14           “(3) APPLICATION OF OTHER LAWS.—All provi-  
15 sions of this Act or any other Federal law or regula-  
16 tions that apply to oil and natural gas leases for the  
17 Outer Continental Shelf shall apply to natural gas-  
18 only leases authorized under this subsection.

19           “(4) EXISTING LEASES.—At the request of the  
20 lessee of an oil and gas lease in effect under this sec-  
21 tion on the date of enactment of this subsection, and  
22 under the requirements prescribed in regulations  
23 promulgated under paragraph (2), the Secretary  
24 may restrict development under such a lease to nat-  
25 ural gas and associated condensate.

1           “(5) OIL AND GAS LEASING PROGRAMS.—The  
2           Secretary may include provisions regarding issuance  
3           of natural gas leases in the outer Continental shelf  
4           leasing program that applies for the 5-year period  
5           beginning in 2007, notwithstanding any draft pro-  
6           posal for such program issued before the date of the  
7           enactment of this subsection.

8           “(6) PROHIBITIONS AND WITHDRAWALS FOR  
9           OIL NOT AFFECTED.—This subsection does not af-  
10          fect—

11                   “(A) any prohibition on the expenditure of  
12                   appropriated funds to conduct oil leasing or  
13                   preleasing activities; and

14                   “(B) any withdrawal of Federal submerged  
15                   lands from leasing for exploration for, and de-  
16                   velopment and production of, oil.”.

17 **SEC. 6. POLICIES REGARDING BUYING AND BUILDING**  
18 **AMERICAN.**

19           (a) INTENT OF CONGRESS.—It is the intent of the  
20 Congress that this Act, among other things, result in a  
21 healthy and growing American industrial, manufacturing,  
22 transportation, and service sector employing the vast tal-  
23 ents of America’s workforce to assist in the development  
24 of affordable energy from the Outer Continental Shelf.  
25 Moreover, the Congress intends to monitor the deployment

1 of personnel and material in the Outer Continental Shelf  
2 to encourage the development of American technology and  
3 manufacturing to enable United States workers to benefit  
4 from this Act by good jobs and careers, as well as the  
5 establishment of important industrial facilities to support  
6 expanded access to American resources.

7 (b) SAFEGUARD FOR EXTRAORDINARY ABILITY.—  
8 Section 30(a) of the Outer Continental Shelf Lands Act  
9 (43 U.S.C. 1356(a)) is amended in the matter preceding  
10 paragraph (1) by striking “regulations which” and insert-  
11 ing “regulations that shall be supplemental and com-  
12 plimentary with and under no circumstances a substi-  
13 tution for the provisions of the Constitution and laws of  
14 the United States extended to the subsoil and seabed of  
15 the outer Continental Shelf pursuant to section 4 of this  
16 Act, except insofar as such laws would otherwise apply to  
17 individuals who have extraordinary ability in the sciences,  
18 arts, education, or business, which has been demonstrated  
19 by sustained national or international acclaim, and that”.

○