

104TH CONGRESS
2D SESSION

S. 1605

To amend the Energy Policy and Conservation Act to manage the Strategic Petroleum Reserve more effectively, and for other purposes.

IN THE SENATE OF THE UNITED STATES

MARCH 12, 1996

Mr. MURKOWSKI (by request) introduced the following bill; which was read twice and referred to the Committee on Energy and Natural Resources

A BILL

To amend the Energy Policy and Conservation Act to manage the Strategic Petroleum Reserve more effectively, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That this Act may be cited as the “Energy Policy and
4 Conservation Act Amendment Act”.

5 SEC. 2. Section 2 of the Energy Policy and Conserva-
6 tion Act (42 U.S.C. 6201) is amended—

7 (1) in paragraph (1) by striking “standby” and
8 “ , subject to congressional review, to impose ration-
9 ing, to reduce demand for energy through the imple-
10 mentation of energy conservation plans, and”; and

1 (2) by striking paragraphs (3) and (6).

2 SEC. 3. Title I of the Energy Policy and Conservation
3 Act (42 U.S.C. 6211–6251) is amended—

4 (a) by striking section 102 (42 U.S.C. 6211);

5 (b) in section 105 (42 U.S.C. 6213)—

6 (1) by amending subsection (a) to read as
7 follows—

8 “(a) The Secretary of the Interior shall prohibit the
9 bidding for any right to develop crude oil, natural gas,
10 and natural gas liquids on any lands located on the Outer
11 Continental Shelf by any person if more than one major
12 oil company, more than one affiliate of a major oil com-
13 pany, or a major oil company and any affiliate of a major
14 oil company, has or have a significant ownership interest
15 in that person, when the Secretary determines prior to any
16 lease sale that this bidding would adversely affect competi-
17 tion or the receipt of fair market value”; and

18 (2) by striking subsections (c) and (e);

19 (c) by striking section 106 (42 U.S.C. 6214);

20 (d) in section 151 (42 U.S.C. 6231)—

21 (1) in subsection (a) by striking “limited”
22 and “short-term”; and

23 (2) by amending subsection (b) to read as
24 follows:

1 “(b) It is the policy of the United States to provide
2 for the creation of a Strategic Petroleum Reserve for the
3 storage of up to 1 billion barrels of petroleum products
4 to reduce the impact of disruptions in supplies of petro-
5 leum products or to carry out obligations of the United
6 States under the international energy program.”;

7 (e) in section 152 (42 U.S.C. 6232)—

8 (1) by striking paragraphs (1) and (7);

9 and

10 (2) in paragraph (11) by striking “, the
11 Early Storage Reserve, and the Regional Petro-
12 leum Reserve”, and by adding a period after In-
13 dustrial Petroleum Reserve.

14 (f) by striking section 153 (42 U.S.C. 6233);

15 (g) in section 154 (42 U.S.C. 6234)—

16 (1) by amending subsection (a) to read as
17 follows:

18 “(a) A Strategic Petroleum Reserve for the storage
19 of up to 1 billion barrels of petroleum products shall be
20 created pursuant to this part.”;

21 (2) by amending subsection (b) to read as
22 follows:

23 “(b) The Secretary, acting through the Strategic Pe-
24 troleum Reserve Office and in accordance with this part,

1 shall exercise authority over the development, operation,
2 and maintenance of the Reserve”; and

3 (3) by striking subsections (c), (d), and
4 (e);

5 (h) by striking section 155 (42 U.S.C. 6235);

6 (i) in section 156(b) (42 U.S.C. 6236(b)), by
7 striking “To implement the Early Storage Reserve
8 Plan or the Strategic Petroleum Reserve Plan which
9 has taken effect pursuant to section 159(a), the”
10 and inserting “The”;

11 (j) by striking section 157 (42 U.S.C. 6237);

12 (k) by striking section 158 (42 U.S.C. 6238);

13 (l) by amending the heading for section 159 (42
14 U.S.C. 6239) to read: “Development, Operation, and
15 Maintenance of the Reserve”;

16 (m) in section 159 (42 U.S.C. 6239)—

17 (1) by striking subsections (a), (b), (c),
18 (d), and (e);

19 (2) by amending subsection (f) to read as
20 follows:

21 “(f) In order to develop, operate, or maintain the
22 Strategic Petroleum Reserve, the Secretary may—

23 “(1) issue rules, regulations, or orders;

1 “(2) acquire by purchase, condemnation, or oth-
2 erwise, land or interests in land for the location of
3 storage and related facilities;

4 “(3) construct, purchase, lease, or otherwise ac-
5 quire storage and related facilities;

6 “(4) use, lease, maintain, sell, or otherwise dis-
7 pose of storage and related facilities acquired under
8 this part, under such terms and conditions as the
9 Secretary may deem necessary or appropriate;

10 “(5) acquire, subject to the provisions of section
11 160, by purchase, exchange, or otherwise, petroleum
12 products for storage in the Strategic Petroleum Re-
13 serve;

14 “(6) store petroleum products in storage facili-
15 ties owned and controlled by the United States or in
16 storage facilities owned by others if those facilities
17 are subject to audit by the United States;

18 “(7) execute any contracts necessary to develop,
19 operate, or maintain the Strategic Petroleum Re-
20 serve;

21 “(8) require an importer of petroleum products
22 or refiner to acquire and to store and maintain, in
23 readily available inventories, petroleum products in
24 the Industrial Petroleum Reserve, under section 156;

1 “(9) require the storage of petroleum products
2 in the Industrial Petroleum Reserve, under section
3 156, on terms that the Secretary specifies, in stor-
4 age facilities owned and controlled by the United
5 States or in storage facilities other than those owned
6 by the United States if those facilities are subject to
7 audit by the United States;

8 “(10) require the maintenance of the Industrial
9 Petroleum Reserve;

10 “(11) bring an action, when the Secretary con-
11 siders it necessary; in any court having jurisdiction
12 over the proceedings, to acquire by condemnation
13 any real or personal property, including facilities,
14 temporary use of facilities; or other interests in land,
15 together with any personal property located on or
16 used with the land; and

17 “(12) to the extent provided in an Appropria-
18 tions Act, and notwithstanding section 649(b) of the
19 Department of Energy Organization Act (42 U.S.C.
20 7259(b)), the Secretary is authorized to store in
21 underutilized facilities, by lease or otherwise, petro-
22 leum product owned by a foreign government or its
23 representative, petroleum product stored under this
24 paragraph is not part of the Reserve, is not subject
25 to part C of this title, and notwithstanding any pro-

1 vision of this Act, may be exported from the United
2 States.”;

3 (3) in subsection (g)—

4 (A) by striking “implementation” and
5 inserting “development”; and

6 (B) by striking “Plan”;

7 (4) by striking subsections (h) and (i);

8 (5) by amending subsection (j) to read as
9 follows:

10 “(j) When the Secretary determines that a
11 750,000,000 barrel inventory can reasonably be expected
12 to be reached in the Reserve within 5 years, a plan for
13 expansion will be submitted to the Congress.”; and

14 (6) by amending subsection (l) to read as fol-
15 lows:

16 “(l) During any period in which drawdown and dis-
17 tribution are being implemented, the Secretary may issue
18 rules, regulations, or orders to implement the drawdown
19 and distribution of the Strategic Petroleum Reserve in ac-
20 cordance with section 553 of title 5, United States Code,
21 without regard to rulemaking requirements in section 523
22 of this Act, and section 501 of the Department of Energy
23 Organization Act (42 U.S.C. 7191);

24 (n) in section 160 (42 U.S.C. 6240)—

1 (1) in subsection (a), by striking all before
2 the dash and inserting the following—

3 “(a) To the extent funds are available under section
4 167(b)(2) and (3) and for the purposes of implementing
5 the Strategic Petroleum Reserve, the Secretary may ac-
6 quire, place in storage, transport, or exchange”;

7 (2) in subsection (b), by striking “includ-
8 ing the Early Storage Reserve and the Regional
9 Petroleum Reserve” and paragraph (2); and

10 (3) by striking subsections (c), (d), (e),
11 and (g);

12 (o) in section 161 (42 U.S.C. 6241)—

13 (1) by striking subsections (b) and (c);

14 (2) by amending subsection (d)(1) to read
15 as follows:

16 “(d)(1) No drawdown and distribution of the Strate-
17 gic Petroleum Reserve may be made unless the President
18 has found drawdown and distribution is required by a se-
19 vere energy supply interruption or by obligations of the
20 United States under the international energy program.”;

21 (3) by amending subsection (e) to read as
22 follows:

23 “(e)(1) The Secretary shall sell any petroleum prod-
24 uct withdrawn from the Strategic Petroleum Reserve at
25 public sale to the highest qualified bidder in the amounts,

1 for the period, and after a notice of sale the Secretary
2 considers proper, and without regard to Federal, State,
3 or local regulations controlling sales of petroleum prod-
4 ucts.

5 “(2) The Secretary may cancel in whole or in part
6 any offer to sell petroleum products as part of any
7 drawdown and distribution under this section.”; and

8 (4) in subsection (g)—

9 (A) in paragraph (1), by striking
10 “Distribution Plan” and inserting “dis-
11 tribution procedures”;

12 (B) by striking paragraphs (2) and
13 (6); and

14 (C) in paragraph (4), by striking
15 “90” and inserting “95”;

16 (p) by striking section 164 (42 U.S.C. 6244);

17 (q) by amending section 165 (42 U.S.C. 6245)

18 to read as follows—

19 “SEC. 165. The Secretary shall report annually to the
20 President and the Congress on actions taken to implement
21 this part. This report shall include—

22 “(1) the status of the physical capacity of the
23 Reserve and the type and quantity of petroleum in
24 the Reserve;

1 “(2) an estimate of the schedule and cost to
2 complete planned equipment upgrade or capital in-
3 vestment in the Reserve, including those carried out
4 as part of operational maintenance or extension of
5 life activities;

6 “(3) an identification of any life-limiting condi-
7 tions or operational problems at any Reserve facility,
8 and proposed remedial actions including an estimate
9 of the schedule and cost of implementing such reme-
10 dial actions;

11 “(4) a description of current withdrawal and
12 distribution rates and capabilities, and an identifica-
13 tion of any operational or other limitations on such
14 rates and capabilities;

15 “(5) an identification of purchases of petroleum
16 made in the preceding year and planned in the fol-
17 lowing year, including quantity, price, and type of
18 petroleum;

19 “(6) a summary of the actions taken to develop,
20 operate, and maintain the Reserve;

21 “(7) a summary of the financial status and fi-
22 nancial transactions of the Strategic Petroleum Re-
23 serve and Strategic Petroleum Reserve Petroleum
24 Accounts for the year;

1 “(8) a summary of expenses for the year, and
2 the number of Federal and contractor employees;

3 “(9) the status of contracts for development,
4 operation, maintenance, distribution, and other ac-
5 tivities related to the implementation of this part;
6 and

7 “(10) any recommendations for supplemental
8 legislation or policy or operational changes the Sec-
9 retary considers necessary and appropriate to imple-
10 ment this part.”;

11 (r) in section 166 (42 U.S.C. 6246) by striking
12 all after “appropriated” and inserting “the funds
13 necessary to implement this part.”;

14 (s) in section 167 (42 U.S.C. 6247) subsection
15 (b)—

16 (A) by inserting “for test sales of pe-
17 troleum products from the Reserve,” after
18 “Strategic Petroleum Reserve,” and by in-
19 serting “for” before “the drawdown”;

20 (B) by striking paragraph (1); and

21 (C) in paragraph (2), by striking
22 “after fiscal year 1982”;

23 (t) in section 171 (42 U.S.C. 6249) by amend-
24 ing subparagraph (b)(2)(B) to read as follows:

1 “(B) the Secretary notifies each House of
2 the Congress of the determination and identifies
3 in the notification the location, type, and owner-
4 ship of storage and related facilities proposed to
5 be included, or the volume, type, and ownership
6 of petroleum product proposed to be stored, in
7 the Reserve, and an estimate of the proposed
8 benefits;”;

9 (u) in section 172 (42 U.S.C. 6249a), by strik-
10 ing subsections (a) and (b);

11 (v) by striking section 173 (42 U.S.C. 6249b);
12 and

13 (w) in section 181 (42 U.S.C. 6251), by strik-
14 ing “June 30, 1996” each time it appears and in-
15 serting “September 30, 2001”.

16 SEC. 4. Title II of the Energy Policy and Conserva-
17 tion Act (42 U.S.C. 6211–6251) is amended—

18 (a) by striking Part A (42 U.S.C. 6261 through
19 6264);

20 (b) by striking “section 252(l)(1)” in section
21 251(e)(1) (42 U.S.C. 6271(e)(1)) and inserting
22 “section 252(k)(1)”;

23 (c) in section 252 (42 U.S.C. 6272)—

24 (1) in subsections (a)(1) and (b), by strik-
25 ing “allocation and information provisions of

1 the international energy program” and insert-
2 ing “international emergency response provi-
3 sions”;

4 (2) in subsection (d)(3), by striking
5 “known” and inserting after “circumstances”
6 “known at the time of approval”;

7 (3) in subsection (e)(2) by striking “shall”
8 and inserting “may”;

9 (4) in subsection (f)(2) by inserting “vol-
10 untary agreement or” after “approved”;

11 (5) by amending subsection (h) to read as
12 follows:

13 “(h) Section 708 of the Defense Production Act of
14 1950 shall not apply to any agreement or action under-
15 taken for the purpose of developing or carrying out—

16 “(1) the international energy program, or

17 “(2) any allocation, price control, or similar
18 program with respect to petroleum products under
19 this Act.”;

20 (6) in subsection (i) by inserting “annu-
21 ally, or” after “least” and by inserting “during
22 an international energy supply emergency”
23 after “months”;

24 (7) in subsection (k) by amending para-
25 graph (2) to read as follows:

1 “(2) The term ‘international emergency re-
2 sponse provisions’ means—

3 “(A) the provisions of the international en-
4 ergy program which relate to international allo-
5 cation of petroleum products and to the infor-
6 mation system provided in the program; and

7 “(B) the emergency response measures
8 adopted by the Governing Board of the Inter-
9 national Energy Agency (including the July 11,
10 1984, decision by the Governing Board on
11 ‘Stocks and Supply Disruptions’) for—

12 “(i) the coordinated drawdown of
13 stocks of petroleum products held or con-
14 trolled by governments; and

15 “(ii) complementary actions taken by
16 governments during an existing or impend-
17 ing international oil supply disruption”;
18 and

19 (8) by amending subsection (l) to read as
20 follows:

21 “(l) The antitrust defense under subsection (f) shall
22 not extend to the international allocation of petroleum
23 products unless allocation is required by chapters III and
24 IV of the international energy program during an inter-
25 national energy supply emergency.”;

1 (d) by adding at the end of section 256(h),
2 “There are authorized to be appropriated for fiscal
3 years 1996 through 2001, such sums as may be nec-
4 essary.”;

5 (e) by striking Part C (42 U.S.C. 271 through
6 272); and

7 (f) in section 281 (42 U.S.C. 6285), by striking
8 “June 30, 1996” each time it appears and inserting
9 “September 30, 2001”.

10 SEC. 5. (a) Title III of the Energy Policy and Con-
11 servation Act (42 U.S.C. 6291–6327, 6361–6374d) is
12 amended—

13 (1) in section 365(f) (42 U.S.C. 6325(f)) by
14 amending paragraph (1) to read as follows:

15 “(1) Except as provided in paragraph (2), for
16 the purpose of carrying out this part, there are au-
17 thorized to be appropriated \$24,650 million for fis-
18 cal year 1996 and for fiscal years 1997 through
19 2001, such sums as may be necessary.”; and

20 (2) section 397 (42 U.S.C. 6371f) is amended
21 to read as follows: “For the purpose of carrying out
22 this part, there are authorized \$26,849 million to be
23 appropriated for fiscal year 1996 and for fiscal years
24 1997 through 2001, such sums as may be nec-
25 essary.”.

1 (b) In section 400BB(b) (42 U.S.C. 6374a(b)) by
2 amending paragraph (1) to read as follows:

3 “(1) There are authorized to be appropriated to
4 the Secretary for carrying out this section such sums
5 as may be necessary for fiscal years 1996 through
6 2001, to remain available until expended.”.

7 SEC. 6. Title V of the Energy Policy and Conserva-
8 tion Act (42 U.S.C. 6381–6422) is amended—

9 (1) by striking section 507 (42 U.S.C. 6385);

10 and

11 (2) by striking section 522 (42 U.S.C. 6392).

○