

# Union Calendar No. 275

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

# H. R. 3410

[Report No. 112-395]

To require the Secretary of the Interior to conduct certain offshore oil and gas lease sales, to provide fair and equitable revenue sharing for all coastal States, to formulate future offshore energy development plans in areas with the most potential, to generate revenue for American infrastructure, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

NOVEMBER 14, 2011

Mr. STIVERS (for himself, Mr. LATOURETTE, Mr. TIBERI, Mr. FITZPATRICK, Mr. GERLACH, Mr. WOMACK, Mr. REED, Mr. JOHNSON of Ohio, and Mr. MEEHAN) introduced the following bill; which was referred to the Committee on Natural Resources

FEBRUARY 9, 2012

Additional sponsors: Mr. KELLY, Mr. DENT, Mr. SCHILLING, Mrs. MILLER of Michigan, Mr. GIBSON, Mr. KLINE, Mr. BURTON of Indiana, Mr. HECK, Mr. DUNCAN of South Carolina, and Mrs. NOEM

FEBRUARY 9, 2012

Reported with an amendment, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed

[Strike out all after the enacting clause and insert the part printed in *italic*]

[For text of introduced bill, see copy of bill as introduced on November 14, 2011]

# **A BILL**

To require the Secretary of the Interior to conduct certain offshore oil and gas lease sales, to provide fair and equitable revenue sharing for all coastal States, to formulate future offshore energy development plans in areas with the most potential, to generate revenue for American infrastructure, 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 “Energy Security and*  
 5 *Transportation Jobs Act”.*

6 **SEC. 2. TABLE OF CONTENTS.**

7 *The table of contents for this Act is as follows:*

*Sec. 1. Short title.*

*Sec. 2. Table of contents.*

*TITLE I—EXPANDING OFFSHORE ENERGY DEVELOPMENT*

*Sec. 101. Outer Continental Shelf leasing program.*

*Sec. 102. Domestic oil and natural gas production goal.*

*TITLE II—CONDUCTING PROMPT OFFSHORE LEASE SALES*

*Sec. 201. Requirement to conduct proposed oil and gas Lease Sale 216 in the*  
*Central Gulf of Mexico.*

*Sec. 202. Requirement to conduct proposed oil and gas Lease Sale 220 on the*  
*Outer Continental Shelf offshore Virginia.*

*Sec. 203. Requirement to conduct oil and gas lease Sale 222 in the Central Gulf*  
*of Mexico.*

*Sec. 204. Lease sale offshore California with no new offshore impact.*

*Sec. 205. Requirement to conduct oil and gas Lease Sale 214 in the North Aleu-*  
*tian Basin offshore Alaska.*

*Sec. 206. Additional leases.*

*Sec. 207. Definitions.*

*TITLE III—LEASING IN NEW OFFSHORE AREAS*

*Sec. 301. Leasing in the Eastern Gulf of Mexico.*

*Sec. 302. Reforming oil and gas leasing in the Eastern Gulf of Mexico.*

*Sec. 303. Areas added to Central Gulf of Mexico Planning Area.*

*Sec. 304. Application of Outer Continental Shelf Lands Act with respect to terri-*  
*ories of the United States.*

*TITLE IV—OUTER CONTINENTAL SHELF REVENUE SHARING*

*Sec. 401. Disposition of Outer Continental Shelf revenues to coastal States.*

*TITLE V—MISCELLANEOUS PROVISIONS*

*Sec. 501. Policies regarding buying, building, and working for America.*

*Sec. 502. Regulations.*

1 **TITLE I—EXPANDING OFFSHORE**  
2 **ENERGY DEVELOPMENT**

3 **SEC. 101. OUTER CONTINENTAL SHELF LEASING PROGRAM.**

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

7 *“(5)(A) In each oil and gas leasing program*  
8 *under this section, the Secretary shall make available*  
9 *for leasing and conduct lease sales including—*

10 *“(i) at least 50 percent of the available un-*  
11 *leased acreage within each outer Continental*  
12 *Shelf planning area considered to have the larg-*  
13 *est undiscovered, technically recoverable oil and*  
14 *gas resources (on a total btu basis) based upon*  
15 *the most recent national geologic assessment of*  
16 *the outer Continental Shelf, with an emphasis on*  
17 *offering the most geologically prospective parts of*  
18 *the planning area; and*

19 *“(ii) any State subdivision of an outer Con-*  
20 *tinental Shelf planning area that the Governor*  
21 *of the State that represents that subdivision re-*  
22 *quests be made available for leasing.*

23 *“(B) In this paragraph the term ‘available un-*  
24 *leased acreage’ means that portion of the outer Conti-*  
25 *ental Shelf that is not under lease at the time of a*

1        *proposed lease sale, and that has not otherwise been*  
2        *made unavailable for leasing by law.*

3            *“(6)(A) In the 2012–2017 5-year oil and gas*  
4        *leasing program, the Secretary shall make available*  
5        *for leasing any outer Continental Shelf planning*  
6        *areas that—*

7            *“(i) are estimated to contain more than*  
8            *2,500,000,000 barrels of oil; or*

9            *“(ii) are estimated to contain more than*  
10        *7,500,000,000,000 cubic feet of natural gas.*

11            *“(B) To determine the planning areas described*  
12        *in subparagraph (A), the Secretary shall use the doc-*  
13        *ument entitled ‘Minerals Management Service Assess-*  
14        *ment of Undiscovered Technically Recoverable Oil*  
15        *and Gas Resources of the Nation’s Outer Continental*  
16        *Shelf, 2006’.”.*

17        **SEC. 102. DOMESTIC OIL AND NATURAL GAS PRODUCTION**

18            **GOAL.**

19        *Section 18(b) of the Outer Continental Shelf Lands Act*  
20        *(43 U.S.C. 1344(b)) is amended to read as follows:*

21            *“(b) DOMESTIC OIL AND NATURAL GAS PRODUCTION*

22        *GOAL.—*

23            *“(1) IN GENERAL.—In developing a 5-year oil*  
24        *and gas leasing program, and subject to paragraph*  
25        *(2), the Secretary shall determine a domestic strategic*

1       *production goal for the development of oil and nat-*  
2       *ural gas as a result of that program. Such goal shall*  
3       *be—*

4               “(A) *the best estimate of the possible in-*  
5               *crease in domestic production of oil and natural*  
6               *gas from the outer Continental Shelf;*

7               “(B) *focused on meeting domestic demand*  
8               *for oil and natural gas and reducing the depend-*  
9               *ence of the United States on foreign energy; and*

10              “(C) *focused on the production increases*  
11              *achieved by the leasing program at the end of the*  
12              *15-year period beginning on the effective date of*  
13              *the program.*

14              “(2) *2012–2017 PROGRAM GOAL.—For purposes*  
15              *of the 2012–2017 5-year oil and gas leasing program,*  
16              *the production goal referred to in paragraph (1) shall*  
17              *be an increase by 2027, from the levels of oil and gas*  
18              *produced as of the date of enactment of this para-*  
19              *graph, of—*

20              “(A) *no less than 3,000,000 barrels in the*  
21              *amount of oil produced per day; and*

22              “(B) *no less than 10,000,000,000 cubic feet*  
23              *in the amount of natural gas produced per day.*

24              “(3) *REPORTING.—The Secretary shall report*  
25              *annually, beginning at the end of the 5-year period*

1       for which the program applies, to the Committee on  
2       Natural Resources of the House of Representatives  
3       and the Committee on Energy and Natural Resources  
4       of the Senate on the progress of the program in meet-  
5       ing the production goal. The Secretary shall identify  
6       in the report projections for production and any  
7       problems with leasing, permitting, or production that  
8       will prevent meeting the goal.”.

9       **TITLE II—CONDUCTING PROMPT**  
10       **OFFSHORE LEASE SALES**

11       **SEC. 201. REQUIREMENT TO CONDUCT PROPOSED OIL AND**  
12                       **GAS LEASE SALE 216 IN THE CENTRAL GULF**  
13                       **OF MEXICO.**

14       (a) *IN GENERAL.*—The Secretary of the Interior shall  
15       conduct offshore oil and gas Lease Sale 216 under section  
16       8 of the Outer Continental Shelf Lands Act (43 U.S.C.  
17       1337) as soon as practicable, but not later than 4 months  
18       after the date of enactment of this Act.

19       (b) *ENVIRONMENTAL REVIEW.*—For the purposes of  
20       that lease sale, the Environmental Impact Statement for the  
21       2007–2012 5 Year Outer Continental Shelf Plan and the  
22       Multi-Sale Environmental Impact Statement are deemed to  
23       satisfy the requirements of the National Environmental Pol-  
24       icy Act of 1969 (42 U.S.C. 4321 et seq.).

1 **SEC. 202. REQUIREMENT TO CONDUCT PROPOSED OIL AND**  
2 **GAS LEASE SALE 220 ON THE OUTER CONTI-**  
3 **NENTAL SHELF OFFSHORE VIRGINIA.**

4 (a) *IN GENERAL.*—Notwithstanding the inclusion of  
5 Lease Sale 220 in the Proposed Outer Continental Shelf Oil  
6 & Gas Leasing Program 2012–2017, the Secretary shall  
7 conduct offshore oil and gas Lease Sale 220 under section  
8 8 of the Outer Continental Shelf Lands Act (43 U.S.C.  
9 1337) as soon as practicable, but not later than one year  
10 after the date of enactment of this Act.

11 (b) *REQUIREMENT TO MAKE REPLACEMENT LEASE*  
12 *BLOCKS AVAILABLE.*—

13 (1) *IN GENERAL.*—For each lease block in a pro-  
14 posed lease sale under this section for which the Sec-  
15 retary of Defense, in consultation with the Secretary  
16 of the Interior, under the Memorandum of Agreement  
17 referred to in subsection (c)(2), issues a statement  
18 proposing deferral from a lease offering due to de-  
19 fense-related activities that are irreconcilable with  
20 mineral exploration and development, the Secretary  
21 of the Interior, in consultation with the Secretary of  
22 Defense, shall make available in the same lease sale  
23 two other lease blocks in the Virginia lease sale plan-  
24 ning area that are acceptable for oil and gas explo-  
25 ration and production in order to mitigate conflict.



1           (2) *VIRGINIA LEASE SALE PLANNING AREA DE-*  
2           *FINED.—In this subsection the term “Virginia lease*  
3           *sale planning area” means the area of the outer Con-*  
4           *tinental Shelf (as that term is defined in the Outer*  
5           *Continental Shelf Lands Act (33 U.S.C. 1331 et seq.))*  
6           *that is bounded by—*

7                   (A) *a northern boundary consisting of a*  
8                   *straight line extending from the northernmost*  
9                   *point of Virginia’s seaward boundary to the*  
10                   *point on the seaward boundary of the United*  
11                   *States exclusive economic zone located at 37 de-*  
12                   *grees 17 minutes 1 second North latitude, 71 de-*  
13                   *grees 5 minutes 16 seconds West longitude; and*

14                   (B) *a southern boundary consisting of a*  
15                   *straight line extending from the southernmost*  
16                   *point of Virginia’s seaward boundary to the*  
17                   *point on the seaward boundary of the United*  
18                   *States exclusive economic zone located at 36 de-*  
19                   *grees 31 minutes 58 seconds North latitude, 71*  
20                   *degrees 30 minutes 1 second West longitude.*

21           (c) *BALANCING MILITARY AND ENERGY PRODUCTION*

22 *GOALS.—*

23                   (1) *JOINT GOALS.—In recognition that the Outer*  
24                   *Continental Shelf oil and gas leasing program and*  
25                   *the domestic energy resources produced therefrom are*

1       *integral to national security, the Secretary of the In-*  
2       *terior and the Secretary of Defense shall work jointly*  
3       *in implementing this section in order to ensure*  
4       *achievement of the following common goals:*

5               *(A) Preserving the ability of the Armed*  
6               *Forces of the United States to maintain an opti-*  
7               *mum state of readiness through their continued*  
8               *use of the Outer Continental Shelf.*

9               *(B) Allowing effective exploration, develop-*  
10              *ment, and production of our Nation's oil, gas,*  
11              *and renewable energy resources.*

12              (2) *PROHIBITION ON CONFLICTS WITH MILITARY*  
13              *OPERATIONS.—No person may engage in any explo-*  
14              *ration, development, or production of oil or natural*  
15              *gas off the coast of Virginia that would conflict with*  
16              *any military operation, as determined in accordance*  
17              *with the Memorandum of Agreement between the De-*  
18              *partment of Defense and the Department of the Inte-*  
19              *rior on Mutual Concerns on the Outer Continental*  
20              *Shelf signed July 20, 1983, and any revision or re-*  
21              *placement for that agreement that is agreed to by the*  
22              *Secretary of Defense and the Secretary of the Interior*  
23              *after that date but before the date of issuance of the*  
24              *lease under which such exploration, development, or*  
25              *production is conducted.*

1 **SEC. 203. REQUIREMENT TO CONDUCT OIL AND GAS LEASE**  
2 **SALE 222 IN THE CENTRAL GULF OF MEXICO.**

3 (a) *IN GENERAL.*—*The Secretary shall conduct off-*  
4 *shore oil and gas Lease Sale 222 under section 8 of the*  
5 *Outer Continental Shelf Lands Act (43 U.S.C. 1337) by as*  
6 *soon as practicable, but not later than September 1, 2012.*

7 (b) *ENVIRONMENTAL REVIEW.*—*For the purposes of*  
8 *that lease sale, the Environmental Impact Statement for the*  
9 *2007–2012 5 Year Outer Continental Shelf Plan and the*  
10 *Multi-Sale Environmental Impact Statement are deemed to*  
11 *satisfy the requirements of the National Environmental Pol-*  
12 *icy Act of 1969 (42 U.S.C. 4321 et seq.).*

13 **SEC. 204. LEASE SALE OFFSHORE CALIFORNIA WITH NO**  
14 **NEW OFFSHORE IMPACT.**

15 (a) *SOUTHERN CALIFORNIA LEASE SALE.*—*The Sec-*  
16 *retary shall offer for sale leases of tracts in the Southern*  
17 *California Planning Area in the Santa Maria and Santa*  
18 *Barbara/Ventura Basins in accordance with section 8 of the*  
19 *Outer Continental Shelf Lands Act (43 U.S.C. 1337) as*  
20 *soon as practicable, but not later than July 1, 2014.*

21 (b) *USE OF EXISTING STRUCTURES OR ONSHORE-*  
22 *BASED DRILLING.*—*Leases offered for sale under this section*  
23 *shall include such terms and conditions as are necessary*  
24 *to require that development and production may occur only*  
25 *from existing offshore infrastructure or from onshore-based*  
26 *drilling.*

1       (c) *RELATIONSHIP TO LEASING PROGRAM.*—Areas  
2 shall be offered for lease under this section notwithstanding  
3 the omission of the Southern California Planning Area  
4 from any outer Continental Shelf leasing program under  
5 section 18 of the Outer Continental Shelf Lands Act (43  
6 U.S.C. 1344).

7       (d) *RELATIONSHIP TO STATE COASTAL ZONE MAN-*  
8 *AGEMENT PROGRAM.*—Section 307(c) of the Coastal Zone  
9 Management Act of 1972 (16 U.S.C. 1456(c)) shall not  
10 apply to lease sales under this section and activities con-  
11 ducted under leases issued in such sales, including explo-  
12 ration, development, and production.

13       (e) *ENVIRONMENTAL IMPACT STATEMENT REQUIRE-*  
14 *MENT.*—

15           (1) *IN GENERAL.*—Before conducting the first  
16 lease sale under this section, the Secretary shall pre-  
17 pare an environmental impact statement for the lease  
18 sales required under this section, under section 102 of  
19 the National Environmental Policy Act of 1969 (42  
20 U.S.C. 4332).

21           (2) *ACTIONS TO BE CONSIDERED.*—

22           (A) *IN GENERAL.*—Notwithstanding section  
23 102 of the National Environmental Policy Act of  
24 1969 (42 U.S.C. 4332), in such statement—

1           (i) *the Secretary is not required to*  
2           *identify nonleasing alternative courses of*  
3           *action or to analyze the environmental ef-*  
4           *fects of such alternative courses of action;*  
5           *and*

6           (ii) *the Secretary shall only—*

7                   (I) *identify a preferred action for*  
8                   *leasing and not more than one alter-*  
9                   *native leasing proposal; and*

10                   (II) *analyze the environmental ef-*  
11                   *fects and potential mitigation meas-*  
12                   *ures for such preferred action and such*  
13                   *alternative leasing proposal.*

14           (B) *DEADLINE.—The identification of the*  
15           *preferred action and related analysis for the first*  
16           *lease sale under this Act shall be completed with-*  
17           *in 18 months after the date of enactment of this*  
18           *Act.*

19           (3) *CONSIDERATION OF PUBLIC COMMENTS.—In*  
20           *preparing such statement, the Secretary shall only*  
21           *consider public comments that specifically address the*  
22           *Secretary's preferred action and that are filed within*  
23           *20 days after publication of an environmental anal-*  
24           *ysis.*

1           (4) *COMPLIANCE.*—*Compliance with this sub-*  
2           *section is deemed to satisfy all requirements for the*  
3           *analysis and consideration of the environmental ef-*  
4           *fects of proposed leasing under this section.*

5   **SEC. 205. REQUIREMENT TO CONDUCT OIL AND GAS LEASE**  
6                   **SALE 214 IN THE NORTH ALEUTIAN BASIN**  
7                   **OFFSHORE ALASKA.**

8           (a) *IN GENERAL.*—*The Secretary of the Interior shall*  
9           *conduct the lease sale formerly known as Lease Sale 214,*  
10          *for the tracts located in the North Aleutian Basin Outer*  
11          *Continental Shelf Planning Area, not later than 1 year*  
12          *after the date of enactment of this Act.*

13          (b) *RELATIONSHIP TO LEASING PROGRAM.*—*Areas*  
14          *shall be offered for lease under this section notwithstanding*  
15          *inclusion of areas referred to in subsection (a) in the Pro-*  
16          *posed Outer Continental Shelf Oil & Gas Leasing Program*  
17          *2012–2017.*

18   **SEC. 206. ADDITIONAL LEASES.**

19          *Section 18 of the Outer Continental Shelf Lands Act*  
20          *(43 U.S.C. 1344) is amended by adding at the end the fol-*  
21          *lowing:*

22               “(i) *ADDITIONAL LEASE SALES.*—*In addition to lease*  
23          *sales in accordance with a leasing program in effect under*  
24          *this section, the Secretary may hold lease sales for areas*  
25          *identified by the Secretary to have the greatest potential*

1 *for new oil and gas development as a result of local support,*  
2 *new seismic findings, or nomination by interested per-*  
3 *sons.”.*

4 **SEC. 207. DEFINITIONS.**

5 *In this title:*

6 (1) *The term “Environmental Impact Statement*  
7 *for the 2007–2012 5 Year Outer Continental Shelf*  
8 *Plan” means the Final Environmental Impact State-*  
9 *ment for Outer Continental Shelf Oil and Gas Leas-*  
10 *ing Program: 2007–2012 (April 2007) prepared by*  
11 *the Secretary.*

12 (2) *The term “Multi-Sale Environmental Impact*  
13 *Statement” means the Environmental Impact State-*  
14 *ment for Proposed Western Gulf of Mexico Outer Con-*  
15 *tinental Shelf Oil and Gas Lease Sales 204, 207, 210,*  
16 *215, and 218, and Proposed Central Gulf of Mexico*  
17 *Outer Continental Shelf Oil and Gas Lease Sales 205,*  
18 *206, 208, 213, 216, and 222 (September 2008) pre-*  
19 *pared by the Secretary.*

20 (3) *The term “Secretary” means the Secretary of*  
21 *the Interior.*

1           **TITLE III—LEASING IN NEW**  
2                           **OFFSHORE AREAS**

3   **SEC. 301. LEASING IN THE EASTERN GULF OF MEXICO.**

4           *Section 104 of division C of the Tax Relief and Health*  
5 *Care Act of 2006 (Public Law 109–432; 120 Stat. 3003)*  
6 *is repealed.*

7   **SEC. 302. REFORMING OIL AND GAS LEASING IN THE EAST-**  
8                           **ERN GULF OF MEXICO.**

9           *(a) REFORMING ADMINISTRATIVE BOUNDARIES.—Ef-*  
10 *fective July 1, 2012, for purposes of administering the*  
11 *Outer Continental Shelf Lands Act (43 U.S.C. 1331 et seq.)*  
12 *the boundary between the Central Gulf of Mexico Outer*  
13 *Continental Shelf Planning Area and the Eastern Gulf of*  
14 *Mexico Outer Continental Shelf Planning Area shall be 86*  
15 *degrees, 41 minutes west longitude.*

16           *(b) EXTENDING THE MORATORIUM.—Effective during*  
17 *the period beginning on the date of enactment of this Act*  
18 *and ending June 30, 2025, the Secretary of the Interior*  
19 *shall not offer for leasing, preleasing, or any related activity*  
20 *any area in the Eastern Gulf of Mexico Outer Continental*  
21 *Shelf Planning Area except as required under subsection*  
22 *(c).*

23           *(c) LIMITED NEW LEASING IN THE EASTERN GULF OF*  
24 *MEXICO.—*



1           (1) *IN GENERAL.*—*Notwithstanding the Proposed*  
2           *Outer Continental Shelf Oil & Gas Leasing Program*  
3           *2012–2017, the Secretary shall conduct planning and*  
4           *leasing for one lease sale in the Eastern Gulf of Mex-*  
5           *ico Outer Continental Shelf Planning Area in each of*  
6           *2013, 2014, and 2015. Each lease sale shall only con-*  
7           *sist of 50 contiguous Outer Continental Shelf lease*  
8           *blocks in those areas the Secretary considers to have*  
9           *the greatest potential for oil and gas after issuing a*  
10          *request for, receiving, and considering public com-*  
11          *ment. In reviewing potential areas for such leasing,*  
12          *the Secretary shall focus on those areas for which*  
13          *there are known quantities of hydrocarbons that can*  
14          *be conventionally produced using existing or reason-*  
15          *ably foreseeable technology, and for which oil and gas*  
16          *exploration, development, production, and marketing*  
17          *could be carried out in an expeditious manner.*

18          (2) *LEASE CONDITIONS.*—*In addition to such re-*  
19          *quirements as otherwise apply, each lease sale under*  
20          *this subsection shall be subject to the following:*

21                  (A) *The Secretary may include limits on*  
22                  *permanent surface occupancy on any lease block*  
23                  *if surface occupancy is incompatible with mili-*  
24                  *tary operations.*

1           (B) *The Secretary may include limits on*  
2           *drilling schedules and surface occupancy to ac-*  
3           *commodate defense activities on a short-term or*  
4           *seasonal basis. Such limits shall be treated as*  
5           *administrative suspensions of a lease term.*

6           (C) *The Secretary may limit permanent*  
7           *surface infrastructure on any Outer Continental*  
8           *Shelf lease block that is closer than 12 nautical*  
9           *miles to the coast of any State, unless that infra-*  
10           *structure is approved by the State.*

11           (d) *REQUIREMENT TO MAKE REPLACEMENT LEASE*  
12           *BLOCKS AVAILABLE.—For each lease block in a proposed*  
13           *lease sale under this section for which the Secretary of De-*  
14           *fense, in consultation with the Secretary of the Interior,*  
15           *under the Memorandum of Agreement referred to in sub-*  
16           *section (e)(2) issues a statement proposing deferral from a*  
17           *lease offering due to defense-related activities that are ir-*  
18           *reconcilable with mineral exploration and development, the*  
19           *Secretary of the Interior, in consultation with the Secretary*  
20           *of Defense, shall make available in the same lease sale two*  
21           *other lease blocks in the same Outer Continental Shelf plan-*  
22           *ning area that are acceptable for oil and gas exploration*  
23           *and production in order to mitigate conflict.*

24           (e) *BALANCING MILITARY AND ENERGY PRODUCTION*  
25           *GOALS.—*

1           (1) *JOINT GOALS.*—*In recognition that the Outer*  
2 *Continental Shelf oil and gas leasing program and*  
3 *the domestic energy resources produced therefrom are*  
4 *integral to national security, the Secretary of the In-*  
5 *terior and the Secretary of Defense shall work jointly*  
6 *in implementing this section in order to ensure*  
7 *achievement of the goals of—*

8                   (A) *preserving the ability of the Armed*  
9 *Forces of the United States to maintain an opti-*  
10 *mum state of readiness through their continued*  
11 *use of the Outer Continental Shelf; and*

12                   (B) *allowing effective exploration, develop-*  
13 *ment, and production of our Nation’s oil, gas,*  
14 *and renewable energy resources.*

15                   (C) *recognizing the Outer Continental Shelf*  
16 *oil and gas leasing program is an integral part*  
17 *of the Nation’s energy security program to de-*  
18 *velop domestic oil and gas resources.*

19           (2) *PROHIBITION ON CONFLICTS WITH MILITARY*  
20 *OPERATIONS.*—*No person may engage in any explo-*  
21 *ration, development, or production of oil or natural*  
22 *gas in the Eastern Gulf of Mexico Outer Continental*  
23 *Shelf Planning Area that would conflict with any*  
24 *military operation, as determined in accordance with*  
25 *the Memorandum of Agreement between the Depart-*

1 *ment of Defense and the Department of the Interior*  
2 *on Mutual Concerns on the Outer Continental Shelf*  
3 *signed July 20, 1983, and any revision or replace-*  
4 *ment for that agreement that is agreed to by the Sec-*  
5 *retary of Defense and the Secretary of the Interior*  
6 *after that date but before the date of issuance of the*  
7 *lease under which such exploration, development, or*  
8 *production is conducted.*

9 **SEC. 303. AREAS ADDED TO CENTRAL GULF OF MEXICO**  
10 **PLANNING AREA.**

11 *The Secretary shall conduct an offshore oil and gas*  
12 *lease sale under section 8 of the Outer Continental Shelf*  
13 *Lands Act (43 U.S.C. 1337) for the areas added to the Cen-*  
14 *tral Gulf of Mexico Outer Continental Shelf Planning Area*  
15 *as a result of the enactment of section 302(a) as soon as*  
16 *practicable, but not later than the first lease sale under such*  
17 *section after the date of the enactment of this Act in which*  
18 *any area in such planning area is made available for leas-*  
19 *ing.*

20 **SEC. 304. APPLICATION OF OUTER CONTINENTAL SHELF**  
21 **LANDS ACT WITH RESPECT TO TERRITORIES**  
22 **OF THE UNITED STATES.**

23 *Section 2 of the Outer Continental Shelf Lands Act*  
24 *(43 U.S.C. 1331) is amended—*

1           (1) *in paragraph (a), by inserting after “control” the following: “or lying within the United*  
 2           *States’ exclusive economic zone and the Continental*  
 3           *Shelf adjacent to any territory of the United States”;*  
 4           *and*

6           (2) *in paragraph (p), by striking “and” after the*  
 7           *semicolon at the end;*

8           (3) *in paragraph (q), by striking the period at*  
 9           *the end and inserting “; and”;* and

10          (4) *by adding at the end the following:*

11          “(r) *The term ‘State’ includes each territory of the*  
 12          *United States.”.*

13          ***TITLE IV—OUTER CONTINENTAL***  
 14          ***SHELF REVENUE SHARING***

15          ***SEC. 401. DISPOSITION OF OUTER CONTINENTAL SHELF***  
 16          ***REVENUES TO COASTAL STATES.***

17          (a) *IN GENERAL.*—*Section 9 of the Outer Continental*  
 18          *Shelf Lands Act (43 U.S.C. 1338) is amended—*

19               (1) *in the existing text—*

20                       (A) *in the first sentence, by striking “All*  
 21                       *rentals,” and inserting the following:*

22               “(c) *DISPOSITION OF REVENUE UNDER OLD*  
 23               *LEASES.*—*All rentals,”; and*

24                       (B) *in subsection (c) (as designated by the*  
 25                       *amendment made by subparagraph (A) of this*

1 paragraph), by striking “for the period from  
2 June 5, 1950, to date, and thereafter” and in-  
3 sserting “in the period beginning June 5, 1950,  
4 and ending on the date of enactment of the En-  
5 ergy Security and Transportation Jobs Act”;

6 (2) by adding after subsection (c) (as so des-  
7 ignated) the following:

8 “(d) DEFINITIONS.—In this section:

9 “(1) COASTAL STATE.—The term ‘coastal State’  
10 includes a territory of the United States.

11 “(2) NEW LEASING REVENUES.—The term ‘new  
12 leasing revenues’—

13 “(A) means amounts received by the United  
14 States as bonuses, rents, and royalties under  
15 leases for oil and gas, wind, tidal, or other en-  
16 ergy exploration, development, and production  
17 on areas of the outer Continental Shelf that are  
18 authorized to be made available for leasing as a  
19 result of enactment of the Energy Security and  
20 Transportation Jobs Act; and

21 “(B) does not include amounts received by  
22 the United States under any lease of an area lo-  
23 cated in the boundaries of the Central Gulf of  
24 Mexico and Western Gulf of Mexico Outer Conti-  
25 nental Shelf Planning Areas on the date of the

1           *enactment of the Energy Security and Transpor-*  
2           *tation Jobs Act, including a lease issued before,*  
3           *on, or after such date of enactment.”; and*

4           *(3) by inserting before subsection (c) (as so des-*  
5           *ignated) the following:*

6           “(a) *PAYMENT OF NEW LEASING REVENUES TO*  
7           *COASTAL STATES.—*

8                   “(1) *IN GENERAL.—Except as provided in para-*  
9                   *graph (2), of the amount of new leasing revenues re-*  
10                   *ceived by the United States each fiscal year, 37.5 per-*  
11                   *cent shall be allocated and paid in accordance with*  
12                   *subsection (b) to coastal States that are affected States*  
13                   *with respect to the leases under which those revenues*  
14                   *are received by the United States.*

15                   “(2) *PHASE-IN.—Paragraph (1) shall be ap-*  
16                   *plied—*

17                           “(A) *with respect to new leasing revenues*  
18                           *under leases awarded under the first leasing pro-*  
19                           *gram under section 18(a) that takes effect after*  
20                           *the date of enactment of the Energy Security and*  
21                           *Transportation Jobs Act, by substituting ‘12.5*  
22                           *percent’ for ‘37.5 percent’; and*

23                           “(B) *with respect to new leasing revenues*  
24                           *under leases awarded under the second leasing*  
25                           *program under section 18(a) that takes effect*

1           *after the date of enactment of the Energy Secu-*  
2           *rity and Transportation Jobs Act, by sub-*  
3           *stituting ‘25 percent’ for ‘37.5 percent’.*

4           “(b) *ALLOCATION OF PAYMENTS.—*

5           “(1) *IN GENERAL.—The amount of new leasing*  
6           *revenues received by the United States with respect to*  
7           *a leased tract that are required to be paid to coastal*  
8           *States in accordance with this subsection each fiscal*  
9           *year shall be allocated among and paid to coastal*  
10          *States that are within 200 miles of the leased tract,*  
11          *in amounts that are inversely proportional to the re-*  
12          *spective distances between the point on the coastline*  
13          *of each such State that is closest to the geographic*  
14          *center of the lease tract, as determined by the Sec-*  
15          *retary.*

16          “(2) *MINIMUM AND MAXIMUM ALLOCATION.—The*  
17          *amount allocated to a coastal State under paragraph*  
18          *(1) each fiscal year with respect to a leased tract shall*  
19          *be—*

20                  “(A) *in the case of a coastal State that is*  
21                  *the nearest State to the geographic center of the*  
22                  *leased tract, not less than 25 percent of the total*  
23                  *amounts allocated with respect to the leased*  
24                  *tract;*



1           “(B) in the case of any other coastal State,  
2           not less than 10 percent, and not more than 15  
3           percent, of the total amounts allocated with re-  
4           spect to the leased tract; and

5           “(C) in the case of a coastal State that is  
6           the only coastal State within 200 miles of a least  
7           tract, 100 percent of the total amounts allocated  
8           with respect to the leased tract.

9           “(3) ADMINISTRATION.—Amounts allocated to a  
10          coastal State under this subsection—

11           “(A) shall be available to the coastal State  
12           without further appropriation;

13           “(B) shall remain available until expended;  
14           and

15           “(C) shall be in addition to any other  
16           amounts available to the coastal State under this  
17           Act.

18           “(4) USE OF FUNDS.—

19           “(A) IN GENERAL.—Except as provided in  
20           subparagraph (B), a coastal State may use funds  
21           allocated and paid to it under this subsection for  
22           any purpose as determined by the laws of that  
23           State.

24           “(B) RESTRICTION ON USE FOR MATCH-  
25           ING.—Funds allocated and paid to a coastal

1           *State under this subsection may not be used as*  
2           *matching funds for any other Federal program.”.*

3           **(b) LIMITATION ON APPLICATION.**—*This section and*  
4 *the amendment made by this section shall not affect the ap-*  
5 *plication of section 105 of the Gulf of Mexico Energy Secu-*  
6 *rity Act of 2006 (title I of division C of Public Law 109–*  
7 *432; (43 U.S.C. 1331 note)), as in effect before the enact-*  
8 *ment of this Act, with respect to revenues received by the*  
9 *United States under oil and gas leases issued for tracts lo-*  
10 *cated in the Western and Central Gulf of Mexico Outer Con-*  
11 *tinental Shelf Planning Areas, including such leases issued*  
12 *on or after the date of the enactment of this Act.*

13           **TITLE V—MISCELLANEOUS**  
14           **PROVISIONS**

15           **SEC. 501. POLICIES REGARDING BUYING, BUILDING, AND**  
16           **WORKING FOR AMERICA.**

17           **(a) CONGRESSIONAL INTENT.**—*It is the intent of the*  
18 *Congress that—*

19           **(1)** *this Act will support a healthy and growing*  
20 *United States domestic energy sector that, in turn,*  
21 *helps to reinvigorate American manufacturing, trans-*  
22 *portation, and service sectors by employing the vast*  
23 *talents of United States workers to assist in the devel-*  
24 *opment of energy from domestic sources; and*

1           (2) Congress will monitor the deployment of per-  
2           sonnel and material onshore and offshore to encourage  
3           the development of American technology and manu-  
4           facturing to enable United States workers to benefit  
5           from this Act through good jobs and careers, as well  
6           as the establishment of important industrial facilities  
7           to support expanded access to American resources.

8           (b) *REQUIREMENT.*—The Secretary of the Interior  
9           shall when possible, and practicable, encourage the use of  
10          United States workers and equipment manufactured in the  
11          United States in all construction related to mineral and  
12          renewable energy resource development on the Outer Conti-  
13          nental Shelf under this Act.

14       **SEC. 502. REGULATIONS.**

15          Section 30(a) of the Outer Continental Shelf Lands Act  
16          (43 U.S.C. 1356(a)) is amended by striking “shall issue reg-  
17          ulations which” and inserting “shall issue regulations that  
18          shall be supplemental to, complementary with, and under  
19          no circumstances a substitution for the provisions of the  
20          Constitution and laws of the United States extended to the  
21          subsoil and seabed of the outer Continental Shelf by section  
22          4(a)(1), except insofar as such laws would otherwise apply  
23          to individuals who have extraordinary ability in the  
24          sciences, arts, education, or business, which has been dem-

- 1 *onstrated by sustained national or international acclaim,*
- 2 *and that”.*



Union Calendar No. 275

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

**H. R. 3410**

[Report No. 112-395]

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## **A BILL**

To require the Secretary of the Interior to conduct certain offshore oil and gas lease sales, to provide fair and equitable revenue sharing for all coastal States, to formulate future offshore energy development plans in areas with the most potential, to generate revenue for American infrastructure, and for other purposes.

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FEBRUARY 9, 2012

Reported with an amendment, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed