S. 49

To provide for a leasing program within the Coastal Plain, and for other purposes.

IN THE SENATE OF THE UNITED STATES

JANUARY 5, 2017

Ms. Murkowski (for herself and Mr. Sullivan) introduced the following bill; which was read twice and referred to the Committee on Energy and Natural Resources

A BILL

To provide for a leasing program within the Coastal Plain, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) Short Title.—This Act may be cited as the “Alaska Oil and Gas Production Act”.

(b) Table of Contents.—The table of contents for this Act is as follows:

Sec. 1. Short title; table of contents.
Sec. 2. Definitions.
Sec. 3. Leasing program for land within the Coastal Plain.
Sec. 4. Lease sales.
Sec. 5. Grant of leases by the Secretary.
Sec. 6. Lease terms and conditions.
SEC. 2. DEFINITIONS.

In this Act:

(1) COASTAL PLAIN.—The term “Coastal Plain” means the area generally described in appendix I to part 37 of title 50, Code of Federal Regulations (as in effect on the date of enactment of this Act), except that the westerly boundary of the Coastal Plain shall be the boundary depicted on the map prepared under section 10(b).

(2) DEFORMED AREA OF THE COASTAL PLAIN.—The term “Deformed Area of the Coastal Plain” means the approximately 1,125,000 acres generally depicted as the deformed area south and east of the Marsh Creek anticline in figure 2 of fact sheet 0028–01 of the United States Geological Survey.

(3) FINAL STATEMENT.—The term “Final Statement” means the final legislative environmental impact statement on the Coastal Plain, dated April 1987, and prepared pursuant to—

(A) section 1002 of the Alaska National Interest Lands Conservation Act (16 U.S.C. 3142); and
(B) section 102(2)(C) of the National En-
4332(2)(C)).

(4) SECRETARY.—The term “Secretary” means
the Secretary of the Interior.

(5) UNDEFORMED AREA OF THE COASTAL
PLAIN.—The term “Undeformed Area of the Coastal
Plain” means the approximately 375,000 acres gen-
erally depicted as the undeformed area north and
west of the Marsh Creek anticline in figure 2 of fact
sheet 0028–01 of the United States Geological Sur-
vey.

SEC. 3. LEASING PROGRAM FOR LAND WITHIN THE COAST-
AL PLAIN.

(a) IN GENERAL.—

(1) AUTHORIZATION.—Congress authorizes the
exploration, leasing, development, production, and
transportation of oil and gas in and from the Coastal
Plain.

(2) ACTIONS.—The Secretary shall take such
actions as are necessary—

(A) to establish and implement, in accord-
ance with this Act, a competitive oil and gas
leasing program that will result in an environ-
mentally sound program for the exploration, de-
development, and production of the oil and gas resources of the Coastal Plain; and

(B) to administer this Act through regulations, lease terms, conditions, restrictions, prohibitions, stipulations, and other provisions that—

(i) ensure, to the maximum extent practicable, that the oil and gas exploration, development, and production activities on the Coastal Plain will result in no significant adverse effect on fish and wildlife, fish and wildlife habitat, subsistence resources, and the environment; and

(ii) require the application of the best commercially available technology for oil and gas exploration, development, and production to all exploration, development, and production operations under this Act in a manner that ensures the receipt of fair market value by the public for the mineral resources to be leased.

(b) REPEAL.—

(1) REPEAL.—Section 1003 of the Alaska National Interest Lands Conservation Act (16 U.S.C. 3143) is repealed.
(2) CONFORMING AMENDMENT.—The table of contents contained in section 1 of that Act (16 U.S.C. 3101 note) is amended by striking the item relating to section 1003.

(c) COMPLIANCE WITH REQUIREMENTS UNDER CERTAIN OTHER LAWS.—

(1) COMPATIBILITY.—For purposes of the National Wildlife Refuge System Administration Act of 1966 (16 U.S.C. 668dd et seq.)—

(A) the oil and gas preleasing and leasing program authorized by this Act, and any activities authorized under this Act, including exploration, development, production, and transportation activities, shall be considered to be compatible with the purposes for which the Arctic National Wildlife Refuge was established; and

(B) no further findings or decisions shall be required to implement the preleasing and leasing program and the activities authorized under this Act.

(2) COMPLIANCE WITH NEPA FOR OIL AND GAS PRELEASING AND LEASING AND PRODUCTION FROM THE FIRST LEASE SALE.—

(A) IN GENERAL.—Subject to paragraph (3), the oil and gas preleasing and leasing pro-
gram authorized by this Act, including the first lease sale conducted under the leasing program and exploration, development, production, and transportation activities associated with any lease issued under the first lease sale, shall not constitute a major Federal action for purposes of the National Environmental Policy Act of 1969 (42 U.S.C. 4321 et seq.).

(B) NO FURTHER REVIEW REQUIRED.—Subject to paragraph (3), no further review under the National Environmental Policy Act of 1969 (42 U.S.C. 4321 et seq.) shall be required to implement the oil and gas preleasing and leasing program authorized by this Act, including the first lease sale conducted under the leasing program and exploration, development, production, and transportation activities associated with any lease issued under the first lease sale.

(3) COMPLIANCE WITH NEPA FOR OTHER ACTIONS.—

(A) IN GENERAL.—Before conducting the second lease sale under this Act, the Secretary shall prepare an environmental impact statement in accordance with the National Environ-
ment Policy Act of 1969 (42 U.S.C. 4321 et seq.) with respect to the actions authorized by this Act that are not referred to in paragraph (2).

(B) IDENTIFICATION AND ANALYSIS.—Notwithstanding any other provision of law, in carrying out this paragraph, the Secretary shall not—

(i) identify nonleasing alternative courses of action; or

(ii) analyze the environmental effects of those courses of action.

(C) IDENTIFICATION OF PREFERRED ACTION.—Not later than 2 years after the date of enactment of this Act, the Secretary shall identify only a preferred action and a single leasing alternative for the second lease sale authorized under this Act.

(D) EFFECT OF COMPLIANCE.—Notwithstanding any other provision of law, compliance with this paragraph shall be considered to satisfy all requirements for the analysis and consideration of the environmental effects of proposed leasing under this Act.
(d) Relationship to State and Local Authority.—Nothing in this Act expands or limits any State or local regulatory authority.

(e) Limitation on Closed Areas.—The Secretary shall not close land within the Coastal Plain to oil and gas leasing or to exploration, development, or production except in accordance with this Act.

(f) Regulations.—Not later than 1 year after the date of enactment of this Act, in consultation with the State of Alaska, North Slope Borough, Alaska, the City of Kaktovik, Alaska, and the Arctic Slope Regional Corporation, the Secretary shall promulgate such regulations as are necessary to carry out this Act.

(g) Authorization on KIC–ASRC Private Land.—Exploratory drilling, leasing, development, and production of oil and gas resources are authorized on the private land owned by the Kaktovik Inupiat Corporation and the Arctic Slope Regional Corporation described in Appendix 2 of the agreement between the Arctic Slope Regional Corporation and the United States, dated August 9, 1983.

SEC. 4. LEASE SALES.

(a) In General.—Land may be leased pursuant to this Act to any person qualified to obtain a lease for depos-
its of oil and gas under the Mineral Leasing Act (30
U.S.C. 181 et seq.).

(b) PROCEDURES.—The Secretary shall, by regula-
tion, establish procedures for—

(1) receipt and consideration of sealed nomina-
tions for any area in the Coastal Plain for inclusion
in a lease sale;

(2) the holding of lease sales after the nomina-
tion process described in paragraph (1); and

(3) public notice of and comment on designa-
tion of areas to be included in, or excluded from, a
lease sale.

(e) LEASE SALE BIDS.—Bidding for leases under
this Act shall be by sealed competitive cash bonus bids.

(d) ACREAGE MINIMUM IN FIRST SALE.—For the
first lease sale under this Act, the Secretary shall offer
for lease those tracts the Secretary considers to have the
greatest potential for the discovery of hydrocarbons, tak-
ing into consideration nominations received pursuant to
subsection (b)(1), but in no case less than 300,000 acres.

(e) TIMING OF LEASE SALES.—The Secretary
shall—

(1) not later than 1 year after the date of en-
actment of this Act, conduct the first lease sale
under this Act;
(2) not later than 18 months after the date on which the first lease sale is conducted under paragraph (1), conduct a second lease sale under this Act; and

(3) conduct additional sales at appropriate intervals if sufficient interest in exploration or development exists to warrant the conduct of the additional sales.

SEC. 5. GRANT OF LEASES BY THE SECRETARY.

(a) IN GENERAL.—Upon payment by a lessee of such bonus as may be accepted by the Secretary, the Secretary shall grant to the highest responsible qualified bidder in a lease sale conducted pursuant to section 4 a lease for any land on the Coastal Plain.

(b) SUBSEQUENT TRANSFERS.—No lease issued under this Act may be sold, exchanged, assigned, sublet, or otherwise transferred except with the approval of the Secretary.

SEC. 6. LEASE TERMS AND CONDITIONS.

(a) IN GENERAL.—An oil or gas lease issued pursuant to this Act shall—

(1) provide for the payment of a royalty of not less than 12 1/2 percent of the amount or value of the production removed or sold from the lease, as deter-
mined by the Secretary in accordance with regulations applicable to other Federal oil and gas leases;

(2) provide that the Secretary, after consultation with the State of Alaska, North Slope Borough, Alaska, the City of Kaktovik, Alaska, and the Arctic Slope Regional Corporation, may—

(A) close such portions of the Deformed Area of the Coastal Plain to exploratory drilling activities as are necessary to protect caribou calving areas and other species of fish and wildlife; and

(B) close, on a seasonal basis only, such portions of the Undeformed Area of the Coastal Plain to exploratory drilling activities as are necessary to protect caribou calving areas and other species of fish and wildlife;

(3) require that each lessee of land within the Coastal Plain shall be fully responsible and liable for the reclamation of land that is adversely affected in connection with exploration, development, production, or transportation activities within the Coastal Plain conducted by the lessee or by any of the subcontractors or agents of the lessee;

(4) provide that the lessee may not delegate or convey, by contract or otherwise, the reclamation re-
sponsibility and liability described in paragraph (3) to another person without the express written approval of the Secretary;

(5) provide that the standard of reclamation for land required to be reclaimed under this Act shall be, to the maximum extent practicable—

(A) a condition capable of supporting the uses that the land was capable of supporting prior to any exploration, development, or production activities; or

(B) on application by the lessee, to a higher or better standard, as approved by the Secretary;

(6) contain terms and conditions relating to protection of fish and wildlife, fish and wildlife habitat, subsistence resources, and the environment as required under section 3(a)(2); and

(7) provide that each lessee, and each agent and contractor of a lessee, shall use their best efforts to provide a fair share of employment and contracting for Alaska Natives and Alaska Native Corporations from throughout the State of Alaska, as determined by the level of obligation previously agreed to in the Federal Agreement and Grant Right-of-Way for the Trans-Alaska Pipeline issued

(b) **PROJECT LABOR AGREEMENTS.**—The Secretary, as a term and condition of each lease under this Act, and in recognizing the proprietary interest of the Federal Government in labor stability and in the ability of construction labor and management to meet the particular needs and conditions of projects to be developed under the leases issued pursuant to this Act (including the special concerns of the parties to those leases), shall require that each lessee, and each agent and contractor of a lessee, under this Act negotiate to obtain a project labor agreement for the employment of laborers and mechanics on production, maintenance, and construction under the lease.

**SEC. 7. COASTAL PLAIN ENVIRONMENTAL PROTECTION.**

(a) **NO SIGNIFICANT ADVERSE EFFECT STANDARD TO GOVERN AUTHORIZED ACTIVITIES ON THE COASTAL PLAIN.**—In accordance with section 3, the Secretary shall administer this Act through regulations, lease terms, conditions, restrictions, prohibitions, stipulations, or other provisions that—

(1) ensure, to the maximum extent practicable,
duction activities on the Coastal Plain will result in no significant adverse effect on fish and wildlife, fish and wildlife habitat, subsistence resources, and the environment;

(2) require the application of the best commercially available technology for oil and gas exploration, development, and production on all new exploration, development, and production operations; and

(3) ensure that the maximum surface acreage covered in connection with the leasing program by production and support facilities, including airstrips and any areas covered by gravel berms or piers for support of pipelines, does not exceed 2,000 acres on the Coastal Plain.

(b) Site-Specific Assessment and Mitigation.—

The Secretary shall require, with respect to any proposed drilling and related activities on the Coastal Plain, that—

(1) a site-specific environmental analysis be made of the probable effects, if any, that the drilling or related activities will have on fish and wildlife, fish and wildlife habitat, subsistence resources, and the environment;

(2) a plan be implemented to avoid, minimize, and mitigate (in that order and to the maximum ex-
tent practicable) any significant adverse effect identified under paragraph (1); and

(3) the development of the plan occur after consultation with—

(A) each agency having jurisdiction over matters mitigated by the plan;

(B) the State of Alaska;

(C) North Slope Borough, Alaska;

(D) the City of Kaktovik, Alaska; and

(E) the Arctic Slope Regional Corporation.

(c) Regulations To Protect the Coastal Plain Fish and Wildlife Resources, Subsistence Users, and the Environment.—Before implementing the leasing program authorized by this Act, the Secretary shall prepare and promulgate regulations, lease terms, conditions, restrictions, prohibitions, stipulations, or other measures designed to ensure, to the maximum extent practicable, that the activities carried out on the Coastal Plain under this Act are conducted in a manner consistent with the purposes and environmental requirements of this Act.

(d) Compliance With Federal and State Environmental Laws and Other Requirements.—The regulations, lease terms, conditions, restrictions, prohibitions, and stipulations for the leasing program under this Act shall require—
(1) compliance with all applicable provisions of Federal and State environmental law (including regulations); and

(2) implementation of and compliance with—

(A) standards that are at least as effective as the safety and environmental mitigation measures, as described in items 1 through 29 on pages 167 through 169 of the Final Statement;

(B) reclamation and rehabilitation requirements in accordance with this Act for the removal from the Coastal Plain of all oil and gas development and production facilities, structures, and equipment on completion of oil and gas production operations, except in a case in which the Secretary determines that those facilities, structures, or equipment—

(i) would assist in the management of the Arctic National Wildlife Refuge; and

(ii) are donated to the United States for that purpose; and

(C) reasonable stipulations for protection of cultural and archaeological resources.

(e) ACCESS TO PUBLIC LAND.—The Secretary 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. 8. RIGHTS-OF-WAY AND EASEMENTS ACROSS THE COASTAL PLAIN.

For purposes of section 1102(4)(A) of the Alaska National Interest Lands Conservation Act (16 U.S.C. 3162(4)(A)), any rights-of-way or easements across the Coastal Plain for the exploration, development, production, or transportation of oil and gas shall be considered to be established incident to the management of the Coastal Plain under this section.

SEC. 9. CONVEYANCE.

(a) In General.—Notwithstanding section 1302(h)(2) of the Alaska National Interest Lands Conservation Act (16 U.S.C. 3192(h)(2)), to remove any cloud on title to land, and to clarify land ownership patterns, the Secretary shall—

(1) to the extent necessary to fulfill the entitlement of the Kaktovik Inupiat Corporation under sections 12 and 14 of the Alaska Native Claims Settle-
ment Act (43 U.S.C. 1611, 1613), as determined by
the Secretary, convey to that Corporation the sur-
face estate of the land described in paragraph (1) of
Public Land Order 6959, in accordance with the
terms and conditions of the agreement between the
Secretary, the United States Fish and Wildlife Serv-
ice, the Bureau of Land Management, and the
Kaktovik Inupiat Corporation, dated January 22,
1993; and
(2) convey to the Arctic Slope Regional Cor-
poration the remaining subsurface estate to which
that Corporation is entitled under the agreement be-
tween that corporation and the United States, dated
August 9, 1983.
(b) LAND ADJACENT TO AND SOUTHWEST OF
ANWR.—As a condition of receipt of the benefits under
this Act, the State of Alaska shall convey to the United
States all right, title, and interest in and to the approxi-
mately 598,767 acres generally depicted as “Proposed
Trade Land” on the map entitled “Proposed ANWR Ex-
change”, prepared by the State of Alaska Department of
Natural Resources, and dated July 2015.
SEC. 10. CLARIFICATION OF WESTERN COASTAL BOUNDARY OF ANWR.

(a) IN GENERAL.—The western coastal boundary of the Arctic National Wildlife Refuge is defined—

(1) as the boundary originally established as part of the Alaska Arctic Wildlife Range under Public Land Order 2214, dated December 6, 1960 (25 Fed. Reg. 12598); and

(2) consistent with the order of the case styled United States v. Alaska (521 U.S. 1 (1997)).

(b) REVISED MAP.—As soon as practicable after the date of enactment of this Act, the Secretary shall prepare a revised map of the Arctic National Wildlife Refuge that reflects the western coastal boundary of the Arctic National Wildlife Refuge described in subsection (a).

SEC. 11. LOCAL GOVERNMENT IMPACT AID AND COMMUNITY SERVICE ASSISTANCE.

(a) ESTABLISHMENT OF FUND.—

(1) IN GENERAL.—There is established in the Treasury a fund to be known as the “Coastal Plain Local Government Impact Aid Assistance Fund” (referred to in this section as the “Fund”).

(2) USE.—Amounts in the Fund may be used only to provide financial assistance in accordance with subsection (b).
(3) Deposits.—Subject to paragraph (4), of amounts of revenues payable to the State of Alaska under section 35 of the Mineral Leasing Act (30 U.S.C. 191) that are derived from rents, bonuses, and royalties from Federal leases and lease sales authorized under this Act—

(A) $28,000,000 shall be deposited in the Fund for the first fiscal year for which amounts are received by the United States from Federal leases and lease sales authorized under this Act;

and

(B) $7,000,000 shall be deposited in the Fund for each fiscal year thereafter.

(4) Limitation on Deposits.—The total amount in the Fund may not exceed $28,000,000.

(5) Investment of Balances.—The Secretary of the Treasury shall invest amounts in the Fund in interest-bearing securities of the United States.

(b) Financial Assistance.—

(1) In General.—The Secretary shall use amounts available from the Fund to provide timely financial assistance to North Slope Borough, Alaska, the City of Kaktovik, Alaska, and any other borough, municipal subdivision, village, or other com-
munity in the State of Alaska that is directly im-
pacted by exploration for, or the production of, oil
or gas on the Coastal Plain under this Act, as deter-
mined by the Secretary.

(2) Use of Assistance.—Financial assistance
provided under this subsection may be used only
for—

(A) planning for mitigation of the potential
effects of oil and gas exploration and develop-
ment on environmental, social, cultural, recre-
ational, and subsistence values;

(B) implementing mitigation plans and
maintaining mitigation projects;

(C) developing, carrying out, and maintain-
ing projects and programs that provide new or
expanded public facilities and services to ad-
dress needs and problems associated with the
effects described in subparagraph (A), including
firefighting, police, water, waste treatment,
medivac, and medical services; and

(D) the establishment by North Slope Bor-
ough, Alaska, of a coordination office in the
City of Kaktovik, Alaska—

(i) to coordinate with and advise de-
velopers on local conditions of, impacts on,
and the history of the areas utilized for development under this Act; and

(ii) to provide to the Committee on Natural Resources of the House of Representatives and the Committee on Energy and Natural Resources of the Senate an annual report that describes the status of coordination between developers and the communities affected by development under this Act.

(c) APPLICATION.—

(1) IN GENERAL.—To receive assistance under subsection (b), a community described in subsection (b)(1) shall submit to the Secretary an application for assistance, in such form and under such procedures as the Secretary may prescribe by regulation.

(2) NORTH SLOPE BOROUGH COMMUNITIES.—A community located in North Slope Borough, Alaska, may apply for assistance under this section either directly with the Secretary or through the North Slope Borough.

(3) APPLICATION ASSISTANCE.—The Secretary shall work closely with and assist North Slope Borough, Alaska, and other communities eligible for as-
istance under this section in developing and submitting applications under this subsection.

(d) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to the Secretary from the Fund $7,000,000 for each fiscal year to provide financial assistance under this section.