

106TH CONGRESS
2D SESSION

H. R. 5316

To protect the energy security of the United States and decrease America's dependency on foreign oil sources to 50 percent by the year 2010 by enhancing the use of renewable energy resources, conserving energy resources, improving energy efficiencies, and increasing domestic energy supplies, mitigating the effect of increases in energy prices on the American consumer, including the poor and elderly, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

SEPTEMBER 27, 2000

Mr. BRADY of Texas introduced the following bill; which was referred to the Committee on Commerce, and in addition to the Committees on Resources, and Ways and Means, 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 protect the energy security of the United States and decrease America's dependency on foreign oil sources to 50 percent by the year 2010 by enhancing the use of renewable energy resources, conserving energy resources, improving energy efficiencies, and increasing domestic energy supplies, mitigating the effect of increases in energy prices on the American consumer, including the poor and elderly, 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,*

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “Energy Independence
3 for America Act of 2000”.

4 **SEC. 2. FINDINGS AND PURPOSES.**

5 (a) FINDINGS.—The Congress finds that—

6 (1) increasing dependence on foreign sources of
7 oil causes systemic harm to all sectors of the domes-
8 tic United States economy, threatens national secu-
9 rity, undermines the ability of federal, state, and
10 local units of government to provide essential serv-
11 ices, and jeopardizes the peace, security, and welfare
12 of the American people;

13 (2) dependence on imports of foreign oil was 46
14 percent in 1992, but has risen to more than 55 per-
15 cent by the beginning of 2000, and is estimated by
16 the Department of Energy to rise to 65 percent by
17 2020 unless current policies are altered;

18 (3) at the same time, despite increased energy
19 efficiencies, energy use in the United States is ex-
20 pected to increase 27 percent by 2020.

21 (4) the United States lacks a comprehensive na-
22 tional energy policy and has taken actions that limit
23 the availability and capability of the domestic energy
24 sources of oil and gas, coal, nuclear and hydro;

25 (5) a comprehensive energy strategy needs to be
26 developed to combat this trend, decrease the United

1 States dependence on imported oil supplies and
2 strengthen our national energy security;

3 (6) the goal of this comprehensive strategy
4 must be to decrease the United States dependence
5 on foreign oil supplies to not more than 50 percent
6 by the year 2010;

7 (7) in order to meet this goal, this comprehen-
8 sive energy strategy needs to be multi-faceted and
9 include enhancing the use of renewable energy re-
10 sources (including hydro, nuclear, solar, wind, and
11 biomass), conserving energy resources (including im-
12 proving energy efficiencies), and increasing domestic
13 supplies of nonrenewable resources (including oil,
14 natural gas, and coal);

15 (8) however, conservation efforts and alter-
16 native fuels alone will not enable America to meet
17 this goal as conventional energy sources supply 96
18 percent of America's power at this time; and

19 (9) immediate actions also need to be taken in
20 order to mitigate the effect of recent increases in oil
21 prices on the American consumer, including the poor
22 and the elderly.

23 (b) PURPOSES.—This purposes of this Act are to pro-
24 tect the energy security of the United States by decreasing
25 America's dependency of foreign oil sources to not more

1 than 50 percent by the year 2010 by enhancing the use
2 of renewable energy resources, conserving energy re-
3 sources (including improving energy efficiencies), and in-
4 creasing domestic energy supplies and to mitigate the im-
5 mediate effect of increases in energy prices on the Amer-
6 ican consumer, including the poor and the elderly.

7 **TITLE I—ENERGY SECURITY AC-**
8 **TIONS REQUIRED OF THE**
9 **SECRETARY OF ENERGY**

10 **SEC. 101. ANNUAL REPORT ON UNITED STATES ENERGY**
11 **INDEPENDENCE.**

12 (a) REPORT.—Beginning on June 15, 2001, and an-
13 nually thereafter, the Secretary of Energy, in consultation
14 with the Secretary of Defense and the heads of other Fed-
15 eral agencies, shall submit a report to the President and
16 the Congress which evaluates the progress the United
17 States has made toward obtaining the goal of not more
18 than 50 percent dependence on foreign oil sources by
19 2010. The Secretary shall adopt as interim goals, a reduc-
20 tion in dependence on oil imports to not more than 54
21 percent by 2005 and 52 percent by 2008.

22 (b) ALTERNATIVES.—The report shall specify what
23 specific legislation or administrative actions must be im-
24 plemented to meet this goal and set forth a range of op-
25 tions and alternatives with a benefit/cost analysis for each

1 option or alternative together with an estimate for the con-
2 tribution that each option or alternative could make to re-
3 duce foreign oil imports. The report shall indicate, in de-
4 tail, options and alternatives (1) to increase the use of re-
5 newable domestic energy sources, including conventional
6 and non-conventional sources such as, but not limited to,
7 increased hydroelectric generation at existing Federal fa-
8 cilities, (2) to conserve energy resources, including improv-
9 ing efficiencies and decreasing consumption, and (3) to in-
10 crease domestic production and use of oil, natural gas, and
11 coal, including any actions that would need to be imple-
12 mented to provide access to, and transportation of, these
13 energy resources.

14 (c) **REFINERY CAPACITY.**—As part of the reports
15 submitted in 2001, 2005, and 2008, the Secretary shall
16 examine and report on the condition of the domestic refin-
17 ery industry and the extent of domestic storage capacity
18 for various categories of petroleum products and make
19 such recommendations as he believes will enhance domes-
20 tic capabilities to respond to short-term shortages of var-
21 ious fuels due to climate or supply interruptions.

22 **SEC. 102. REPORT OF THE NATIONAL PETROLEUM COUN-**
23 **CIL.**

24 The Secretary of Energy shall immediately review the
25 report of the National Petroleum Council submitted to

1 him on December 15, 1999, and shall submit such report,
2 together with any recommendations for administrative or
3 legislative actions, to the President no later than October
4 1, 2000.

5 **SEC. 103. INTERAGENCY WORK GROUP ON NATURAL GAS.**

6 (a) INTERAGENCY WORK GROUP.—The Secretary of
7 Energy shall establish an Interagency Work Group on
8 Natural Gas (referred to as “Group” in this subsection)
9 within the National Economic Council. The Group shall
10 include representatives from each Federal agency that has
11 a significant role in the development and implementation
12 of natural gas policy, resource assessment, or technologies
13 for natural gas exploration, production, transportation,
14 and use.

15 (b) STRATEGY AND COMPREHENSIVE POLICY.—The
16 Group shall develop a strategy and comprehensive policy
17 for the use of natural gas as an essential component of
18 overall national objectives of energy security, economic
19 growth, and environmental protection. In developing the
20 strategy and policy, the Group shall solicit and consider
21 suggestions from States and local units of government, in-
22 dustry, and other non-Federal groups, organizations, or
23 individuals possessing information or expertise in one or
24 more areas under review by the Group. The policy shall
25 recognize the significant lead times required for the devel-

1 opment of additional natural gas supplies and the delivery
2 infrastructure required to transport those supplies. The
3 Group shall consider, but is not limited to, issues of access
4 to and development of resources, transportation, tech-
5 nology development, environmental regulation and the as-
6 sociated economic and environmental costs of alternatives,
7 education of future workforce, financial incentives related
8 to exploration, production, transportation, development,
9 and use of natural gas.

10 (c) REPORT.—The Group shall prepare a report set-
11 ting forth its recommendations on a comprehensive policy
12 for the use of natural gas and the specific elements of a
13 national strategy to achieve the objectives of the policy.
14 The report shall be transmitted to the Secretary of Energy
15 within six months from the date of the enactment of this
16 Act.

17 (d) SECRETARY REVIEW.—The Secretary of Energy
18 shall review the report and, within 3 months, submit the
19 report, together with any recommendations for adminis-
20 trative or legislative actions, to the President and the Con-
21 gress.

22 (e) TRENDS.—The Group shall monitor trends for
23 the assumptions used in developing its report, including
24 the specific elements of a national strategy to achieve the
25 objectives of the comprehensive policy and shall advise the

1 Secretary whenever it anticipates changes that might re-
2 quire alterations in the strategy.

3 (f) PROGRESS REPORT.—On June 1, 2002, and every
4 two years thereafter, the Group shall submit a report to
5 the President and the Congress evaluating the progress
6 that has been made in the prior two years in implementing
7 the strategy and accomplishing the objectives of the com-
8 prehensive policy.

9 **TITLE II—AMENDMENTS TO EN-**
10 **ERGY POLICY AND CON-**
11 **SERVATION ACT AND AC-**
12 **TIONS AFFECTING THE STRA-**
13 **TEGIC PETROLEUM RESERVE**

14 **SEC. 201. AMENDMENTS TO TITLE I OF EPCA.**

15 Title I of the Energy Policy and Conservation Act
16 (42 U.S.C. 6211–6251) is amended—

17 (1) in section 161(h) (42 U.S.C. 6241), by—

18 (A) striking “and” at the end of (1)(A),

19 (B) striking “,” and inserting “; and” at
20 the end of (1)(B), and

21 (C) inserting after subparagraph (B) the
22 following new subparagraph:

23 “(C) concurs in the determination of the
24 Secretary of Defense that action taken under

1 this subsection will not impair national secu-
2 rity.”, and

3 (D) striking “Reserve” and inserting “Re-
4 serve, if the Secretary finds that action taken
5 under this subsection will not have an adverse
6 effect on the domestic petroleum industry,” at
7 the end of (1);

8 (2) in section 166 (42 U.S.C. 6246), by striking
9 “March 31, 2000” and inserting “December 31,
10 2003”; and

11 (3) in section 181 (42 U.S.C. 6251), by striking
12 “March 31, 2000” each place it appears and insert-
13 ing “December 31, 2003”.

14 **SEC. 202. AMENDMENTS TO TITLE II OF EPCA.**

15 Title II of the Energy Policy and Conservation Act
16 (42 U.S.C. 6261–6285) is amended—

17 (1) in section 256(h) (42 U.S.C. 6276(h)), by
18 inserting “through 2003” after “1997”; and

19 (2) in section 281 (42 U.S.C. 6285), by striking
20 ‘March 31, 2000’ each place it appears and inserting
21 “December 31, 2003”.

22 **SEC. 203. STRATEGIC PETROLEUM RESERVE STUDY AND**
23 **REPORT.**

24 The President shall immediately establish an Inter-
25 agency Panel on the Strategic Petroleum Study (referred

1 to as the “Panel” in this section) to study oil markets
2 and estimate the extent and frequency of fluctuations in
3 the supply and price of, and demand for crude oil in the
4 future and determine appropriate capacity of and uses for
5 the Strategic Petroleum Reserve. The Panel may rec-
6 ommend changes in existing authorities to provide addi-
7 tional flexibility for and strengthen the ability of the Stra-
8 tegic Petroleum Reserve to respond to energy require-
9 ments. The Panel shall complete its study and submit a
10 report containing its findings and any recommendations
11 to the President and the Congress within six months from
12 the date of enactment of this Act.

13 **TITLE III—PROVISIONS TO PRO-**
14 **TECT CONSUMERS AND LOW**
15 **INCOME FAMILIES AND EN-**
16 **COURAGE ENERGY EFFI-**
17 **CIENCIES**

18 **SEC. 301. CHANGES IN WEATHERIZATION PROGRAM TO**
19 **PROTECT LOW-INCOME PERSONS.**

20 (a) The matter under the heading “ENERGY CON-
21 SERVATION (INCLUDING TRANSFER OF FUNDS)” in title II
22 of the Department of the Interior and Related Agencies
23 Appropriations Act, 2000 (113 Stat. 1535, 1501A–180),
24 is amended by striking “grants:” and all that follows and
25 inserting “grants.”.

1 (b) Section 415 of the Energy Conservation and Pro-
2 duction Act (42 U.S.C. 6865) is amended—

3 (1) in subsection (a)(1) by striking the first
4 sentence;

5 (2) in subsection (a)(2) by—

6 (A) striking “(A)”,

7 (B) striking “approve a State’s application
8 to waive the 40 percent requirement established
9 in paragraph (1) if the State includes in its
10 plan” and inserting “establish”, and

11 (C) striking subparagraph (B);

12 (3) in subsection (c)(1) by—

13 (A) striking “paragraphs (3) and (4)” and
14 inserting “paragraph (3)”,

15 (B) striking “\$1600” and inserting
16 “\$2500”,

17 (C) striking “and” at the end of subpara-
18 graph (C),

19 (D) striking the period and inserting
20 “, and” in subparagraph (D), and

21 (E) inserting after subparagraph (D) the
22 following new subparagraph:

23 “(E) the cost of making heating and cool-
24 ing modifications, including replacement”;

25 (4) in subsection (c)(3) by—

1 (A) striking “1991, the \$1600 per dwelling
2 unit limitation” and inserting “2000, the \$2500
3 per dwelling unit average”,

4 (B) striking “limitation” and inserting
5 “average” each time it appears, and

6 (C) inserting “the” after “beginning of” in
7 subparagraph (B); and

8 (5) by striking subsection (c)(4).

9 **SEC. 302. SUMMER FILL AND FUEL BUDGETING PROGRAMS.**

10 (a) Part C of title II of the Energy Policy and Con-
11 servation Act (42 U.S.C. 6211 et seq.) is amended by add-
12 ing at the end the following:

13 **“SEC. 273. SUMMER FILL AND FUEL BUDGETING PRO-**
14 **GRAMS.**

15 “(a) DEFINITIONS.—In this section:

16 “(1) BUDGET CONTRACT.—The term ‘budget
17 contract’ means a contract between a retailer and a
18 consumer under which the heating expenses of the
19 consumer are spread evenly over a period of months.

20 “(2) FIXED-PRICE CONTRACT.—The term
21 ‘fixed-price contract’ means a contract between a re-
22 tailer and a consumer under which the retailer
23 charges the consumer a set price for propane, ker-
24 osene, or heating oil without regard to market price
25 fluctuations.

1 “(3) PRICE CAP CONTRACT.—The term ‘price
2 cap contract’ means a contract between a retailer
3 and a consumer under which the retailer charges the
4 consumer the market price for propane, kerosene, or
5 heating oil, but the cost of the propane, kerosene, or
6 heating oil may not exceed a maximum amount stat-
7 ed in the contract.

8 “(b) ASSISTANCE.—At the request of the chief execu-
9 tive officer of a State, the Secretary shall provide informa-
10 tion, technical assistance, and funding—

11 “(1) to develop education and outreach pro-
12 grams to encourage consumers to fill their storage
13 facilities for propane, kerosene, and heating oil dur-
14 ing the summer months; and

15 “(2) to promote the use of budget contracts,
16 price cap contracts, fixed-price contracts, and other
17 advantageous financial arrangements;

18 to avoid severe seasonal price increases for and supply
19 shortages of those products.

20 “(c) PREFERENCE.—In implementing this section,
21 the Secretary shall give preference to States that con-
22 tribute public funds or leverage private funds to develop
23 State summer fill and fuel budgeting programs.

1 “(d) AUTHORIZATION OF APPROPRIATIONS.—There
2 are authorized to be appropriated to carry out this
3 section—

4 “(1) \$25,000,000 for fiscal year 2001; and

5 “(2) such sums as are necessary for each fiscal
6 year thereafter.

7 “(e) INAPPLICABILITY OF EXPIRATION PROVISION.—
8 Section 281 does not apply to this section.”.

9 (b) The table of contents in the first section of the
10 Energy Policy and Conservation Act (42 U.S.C. prec.
11 6201) is amended by inserting after the item relating to
12 section 272 the following:

“Sec. 273. Summer fill and fuel budgeting programs.”.

13 **SEC. 303. ENERGY EFFICIENCY SCIENCE INITIATIVE.**

14 There are authorized to be appropriated \$25,000,000
15 for fiscal year 2001 and such sums as are necessary for
16 each fiscal year thereafter be for an Energy Efficiency
17 Science Initiative to be managed by the Assistant Sec-
18 retary for Energy Efficiency and Renewable Energy in
19 consultation with the Director of the Office of Science, for
20 grants to be competitively awarded and subject to peer re-
21 view for research relating to energy efficiency. The Sec-
22 retary of Energy shall submit to the Committee on Science
23 and the Committee on Appropriations of the House of
24 Representatives, and to the Committee on Energy and
25 Natural Resources and the Committee on Appropriations

1 of the Senate, an annual report on the activities of the
2 Energy Efficiency Science Initiative, including a descrip-
3 tion of the process used to award the funds and an expla-
4 nation of how the research relates to energy efficiency.

5 **SEC. 304. NORTHEAST HOME HEATING OIL RESERVE.**

6 (a) AMENDMENT.—Title I of the Energy Policy and
7 Conservation Act is amended by—

8 (1) redesignating part D as part E;

9 (2) redesignating section 181 as section 191;

10 and

11 (3) inserting after part C the following new
12 part D—

13 **“PART D—NORTHEAST HOME HEATING OIL**
14 **RESERVE**

15 **“ESTABLISHMENT**

16 **“SEC. 181. (a)** Notwithstanding any other provision
17 of this Act, the Secretary may establish, maintain, and
18 operate in the Northeast, a Northeast Home Heating Oil
19 Reserve. A Reserve established under this part is not a
20 component of the Strategic Petroleum Reserve established
21 under part B of this title. A Reserve established under
22 this part shall contain no more than 2 million barrels of
23 petroleum distillate.

24 **“(b)** For the purposes of this part—

1 “(6) notwithstanding paragraph (5), on terms
2 the Secretary considers reasonable, sell, exchange, or
3 otherwise dispose of petroleum distillate from the
4 Reserve established under this part in order to
5 maintain the quality or quantity of the petroleum
6 distillate in the Reserve or to maintain the oper-
7 ational capability of the Reserve.

8 “CONDITIONS FOR RELEASE; PLAN

9 “SEC. 183. (a) The Secretary may release petroleum
10 distillate from the Reserve under section 182(5) only in
11 the event of—

12 “(1) a severe energy supply disruption;

13 “(2) a severe price increase; or

14 “(3) another emergency affecting the North-
15 east, which the President determines to merit a re-
16 lease from the Reserve.

17 “(b) Within 45 days of the date of the enactment of
18 this section, the Secretary shall transmit to the President
19 and, if the President approves, to the Congress a plan
20 describing—

21 “(1) the acquisition of storage and related fa-
22 cilities or storage services for the Reserve;

23 “(2) the acquisition of petroleum distillate for
24 storage in the Reserve;

25 “(3) the anticipated methods of disposition of
26 petroleum distillate from the Reserve; and

1 “(4) the estimated costs of establishment, main-
2 tenance, and operation of the Reserve.

3 The storage of petroleum distillate in a storage facility
4 that meets existing environmental requirements is not a
5 ‘major Federal action significantly affecting the quality of
6 the human environment’ as that term is used in section
7 102(2)(C) of the National Environmental Policy Act of
8 1969.

9 “NORTHEAST HOME HEATING OIL RESERVE ACCOUNT

10 “SEC. 184. (a) Upon a decision of the Secretary of
11 Energy to establish a Reserve under this part, the Sec-
12 retary of the Treasury shall establish in the Treasury of
13 the United States an account known as the ‘Northeast
14 Home Heating Oil Reserve Account’ (referred to in this
15 section as the ‘Account’).

16 “(b) The Secretary of the Treasury shall deposit in
17 the Account any amounts appropriated to the Account and
18 any receipts from the sale, exchange, or other disposition
19 of petroleum distillate from the Reserve.

20 “(c) The Secretary of Energy may obligate amounts
21 in the Account to carry out activities under this part with-
22 out the need for further appropriation, and amounts avail-
23 able to the Secretary of Energy for obligation under this
24 section shall remain available without fiscal year limita-
25 tion.

1 “EXEMPTIONS

2 “SEC. 185. An action taken under this part—

3 “(1) is not subject to the rulemaking require-
4 ments of section 523 of this Act, section 501 of the
5 Department of Energy Organization Act, or section
6 553 of title 5, United States Code; and7 “(2) is not subject to laws governing the Fed-
8 eral procurement of goods and services, including
9 the Federal Property and Administrative Services
10 Act of 1949 (including the Competition in Con-
11 tracting Act) and the Small Business Act.”.12 (b) AUTHORIZATION OF APPROPRIATIONS.—There
13 are authorized to be appropriated such sums as may be
14 necessary to carry out part D of title I of the Energy Pol-
15 icy and Conservation Act.16 **TITLE IV—PROVISIONS TO EN-**
17 **HANCE THE USE OF DOMES-**
18 **TIC ENERGY RESOURCES**19 **Subtitle A—Hydroelectric**
20 **Resources**21 **SEC. 401. USE OF FEDERAL FACILITIES.**22 (a) The Secretary of the Interior and the Secretary
23 of the Army shall each inventory all dams, impoundments,
24 and other facilities under their jurisdiction.

1 (b) Based on this inventory and other information,
2 the Secretary of the Interior and Secretary of the Army
3 shall each submit a report to the Congress within six
4 months from the date of enactment of this Act. Each re-
5 port shall—

6 (1) Describe, in detail, each facility that is ca-
7 pable, with or without modification, of producing ad-
8 ditional hydroelectric power. For each such facility,
9 the report shall state the full potential for the facil-
10 ity to generate hydroelectric power, whether the fa-
11 cility is currently generating hydroelectric power,
12 and the costs to install, upgrade, modify, or take
13 other actions to increase the hydroelectric generating
14 capability of the facility. For each facility that cur-
15 rently has hydroelectric generating equipment, the
16 report shall indicate the condition of such equip-
17 ment, the maintenance requirements, and the sched-
18 ule for any improvements as well as the purposes for
19 which power is generated.

20 (2) Describe what actions are planned and un-
21 derway to increase the hydroelectric production from
22 facilities under his jurisdiction and shall include any
23 recommendations the Secretary deems advisable to
24 increase such production, reduce costs, and improve
25 efficiency at Federal facilities, including, but not

1 limited to, use of lease of power privilege and con-
2 tracting with non-Federal entities for operation and
3 maintenance.

4 **SEC. 402. EXPEDITED FERC HYDROELECTRIC LICENSING**
5 **PROCEDURES.**

6 The Federal Energy Regulatory Commission shall
7 immediately undertake a comprehensive review of policies,
8 procedures and regulations for the licensing of hydro-
9 electric projects to determine how to reduce the cost and
10 time of obtaining a license. The Commission shall report
11 its findings within six months of the date of enactment
12 to the Congress, including any recommendations for legis-
13 lative changes.

14 **Subtitle B—Nuclear Resources**

15 **SEC. 410. NUCLEAR GENERATION.**

16 The Chairman of the Nuclear Regulatory Commis-
17 sion shall submit a report to the Congress within six
18 months from the date of enactment of this Act on the state
19 of nuclear power generation and production in the United
20 States and the potential for increasing nuclear generating
21 capacity and production as part of this nation's energy
22 mix. The report shall also review the status of the reli-
23 censing process for civilian nuclear power plants, including
24 current and anticipated applications, and recommenda-
25 tions for improvements in the process, including rec-

1 ommendations for expediting the process and ensuring
2 that relicensing is accomplished in a timely manner.

3 **SEC. 411. NRC HEARING PROCEDURE.**

4 Section 189(a)(1) of the Atomic Energy Act of 1954
5 (42 U.S.C. 2239(a)(1)) is amended by adding at the end
6 the following—

7 “(C) HEARINGS.—A hearing under this
8 section shall be conducted using informal adju-
9 dicatory procedures established under sections
10 553 and 555 of title 5, United States Code, un-
11 less the Commission determines that formal ad-
12 judicatory procedures are necessary—

13 “(i) to develop a sufficient record; or

14 “(ii) to achieve fairness.”.

15 **Subtitle C—Development of a Na-**
16 **tional Spent Nuclear Fuel Strat-**
17 **egy**

18 **SEC. 415. FINDINGS.**

19 The Congress finds the following:

20 (1) Prior to permanent closure of the geologic
21 repository in Yucca Mountain, Congress must deter-
22 mine whether the spent fuel in the repository should
23 be treated as waste subject to permanent burial or
24 should be considered an energy resource that is
25 needed to meet future energy requirements.

1 (2) Future use of nuclear energy may require
2 construction of a second geologic repository unless
3 Yucca Mountain can safely accommodate additional
4 spent fuel. Improved spent fuel strategies may in-
5 crease the capacity of Yucca Mountain.

6 (3) Prior to construction of any second perma-
7 nent geologic repository, the nation's current plans
8 for permanent burial of spent fuel should be reeval-
9 ated.

10 **SEC. 416. OFFICE OF SPENT NUCLEAR FUEL RESEARCH.**

11 (a) ESTABLISHMENT.—There is established an Office
12 of Spent Nuclear Fuel Research (referred to as the “Of-
13 fice” in this section) within the Office of Nuclear Energy
14 Science and Technology of the Department of Energy.
15 The Office shall be headed by the Associate Director of
16 the Office of Nuclear Energy Science and Technology (re-
17 ferred to in this section as the “head”), who shall be a
18 member of the Senior Executive Service appointed by the
19 Director of the Office of Nuclear Energy Science and
20 Technology, and compensated at a rate determined by ap-
21 plicable law.

22 (b) OFFICE HEAD.—The head of the Office shall be
23 responsible for carrying out an integrated research, devel-
24 opment, and demonstration program on technologies for
25 treatment, recycling, and disposal of high-level nuclear ra-

1 dioactive waste and spent nuclear fuel, subject to the gen-
2 eral supervision of the Secretary. The head of the Office
3 shall report to the Director of the Office of Nuclear En-
4 ergy Science and Technology. The first head of the Office
5 shall be appointed within 90 days of the date of enactment
6 of this Act.

7 (c) GRANT AND CONTRACT AUTHORITY.—In car-
8 rying out the Secretary’s responsibilities under this sec-
9 tion, the Secretary may make grants, or enter into con-
10 tracts, for the purposes of the research projects and activi-
11 ties described in subsection (d)(2).

12 (d)(1) DUTIES.—The head of the Office shall involve
13 national laboratories, universities, the commercial nuclear
14 industry, and other organizations to investigate tech-
15 nologies for the treatment, recycling, and disposal of spent
16 nuclear fuel and high-level radioactive waste.

17 (2) The head of the Office shall:

18 (A) develop a research plan to provide rec-
19 ommendations by 2015;

20 (B) identify technologies for the treatment, re-
21 cycling, and disposal of spent nuclear fuel and high-
22 level radioactive waste;

23 (C) conduct research and development activities
24 on such technologies;

1 (D) ensure that all activities include as key ob-
2 jectives minimization of proliferation concerns and
3 risk to health of the general public or site workers,
4 as well as development of cost-effective technologies;

5 (E) require research on both reactor- and accel-
6 erator-based transmutation systems;

7 (F) require research on advanced processing
8 and separations;

9 (G) encourage that research efforts include par-
10 ticipation of international collaborators;

11 (H) be authorized to fund international collabo-
12 rators when they bring unique capabilities not avail-
13 able in the United States and their host country is
14 unable to provide for their support;

15 (I) ensure that research efforts with the Office
16 are coordinated with research on advance fuel cycles
17 and reactors conducted within the Office of Nuclear
18 Energy Science and Technology.

19 (e) REPORT.—The head of the Office shall annually
20 prepare and submit a report to the Congress on the activi-
21 ties and expenditures of the Office, including the process
22 that has been made to achieve the objectives of subsection
23 (b).

1 **Subtitle D—Coal Resources**

2 **SEC. 420. COAL GENERATING CAPACITY.**

3 The Secretary of Energy shall examine existing coal-
4 fired power plants and submit a report to the Congress
5 within six months from the enactment of this Act on the
6 potential of such plants for increased generation and any
7 impediments to achieving such increase. The report shall
8 describe, in detail, options for improving the efficiency of
9 these plants. The report shall include recommendations for
10 a program of research, development, demonstration, and
11 commercial application to develop economically and envi-
12 ronmentally acceptable advanced technologies for current
13 electricity generation facilities using coal as the primary
14 feedstock, including commercial-scale applications of ad-
15 vanced clean coal technologies. The report shall also in-
16 clude an assessment of the costs to develop and dem-
17 onstrate such technologies and the time required to under-
18 take such development and demonstration.

19 **SEC. 425. COAL LIQUEFACTION.**

20 The Secretary of Energy shall provide grants for the
21 refinement and demonstration of new technologies for the
22 conversion of coal to liquids. Such grants shall be for the
23 design and construction of an indirect liquefaction plant
24 capable of production in commercial quantities. There are
25 authorized to be appropriated for the purpose of this sec-

1 tion such sums as may be necessary through fiscal year
2 2004.

3 **TITLE V—ARCTIC COASTAL**
4 **PLAIN DOMESTIC ENERGY SE-**
5 **CURITY ACT OF 2000**

6 **SEC. 501. SHORT TITLE.**

7 This title may be cited as the “Arctic Coastal Plain
8 Domestic Energy Security Act of 2000”.

9 **SEC. 502. DEFINITIONS.**

10 When used in this title the term—

11 (1) “Coastal Plain” means that area identified
12 as such in the map entitled “Arctic National Wildlife
13 Refuge”, dated August 1980, as referenced in sec-
14 tion 1002(b) of the Alaska National Interest Lands
15 Conservation Act of 1980 (16 U.S.C. 3142(b)(1))
16 comprising approximately 1,549,000 acres; and

17 (2) “Secretary”, except as otherwise provided,
18 means the Secretary of the Interior or the Sec-
19 retary’s designee.

20 **SEC. 503. LEASING PROGRAM FOR LANDS WITHIN THE**
21 **COASTAL PLAIN.**

22 (a) **AUTHORIZATION.**—The Congress hereby author-
23 izes and directs the Secretary, acting through the Bureau
24 of Land Management in consultation with the Fish and
25 Wildlife Service and other appropriate Federal offices and

1 agencies, to take such actions as are necessary to establish
2 and implement a competitive oil and gas leasing program
3 that will result in an environmentally sound program for
4 the exploration, development, and production of the oil
5 and gas resources of the Coastal Plain and to administer
6 the provisions of this title through regulations, lease
7 terms, conditions, restrictions, prohibitions, stipulations,
8 and other provisions that ensure the oil and gas explo-
9 ration, development, and production activities on the
10 Coastal Plain will result in no significant adverse effect
11 on fish and wildlife, their habitat, subsistence resources,
12 and the environment, and shall require the application of
13 the best commercially available technology for oil and gas
14 exploration, development, and production, on all new ex-
15 ploration, development, and production operations, and
16 whenever practicable, on existing operations, and in a
17 manner to ensure the receipt of fair market value by the
18 public for the mineral resources to be leased.

19 (b) REPEAL.—The prohibitions and limitations con-
20 tained in section 1003 of the Alaska National Interest
21 Lands Conservation Act of 1980 (16 U.S.C. 3143) are
22 hereby repealed.

23 (c) COMPATIBILITY.—Congress hereby determines
24 that the oil and gas leasing program and activities author-
25 ized by this section in the Coastal Plain are compatible

1 with the purposes for which the Arctic National Wildlife
2 Refuge was established, and that no further findings or
3 decisions are required to implement this determination.

4 (d) SOLE AUTHORITY.—This title shall be the sole
5 authority for leasing on the Coastal Plain: *Provided*, That
6 nothing in this title shall be deemed to expand or limit
7 State and local regulatory authority.

8 (e) FEDERAL LAND.—The Coastal Plain shall be
9 considered “Federal land” for the purposes of the Federal
10 Oil and Gas Royalty Management Act of 1982.

11 (f) SPECIAL AREAS.—The Secretary, after consulta-
12 tion with the State of Alaska, City of Kaktovik, and the
13 North Slope Borough, is authorized to designate up to a
14 total of 45,000 acres of the Coastal Plain as Special Areas
15 and close such areas to leasing if the Secretary determines
16 that these Special Areas are of such unique character and
17 interest so as to require special management and regu-
18 latory protection. The Secretary may, however, permit
19 leasing of all or portions of any Special Areas within the
20 Coastal Plain by setting lease terms that limit or condition
21 surface use and occupancy by lessees of such lands but
22 permit the use of horizontal drilling technology from sites
23 on leases located outside the designated Special Areas.

24 (g) LIMITATION ON CLOSED AREAS.—The Sec-
25 retary’s sole authority to close lands within the Coastal

1 Plain to oil and gas leasing and to exploration, develop-
2 ment, and production is that set forth in this title.

3 (h) CONVEYANCE.—In order to maximize Federal
4 revenues by removing clouds on title of lands and clari-
5 fying land ownership patterns within the Coastal Plain,
6 the Secretary, notwithstanding the provisions of section
7 1302(h)(2) of the Alaska National Interest Lands Con-
8 servation Act (16 U.S.C. 3192(h)(2)), is authorized and
9 directed to convey (1) to the Kaktovik Inupiat Corporation
10 the surface estate of the lands described in paragraph 2
11 of the Public Land Order 6959, to the extent necessary
12 to fulfill the Corporation's entitlement under section 12
13 of the Alaska Native Claims Settlement Act (43 U.S.C.
14 1611), and (2) to the Arctic Slope Regional Corporation
15 the subsurface estate beneath such surface estate pursu-
16 ant to the August 9, 1983, agreement between the Arctic
17 Slope Regional Corporation and the United States of
18 America.

19 **SEC. 504. RULES AND REGULATIONS.**

20 (a) PROMULGATION.—The Secretary shall prescribe
21 such rules and regulations as may be necessary to carry
22 out the purposes and provisions of this title, including
23 rules and regulations relating to protection of the fish and
24 wildlife, their habitat, subsistence resources, and the envi-
25 ronment of the Coastal Plain. Such rules and regulations

1 shall be promulgated no later than fourteen months after
2 the date of enactment of this title and shall, as of their
3 effective date, apply to all operations conducted under a
4 lease issued or maintained under the provisions of this
5 title and all operations on the Coastal Plain related to the
6 leasing, exploration, development, and production of oil
7 and gas.

8 (b) REVISION OF REGULATIONS.—The Secretary
9 shall periodically review and, if appropriate, revise the
10 rules and regulations issued under subsection (a) of this
11 section to reflect any significant biological, environmental,
12 or engineering data which come to the Secretary’s atten-
13 tion.

14 **SEC. 505. ADEQUACY OF THE DEPARTMENT OF THE INTE-**
15 **RIOR’S LEGISLATIVE ENVIRONMENTAL IM-**
16 **PACT STATEMENT.**

17 The “Final Legislative Environmental Impact State-
18 ment” (April 1987) on the Coastal Plain prepared pursu-
19 ant to section 1002 of the Alaska National Interest Lands
20 Conservation Act of 1980 (16 U.S.C. 3142) and section
21 102(2)(C) of the National Environmental Policy Act of
22 1969 (42 U.S.C. 4332(2)(C)) is hereby found by the Con-
23 gress to be adequate to satisfy the legal and procedural
24 requirements of the National Environmental Policy Act of
25 1969 with respect to actions authorized to be taken by

1 the Secretary to develop and promulgate the regulations
2 for the establishment of the leasing program authorized
3 by this title, to conduct the first lease sale and any subse-
4 quent lease sale authorized by this title, and to grant
5 rights-of-way and easements to carry out the purposes of
6 this title.

7 **SEC. 506. LEASE SALES.**

8 (a) LEASE SALES.—Lands may be leased pursuant
9 to the provisions of this title to any person qualified to
10 obtain a lease for deposits of oil and gas under the Mineral
11 Leasing Act, as amended (30 U.S.C. 181).

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

14 (1) receipt and consideration of sealed nomina-
15 tions for any area in the Coastal Plain for inclusion
16 in, or exclusion (as provided in subsection (c)) from,
17 a lease sale; and

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

21 (c) LEASE SALES ON COASTAL PLAIN.—The Sec-
22 retary shall, by regulation, provide for lease sales of lands
23 on the Coastal Plain. When lease sales are to be held, they
24 shall occur after the nomination process provided for in
25 subsection (b) of this section. For the first lease sale, the

1 Secretary shall offer for lease those acres receiving the
2 greatest number of nominations, but no less than two hun-
3 dred thousand acres and no more than three hundred
4 thousand acres shall be offered. If the total acreage nomi-
5 nated is less than two hundred thousand acres, the Sec-
6 retary shall include in such sale any other acreage which
7 he believes has the highest resource potential, but in no
8 event shall more than three hundred thousand acres of
9 the Coastal Plain be offered in such sale. With respect
10 to subsequent lease sales, the Secretary shall offer for
11 lease no less than two hundred thousand acres of the
12 Coastal Plain. The initial lease sale shall be held within
13 twenty months of the date of enactment of this title. The
14 second lease sale shall be held no later than twenty-four
15 months after the initial sale, with additional sales con-
16 ducted no later than twelve months thereafter so long as
17 sufficient interest in development exists to warrant, in the
18 Secretary's judgment, the conduct of such sales.

19 **SEC. 507. GRANT OF LEASES BY THE SECRETARY.**

20 (a) IN GENERAL.—The Secretary is authorized to
21 grant to the highest responsible qualified bidder by sealed
22 competitive cash bonus bid any lands to be leased on the
23 Coastal Plain upon payment by the lessee of such bonus
24 as may be accepted by the Secretary and of such royalty
25 as may be fixed in the lease, which shall be not less than

1 12½ per centum in amount or value of the production
2 removed or sold from the lease.

3 (b) ANTITRUST REVIEW.—Following each notice of
4 a proposed lease sale and before the acceptance of bids
5 and the issuance of leases based on such bids, the Sec-
6 retary shall allow the Attorney General, in consultation
7 with the Federal Trade Commission, thirty days to per-
8 form an antitrust review of the results of such lease sale
9 on the likely effects the issuance of such leases would have
10 on competition and the Attorney General shall advise the
11 Secretary with respect to such review, including any rec-
12 ommendation for the nonacceptance of any bid or the im-
13 position of terms or conditions on any lease, as may be
14 appropriate to prevent any situation inconsistent with the
15 antitrust laws.

16 (c) SUBSEQUENT TRANSFERS.—No lease issued
17 under this title may be sold, exchanged, assigned, sublet,
18 or otherwise transferred except with the approval of the
19 Secretary. Prior to any such approval the Secretary shall
20 consult with, and give due consideration to the views of,
21 the Attorney General.

22 (d) IMMUNITY.—Nothing in this title shall be deemed
23 to convey to any person, association, corporation, or other
24 business organization immunity from civil or criminal li-

1 ability, or to create defenses to actions, under any anti-
2 trust law.

3 (e) DEFINITIONS.—As used in this section, the
4 term—

5 (1) “antitrust review” shall be deemed an
6 “antitrust investigation” for the purposes of the
7 Antitrust Civil Process Act (15 U.S.C. 1311); and

8 (2) “antitrust laws” means those Acts set forth
9 in section 1 of the Clayton Act (15 U.S.C. 12) as
10 amended.

11 **SEC. 508. LEASE TERMS AND CONDITIONS.**

12 An oil or gas lease issued pursuant to this title
13 shall—

14 (1) be for a tract consisting of a compact area
15 not to exceed five thousand seven hundred sixty
16 acres, or nine surveyed or protracted sections which
17 shall be as compact in form as possible;

18 (2) be for an initial period of ten years and
19 shall be extended for so long thereafter as oil or gas
20 is produced in paying quantities from the lease or
21 unit area to which the lease is committed or for so
22 long as drilling or reworking operations, as approved
23 by the Secretary, are conducted on the lease or unit
24 area;

1 (3) require the payment of royalty as provided
2 for in section 507 of this title;

3 (4) require that exploration activities pursuant
4 to any lease issued or maintained under this title
5 shall be conducted in accordance with an exploration
6 plan or a revision of such plan approved by the Sec-
7 retary;

8 (5) require that all development and production
9 pursuant to a lease issued or maintained pursuant
10 to this title shall be conducted in accordance with
11 development and production plans approved by the
12 Secretary;

13 (6) require posting of bond as required by sec-
14 tion 509 of this title;

15 (7) provide that the Secretary may close, on a
16 seasonal basis, portions of the Coastal Plain to ex-
17 ploratory drilling activities as necessary to protect
18 caribou calving areas and other species of fish and
19 wildlife;

20 (8) contain such provisions relating to rental
21 and other fees as the Secretary may prescribe at the
22 time of offering the area for lease;

23 (9) provide that the Secretary may direct or as-
24 sent to the suspension of operations and production
25 under any lease granted under the terms of this title

1 in the interest of conservation of the resource or
2 where there is no available system to transport the
3 resource. If such a suspension is directed or as-
4 sented to by the Secretary, any payment of rental
5 prescribed by such lease shall be suspended during
6 such period of suspension of operations and produc-
7 tion, and the term of the lease shall be extended by
8 adding any such suspension period thereto;

9 (10) provide that whenever the owner of a non-
10 producing lease fails to comply with any of the pro-
11 visions of this Act, or of any applicable provision of
12 Federal or State environmental law, or of the lease,
13 or of any regulation issued under this title, such
14 lease may be canceled by the Secretary if such de-
15 fault continues for more than thirty days after mail-
16 ing of notice by registered letter to the lease owner
17 at the lease owner's post office address of record;

18 (11) provide that whenever the owner of any
19 producing lease fails to comply with any of the pro-
20 visions of this title, or of any applicable provision of
21 Federal or State environmental law, or of the lease,
22 or of any regulation issued under this title, such
23 lease may be forfeited and canceled by any appro-
24 priate proceeding brought by the Secretary in any

1 United States district court having jurisdiction
2 under the provisions of this title;

3 (12) provide that cancellation of a lease under
4 this title shall in no way release the owner of the
5 lease from the obligation to provide for reclamation
6 of the lease site;

7 (13) allow the lessee, at the discretion of the
8 Secretary, to make written relinquishment of all
9 rights under any lease issued pursuant to this title.
10 The Secretary shall accept such relinquishment by
11 the lessee of any lease issued under this title where
12 there has not been surface disturbance on the lands
13 covered by the lease;

14 (14) provide that for the purpose of conserving
15 the natural resources of any oil or gas pool, field, or
16 like area, or any part thereof, and in order to avoid
17 the unnecessary duplication of facilities, to protect
18 the environment of the Coastal Plain, and to protect
19 correlative rights, the Secretary shall require that, to
20 the greatest extent practicable, lessees unite with
21 each other in collectively adopting and operating
22 under a cooperative or unit plan of development for
23 operation of such pool, field, or like area, or any
24 part thereof, and the Secretary is also authorized
25 and directed to enter into such agreements as are

1 necessary or appropriate for the protection of the
2 United States against drainage;

3 (15) require that the holder of a lease or leases
4 on lands within the Coastal Plain shall be fully re-
5 sponsible and liable for the reclamation of lands
6 within the Coastal Plain and any other Federal
7 lands adversely affected in connection with explo-
8 ration, development, production or transportation
9 activities on a lease within the Coastal Plain by the
10 holder of a lease or as a result of activities con-
11 ducted on the lease by any of the leaseholder's sub-
12 contractors or agents;

13 (16) provide that the holder of a lease may not
14 delegate or convey, by contract or otherwise, the ree-
15 lamation responsibility and liability to another party
16 without the express written approval of the Sec-
17 retary;

18 (17) provide that the standard of reclamation
19 for lands required to be reclaimed under this title
20 be, as nearly as practicable, a condition capable of
21 supporting the uses which the lands were capable of
22 supporting prior to any exploration, development, or
23 production activities, or upon application by the les-
24 see, to a higher or better use as approved by the
25 Secretary;

1 (18) contain the terms and conditions relating
2 to protection of fish and wildlife, their habitat, and
3 the environment, as required by section 503(a) of
4 this title;

5 (19) provide that the holder of a lease, its
6 agents, and contractors use best efforts to provide a
7 fair share, as determined by the level of obligation
8 previously agreed to in the 1974 agreement imple-
9 menting section 29 of the Federal Agreement and
10 Grant of Right of Way for the Operation of the
11 Trans-Alaska Pipeline, of employment and con-
12 tracting for Alaska Natives and Alaska Native Cor-
13 porations from throughout the State;

14 (20) require project agreements to the extent
15 feasible that will ensure productivity and consistency
16 recognizing a national interest in both labor stability
17 and the ability of construction labor and manage-
18 ment to meet the particular needs and conditions of
19 projects to be developed under leases issued pursu-
20 ant to this Act; and

21 (21) contain such other provisions as the Sec-
22 retary determines necessary to ensure compliance
23 with the provisions of this title and the regulations
24 issued under this title.

1 **SEC. 509. BONDING REQUIREMENTS TO ENSURE FINANCIAL**
2 **RESPONSIBILITY OF LESSEE AND AVOID FED-**
3 **ERAL LIABILITY.**

4 (a) REQUIREMENT.—The Secretary shall, by rule or
5 regulation, establish such standards as may be necessary
6 to ensure that an adequate bond, surety, or other financial
7 arrangement will be established prior to the commence-
8 ment of surface disturbing activities on any lease, to en-
9 sure the complete and timely reclamation of the lease
10 tract, and the restoration of any lands or surface waters
11 adversely affected by lease operations after the abandon-
12 ment or cessation of oil and gas operations on the lease.
13 Such bond, surety, or financial arrangement is in addition
14 to, and not in lieu, of any bond, surety, or financial ar-
15 rangement required by any other regulatory authority or
16 required by any other provision of law.

17 (b) AMOUNT.—The bond, surety, or financial ar-
18 rangement shall be in an amount—

19 (1) to be determined by the Secretary to pro-
20 vide for reclamation of the lease site in accordance
21 with an approved or revised exploration or develop-
22 ment and production plan; plus

23 (2) set by the Secretary consistent with the
24 type of operations proposed, to provide the means
25 for rapid and effective cleanup, and to minimize
26 damages resulting from an oil spill, the escape of

1 gas, refuse, domestic wastewater, hazardous or toxic
2 substances, or fire caused by oil and gas activities.

3 (c) ADJUSTMENT.—In the event that an approved ex-
4 ploration or development and production plan is revised,
5 the Secretary may adjust the amount of the bond, surety,
6 or other financial arrangement to conform to such modi-
7 fied plan.

8 (d) DURATION.—The responsibility and liability of
9 the lessee and its surety under the bond, surety, or other
10 financial arrangement shall continue until such time as
11 the Secretary determines that there has been compliance
12 with the terms and conditions of the lease and all applica-
13 ble law.

14 (e) TERMINATION.—Within sixty days after deter-
15 mining that there has been compliance with the terms and
16 conditions of the lease and all applicable laws, the Sec-
17 retary, after consultation with affected Federal and State
18 agencies, shall notify the lessee that the period of liability
19 under the bond, surety, or other financial arrangement has
20 been terminated.

21 **SEC. 510. OIL AND GAS INFORMATION.**

22 (a) IN GENERAL.—(1) Any lessee or permittee con-
23 ducting any exploration for, or development or production
24 of, oil or gas pursuant to this title shall provide the Sec-
25 retary access to all data and information from any lease

1 granted pursuant to this title (including processed and
2 analyzed) obtained from such activity and shall provide
3 copies of such data and information as the Secretary may
4 request. Such data and information shall be provided in
5 accordance with regulations which the Secretary shall pre-
6 scribe.

7 (2) If processed and analyzed information provided
8 pursuant to paragraph (1) is provided in good faith by
9 the lessee or permittee, such lessee or permittee shall not
10 be responsible for any consequence of the use or of reliance
11 upon such processed and analyzed information.

12 (3) Whenever any data or information is provided to
13 the Secretary, pursuant to paragraph (1)—

14 (A) by a lessee or permittee, in the form and
15 manner of processing which is utilized by such lessee
16 or permittee in the normal conduct of business, the
17 Secretary shall pay the reasonable cost of reproduc-
18 ing such data and information; or

19 (B) by a lessee or permittee, in such other form
20 and manner of processing as the Secretary may re-
21 quest, the Secretary shall pay the reasonable cost of
22 processing and reproducing such data and informa-
23 tion.

24 (b) REGULATIONS.—The Secretary shall prescribe
25 regulations to: (1) assure that the confidentiality of privi-

1 leged or proprietary information received by the Secretary
2 under this section will be maintained; and (2) set forth
3 the time periods and conditions which shall be applicable
4 to the release of such information.

5 **SEC. 511. EXPEDITED JUDICIAL REVIEW.**

6 (a) Any complaint seeking judicial review of any pro-
7 vision in this title, or any other action of the Secretary
8 under this title may be filed in any appropriate district
9 court of the United States, and such complaint must be
10 filed within ninety days from the date of the action being
11 challenged, or after such date if such complaint is based
12 solely on grounds arising after such ninetieth day, in
13 which case the complaint must be filed within ninety days
14 after the complainant knew or reasonably should have
15 known of the grounds for the complaint: *Provided*, That
16 any complaint seeking judicial review of an action of the
17 Secretary in promulgating any regulation under this title
18 may be filed only in the United States Court of Appeals
19 for the District of Columbia.

20 (b) Actions of the Secretary with respect to which re-
21 view could have been obtained under this section shall not
22 be subject to judicial review in any civil or criminal pro-
23 ceeding for enforcement.

1 **SEC. 512. RIGHTS-OF-WAY ACROSS THE COASTAL PLAIN.**

2 Notwithstanding title XI of the Alaska National In-
3 terest Lands Conservation Act of 1980 (16 U.S.C. 3161
4 et seq.), the Secretary is authorized and directed to grant,
5 in accordance with the provisions of section 28 (c) through
6 (t) and (v) through (y) of the Mineral Leasing Act of 1920
7 (30 U.S.C. 185), rights-of-way and easements across the
8 Coastal Plain for the transportation of oil and gas under
9 such terms and conditions as may be necessary so as not
10 to result in a significant adverse effect on the fish and
11 wildlife, subsistence resources, their habitat, and the envi-
12 ronment of the Coastal Plain. Such terms and conditions
13 shall include requirements that facilities be sited or modi-
14 fied so as to avoid unnecessary duplication of roads and
15 pipelines. The regulations issued as required by section
16 504 of this title shall include provisions granting rights-
17 of-way and easements across the Coastal Plain.

18 **SEC. 513. ENFORCEMENT OF SAFETY AND ENVIRON-**
19 **MENTAL REGULATIONS TO ENSURE COMPLI-**
20 **ANCE WITH TERMS AND CONDITIONS OF**
21 **LEASE.**

22 (a) **RESPONSIBILITY OF THE SECRETARY.**—The Sec-
23 retary shall diligently enforce all regulations, lease terms,
24 conditions, restrictions, prohibitions, and stipulations pro-
25 mulgated pursuant to this title.

1 (b) RESPONSIBILITY OF HOLDERS OF LEASE.—It
2 shall be the responsibility of any holder of a lease under
3 this title to—

4 (1) maintain all operations within such lease
5 area in compliance with regulations intended to pro-
6 tect persons and property on, and fish and wildlife,
7 their habitat, subsistence resources, and the environ-
8 ment of, the Coastal Plain; and

9 (2) allow prompt access at the site of any oper-
10 ations subject to regulation under this title to any
11 appropriate Federal or State inspector, and to pro-
12 vide such documents and records which are pertinent
13 to occupational or public health, safety, or environ-
14 mental protection, as may be requested.

15 (c) ON-SITE INSPECTION.—The Secretary shall pro-
16 mulgate regulations to provide for—

17 (1) scheduled onsite inspection by the Sec-
18 retary, at least twice a year, of facility on the Coast-
19 al Plain which is subject to any environmental or
20 safety regulation promulgated pursuant to this title
21 or conditions contained in any lease issue pursuant
22 to this title to assure compliance with such environ-
23 mental or safety regulations or conditions; and

24 (2) periodic onsite inspection by the Secretary
25 at least once a year without advance notice to the

1 operator of such facility to assure compliance with
2 all environmental or safety regulations.

3 **SEC. 514. NEW REVENUES.**

4 Notwithstanding any other provision of law, all reve-
5 nues received by the Federal Government from competitive
6 bids, sales, bonuses, royalties, rents, fees, or interest de-
7 rived from the leasing of oil and gas within the Coastal
8 Plain shall be deposited into the Treasury of the United
9 States, solely as provided in this section. The Secretary
10 of the Treasury shall pay to the State of Alaska the same
11 percentage of such revenues as is set forth under the head-
12 ing “EXPLORATION OF NATIONAL PETROLEUM
13 RESERVE IN ALASKA” in Public Law 96–514 (94
14 Stat. 2957, 2964) semiannually to the State of Alaska,
15 on March 30 and September 30 of each year and shall
16 deposit the balance of all such revenues as miscellaneous
17 receipts in the Treasury.

18 **TITLE VI—IMPROVEMENTS TO**
19 **FEDERAL OIL AND GAS LEASE**
20 **MANAGEMENT**

21 **SEC. 601. TITLE.**

22 This title may be cited as the “Federal Oil and Gas
23 Lease Management Improvement Act of 2000”.

24 **SEC. 602. DEFINITIONS.**

25 In this title—

1 (a) APPLICATION FOR A PERMIT TO DRILL.—The
2 term “application for a permit to drill” means a drilling
3 plan including design, mechanical, and engineering aspects
4 for drilling a well.

5 (b) FEDERAL LAND.—

6 (1) IN GENERAL.—The term “Federal land”
7 means all land and interests in land owned by the
8 United States that are subject to the mineral leasing
9 laws, including mineral resources or mineral estates
10 reserved to the United States in the conveyance of
11 a surface or nonmineral estate.

12 (2) EXCLUSION.—The term “Federal land”
13 does not include—

14 (i) Indian land (as defined in section 3 of
15 the Federal Oil and Gas Royalty Management
16 Act of 1982 (30 U.S.C. 1702)); or

17 (ii) submerged land on the Outer Conti-
18 nental Shelf (as defined in section 2 of the
19 Outer Continental Shelf Lands Act (43 U.S.C.
20 1331)).

21 (c) OIL AND GAS CONSERVATION AUTHORITY.—The
22 term “oil and gas conservation authority” means the agen-
23 cy or agencies in each State responsible for regulating for
24 conservation purposes operations to explore for and
25 produce oil and natural gas.

1 (d) PROJECT.—The term “project” means an activity
2 by a lessee, an operator, or an operating rights owner to
3 explore for, develop, produce, or transport oil or gas re-
4 sources.

5 (e) SECRETARY.—The term “Secretary” means—

6 (1) the Secretary of the Interior, with respect
7 to land under the administrative jurisdiction of the
8 Department of the Interior; and

9 (2) the Secretary of Agriculture, with respect to
10 land under the administrative jurisdiction of the De-
11 partment of Agriculture.

12 (f) SURFACE USE PLAN OF OPERATIONS.—The term
13 “surface use plan of operations” means a plan for surface
14 use, disturbance, and reclamation.

15 **SEC. 603. NO PROPERTY RIGHT.**

16 Nothing in this title gives a State a property right
17 or interest in any Federal lease or land.

18 **Subtitle A—State Option To Regu-**
19 **late Oil and Gas Lease Oper-**
20 **ations on Federal Land**

21 **SEC. 610. TRANSFER OF AUTHORITY.**

22 (a) NOTIFICATION.—Not before the date that is 180
23 days after the date of enactment of this Act, a State may
24 notify the Secretary of its intent to accept authority for
25 regulation of operations, as described in subparagraphs

1 (A) through (K) of subsection (b)(2), under oil and gas
2 leases on Federal land within the State.

3 (b) TRANSFER OF AUTHORITY.—

4 (1) IN GENERAL.—Effective 180 days after the
5 Secretary receives the State’s notice, authority for
6 the regulation of oil and gas leasing operations is
7 transferred from the Secretary to the State.

8 (2) AUTHORITY INCLUDED.—The authority
9 transferred under paragraph (1) includes—

10 (A) processing and approving applications
11 for permits to drill, subject to surface use
12 agreements and other terms and conditions de-
13 termined by the Secretary;

14 (B) production operations;

15 (C) well testing;

16 (D) well completion;

17 (E) well spacing;

18 (F) communization;

19 (G) conversion of a producing well to a
20 water well;

21 (H) well abandonment procedures;

22 (I) inspections;

23 (J) enforcement activities; and

24 (K) site security.

25 (c) RETAINED AUTHORITY.—The Secretary shall—

1 (1) retain authority over the issuance of leases
2 and the approval of surface use plans of operations
3 and project-level environmental analyses; and

4 (2) spend appropriated funds to ensure that
5 timely decisions are made respecting oil and gas
6 leasing, taking into consideration multiple uses of
7 Federal land, socioeconomic and environmental im-
8 pacts, and the results of consultations with State
9 and local government officials.

10 **SEC. 611. ACTIVITY FOLLOWING TRANSFER OF AUTHORITY.**

11 (a) FEDERAL AGENCIES.—Following the transfer of
12 authority, no Federal agency shall exercise the authority
13 formerly held by the Secretary as to oil and gas lease oper-
14 ations and related operations on Federal land.

15 (b) STATE AUTHORITY.—

16 (1) IN GENERAL.—Following the transfer of au-
17 thority, each State shall enforce its own oil and gas
18 conservation laws and requirements pertaining to
19 transferred oil and gas lease operations and related
20 operations with due regard to the national interest
21 in the expedited, environmentally sound development
22 of oil and gas resources in a manner consistent with
23 oil and gas conservation principles.

24 (2) APPEALS.—Following a transfer of author-
25 ity under section 610, an appeal of any decision

1 made by a State oil and gas conservation authority
2 shall be made in accordance with State administra-
3 tive procedures.

4 (c) PENDING ENFORCEMENT ACTIONS.—The Sec-
5 retary may continue to enforce any pending actions re-
6 specting acts committed before the date on which author-
7 ity is transferred to a State under section 610 until those
8 proceedings are concluded.

9 (d) PENDING APPLICATIONS.—

10 (1) TRANSFER TO STATE.—All applications re-
11 specting oil and gas lease operations and related op-
12 erations on Federal land pending before the Sec-
13 retary on the date on which authority is transferred
14 under section 610 shall be immediately transferred
15 to the oil and gas conservation authority of the
16 State in which the lease is located.

17 (2) ACTION BY THE STATE.—The oil and gas
18 conservation authority shall act on the application in
19 accordance with State laws (including regulations)
20 and requirements.

21 **Subtitle B—Use of Cost Savings** 22 **From State Regulation**

23 **SEC. 621. COMPENSATION FOR COSTS.**

24 (a) IN GENERAL.—Subject to the availability of ap-
25 propriations, the Secretary shall compensate any State for

1 costs incurred to carry out the authorities transferred
2 under section 610.

3 (b) PAYMENT SCHEDULE.—Payments shall be made
4 not less frequently than every quarter.

5 (c) COST BREAKDOWN REPORT.—Each State seek-
6 ing compensation shall report to the Secretary a cost
7 breakdown for the authorities transferred.

8 (d) LIMITATION ON AMOUNT.—

9 (1) IN GENERAL.—Compensation to a State
10 may not exceed 50 percent of the Secretary’s allo-
11 cated cost for oil and gas leasing activities under
12 section 35(b) of the Act of February 25, 1920 (com-
13 monly known as the “Mineral Leasing Act”) (30
14 U.S.C. 191(b)) for the State for fiscal year 1997.

15 (2) ADJUSTMENT.—The Secretary shall adjust
16 the maximum level of cost compensation at least
17 once every 2 years to reflect any increases in the
18 Consumer Price Index (all items, United States city
19 average) as prepared by the Department of Labor,
20 using 1997 as the baseline year.

21 **SEC. 622. EXCLUSION OF COSTS OF PREPARING PLANNING**
22 **DOCUMENTS AND ANALYSES.**

23 Section 35 of the Act of February 25, 1920 (30
24 U.S.C. 191(b)) is amended by adding at the end the fol-
25 lowing:

1 “(6) The Secretary shall not include, for the
2 purpose of calculating the deduction under para-
3 graph (1), costs of preparing resource management
4 planning documents and analyses for areas in which
5 mineral leasing is excluded or areas in which the pri-
6 mary activity under review is not mineral leasing
7 and development.”.

8 **SEC. 623. RECEIPT SHARING.**

9 Section 35(b) of the Act of February 25, 1920 (30
10 U.S.C. 191(b)) is amended by striking “paid to States”
11 and inserting “paid to States (other than States that ac-
12 cept a transfer of authority under section 610 of the Fed-
13 eral Oil and Gas Lease Management Act of 2000)”.

14 **Subtitle C—Streamlining and Cost**
15 **Reduction**

16 **SEC. 631. APPLICATIONS.**

17 (a) **LIMITATION ON COST RECOVERY.**—Notwith-
18 standing sections 304 and 504 of the Federal Land Policy
19 and Management Act of 1976 (43 U.S.C. 1734, 1764) and
20 section 9701 of title 31, United State Code, the Secretary
21 shall not recover the Secretary’s costs with respect to ap-
22 plications and other documents relating to oil and gas
23 leases.

24 (b) **COMPLETION OF PLANNING DOCUMENTS AND**
25 **ANALYSES.**—

1 (1) IN GENERAL.—The Secretary shall complete
2 any resource management planning documents and
3 analyses not later than 90 days after receiving any
4 offer, application, or request for which a planning
5 document or analysis is required to be prepared.

6 (2) PREPARATION BY APPLICANT OR LESSEE.—
7 If the Secretary is unable to complete the document
8 or analysis within the time prescribed by paragraph
9 (1), the Secretary shall notify the applicant or lessee
10 of the opportunity to prepare the required document
11 or analysis for the agency’s review and use in deci-
12 sionmaking.

13 (c) REIMBURSEMENT FOR COSTS OF NEPA OF
14 ANALYSES, DOCUMENTATION, AND STUDIES.—If—

15 (1) adequate funding to enable the Secretary to
16 timely prepare a project-level analysis required
17 under the National Environmental Policy Act of
18 1969 (42 U.S.C. 4321 et seq.) with respect to an oil
19 or gas lease is not appropriated; and

20 (2) the lessee, operator, or operating rights
21 owner voluntarily pays for the cost of the required
22 analysis, documentation, or related study;

23 the Secretary shall reimburse the lessee, operator, or oper-
24 ating rights owner for its costs through royalty credits at-
25 tributable to the lease, unit agreement, or project area.

1 **SEC. 632. TIMELY ISSUANCE OF DECISIONS.**

2 (a) IN GENERAL.—The Secretary shall ensure the
3 timely issuance of Federal agency decisions respecting oil
4 and gas leasing and operations on Federal land.

5 (b) OFFER TO LEASE.—

6 (1) DEADLINE.—The Secretary shall accept or
7 reject an offer to lease not later than 90 days after
8 the filing of the offer.

9 (2) FAILURE TO MEET DEADLINE.—If an offer
10 is not acted upon within that time, the offer shall be
11 deemed to have been accepted.

12 (c) APPLICATION FOR PERMIT TO DRILL.—

13 (1) DEADLINE.—The Secretary and a State
14 that has accepted a transfer of authority under sec-
15 tion 610 shall approve or disapprove an application
16 for permit to drill not later than 30 days after re-
17 ceiving a complete application.

18 (2) FAILURE TO MEET DEADLINE.—If the ap-
19 plication is not acted on within the time prescribed
20 by paragraph (1), the application shall be deemed to
21 have been approved.

22 (d) SURFACE USE PLAN OF OPERATIONS.—The Sec-
23 retary shall approve or disapprove a surface use plan of
24 operations not later than 30 days after receipt of a com-
25 plete plan.

26 (e) ADMINISTRATIVE APPEALS.—

1 (1) DEADLINE.—From the time that a Federal
2 oil and gas lessee or operator files a notice of admin-
3 istrative appeal of a decision or order of an officer
4 or employee of the Department of the Interior or the
5 Forest Service respecting a Federal oil and gas Fed-
6 eral lease, the Secretary shall have 2 years in which
7 to issue a final decision in the appeal.

8 (2) FAILURE TO MEET DEADLINE.—If no final
9 decision has been issued within the time prescribed
10 by paragraph (1), the appeal shall be deemed to
11 have been granted.

12 **SEC. 633. ELIMINATION OF UNWARRANTED DENIALS AND**
13 **STAYS.**

14 (a) IN GENERAL.—The Secretary shall ensure that
15 unwarranted denials and stays of lease issuance and un-
16 warranted restrictions on lease operations are eliminated
17 from the administration of oil and gas leasing on Federal
18 land.

19 (b) LAND DESIGNATED FOR MULTIPLE USE.—

20 (1) IN GENERAL.—Land designated as available
21 for multiple use under Bureau of Land Management
22 resource management plans and Forest Service leas-
23 ing analyses shall be available for oil and gas leasing
24 without lease stipulations more stringent than re-
25 strictions on surface use and operations imposed

1 under the laws (including regulations) of the State
2 oil and gas conservation authority unless the Sec-
3 retary includes in the decision approving the man-
4 agement plan or leasing analysis a written expla-
5 nation why more stringent stipulations are war-
6 ranted.

7 (2) APPEAL.—Any decision to require a more
8 stringent stipulation shall be administratively ap-
9 pealable and, following a final agency decision, shall
10 be subject to judicial review.

11 (c) REJECTION OF OFFER TO LEASE.—

12 (1) IN GENERAL.—If the Secretary rejects an
13 offer to lease on the ground that the land is unavail-
14 able for leasing, the Secretary shall provide a writ-
15 ten, detailed explanation of the reasons the land is
16 unavailable for leasing.

17 (2) PREVIOUS RESOURCE MANAGEMENT DECI-
18 SION.—If the determination of unavailability is
19 based on a previous resource management decision,
20 the explanation shall include a careful assessment of
21 whether the reasons underlying the previous decision
22 are still persuasive.

23 (3) SEGREGATION OF AVAILABLE LAND FROM
24 UNAVAILABLE LAND.—The Secretary may not reject
25 an offer to lease land available for leasing on the

1 ground that the offer includes land unavailable for
2 leasing, and the Secretary shall segregate available
3 land from unavailable land, on the offeror's request
4 following notice by the Secretary, before acting on
5 the offer to lease.

6 (d) DISAPPROVAL OR REQUIRED MODIFICATION OF
7 SURFACE USE PLANS OF OPERATIONS AND APPLICATION
8 FOR PERMIT TO DRILL.—The Secretary shall provide a
9 written, detailed explanation of the reasons for dis-
10 approving or requiring modifications of any surface use
11 plan of operations or application for permit to drill.

12 (e) EFFECTIVENESS OF DECISION.—A decision of the
13 Secretary respecting an oil and gas lease shall be effective
14 pending administrative appeal to the appropriate office
15 within the Department of the Interior or the Department
16 of Agriculture unless that office grants a stay in response
17 to a petition satisfying the criteria for a stay established
18 by section 4.21(b) of title 43, Code of Federal Regulations
19 (or any successor regulation).

20 **SEC. 634. REPORTS.**

21 (a) IN GENERAL.—Not later than March 31, 2001,
22 the Secretaries shall jointly submit to the Congress a re-
23 port explaining the most efficient means of eliminating
24 overlapping jurisdiction, duplication of effort, and incon-
25 sistent policymaking and policy implementation as be-

1 tween the Bureau of Land Management and the Forest
2 Service.

3 (b) RECOMMENDATIONS.—The report shall include
4 recommendations on statutory changes needed to imple-
5 ment the report's conclusions.

6 **SEC. 635. SCIENTIFIC INVENTORY OF OIL AND GAS RE-**
7 **SERVES.**

8 (a) IN GENERAL.—Not later than March 31, 2001,
9 the Secretary of the Interior, in consultation with the Di-
10 rector of the United States Geological Survey, shall pub-
11 lish, through notice in the Federal Register, a science-
12 based national inventory of the oil and gas reserves and
13 potential resources underlying Federal land and the Outer
14 Continental Shelf.

15 (b) CONTENTS.—The inventory shall—

16 (1) indicate what percentage of the oil and gas
17 reserves and resources is currently available for leas-
18 ing and development; and

19 (2) specify the percentages of the reserves and
20 resources that are on—

21 (A) land that is open for leasing as of the
22 date of enactment of this Act that has never
23 been leased;

1 (B) land that is open for leasing or devel-
2 opment subject to no surface occupancy stipula-
3 tions; and

4 (C) land that is open for leasing or devel-
5 opment subject to other lease stipulations that
6 have significantly impeded or prevented, or are
7 likely to significantly impede or prevent, devel-
8 opment; and

9 (3) indicate the percentage of oil and gas re-
10 sources that are not available for leasing or are
11 withdrawn from leasing.

12 (c) PUBLIC COMMENT.—

13 (1) IN GENERAL.—The Secretary of the Inte-
14 rior shall invite public comment on the inventory to
15 be filed not later than September 30, 2001.

16 (2) RESOURCE MANAGEMENT DECISIONS.—Spe-
17 cifically, the Secretary of the Interior shall invite
18 public comment on the effect of Federal resource
19 management decisions on past and future oil and
20 gas development.

21 (d) REPORT.—

22 (1) IN GENERAL.—Not later than March 31,
23 2002, the Secretary of the Interior shall submit to
24 the President of the Senate and the Speaker of the
25 House of Representatives a report comprised of the

1 revised inventory and responses to the public com-
2 ments.

3 (2) CONTENTS.—The report shall specifically
4 indicate what steps the Secretaries believe are nec-
5 essary to increase the percentage of land open for
6 development of oil and gas resources.

7 **Subtitle D—Federal Royalty** 8 **Certainty**

9 **SEC. 641. DEFINITIONS.**

10 In this subtitle.—

11 (a) MARKETABLE CONDITION.—The term “market-
12 able condition” means lease production that is sufficiently
13 free from impurities and otherwise in a condition that the
14 production will be accepted by a purchaser under a sales
15 contract typical for the field or area.

16 (b) REASONABLE COMMERCIAL RATE.—

17 (1) IN GENERAL.—The term “reasonable com-
18 mercial rate” means—

19 (A) in the case of an arm’s-length con-
20 tract, the actual cost incurred by the lessee; or

21 (B) in the case of a non-arm’s-length
22 contract—

23 (i) the rate charged in a contract for
24 similar services in the same area between

1 parties with opposing economic interests;

2 or

3 (ii) if there are no arm's-length con-
4 tracts for similar services in the same area,
5 the just and reasonable rate for the trans-
6 portation service rendered by the lessee or
7 lessee's affiliate.

8 (2) DISPUTES.—Disputes between the Sec-
9 retary and a lessee over what constitutes a just and
10 reasonable rate for such service shall be resolved by
11 the Federal Energy Regulatory Commission.

12 **SEC. 642. AMENDMENT OF OUTER CONTINENTAL SHELF**
13 **LANDS ACT.**

14 Section 8(b)(3) of the Outer Continental Shelf Lands
15 Act (43 U.S.C. 1337(b)(3)) is amended by striking the
16 semicolon at the end and adding the following:

17 “: *Provided*, That if the payment is in value or
18 amount, the royalty due in value shall be based on
19 the value of oil or gas production at the lease in
20 marketable condition, and the royalty due in amount
21 shall be based on the royalty share of production at
22 the lease; if the payment in value or amount is cal-
23 culated from a point away from the lease, the pay-
24 ment shall be adjusted for quality and location dif-
25 ferentials, and the lessee shall be allowed reimburse-

1 ments at a reasonable commercial rate for transpor-
2 tation (including transportation to the point where
3 the production is put in marketable condition), mar-
4 keting, processing, and other services beyond the
5 lease through the point of sale, other disposition, or
6 delivery;”.

7 **SEC. 643. AMENDMENT OF MINERAL LEASING ACT.**

8 Section 17(c) of the Act of February 25, 1920 (30
9 U.S.C. 226(c)) (commonly known as the “Mineral Leasing
10 Act”), is amended by adding at the end the following:

11 “(3) ROYALTY DUE IN VALUE.—

12 “(A) IN GENERAL.—Royalty due in value
13 shall be based on the value of oil or gas produc-
14 tion at the lease in marketable condition, and
15 the royalty due in amount shall be based on the
16 royalty share of production at the lease.

17 “(B) CALCULATION OF VALUE OR AMOUNT
18 FROM A POINT AWAY FROM A LEASE.—If the
19 payment in value or amount is calculated from
20 a point away from the lease—

21 “(i) the payment shall be adjusted for
22 quality and location differentials; and

23 “(ii) the lessee shall be allowed reim-
24 bursements at a reasonable commercial
25 rate for transportation (including transpor-

1 tation to the point where the production is
2 put in marketable condition), marketing,
3 processing, and other services beyond the
4 lease through the point of sale, other dis-
5 position, or delivery;”.

6 **SEC. 644. INDIAN LAND.**

7 This subtitle shall not apply with respect to Indian
8 land.

9 **Subtitle E—Royalty Reinvestment**
10 **in America**

11 **SEC. 651. ROYALTY INCENTIVE PROGRAM.**

12 (a) IN GENERAL.—To encourage exploration and de-
13 velopment expenditures on Federal land and the Outer
14 Continental Shelf for the development of oil and gas re-
15 sources when the cash price of West Texas Intermediate
16 crude oil, as posted on the Dow Jones Commodities Index
17 chart is less than \$18 per barrel for 90 consecutive pricing
18 days or when natural gas prices as delivered at Henry
19 Hub, Louisiana, are less than \$2.30 per million British
20 thermal units for 90 consecutive days, the Secretary shall
21 allow a credit against the payment of royalties on Federal
22 oil production and gas production, respectively, in an
23 amount equal to 20 percent of the capital expenditures
24 made on exploration and development activities on Federal
25 oil and gas leases.

1 (b) NO CREDITING AGAINST ONSHORE FEDERAL
2 ROYALTY OBLIGATIONS.—In no case shall such capital ex-
3 penditures made on Outer Continental Shelf leases be
4 credited against onshore Federal royalty obligations.

5 **SEC. 652. MARGINAL WELL PRODUCTION INCENTIVES.**

6 To enhance the economics of marginal oil and gas
7 production by increasing the ultimate recovery from mar-
8 ginal wells when the cash price of West Texas Inter-
9 mediate crude oil, as posted on the Dow Jones Commod-
10 ities Index Chart is less than \$18 per barrel for 90 con-
11 secutive pricing days or when natural gas prices are deliv-
12 ered at Henry Hub, Louisiana, are less than \$2.30 per
13 million British thermal units for 90 consecutive days, the
14 Secretary shall reduce the royalty rate as production de-
15 clines for—

16 (1) onshore oil wells producing less than 30
17 barrels per day;

18 (2) onshore gas wells producing less than 120
19 million British thermal units per day;

20 (3) offshore oil wells producing less than 300
21 barrels of oil per day; and

22 (4) offshore gas wells producing less than 1,200
23 million British thermal units per day.

1 **SEC. 653. SUSPENSION OF PRODUCTION ON OIL AND GAS**
2 **OPERATIONS.**

3 (a) IN GENERAL.—Any person operating an oil well
4 under a lease issued under the Act of February 25, 1920
5 (commonly known as the “Mineral Leasing Act”) (30
6 U.S.C. 181 et seq.) or the Mineral Leasing Act for Ac-
7 quired Lands (30 U.S.C. 351 et seq.) may submit a notice
8 to the Secretary of the Interior of suspension of operation
9 and production at the well.

10 (b) PRODUCTION QUANTITIES NOT A FACTOR.—A
11 notice under subsection (a) may be submitted without re-
12 gard to per day production quantities at the well and with-
13 out regard to the requirements of subsection (a) of section
14 3103.4–4 of title 43 of the Code of Federal Regulations
15 (or any successor regulation) respecting the granting of
16 such relief, except that the notice shall be submitted to
17 an office in the Department of the Interior designated by
18 the Secretary of the Interior.

19 (c) PERIOD OF RELIEF.—On submission of a notice
20 under subsection (a) for an oil well, the operator of the
21 well may suspend operation and production at the well for
22 a period beginning on the date of submission of the notice
23 and ending on the later of—

24 (1) the date that is 2 years after the date on
25 which the suspension of operation and production
26 commences; or

1 (2) the date on which the cash price of West
2 Texas Intermediate crude oil, as posted on the Dow
3 Jones Commodities Index chart is greater than \$15
4 per barrel for 90 consecutive pricing days.

5 **TITLE VII—FRONTIER OIL AND**
6 **GAS EXPLORATION AND DE-**
7 **VELOPMENT INCENTIVES**

8 **SEC. 701. TITLE.**

9 This title may be cited as the “Frontier Exploration
10 and Development Incentives Act of 2000”.

11 **SEC. 702. AMENDMENTS TO THE OUTER CONTINENTAL**
12 **SHELF LANDS ACT.**

13 (a) Section 8(a)(1)(D) of the Outer Continental Shelf
14 Lands Act (43 U.S.C. 1337(a)(1)(D)) is amended by
15 striking the word “area;” and inserting in lieu thereof the
16 word “area,” and the following new text: “except in the
17 Arctic areas of Alaska, where the Secretary is authorized
18 to set the net profit share at 16²/₃ percent. For purposes
19 of this section, ‘Arctic areas’ means the Beaufort Sea and
20 Chukchi Sea Planning Areas of Alaska.”.

21 (b) Section 8(a) of the Outer Continental Shelf Lands
22 Act (43 U.S.C. 1337(a)) is amended by adding a new sub-
23 paragraph (10) at the end thereof:

24 “(10) After an oil and gas lease is granted pur-
25 suant to any of the bidding systems of paragraph

1 (1) of this subsection, the Secretary shall reduce any
2 future royalty or rental obligation of the lessee on
3 any lease issued by the Secretary (and proposed by
4 the lessee for such reduction) by an amount equal
5 to (a) 10 percent of the qualified costs of explor-
6 atory wells drilled or geophysical work performed on
7 any lease issued by the Secretary, whichever is
8 greater, pursuant to this Act in Arctic areas and (b)
9 an additional 10 percent of the qualified costs of any
10 such exploratory wells which are located ten or more
11 miles from another well drilled for oil and gas. For
12 purposes of this Act—‘qualified costs’ shall mean
13 the costs allocated to the exploratory well or geo-
14 physical work in support of an exploration program
15 pursuant to 26 U.S.C. as amended; ‘exploratory
16 well’ shall mean either an exploratory well as defined
17 by the United States Securities and Exchange Com-
18 mission in 17 CFR 210.4–10(a)(10), as amended,
19 or a well three or more miles from any oil or gas
20 well or a pipeline which transports oil or gas to a
21 market or terminal; ‘geophysical work’ shall mean
22 all geophysical data gathering methods used in hy-
23 drocarbon exploration and includes seismic, gravity,
24 magnetic, and electromagnetic measurements; and,
25 all distances shall be measured in horizontal dis-

1 tance. When a measurement beginning or ending
2 point is a well, the measurement point shall be the
3 bottom hole location of that well.”.

4 **TITLE VIII—TAX MEASURES TO**
5 **ENHANCE DOMESTIC OIL AND**
6 **GAS PRODUCTION**

7 **Subtitle A—Marginal Well**
8 **Preservation**

9 **SEC. 801. SHORT TITLE; PURPOSE.**

10 (a) This subtitle may be cited as the “Marginal Well
11 Preservation Act of 2000”.

12 (b) The purpose of section 802 is to prevent the aban-
13 donment of marginal oil and gas wells responsible for half
14 of the domestic production of oil and gas in the United
15 States and of section 803 is to recognize that geological
16 and geophysical expenditures and delay rentals are ordi-
17 nary and necessary business expenses that should be de-
18 ducted in the year the expense is incurred.

19 **SEC. 802. TAX CREDIT FOR MARGINAL DOMESTIC OIL AND**
20 **NATURAL GAS WELL PRODUCTION.**

21 (a) Subpart D of part IV of subchapter A of chapter
22 1 of the Internal Revenue Code of 1986 (relating to busi-
23 ness credits) is amended by adding at the end the fol-
24 lowing new section:

1 **“SEC. 45D. CREDIT FOR PRODUCING OIL AND GAS FROM**
2 **MARGINAL WELLS.**

3 “(a) GENERAL RULE.—For purposes of section 38,
4 the marginal well production credit for any taxable year
5 is an amount equal to the product of—

6 “(1) the credit amount, and

7 “(2) the qualified crude oil production and the
8 qualified natural gas production which is attrib-
9 utable to the taxpayer.

10 “(b) CREDIT AMOUNT.—For purposes of this
11 section—

12 “(1) IN GENERAL.—The credit amount is—

13 “(A) \$3 per barrel of qualified crude oil
14 production, and

15 “(B) 50 cents per 1,000 cubic feet of
16 qualified natural gas production.

17 “(2) REDUCTION AS OIL AND GAS PRICES IN-
18 CREASE.—

19 “(A) IN GENERAL.—The \$3 and 50 cents
20 amounts under paragraph (1) shall each be re-
21 duced (but not below zero) by an amount which
22 bears the same ratio to such amount (deter-
23 mined without regard to this paragraph) as—

24 “(i) the excess (if any) of the applica-
25 ble reference price over \$14 (\$1.56 for
26 qualified natural gas production), bears to

1 “(ii) \$3 (\$0.33 for qualified natural
2 gas production).

3 The applicable reference price for a taxable
4 year is the reference price for the calendar year
5 preceding the calendar year in which the tax-
6 able year begins.

7 “(B) INFLATION ADJUSTMENT.—In the
8 case of any taxable year beginning in a calendar
9 year after 2000, each of the dollar amounts
10 contained in subparagraph (A) shall be in-
11 creased to an amount equal to such dollar
12 amount multiplied by the inflation adjustment
13 factor for such calendar year (determined under
14 section 43(b)(3)(B) by substituting ‘1999’ for
15 ‘1990’).

16 “(C) REFERENCE PRICE.—For purposes of
17 this paragraph, the term ‘reference price’
18 means, with respect to any calendar year—

19 “(i) in the case of qualified crude oil
20 production, the reference price determined
21 under section 29(d)(2)(C), and

22 “(ii) in the case of qualified natural
23 gas production, the Secretary’s estimate of
24 the annual average wellhead price per

1 1,000 cubic feet for all domestic natural
2 gas.

3 “(c) QUALIFIED CRUDE OIL AND NATURAL GAS
4 PRODUCTION.—For purposes of this section—

5 “(1) IN GENERAL.—The terms ‘qualified crude
6 oil production’ and ‘qualified natural gas production’
7 mean domestic crude oil or natural gas which is pro-
8 duced from a marginal well.

9 “(2) LIMITATION ON AMOUNT OF PRODUCTION
10 WHICH MAY QUALIFY.—

11 “(A) IN GENERAL.—Crude oil or natural
12 gas produced during any taxable year from any
13 well shall not be treated as qualified crude oil
14 production or qualified natural gas production
15 to the extent production from the well during
16 the taxable year exceeds 1,095 barrels or barrel
17 equivalents.

18 “(B) PROPORTIONATE REDUCTIONS.—

19 “(i) SHORT TAXABLE YEARS.—In the
20 case of a short taxable year, the limitations
21 under this paragraph shall be proportion-
22 ately reduced to reflect the ratio which the
23 number of days in such taxable year bears
24 to 365.

1 “(ii) WELLS NOT IN PRODUCTION EN-
2 TIRE YEAR.—In the case of a well which is
3 not capable of production during each day
4 of a taxable year, the limitations under
5 this paragraph applicable to the well shall
6 be proportionately reduced to reflect the
7 ratio which the number of days of produc-
8 tion bears to the total number of days in
9 the taxable year.

10 “(3) DEFINITIONS.—

11 “(A) MARGINAL WELL.—The term ‘mar-
12 ginal well’ means a domestic well—

13 “(i) the production from which during
14 the taxable year is treated as marginal
15 production under section 613A(e)(6), or

16 “(ii) which, during the taxable year—

17 “(I) has average daily production
18 of not more than 25 barrel equiva-
19 lents, and

20 “(II) produces water at a rate
21 not less than 95 percent of total well
22 effluent.

23 “(B) CRUDE OIL, ETC.—The terms ‘crude
24 oil’, ‘natural gas’, ‘domestic’, and ‘barrel’ have

1 the meanings given such terms by section
2 613A(e).

3 “(C) BARREL EQUIVALENT.—The term
4 ‘barrel equivalent’ means, with respect to nat-
5 ural gas, a conversion ratio of 6,000 cubic feet
6 of natural gas to 1 barrel of crude oil.

7 “(d) OTHER RULES.—

8 “(1) PRODUCTION ATTRIBUTABLE TO THE TAX-
9 PAYER.—In the case of a marginal well in which
10 there is more than one owner of operating interests
11 in the well and the crude oil or natural gas produc-
12 tion exceeds the limitation under subsection (c)(2),
13 qualifying crude oil production or qualifying natural
14 gas production attributable to the taxpayer shall be
15 determined on the basis of the ratio which tax-
16 payer’s revenue interest in the production bears to
17 the aggregate to the revenue interests of all oper-
18 ating interest owners in the production.

19 “(2) OPERATING INTEREST REQUIRED.—Any
20 credit under this section may be claimed only on
21 production which is attributable to the holder of an
22 operating interest.

23 “(3) PRODUCTION FROM NONCONVENTIONAL
24 SOURCES EXCLUDED.—In the case of production
25 from a marginal well which is eligible for the credit

1 allowed under section 29 for the taxable year, no
2 credit shall be allowable under this section unless
3 the taxpayer elects not to claim credit under section
4 29 with respect to the well.”.

5 (b) CREDIT TREATED AS BUSINESS CREDIT.—Sec-
6 tion 38(b) of such Code is amended by striking “plus”
7 at the end of paragraph (11), by striking the period at
8 the end of paragraph (12) and inserting “, plus”, and by
9 adding at the end of the following new paragraph:

10 “(13) the marginal oil and gas well production
11 credit determined under section 45D(a).”.

12 (c) CREDIT ALLOWED AGAINST REGULAR AND MIN-
13 IMUM TAX.—

14 (1) IN GENERAL.—Subsection (c) of section 38
15 of such Code (relating to limitation based on amount
16 of tax) is amended by redesignating paragraph (3)
17 as paragraph (4) and by inserting after paragraph
18 (2) the following new paragraph:

19 “(3) SPECIAL RULES FOR MARGINAL OIL AND
20 GAS WELL PRODUCTION CREDIT.—

21 “(A) IN GENERAL.—In the case of the
22 marginal oil and gas well production credit—

23 “(i) this section and section 39 shall
24 be applied separately with respect to the
25 credit, and

1 “(ii) in applying paragraph (1) to the
2 credit—

3 “(I) subparagraphs (A) and (B)
4 thereof shall not apply, and

5 “(II) the limitation under para-
6 graph (1) (as modified by subclause
7 (I)) shall be reduced by the credit al-
8 lowed under subsection (a) for the
9 taxable year (other than the marginal
10 oil and gas well production credit).

11 “(B) MARGINAL OIL AND GAS WELL PRO-
12 Duction CREDIT.—For purposes of this sub-
13 section, the term ‘marginal oil and gas well pro-
14 duction credit’ means the credit allowable under
15 subsection (a) by reason of section 45D(a).”.

16 (2) CONFORMING AMENDMENT.—Subclause (II)
17 of section 38(c)(2)(A)(ii) of such Code is amended
18 by inserting “or the marginal oil and gas well pro-
19 duction credit” after “employment credit”.

20 (d) CARRYBACK.—Subsection (a) of section 39 of
21 such Code (relating to carryback and carryforward of un-
22 used credits generally) is amended by adding at the end
23 the following new paragraph:

1 (g) EFFECTIVE DATE.—The amendments made by
2 this section shall apply to production in taxable years be-
3 ginning after December 31, 1999.

4 **SEC. 803. ELECTION TO EXPENSE GEOLOGICAL AND GEO-**
5 **PHYSICAL EXPENDITURES AND DELAY RENT-**
6 **AL PAYMENTS.**

7 (a) Section 263 of the Internal Revenue Code of 1986
8 (relating to capital expenditures) is amended by adding
9 at the end the following new subsection:

10 “(j) GEOLOGICAL AND GEOPHYSICAL EXPENDI-
11 TURES FOR OIL AND WELLS.—Notwithstanding sub-
12 section (a), a taxpayer may elect to treat geological and
13 geophysical expenses incurred in connection with the ex-
14 ploration for, or development of, oil or gas as expenses
15 which are not chargeable to capital account. Any expenses
16 so treated shall be allowed as a deduction in the taxable
17 year in which paid or incurred.”.

18 (b) Section 263A(c)(3) of such Code is amended by
19 inserting “263(j),” after “263(i),”.

20 (c)(1) The amendments made by subsections (a) and
21 (b) shall apply to expenses paid or incurred after the date
22 of the enactment of this Act.

23 (2) In the case of any expenses described in section
24 263(j) of the Internal Revenue Code of 1986, as added
25 by subsections (a) and (b), which were paid or incurred

1 on or before the date of the enactment of this Act, the
2 taxpayer may elect, at such time and in such manner as
3 the Secretary of the Treasury may prescribe, to amortize
4 the suspended portion of such expenses over the 36-month
5 period beginning with the month in which the date of the
6 enactment of this Act occurs. For purposes of this para-
7 graph, the suspended portion of any expense is that por-
8 tion of such expense which, as of the first day of the 36-
9 month period, has not been included in the cost of a prop-
10 erty or otherwise deducted.

11 (d) Section 263 of such Code (relating to capital ex-
12 penditures), as amended by subsection (b), is amended by
13 adding at the end the following new subsection:

14 “(k) DELAY RENTAL PAYMENTS FOR DOMESTIC OIL
15 AND GAS WELLS.—

16 “(1) IN GENERAL.—Notwithstanding subsection
17 (a), a taxpayer may elect to treat delay rental pay-
18 ments incurred in connection with the development
19 of oil or gas within the United States (as defined in
20 section 638) as payments which are not chargeable
21 to capital account. Any payments so treated shall be
22 allowed as a deduction in the taxable year in which
23 paid or incurred.

24 “(2) DELAY RENTAL PAYMENTS.—For purposes
25 of paragraph (1), the term ‘delay rental payment’

1 means an amount paid for the privilege of deferring
2 the drilling of an oil or gas well under an oil or gas
3 lease.”.

4 **Subtitle B—Independent Oil and** 5 **Gas Producers**

6 **SEC. 811. 5-YEAR NET OPERATING LOSS CARRYBACK FOR** 7 **LOSSES ATTRIBUTABLE TO OPERATING MIN-** 8 **ERAL INTERESTS OF INDEPENDENT OIL AND** 9 **GAS PRODUCERS.**

10 (a) Paragraph (1) of section 172(b) of the Internal
11 Revenue Code of 1986 (relating to years to which loss may
12 be carried) is amended by adding at the end the following
13 new subparagraph:

14 “(H) LOSSES ON OPERATING MINERAL IN-
15 TERESTS OF INDEPENDENT OIL AND GAS PRO-
16 DUCERS.—In the case of a taxpayer—

17 “(i) which has an eligible oil and gas
18 loss (as defined in subsection (j)) for a tax-
19 able year, and

20 “(ii) which is not an integrated oil
21 company (as defined in section 291(b)(4)),
22 such eligible oil and gas loss shall be a net
23 operating loss carryback to each of the 5
24 taxable years preceding the taxable year of
25 such loss.”.

1 (b) ELIGIBLE OIL AND GAS LOSS.—Section 172 of
2 such Code is amended by redesignating subsection (j) as
3 subsection (k) and by inserting after subsection (i) the fol-
4 lowing new subsection:

5 “(j) ELIGIBLE OIL AND GAS LOSS.—For purposes of
6 this section—

7 “(1) IN GENERAL.—The term ‘eligible oil and
8 gas loss’ means the lesser of—

9 “(A) the amount which would be the net
10 operating loss for the taxable year if only in-
11 come and deductions attributable to operating
12 mineral interests (as defined in section 614(d))
13 in oil and gas wells are taken into account, or

14 “(B) the amount of the net operating loss
15 for such taxable year.

16 “(2) COORDINATION WITH SUBSECTION
17 (b)(2).—For purposes of applying subsection (b)(2),
18 an eligible oil and gas loss for any taxable year shall
19 be treated in a manner similar to the manner in
20 which a specified liability loss is treated.

21 “(3) ELECTION.—Any taxpayer entitled to a 5-
22 year carryback under subsection (b)(1)(H) from any
23 loss year may elect to have the carryback period
24 with respect to such loss year determined without re-
25 gard to subsection (b)(1)(H).”.

1 (c) EFFECTIVE DATE.—The amendments made by
2 this section shall apply to net operating losses for taxable
3 years beginning after December 31, 1998.

4 **SEC. 812. TEMPORARY SUSPENSION OF LIMITATION BASED**
5 **ON 65 PERCENT OF TAXABLE INCOME.**

6 (a) IN GENERAL.—Subsection (d) of section 613A of
7 the Internal Revenue Code of 1986 (relating to limitation
8 on percentage depletion in case of oil and gas wells) is
9 amended by adding at the end the following new para-
10 graph:

11 “(6) TEMPORARY SUSPENSION OF TAXABLE IN-
12 COME LIMIT.—Paragraph (1) shall not apply to tax-
13 able years beginning after December 31, 1998, and
14 before January 1, 2005, including with respect to
15 amounts carried under the second sentence of para-
16 graph (1) to such taxable years.”.

17 (b) EFFECTIVE DATE.—The amendment made by
18 this section shall apply to taxable years beginning after
19 December 31, 1998.

1 **TITLE IX—TAX MEASURES TO**
2 **ENHANCE THE USE OF RE-**
3 **NEWABLE ENERGY SOURCES,**
4 **IMPROVE ENERGY EFFI-**
5 **CIENCIES, PROTECT CON-**
6 **SUMERS AND CONVERSION**
7 **TO CLEAN BURNING FUELS**

8 **SEC. 901. CREDIT FOR ELECTRICITY PRODUCED FROM RE-**
9 **NEWABLE RESOURCES.**

10 (a) EXTENSION AND MODIFICATION OF PLACED-IN-
11 SERVICE RULES.—Paragraph (3) of section 45(c) of the
12 Internal Revenue Code of 1986 is amended to read as fol-
13 lows:

14 “(3) QUALIFIED FACILITY.—

15 “(A) WIND FACILITIES.—In the case of a
16 facility using wind to produce electricity, the
17 term ‘qualified facility’ means any facility
18 owned by the taxpayer which is originally
19 placed in service after December 31, 1993, and
20 before July 1, 2004.

21 “(B) BIOMASS FACILITIES.—In the case of
22 a facility using biomass to produce electricity,
23 the term ‘qualified facility’ means, with respect
24 to any month, any facility owned, leased, or op-
25 erated by the taxpayer which is originally

1 placed in service before July 1, 2004, if, for
2 such month—

3 “(i) biomass comprises not less than
4 75 percent (on a Btu basis) of the average
5 monthly fuel input of the facility for the
6 taxable year which includes such month, or

7 “(ii) in the case of a facility prin-
8 cipally using coal to produce electricity,
9 biomass comprises not more than 25 per-
10 cent (on a Btu basis) of the average
11 monthly fuel input of the facility for the
12 taxable year which includes such month.

13 “(C) SPECIAL RULES.—

14 “(i) in the case of a qualified facility
15 described in paragraph (B)(i)—

16 “(I) the 10-year period referred
17 to in subsection (a) shall be treated as
18 beginning no earlier than the date of
19 the enactment of this paragraph, and

20 “(II) subsection (b)(3) shall not
21 apply to any such facility originally
22 placed in service before January 1,
23 1997.

24 “(ii) in the case of a qualified facility
25 described in subparagraph (B)(ii)—

1 “(I) the 10-year period referred
2 to in subsection (a) shall be treated as
3 beginning no earlier than the date of
4 the enactment of this paragraph, and

5 “(II) the amount of the credit
6 determined under subsection (a) with
7 respect to any project for any taxable
8 year shall be adjusted by multiplying
9 such amount (determined without re-
10 gard to this clause) by 0.59.”.

11 (b) CREDIT NOT TO APPLY TO ELECTRICITY SOLD
12 TO UTILITIES UNDER CERTAIN CONTRACTS.—Section
13 45(b) of such Code (relating to limitations and adjust-
14 ments) is amended by adding at the end the following:

15 “(4) CREDIT NOT TO APPLY TO ELECTRICITY
16 SOLD TO UTILITIES UNDER CERTAIN CONTRACTS.—

17 “(A) IN GENERAL.—The credit determined
18 under subsection (a) shall not apply to
19 electricity—

20 “(i) produced at a qualified facility
21 placed in service by the taxpayer after
22 June 30, 1999, and

23 “(ii) sold to a utility pursuant to a
24 contract originally entered into before Jan-

1 uary 1, 1987 (whether or not amended or
2 restated after that date).

3 “(B) EXCEPTION.—Subparagraph (A)
4 shall not apply if—

5 “(i) the prices for energy and capacity
6 from such facility are established pursuant
7 to an amendment to the contract referred
8 to in subparagraph (A)(ii);

9 “(ii) such amendment provides that
10 the prices set forth in the contract which
11 exceed avoided cost prices determined at
12 the time of delivery shall apply only to an-
13 nual quantities of electricity (prorated for
14 partial years) which do not exceed the
15 greater of—

16 “(I) the average annual quantity
17 of electricity sold to the utility under
18 the contract during calendar years
19 1994, 1995, 1996, 1997, and 1998,
20 or

21 “(II) the estimate of the annual
22 electricity production set forth in the
23 contract, or, if there is no such esti-
24 mate, the greatest annual quantity of
25 electricity sold to the utility under the

1 contract in any of the calendar years
2 1996, 1997, or 1998; and

3 “(iii) such amendment provides that
4 energy and capacity in excess of the limita-
5 tion in clause (ii) may be—

6 “(I) sold to the utility only at
7 prices that do not exceed avoided cost
8 prices determined at the time of deliv-
9 ery, or

10 “(II) sold to a third party subject
11 to a mutually agreed upon advance
12 notice to the utility.

13 For purposes of this subparagraph, avoid-
14 ed cost prices shall be determined as pro-
15 vided for in 18 CFR 292.304(d)(1) or any
16 successor regulation.”.

17 (c) QUALIFIED FACILITIES INCLUDE ALL BIOMASS
18 FACILITIES.—

19 (1) IN GENERAL.—Subparagraph (B) of section
20 45(c)(1) of such Code (defining qualified energy re-
21 sources) is amended to read as follows:

22 “(B) biomass.”.

23 (2) BIOMASS DEFINED.—Paragraph (2) of sec-
24 tion 45(c) of such Code (relating to definitions) is
25 amended to read as follows:

1 “(2) BIOMASS.—The term ‘biomass’ means—

2 “(A) any organic material from a plant
3 which is planted exclusively for purposes of
4 being used at a qualified facility to produce
5 electricity, or

6 “(B) any solid, nonhazardous, cellulosic
7 waste material which is segregated from other
8 waste materials and which is derived from—

9 “(i) any of the following forest-related
10 resources: mill residues, precommercial
11 thinnings, slash, and brush, but not includ-
12 ing old-growth timber,

13 “(ii) poultry waste,

14 “(iii) urban sources, including waste
15 pallets, crates, and dunnage, manufac-
16 turing and construction wood wastes, and
17 landscape or right-of-way trimmings, but
18 not including unsegregated municipal solid
19 waste (garbage) or paper that is commonly
20 recycled, or

21 “(iv) agriculture sources, including or-
22 chard tree crops, vineyard, grain, legumes,
23 sugar, and other crop by-products or resi-
24 dues.”.

1 (d) EFFECTIVE DATE.—The amendments made by
2 this section shall apply to electricity produced after the
3 date of the enactment of this Act.

4 **SEC. 902. CERTAIN AMOUNTS RECEIVED BY ELECTRIC EN-**
5 **ERGY, GAS, OR STEAM UTILITIES EXCLUDED**
6 **FROM GROSS INCOME AS CONTRIBUTIONS TO**
7 **CAPITAL.**

8 (a) Subsection (c) of section 118 of the Internal Rev-
9 enue Code of 1986 (relating to special rules for water and
10 sewerage disposal utilities) is amended—

11 (1) in the heading, by striking, “WATER AND
12 SEWERAGE DISPOSAL” and inserting “CER-
13 TAIN”,

14 (2) in paragraph (1)—

15 (A) in the matter preceding paragraph (1),
16 by striking “water or” and inserting “electric
17 energy, gas (through a local distribution system
18 or transportation by pipeline), steam, water,
19 or” and

20 (B) in subparagraph (B), by striking
21 “water or” and inserting “electric energy, gas,
22 steam, water, or”,

23 (3) in paragraph (2)(A)(ii), by striking “water
24 or” and inserting “electric energy, gas, steam,
25 water, or”, and

1 (4) in paragraph (3)—

2 (A) in subparagraph (A), by inserting
3 “such term shall include amounts paid as cus-
4 tomer connection fees (including amounts paid
5 to connect the customer’s line to an electric
6 line, a gas main, a steam line, or a main water
7 or sewer line) and” after “except that”, and

8 (B) in subparagraph (C), by striking
9 “water or” and inserting “electric energy, gas,
10 steam, water, or”.

11 (b) The amendments made by subsection (a) shall
12 apply to amounts received after the date of the enactment
13 of this Act.

14 **SEC. 903. EXTENSION OF CREDIT FOR ELECTRICITY PRO-**
15 **DUCTION FROM STEEL COGENERATION.**

16 (a) EXTENSION OF CREDIT FOR COKE PRODUCTION
17 AND STEEL MANUFACTURING FACILITIES.—Section
18 45(c)(1) of the Internal Revenue Code of 1986 (defining
19 qualified energy resources) is amended by striking “and”
20 at the end of the next to last subparagraph, by striking
21 the period at the end of the last subparagraph and insert-
22 ing “, and”, and by adding at the end the following new
23 subparagraph:

24 “(D) steel cogeneration.”

1 (b) STEEL COGENERATION.—Section 45(c) of such
2 Code is amended by adding at the end the following:

3 “(5) STEEL COGENERATION.—The term ‘steel
4 cogeneration’ means the production of steam or
5 other form of thermal energy of at least 20 percent
6 of total production and the production of electricity
7 or mechanical energy (or both) of at least 20 percent
8 of total production (meaning production from all
9 waste sources in subparagraphs (A), (B), and (C)
10 from the entire facility that produces coke, iron ore,
11 iron, or steel), provided that the cogeneration meets
12 any regulatory energy-efficiency standards estab-
13 lished by the Secretary, and only to the extent that
14 such energy is produced from—

15 “(A) gases or heat generated during the
16 production of coke,

17 “(B) blast furnace gases or heat generated
18 during the production of iron ore or iron, or

19 “(C) waste gases or heat generated from
20 the manufacture of steel that uses at least 20
21 percent recycled material.”.

22 (c) MODIFICATION OF PLACED IN SERVICE
23 RULES FOR STEEL COGENERATION FACILITIES.—
24 Section 45(c)(3) of such Code (defining qualified fa-

1 cility) is amended by adding at the end the fol-
2 lowing:

3 (D) STEEL COGENERATION FACILITIES.—

4 In the case of a facility using steel cogeneration
5 to produce electricity, the term ‘qualified facil-
6 ity’ means any facility permitted to operate
7 under the environmental requirements of the
8 Clean Air Act Amendments of 1990 which is
9 owned by the taxpayer and originally placed in
10 service after December 31, 1999, and before
11 January 1, 2005. Such a facility may be treated
12 as originally placed in service when such facility
13 was last upgraded to increase efficiency or gen-
14 eration capability. However, no facility shall be
15 allowed a credit for more than 10 years of pro-
16 duction.”.

17 (d) CONFORMING AMENDMENTS.—

18 (1) The heading for section 45 of such Code is
19 amended by inserting “and waste energy” after “re-
20 newable”.

21 (2) The item relating to section 45 in the table
22 of sections subpart D of part IV of subchapter A of
23 chapter 1 of such Code is amended by inserting
24 “and waste energy” after “renewable”.

1 (e) EFFECTIVE DATE.—The amendments made by
2 this section shall take effect for taxable years beginning
3 after December 31, 2001, and before January 1, 2005.

4 **SEC. 904. FULL EXPENSING OF HOME HEATING OIL STOR-**
5 **AGE FACILITIES.**

6 (a) IN GENERAL.—Section 179(b) of the Internal
7 Revenue Code of 1986 (relating to limitations) is amended
8 by adding at the end of the following:

9 “(5) FULL EXPENSING OF HOME HEATING OIL
10 STORAGE FACILITIES.—Paragraphs (1) and (2) shall
11 not apply to section 179 property which is any stor-
12 age facility (not including a building or its structural
13 components) used in connection with the distribution
14 of home heating oil.”.

15 (b) EFFECTIVE DATE.—The amendment made by
16 this section shall apply to property placed in service in
17 taxable years beginning after the date of the enactment
18 of this Act.”

19 **SEC. 905. RESIDENTIAL SOLAR ENERGY TAX CREDIT.**

20 (a) IN GENERAL.—Subpart A of part IV of sub-
21 chapter A of chapter 1 of the Internal Revenue Code of
22 1986 (relating to nonrefundable personal credits) is
23 amended by inserting after section 25A the following new
24 section:

1 **“SEC. 25B. RESIDENTIAL SOLAR ENERGY PROPERTY.**

2 “(a) ALLOWANCE OF CREDIT.—In the case of an in-
3 dividual, there shall be allowed as a credit against the tax
4 imposed by this chapter for the taxable year an amount
5 equal to the sum of—

6 “(1) 15 percent of the qualified photovoltaic
7 property expenditures made by the taxpayer during
8 such year, and

9 “(2) 15 percent of the qualified solar water
10 heating property expenditures made by the taxpayer
11 during the taxable year.

12 “(b) LIMITATIONS.—

13 “(1) MAXIMUM CREDIT.—The credit allowed
14 under subsection (a)(2) shall not exceed \$2,000 for
15 each system of solar energy property.

16 “(2) TYPE OF PROPERTY.—No expenditure may
17 be taken into account under this section unless such
18 expenditure is made by the taxpayer for property in-
19 stalled on or in connection with a dwelling unit
20 which is located in the United States and which is
21 used as a residence.

22 “(3) SAFETY CERTIFICATIONS.—No credit shall
23 be allowed under this section for an item of property
24 unless—

25 “(A) in the case of solar water heating
26 equipment, such equipment is certified for per-

1 formance and safety by the non-profit Solar
2 Rating Certification Corporation or a com-
3 parable entity endorsed by the government of
4 the State in which such property is installed,
5 and

6 “(B) in the case of a photovoltaic system,
7 such system meets appropriate fire and electric
8 code requirements.

9 “(c) DEFINITIONS.—For purposes of this section—

10 “(1) QUALIFIED SOLAR WATER HEATING PROP-
11 ERTY EXPENDITURE.—The term ‘qualified solar
12 water heating property expenditure’ means an ex-
13 penditure for property that uses solar energy to heat
14 water for use in a dwelling unit with respect to
15 which a majority of the energy is derived from the
16 sun.

17 “(2) QUALIFIED PHOTOVOLTAIC PROPERTY EX-
18 PENDITURE.—The term ‘qualified photovoltaic prop-
19 erty expenditure’ means an expenditure for property
20 that uses solar energy to generate electricity for use
21 in a dwelling unit.

22 “(3) SOLAR PANELS.—No expenditure relating
23 to a solar panel or other property installed as a roof
24 (or portion thereof) shall fail to be treated as prop-
25 erty described in paragraph (1) or (2) solely because

1 it constitutes a structural component of the struc-
2 ture on which it is installed.

3 “(4) LABOR COSTS.—Expenditures for labor
4 costs properly allocable to the onsite preparation, as-
5 sembly, or original installation of the property de-
6 scribed in paragraph (1) or (2) and for piping or
7 wiring to interconnect such property to the dwelling
8 unit shall be taken into account for purposes of this
9 section.

10 “(5) SWIMMING POOLS, ETC., USED AS STOR-
11 AGE MEDIUM.—Expenditures which are properly al-
12 locable to a swimming pool, hot tub, or any other
13 energy storage medium which has a function other
14 than the function of such storage shall not be taken
15 into account for purposes of this section.

16 “(d) SPECIAL RULES.—For purposes of this
17 section—

18 “(1) DOLLAR AMOUNTS IN CASE OF JOINT OC-
19 CUPANCY.—In the case of any dwelling unit which is
20 jointly occupied and used during any calendar year
21 as a residence by 2 or more individuals the following
22 shall apply—

23 “(A) The amount of the credit allowable
24 under subsection (a) by reason of expenditures
25 (as the case may be) made during such cal-

1 endar year by any of such individuals with re-
2 spect to such dwelling unit shall be determined
3 by treating all of such individuals as 1 taxpayer
4 whose taxable year is such calendar year.

5 “(B) There shall be allowable with respect
6 to such expenditures to each of such individ-
7 uals, a credit under subsection (a) for the tax-
8 able year in which such calendar year ends in
9 an amount which bears the same ratio to the
10 amount determined under subparagraph (A) as
11 the amount of such expenditures made by such
12 individual during such calendar year bears to
13 the aggregate of such expenditures made by all
14 of such individuals during such calendar year.

15 “(2) TENANT-STOCKHOLDER IN COOPERATIVE
16 HOUSING CORPORATION.—In the case of an indi-
17 vidual who is a tenant-stockholder (as defined in sec-
18 tion 216) in a cooperative housing corporation (as
19 defined in such section), such individual shall be
20 treated as having made his tenant-stockholder’s pro-
21 portionate share (as defined in section 216(b)(3)) of
22 any expenditures of such corporation.

23 “(3) CONDOMINIUMS.—

24 “(A) IN GENERAL.—In the case of an indi-
25 vidual who is a member of a condominium man-

1 agement association with respect to a condo-
2 minium which he owns, such individual shall be
3 treated as having made his proportionate share
4 of any expenditures of such association.

5 “(B) CONDOMINIUM MANAGEMENT ASSO-
6 CIATION.—For purposes of this paragraph, the
7 term ‘condominium management association’
8 means an organization which meets the require-
9 ments of paragraph (1) of section 528(c) (other
10 than subparagraph (E) thereof) with respect to
11 a condominium project substantially all of the
12 units of which are used as residences.

13 “(4) JOINT OWNERSHIP OF ITEMS OF SOLAR
14 ENERGY PROPERTY.—

15 “(A) IN GENERAL.—Any expenditure oth-
16 erwise qualifying as an expenditure described in
17 paragraph (1) or (2) of subsection (c) shall not
18 be treated as failing to so qualify merely be-
19 cause such expenditure was made with respect
20 to 2 or more dwelling units.

21 “(B) LIMITS APPLIED SEPARATELY.—In
22 the case of any expenditure described in sub-
23 paragraph (A), the amount of the credit allow-
24 able under subsection (a) shall (subject to para-
25 graph (1)) be computed separately with respect

1 to the amount of the expenditure made for each
2 dwelling unit.

3 “(5) ALLOCATION IN CERTAIN CASES.—If less
4 than 80 percent of the use of an item is for nonbusi-
5 ness residential purposes, only that portion of the
6 expenditures for such item which is properly allo-
7 cable to use for nonbusiness residential purposes
8 shall be taken into account. For purposes of this
9 paragraph, use for a swimming pool shall be treated
10 as use which is not for residential purposes.

11 “(6) WHEN EXPENDITURE MADE; AMOUNT OF
12 EXPENDITURE.—

13 “(A) IN GENERAL.—Except as provided in
14 subparagraph (B), an expenditure with respect
15 to an item shall be treated as made when the
16 original installation of the item is completed.

17 “(B) EXPENDITURES PART OF BUILDING
18 CONSTRUCTION.—In the case of an expenditure
19 in connection with the construction or recon-
20 struction of a structure, such expenditure shall
21 be treated as made when the original use of the
22 constructed or reconstructed structure by the
23 taxpayer begins.

24 “(C) AMOUNT.—The amount of an ex-
25 penditure shall be the cost thereof.

1 “(e) BASIS ADJUSTMENTS.—For purposes of this
2 subtitle, if a credit is allowed under this section for any
3 expenditure with respect to any property, the increase in
4 the basis of such property which would (but for this sub-
5 section) result from such expenditure shall be reduced by
6 the amount of the credit so allowed.”.

7 (b) CONFORMING AMENDMENTS.—

8 (1) Subsection (a) of section 1016 of such Code
9 is amended by striking ‘and’ at the end of paragraph
10 (26), by striking the period at the end of paragraph
11 (27) and inserting “; and”, and by adding at the
12 end the following new paragraph:

13 “(28) to the extent provided in section 25B(e),
14 in the case of amounts with respect to which a credit
15 has been allowed under section 25B.”.

16 (2) The table of sections for subpart A of part
17 IV of subchapter A of chapter 1 of such Code is
18 amended by inserting after the item relating to sec-
19 tion 25A the following new item:

 “Sec. 25B. Residential solar energy property.”

20 (c) EFFECTIVE DATE.—The amendments made by
21 this section shall apply to taxable years ending after De-
22 cember 31, 1999 and before December 31, 2004.

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