

104TH CONGRESS
1ST SESSION

H. R. 817

To authorize the Secretary of Energy to lease lands within the naval oil shale reserves to private entities for the development and production of oil and natural gas.

IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 3, 1995

Mr. HEFLEY introduced the following bill; which was referred to the Committee on National Security and, in addition, to the Committee on Resources, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

To authorize the Secretary of Energy to lease lands within the naval oil shale reserves to private entities for the development and production of oil and natural gas.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. OIL AND GAS LEASES INVOLVING NAVAL OIL**
4 **SHALE RESERVES.**

5 (a) AUTHORITY TO ENTER INTO LEASES.—(1)
6 Chapter 641 of title 10, United States Code, is amended
7 by adding at the end the following new section:

1 **“§ 7439. Naval oil shale reserves: lease of lands for oil**
2 **and gas exploration, development, and**
3 **production**

4 “(a) AUTHORITY TO LEASE.—The Secretary of En-
5 ergy may lease lands owned or controlled by the United
6 States inside a naval oil shale reserve to a private entity
7 for the purpose of the exploration for, and development
8 and production of, petroleum (other than in the form of
9 oil shale) from such lands. In leasing lands under this sub-
10 section, the Secretary shall use competitive bidding proce-
11 dures.

12 “(b) USE OF BLM AS LEASING AGENT.—For the
13 purpose of exercising the authority provided by subsection
14 (a), the Secretary of Energy may enter into a cooperative
15 agreement with the Secretary of the Interior under which
16 employees of the Bureau of Land Management serve as
17 leasing agents of the Secretary of Energy. Use of Bureau
18 of Land Management employees shall not relieve the Sec-
19 retary of Energy of management responsibilities over the
20 naval oil shale reserves.

21 “(c) ROYALTY.—A lease of lands under subsection
22 (a) in an oil shale reserve shall be conditioned upon the
23 payment of a royalty at a rate, to be established by the
24 Secretary, equivalent to the prevailing royalty rate for
25 similar leases in the State in which the reserve is located.
26 The royalty rate shall be expressed as a percentage of the

1 amount or value of the production removed or sold pursu-
2 ant to the lease. The Secretary may require all or a por-
3 tion of the United States share of the royalty to be paid
4 in the form of petroleum produced pursuant to the lease.
5 At the request of the Secretary of Defense, the Secretary
6 may provide petroleum obtained under this subsection to
7 the Department of Defense for the purposes and in the
8 manner specified in section 7430(*l*) of this title, including
9 the requirement of appropriate reimbursement.

10 “(d) SHARE OF ROYALTY TO STATE.—Notwithstand-
11 ing section 7433(b) of this title or any other provision of
12 law, 50 percent of the proceeds received from royalty and
13 other payments made by a lessee pursuant to a lease under
14 subsection (a) shall be paid to the State within the bound-
15 aries of which the leased lands are located. A payment
16 under this subsection shall be made in the manner, and
17 at the times, provided in section 35 of the Mineral Leasing
18 Act (30 U.S.C. 191).

19 “(e) TRANSFER OF EXISTING EQUIPMENT.—The
20 lease of lands by the Secretary under subsection (a) may
21 include the transfer of wells, gathering lines, and related
22 equipment owned by the United States inside a naval oil
23 shale reserve and suitable for use in the exploration, devel-
24 opment, or production of petroleum on such lands upon
25 the condition that the lessee assume responsibility for any

1 maintenance, repair, or environmental restoration re-
2 quired in connection with the equipment.

3 “(f) EXCEPTION FROM CONSULTATION AND AP-
4 PROVAL REQUIREMENTS.—Section 7431 of this title shall
5 not apply to the lease of lands by the Secretary under sub-
6 section (a).”.

7 (2) The table of sections at the beginning of such
8 chapter is amended by adding at the end the following
9 new item:

“7439. Naval oil shale reserves: lease of lands for oil and gas exploration, devel-
opment, and production.”.

10 (b) CONFORMING AMENDMENT.—Section 7430(a) of
11 such title is amended to read as follows:

12 “(a) In administering the naval petroleum reserves
13 under this chapter, except for those reserves covered by
14 leases under section 7439, the President shall use, store,
15 or sell the petroleum produced from the naval petroleum
16 reserves and lands covered by joint, unit, or other coopera-
17 tive plans.”.

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