The extension of MFN to other Eastern European nations has already occurred, and it is time for us to extend MFN to Romania as well.

I yield back the balance of my time.

Mr. LAUGHLIN. Mr. Speaker, following 3 years generations of Communist regime, Romania for the last 5 years has struggled to implement a deliberate program of converting to a free market system. Its new democratic government realizes that critical to reaching that goal is the privatization of its industry through passage of new laws, broadened investment policies, and proliferation of international economic partnerships. U.S. businesses can and should be significant in this economic transformation now in progress.

The result of Romania privatization is the systematic updating and upgrading of all its productive means, from the farm yards to the steel mills; and each industrial change presents opportunity for American engineering, technology, and management to become ingrained in that new system. Most-favored-nation status for Romania flashes to American business that final unmistakable signal of governmental encouragement for participation in and development of this burgeoning new market for United States products.

Additionally, Romania realizes that its new found industrial emphasis will require significant infrastructural modernization and a number of new facilities. These projects will demand large infusions of outside professional and technical services, materials, equipment, and technology, as well as realistic financing innovations. Until now, American efforts in these areas have been overshadowed by European and Asian companies; however, that is beginning to change. Most-favored-nation status is the final step in demonstrating deep American interest in Romania.

Today, a consortium of United States firms named Motorways U.S.A., which includes several Texas enterprises, is in direct negotiations with the Government of Romania for design, construction, operation and maintenance of its first toll road facility. Romania has enthusiastically welcomed this initially attempt by United States companies to provide by partnership dramatically different approaches for solving its most pressing needs.

This willingness to venture out and to rely on what, by Romanian standards, are novel and innovative free market techniques as impetus for its new market economy, exemplifies that certain willingness and dedication which will make Romania a long-term trading partner with the United States. This has been key in convincing me that now is the time to give Romania permanent most-favored-nation status and urge you to join me in doing so. A vote for this resolution is a vote for American jobs, favorable balance of trade, and increased American economic presence in Central and Eastern Europe.

Mr. TORRICELLI. Mr. Speaker, I rise today in strong opposition to H.R. 3161 which would confer permanent most favored-nation [MFN] status on the country of Romania. A vote on this critical piece of legislation now would seriously hamper any efforts by the prodemocratic forces in Romania to continue to reform the Government and improve Romania's human rights record.

Among all of the former Communist bloc countries in Eastern Europe, Romania has made the fewest advances toward greater liberty and openness since the transition period began. The Hungarian minority, for example, suffers immensely from limited freedoms and constant discrimination. Today, a new education law has been implemented which prohibits the teaching of most subjects in minority languages. In addition, an ethnic Hungarian citizen, Paul Ceresznyes, has been in prison for 6 consecutive years on political grounds with no hope of release in the near future.

The preservation of basic human rights, which we take for granted here in the United States, has not received due respect in Romania. Freedom of speech is constrained as journalists work under the ever-present shadow of harassment by the Romanian intelligence service. And, during the recent local elections, objective observers expressed some concern about the administrative competence of election officials.

Much of the blame for this delay can be laid at the feet of the regime currently in power. In voting for permanent MFN status today, we, as a leader of the Western World, are also ratifying the Romanian Government's actions to date. We cannot allow ourselves to be oblivious to the broader message that approval of H.R. 3161 sends. A decision is best made only after Romania's presidential and parliamentary elections in December, when it reaffirms its commitment to democratic reform. Romania should be given credit for beginning the transformation to an open society in the wake of its Communist past, but permanent MFN status from this country is not the best means of doing so.

The SPEAKER pro tempore (Mr. GUTKNECHT). The question is on the motion offered by the gentleman from Illinois [Mr. CRANE] that the House suspend the rules and pass the bill, H.R. 3161.

The question was taken.

Mr. FUNDERBURK. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The SPEAKER pro tempore. Pursuant to clause 5, rule I, and the Chair's prior announcement, further proceedings on this motion will be postponed.

GENERAL LEAVE

Mr. FUNDERBURK. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks on H.R. 3161.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

FEDERAL OIL AND GAS ROYALTY SIMPLIFICATION AND FAIRNESS ACT OF 1996

Mr. CALVERT. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 1975) to improve the management of royalties from Federal and Outer Continental Shelf oil and gas leases, and for other purposes, as amended.

The Clerk read as follows:

H.R. 1975

Strike all after the enacting clause and insert the following:

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Federal Oil and Gas Royalty Simplification and Fairness Act of 1996''.

SEC. 2. DEFINITIONS.

Section 3 of the Federal Oil and Gas Royalty Management Act of 1982 (30 U.S.C. 1701 et seq.) is amended—

(1) by amending paragraph (7) to read as follows:

''(7) 'lessee' means any person to whom the United States issues an oil and gas lease or any person to whom operating rights in a lease have been assigned;''; and

(2) by striking ''and'' at the end of paragraph (15), by striking the period at the end of paragraph (16) and inserting a semicolon, and by adding at the end the following:

''(17) 'adjustment' means an amendment to a previously filed report on an obligation, and any additional payment or credit, if any, applicable thereto, to rectify an underpayment or overpayment on an obligation;

''(18) 'administrative proceeding' means any Department of the Interior agency process in which a demand, decision or order issued by the Secretary or a delegated State is subject to appeal or has been appealed;

''(19) 'assessment' means any fee or charge levied or imposed by the Secretary or a delegated State other than—

''(A) the principal amount of any royalty, minimum royalty, rental bonus, net profit share or proceed of sale;

''(B) any interest; or

''(C) any civil or criminal penalty;

''(20) 'commence' means—

''(A) with respect to a judicial proceeding, the service of a complaint, petition, counterclaim, cross claim, or other pleading seeking affirmative relief or seeking credit or recoupment: *Provided*, That if the Secretary commences a judicial proceeding against a designee, the Secretary shall give notice of that commencement to the lessee who designated the designee, but the Secretary is not required to give notice to other lessees who may be liable pursuant to section 102(a) of this Act, for the obligation that is the subject of the judicial proceeding; or

''(B) with respect to a demand, the receipt by the Secretary or a delegated State or a lessee or its designee (with written notice to the lessee who designated the designee) of the demand;

''(21) 'credit' means the application of an overpayment (in whole or in part) against an obligation which has become due to discharge, cancel or reduce the obligation;

''(22) 'delegated State' means a State which, pursuant to an agreement or agreements under section 205 of this Act, performs authorities, duties, responsibilities, or activities of the Secretary;

''(23) 'demand' means—

''(A) an order to pay issued by the Secretary or the applicable delegated State to a lessee or its designee (with written notice to the lessee who designated the designee) that has a reasonable basis to conclude that the obligation in the amount of the demand is due and owing; or

''(B) a separate written request by a lessee or its designee which asserts an obligation due the lessee or its designee that provides a reasonable basis to conclude that the obligation in the amount of the demand is due and owing, but does not mean any royalty or production report, or any information contained therein, required by the Secretary or a delegated State;

''(24) 'designee' means the person designated by a lessee pursuant to section 102(a) of this Act, with such written designation effective on the date such designation is received by the Secretary and remaining in effect until the Secretary receives notice in writing that the designation is modified or terminated;

''(25) 'obligation' means—

''(A) any duty of the Secretary or, if applicable, a delegated State—

''(i) to take oil or gas royalty in kind; or

''(ii) to pay, refund, offset, or credit monies including (but not limited to)—

''(I) the principal amount of any royalty, minimum royalty, rental, bonus, net profit share or proceed of sale; or

''(II) any interest; and

''(B) any duty of a lessee or its designee (subject to the provision of section 102(a) of this Act)—

''(i) to deliver oil or gas royalty in kind; or

''(ii) to pay, offset or credit monies including (but not limited to)—

''(I) the principal amount of any royalty, minimum royalty, rental, bonus, net profit share or proceed of sale;

''(II) any interest;

''(III) any penalty; or

''(IV) any assessment,

which arises from or relates to any lease administered by the Secretary for, or any mineral leasing law related to, the exploration, production and development of oil or gas on Federal lands or the Outer Continental Shelf;

''(26) 'order to pay' means a written order issued by the Secretary or the applicable delegated State to a lessee or its designee (with notice to the lessee who designated the designee) which—

''(A) asserts a specific, definite, and quantified obligation claimed to be due, and

''(B) specifically identifies the obligation by lease, production month and monetary amount of such obligation claimed to be due and ordered to be paid, as well as the reason or reasons such obligation is claimed to be due, but such term does not include any other communication or action by or on behalf of the Secretary or a delegated State;

''(27) 'overpayment' means any payment by a lessee or its designee in excess of an amount legally required to be paid on an obligation and includes the portion of any estimated payment for a production month that is in excess of the royalties due for that month;

''(28) 'payment' means satisfaction, in whole or in part, of an obligation;

''(29) 'penalty' means a statutorily authorized civil fine levied or imposed for a violation of this Act, any mineral leasing law, or a term or provision of a lease administered by the Secretary;

''(30) 'refund' means the return of an overpayment;

''(31) 'State concerned' means, with respect to a lease, a State which receives a portion of royalties or other payments under the mineral leasing laws from such lease;

''(32) 'underpayment' means any payment or nonpayment by a lessee or its designee that is less than the amount legally required to be paid on an obligation; and

''(33) 'United States' means the United States Government and any department, agency, or instrumentality thereof, the several States, the District of Columbia, and the territories of the United States.''.

SEC. 3. DELEGATION OF ROYALTY COLLECTIONS AND RELATED ACTIVITIES.

(a) GENERAL AUTHORITY.—Section 205 of the Federal Oil and Gas Royalty Management Act of 1982 (30 U.S.C. 1735) is amended to read as follows:

''SEC. 205. DELEGATION OF ROYALTY COLLECTIONS AND RELATED ACTIVITIES.

''(a) Upon written request of any State, the Secretary is authorized to delegate, in accordance with the provisions of this section, all or part of the authorities and responsibilities of the Secretary under this Act to:

''(1) conduct inspections, audits, and investigations;

''(2) receive and process production and financial reports;

''(3) correct erroneous report data;

''(4) perform automated verification; and

''(5) issue demands, subpoenas, and orders to perform restructured accounting, for royalty management enforcement purposes,

to any State with respect to all Federal land within the State.

''(b) After notice and opportunity for a hearing, the Secretary is authorized to delegate such authorities and responsibilities granted under this section as the State has requested, if the Secretary finds that—

''(1) it is likely that the State will provide adequate resources to achieve the purposes of this Act;

''(2) the State has demonstrated that it will effectively and faithfully administer the rules and regulations of the Secretary under this Act in accordance with the requirements of subsections (c) and (d) of this section;

''(3) such delegation will not create an unreasonable burden on any lessee;

''(4) the State agrees to adopt standardized reporting procedures prescribed by the Secretary for royalty and production accounting purposes, unless the State and all affected parties (including the Secretary) otherwise agree;

''(5) the State agrees to follow and adhere to regulations and guidelines issued by the Secretary pursuant to the mineral leasing laws regarding valuation of production; and

''(6) where necessary for a State to have authority to carry out and enforce a delegated activity, the State agrees to enact such laws and promulgate such regulations as are consistent with relevant Federal laws and regulations

with respect to the Federal lands within the State.

''(c) After notice and opportunity for hearing, the Secretary shall issue a ruling as to the consistency of a State's proposal with the provisions of this section and regulations under subsection (d) within 90 days after submission of such proposal. In any unfavorable ruling, the Secretary shall set forth the reasons therefor and state whether the Secretary will agree to delegate to the State if the State meets the conditions set forth in such ruling.

''(d) After consultation with State authorities, the Secretary shall by rule promulgate, within 12 months after the date of enactment of this section, standards and regulations pertaining to the authorities and responsibilities to be delegated under subsection (a), including standards and regulations pertaining to—

''(1) audits to be performed;

''(2) records and accounts to be maintained;

''(3) reporting procedures to be required by States under this section;

''(4) receipt and processing of production and financial reports;

''(5) correction of erroneous report data;

''(6) performance of automated verification;

''(7) issuance of standards and guidelines in order to avoid duplication of effort;

''(8) transmission of report data to the Secretary; and

''(9) issuance of demands, subpoenas, and orders to perform restructured accounting, for royalty management enforcement purposes.

Such standards and regulations shall be designed to provide reasonable assurance that a uniform and effective royalty management system will prevail among the States. The records and accounts under paragraph (2) shall be sufficient to allow the Secretary to monitor the performance of any State under this section.

''(e) If, after notice and opportunity for a hearing, the Secretary finds that any State to which any authority or responsibility of the Secretary has been delegated under this section is in violation of any requirement of this section or any rule thereunder, or that an affirmative finding by the Secretary under subsection (b) can no longer be made, the Secretary may revoke such delegation. If, after providing written notice to a delegated State and a reasonable opportunity to take corrective action requested by the Secretary, the Secretary determines that the State has failed to issue a demand or order to a Federal lessee within the State, that such failure may result in an underpayment of an obligation due the United States by such lessee, and that such underpayment may be uncollected without Secretarial intervention, the Secretary may issue such demand or order in accordance with the provisions of this Act prior to or absent the withdrawal of delegated authority.

''(f) Subject to appropriations, the Secretary shall compensate any State for those costs which may be necessary to carry out the delegated activities under this Section. Payment shall be made no less than every quarter during the fiscal year. Compensation to a State may not exceed the Secretary's reasonably anticipated expenditure for performance of such delegated activities by the Secretary. Such costs shall be allocable for the purposes of section 35(b) of the Act entitled 'An act to promote the mining of coal, phosphate, oil, oil shale, gas and sodium on the public domain', approved February 25, 1920 (commonly known as the Mineral Leasing Act) (30 U.S.C. 191 (b)) to the administration and enforcement of laws providing for the leasing of any onshore lands or interests in land owned by the United States. Any further allocation of costs under section 35(b) made by the Secretary for oil and gas activities, other than those costs to compensate States for delegated activities under this Act, shall be only those costs associated with onshore oil and gas activities and may not include any duplication of costs allocated pursuant to the previous sentence. Nothing in this section affects the Secretary's authority to make allocations under section 35(b) for non-oil and gas mineral activities. All moneys received from sales, bonuses, rentals, royalties, assessments and interest, including money claimed to be due and owing pursuant to a delegation under this section, shall be payable and paid to the Treasury of the United States.

''(g) Any action of the Secretary to approve or disapprove a proposal submitted by a State under this section shall be subject to judicial review in the United States district court which includes the capital of the State submitting the proposal.

''(h) Any State operating pursuant to a delegation existing on the date of enactment of this Act may continue to operate under the terms and conditions of the delegation, except to the extent that a revision of the existing agreement is adopted pursuant to this section.''.

(b) CLERICAL AMENDMENT.—The item relating to section 205 in the table of contents in section 1 of the Federal Oil and Gas Royalty Management Act of 1982 (30 U.S.C. 1701) is amended to read as follows:

''Sec. 205. Delegation of royalty collections and related activities.''.

SEC. 4. SECRETARIAL AND DELEGATED STATES' ACTIONS AND LIMITATION PERIODS.

(a) IN GENERAL.—The Federal Oil and Gas Royalty Management Act of 1982 (30 U.S.C. 1701 et seq.) is amended by adding after section 114 the following new section:

''SEC. 115. SECRETARIAL AND DELEGATED STATES' ACTIONS AND LIMITATION PERIODS.

''(a) IN GENERAL.—The respective duties, responsibilities, and activities with respect to a lease shall be performed by the Secretary, delegated States, and lessees or their designees in a timely manner.

''(b) LIMITATION PERIOD.—

''(1) IN GENERAL.—A judicial proceeding or demand which arises from, or relates to an obligation, shall be commenced within seven years from the date on which the obligation becomes due and if not so commenced shall be barred. If commencement of a judicial proceeding or demand for an obligation is barred by this section, the Secretary, a delegated State, or a lessee or its designee (A) shall not take any other or further action regarding that obligation, including (but not limited to) the issuance of any order, request, demand or other communication seeking any document, accounting, determination, calculation, recalculation, payment, principal, interest, assessment, or penalty or the initiation, pursuit or completion of an audit with respect to that obligation; and (B) shall not pursue any other equitable or legal remedy, whether under statute or common law, with respect to an action on or an enforcement of said obligation

''(2) RULE OF CONSTRUCTION.—A judicial proceeding or demand that is timely commenced under paragraph (1) against a designee shall be considered timely commenced as to any lessee who is liable pursuant to section 102(a) of this Act for the obligation that is the subject of the judicial proceeding or demand.

''(3) APPLICATION OF CERTAIN LIMITATIONS.—The limitations set forth in sections 2401, 2415, 2416, and 2462 of title 28, United States Code, and section 42 of the Mineral Leasing Act (30 U.S.C. 226–2) shall not apply to any obligation to which this Act applies. Section 3716 of title 31, United States Code, may be applied to an obligation the enforcement of which is not barred by this Act, but may not be applied to any obligation the enforcement of which is barred by this Act.

''(c) OBLIGATION BECOMES DUE.—

''(1) IN GENERAL.—For purposes of this Act, an obligation becomes due when the right to enforce the obligation is fixed.

''(2) ROYALTY OBLIGATIONS.—The right to enforce any royalty obligation for any given production month for a lease is fixed for purposes of this Act on the last day of the calendar month following the month in which oil or gas is produced.

''(d) TOLLING OF LIMITATION PERIOD.—The running of the limitation period under subsection (b) shall not be suspended, tolled, extended, or enlarged for any obligation for any reason by any action, including an action by the Secretary or a delegated State, other than the following:

''(1) TOLLING AGREEMENT.—A written agreement executed during the limitation period between the Secretary or a delegated State and a lessee or its designee (with notice to the lessee who designated the designee) shall toll the limitation period for the amount of time during which the agreement is in effect.

''(2) SUBPOENA.—

''(A) The issuance of a subpoena to a lessee or its designee (with notice to the lessee who designated the designee, which notice shall not constitute a subpoena to the lessee) in accordance with the provisions of subparagraph (B)(i) shall toll the limitation period with respect to the obligation which is the subject of a subpoena only for the period beginning on the date the lessee or its designee receives the subpoena and ending on the date on which (i) the lessee or its designee has produced such subpoenaed records for the subject obligation, (ii) the Secretary or a delegated State receives written notice that the subpoenaed records for the subject obligation are not in existence or are not in the lessee's or its designee's possession or control, or (iii) a court has determined in a final decision that such records are not required to be produced, whichever occurs first.

''(B)(i) A subpoena for the purposes of this section which requires a lessee or its designee to produce records necessary to determine the proper reporting and payment of an obligation due the Secretary may be issued only by an Assistant Secretary of the Interior or an Acting Assistant Secretary of the Interior who is a schedule C employee (as defined by section 213.3301 of title 5, Code of Federal Regulations), or the Director or Acting Director of the respective bureau or agency, and may not be delegated to any other person. If a State has been delegated authority pursuant to section 205, the State, acting through the highest State official having ultimate authority over the collection of royalties from leases on Federal lands within the State, may issue such subpoena, but may not delegate such authority to any other person.

''(ii) A subpoena described in clause (i) may only be issued against a lessee or its designee during the limitation period provided in this section and only after the Secretary or a delegated State has in writing requested the records from the lessee or its designee related to the obligation which is the subject of the subpoena and has determined that—

''(I) the lessee or its designee has failed to respond within a reasonable period of time to the Secretary's or the applicable delegated State's written request for such records necessary for an audit, investigation or other inquiry made in accordance with the Secretary's or such delegated State's responsibilities under this Act; or

''(II) the lessee or its designee has in writing denied the Secretary's or the applicable delegated State's written request to produce such records in the lessee's or its designee's possession or control necessary for an audit, investigation or other inquiry made in accordance with the Secretary's or such delegated State's responsibilities under this Act; or

''(III) the lessee or its designee has unreasonably delayed in producing records necessary for an audit, investigation or other inquiry made in accordance with the Secretary's or the applicable delegated State's responsibilities under this Act after the Secretary's or delegated State's written request.

''(C) In seeking records, the Secretary or the applicable delegated State shall afford the lessee or its designee a reasonable period of time after a written request by the Secretary or such delegated State in which to provide such records prior to the issuance of any subpoena.

''(3) MISREPRESENTATION OR CONCEALMENT.—The intentional misrepresentation or concealment of a material fact for the purpose of evading the payment of an obligation in which case the limitation period shall be tolled for the period of such misrepresentation or such concealment.

''(4) ORDER TO PERFORM RESTRUCTURED ACCOUNTING.—A)(i) The issuance of a notice under subparagraph (D) that the lessee or its designee has not substantially complied with the requirement to perform a restructured accounting shall toll the limitation period with respect to the obligation which is the subject of the notice only for the period beginning on the date the lessee or its designee receives the notice and ending 120 days after the date on which (I) the Secretary or the applicable delegated State receives written notice that the accounting or other requirement has been performed, or (II) a court has determined in a final decision that the lessee is not required to perform the accounting, whichever occurs first.

''(ii) If the lessee or its designee initiates an administrative appeal or judicial proceeding to contest an order to perform a restructured accounting issued under subparagraph (B)(i), the limitation period in subsection (b) shall be tolled from the date the lessee or its designee received the order until a final, nonappealable decision is issued in any such proceeding.

''(B)(i) The Secretary or the applicable delegated State may issue an order to perform a restructured accounting to a lessee or its designee when the Secretary or such delegated State determines during an audit of a lessee or its designee that the lessee or its designee should recalculate royalty due on an obligation based upon the Secretary's or the delegated State's finding that the lessee or its designee has made identified underpayments or overpayments which are demonstrated by the Secretary or the delegated State to be based upon repeated, systemic reporting errors for a significant number of leases or a single lease for a significant number of reporting months with the same type of error which constitutes a pattern of violations and which are likely to result in either significant underpayments or overpayments.

''(ii) The power of the Secretary to issue an order to perform a restructured accounting may not be delegated below the most senior career professional position having responsibility for the royalty management program, which position is currently designated as the 'Associate Director for Royalty Management', and may not be delegated to any other person. If a State has been delegated authority pursuant to section 205 of this Act, the State, acting through the highest ranking State official having ultimate authority over the collection of royalties from leases on Federal lands within the State, may issue such order to perform, which may not be delegated to any other person. An order to perform a restructured accounting shall—

''(I) be issued within a reasonable period of time from when the audit identifies the systemic, reporting errors;

''(II) specify the reasons and factual bases for such order;

''(III) be specifically identified as an 'order to perform a restructured accounting';

''(IV) provide the lessee or its designee a reasonable period of time (but not less than 60 days) within which to perform the restructured accounting; and

''(V) provide the lessee or its designee 60 days within which to file an administrative appeal of the order to perform a restructured accounting.

''(C) An order to perform a restructured accounting shall not mean or be construed to include any other action by or on behalf of the Secretary or a delegated State.

''(D) If a lessee or its designee fails to substantially comply with the requirement to perform a restructured accounting pursuant to this subsection, a notice shall be issued to the lessee or its designee that the lessee or its designee has not substantially complied with the requirements to perform a restructured accounting. A lessee or its designee shall be given a reasonable time within which to perform the restructured accounting. Such notice may be issued under this section only by an Assistant Secretary of the Interior or an acting Assistant Secretary of the Interior who is a schedule C employee (as defined by section 213.3301 of title 5, Code of Federal Regulations) and may not be delegated to any other person. If a State has been delegated authority pursuant to section 205, the State, acting through the highest State official having ultimate authority over the collection of royalties from leases on Federal lands within the State, may issue such notice, which may not be delegated to any other person.

''(e) TERMINATION OF LIMITATIONS PERIOD.—An action or an enforcement of an obligation by the Secretary or delegated State or a lessee or its designee shall be barred under this section prior to the running of the seven-year period provided in subsection (b) in the event—

''(1) the Secretary or a delegated State has notified the lessee or its designee in writing that a time period is closed to further audit; or

''(2) the Secretary or a delegated State and a lessee or its designee have so agreed in writing.

For purposes of this subsection, notice to, or an agreement by, the designee shall be binding on any lessee who is liable pursuant to section 102(a) for obligations that are the subject of the notice or agreement.

''(f) RECORDS REQUIRED FOR DETERMINING COLLECTIONS.—Records required pursuant to section 103 of this Act by the Secretary or any delegated State for the purpose of determining obligations due and compliance with any applicable mineral leasing law, lease provision, regulation or order with respect to oil and gas leases from Federal lands or the Outer Continental Shelf shall be maintained for the same period of time during which a judicial proceeding or demand may be commenced under subsection (b). If a judicial proceeding or demand is timely commenced, the record holder shall maintain such records until the final nonappealable decision in such judicial proceeding is made, or with respect to that demand is rendered, unless the Secretary or the applicable delegated State authorizes in writing an earlier release of the requirement to maintain such records. Notwithstanding anything herein to the contrary, under no circumstance shall a record holder be required to maintain or produce any record relating to an obligation for any time period which is barred by the applicable limitation in this section. In connection with any hearing, administrative proceeding, inquiry, investigation, or audit by the Secretary or a delegated State under this Act, the Secretary or the delegated State shall minimize the submission of multiple or redundant information and make a good faith effort to locate records previously submitted by a lessee or a designee to the Secretary or the delegated State, prior to requiring the lessee or the designee to provide such records.

''(g) TIMELY COLLECTIONS.—In order to most effectively utilize resources available to the Secretary to maximize the collection of oil and gas receipts from lease obligations to the Treasury within the seven-year period of limitations, and consequently to maximize the State share of such receipts, the Secretary should not perform or require accounting, reporting, or audit activities if the Secretary and the State concerned determine that the cost of conducting or requiring the activity exceeds the expected amount to be collected by the activity, based on the most current 12 months of activity. This subsection shall not provide a defense to a demand or an order to perform a restructured accounting. To the maximum extent possible, the Secretary and delegated States shall reduce costs to the United States Treasury and the States by discontinuing requirements for unnecessary or duplicative data and other information, such as separate allowances and payor information, relating to obligations due. If the Secretary and the State concerned determine that collection will result sooner, the Secretary or the applicable delegated State may waive or forego interest in whole or in part.

''(h) APPEALS AND FINAL AGENCY ACTION.—

''(1) 33-MONTH PERIOD.—Demands or orders issued by the Secretary or a delegated State are subject to administrative appeal in accordance with the regulations of the Secretary. No State shall impose any conditions which would hinder a lessee's or its designee's immediate appeal of an order to the Secretary or the Secretary's designee. The Secretary shall issue a final decision in any administrative proceeding, including any administrative proceedings pending on the date of enactment of this section, within 33 months from the date such proceeding was commenced or 33 months from the date of such enactment, whichever is later. The 33-month period may be extended by any period of time agreed upon in writing by the Secretary and the appellant.

''(2) EFFECT OF FAILURE TO ISSUE DECISION.—If no such decision has been issued by the Secretary within the 33-month period referred to in paragraph (1)—

''(A) the Secretary shall be deemed to have issued and granted a decision in favor of the appellant as to any nonmonetary obligation and any monetary obligation the principal amount of which is less than $10,000; and

''(B) the Secretary shall be deemed to have issued a final decision in favor of the Secretary, which decision shall be deemed to affirm those issues for which the agency rendered a decision prior to the end of such period, as to any monetary obligation the principal amount of which is $10,000 or more, and the appellant shall have a right to judicial review of such deemed final decision in accordance with title 5 of the United States Code.

''(i) COLLECTIONS OF DISPUTED AMOUNTS DUE.—To expedite collections relating to disputed obligations due within the seven-year period beginning on the date the obligation became due, the parties shall hold not less than one settlement consultation and the Secretary and the State concerned may take such action as is appropriate to compromise and settle a disputed obligation, including waiving or reducing interest and allowing offsetting of obligations among leases.

''(j) ENFORCEMENT OF A CLAIM FOR JUDICIAL REVIEW.—In the event a demand subject to this section is properly and timely commenced, the obligation which is the subject of the demand may be enforced beyond the seven-year limitations period without being barred by this statute of limitations. In the event a demand subject to this section is properly and timely commenced, a judicial proceeding challenging the final agency action with respect to such demand shall be deemed timely so long as such judicial proceeding is commenced within 180 days from receipt of notice by the lessee or its designee of the final agency action.

''(k) IMPLEMENTATION OF FINAL DECISION.—In the event a judicial proceeding or demand subject to this section is timely commenced and thereafter the limitation period in this section lapses during the pendency of such proceeding, any party to such proceeding shall not be barred from taking such action as is required or necessary to implement a final unappealable judicial or administrative decision, including any action required or necessary to implement such decision by the recovery or recoupment of an underpayment or overpayment by means of refund or credit.

''(l) STAY OF PAYMENT OBLIGATION PENDING REVIEW.—Any person ordered by the Secretary or a delegated State to pay any obligation (other than an assessment) shall be entitled to a stay of such payment without bond or other surety instrument pending an administrative or judicial proceeding if the person periodically demonstrates to the satisfaction of the Secretary that such person is financially solvent or otherwise able to pay the obligation. In the event the person is not able to demonstrate, the Secretary may require a bond or other surety instrument satisfactory to cover the obligation. Any person ordered by the Secretary or a delegated State to pay an assessment shall be entitled to a stay without bond or other surety instrument''.

(b) CLERICAL AMENDMENT.—The table of contents in section 1 of the Federal Oil and Gas Royalty Management Act of 1982 (30 U.S.C. 1701) is amended by inserting after the item relating to section 114 the following new item:

''Sec. 115. Secretarial and delegated States' actions and limitation periods.''.

SEC. 5 ADJUSTMENT AND REFUNDS.

(a) IN GENERAL.—The Federal Oil and Gas Royalty Management Act of 1982 (30 U.S.C. 1701 et seq.) is amended by inserting after section 111 the following:

''SEC. 111A. ADJUSTMENTS AND REFUNDS.

''(a) ADJUSTMENTS TO ROYALTIES PAID TO THE SECRETARY OR A DELEGATED STATE.—

''(1) If, during the adjustment period, a lessee or its designee determines that an adjustment or refund request is necessary to correct an underpayment or overpayment of an obligation, the lessee or its designee shall make such adjustment or request a refund within a reasonable period of time and only during the adjustment period. The filing of a royalty report which reflects the underpayment or overpayment of an obligation shall constitute prior written notice to the Secretary or the applicable delegated State of an adjustment.

''(2)(A) For any adjustment, the lessee or its designee shall calculate and report the interest due attributable to such adjustment at the same time the lessee or its designee adjusts the principle amount of the subject obligation, except as provided by subparagraph (B).

''(B) In the case of a lessee or its designee who determines that subparagraph (A) would impose a hardship, the Secretary or such delegated State shall calculate the interest due and notify the lessee or its designee within a reasonable time of the amount of interest due, unless such lessee or its designee elects to calculate and report interest in accordance with subparagraph (A).

''(3) An adjustment or a request for a refund for an obligation may be made after the adjustment period only upon written notice to and approval by the Secretary or the applicable delegated State, as appropriate, during an audit of the period which includes the production month for which the adjustment is being made. If an overpayment is identified during an audit, then the Secretary or the applicable delegated State, as appropriate, shall allow a credit or refund in the amount of the overpayment.

''(4) For purposes of this section, the adjustment period for any obligation shall be the six-year period following the date on which an obligation became due. The adjustment period shall be suspended, tolled, extended, enlarged, or terminated by the same actions as the limitation period in section 115.

''(b) REFUNDS.—

''(1) IN GENERAL.—A request for refund is sufficient if it—

''(A) is made in writing to the Secretary and, for purposes of section 115, is specifically identified as a demand;

''(B) identifies the person entitled to such refund;

''(C) provides the Secretary information that reasonably enables the Secretary to identify the overpayment for which such refund is sought; and

''(D) provides the reasons why the payment was an overpayment.

''(2) PAYMENT BY SECRETARY OF THE TREASURY.—The Secretary shall certify the amount of the refund to be paid under paragraph (1) to the Secretary of the Treasury who shall make such refund. Such refund shall be paid from amounts received as current receipts from sales, bonuses, royalties (including interest charges collected under this section) and rentals of the public lands and the Outer Continental Shelf under the provisions of the Mineral Leasing Act and the Outer Continental Shelf Lands Act, which are not payable to a State or the Reclamation Fund. The portion of any such refund attributable to any amounts previously disbursed to a State, the Reclamation Fund, or any recipient prescribed by law shall be deducted from the next disbursements to that recipient made under the applicable law. Such amounts deducted from subsequent disbursements shall be credited to miscellaneous receipts in the Treasury.

''(3) PAYMENT PERIOD.—A refund under this subsection shall be paid or denied (with an explanation of the reasons for the denial) within 120 days of the date on which the request for refund is received by the Secretary. Such refund shall be subject to later audit by the Secretary or the applicable delegated State and subject to the provisions of this Act.

''(4) PROHIBITION AGAINST REDUCTION OF REFUNDS OR CREDITS.—In no event shall the Secretary or any delegated State directly or indirectly claim or offset any amount or amounts against, or reduce any refund or credit (or interest accrued thereon) by the amount of any obligation the enforcement of which is barred by section 115 of this Act.''.

(b) CLERICAL AMENDMENT.—The table of contents in section 1 of the Federal Oil and Gas Royalty Management Act of 1982 (30 U.S.C. 1701) is amended by inserting after the item relating to section 111 the following new item:

''Sec. 111A. Adjustments and refunds.''.

SEC. 6. ROYALTY TERMS AND CONDITIONS, INTEREST, AND PENALTIES.

(a) LESSEE OR DESIGNEE INTEREST.—Section 111 of the Federal Oil and Gas Royalty Management Act of 1982 (30 U.S.C. 1721) is amended by adding after subsection (g) the following:

''(h) Interest shall be allowed and paid or credited on any overpayment, with such interest to accrue from the date such overpayment was made, at the rate obtained by applying the provisions of subparagraphs (A) and (B) of section 6621(a)(1) of the Internal Revenue Code of 1986, but determined without regard to the sentence following subparagraph (B) of section 6621(a)(1). Interest which has accrued on any overpayment may be applied to reduce an underpayment. This subsection applies to overpayments made later than six months after the date of enactment of this subsection or September 1, 1996, whichever is later. Such interest shall be paid from amounts received as current receipts from sales, bonuses, royalties (including interest charges collected under this section) and rentals of the public lands and the Outer Continental Shelf under the provisions of the Mineral Leasing Act, and the Outer Continental Shelf Lands Act, which are not payable to a State or the Reclamation Fund. The portion of any such interest payment attributable to any amounts previously disbursed to a State, the Reclamation Fund, or any other recipient designated by law shall be deducted from the next disbursements to that recipient made under the applicable law. Such amounts deducted from subsequent disbursements shall be credited to miscellaneous receipts in the Treasury.''.

(b) LIMITATION ON INTEREST.—Section 111 of the Federal Oil and Gas Royalty Management Act of 1982, as amended by subsection (a), is further amended by adding at the end the following:

''(i) Upon a determination by the Secretary that an excessive overpayment (based upon all obligations of a lessee or its designee for a given reporting month) was made for the sole purpose of receiving interest, interest shall be paid on the excessive amount of such overpayment. For purposes of this Act, an 'excessive overpayment' shall be the amount that any overpayment a lessee or its designee pays for a given reporting month (excluding payments for demands for obligations determined to be due as a result of judicial or administrative proceedings or agreed to be paid pursuant to settlement agreements) for the aggregate of all of its Federal leases exceeds 10 percent of the total royalties paid that month for those leases.''.

(c) ESTIMATED PAYMENT.—Section 111 of the Federal Oil and Gas Royalty Management Act of 1982 (30 U.S.C. 1721), as amended by subsections (a) and (b), is further amended by adding at the end the following:

''(j) A lessee or its designee may make a payment for the approximate amount of royalties (hereinafter in this subsection 'estimated payment') that would otherwise be due for such lease by the rate royalties are due for that lease. When an estimated payment is made, actual royalties are payable at the end of the month following the month in which the estimated payment is made. If the estimated payment was less than the amount of actual royalties due, interest is owned on the underpaid amount. If the estimated payment exceeds the actual royalties due, interest is owned on the overpayment. If the lessee or its designee makes a payment for such actual royalties, the lessee or its designee may apply the estimated payment to future royalties. Any estimated payment may be adjusted, recouped, or reinstated at any time by the lessee or its designee.''.

(d) VOLUME ALLOCATION OF OIL AND GAS PRODUCTION.—Section 111 of the Federal Oil and Gas Royalty Management Act of 1982 (30 U.S.C. 1721), as amended by subsections (a) through (c), is amended by adding at the end the following:

''(k)(1) Except as otherwise provided by this subsection—

''(A) a lessee or its designee of a lease in a unit or communitization agreement which contains only Federal leases with the same royalty rate and funds distribution shall report and pay royalties on oil and gas production for each production month base on the actual volume of production sold by or on behalf of that lessee;

''(B) a lessee or its designee of a lease in any other unit or communitization agreement shall report and pay royalties on oil and gas production for each production month based on the volume of oil and gas produced from such agreement and allocated to the lease in accordance with the terms of the agreement; and

''(C) a lessee or its designee of a lease that is not contained in a unit or communitization agreement shall report and pay royalties on oil and gas production for each production month based on the actual volume of production sold by or on behalf of that lessee.

''(2) This subsection applies only to requirements for reporting and paying royalties. Nothing in this subsection is intended to alter a lessee's liability for royalties on oil or gas production based on the share of production allocated to the lease in accordance with the terms of the lease, a unit or communitization agreement, or any other agreement.

''(3) For any unit or communitization agreement if all lessees contractually agree to an alternative method of royalty reporting and payment, the lessees may submit such alternative method to the Secretary or the delegated State for approval and make payments in accordance with such approved alternative method so long as such alternative method does not reduce the amount of the royalty obligation.

''(4) The Secretary or the delegated State shall grant an exception from the reporting and payment requirements for marginal properties by allowing for any calendar year or portion thereof royalties to be paid each month based on the volume of production sold. Interest shall not accrue on the difference for the entire calendar year or portion thereof between the amount of oil and gas actually sold and the share of production allocated to the lease until the beginning of the month following such calendar year or portion thereof. Any additional royalties dues or overpaid royalties and associated interest shall be paid, refunded, or credited within six months after the end of each calendar year in which royalties are paid based on volumes of production sold. For the purpose of this subsection, the term 'marginal property' means a lease that produces on average the combined equivalent of less than 15 barrels of oil per well per day or 90 thousand cubic feet of gas per well per day, or a combination thereof, determined by dividing the average daily production of crude oil and natural gas from producing wells on such lease by the number of such wells, unless the Secretary, together with the State concerned, determines that a different production is more appropriate.

''(5) Not later than two years after the date of the enactment of this subsection, the Secretary shall issue any appropriate demand for all outstanding royalty payment disputes regarding who is required to report and pay royalties on production from units and communitization agreements outstanding on the date of the enactment of this subsection, and collect royalty amounts owed on such production.''.

(e) PRODUCTION ALLOCATION.—Section 111 of the Federal Oil and Gas Royalty Management Act of 1982 (30 U.S.C. 1721), as amended by subsections (a) through (d), is amended by adding at the end the following:

''(l) The Secretary shall issue all determinations of allocations of production for units and communitization agreements within 120 days of a request for determination. If the Secretary fails to issue a determination within such 120-day period, the Secretary shall waive interest due on obligations subject to the determination until the end of the month following the month in which the determination is made.''.

(f) NEW ASSESSMENT TO ENCOURAGE PROPER ROYALTY PAYMENTS.—

(1) IN GENERAL.—The Federal Oil and Gas Royalty Management Act of 1982 (30 U.S.C. 1721), as amended by section 4(a), is further amended by adding at the end the following:

''SEC. 116. ASSESSMENTS.

''Beginning eighteen months after the date of enactment of this section, to encourage proper royalty payment the Secretary or the delegated State shall impose assessments on a person who chronically submits erroneous reports under this Act. Assessments under this Act may only be issued as provided for in this section.''.

(2) CLERICAL AMENDMENT.—The table of contents in section 1 of such Act (30 U.S.C. 1701) is amended by adding after the item relating to section 115 the following new item:

''Sec. 116. Assessments.''.

(g) LIABILITY FOR ROYALTY PAYMENTS.—Section 102(a) of the Federal Oil and Gas Royalty Management Act of 1982 (30 U.S.C. 1712(a)) is amended to read as follows:

''(a) In order to increase receipts and achieve effective collections of royalty and other payments, a lessee who is required to make any royalty or other payment under a lease or under the mineral leasing laws, shall make such payments in the time and manner as may be specified by the Secretary or the applicable delegated State. A lessee may designate a person to make all or part of the payments due under a lease on the lessee's behalf and shall notify the Secretary or the applicable delegated State in writing of such designation, in which event said designated person may, in its own name, pay, offset or credit monies, make adjustments, request and receive refunds and submit reports with respect to payments required by the lessee. Notwithstanding any other provision of this Act to the contrary, a designee shall not be liable for any payment obligation under the lease. The person owning operating rights in a lease shall be primarily liable for its pro rata share of payment obligations under the lease. If the person owning the legal record title in a lease is other than the operating rights owner, the person owning the legal record title shall be secondarily liable for its pro rata share of such payment obligations under the lease.''.

(h) CLERICAL AMENDMENTS.—(1) The heading of section 111 of the Federal Oil and Gas Royalty management Act of 1982 (30 U.S.C. 1721) is amended to read as follows:

''ROYALTY TERMS AND CONDITIONS, INTEREST, AND PENALTIES''.

(2) The item relating to section 111 in the table of contents in section 1 of such Act (30 U.S.C. 1701) is amended to read as follows:

''Sec. 111. Royalty terms and conditions, interest, and penalties.''.

SEC. 7. ALTERNATIVES FOR MARGINAL PROPERTIES.

(a) IN GENERAL.—The Federal Oil and Gas Royalty Management Act of 1982 (30 U.S.C. 1701 et seq.), as amended by section 6 of this Act, is further amended by adding at the end the following:

''SEC. 117. ALTERNATIVES FOR MARGINAL PROPERTIES.

''(a) DETERMINATION OF BEST INTERESTS OF STATE CONCERNED AND THE UNITED STATES.—The Secretary and the State concerned, acting in the best interests of the United States and the State concerned to promote production, reduce administrative costs, and increase net receipts to the United States and the States, shall jointly determine, on a case by case basis, the amount of what marginal production from a lease or leases or well or wells, or parts thereof, shall be subject to a prepayment under subsection (b) or regulatory relief under subsection (c). If the State concerned does not consent, such prepayments or regulatory relief shall not be made available under this section for such marginal production: *Provided*, That if royalty payments from a lease or leases, or well or wells are not shared with any State, such determination shall be made solely by the Secretary.

''(b) PREPAYMENT OF ROYALTY.—

''(1) IN GENERAL.—Notwithstanding the provisions of any lease to the contrary, for any lease or leases or well or wells identified by the Secretary and the State concerned pursuant to subsection (a), the Secretary is authorized to accept a prepayment for royalties in lieu of monthly royalty payments under the lease for the remainder of the lease term if the affected lessee so agrees. Any prepayment agreed to by the Secretary, State concerned and lessee which is less than an average $500 per month in total royalties shall be effectuated under this section not earlier than two years after the date of enactment of this section and, any prepayment which is greater than an average $500 per month in total royalties shall be effectuated under this section not earlier than three years after the date of enactment of this section. The Secretary and the State concerned may condition their acceptance of the prepayment authorized under this section on the lessee's agreeing to such terms and conditions as the Secretary and the State concerned deem appropriate and consistent with the purposes of this Act. Such terms may—

''(A) provide for prepayment that does not result in a loss of revenue to the United States in present value terms;

''(B) include provisions for receiving additional prepayments or royalties for developments in the lease or leases or well or wells that deviate significantly from the assumptions and facts on which the valuation is determined; and

''(C) require the lessee or it designee to provide such periodic production reports as may be necessary to allow the Secretary and the State concerned to monitor production for the purposes of subparagraph (B).

''(2) STATE SHARE.—A prepayment under this section shall be shared by the Secretary with any State or other recipient to the same extent as any royalty payment for such lease.

''(3) SATISFACTION OF OBLIGATION.—Except as may be provided in the terms and conditions established by the Secretary under subsection (b), a lessee or its designee who makes a prepayment under this section shall have satisfied in full the lessee's obligation to pay royalty on the production stream sold from the lease or leases or well or wells.

''(c) ALTERNATIVE ACCOUNTING AND AUDITING REQUIREMENTS.—Within one year after the date of the enactment of this section, the Secretary or the delegated State shall provide accounting, reporting, and auditing relief that will encourage lessees to continue to produce and develop properties subject to subsection (a): *Provided*, That such relief will only be available to lessees in a State that concurs, which concurrence is not required if royalty payments from the lease or leases or well or wells are not shared with any State. Prior to granting such relief, the Secretary and, if appropriate, the State concerned shall agree that the type of marginal wells and relief provided under this paragraph is in the best interest of the United States and, if appropriate, the State concerned.''.

(b) CLERICAL AMENDMENT.—The table of contents in section 1 of such Act (30 U.S.C. 1701) is amended by adding after the item relating to section 116 the following new item:

''Sec. 117. Alternatives for marginal properties.''.

SEC. 8. APPLICABILITY.

(a) FOGRMA.—With respect to Federal lands, sections 202 and 307 of the Federal Oil and Gas Royalty Management Act of 1982 (30 U.S.C. 1732 and 1755), are no longer applicable. The applicability of those sections to Indian leases is not affected.

(b) OCSLA.—Effective on the date of the enactment of this Act, section 10 of the Outer Continental Shelf Lands Act (43 U.S.C. 1339) is repealed.

SEC. 9. INDIAN LANDS.

The amendments made by this Act shall not apply with respect to Indian lands, and the provisions of the Federal Oil and Gas Royalty Management Act of 1982 as in effect on the day before the date of enactment of this Act shall continue to apply after such date with respect to Indian lands.

SEC. 10. PRIVATE LANDS.

This Act shall not apply to any privately owned minerals.

SEC. 11. EFFECTIVE DATE.

Except as provided by section 115(h), section 111(h), section 111(k)(5), and section 117 of the Federal Oil and Gas Royalty Management Act of 1982 (as added by this Act), this Act, and the amendments made by this Act, shall apply with respect to the production of oil and gas after the first day of the month following the date of the enactment of this Act.

SEC. 12. SAVINGS CLAUSE.

Nothing in this Act shall be construed to give a State a property right or interest in any Federal lease or land.

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from California [Mr. CALVERT] and the gentleman from Hawaii [Mr. ABERCROMBIE] will each be recognized for 20 minutes.

The Chair recognizes the gentleman from California [Mr. CALVERT].

(Mr. CALVERT asked and was given permission to revise and extend his remarks.)

Mr. CALVERT. Mr. Speaker, I yield myself such time as I may consume. Mr. Speaker, I rise in strong support of H.R. 1975, the Federal Oil and Gas Royalty Simplification and Fairness Act of 1996. The purpose of this bill is to improve the management of royalties from Federal oil and gas leases onshore and on the Outer Continental Shelf, as well. H.R. 1975 does this by establishing clear an equitable provisions for the effective and efficient administration of leases by the Secretary of the Interior to further exploration and development of oil and gas resources.

Mr. Speaker, our existing laws, regulations, policies, and procedures related to oil and gas leasing lack clarity and consistency and impose unnecessary and unreasonable costs and burdens on lessees and the Government alike. Because the Federal Royalty Program is so complex and unfair a damper is placed upon competition for these leases—especially among the smaller independent producers.

This complexity is an outgrowth of reforms mandated by conditions in the late 1970's when States and Indian tribes which share in these leasing receipts charged that the Federal agency then responsible for collecting royalties could not adequately track payments against obligations. The Commission on Fiscal Accountability of the Nation's energy resources was chartered to study possible reforms, and made 60 recommendations for improvements. Nearly 14 years ago, Congress passed the Federal Oil and Gas Royalty Management Act to implement many of the panel suggestions, which, indeed, has clearly improved Federal royalty management with increased revenues to the U.S. Treasury, and to the States via the net receipts sharing formula for onshore leases and certain OCS leases.

However, further improvements are necessary. For example, multiple conflicting laws and recent lower court decisions holding that no statute of limitations applies for royalty purposes have created uncertainty and unfairness for lessees subject to indefinite audit exposure.

Mr. Speaker, unlike the situation for taxpayers and the IRS, the royalty books are never closed for a lessee of the Interior Department—and because of this the Government doesn't act timely to make payment demands of lessees. It simply is not a priority of the Feds because the Department of the Interior can go back decades later to audit and if necessary demand further payment. But, what kind of way is this to run a multibillion dollar program? Money has a time value and the Secretary's levy of interest on royalty underpayments does not fully offset the many years delay in collecting what may be owed.

Furthermore, current law severely restricts Outer Continental Shelf Lands Act lessees access to overpayments made to the Federal Government, and does not provide for the time value of lessees' overpayments, while at the same time underpayors definitely owe interest. In other words, the playing field is so far tilted it's a wonder anybody plays the game.

But, Mr. Speaker, the most overlooked reform recommended by the Commission was to further involve the States in Federal royalty collections. We must not forget that many States have auditors who are ready, willing, and able to do the job, as well as the motivation to go after each and every penny or royalty owed. Because for every dollar collected from an onshore Federal lessee 50 cents will come back to the State's treasury. For most of the States where the Federal acreage is concentrated this revenue stream is a significant part of their operating budgets for schools, roads, or other programs. For such States, the lack of aggressive efforts by the Feds to collect these moneys to be shared is very frustrating. And to top it all off, since fiscal year 1991 the States have had to pay one-fourth of the Feds costs to manage the mineral leasing program—from the land-use planning stage through leasing, permitting, and, if the leases are productive, the collection of royalties.

Mr. Speaker, in truth, this is why we are here today. Our States are demanding a larger role in policing what they are owed from lessees and H.R. 1975 will provide them such opportunity. The Vice President proposed 1 year ago to totally devolve the royalty program to the States. Although that proposal was pulled back after a few months, the administration fully supports the State delegation language we are voting upon today, indeed, the entire bill has the President's backing. Quite frankly, I would have liked a stronger delegation provision requiring the Secretary of the Interior to give primacy for royalty collection to those States which are able to demonstrate an efficient program, but that was not achievable this year. Instead, the Secretary will have discretion to hand down these duties to States or maintain the current Federal role. Given the realities of the Federal budget, I believe enactment of H.R. 1975 will ultimately lead to expanded delegation to the States simply because staffing in the Interior Department will for all practical purposes dictate this result.

In conclusion, Mr. Speaker, the Congressional Budget Office estimates this bill would increase revenues to the U.S. Treasury by $36 million over 6 years, and cumulatively to the States by $9 million during the same interval. This bill is good Government, pure and simple, and I ask my colleagues for their support.

Mr. Speaker, I reserve the balance of my time.

Mr. ABERCROMBIE. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise in support of the manager's amendment to H.R. 1975, the Federal Oil and Gas Royalty Fairness and Simplification Act. May I say in that regard that I want to thank my colleague and friend, the gentleman from California, Chairman KEN CALVERT, and the staff on his side for their fairness in helping to make this as simple a process as possible.

As he has indicated in his remarks, this is an issue with which not everyone may be familiar but which is fundamental to the sound fiscal policy with respect to Federal oil and gas royalty fees.

I also note the presence on the floor of the chairman of our Committee on Resources, Mr. YOUNG, and I am very pleased to see him here and I appreciate his kindness and fairness. I can no doubt add a few other adjectives, depending on how much I sense from him that he appreciates the same in me. I can see from his body language that he understand the full import of my remarks.

Mr. Speaker, the manager's amendment will substitute the language written by the Senate Committee on Energy and Natural Resources for the language reported by the House Committee on Resources. The primary difference between the House and Senate language is that the Senate language authorizes but does not mandate the Secretary of the Interior to delegate certain royalty management functions to willing and qualified States.

This issue has been gone over in detail by the gentleman from California [Mr. CALVERT], so I will not repeat it.

This would resolve my major problem with the bill and removes the President's veto threat on the bill. I would note that during committee consideration of H.R. 1975 I offered an amendment which the majority did not accept at that time that would have made this very change. I am pleased to see that they now concur with me and that there is no reason to require the Secretary of the Interior to transfer the royalty functions to the States.

But while there are many positive features in the manager's amendment, it still contains, in my estimation, some flaws. For example, I continue to believe that is no reason to require the Federal Government to pay interest on oil companies' overpayments to the Federal Treasury, especially when these mistakes occur as a result of sloppy accounting or possible sloppy accounting by oil and gas companies. This new benefit for oil and gas corporations will create, again in my estimation, a new Federal debt and possibly cost taxpayers an estimated $44 million between 1997 and 2002 and possibly an additional $10 million in direct spending each year thereafter.

However, in the interest of comity, I am willing to take the majority at its word, particularly that of the gentleman from California, Chairman CALVERT, and the gentleman from Alaska, Chairman YOUNG, and accept the administration's assurance that this provision will not be allowed to be abused by the oil and gas lessees. Knowing the gentleman from Alaska [Mr. YOUNG] as I do, I doubt that anybody can get away with anything.

Improvement is always in order, and the majority has worked diligently with the Clinton administration to effect this compromise and, I would like to reiterate, has worked diligently with the minority on the committee as well. If we are to govern, then we must be willing to accept compromises. I do so with this bill, and in this context and in this spirit of comity, we do not object to the passage of H.R. 1975, as amended by the bill's manager, and recommend its acceptance.

Mr. Speaker, I reserve the balance of my time.

□ 1600

Mr. CALVERT. Mr. Speaker, I yield 2 minutes to the gentleman from Alaska [Mr. YOUNG], chairman of the committee.

Mr. YOUNG of Alaska. Mr. Speaker, I thank the gentleman for yielding me this time, and I thank the gentleman from Hawaii [Mr. ABERCROMBIE] for his kind words.

This is an ability here to work together, and I can assure the gentleman we will be watching this very closely to make sure what we have stated on the floor today. The gentleman from California [Mr. CALVERT] has done an excellent job, and of course the ranking member has also done the job.

I would suggest respectfully that this is long overdue in the energy field. It does in fact, as has been mentioned before, create $36 or $37 million for the Federal Government and $9 million for the State. And may I suggest one thing. It is a level playing field with the IRS.

I want to suggest one thing I do agree with. If there is bad accounting on the oil company's side, we will be watching this very closely. But equally if there is bad accounting on the Interior side, we will be watching that very closely. So no one should be to blame. We should solve this problem, and that is what we are trying to do with this legislation.

I would suggest though, Mr. Speaker, that we have a letter from a bipartisan group of Governors, including my Governor, Tony Knowles, and Gov. Pete Wilson, Gov. Philip Batt, Gov. Bill Graves, Gov. Marc Raciot, Gov. Benjamin Nelson, Gov. Gary Johnson, Gov. Edward Schafer, Gov. Frank Keating, Gov. George Bush, Gov. Michael Leavitt, and Gov. Jim Geringer supporting this.

And, by the way, it says: ''This legislation provides the best opportunities for Federal and State cooperation and partnerships in natural resources policy that has ever emerged from this Congress.'' So I want to suggest this is strongly supported by Governors and should be supported, and I do welcome the support from the gentleman from Hawaii.

This ability, as he mentioned, to govern, is by doing the art of possible, by coming to a solution, and I do support this legislation.

Mr. ABERCROMBIE. Mr. Speaker, could you kindly inform me of the time remaining?

The SPEAKER pro tempore (Mr. GUTKNECHT). The gentleman from Hawaii [Mr. ABERCROMBIE] has 16 minutes remaining, and the gentleman from California [Mr. CALVERT] has 13 minutes remaining.

Mr. ABERCROMBIE. Mr. Speaker, I yield 5 minutes to the gentleman from New Mexico [Mr. RICHARDSON].

(Mr. RICHARDSON asked and was given permission to revise and extend his remarks.)

Mr. RICHARDSON. Mr. Speaker, let me just say that this is a good bipartisan bill, and there are five fundamental reasons why this is a good bill.

First, it clarifies a collection time frame by establishing a 7-year statute of limitations allowing for certain extensions by the Secretary.

Second, it levels the playing field, provides for interest at equivalent IRS rates to be paid on royalty overpayments and continues interest payments on underpayments.

Third, it empowers the States. This gives the States a more rightful role in the delegation of royalty functions that choose to perform the duties. It gives the States, many oil and gas States, many in the West, more involvement in collection, and that is critically important.

It scores positive. What we have is CBO estimating $36 million to the Federal Government and an additional $9 million to the States over 6 years.

Last, the administration supports the bill. And because of the changes coming from the Senate, I am informed that the ranking member of our committee, the distinguished Member from California, GEORGE MILLER, is in support of the bill.

What we have is a piece of legislation that will allow individual States to take over the responsibility of collecting royalty payments for oil, gas and coal leases on Federal lands.

Needless to say, in my State of New Mexico this is critically important. This is not, and I repeat ''not'' an environmentally controversial bill, rather it corrects and updates accounting practices for Federal oil and gas royalty collections. Current laws and rules protecting land, air and water resources are not changed in any way by this measure. The only thing green about H.R. 1975 is the color of the money that will be going to Federal and State governments. This is important.

As I mentioned before, the White House supports this measure, but also the Department of the Interior, the Department of Energy, and a bipartisan coalition of 14 Governors, including my own in New Mexico. And, incidentally, 100 percent of Federal onshore royalties are collected from the States of these 14 Governors.

As many know, my congressional district includes some of the highest oil and natural gas production in the United States. Because my State of New Mexico is the fourth largest natural gas producer and the seventh largest oil producer, it is directly affected by how the Federal Government collects royalty on that production. This will have a positive impact.

Let me just relate an incident, a little story on why we need this legislation. Several years ago a New Mexico independent producer was wrongly and unfairly assessed $7,650 by the Minerals Management Service, MMS.

This assessment related to the company's September 1991 royalty report. The report was due by 4 p.m. on October 31, 1991. Due to a crippling snow storm in Denver that day, Federal Express could not deliver the report until November 1 at 10:05 a.m. More than 100 other companies experienced this same problem. Unbelievably, all were penalized with similar assessments.

Even though the New Mexico producer appealed his case to MMS, Minerals Management Service, and argued that the snow storm was out of control, he was still assessed $7,650. Unfortunately, a lot of time and money was wasted in an effort to rectify the situation, but this agency, Minerals Management Service, would not change its decision.

What this bill does, H.R. 1975, is that it addresses the problem by implementing a more reasonable system for the imposition of agency assessment. This is a reform bill. It is long overdue. We need to govern the laws that govern the collection of oil and gas royalties.

This is not just an oil and gas giveaway or a giveaway to western States. We make money. It is a bill that also makes the collection more efficient. It is reform. It improves the bureaucracy.

If there are oil and gas producers in States, many of them are hurting, they are talking about production problems and the price of oil. They are not doing well. They are not those big oil and gas guys that we think of in Cadillacs running around spending money. They are men and women that are trying to make a living. And in my State, I can tell my colleagues, it has been tough lately. This will be a slight improvement. In passing this bill we will keep them from getting snowballed like this constituent of mine in 1991.

In summary, this is a good bill. This is a bill that make sense. First, the administration supports the bill, it is a good piece of legislation and I urge its passage.

Mr. CALVERT. Mr. Speaker, I yield 3 minutes to the gentleman from Texas [Mr. THORNBERRY].

Mr. THORNBERRY. Mr. Speaker, I thank the gentleman for yielding me this time and I rise in support of this legislation.

Mr. Speaker, my constituents believe we need to be trying to move the Federal Government in two directions; one to make the Federal Government smaller, get it out of many of the aspects of our lives where it has placed itself; and the second is to try to make the Federal Government work smarter, to put a little dose of common sense into many of the things that the Federal Government does.

That is exactly where this piece of legislation fits in because it will simplify and streamline, and make more certain royalty collections off of Federal lands and lands off the outer Continental Shelf. That process today is an endless morass that I find very few people completely understand and it costs an enormous amount of money to comply with, both from the taxpayers' standpoint and from small independent oil and gas companies.

As a result of simplifying and streamlining these procedures, we can actually save the Federal Government a little money as well as the States which are involved. We are not talking about a tremendous amount of money, it is several million dollars, but it is a step in the right direction and it seems to me we should do it. It gets the States more involved in royalty collection, and I think that is a step in the right direction.

Personally, I would like to go further in that respect. I would be very interested in exploring a royalty in-kind program where the States could actually get the crude oil or the gas as it is produced, but at least this moves in the direction of having more State participation and I think that is good.

The other thing this bill does is it provides opportunity to diminish some of the regulatory burdens which are such a problem with oil and gas business across the country at this point. We are in a situation where the price of oil or gas is not terribly high and yet the cost of production is terribly high. And the Federal Government adds to that cost of production through taxes and regulations and paperwork such as are involved in this bill. If we can reduce the cost of production, we can prevent the thousands of wells from being shut in and that is happening today.

The United States continues to grow more dependent upon foreign sources of oil because we cannot economically produce oil in this country. To the extent this bill takes a small but significant step towards reducing the regulatory burdens that drive up the costs, we can encourage exploration and hopefully encourage the production of domestic oil and gas upon which our security is based.

Mr. Speaker, I think we need to do that not just on Federal lands but throughout all of the private sector in oil and gas production to increase our energy independence, but, again, this bill takes a step in the right direction and, therefore, I urge its adoption.

Mr. ABERCROMBIE. Mr. Speaker, I yield 3 minutes to the gentleman from California [Mr. DOOLEY], and in the process thank him for his assistance with this bill. Without his cooperation, insight and input, I do not think we would have reached such as successful conclusion.

(Mr. DOOLEY of California asked and was given permission to revise and extend his remarks.)

Mr. DOOLEY of California. Mr. Speaker, first off, I would like to thank both the gentleman from Hawaii [Mr. ABERCROMBIE] and the gentleman from California [Mr. CALVERT] for their hard work. Certainly I think it was their dedication to trying to move forward in a responsible manner on this issue that has allowed us to end at this point, where we have such strong bipartisan support for this legislation, where we have the President and the administration in support of this legislation, and where we have 14 Governors, bipartisan in their composition, representing 99 percent of the oil which is produced onshore which will be subject to these regulations, that are also supporting it.

The reasons for their support, I think, are very clear and they have been enunciated by I think all the speakers that have spoken up to this time. This bill obviously is a good bill for producers and provides greater certainty. It is a good bill for taxpayers and will generate additional revenues. It is a good bill for both the State and the Federal Government because with delegating some of this authority to the States we have then an entity which has a vested interest and an incentive to move forward in a very expedited fashion to collect the royalties which are due both to them and to the Federal Government.

Now, there might be some criticism that might be voiced, and it will be very limited in nature, where some people will be concerned that this measure is going to have the impact of perhaps limiting the ability of the Federal Government to collect on past royalties. That is not the case. This bill will only apply to royalties collected in the future.

There is also perhaps going to be some reservations expressed with the statute of limitations, that this will impede the ability of the State and the Federal Government to collect those royalties. That is not true either. We are placing a 7-year time limit. There is absolutely no reason why the State or the Federal Government and those officials which are responsible for collecting those royalties cannot do so within 7 years.

In those instances where a company might be guilty of fraud, that exemption in that statute of limitations of 7 years does not apply. Furthermore, if the State or the Federal Government or those officials assess a royalty and make a claim, that also then is not subject to that 7-year statute of limitations from that time forward.

I think we have a bill which again provides protections to the taxpayers. It is a responsible bill. It is in the best interest of all parties involved.

Once again I want to commend the bipartisan effort on behalf of the two subcommittee chairmen that really led to the development of this legislation.

Mr. CALVERT. Mr. Speaker, I yield 5 minutes to the gentleman from Texas [Mr. LAUGHLIN].

(Mr. LAUGHLIN asked and was given permission to revise and extend his remarks.)

Mr. LAUGHLIN. Mr. Speaker, this bill should be noncontroversial. It corrects and updates accounting practices for Federal oil and gas royalty collections. After more than 1 year of intense detailed negotiations we have an agreement on the legislative language before us today.

Many Republicans and many democrats, in fact, 50 House Democrats, have signed a letter of support. The President of the United States, the Department of the Interior, the Department of Energy and 14 Governors, as the gentleman from Alaska [Mr. YOUNG] read to us.

This is a bill that has national impact because when we look at the map to my immediate left we can see all but about 10 of our States colored in red.

☐ 1615

Those States colored in red are those States with Federal oil and gas leases. I heard the gentleman from New Mexico speak about the State of New Mexico. I just wish some of that or more of that were in my district in the Gulf Coast of Texas.

The President of the United States has sent a letter stating strong support for enactment of H.R. 1975. In fact the Clinton Gore campaign has sent a letter signed by Ann Lewis, Deputy Campaign Manager, stating the legislation simplifies the royalty collection process for onshore and offshore natural gas and oil production.

She says in her letter: The President supports it because he believes that it provides fairer rules governing the relationship between the Federal Government and leaseholders on Federal lands. Getting all these people to agree was not easy. But we have an agreement, and now is the time to support the agreement.

Pass it today.

Members should not be confused or misinformed by rhetoric about the environment. Our friend, the gentleman from new Mexico, spoke about why this is not harmful to the environment. He had some phrase about green. The only thing I can see green about this is the eyeshades of the Government accountants who are cutting checks payable to the Federal Government. That is the accountants from the oil companies.

This cannot be confused with the rhetoric we sometimes hear on the House floor about corporate welfare. The most important part of this is being fair to the corporate citizens just like individuals citizens of our country.

An important part of the bill new to royalty policy is the requirement that the Federal Government pay interest on royalty overpayments.

There are two reasons to put this requirement into law. First, our royalty reporting deadline requires companies to pay royalties within 30 days of production. In today's natural gas marketplace, a producer frequently will not have the data he or she needs to accurately report royalties.

That is just a function of the marketplace. Gas has moved to hub centers where marketeers, usually third parties, sell the gas and report back the precise sales price and volumes to the producer. This can take months, but producers facing the 30-day deadline have to make payments on the production. So they estimate price and volumes and make payments on those estimates, usually adding additional funds to avoid making underpayments, which are subject to automatic penalty and interest payments. Unfortunately, producers have been discouraged from this practice because the bureaucracy does not promptly process their refunds, even though the Government is earning interest from day one on their overpayments.

It is not a case of producers making mistakes or overpayment of royalties. It is, rather, a case where the regulatory deadlines do not give producers enough time to gather the accurate data they need to make correct payments at the outset.

Now, the gentleman from Hawaii raised a valid point that this could be misused. For that reason, the interest rate is fair to everyone involved. In fact, there is a cap on the interest rate that was designed to prevent companies from gaming the system. That cap provides that in this bill no more payment could be paid on overpayment in excess of 10 percent of the overpayment by the company. This is really not any different than we do citizens of this country when they overpay the IRS.

I well remember the days when the IRS charged penalty and interest but, if you overpaid them and they owed you money, they did not pay you any interest. Thank God that has been changed, and that is what we are trying to do here.

Finally, Mr. Speaker, the interest provisions coupled with the statute of limitations and litigation reform contribute to the Congressional Budget Office determination that the Federal Treasury will receive an additional $51 million and States will receive an additional $33 million over 7 years. That indicates many reasons, Mr. Speaker, why this bill should receive the strong support of Members of the House. I urge its passage. I thank the gentleman very much for yielding time to me.

Mr. ABERCROMBIE. Mr. Speaker, I yield 5 minutes and 15 seconds to the gentlewoman from New York [Mrs. MALONEY].

Mrs. MALONEY. Mr. Speaker, I rise in opposition to H.R. 1975, the Federal Oil and Gas Royalty Simplification and Fairness Act.

I do so reluctantly because there is much to be said for many parts of this measure.

The States have demonstrated that they are committed to collecting the full and fair value of Federal royalty producting revenues which by Federal law they share.

Unfortunately, while the Minerals Management Service has made several cosmetic improvements to their program, my information suggests that they are not as avid in assuring that the public receives its fair due from the oil and gas industry's privilege of exploitation of public resources.

The only reform enacted by this bill is a stranglehold on the Federal Government's ability to collect money owed on oil and gas royalties. H.R. 1975 would impose a 7-year statute of limitations on the Federal Government and the States for all judicial proceedings and audits regarding oil and gas royalties.

So, if we uncover evidence of money owed the Federal Government from undervalued oil and gas in the future, our hands our tied—we would not be able to collect money owed the American taxpayer.

This bill will enhance the oil industry's position at the public cost.

My opposition is directed at those portions of the bill which establish new provisions on a statute of limitations and the ability of the Government to obtain needed records for the conduct of audits.

These provisions may preclude the Federal Government from collecting millions of dollars in past due royalties owed.

The Subcommittee on Government Management, Information and Technology of the House Government Reform and Oversight Committee recently concluded hearings that showed that $856 million is owed in past due royalties in the State of California alone.

I would like to be able to say that such uncollected debt will not happen again.

Disregarding warnings that these royalties were outstanding, the Minerals Management Service entered into agreements with several of the companies that may preclude and will at least complicate any full collection.

Only after I released a report with the project on Government oversight pointing out the problem and after an Interior interagency task force issued a detailed study did the department reluctantly acknowledge the underpayment in California.

Without an adequate understanding of how the department has managed the royalty program under present law and a complete explanation of how it managed to overlook hundreds of millions of dollars,

I believe it reckless to change the law.

The hearings also indicated that the problem of undervaluation is not confined to California alone and that there is good cause to believe that even more money is owed from Federal public leases throughout and offshore the Nation.

It is important to understand that half of the royalties collected by the department from onshore oil production go to the States.

In California this revenue is used only for education.

Chairman CALVERT of the Subcommittee on Energy and Mineral Resources of the House Resources Committee has taken some laudatory steps to resolve some ambiguous language in the bill through technical amendments to the effective date provisions of H.R. 1975, and has assured me that it is the intent of the drafters to apply only the provisions specified in the effective date provision retroactively.

I remain concerned, however, that language in the bill may still provide fodder for creative lawyers to delay collection of the royalties owed because the industry's undervaluation even further.

One source of my concern is in section 115(f) of the bill which states:

> Notwithstanding anything herein to the contrary, under no circumstance shall a record holder be required to maintain or produce any record relating to an obligation for any time period which is barred by the applicable limitation in this section.

The reference to ''for any period'' is language reasonably construed to call for retroactivity and, if so construed, would disable the Department of the Interior from obtaining the information necessary to proceed on an undervaluation claim.

At a minimum—to clearly avoid the retroactivity issue that Chairman CALVERT has assured me was not intended—this language should be deleted.

Its deletion would not undercut the bill's remaining objectives.

In other words, this language is moving more toward proprietary protection of these records.

More broadly, my investigation indicates that it is not the right time for us to be placing time and records limitations on the Department of the Interior.

Indeed, industry's highly questionable claims of confidentiality and repeated litigation over document access has and will continue to unduly delay any efforts by Interior to collect on undervaluation claims.

Provisions in this bill will only serve to strengthen industry's lack of cooperation.

Finally, transfer of more authority to the States, while laudatory, will take its own toll on the timing and completion of the audits and investigations that are a prerequisite for bringing claims of underpaid royalties.

Certainly the Federal Government and State delegates should be encouraged to conduct audits in a prompt manner.

For the time being, however, I believe that this should be pursued administratively rather than legislatively.

And, the Department has taken steps to increase the timeliness of the audit process.

We should be encouraging the Department to keep abreast of changes in industry structure and operations that impact royalty collections in order to adequately respond.

At this time, however, the Department is simply not capable of collecting the royalties actually owed on Federal production.

It has not demonstrated an understanding of the very industry it regulates.

And, it is forced to use after the fact audits to uncover basic structural data concerning the industry.

Putting additional restraints on the Department, through time and record access limitations, will only bring more of the same losses in royalty revenues.

We should be looking at whether there are obstacles under existing law that are hampering the Department's ability to do its job the right way.

In sum, my investigations have shown that at this time we simply do not have sufficient information concerning the difficulties of collecting royalties faced by diligent auditors and administrators, and the problems the Department of the Interior faces that are hampering its ability to do what we instructed it to do—collect the full fair market value in royalties owed the public.

We owe it to the public to conduct a more thorough inquiry into these matters before we leap to make changes which, in my view, will lead to further losses of needed revenues for the citizens and the States.

I want to ask the chairman from California if he will hold to his testimony in front of my committee when he said,

> In no way is the Federal Government barred from pursuing demands for payment of royalties owed on oil and gas produced prior to the enactment of my bill. The seven-year statute of limitations affects only production post-enactment.

Mr. CALVERT. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I want to reiterate, my bill expressly provides that the statute of limitations created herein is prospective only and, of course, in cases of fraud and concealment of records, it is void anyway. The leases at issue in the interagency task force report involved production from 1980 through 1993 or so. H.R. 1975 will in no way bar the Federal Government from pursuing the allegations of underpayment if that is what the Secretary of Interior decides to do.

My bill says, act in a timely manner, Mr. Secretary, the taxpayers deserve no less or, alternatively, delegate your responsibility for royalty collection to those States that wish to do the job more efficiently and more timely.

Mr. Speaker, I reserve the balance of my time.

Mr. ABERCROMBIE. Mr. Speaker, I yield 2 minutes to the gentleman from Texas [Mr. BENTSEN].

(Mr. BENTSEN asked and was given permission to revise and extend his remarks.)

Mr. BENTSEN. Mr. Speaker, I strongly support H.R. 1975, the Federal Oil and Gas Royalty Simplification and Fairness Act. H.R. 1975 would streamline our Federal royalty collection system by improving the management of royalties from Federal and outer continental shelf oil and gas leases.

Currently, about $4.2 billion is collected annually by the Federal Government in mineral receipts—our Nation's third largest revenue source. However, reform of our Nation's royalty collection system has been needed for some time. H.R. 1975 achieves the goals set out by the administration, the States, and industry to provide simplicity and fairness in the partnership between the Federal Government and the leaseholders of Federal lands.

Specifically, this legislation would establish a clear statute of limitations on royalty collection, expand existing delegation to States provisions, and set time limits on administrative appeal decisions. This legislation also provides marginal well relief by reforming royalty collections for low-production wells—an issue of great importance to my home State of Texas.

At a time when we continue to see increasing reliance on oil imports, this legislation provides the necessary relief to enhance domestic production in both an economically efficient and environmentally sound way. In addition, H.R. 1975 would help Congress in its efforts to balance the budget by providing an additional $51 million in royalties over the next 7 years.

H.R. 1975 is supported by the administration, a bipartisan delegation of Members from Congress as well as 14 of our Nation's Governors who represent most of our Federal onshore production. It is also supported by the Interstate Oil and Gas Compact Commission and industry trade associations representing our Nation's Federal lessees. I urge my colleagues to support royalty simplification and fairness by voting in favor of H.R. 1975.

Mr. CALVERT. Mr. Speaker, I reserve the balance of my time.

Mr. ABERCROMBIE. Mr. Speaker, I have no further requests for time.

I include for the RECORD a letter from the White House addressed to me and signed by the Chief of Staff, Mr. Leon Panetta, in support of the bill:

THE WHITE HOUSE,
Washington, DC, May 30, 1996.

Hon. NEIL ABERCROMBIE,
House of Representatives,
Washington, DC.

DEAR MR. ABERCROMBIE: I am writing to inform you of the Administration's position regarding the pending Oil and Gas Royalty Simplification and Fairness legislation (S. 1014). Let me assure you that the Administration remains committed to ensuring the efficient management of Federal lands and finding new ways for the States to work cooperatively and creatively with the Federal Government. The President shares your hope that an agreement can be reached on the State delegation issue.

In an effort to resolve this issue, Administration representatives, working with the staff of the Senate Energy Committee, were successful in reaching an agreement on language that would expand the list of delegable royalty management authorities, without reducing the Secretary of the Interior's responsibility with respect to the management of Federal lands. That language was included in S. 1014, which was reported out of the Senate Energy Committee on May 1st. The Administration supports S. 1014 as reported out of committee, but will seek a minor technical amendment. The Administration believes this bill's State delegation language is acceptable, unlike the language included in H.R. 1975, the House Resources Committee bill on Royalty Simplification.

The Administration will continue to work with Congress as the legislative process moves forward, and stands ready to work in support of the language included in the Senate Energy Committee bill. I appreciate your interest and support in this important legislation.

Sincerely,

LEON E. PANETTA,
Chief of Staff.

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Mr. Speaker, I yield back the balance of my time.

Mr. CALVERT. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, in closing I would like to first thank the gentleman from Hawaii [Mr. ABERCROMBIE], my good friend. We worked through this bill over the last year and had many occasions to go back and forth, but in the end I think we ended up with a good piece of legislation which is supported by most everyone here, and I certainly am appreciative of the time and effort that both him and his staff have put into this, and I thank him and look forward to other legislation in the future; and also to the gentleman from California [Mr. MILLER], the ranking member of the subcommittee, for all of his, and the overall committee, for all his help.

Mr. Speaker, this bill, in closing, will raise money for the Feds and the States. It certainly has bipartisan support in the House, the Senate and 14 Governors. It has the administration support from the White House; the Secretary of Interior, Bruce Babbit. It enacts clear and equitable reform, gives more power to the States. It establishes a certain statute of limitation period.

It is a good bill, and I urge its passage.

Mr. MARKEY. Mr. Speaker, I rise in opposition to H.R. 1975. This ill-named royalty fairness bill is yet another example of corporate welfare for well-heeled oil and gas producers operating on public lands.

Just 2 months ago, press reports reveals that 10 oil companies may have underpaid royalties and interest to the Federal Government by as much as $856 million on land in California they lease from the Federal Government to drill for oil.

What has the Republican-controlled Congress proposed in response to this royalty ripoff?

First, the Republican majority in the House voted to repeal the gas tax, a move that most economists agree the oil companies will quickly pocket for themselves. Consumers are unlikely to actually see any of this cut reflected in lower prices at the pump, as the Republicans rejected all Democratic efforts to assure the savings would actually be rebated to consumers.

And now today, with this bill, we will be providing the big oil and gas companies with yet another windfall. H.R. 1975 will:

Result in more than $200 million being paid out to oil and gas companies over the next 20 years by requiring the taxpayers to pay interest payments to oil companies who—through their own stupidity, mismanagement, or incompetent accounting—have overpaid royalties to the Federal Government; and

Establish a 7-year statute of limitations that will undermine the Federal Government's ability to collect moneys owed it by huge oil and gas companies.

I think it's time we stopped providing Federal freebies to deadbeat drillers. We should defeat this bill. It is bad energy policy and bad fiscal policy. Thank you, and I yield back the balance of my time.

Mr. CALVERT. Mr. Speaker, I yield back the balance of my time.

The SPEAKER pro tempore (Mr. GUTKNECHT). The question is on the motion offered by the gentleman from California [Mr. CALVERT] that the House suspend the rules and pass the bill, H.R. 1975, as amended.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the bill, as amended, was passed.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. CALVERT. Mr. Speaker, I ask unanimous consent that all Members have 5 legislative days to revise and extend their remarks and include extraneous material on H.R. 1975, the bill just passed.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

There was no objection.

MINING AND MINERAL RESOURCES INSTITUTES ACT

Mr. CALVERT. Mr. Speaker, I ask unanimous consent for the immediate consideration in the House of the bill (H.R. 3249) to authorize appropriations for a mining institute to develop domestic technological capabilities for the recovery of minerals from the Nation's seabed, and for other purposes.

The Clerk read the title of the bill.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

Mr. ABERCROMBIE. Mr. Speaker, reserving the right to object, and I will not object, I would like to have time to speak under the reservation.

Mr. Speaker, under my reservation, I yield to the gentleman from Mississippi [Mr. WICKER].

Mr. WICKER. Mr. Speaker, I thank my colleague and friend from Hawaii, Mr. ABERCROMBIE, for yielding me this time, and I shall not take much time, but I am pleased to speak in support of