

Calendar No. 287

106TH CONGRESS
1ST SESSION

S. 1051

[Report No. 106-163]

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

IN THE SENATE OF THE UNITED STATES

MAY 13, 1999

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

SEPTEMBER 27, 1999

Reported by Mr. MURKOWSKI, with an amendment

[Strike out all after the enacting clause and insert the part printed in italic]

A BILL

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

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

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

3 (a) in paragraph (1) by striking “standby” and
4 “; subject to congressional review, to impose ration-
5 ing; to reduce demand for energy through the imple-
6 mentation of energy conservation plans; and”; and

7 (b) by striking paragraphs (3) and (6).

8 SEC. 3. Section 3 of the Energy Policy and Conserva-
9 tion Act (42 U.S.C. 6202) is amended in paragraph (8)
10 by inserting “or international” before “energy supply
11 shortage”.

12 SEC. 4. Title I of the Energy Policy and Conservation
13 Act (42 U.S.C. 6211–6251) is amended—

14 (a) by striking section 102 (42 U.S.C. 6211)
15 and its heading;

16 (b) by striking section 104(b)(1);

17 (c) in section 105 (42 U.S.C. 6213)—

18 (1) by amending subsection (e) to read as
19 follows:

20 “(e) On or after December 31, 2000, the Secretary
21 shall establish a program for setting the terms of joint
22 bidding by any person for the right to explore for and de-
23 velop crude oil, natural gas, natural gas liquids, sulphur,
24 and other minerals located on Outer Continental Shelf
25 lands. The program shall consider the goals of ensuring

1 a fair return, encouraging timely and efficient resource de-
2 velopment, and other goals as the Secretary deems appro-
3 priate. Conditions under which joint bidding will be per-
4 mitted or restricted will be established through regula-
5 tion.”;

6 (2) by adding subsection (f) to read as fol-
7 lows:

8 “(f) Subsections (a) through (d) of this section shall
9 expire on the effective date of the program established by
10 the Secretary pursuant to subsection (e).”;

11 (d) by striking section 106 (42 U.S.C. 6214)
12 and its heading;

13 (e) by amending section 151(b) (42 U.S.C.
14 6231) to read as follows:

15 “(b) It is the policy of the United States to provide
16 for the creation of a Strategic Petroleum Reserve for the
17 storage of up to 1 billion barrels of petroleum products
18 to reduce the impact of disruptions in supplies of petro-
19 leum products; to carry out obligations of the United
20 States under the international energy program; and for
21 other purposes as provided for in this Act.”;

22 (f) in section 152 (42 U.S.C. 6232)—

23 (1) by striking paragraphs (1), (3) and
24 (7); and

1 (2) in paragraph (11) by striking “; such
2 term includes the Industrial Petroleum Reserve,
3 the Early Storage Reserve, and the Regional
4 Petroleum Reserve”.

5 (e) by striking section 153 (42 U.S.C. 6233)
6 and its heading;

7 (h) in section 154 (42 U.S.C. 6234)—

8 (1) by amending subsection (a) to read as
9 follows:

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

13 (2) by amending subsection (b) to read as
14 follows:

15 “(b) The Secretary, in accordance with this part,
16 shall exercise authority over the development, operation,
17 and maintenance of the Reserve.”; and

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

20 (i) by striking section 155 (42 U.S.C. 6235)
21 and its heading;

22 (j) by striking section 156 (42 U.S.C. 6236)
23 and its heading;

24 (k) by striking section 157 (42 U.S.C. 6237)
25 and its heading;

1 (1) by striking section 158 (42 U.S.C. 6238)
2 and its heading;

3 (m) by amending the heading for section 159
4 (42 U.S.C. 6239) to read, “Development, Operation,
5 and Maintenance of the Reserve”;

6 (n) in section 159 (42 U.S.C. 6239)—

7 (1) by striking subsections (a), (b), (c),
8 (d), and (e);

9 (2) by amending subsection (f) to read as
10 follows:

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

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

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

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

19 “(4) use, lease, maintain, sell or otherwise dis-
20 pose of land or interests in land, or of storage and
21 related facilities acquired under this part, under
22 such terms and conditions as the Secretary considers
23 necessary or appropriate;

24 “(5) acquire, subject to the provisions of section
25 160, by purchase, exchange, or otherwise, petroleum

1 products for storage in the Strategic Petroleum Re-
 2 serve;

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

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

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

17 (3) in subsection (g)—

18 (A) by striking “implementation” and
 19 inserting “development”; and

20 (B) by striking “Plan”;

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

22 (5) by amending subsection (j) to read as
 23 follows:

24 “(j) If the Secretary determines expansion beyond
 25 680,000,000 barrels of petroleum product inventory is ap-

1 appropriate, the Secretary shall submit a plan for expansion
2 to the Congress.”; and

3 (6) by amending subsection (4) to read as
4 follows:

5 “(1) During a drawdown and sale of Strategic Petro-
6 leum Reserve petroleum products, the Secretary may issue
7 implementing rules, regulations, or orders in accordance
8 with section 553 of title 5, United States Code, without
9 regard to rulemaking requirements in section 523 of this
10 Act, and section 501 of the Department of Energy Organi-
11 zation Act (42 U.S.C. 7191).”;

12 (o) in section 160 (42 U.S.C. 6240)—

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

15 “(a) The Secretary may acquire, place in storage,
16 transport, or exchange”;

17 (2) in subsection (a)(1) by striking all after
18 “Federal lands”;

19 (3) in subsection (b), by striking “, includ-
20 ing the Early Storage Reserve and the Regional
21 Petroleum Reserve” and by striking paragraph
22 (2); and

23 (4) by striking subsections (e), (d), (e),
24 and (g);

25 (p) in section 161 (42 U.S.C. 6241)—

1 (1) by striking “Distribution of the Re-
2 serve” in the title of this section and inserting
3 “Sale of Petroleum Products”;

4 (2) in subsection (a), by striking “draw-
5 down and distribute” and inserting “draw down
6 and sell petroleum products in”;

7 (3) by striking subsections (b), (c), and (f);

8 (4) by amending subsection (d)(1) to read
9 as follows:

10 “(d)(1) Drawdown and sale of petroleum products
11 from the Strategic Petroleum Reserve may not be made
12 unless the President has found drawdown and sale are re-
13 quired by a severe energy supply interruption or by obliga-
14 tions of the United States under the international energy
15 program.”;

16 (5) by amending subsection (e) to read as
17 follows:

18 “(e)(1) The Secretary shall sell petroleum products
19 withdrawn from the Strategic Petroleum Reserve at public
20 sale to the highest qualified bidder in the amounts, for
21 the period, and after a notice of sale considered appro-
22 priate by the Secretary, and without regard to Federal,
23 State, or local regulations controlling sales of petroleum
24 products.

1 “(2) The Secretary may cancel in whole or in part
2 any offer to sell petroleum products as part of any draw-
3 down and sale under this Section.”; and

4 (6) in subsection (g)—

5 (A) by amending paragraph (1) to
6 read as follows:

7 “(g)(1) The Secretary shall conduct a continuing
8 evaluation of the drawdown and sales procedures. In the
9 conduct of an evaluation, the Secretary is authorized to
10 carry out a test drawdown and sale or exchange of petro-
11 leum products from the Reserve. Such a test drawdown
12 and sale or exchange may not exceed 5,000,000 barrels
13 of petroleum products.”;

14 (B) by striking paragraphs (2) and
15 (6A), striking the subparagraph designator
16 “(B)” in paragraph (6), and by deleting
17 the last sentence of paragraph (6);

18 (C) in paragraph (4), by striking
19 “90” and inserting “95”;

20 (D) in paragraph (5), by striking
21 “drawdown and distribution” and inserting
22 “test”; and

23 (E) in paragraph (8), by striking
24 “drawdown and distribution” and inserting
25 “test”;

1 (7) in subsection (h)—

2 (A) in paragraph (1) by striking “dis-
3 tribute” and inserting “sell petroleum
4 products from”;

5 (B) in paragraph (2) by striking “In
6 no case may the Reserve” and inserting
7 “Petroleum products from the Reserve
8 may not”; and

9 (C) in paragraph (3) by striking “dis-
10 tribution” each time it appears and insert-
11 ing “sale”;

12 (q) by striking section 164 (42 U.S.C. 6244)
13 and its heading;

14 (r) by amending section 165 (42 U.S.C. 6245)
15 and its heading to read as follows—

16 “ANNUAL REPORT

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

20 “(1) the status of the physical capacity of the
21 Reserve and the type and quantity of petroleum
22 products in the Reserve;

23 “(2) an estimate of the schedule and cost to
24 complete planned equipment upgrade or capital in-
25 vestment in the Reserve, including upgrades and in-

1 vestments carried out as part of operational maintenance or extension of life activities;

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3 “(3) an identification of any life-limiting conditions or operational problems at any Reserve facility, and proposed remedial actions including an estimate of the schedule and cost of implementing those remedial actions;

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8 “(4) a description of current withdrawal and distribution rates and capabilities, and an identification of any operational or other limitations on those rates and capabilities;

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12 “(5) a listing of petroleum product acquisitions made in the preceding year and planned in the following year, including quantity, price, and type of petroleum;

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

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18 “(7) a summary of the financial status and financial transactions of the Strategic Petroleum Reserve and Strategic Petroleum Reserve Petroleum Accounts for the year.

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

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

4 “(10) a summary of foreign oil storage agree-
5 ments and their implementation status;

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

10 (s) in section 166 (42 U.S.C. 6246) by striking
11 “for fiscal year 1997.”;

12 (t) in section 167 (42 U.S.C. 6247)—

13 (1) in subsection (b)—

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

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

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

22 (2) by striking subsection (c);

23 (u) in section 171 (42 U.S.C. 6249)—

24 (1) by amending subsection (b)(2)(B) to
25 read as follows:

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

9 (2) in subsection (b)(3), by striking “dis-
10 tribution of” and inserting “sale of petroleum
11 products from”;

12 (v) in section 172 (42 U.S.C. 6249a), by strik-
13 ing subsections (a) and (b);

14 (w) by striking section 173 (42 U.S.C. 6249b)
15 and its heading; and

16 (x) in section 181 (42 U.S.C. 6251), by striking
17 “September 30, 1999” each time it appears and in-
18 serting “September 30, 2003.”.

19 SEC. 5. Title II of the Energy Policy and Conserva-
20 tion Act (42 U.S.C. 6211–6251) is amended—

21 (a) by striking Part A (42 U.S.C. 6261 through
22 6264) and its heading;

23 (b) by adding at the end of section 256(h),
24 “‘There are authorized to be appropriated for fiscal

1 years ~~1999 through 2003~~, such sums as may be nec-
 2 essary.”

3 (c) by striking Part C (42 U.S.C. 6281 through
 4 6282) and its heading; and

5 (d) in section 281 (42 U.S.C. 6285), by striking
 6 “September 30, 1999” each time it appears and in-
 7 serting “September 30, 2003”.

8 SEC. 6. The Table of Contents for the Energy Policy
 9 and Conservation Act is amended—

10 (a) by striking the items relating to sections
 11 102, 106, 153, 155, 156, 157, 158, and 164;

12 (b) by amending the item relating to section
 13 159 to read as follows:

“Development, Operation, and Maintenance of the Reserve.”;

14 (c) by amending the item relating to section
 15 161 to read as follows:

“Drawdown and Sale of Petroleum Products”

16 (d) by amending the item relating to section
 17 165 to read as follows:

“Annual Report”

18 SECTION 1. Title I of the Energy Policy and Conserva-
 19 tion Act (42 U.S.C. 6211–6251) is amended—

20 (a) In section 166 (42 U.S.C. 6246), by inserting
 21 “through 2003” after “1999”.

22 (b) In section 181 (42 U.S.C. 6251), by striking
 23 “1999” each place it appears and inserting “2003”.

1 *SEC. 2. Title II of the Energy Policy and Conservation*

2 *Act (42 U.S.C. 6261–6285) is amended—*

3 *(a) In section 256(h) (42 U.S.C. 6276(h)), by in-*

4 *serting “through 2003” after “1997”.*

5 *(b) In section 281 (42 U.S.C. 6285), by striking*

6 *“1999” each place it appears and inserting “2003”.*

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A BILL

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

SEPTEMBER 27, 1999

Reported with an amendment