

## Union Calendar No. 95

107<sup>TH</sup> CONGRESS  
1<sup>ST</sup> SESSION

# H. R. 2436

**[Report No. 107–160, Part I]**

To provide secure energy supplies for the people of the United States, and  
for other purposes.

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### IN THE HOUSE OF REPRESENTATIVES

JULY 10, 2001

Mr. HANSEN (for himself, Mr. YOUNG of Alaska, Mr. TAUZIN, Mrs. CUBIN, Mr. THORNBERRY, Mr. OTTER, and Mr. CALVERT) introduced the following bill; which was referred to the Committee on Resources, and in addition to the Committee on Energy and Commerce, 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

JULY 25, 2001

Additional sponsors: Mr. PETERSON of Pennsylvania and Mr. SOUDER

JULY 25, 2001

Reported from the Committee on Resources with an amendment

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

JULY 25, 2001

Referral to the Committee on Energy and Commerce extended for a period  
ending not later than July 25, 2001

JULY 25, 2001

The Committee on Energy and Commerce discharged; committed to the Committee of the Whole House on the State of the Union and ordered to be printed

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# A BILL

To provide secure energy supplies for the people of the United States, 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. SHORT TITLE.**

4 *This Act may be cited as the “Energy Security Act”.*

5 **SEC. 2. TABLE OF CONTENTS.**

6 *The table of contents for this Act is as follows:*

*Sec. 1. Short title.*

*Sec. 2. Table of contents.*

**TITLE I—GENERAL PROTECTIONS FOR ENERGY SUPPLY AND SECURITY**

*Sec. 101. Study of existing rights-of-way on Federal lands to determine capability to support new pipelines or other transmission facilities.*

*Sec. 102. Inventory of energy production potential of all Federal public lands.*

*Sec. 103. Review of regulations to eliminate barriers to emerging energy technology.*

*Sec. 104. Interagency agreement on environmental review of interstate natural gas pipeline projects.*

*Sec. 105. Enhancing energy efficiency in management of Federal lands.*

**TITLE II—OIL AND GAS DEVELOPMENT**

*Subtitle A—Offshore Oil and Gas*

*Sec. 201. Short title.*

*Sec. 202. Lease sales in Western and Central Planning Area of the Gulf of Mexico.*

*Sec. 203. Savings clause.*

*Sec. 204. Analysis of Gulf of Mexico field size distribution, international competitiveness, and incentives for development.*

*Subtitle B—Improvements to Federal Oil and Gas Management*

*Sec. 221. Short title.*

*Sec. 222. Study of impediments to efficient lease operations.*

*Sec. 223. Elimination of unwarranted denials and stays.*

- Sec. 224. Limitations on cost recovery for applications.*  
*Sec. 225. Consultation with Secretary of Agriculture.*

*Subtitle C—Miscellaneous*

- Sec. 231. Offshore subsalt development.*  
*Sec. 232. Program on oil and gas royalties in kind.*  
*Sec. 233. Cooperative oil and gas research and information centers.*  
*Sec. 234. Marginal well production incentives.*  
*Sec. 235. Reimbursement for costs of NEPA analyses, documentation, and studies.*

*TITLE III—GEOTHERMAL ENERGY DEVELOPMENT*

- Sec. 301. Royalty reduction and relief.*  
*Sec. 302. Exemption from royalties for direct use of low temperature geothermal energy resources.*  
*Sec. 303. Amendments relating to leasing on Forest Service lands.*  
*Sec. 304. Deadline for determination on pending noncompetitive lease applications.*  
*Sec. 305. Opening of public lands under military jurisdiction.*  
*Sec. 306. Application of amendments.*  
*Sec. 307. Review and report to Congress.*  
*Sec. 308. Reimbursement for costs of NEPA analyses, documentation, and studies.*

*TITLE IV—HYDROPOWER*

- Sec. 401. Study and report on increasing electric power production capability of existing facilities.*  
*Sec. 402. Installation of powerformer at Folsom power plant, California.*  
*Sec. 403. Conservation through pump modernization.*  
*Sec. 404. Study and implementation of increased operational efficiencies in hydroelectric power projects.*  
*Sec. 405. Shift of project loads to off-peak periods.*

*TITLE V—ARCTIC COASTAL PLAIN DOMESTIC ENERGY*

- Sec. 501. Short title.*  
*Sec. 502. Definitions.*  
*Sec. 503. Leasing program for lands within the Coastal Plain.*  
*Sec. 504. Lease sales.*  
*Sec. 505. Grant of leases by the Secretary.*  
*Sec. 506. Lease terms and conditions.*  
*Sec. 507. Coastal Plain environmental protection.*  
*Sec. 508. Expedited judicial review.*  
*Sec. 509. Rights-of-way across the Coastal Plain.*  
*Sec. 510. Conveyance.*  
*Sec. 511. Local government impact aid and community service assistance.*

*TITLE VI—HISTORIC PRESERVATION*

- Sec. 601. Prohibition.*  
*Sec. 602. Removal from eligibility.*

*TITLE VII—CONSERVATION OF ENERGY BY THE DEPARTMENT OF THE INTERIOR*

- Sec. 701. Energy conservation by the Department of the Interior.*

1 **TITLE I—GENERAL PROTEC-**  
 2 **TIONS FOR ENERGY SUPPLY**  
 3 **AND SECURITY**

4 **SEC. 101. STUDY OF EXISTING RIGHTS-OF-WAY ON FEDERAL**  
 5 **LANDS TO DETERMINE CAPABILITY TO SUP-**  
 6 **PORT NEW PIPELINES OR OTHER TRANS-**  
 7 **MISSION FACILITIES.**

8 (a) *IN GENERAL.*—*Within one year after the date of*  
 9 *enactment of this Act, the head of each Federal agency that*  
 10 *has authorized a right-of-way across Federal lands for*  
 11 *transportation of energy supplies or transmission of elec-*  
 12 *tricity shall review each such right-of-way and submit a*  
 13 *report to the Secretary of Energy and the Chairman of the*  
 14 *Federal Energy Regulatory Commission regarding—*

15 (1) *whether the right-of-way can be used to sup-*  
 16 *port new or additional capacity; and*

17 (2) *what modifications or other changes, if any,*  
 18 *would be necessary to accommodate such additional*  
 19 *capacity.*

20 (b) *CONSULTATIONS AND CONSIDERATIONS.*—*In per-*  
 21 *forming the review, the head of each agency shall—*

22 (1) *consult with agencies of State, tribal, or local*  
 23 *units of government as appropriate; and*

24 (2) *consider whether safety or other concerns re-*  
 25 *lated to current uses might preclude the availability*

1       *of a right-of-way for additional or new transportation*  
2       *or transmission facilities, and set forth those consider-*  
3       *ations in the report.*

4   **SEC. 102. INVENTORY OF ENERGY PRODUCTION POTENTIAL**  
5                   **OF ALL FEDERAL PUBLIC LANDS.**

6       *(a) INVENTORY REQUIREMENT.—The Secretary of the*  
7       *Interior, in consultation with the Secretary of Agriculture*  
8       *and the Secretary of Energy, shall conduct an inventory*  
9       *of the energy production potential of all Federal public*  
10       *lands other than national park lands and lands in any wil-*  
11       *derness area, with respect to wind, solar, coal, and geo-*  
12       *thermal power production.*

13       *(b) LIMITATIONS.—*

14               *(1) IN GENERAL.—The Secretary shall not in-*  
15       *clude in the inventory under this section the matters*  
16       *to be identified in the inventory under section 604 of*  
17       *the Energy Act of 2000 (42 U.S.C. 6217).*

18               *(2) WIND AND SOLAR POWER.—The inventory*  
19       *under this section—*

20                   *(A) with respect to wind power production*  
21       *shall be limited to sites having a mean average*  
22       *wind speed—*

23                           *(i) exceeding 12.5 miles per hour at a*  
24                           *height of 33 feet; and*

1                   (ii) exceeding 15.7 miles per hour at a  
2                   height of 164 feet; and

3                   (B) with respect to solar power production  
4                   shall be limited to areas rated as receiving 450  
5                   watts per square meter or greater.

6           (c) *EXAMINATION OF RESTRICTIONS AND IMPEDI-*  
7 *MENTS.*—*The inventory shall identify the extent and nature*  
8 *of any restrictions or impediments to the development of*  
9 *such energy production potential.*

10          (d) *GEOTHERMAL POWER.*—*The inventory shall in-*  
11 *clude an update of the 1978 Assessment of Geothermal Re-*  
12 *sources by the United States Geological Survey.*

13          (e) *COMPLETION AND UPDATING.*—*The Secretary—*  
14                  (1) *shall complete the inventory by not later*  
15 *than 2 years after the date of the enactment of this*  
16 *Act; and*

17                  (2) *shall update the inventory regularly there-*  
18 *after.*

19          (f) *REPORTS.*—*The Secretary shall submit to the Com-*  
20 *mittee on Resources of the House of Representatives and to*  
21 *the Committee on Energy and Natural Resources of the Sen-*  
22 *ate and make publicly available—*

23                  (1) *a report containing the inventory under this*  
24 *section, by not later than 2 years after the effective*  
25 *date of this section; and*

1           (2) *each update of such inventory.*

2   **SEC. 103. REVIEW OF REGULATIONS TO ELIMINATE BAR-**  
3                           **RIERS TO EMERGING ENERGY TECHNOLOGY.**

4           (a) *IN GENERAL.*—Each Federal agency shall carry  
5   out a review of its regulations and standards to determine  
6   those that act as a barrier to market entry for emerging  
7   energy-efficient technologies, including fuel cells, combined  
8   heat and power, and distributed generation (including  
9   small-scale renewable energy).

10          (b) *REPORT TO CONGRESS.*—No later than 18 months  
11   after date of enactment of this Act, each agency shall pro-  
12   vide a report to the Congress and the President detailing  
13   all regulatory barriers to emerging energy-efficient tech-  
14   nologies, along with actions the agency intends to take, or  
15   has taken, to remove such barriers.

16          (c) *PERIODIC REVIEW.*—Each agency shall subse-  
17   quently review its regulations and standards in this man-  
18   ner no less frequently than every 5 years, and report their  
19   findings to the Congress and the President. Such reviews  
20   shall include a detailed analysis of all agency actions taken  
21   to remove existing barriers to emerging energy technologies.

1 **SEC. 104. INTERAGENCY AGREEMENT ON ENVIRONMENTAL**  
2 **REVIEW OF INTERSTATE NATURAL GAS PIPE-**  
3 **LINE PROJECTS.**

4 (a) *IN GENERAL.*—*The Secretary of Energy, in coordi-*  
5 *nation with the Federal Energy Regulatory Commission,*  
6 *shall establish an administrative interagency task force to*  
7 *develop an interagency agreement to expedite and facilitate*  
8 *the environmental review and permitting of interstate nat-*  
9 *ural gas pipeline projects.*

10 (b) *TASK FORCE MEMBERS.*—*The task force shall in-*  
11 *clude a representative of each of the Bureau of Land Man-*  
12 *agement, the United States Fish and Wildlife Service, the*  
13 *Army Corps of Engineers, the Forest Service, the Environ-*  
14 *mental Protection Agency, the Advisory Council on Historic*  
15 *Preservation, and such other agencies as the Secretary of*  
16 *Energy and the Federal Energy Regulatory Commission*  
17 *consider appropriate.*

18 (c) *TERMS OF AGREEMENT.*—*The interagency agree-*  
19 *ment shall require that agencies complete their review of*  
20 *interstate pipeline projects within a specific period of time*  
21 *after referral of the matter by the Federal Energy Regu-*  
22 *latory Commission.*

23 (d) *SUBMITTAL OF AGREEMENT.*—*The Secretary of*  
24 *Energy shall submit a final interagency agreement under*  
25 *this section to the Congress by not later than 6 months after*  
26 *the effective date of this section.*

1 **SEC. 105. ENHANCING ENERGY EFFICIENCY IN MANAGE-**  
2 **MENT OF FEDERAL LANDS.**

3 (a) *SENSE OF THE CONGRESS.*—*It is the sense of Con-*  
4 *gress that Federal land managing agencies should enhance*  
5 *the use of energy efficient technologies in the management*  
6 *of natural resources.*

7 (b) *ENERGY EFFICIENT BUILDINGS.*—*To the extent*  
8 *economically practicable, the Secretary of the Interior and*  
9 *the Secretary of Agriculture shall seek to incorporate energy*  
10 *efficient technologies in public and administrative build-*  
11 *ings associated with management of the National Park Sys-*  
12 *tem, National Wildlife Refuge System, National Forest Sys-*  
13 *tem, and other public lands and resources managed by such*  
14 *Secretaries.*

15 (c) *ENERGY EFFICIENT VEHICLES.*—*To the extent eco-*  
16 *nomically practicable, the Secretary of the Interior and the*  
17 *Secretary of Agriculture shall seek to use energy efficient*  
18 *motor vehicles, including vehicles equipped with biodiesel*  
19 *or hybrid engine technologies, in the management of the Na-*  
20 *tional Park System, National Wildlife Refuge System, and*  
21 *other public lands and managed by the Secretaries.*

1                   **TITLE II—OIL AND GAS**  
2                               **DEVELOPMENT**  
3       **Subtitle A—Offshore Oil and Gas**

4       **SEC. 201. SHORT TITLE.**

5           *This subtitle may be referred to as the “Royalty Relief*  
6 *Extension Act of 2001”.*

7       **SEC. 202. LEASE SALES IN WESTERN AND CENTRAL PLAN-**  
8                               **NING AREA OF THE GULF OF MEXICO.**

9           *(a) IN GENERAL.—For all tracts located in water*  
10 *depths of greater than 200 meters in the Western and Cen-*  
11 *tral Planning Area of the Gulf of Mexico, including that*  
12 *portion of the Eastern Planning Area of the Gulf of Mexico*  
13 *encompassing whole lease blocks lying west of 87 degrees,*  
14 *30 minutes West longitude, any oil or gas lease sale under*  
15 *the Outer Continental Shelf Lands Act occurring within 2*  
16 *years after the date of enactment of this Act shall use the*  
17 *bidding system authorized in section 8(a)(1)(H) of the*  
18 *Outer Continental Shelf Lands Act (30 U.S.C.*  
19 *1337(a)(1)(H)), except that the suspension of royalties shall*  
20 *be set at a volume of not less than the following:*

21                   *(1) 17.5 million barrels of oil equivalent for*  
22                   *fields in water depths of 200 to 400 meters.*

23                   *(2) 52.5 million barrels of oil equivalent for*  
24                   *fields in 400 to 800 meters of water.*

1           (3) 9 million barrels of oil equivalent for each  
2           lease in water depths of 800 to 1,600 meters.

3           (4) 12 million barrels of oil equivalent for each  
4           lease in water depths greater than 1,600 meters.

5           (b) *RELATIONSHIP TO EXISTING AUTHORITY.*—*Except*  
6 *as expressly provided in this section, nothing in this section*  
7 *is intended to limit the authority of the Secretary of the*  
8 *Interior under the Outer Continental Shelf Lands Act (43*  
9 *U.S.C. 1301 et seq.) to provide royalty suspension.*

10 **SEC. 203. SAVINGS CLAUSE.**

11           *Nothing in this subtitle shall be construed to affect any*  
12 *offshore pre-leasing, leasing, or development moratorium,*  
13 *including any moratorium applicable to the Eastern Plan-*  
14 *ning Area of the Gulf of Mexico located off the Gulf Coast*  
15 *of Florida.*

16 **SEC. 204. ANALYSIS OF GULF OF MEXICO FIELD SIZE DIS-**  
17 **TRIBUTION, INTERNATIONAL COMPETITIVE-**  
18 **NESS, AND INCENTIVES FOR DEVELOPMENT.**

19           (a) *IN GENERAL.*—*The Secretary of the Interior and*  
20 *the Secretary of Energy shall enter into appropriate ar-*  
21 *rangements with the National Academy of Sciences to com-*  
22 *mission the Academy to perform the following:*

23           (1) *Conduct an analysis and review of existing*  
24 *Gulf of Mexico oil and natural gas resource assess-*  
25 *ments, including—*

1           (A) analysis and review of assessments re-  
2           cently performed by the Minerals Management  
3           Service, the 1999 National Petroleum Council  
4           Gas Study, the Department of Energy's Offshore  
5           Marginal Property Study, and the Advanced Re-  
6           sources International, Inc. Deepwater Gulf of  
7           Mexico model; and

8           (B) evaluation and comparison of the accu-  
9           racy of assumptions of the existing assessments  
10          with respect to resource field size distribution,  
11          hydrocarbon potential, and scenarios for leasing,  
12          exploration, and development.

13          (2) Evaluate the lease terms and conditions of-  
14          fered by the Minerals Management Service for Lease  
15          Sale 178, and compare the financial incentives offered  
16          by such terms and conditions to financial incentives  
17          offered by the terms and conditions that apply under  
18          leases for other offshore areas that are competing for  
19          the same limited offshore oil and gas exploration and  
20          development capital, including offshore areas of West  
21          Africa and Brazil.

22          (3) Recommend what level of incentives for all  
23          water depths are appropriate in order to ensure that  
24          the United States optimizes the domestic supply of oil  
25          and natural gas from the offshore areas of the Gulf

1       of Mexico that are not subject to current leasing mor-  
2       atoria. Recommendations under this paragraph  
3       should be made in the context of the importance of the  
4       oil and natural gas resources of the Gulf of Mexico to  
5       the future energy and economic needs of the United  
6       States.

7       (b) *REPORT.*—Not later than 180 days after the date  
8       of enactment of this Act, the Secretary of the Interior shall  
9       submit a report to the Committee on Resources in the House  
10      of Representatives and the Committee on Energy and Nat-  
11      ural Resources in the Senate, summarizing the findings of  
12      the National Academy of Sciences pursuant to subsection  
13      (a) and providing recommendations of the Secretary for  
14      new policies or other actions that could help to further in-  
15      crease oil and natural gas production from the Gulf of Mex-  
16      ico.

17                ***Subtitle B—Improvements to***  
18      ***Federal Oil and Gas Management***

19      ***SEC. 221. SHORT TITLE.***

20              *This subtitle may be cited as the “Federal Oil and Gas*  
21      *Lease Management Improvement Demonstration Program*  
22      *Act of 2001”.*

1 **SEC. 222. STUDY OF IMPEDIMENTS TO EFFICIENT LEASE**  
2 **OPERATIONS.**

3 (a) *IN GENERAL.*—*The Secretary of the Interior and*  
4 *the Secretary of Agriculture shall jointly undertake a study*  
5 *of the impediments to efficient oil and gas leasing and oper-*  
6 *ations on Federal onshore lands in order to identify means*  
7 *by which unnecessary impediments to the expeditious explo-*  
8 *ration and production of oil and natural gas on such lands*  
9 *can be removed.*

10 (b) *CONTENTS.*—*The study under subsection (a) shall*  
11 *include the following:*

12 (1) *A review of the process by which Federal*  
13 *land managers accept or reject an offer to lease, in-*  
14 *cluding the timeframes in which such offers are acted*  
15 *upon, the reasons for any delays in acting upon such*  
16 *offers, and any recommendations for expediting the*  
17 *response to such offers.*

18 (2) *A review of the approval process for applica-*  
19 *tions for permits to drill, including the timeframes in*  
20 *which such applications are approved, the impact of*  
21 *compliance with other Federal laws on such time-*  
22 *frames, any other reasons for delays in making such*  
23 *approvals, and any recommendations for expediting*  
24 *such approvals.*

25 (3) *A review of the approval process for surface*  
26 *use plans of operation, including the timeframes in*

1       *which such applications are approved, the impact of*  
2       *compliance with other Federal laws on such time-*  
3       *frames, any other reasons for delays in making such*  
4       *approvals, and any recommendations for expediting*  
5       *such approvals.*

6             (4) *A review of the process for administrative*  
7       *appeal of decisions or orders of officers or employees*  
8       *of the Bureau of Land Management with respect to*  
9       *a Federal oil or gas lease, including the timeframes*  
10       *in which such appeals are heard and decided, any*  
11       *reasons for delays in hearing or deciding such ap-*  
12       *peals, and any recommendations for expediting the*  
13       *appeals process.*

14             (c) *REPORT.—The Secretaries shall report the findings*  
15       *and recommendations resulting from the study required by*  
16       *this section to the Committee on Resources of the House of*  
17       *Representatives and to the Committee on Energy and Nat-*  
18       *ural Resources of the Senate no later than 6 months after*  
19       *the date of the enactment of this Act.*

20       **SEC. 223. ELIMINATION OF UNWARRANTED DENIALS AND**  
21                                       **STAYS.**

22             (a) *IN GENERAL.—The Secretary shall ensure that un-*  
23       *warranted denials and stays of lease issuance and unwar-*  
24       *ranted restrictions on lease operations are eliminated from*

1 *the administration of oil and natural gas leasing on Fed-*  
2 *eral land.*

3       **(b) LAND DESIGNATED FOR MULTIPLE USE.**—*Federal*  
4 *land available for oil and natural gas leasing under any*  
5 *Bureau of Land Management resource management plan*  
6 *or Forest Service leasing analysis shall be available without*  
7 *lease stipulations more stringent than restrictions on sur-*  
8 *face use and operations imposed under the laws (including*  
9 *regulations) of the oil and natural gas conservation author-*  
10 *ity of the State in which the lands are located, unless the*  
11 *Secretary includes in the decision approving the manage-*  
12 *ment plan or leasing analysis or in the Secretary’s accept-*  
13 *ance of an offer to lease a written explanation why more*  
14 *stringent stipulations are warranted.*

15       **(c) REJECTION OF OFFER TO LEASE.**—

16           **(1) IN GENERAL.**—*If the Secretary rejects an*  
17 *offer to lease Federal lands for oil or natural gas de-*  
18 *velopment on the ground that the land is unavailable*  
19 *for oil and natural gas leasing, the Secretary shall*  
20 *provide a written, detailed explanation of the reasons*  
21 *the land is unavailable for leasing.*

22           **(2) PREVIOUS RESOURCE MANAGEMENT DECISION.**—*If the determination of unavailability is based*  
23 *on a previous resource management decision, the ex-*  
24 *planation shall include a careful assessment of wheth-*  
25

1 *er the reasons underlying the previous decision are*  
2 *still persuasive.*

3 (3) *SEGREGATION OF AVAILABLE LAND FROM UN-*  
4 *AVAILABLE LAND.—The Secretary may not reject an*  
5 *offer to lease Federal land for oil and natural gas de-*  
6 *velopment that is available for such leasing on the*  
7 *ground that the offer includes land unavailable for*  
8 *leasing. The Secretary shall segregate available land*  
9 *from unavailable land, on the offeror’s request fol-*  
10 *lowing notice by the Secretary, before acting on the*  
11 *offer to lease.*

12 (d) *DISAPPROVAL OR REQUIRED MODIFICATION OF*  
13 *SURFACE USE PLANS OF OPERATIONS AND APPLICATION*  
14 *FOR PERMIT TO DRILL.—The Secretary shall provide a*  
15 *written, detailed explanation of the reasons for dis-*  
16 *approving or requiring modifications of any surface use*  
17 *plan of operations or application for permit to drill with*  
18 *respect to oil or natural gas development on Federal lands.*

19 **SEC. 224. LIMITATION ON COST RECOVERY FOR APPLICA-**  
20 **TIONS.**

21 *Notwithstanding sections 304 and 504 of the Federal*  
22 *Land Policy and Management Act of 1976 (43 U.S.C. 1734,*  
23 *1764) and section 9701 of title 31, United States Code, the*  
24 *Secretary shall not recover the Secretary’s costs with respect*

1 *to applications and other documents relating to oil and gas*  
2 *leases.*

3 **SEC. 225. CONSULTATION WITH SECRETARY OF AGRICULTURE.**  
4

5 *Section 17(h) of the Mineral Leasing Act (30 U.S.C.*  
6 *226(h)) is amended to read as follows:*

7 *“(h)(1) In issuing any lease on National Forest Sys-*  
8 *tem lands reserved from the public domain, the Secretary*  
9 *of the Interior shall consult with the Secretary of Agri-*  
10 *culture in determining stipulations on surface use under*  
11 *the lease.*

12 *“(2)(A) A lease on lands referred to in paragraph (1)*  
13 *may not be issued if the Secretary of Agriculture deter-*  
14 *mines, after consultation under paragraph (1), that the*  
15 *terms and conditions of the lease, including any prohibition*  
16 *on surface occupancy for lease operations, will not be suffi-*  
17 *cient to adequately protect such lands under the National*  
18 *Forest Management Act of 1976 (16 U.S.C. 1600 et seq.).*

19 *“(B) The authority of the Secretary of Agriculture*  
20 *under this paragraph may be delegated only to the Under-*  
21 *secretary of Agriculture for Natural Resources and Envi-*  
22 *ronment.”.*

1           **Subtitle C—Miscellaneous**

2   **SEC. 231. OFFSHORE SUBSALT DEVELOPMENT.**

3           *Section 5 of the Outer Continental Shelf Lands Act*  
4 *of 1953 (43 U.S.C. 1334) is amended by adding at the end*  
5 *the following:*

6           “(k) *SUSPENSION OF OPERATIONS FOR SUBSALT EX-*  
7 *PLORATION.—Notwithstanding any other provision of law*  
8 *or regulation, to prevent waste caused by the drilling of un-*  
9 *necessary wells and to facilitate the discovery of additional*  
10 *hydrocarbon reserves, the Secretary may grant a request for*  
11 *a suspension of operations under any lease to allow the re-*  
12 *processing and reinterpretation of geophysical data to iden-*  
13 *tify and define drilling objectives beneath allocthonous salt*  
14 *sheets.”.*

15   **SEC. 232. PROGRAM ON OIL AND GAS ROYALTIES IN KIND.**

16           (a) *APPLICABILITY OF SECTION.—Notwithstanding*  
17 *any other provision of law, the provisions of this section*  
18 *shall apply to all royalty in kind accepted by the Secretary*  
19 *of the Interior under any Federal oil or gas lease or permit*  
20 *under section 36 of the Mineral Leasing Act (30 U.S.C.*  
21 *192), section 27 of the Outer Continental Shelf Lands Act*  
22 *(43 U.S.C. 1353), or any other mineral leasing law, in the*  
23 *period beginning on the date of enactment of this Act*  
24 *through September 30, 2006.*

1           **(b) TERMS AND CONDITIONS.**—*All royalty accruing to*  
2 *the United States under any Federal oil or gas lease or per-*  
3 *mit under the Mineral Leasing Act (30 U.S.C. 181 et seq.)*  
4 *or the Outer Continental Shelf Lands Act (43 U.S.C. 1331*  
5 *et seq.) shall, on the demand of the Secretary of the Interior,*  
6 *be paid in oil or gas. If the Secretary of the Interior makes*  
7 *such a demand, the following provisions apply to such pay-*  
8 *ment:*

9                   (1) *Delivery by, or on behalf of, the lessee of the*  
10 *royalty amount and quality due under the lease satis-*  
11 *fies the lessee's royalty obligation for the amount de-*  
12 *livered, except that transportation and processing re-*  
13 *imbursements paid to, or deductions claimed by, the*  
14 *lessee shall be subject to review and audit.*

15                   (2) *Royalty production shall be placed in mar-*  
16 *ketable condition by the lessee at no cost to the United*  
17 *States.*

18                   (3) *The Secretary of the Interior may—*

19                           (A) *sell or otherwise dispose of any royalty*  
20 *oil or gas taken in kind for not less than the*  
21 *market price; and*

22                           (B) *transport or process any oil or gas roy-*  
23 *alty taken in kind.*

24                   (4) *The Secretary of the Interior may, notwith-*  
25 *standing section 3302 of title 31, United States Code,*

1       *retain and use a portion of the revenues from the sale*  
2       *of oil and gas royalties taken in kind that otherwise*  
3       *would be deposited to miscellaneous receipts, without*  
4       *regard to fiscal year limitation, or may use royalty*  
5       *production, to pay the cost of—*

6                   *(A) transporting the oil or gas,*

7                   *(B) processing the gas, or*

8                   *(C) disposing of the oil or gas.*

9                   *(5) The Secretary may not use revenues from the*  
10       *sale of oil and gas royalties taken in kind to pay for*  
11       *personnel, travel, or other administrative costs of the*  
12       *Federal Government.*

13       *(c) REIMBURSEMENT OF COST.—If the lessee, pursuant*  
14       *to an agreement with the United States or as provided in*  
15       *the lease, processes the royalty gas or delivers the royalty*  
16       *oil or gas at a point not on or adjacent to the lease area,*  
17       *the Secretary of the Interior shall—*

18                   *(1) reimburse the lessee for the reasonable costs*  
19       *of transportation (not including gathering) from the*  
20       *lease to the point of delivery or for processing costs;*  
21       *or*

22                   *(2) at the discretion of the Secretary of the Inte-*  
23       *rior, allow the lessee to deduct such transportation or*  
24       *processing costs in reporting and paying royalties in*  
25       *value for other Federal oil and gas leases.*

1           (d) *BENEFIT TO THE UNITED STATES REQUIRED.*—  
2 *The Secretary may receive oil or gas royalties in kind only*  
3 *if the Secretary determines that receiving such royalties*  
4 *provides benefits to the United States greater than or equal*  
5 *to those that would be realized under a comparable royalty*  
6 *in value program.*

7           (e) *REPORT TO CONGRESS.*—*For each of the fiscal*  
8 *years 2002 through 2006 in which the United States takes*  
9 *oil or gas royalties in kind from production in any State*  
10 *or from the Outer Continental Shelf, excluding royalties*  
11 *taken in kind and sold to refineries under subsection (h),*  
12 *the Secretary of the Interior shall provide a report to the*  
13 *Congress describing—*

14                 (1) *the methodology or methodologies used by the*  
15 *Secretary to determine compliance with subsection*  
16 *(d), including performance standards for comparing*  
17 *amounts received by the United States derived from*  
18 *such royalties in kind to amounts likely to have been*  
19 *received had royalties been taken in value;*

20                 (2) *an explanation of the evaluation that led the*  
21 *Secretary to take royalties in kind from a lease or*  
22 *group of leases, including the expected revenue effect*  
23 *of taking royalties in kind;*

24                 (3) *actual amounts received by the United States*  
25 *derived from taking royalties in kind, and costs and*

1 *savings incurred by the United States associated with*  
2 *taking royalties in kind; and*

3 *(4) an evaluation of other relevant public bene-*  
4 *fits or detriments associated with taking royalties in*  
5 *kind.*

6 *(f) DEDUCTION OF EXPENSES.—*

7 *(1) IN GENERAL.—Before making payments*  
8 *under section 35 of the Mineral Leasing Act (30*  
9 *U.S.C. 191) or section 8(g) of the Outer Continental*  
10 *Shelf Lands Act (30 U.S.C. 1337(g)) of revenues de-*  
11 *derived from the sale of royalty production taken in*  
12 *kind from a lease, the Secretary of the Interior shall*  
13 *deduct amounts paid or deducted under subsections*  
14 *(b)(4) and (c), and shall deposit such amounts to mis-*  
15 *cellaneous receipts.*

16 *(2) ACCOUNTING FOR DEDUCTIONS.—If the Sec-*  
17 *retary of the Interior allows the lessee to deduct trans-*  
18 *portation or processing costs under subsection (c), the*  
19 *Secretary may not reduce any payments to recipients*  
20 *of revenues derived from any other Federal oil and*  
21 *gas lease as a consequence of that deduction.*

22 *(g) CONSULTATION WITH STATES.—The Secretary of*  
23 *the Interior—*

24 *(1) shall consult with a State before conducting*  
25 *a royalty in kind program under this title within the*

1       *State, and may delegate management of any portion*  
2       *of the Federal royalty in kind program to such State*  
3       *except as otherwise prohibited by Federal law; and*

4               *(2) shall consult annually with any State from*  
5       *which Federal oil or gas royalty is being taken in*  
6       *kind to ensure to the maximum extent practicable*  
7       *that the royalty in kind program provides revenues to*  
8       *the State greater than or equal to those which would*  
9       *be realized under a comparable royalty in value pro-*  
10       *gram.*

11       *(h) PROVISIONS FOR SMALL REFINERIES.—*

12               *(1) PREFERENCE.—If the Secretary of the Inte-*  
13       *rior determines that sufficient supplies of crude oil*  
14       *are not available in the open market to refineries not*  
15       *having their own source of supply for crude oil, the*  
16       *Secretary may grant preference to such refineries in*  
17       *the sale of any royalty oil accruing or reserved to the*  
18       *United States under Federal oil and gas leases issued*  
19       *under any mineral leasing law, for processing or use*  
20       *in such refineries at private sale at not less than the*  
21       *market price.*

22               *(2) PRORATION AMONG REFINERIES IN PRODUC-*  
23       *TION AREA.—In disposing of oil under this subsection,*  
24       *the Secretary of the Interior may, at the discretion of*

1        *the Secretary, prorate such oil among such refineries*  
2        *in the area in which the oil is produced.*

3        *(i) DISPOSITION TO FEDERAL AGENCIES.—*

4                *(1) ONSHORE ROYALTY.—Any royalty oil or gas*  
5        *taken by the Secretary in kind from onshore oil and*  
6        *gas leases may be sold at not less than the market*  
7        *price to any department or agency of the United*  
8        *States.*

9                *(2) OFFSHORE ROYALTY.—Any royalty oil or*  
10        *gas taken in kind from Federal oil and gas leases on*  
11        *the Outer Continental Shelf may be disposed of only*  
12        *under section 27 of the Outer Continental Shelf Lands*  
13        *Act (43 U.S.C. 1353).*

14        *(j) PREFERENCE FOR FEDERAL LOW-INCOME ENERGY*  
15        *ASSISTANCE PROGRAMS.—In disposing of royalty oil or gas*  
16        *taken in kind under this section, the Secretary may grant*  
17        *a preference to any person, including any State or Federal*  
18        *agency, for the purpose of providing additional resources*  
19        *to any Federal low-income energy assistance program.*

20        **SEC. 233. COOPERATIVE OIL AND GAS RESEARCH AND IN-**  
21                                **FORMATION CENTERS.**

22                *(a) IN GENERAL.—The Secretary of the Interior may*  
23        *establish and operate in accordance with this section re-*  
24        *gional centers administered by the United States Geological*  
25        *Survey. Each such center shall be known as a United States*

1 *Geological Survey Cooperative Oil and Gas Research and*  
2 *Information Center.*

3 (b) *PARTNERSHIP.*—*Each Center shall be established*  
4 *and operated under a partnership with the government of*  
5 *the State in which the Center is located, through the agency*  
6 *of the State that is responsible for geological survey activi-*  
7 *ties.*

8 (c) *FUNCTIONS.*—*The Secretary, through each such*  
9 *Center, shall—*

10 (1) *conduct oil and natural gas exploration and*  
11 *production research in the region in which the Center*  
12 *is located; and*

13 (2) *archive and provide public access to data re-*  
14 *garding oil and natural gas reserves and production*  
15 *in the region, including information developed*  
16 *through research under paragraph (1).*

17 (d) *RESEARCH.*—

18 (1) *COST SHARING.*—*The Federal share of the*  
19 *cost of research conducted under this section may not*  
20 *exceed 50 percent.*

21 (2) *PRIVATE CONTRIBUTIONS.*—*The Secretary—*

22 (A) *may accept private contributions of*  
23 *property and services for research conducted*  
24 *under this section; and*

1                   (B) shall apply the value of such contribu-  
2                   tions to the non-Federal share of the costs of such  
3                   research.

4 **SEC. 234. MARGINAL WELL PRODUCTION INCENTIVES.**

5           To enhance the economics of marginal oil and gas pro-  
6           duction by increasing the ultimate recovery from marginal  
7           wells when the cash price of West Texas Intermediate crude  
8           oil, as posted on the Dow Jones Commodities Index chart,  
9           is less than \$15 per barrel for 180 consecutive pricing days  
10          or when the price of natural gas delivered at Henry Hub,  
11          Louisiana, is less than \$2.00 per million British thermal  
12          units for 180 consecutive days, the Secretary shall reduce  
13          the royalty rate as production declines for—

14               (1) onshore oil wells producing less than 30 bar-  
15               rels per day;

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

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

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

22 **SEC. 235. REIMBURSEMENT FOR COSTS OF NEPA ANALYSES,**  
23                                   **DOCUMENTATION, AND STUDIES.**

24          The Mineral Leasing Act (30 U.S.C. 181 et seq.) is  
25          amended by inserting after section 37 the following:



1       (d) *DEADLINE FOR REGULATIONS.*—*The Secretary*  
 2 *shall issue regulations implementing the amendments made*  
 3 *by this section by not later than 90 days after the date of*  
 4 *the enactment of this Act.*

5                   ***TITLE III—GEOTHERMAL***  
 6                   ***ENERGY DEVELOPMENT***

7 ***SEC. 301. ROYALTY REDUCTION AND RELIEF.***

8       (a) *ROYALTY REDUCTION.*—*Section 5(a) of the Geo-*  
 9 *thermal Steam Act of 1970 (30 U.S.C. 1004(a)) is amended*  
 10 *by striking “not less than 10 per centum or more than 15*  
 11 *per centum” and inserting “not more than 8 per centum”.*

12       (b) *ROYALTY RELIEF.*—

13               (1) *IN GENERAL.*—*Notwithstanding section 5 of*  
 14 *the Geothermal Steam Act of 1970 (30 U.S.C.*  
 15 *1004(a)) and any provision of any lease under that*  
 16 *Act, no royalty is required to be paid—*

17                   (A) *under any qualified geothermal energy*  
 18 *lease with respect to commercial production of*  
 19 *heat or energy from a facility that begins such*  
 20 *production in the 5-year period beginning on the*  
 21 *date of the enactment of this Act; or*

22                   (B) *on qualified expansion geothermal en-*  
 23 *ergy.*

1           (2) *3-YEAR APPLICATION.*—Paragraph (1) ap-  
2           plies only to commercial production of heat or energy  
3           from a facility in the first 3 years of such production.

4           (c) *DEFINITIONS.*—In this section:

5           (1) *QUALIFIED EXPANSION GEOTHERMAL EN-*  
6           *ERGY.*—The term “qualified expansion geothermal  
7           energy”—

8                   (A) subject to subparagraph (B), means geo-  
9                   thermal energy produced from a generation facil-  
10                  ity for which the rated capacity is increased by  
11                  more than 10 percent as a result of expansion of  
12                  the facility carried out in the 5-year period be-  
13                  ginning on the date of enactment of this Act; and

14                   (B) does not include the rated capacity of  
15                  the generation facility on the date of enactment  
16                  of this Act.

17           (2) *QUALIFIED GEOTHERMAL ENERGY LEASE.*—  
18           The term “qualified geothermal energy lease” means  
19           a lease under the Geothermal Steam Act of 1970 (30  
20           U.S.C. 1001 et seq.)—

21                   (A) that was executed before the end of the  
22                  5-year period beginning on the date of the enact-  
23                  ment of this Act; and

1           *(B) under which no commercial production*  
2           *of any form of heat or energy occurred before the*  
3           *date of the enactment of this Act.*

4 **SEC. 302. EXEMPTION FROM ROYALTIES FOR DIRECT USE**  
5           **OF LOW TEMPERATURE GEOTHERMAL EN-**  
6           **ERGY RESOURCES.**

7           *Section 5 of the Geothermal Steam Act of 1970 (30*  
8           *U.S.C. 1004) is amended—*

9           *(1) in paragraph (c) by redesignating subpara-*  
10          *graphs (1) and (2) as subparagraphs (A) and (B);*

11          *(2) by redesignating paragraphs (a) through (d)*  
12          *in order as paragraphs (1) through (4);*

13          *(3) by inserting “(a) IN GENERAL.—” after*  
14          *“SEC. 5.”; and*

15          *(4) by adding at the end the following new sub-*  
16          *section:*

17          **“(b) EXEMPTION FOR USE OF LOW TEMPERATURE**  
18          **RESOURCES.—**

19                 **“(1) IN GENERAL.—***In lieu of any royalty or*  
20                 *rental under subsection (a), a lease for qualified de-*  
21                 *velopment and direct utilization of low temperature*  
22                 *geothermal resources shall provide for payment by the*  
23                 *lessee of an annual fee of not less than \$100, and not*  
24                 *more than \$1,000, in accordance with the schedule*  
25                 *issued under paragraph (2).*

1           “(2) *SCHEDULE.*—*The Secretary shall issue a*  
 2 *schedule of fees under this section under which a fee*  
 3 *is based on the scale of development and utilization*  
 4 *to which the fee applies.*

5           “(3) *DEFINITIONS.*—*In this subsection:*

6           “(A) *LOW TEMPERATURE GEOTHERMAL RE-*  
 7 *SOURCES.*—*The term ‘low temperature geo-*  
 8 *thermal resources’ means geothermal steam and*  
 9 *associated geothermal resources having a tem-*  
 10 *perature of less than 195 degrees Fahrenheit.*

11           “(B) *QUALIFIED DEVELOPMENT AND DI-*  
 12 *RECT UTILIZATION.*—*The term ‘qualified devel-*  
 13 *opment and direct utilization’ means develop-*  
 14 *ment and utilization in which all products of*  
 15 *geothermal resources, other than any heat uti-*  
 16 *lized, are returned to the geothermal formation*  
 17 *from which they are produced.’.*

18 **SEC. 303. AMENDMENTS RELATING TO LEASING ON FOREST**

19           **SERVICE LANDS.**

20           *The Geothermal Steam Act of 1970 is amended—*

21           *(1) in section 15(b) (30 U.S.C. 1014(b))—*

22           *(A) by inserting “(1)” after “(b)”;* and

23           *(B) in paragraph (1) (as designated by sub-*  
 24 *paragraph (A) of this paragraph) in the first*  
 25 *sentence—*



1 1970 (30 U.S.C. 1001 et seq.), issue a final determination  
2 of—

3 (1) whether or not to conduct a lease sale by  
4 competitive bidding; and

5 (2) whether or not to award a lease without com-  
6 petitive bidding.

7 **SEC. 305. OPENING OF PUBLIC LANDS UNDER MILITARY JU-**  
8 **RISDICTION.**

9 (a) *IN GENERAL.*—Except as otherwise provided in the  
10 Geothermal Steam Act of 1970 (30 U.S.C. 1001 et seq.) and  
11 other provisions of Federal law applicable to development  
12 of geothermal energy resources within public lands, all pub-  
13 lic lands under the jurisdiction of a Secretary of a military  
14 department shall be open to the operation of such laws and  
15 development and utilization of geothermal steam and asso-  
16 ciated geothermal resources, as that term is defined in sec-  
17 tion 2 of the Geothermal Steam Act of 1970 (30 U.S.C.  
18 1001), without the necessity for further action by the Sec-  
19 retary or the Congress.

20 (b) *CONFORMING AMENDMENT.*—Section 2689 of title  
21 10, United States Code, is amended by striking “including  
22 public lands,” and inserting “other than public lands,”.

23 (c) *TREATMENT OF EXISTING LEASES.*—Upon the ex-  
24 piration of any lease in effect on the date of the enactment  
25 of this Act of public lands under the jurisdiction of a mili-

1 tary department for the development of any geothermal re-  
2 source, such lease may, at the option of the lessee—

3           (1) be treated as a lease under the Geothermal  
4           Steam Act of 1970 (30 U.S.C. 1001 et seq.), and be  
5           renewed in accordance with such Act; or

6           (2) be renewed in accordance with the terms of  
7           the lease, if such renewal is authorized by such terms.

8           (d) *REGULATIONS.*—The Secretary of the Interior,  
9 with the advice and concurrence of the Secretary of the mili-  
10 tary department concerned, shall prescribe such regulations  
11 to carry out this section as may be necessary. Such regula-  
12 tions shall contain guidelines to assist in determining how  
13 much, if any, of the surface of any lands opened pursuant  
14 to this section may be used for purposes incident to geo-  
15 thermal energy resources development and utilization.

16           (e) *CLOSURE FOR PURPOSES OF NATIONAL DEFENSE*  
17 *OR SECURITY.*—In the event of a national emergency or for  
18 purposes of national defense or security, the Secretary of  
19 the Interior, at the request of the Secretary of the military  
20 department concerned, shall close any lands that have been  
21 opened to geothermal energy resources leasing pursuant to  
22 this section.

1 **SEC. 306. APPLICATION OF AMENDMENTS.**

2 *The amendments made by this title apply with respect*  
3 *to any lease executed before, on, or after the date of the en-*  
4 *actment of this Act.*

5 **SEC. 307. REVIEW AND REPORT TO CONGRESS.**

6 *The Secretary of the Interior shall promptly review*  
7 *and report to the Congress regarding the status of all mora-*  
8 *toria on and withdrawals from leasing under the Geo-*  
9 *thermal Steam Act of 1970 (30 U.S.C. 1001 et seq.) of*  
10 *known geothermal resources areas (as that term is defined*  
11 *in section 2 of that Act (30 U.S.C. 1001), specifying for*  
12 *each such area whether the basis for such moratoria or with-*  
13 *drawal still applies.*

14 **SEC. 308. REIMBURSEMENT FOR COSTS OF NEPA ANALYSES,**  
15 **DOCUMENTATION, AND STUDIES.**

16 *(a) IN GENERAL.—The Geothermal Steam Act of 1970*  
17 *(30 U.S.C. 1001 et seq.) is amended by adding at the end*  
18 *the following:*

19 *“REIMBURSEMENT FOR COSTS OF CERTAIN ANALYSES,*  
20 *DOCUMENTATION, AND STUDIES*

21 *“SEC. 30. (a) IN GENERAL.—The Secretary of the In-*  
22 *terior shall reimburse a person who is a lessee, operator,*  
23 *operating rights owner, or applicant for a lease under this*  
24 *Act for costs incurred by the person in preparing any*  
25 *project-level analysis, documentation, or related study re-*  
26 *quired under the National Environmental Policy Act of*

1 1969 (42 U.S.C. 4321 et seq.) with respect to the lease,  
2 through royalty credits attributable to the lease, unit agree-  
3 ment, or project area for which the analysis, documentation,  
4 or related study is prepared.

5 “(b) *CONDITIONS.*—The Secretary shall provide reim-  
6 bursement under subsection (a) only if—

7 “(1) adequate funding to enable the Secretary to  
8 timely prepare the analysis, documentation, or re-  
9 lated study is not appropriated;

10 “(2) the person paid the costs voluntarily; and

11 “(3) the person maintains records of its costs in  
12 accordance with regulations prescribed by the Sec-  
13 retary.”.

14 (b) *APPLICATION.*—The amendments made by this sec-  
15 tion shall apply with respect to any lease entered into be-  
16 fore, on, or after the date of the enactment of this Act.

17 (c) *DEADLINE FOR REGULATIONS.*—The Secretary  
18 shall issue regulations implementing the amendments made  
19 by this section by not later than 90 days after the date of  
20 the enactment of this Act.

## **TITLE IV—HYDROPOWER**

### **SEC. 401. STUDY AND REPORT ON INCREASING ELECTRIC POWER PRODUCTION CAPABILITY OF EXIST- ING FACILITIES.**

(a) *IN GENERAL.*—The Secretary of the Interior shall conduct a study of the potential for increasing electric power production capability at existing facilities under the administrative jurisdiction of the Secretary.

(b) *CONTENT.*—The study under this section shall include identification and description in detail of each facility that is capable, with or without modification, of producing additional hydroelectric power, including estimation of the existing potential for the facility to generate hydroelectric power.

(c) *REPORT.*—The Secretary shall submit to the Congress a report on the findings, conclusions, and recommendations of the study under this section by not later than 12 months after the date of enactment of this Act. The Secretary shall include in the report the following:

(1) The identifications, descriptions, and estimations referred to in subsection (b).

(2) A description of activities the Secretary is currently conducting or considering, or that could be considered, to produce additional hydroelectric power from each identified facility.

1           (3) *A summary of action that has already been*  
2           *taken by the Secretary to produce additional hydro-*  
3           *electric power from each identified facility.*

4           (4) *The costs to install, upgrade, or modify*  
5           *equipment or take other actions to produce additional*  
6           *hydroelectric power from each identified facility.*

7           (5) *The benefits that would be achieved by such*  
8           *installation, upgrade, modification, or other action,*  
9           *including quantified estimates of any additional en-*  
10          *ergy or capacity from each facility identified under*  
11          *subsection (b).*

12          (6) *A description of actions that are planned,*  
13          *underway, or might reasonably be considered to in-*  
14          *crease hydroelectric power production by replacing*  
15          *turbine runners.*

16          (7) *A description of actions that are planned,*  
17          *underway, or might reasonably be considered to in-*  
18          *crease hydroelectric power production by performing*  
19          *generator uprates and rewinds.*

20          (8) *The impact of increased hydroelectric power*  
21          *production on irrigation, fish, wildlife, Indian tribes,*  
22          *river health, water quality, navigation, recreation,*  
23          *fishing, and flood control.*

24          (9) *Any additional recommendations the Sec-*  
25          *retary considers advisable to increase hydroelectric*

1        *power production from, and reduce costs and improve*  
2        *efficiency at, facilities under the jurisdiction of the*  
3        *Secretary.*

4    **SEC. 402. INSTALLATION OF POWERFORMER AT FOLSOM**  
5                    **POWER PLANT, CALIFORNIA.**

6        (a) *IN GENERAL.*—*The Secretary of the Interior may*  
7        *install a powerformer at the Bureau of Reclamation Folsom*  
8        *power plant in Folsom, California, to replace a generator*  
9        *and transformer that are due for replacement due to age.*

10       (b) *REIMBURSABLE COSTS.*—*Costs incurred by the*  
11       *United States for installation of a powerformer under this*  
12       *section shall be treated as reimbursable costs and shall bear*  
13       *interest at current long-term borrowing rates of the United*  
14       *States Treasury at the time of acquisition.*

15       (c) *LOCAL COST SHARING.*—*In addition to reimburs-*  
16       *able costs under subsection (b), the Secretary shall seek con-*  
17       *tributions from power users toward the costs of the*  
18       *powerformer and its installation.*

19    **SEC. 403. CONSERVATION THROUGH PUMP MODERNIZA-**  
20                    **TION.**

21       (a) *PUMP REPLACEMENT PROGRAM.*—*The Secretary*  
22       *of the Interior shall—*

23                (1) *conduct a study to determine what pumps*  
24                *associated with water delivery projects should be re-*  
25                *placed, based on a cost-benefit analysis of modern-*

1        *izing pumping installations, including determination*  
2        *and consideration of the savings in energy costs that*  
3        *would result from such replacement; and*

4            *(2) based on the findings of the study, replace*  
5        *each pump for which the benefits of such replacement*  
6        *(including such energy costs savings) is greater than*  
7        *the cost of the pump replacement.*

8        *(b) COSTS.—*

9            *(1) REIMBURSABLE COSTS.—Subject to the limi-*  
10        *tation in paragraph (3), the costs incurred by the*  
11        *United States for replacement of any pump under*  
12        *this section shall be treated as reimbursable costs and*  
13        *shall bear interest at current long-term borrowing*  
14        *rates of the United States Treasury at the time of ac-*  
15        *quisition.*

16            *(2) LOCAL COST SHARING.—The Secretary may*  
17        *enter into an agreement with project beneficiaries to*  
18        *secure up-front payment of all or a portion of the re-*  
19        *imbursable costs of any pump replacement authorized*  
20        *or undertaken by the Secretary under this section.*

21            *(3) COMMERCIAL FIRM POWER RATE IMPACTS.—*  
22        *The commercial firm power rate for the Reclamation*  
23        *project having a pump replacement performed under*  
24        *this section shall not be increased as a result of the*  
25        *replacement.*

1           (c) *AUTHORIZATION OF APPROPRIATIONS.*—For re-  
2 *placement of pumps under this section there is authorized*  
3 *to be appropriated to the Secretary \$20,000,000.*

4 **SEC. 404. STUDY AND IMPLEMENTATION OF INCREASED**  
5                           **OPERATIONAL EFFICIENCIES IN HYDRO-**  
6                           **ELECTRIC POWER PROJECTS.**

7           (a) *IN GENERAL.*—The Secretary of Interior shall con-  
8 *duct a study of operational methods and water scheduling*  
9 *techniques at all hydroelectric power plants under the ad-*  
10 *ministrative jurisdiction of the Secretary that have an elec-*  
11 *tric power production capacity greater than 50 megawatts,*  
12 *to—*

13                   (1) *determine whether such power plants and as-*  
14 *sociated river systems are operated so as to maximize*  
15 *energy and capacity capabilities; and*

16                   (2) *identify measures that can be taken to im-*  
17 *prove operational flexibility at such plants to achieve*  
18 *such maximization.*

19           (b) *REPORT.*—The Secretary shall submit a report on  
20 *the findings, conclusions, and recommendations of the study*  
21 *under this section by not later than 18 months after the*  
22 *date of the enactment of this Act, including a summary of*  
23 *the determinations and identifications under paragraphs*  
24 *(1) and (2) of subsection (a).*

1           (c) *COOPERATION BY FEDERAL POWER MARKETING*  
2 *ADMINISTRATIONS.*—*The Secretary shall coordinate with*  
3 *the Administrator of each Federal power marketing admin-*  
4 *istration in—*

5           (1) *determining how the value of electric power*  
6 *produced by each hydroelectric power facility that*  
7 *produces power marketed by the administration can*  
8 *be maximized; and*

9           (2) *implementing measures identified under sub-*  
10 *section (a)(2).*

11          (d) *LIMITATION ON IMPLEMENTATION OF MEAS-*  
12 *URES.*—*Implementation under subsections (a)(2) and*  
13 *(b)(2) shall be limited to those measures that can be imple-*  
14 *mented within the constraints imposed on Department of*  
15 *the Interior facilities by other uses required by law.*

16 **SEC. 405. SHIFT OF PROJECT LOADS TO OFF-PEAK PERI-**  
17 **ODS.**

18          (a) *IN GENERAL.*—*The Secretary of the Interior*  
19 *shall—*

20           (1) *review electric power consumption by Bureau*  
21 *of Reclamation facilities for water pumping purposes;*  
22 *and*

23           (2) *make such adjustments in such pumping as*  
24 *possible to minimize the amount of electric power*  
25 *consumed for such pumping during periods of peak*

1       *electric power consumption, including by performing*  
2       *as much of such pumping as possible during off-peak*  
3       *hours at night.*

4       **(b) CONSENT OF AFFECTED IRRIGATION CUSTOMERS**  
5       **REQUIRED.**—*The Secretary may not under this section*  
6       *make any adjustment in pumping at a facility without the*  
7       *consent of each person that has contracted with the United*  
8       *States for delivery of water from the facility for use for irri-*  
9       *gation and that would be affected by such adjustment.*

10       **(c) EXISTING OBLIGATIONS NOT AFFECTED.**—*This*  
11       *section shall not be construed to affect any existing obliga-*  
12       *tion of the Secretary to provide electric power, water, or*  
13       *other benefits from Bureau of Reclamation facilities.*

14       **TITLE V—ARCTIC COASTAL**  
15       **PLAIN DOMESTIC ENERGY**

16       **SEC. 501. SHORT TITLE.**

17       *This title may be cited as the “Arctic Coastal Plain*  
18       *Domestic Energy Security Act of 2001”.*

19       **SEC. 502. DEFINITIONS.**

20       *In this title:*

21               **(1) COASTAL PLAIN.**—*The term “Coastal Plain”*  
22       *means that area identified as such in the map enti-*  
23       *tled “Arctic National Wildlife Refuge”, dated August*  
24       *1980, as referenced in section 1002(b) of the Alaska*  
25       *National Interest Lands Conservation Act of 1980 (16*

1 U.S.C. 3142(b)(1)), comprising approximately  
2 1,549,000 acres.

3 (2) *SECRETARY*.—The term “Secretary”, except  
4 as otherwise provided, means the Secretary of the In-  
5 terior or the Secretary’s designee.

6 **SEC. 503. LEASING PROGRAM FOR LANDS WITHIN THE**  
7 **COASTAL PLAIN.**

8 (a) *IN GENERAL*.—The Secretary shall take such ac-  
9 tions as are necessary—

10 (1) to establish and implement in accordance  
11 with this title a competitive oil and gas leasing pro-  
12 gram under the Mineral Leasing Act (30 U.S.C. 181  
13 et seq.) that will result in an environmentally sound  
14 program for the exploration, development, and pro-  
15 duction of the oil and gas resources of the Coastal  
16 Plain; and

17 (2) to administer the provisions of this title  
18 through regulations, lease terms, conditions, restric-  
19 tions, prohibitions, stipulations, and other provisions  
20 that ensure the oil and gas exploration, development,  
21 and production activities on the Coastal Plain will  
22 result in no significant adverse effect on fish and  
23 wildlife, their habitat, subsistence resources, and the  
24 environment, and including, in furtherance of this  
25 goal, by requiring the application of the best commer-

1 *cially available technology for oil and gas explo-*  
2 *ration, development, and production to all explo-*  
3 *ration, development, and production operations under*  
4 *this title in a manner that ensures the receipt of fair*  
5 *market value by the public for the mineral resources*  
6 *to be leased.*

7 *(b) REPEAL.—Section 1003 of the Alaska National In-*  
8 *terest Lands Conservation Act of 1980 (16 U.S.C. 3143) is*  
9 *repealed.*

10 *(c) COMPLIANCE WITH REQUIREMENTS UNDER CER-*  
11 *TAIN OTHER LAWS.—*

12 *(1) COMPATIBILITY.—For purposes of the Na-*  
13 *tional Wildlife Refuge System Administration Act of*  
14 *1966, the oil and gas leasing program and activities*  
15 *authorized by this section in the Coastal Plain are*  
16 *deemed to be compatible with the purposes for which*  
17 *the Arctic National Wildlife Refuge was established,*  
18 *and that no further findings or decisions are required*  
19 *to implement this determination.*

20 *(2) ADEQUACY OF THE DEPARTMENT OF THE IN-*  
21 *TERIOR'S LEGISLATIVE ENVIRONMENTAL IMPACT*  
22 *STATEMENT.—The “Final Legislative Environmental*  
23 *Impact Statement” (April 1987) on the Coastal Plain*  
24 *prepared pursuant to section 1002 of the Alaska Na-*  
25 *tional Interest Lands Conservation Act of 1980 (16*

1       *U.S.C. 3142) and section 102(2)(C) of the National*  
2       *Environmental Policy Act of 1969 (42 U.S.C.*  
3       *4332(2)(C)) is deemed to satisfy the requirements*  
4       *under the National Environmental Policy Act of 1969*  
5       *that apply with respect to actions authorized to be*  
6       *taken by the Secretary to develop and promulgate the*  
7       *regulations for the establishment of a leasing program*  
8       *authorized by this title before the conduct of the first*  
9       *lease sale.*

10           (3) *COMPLIANCE WITH NEPA FOR OTHER AC-*  
11        *TIONS.—Before conducting the first lease sale under*  
12        *this title, the Secretary shall prepare an environ-*  
13        *mental impact statement under the National Envi-*  
14        *ronmental Policy Act of 1969 with respect to the ac-*  
15        *tions authorized by this title that are not referred to*  
16        *in paragraph (2). Notwithstanding any other law, the*  
17        *Secretary is not required to identify nonleasing alter-*  
18        *native courses of action or to analyze the environ-*  
19        *mental effects of such courses of action. The Secretary*  
20        *shall only identify a preferred action for such leasing*  
21        *and a single leasing alternative, and analyze the en-*  
22        *vironmental effects and potential mitigation measures*  
23        *for those two alternatives. The identification of the*  
24        *preferred action and related analysis for the first*  
25        *lease sale under this title shall be completed within 18*

1        *months after the date of enactment of this Act. The*  
2        *Secretary shall only consider public comments that*  
3        *specifically address the Secretary's preferred action*  
4        *and that are filed within 20 days after publication*  
5        *of an environmental analysis. Notwithstanding any*  
6        *other law, compliance with this paragraph is deemed*  
7        *to satisfy all requirements for the analysis and con-*  
8        *sideration of the environmental effects of proposed*  
9        *leasing under this title.*

10        *(d) RELATIONSHIP TO STATE AND LOCAL AUTHOR-*  
11        *ITY.—Nothing in this title shall be considered to expand*  
12        *or limit State and local regulatory authority.*

13        *(e) SPECIAL AREAS.—*

14                *(1) IN GENERAL.—The Secretary, after consulta-*  
15        *tion with the State of Alaska, the city of Kaktovik,*  
16        *and the North Slope Borough, may designate up to a*  
17        *total of 45,000 acres of the Coastal Plain as a Special*  
18        *Area if the Secretary determines that the Special*  
19        *Area is of such unique character and interest so as*  
20        *to require special management and regulatory protec-*  
21        *tion. The Secretary shall designate as such a Special*  
22        *Area the Sadlerochit Spring area, comprising ap-*  
23        *proximately 4,000 acres as depicted on the map re-*  
24        *ferred to in section 502(1).*

1           (2) *MANAGEMENT.*—*Each such Special Area*  
2 *shall be managed so as to protect and preserve the*  
3 *area’s unique and diverse character including its fish,*  
4 *wildlife, and subsistence resource values.*

5           (3) *EXCLUSION FROM LEASING OR SURFACE OC-*  
6 *CUPANCY.*—*The Secretary may exclude any Special*  
7 *Area from leasing. If the Secretary leases a Special*  
8 *Area, or any part thereof, for purposes of oil and gas*  
9 *exploration, development, production, and related ac-*  
10 *tivities, there shall be no surface occupancy of the*  
11 *lands comprising the Special Area.*

12           (4) *DIRECTIONAL DRILLING.*—*Notwithstanding*  
13 *the other provisions of this subsection, the Secretary*  
14 *may lease all or a portion of a Special Area under*  
15 *terms that permit the use of horizontal drilling tech-*  
16 *nology from sites on leases located outside the area.*

17           (f) *LIMITATION ON CLOSED AREAS.*—*The Secretary’s*  
18 *sole authority to close lands within the Coastal Plain to*  
19 *oil and gas leasing and to exploration, development, and*  
20 *production is that set forth in this title.*

21           (g) *REGULATIONS.*—

22           (1) *IN GENERAL.*—*The Secretary shall prescribe*  
23 *such regulations as may be necessary to carry out this*  
24 *title, including rules and regulations relating to pro-*  
25 *tection of the fish and wildlife, their habitat, subsist-*

1        *ence resources, and environment of the Coastal Plain,*  
2        *by no later than 15 months after the date of enact-*  
3        *ment of this Act.*

4            (2) *REVISION OF REGULATIONS.*—*The Secretary*  
5        *shall periodically review and, if appropriate, revise*  
6        *the rules and regulations issued under subsection (a)*  
7        *to reflect any significant biological, environmental, or*  
8        *engineering data that come to the Secretary’s atten-*  
9        *tion.*

10 **SEC. 504. LEASE SALES.**

11        (a) *IN GENERAL.*—*Lands may be leased pursuant to*  
12 *this title to any person qualified to obtain a lease for depos-*  
13 *its of oil and gas under the Mineral Leasing Act (30 U.S.C.*  
14 *181 et seq.).*

15        (b) *PROCEDURES.*—*The Secretary shall, by regulation,*  
16 *establish procedures for—*

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

21            (2) *the holding of lease sales after such nomina-*  
22 *tion process; and*

23            (3) *public notice of and comment on designation*  
24 *of areas to be included in, or excluded from, a lease*  
25 *sale.*

1       (c) *LEASE SALE BIDS.*—*Bidding for leases under this*  
2 *title shall be by sealed competitive cash bonus bids.*

3       (d) *ACREAGE MINIMUM IN FIRST SALE.*—*In the first*  
4 *lease sale under this title, the Secretary shall offer for lease*  
5 *those tracts the Secretary considers to have the greatest po-*  
6 *tential for the discovery of hydrocarbons, taking into con-*  
7 *sideration nominations received pursuant to subsection*  
8 *(b)(1), but in no case less than 200,000 acres.*

9       (e) *TIMING OF LEASE SALES.*—*The Secretary shall—*  
10           (1) *conduct the first lease sale under this title*  
11 *within 22 months after the date of enactment of this*  
12 *title; and*

13           (2) *conduct additional sales so long as sufficient*  
14 *interest in development exists to warrant, in the Sec-*  
15 *retary's judgment, the conduct of such sales.*

16 **SEC. 505. GRANT OF LEASES BY THE SECRETARY.**

17       (a) *IN GENERAL.*—*The Secretary may grant to the*  
18 *highest responsible qualified bidder in a lease sale conducted*  
19 *pursuant to section 504 any lands to be leased on the Coast-*  
20 *al Plain upon payment by the lessee of such bonus as may*  
21 *be accepted by the Secretary.*

22       (b) *SUBSEQUENT TRANSFERS.*—*No lease issued under*  
23 *this title may be sold, exchanged, assigned, sublet, or other-*  
24 *wise transferred except with the approval of the Secretary.*  
25 *Prior to any such approval the Secretary shall consult with,*

1 *and give due consideration to the views of, the Attorney*  
2 *General.*

3 **SEC. 506. LEASE TERMS AND CONDITIONS.**

4 *(a) IN GENERAL.—An oil or gas lease issued pursuant*  
5 *to this title shall—*

6 *(1) provide for the payment of a royalty of not*  
7 *less than 12½ percent in amount or value of the pro-*  
8 *duction removed or sold from the lease, as determined*  
9 *by the Secretary under the regulations applicable to*  
10 *other Federal oil and gas leases;*

11 *(2) provide that the Secretary may close, on a*  
12 *seasonal basis, portions of the Coastal Plain to ex-*  
13 *ploratory drilling activities as necessary to protect*  
14 *caribou calving areas and other species of fish and*  
15 *wildlife;*

16 *(3) require that the lessee of lands within the*  
17 *Coastal Plain shall be fully responsible and liable for*  
18 *the reclamation of lands within the Coastal Plain and*  
19 *any other Federal lands that are adversely affected in*  
20 *connection with exploration, development, production,*  
21 *or transportation activities conducted under the lease*  
22 *and within the Coastal Plain by the lessee or by any*  
23 *of the subcontractors or agents of the lessee;*

24 *(4) provide that the lessee may not delegate or*  
25 *convey, by contract or otherwise, the reclamation re-*

1        *sponsibility and liability to another person without*  
2        *the express written approval of the Secretary;*

3            *(5) provide that the standard of reclamation for*  
4        *lands required to be reclaimed under this title shall*  
5        *be, as nearly as practicable, a condition capable of*  
6        *supporting the uses which the lands were capable of*  
7        *supporting prior to any exploration, development, or*  
8        *production activities, or upon application by the les-*  
9        *see, to a higher or better use as approved by the Sec-*  
10       *retary;*

11           *(6) contain terms and conditions relating to pro-*  
12       *tection of fish and wildlife, their habitat, and the en-*  
13       *vironment as required pursuant to section 503(a)(2);*

14           *(7) provide that the lessee, its agents, and its*  
15       *contractors use best efforts to provide a fair share, as*  
16       *determined by the level of obligation previously agreed*  
17       *to in the 1974 agreement implementing section 29 of*  
18       *the Federal Agreement and Grant of Right of Way for*  
19       *the Operation of the Trans-Alaska Pipeline, of em-*  
20       *ployment and contracting for Alaska Natives and*  
21       *Alaska Native Corporations from throughout the*  
22       *State;*

23           *(8) prohibit the export of oil produced under the*  
24       *lease; and*

1           (9) contain such other provisions as the Sec-  
2           retary determines necessary to ensure compliance  
3           with the provisions of this title and the regulations  
4           issued under this title.

5           (b) *PROJECT LABOR AGREEMENTS.*—The Secretary, as  
6           a term and condition of each lease under this title and in  
7           recognizing the Government’s proprietary interest in labor  
8           stability and in the ability of construction labor and man-  
9           agement to meet the particular needs and conditions of  
10          projects to be developed under the leases issued pursuant  
11          to this title and the special concerns of the parties to such  
12          leases, shall require that the lessee and its agents and con-  
13          tractors negotiate to obtain a project labor agreement for  
14          the employment of laborers and mechanics on production,  
15          maintenance, and construction under the lease.

16          **SEC. 507. COASTAL PLAIN ENVIRONMENTAL PROTECTION.**

17          (a) *NO SIGNIFICANT ADVERSE EFFECT STANDARD TO*  
18          *GOVERN AUTHORIZED COASTAL PLAIN ACTIVITIES.*—The  
19          Secretary shall, consistent with the requirements of section  
20          503, administer the provisions of this title through regula-  
21          tions, lease terms, conditions, restrictions, prohibitions,  
22          stipulations, and other provisions that—

23                  (1) ensure the oil and gas exploration, develop-  
24          ment, and production activities on the Coastal Plain

1 *will result in no significant adverse effect on fish and*  
2 *wildlife, their habitat, and the environment; and*

3 *(2) require the application of the best commer-*  
4 *cially available technology for oil and gas explo-*  
5 *ration, development, and production on all new explo-*  
6 *ration, development, and production operations.*

7 *(b) SITE-SPECIFIC ASSESSMENT AND MITIGATION.—*  
8 *The Secretary shall also require, with respect to any pro-*  
9 *posed drilling and related activities, that—*

10 *(1) a site-specific analysis be made of the prob-*  
11 *able effects, if any, that the drilling or related activi-*  
12 *ties will have on fish and wildlife, their habitat, and*  
13 *the environment;*

14 *(2) a plan be implemented to avoid, minimize,*  
15 *and mitigate (in that order and to the extent prac-*  
16 *ticable) any significant adverse effect identified under*  
17 *paragraph (1); and*

18 *(3) the development of the plan shall occur after*  
19 *consultation with the agency or agencies having juris-*  
20 *isdiction over matters mitigated by the plan.*

21 *(c) REGULATIONS TO PROTECT COASTAL PLAIN FISH*  
22 *AND WILDLIFE RESOURCES, SUBSISTENCE USERS, AND*  
23 *THE ENVIRONMENT.—Before implementing the leasing pro-*  
24 *gram authorized by this title, the Secretary shall prepare*  
25 *and promulgate regulations, lease terms, conditions, restric-*

1 *tions, prohibitions, stipulations, and other measures de-*  
2 *signed to ensure that the activities undertaken on the Coast-*  
3 *al Plain under this title are conducted in a manner con-*  
4 *sistent with the purposes and environmental requirements*  
5 *of this title.*

6       *(d) COMPLIANCE WITH FEDERAL AND STATE ENVI-*  
7 *RONMENTAL LAWS AND OTHER REQUIREMENTS.—The pro-*  
8 *posed regulations, lease terms, conditions, restrictions, pro-*  
9 *hibitions, and stipulations for the leasing program under*  
10 *this title shall require compliance with all applicable provi-*  
11 *sions of Federal and State environmental law and shall also*  
12 *require the following:*

13           *(1) Standards at least as effective as the safety*  
14 *and environmental mitigation measures set forth in*  
15 *items 1 through 29 at pages 167 through 169 of the*  
16 *“Final Legislative Environmental Impact Statement”*  
17 *(April 1987) on the Coastal Plain.*

18           *(2) Seasonal limitations on exploration, develop-*  
19 *ment, and related activities, where necessary, to avoid*  
20 *significant adverse effects during periods of con-*  
21 *centrated fish and wildlife breeding, denning, nesting,*  
22 *spawning, and migration.*

23           *(3) That exploration activities, except for surface*  
24 *geological studies, be limited to the period between ap-*  
25 *proximately November 1 and May 1 each year and*

1        *that exploration activities shall be supported by ice*  
2        *roads, winter trails with adequate snow cover, ice*  
3        *pads, ice airstrips, and air transport methods, except*  
4        *that such exploration activities may occur at other*  
5        *times, if—*

6                *(A) the Secretary determines, after afford-*  
7                *ing an opportunity for public comment and re-*  
8                *view, that special circumstances exist necessi-*  
9                *tating that exploration activities be conducted at*  
10               *other times of the year; and*

11               *(B) the Secretary finds that such explo-*  
12               *ration will have no significant adverse effect on*  
13               *the fish and wildlife, their habitat, and the envi-*  
14               *ronment of the Coastal Plain.*

15               *(4) Design safety and construction standards for*  
16        *all pipelines and any access and service roads, that—*

17               *(A) minimize, to the maximum extent pos-*  
18               *sible, adverse effects upon the passage of migra-*  
19               *tory species such as caribou; and*

20               *(B) minimize adverse effects upon the flow*  
21               *of surface water by requiring the use of culverts,*  
22               *bridges, and other structural devices.*

23               *(5) Prohibitions on public access and use on all*  
24        *pipeline access and service roads.*

1           (6) *Stringent reclamation and rehabilitation re-*  
2           *quirements, consistent with the standards set forth in*  
3           *this title, requiring the removal from the Coastal*  
4           *Plain of all oil and gas development and production*  
5           *facilities, structures, and equipment upon completion*  
6           *of oil and gas production operations, except that the*  
7           *Secretary may exempt from the requirements of this*  
8           *paragraph those facilities, structures, or equipment*  
9           *that the Secretary determines would assist in the*  
10          *management of the Arctic National Wildlife Refuge*  
11          *and that are donated to the United States for that*  
12          *purpose.*

13           (7) *Appropriate prohibitions or restrictions on*  
14          *access by all modes of transportation.*

15           (8) *Appropriate prohibitions or restrictions on*  
16          *sand and gravel extraction.*

17           (9) *Consolidation of facility siting.*

18           (10) *Appropriate prohibitions or restrictions on*  
19          *use of explosives.*

20           (11) *Avoidance, to the extent practicable, of*  
21          *springs, streams, and river system; the protection of*  
22          *natural surface drainage patterns, wetlands, and ri-*  
23          *parian habitats; and the regulation of methods or*  
24          *techniques for developing or transporting adequate*  
25          *supplies of water for exploratory drilling.*

1           (12) *Avoidance or reduction of air traffic-related*  
2           *disturbance to fish and wildlife.*

3           (13) *Treatment and disposal of hazardous and*  
4           *toxic wastes, solid wastes, reserve pit fluids, drilling*  
5           *muds and cuttings, and domestic wastewater, includ-*  
6           *ing an annual waste management report, a hazardous*  
7           *materials tracking system, and a prohibition on*  
8           *chlorinated solvents, in accordance with applicable*  
9           *Federal and State environmental law.*

10          (14) *Fuel storage and oil spill contingency plan-*  
11          *ning.*

12          (15) *Research, monitoring, and reporting re-*  
13          *quirements.*

14          (16) *Field crew environmental briefings.*

15          (17) *Avoidance of significant adverse effects upon*  
16          *subsistence hunting, fishing, and trapping by subsist-*  
17          *ence users.*

18          (18) *Compliance with applicable air and water*  
19          *quality standards.*

20          (19) *Appropriate seasonal and safety zone des-*  
21          *ignations around well sites, within which subsistence*  
22          *hunting and trapping shall be limited.*

23          (20) *Reasonable stipulations for protection of*  
24          *cultural and archeological resources.*

1           (21) *All other protective environmental stipula-*  
2           *tions, restrictions, terms, and conditions deemed nec-*  
3           *essary by the Secretary.*

4           (e) *CONSIDERATIONS.—In preparing and promul-*  
5           *gating regulations, lease terms, conditions, restrictions, pro-*  
6           *hibitions, and stipulations under this section, the Secretary*  
7           *shall consider the following:*

8           (1) *The stipulations and conditions that govern*  
9           *the National Petroleum Reserve-Alaska leasing pro-*  
10           *gram, as set forth in the 1999 Northeast National Pe-*  
11           *troleum Reserve-Alaska Final Integrated Activity*  
12           *Plan/Environmental Impact Statement.*

13           (2) *The environmental protection standards that*  
14           *governed the initial Coastal Plain seismic exploration*  
15           *program under parts 37.31 to 37.33 of title 50, Code*  
16           *of Federal Regulations.*

17           (3) *The land use stipulations for exploratory*  
18           *drilling on the KIC–ASRC private lands that are set*  
19           *forth in Appendix 2 of the August 9, 1983, agreement*  
20           *between Arctic Slope Regional Corporation and the*  
21           *United States.*

22           (f) *FACILITY CONSOLIDATION PLANNING.—*

23           (1) *IN GENERAL.—The Secretary shall, after pro-*  
24           *viding for public notice and comment, prepare and*  
25           *update periodically a plan to govern, guide, and di-*

1 *rect the siting and construction of facilities for the ex-*  
2 *ploration, development, production, and transpor-*  
3 *tation of Coastal Plain oil and gas resources.*

4 (2) *OBJECTIVES.*—*The plan shall have the fol-*  
5 *lowing objectives:*

6 (A) *Avoiding unnecessary duplication of fa-*  
7 *cilities and activities.*

8 (B) *Encouraging consolidation of common*  
9 *facilities and activities.*

10 (C) *Locating or confining facilities and ac-*  
11 *tivities to areas that will minimize impact on*  
12 *fish and wildlife, their habitat, and the environ-*  
13 *ment.*

14 (D) *Utilizing existing facilities wherever*  
15 *practicable.*

16 (E) *Enhancing compatibility between wild-*  
17 *life values and development activities.*

18 **SEC. 508. EXPEDITED JUDICIAL REVIEW.**

19 (a) *FILING OF COMPLAINT.*—

20 (1) *DEADLINE.*—*Subject to paragraph (2), any*  
21 *complaint seeking judicial review of any provision of*  
22 *this title or any action of the Secretary under this*  
23 *title shall be filed in any appropriate district court*  
24 *of the United States—*

1           (A) *except as provided in subparagraph*  
2           (B), *within the 90-day period beginning on the*  
3           *date of the action being challenged; or*

4           (B) *in the case of a complaint based solely*  
5           *on grounds arising after such period, within 90*  
6           *days after the complainant knew or reasonably*  
7           *should have known of the grounds for the com-*  
8           *plaint.*

9           (2) *VENUE.—Any complaint seeking judicial re-*  
10          *view of an action of the Secretary under this title*  
11          *may be filed only in the United States Court of Ap-*  
12          *peals for the District of Columbia.*

13          (3) *LIMITATION ON SCOPE OF CERTAIN RE-*  
14          *VIEW.—Judicial review of a Secretarial decision to*  
15          *conduct a lease sale under this title, including the en-*  
16          *vironmental analysis thereof, shall be limited to*  
17          *whether the Secretary has complied with the terms of*  
18          *this Act and shall be based upon the administrative*  
19          *record of that decision. The Secretary’s identification*  
20          *of a preferred course of action to enable leasing to*  
21          *proceed and the Secretary’s analysis of environmental*  
22          *effects under this Act shall be presumed to be correct*  
23          *unless shown otherwise by clear and convincing evi-*  
24          *dence to the contrary.*

1       (b) *LIMITATION ON OTHER REVIEW.*—*Actions of the*  
2 *Secretary with respect to which review could have been ob-*  
3 *tained under this section shall not be subject to judicial re-*  
4 *view in any civil or criminal proceeding for enforcement.*

5 **SEC. 509. RIGHTS-OF-WAY ACROSS THE COASTAL PLAIN.**

6       (a) *EXEMPTION.*—*Title XI of the Alaska National In-*  
7 *terest Lands Conservation Act of 1980 (16 U.S.C. 3161 et*  
8 *seq.) shall not apply to the issuance by the Secretary under*  
9 *section 28 of the Mineral Leasing Act (30 U.S.C. 185) of*  
10 *rights-of-way and easements across the Coastal Plain for*  
11 *the transportation of oil and gas.*

12       (b) *TERMS AND CONDITIONS.*—*The Secretary shall in-*  
13 *clude in any right-of-way or easement referred to in sub-*  
14 *section (a) such terms and conditions as may be necessary*  
15 *to ensure that transportation of oil and gas does not result*  
16 *in a significant adverse effect on the fish and wildlife, sub-*  
17 *sistence resources, their habitat, and the environment of the*  
18 *Coastal Plain, including requirements that facilities be*  
19 *sited or designed so as to avoid unnecessary duplication of*  
20 *roads and pipelines.*

21       (c) *REGULATIONS.*—*The Secretary shall include in*  
22 *regulations under section 503(g) provisions granting rights-*  
23 *of-way and easements described in subsection (a) of this sec-*  
24 *tion.*

1 **SEC. 510. CONVEYANCE.**

2 *In order to maximize Federal revenues by removing*  
3 *clouds on title to lands and clarifying land ownership pat-*  
4 *terns within the Coastal Plain, the Secretary, notwith-*  
5 *standing the provisions of section 1302(h)(2) of the Alaska*  
6 *National Interest Lands Conservation Act (16 U.S.C.*  
7 *3192(h)(2)), shall convey—*

8 *(1) to the Kaktovik Inupiat Corporation the sur-*  
9 *face estate of the lands described in paragraph 2 of*  
10 *Public Land Order 6959, to the extent necessary to*  
11 *fulfill the Corporation's entitlement under section 12*  
12 *of the Alaska Native Claims Settlement Act (43*  
13 *U.S.C. 1611); and*

14 *(2) to the Arctic Slope Regional Corporation the*  
15 *subsurface estate beneath such surface estate pursuant*  
16 *to the August 9, 1983, agreement between the Arctic*  
17 *Slope Regional Corporation and the United States of*  
18 *America.*

19 **SEC. 511. LOCAL GOVERNMENT IMPACT AID AND COMMU-**  
20 **NITY SERVICE ASSISTANCE.**

21 *(a) FINANCIAL ASSISTANCE AUTHORIZED.—*

22 *(1) IN GENERAL.—The Secretary may use*  
23 *amounts available from the Coastal Plain Local Gov-*  
24 *ernment Impact Aid Assistance Fund established by*  
25 *subsection (d) to provide timely financial assistance*  
26 *to entities that are eligible under paragraph (2) and*

1       *that are directly impacted by the exploration for or*  
2       *production of oil and gas on the Coastal Plain under*  
3       *this title.*

4               (2) *ELIGIBLE ENTITIES.*—*The North Slope Bor-*  
5       *ough, Kaktovik, and other boroughs, municipal sub-*  
6       *divisions, villages, and any other community orga-*  
7       *nized under Alaska State law shall be eligible for fi-*  
8       *nancial assistance under this section.*

9               (b) *USE OF ASSISTANCE.*—*Financial assistance under*  
10      *this section may be used only for—*

11              (1) *planning for mitigation of the potential ef-*  
12      *fects of oil and gas exploration and development on*  
13      *environmental, social, cultural, recreational and sub-*  
14      *sistence values;*

15              (2) *implementing mitigation plans and main-*  
16      *taining mitigation projects; and*

17              (3) *developing, carrying out, and maintaining*  
18      *projects and programs that provide new or expanded*  
19      *public facilities and services to address needs and*  
20      *problems associated with such effects, including fire-*  
21      *fighting, police, water, waste treatment, medivac, and*  
22      *medical services.*

23              (c) *APPLICATION.*—

24              (1) *IN GENERAL.*—*Any community that is eligi-*  
25      *ble for assistance under this section may submit an*

1       *application for such assistance to the Secretary, in*  
2       *such form and under such procedures as the Secretary*  
3       *may prescribe by regulation.*

4               (2) *NORTH SLOPE BOROUGH COMMUNITIES.*—*A*  
5       *community located in the North Slope Borough may*  
6       *apply for assistance under this section either directly*  
7       *to the Secretary or through the North Slope Borough.*

8               (3) *APPLICATION ASSISTANCE.*—*The Secretary*  
9       *shall work closely with and assist the North Slope*  
10       *Borough and other communities eligible for assistance*  
11       *under this section in developing and submitting ap-*  
12       *plications for assistance under this section.*

13              (d) *ESTABLISHMENT OF FUND.*—

14               (1) *IN GENERAL.*—*There is established in the*  
15       *Treasury the Coastal Plain Local Government Impact*  
16       *Aid Assistance Fund.*

17               (2) *USE.*—*Amounts in the fund may be used*  
18       *only for providing financial assistance under this sec-*  
19       *tion.*

20               (3) *DEPOSITS.*—*Subject to paragraph (4), there*  
21       *shall be deposited into the fund amounts received by*  
22       *the United States as revenues derived from rents, bo-*  
23       *nuses, and royalties under on leases and lease sales*  
24       *authorized under this title.*



1 *owner of the pipeline and related facility has given written*  
2 *consent and agreed to such eligibility.*

3 **TITLE VII—CONSERVATION OF**  
4 **ENERGY BY THE DEPART-**  
5 **MENT OF THE INTERIOR**

6 **SEC. 701. ENERGY CONSERVATION BY THE DEPARTMENT OF**  
7 **THE INTERIOR.**

8 *(a) IN GENERAL.—The Secretary of the Interior*  
9 *shall—*

10 *(1) conduct a study to identify, evaluate, and*  
11 *recommend opportunities for conserving energy by re-*  
12 *ducing the amount of energy used by facilities of the*  
13 *Department of the Interior; and*

14 *(2) wherever feasible and appropriate, reduce the*  
15 *use of energy from traditional sources by encouraging*  
16 *use of alternative energy sources, including solar*  
17 *power and power from fuel cells, throughout such fa-*  
18 *cilities and the public lands of the United States.*

19 *(b) REPORTS.—The Secretary shall submit to the*  
20 *Congress—*

21 *(1) by not later than 90 days after the date of*  
22 *the enactment of this Act, a report containing the*  
23 *findings, conclusions, and recommendations of the*  
24 *study under subsection (a)(1); and*

1           (2) by not later than December 31 each year, an  
2           annual report describing progress made in—

3                   (A) conserving energy through opportunities  
4                   recommended in the report under paragraph (1);  
5                   and

6                   (B) encouraging use of alternative energy  
7                   sources under subsection (a)(2).

**Union Calendar No. 95**

107<sup>TH</sup> CONGRESS  
1<sup>ST</sup> SESSION

**H. R. 2436**

**[Report No. 107-160, Part I]**

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**A BILL**

To provide secure energy supplies for the people of  
the United States, and for other purposes.

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JULY 25, 2001

Reported from the Committee on Resources with an  
amendment

JULY 25, 2001

Referral to the Committee on Energy and Commerce ex-  
tended for a period ending not later than July 25,  
2001

JULY 25, 2001

The Committee on Energy and Commerce discharged;  
committed to the Committee of the Whole House on  
the State of the Union and ordered to be printed