

109TH CONGRESS
1ST SESSION

S. 1026

To ensure that offshore energy development on the outer Continental Shelf continues to serve the needs of the United States, to create opportunities for new development and the use of alternative resources, and for other purposes.

IN THE SENATE OF THE UNITED STATES

MAY 12, 2005

Ms. LANDRIEU introduced the following bill; which was read twice and referred to the Committee on Energy and Natural Resources

A BILL

To ensure that offshore energy development on the outer Continental Shelf continues to serve the needs of the United States, to create opportunities for new development and the use of alternative resources, 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 “Stewardship for Our
5 Coasts and Opportunities for Reliable Energy Act”.

1 **SEC. 2. OUTER CONTINENTAL SHELF REVENUE SHARING**
2 **FOR NON-MORATORIA COASTAL PRODUCING**
3 **STATES.**

4 The Outer Continental Shelf Lands Act (43 U.S.C.
5 1331 et seq.) is amended by adding at the end the fol-
6 lowing:

7 **“SEC. 32. OUTER CONTINENTAL SHELF REVENUE SHARING**
8 **FOR NON-MORATORIA COASTAL PRODUCING**
9 **STATES.**

10 “(a) DEFINITIONS.—In this section:

11 “(1) COASTAL POLITICAL SUBDIVISION.—The
12 term ‘coastal political subdivision’ means a political
13 subdivision of a producing State, all or part of which
14 lies within the boundaries of the coastal zone of the
15 producing State that are identified in the coastal
16 zone management program for the producing State
17 under the Coastal Zone Management Act of 1972
18 (16 U.S.C. 1451 et seq.), as in effect on the date
19 of enactment of this section.

20 “(2) COASTAL POPULATION.—The term ‘coastal
21 population’ means the population, as determined by
22 the most recent official data of the Census Bureau,
23 of each political subdivision, any part of which lies
24 within the designated coastal boundary of a State
25 (as defined in a coastal zone management program

1 of the State under the Coastal Zone Management
2 Act of 1972 (16 U.S.C. 1451 et seq.)).

3 “(3) COASTAL STATE.—The term ‘coastal
4 State’ has the meaning given the term in section
5 304 of the Coastal Zone Management Act of 1972
6 (16 U.S.C. 1453).

7 “(4) COASTLINE.—The term ‘coastline’ has the
8 meaning given the term in section 2 of the Sub-
9 merged Lands Act (43 U.S.C. 1301).

10 “(5) DISTANCE.—The term ‘distance’ means
11 the minimum great circle distance, measured in stat-
12 ute miles.

13 “(6) LEASED TRACT.—The term ‘leased tract’
14 means a tract that is subject to a lease under section
15 6 or 8 for the purpose of drilling for, developing,
16 and producing oil or natural gas resources.

17 “(7) LEASING MORATORIA.—The term ‘leasing
18 moratoria’ means the prohibitions on preleasing,
19 leasing, and related activities on any geographic area
20 of the outer Continental Shelf as contained in—

21 “(A) the moratorium statement of the
22 President on June 12, 1998; or

23 “(B) section 110 of the Department of the
24 Interior and Related Agencies Appropriations
25 Act, 2002 (Public Law 107–63; 115 Stat. 438).

1 “(8) POLITICAL SUBDIVISION.—The term ‘polit-
 2 ical subdivision’ means the local political jurisdiction
 3 immediately below the level of State government, in-
 4 cluding counties, parishes, and boroughs.

5 “(9) PRODUCING STATE.—

6 “(A) IN GENERAL.—The term ‘producing
 7 State’ means a coastal State that has a coastal
 8 seaward boundary within 200 miles of the geo-
 9 graphic center of a leased tract within any area
 10 of the outer Continental Shelf.

11 “(B) EXCLUSION.—The term ‘producing
 12 State’ does not include a producing State, a
 13 majority of the coastline of which is subject to
 14 leasing moratoria.

15 “(10) QUALIFIED OUTER CONTINENTAL SHELF
 16 REVENUES.—

17 “(A) IN GENERAL.—The term ‘qualified
 18 Outer Continental Shelf revenues’ means all
 19 amounts received by the United States from
 20 each leased tract or portion of a leased tract—

21 “(i) lying—

22 “(I) seaward of the zone covered
 23 by section 8(g); or

1 “(II) within the zone covered by
2 section 8(g), but to which section 8(g)
3 does not apply; and

4 “(ii) the geographic center of which
5 lies within 200 miles of any part of the
6 coastline of any coastal State.

7 “(B) INCLUSIONS.—The term ‘qualified
8 Outer Continental Shelf revenues’ includes
9 bonus bids, rents, royalties (including payments
10 for royalty taken in kind and sold), net profit
11 share payments, and related late-payment inter-
12 est from natural gas and oil leases issued under
13 this Act.

14 “(C) EXCLUSION.—The term ‘qualified
15 Outer Continental Shelf revenues’ does not in-
16 clude any revenues (other than revenues re-
17 ceived under section 18(i)) from a leased tract
18 or portion of a leased tract that is located in a
19 geographic area subject to a leasing moratorium
20 on January 1, 2005, unless the lease was in
21 production on that date.

22 “(11) TRANSFERRED AMOUNT.—The term
23 ‘transferred amount’ means the amount transferred
24 to the Secretary under subsection (b)(1) to make

1 payments to producing States and coastal political
2 subdivisions under this section for a fiscal year.

3 “(b) PAYMENTS TO PRODUCING STATES AND COAST-
4 AL POLITICAL SUBDIVISIONS.—

5 “(1) TRANSFER OF AMOUNTS.—From qualified
6 Outer Continental Shelf revenues deposited in the
7 Treasury under this Act for a fiscal year, the Sec-
8 retary of the Treasury shall transfer to the Sec-
9 retary to make payments to producing States and
10 coastal political subdivisions under this section—

11 “(A) for each of fiscal years 2006 through
12 2010, \$500,000,000; and

13 “(B) for fiscal year 2011 and each subse-
14 quent fiscal year, an amount equal to 50 per-
15 cent of qualified Outer Continental Shelf reve-
16 nues received for a fiscal year.

17 “(2) DISBURSEMENT.—In each fiscal year, the
18 Secretary shall, without further appropriation for
19 purposes of paragraph (1)(B) and subject to the
20 availability of appropriations for purposes of para-
21 graph (1)(A), disburse to each producing State for
22 which the Secretary has approved a plan under sub-
23 section (c), and to coastal political subdivisions
24 under paragraph (4), the funds allocated to the pro-

1 ducing State or coastal political subdivision under
2 this section for the fiscal year.

3 “(3) ALLOCATION AMONG PRODUCING
4 STATES.—

5 “(A) IN GENERAL.—The transferred
6 amount shall be allocated to each producing
7 State based on the ratio that—

8 “(i) the amount of qualified outer
9 Continental Shelf revenues generated off
10 the coastline of the producing State; bears
11 to

12 “(ii) the amount of qualified outer
13 Continental Shelf revenues generated off
14 the coastline of all producing States.

15 “(B) QUALIFIED OUTER CONTINENTAL
16 SHELF REVENUES.—

17 “(i) FISCAL YEARS 2006 THROUGH
18 2008.—For each of fiscal years 2006
19 through 2008, a calculation of a payment
20 under this subsection shall be based on
21 qualified outer Continental Shelf revenues
22 received during fiscal year 2005.

23 “(ii) FISCAL YEARS 2009 THROUGH
24 2010.—For each of fiscal years 2009
25 through 2010, a calculation of a payment

1 under this subsection shall be based on
2 qualified outer Continental Shelf revenues
3 received during fiscal year 2008.

4 “(iii) FISCAL YEAR 2011 AND THERE-
5 AFTER.—Beginning in fiscal year 2011, a
6 calculation of a payment under this sub-
7 section for each fiscal year during a 2-year
8 fiscal year period shall be based on quali-
9 fied outer Continental Shelf revenues re-
10 ceived during the fiscal year preceding the
11 first fiscal year of the 2-year fiscal year pe-
12 riod.

13 “(C) MULTIPLE PRODUCING STATES.—If
14 more than 1 producing State is located within
15 200 miles of any portion of a leased tract, the
16 amount allocated to each producing State for
17 the leased tract shall be inversely proportional
18 to the distance between—

19 “(i) the nearest point on the coastline
20 of the producing State; and

21 “(ii) the geographic center of the
22 leased tract.

23 “(D) MINIMUM ALLOCATION.—An amount
24 allocated to a producing State under this para-

1 graph shall be not less than 1 percent of the
2 transferred amount.

3 “(4) PAYMENTS TO COASTAL POLITICAL SUB-
4 DIVISIONS.—

5 “(A) IN GENERAL.—The Secretary shall
6 pay 35 percent of the amount allocated under
7 paragraph (3) to the coastal political subdivi-
8 sions in the producing State.

9 “(B) FORMULA.—Of the amount paid by
10 the Secretary to coastal political subdivisions
11 under subparagraph (A)—

12 “(i) 25 percent shall be allocated to
13 each coastal political subdivision in the
14 proportion that—

15 “(I) the coastal population of the
16 coastal political subdivision; bears to

17 “(II) the coastal population of all
18 coastal political subdivisions in the
19 producing State;

20 “(ii) 25 percent shall be allocated to
21 each coastal political subdivision in the
22 proportion that—

23 “(I) the number of miles of
24 coastline of the coastal political sub-
25 division; bears to

1 “(II) the number of miles of
2 coastline of all coastal political sub-
3 divisions in the producing State; and

4 “(iii) 50 percent shall be allocated in
5 amounts that are inversely proportional to
6 the respective distances between the points
7 in each coastal political subdivision that
8 are closest to the geographic center of each
9 leased tract, as determined by the Sec-
10 retary.

11 “(C) EXCEPTION FOR LOUISIANA.—For
12 the purposes of subparagraph (B)(ii), the coast-
13 line for coastal political subdivisions in the
14 State of Louisiana without a coastline shall be
15 the average length of the coastline of all other
16 coastal political subdivisions in the State of
17 Louisiana.

18 “(D) EXCEPTION FOR ALASKA.—For the
19 purposes of carrying out subparagraph (B)(iii)
20 in the State of Alaska, the amount allocated
21 shall be divided equally among the 2 coastal po-
22 litical subdivisions that are closest to the geo-
23 graphic center of a leased tract.

24 “(E) EXCLUSION OF CERTAIN LEASED
25 TRACTS.—For purposes of subparagraph

1 (B)(iii), a leased tract or portion of a leased
2 tract shall be excluded if the tract or portion of
3 a leased tract is located in a geographic area
4 subject to a leasing moratorium on January 1,
5 2005, unless the lease was in production on
6 that date.

7 “(5) NO APPROVED PLAN.—

8 “(A) IN GENERAL.—Subject to subpara-
9 graph (B) and except as provided in subpara-
10 graph (C), if any amount allocated to a pro-
11 ducing State or coastal political subdivision
12 under paragraph (3) or (4) is not disbursed be-
13 cause the producing State does not have in ef-
14 fect a plan that has been approved by the Sec-
15 retary under subsection (c), the Secretary shall
16 allocate the undisbursed amount equally among
17 all other producing States.

18 “(B) RETENTION OF ALLOCATION.—The
19 Secretary shall hold in escrow an undisbursed
20 amount described in subparagraph (A) until the
21 date that the final appeal regarding the dis-
22 approval of a plan submitted under subsection
23 (c) is decided.

24 “(C) WAIVER.—The Secretary may waive
25 the requirements of subparagraph (A) with re-

1 spect to an allocated share of a producing State
2 and hold the allocable share in escrow if the
3 Secretary determines that the producing State
4 is making a good faith effort to develop and
5 submit, or update, a plan in accordance with
6 subsection (c).

7 “(c) COASTAL IMPACT ASSISTANCE PLAN.—

8 “(1) SUBMISSION OF STATE PLAN.—

9 “(A) IN GENERAL.—Not later than July 1,
10 2008, the Governor of a producing State shall
11 submit to the Secretary a coastal impact assist-
12 ance plan.

13 “(B) PUBLIC PARTICIPATION.—In carrying
14 out subparagraph (A), the Governor shall solicit
15 local input and provide for public participation
16 in the development of the plan.

17 “(2) APPROVAL.—

18 “(A) IN GENERAL.—The Secretary shall
19 approve a plan of a producing State submitted
20 under paragraph (1) before disbursing any
21 amount to the producing State, or to a coastal
22 political subdivision located in the producing
23 State, under this section.

1 “(B) COMPONENTS.—The Secretary shall
2 approve a plan submitted under paragraph (1)
3 if—

4 “(i) the Secretary determines that the
5 plan is consistent with the uses described
6 in subsection (d); and

7 “(ii) the plan contains—

8 “(I) the name of the State agen-
9 cy that will have the authority to rep-
10 resent and act on behalf of the pro-
11 ducing State in dealing with the Sec-
12 retary for purposes of this section;

13 “(II) a program for the imple-
14 mentation of the plan that describes
15 how the amounts provided under this
16 section to the producing State will be
17 used;

18 “(III) for each coastal political
19 subdivision that receives an amount
20 under this section—

21 “(aa) the name of a contact
22 person; and

23 “(bb) a description of how
24 the coastal political subdivision

1 will use amounts provided under
2 this section;

3 “(IV) a certification by the Gov-
4 ernor that ample opportunity has been
5 provided for public participation in
6 the development and revision of the
7 plan; and

8 “(V) a description of measures
9 that will be taken to determine the
10 availability of assistance from other
11 relevant Federal resources and pro-
12 grams.

13 “(3) AMENDMENT TO A PLAN.—Any amend-
14 ment to a plan submitted under paragraph (1) shall
15 be—

16 “(A) developed in accordance with this
17 subsection; and

18 “(B) submitted to the Secretary for ap-
19 proval or disapproval under paragraph (4).

20 “(4) PROCEDURE.—Except as provided in sub-
21 paragraph (B), not later than 90 days after the date
22 on which a plan or amendment to a plan is sub-
23 mitted under paragraph (1) or (3), the Secretary
24 shall approve or disapprove the plan or amendment.

25 “(d) AUTHORIZED USES.—

1 “(1) FISCAL YEARS 2006 THROUGH 2010.—A
2 producing State or coastal political subdivision shall
3 use any amount transferred under subsection
4 (b)(1)(A) that is distributed to the producing State
5 or coastal political subdivision, including any amount
6 deposited in a trust fund that is administered by the
7 State or coastal political subdivision and dedicated
8 to a use consistent with this section, in accordance
9 with all applicable Federal and State law, only for
10 1 or more of the following purposes:

11 “(A) Projects and activities for the con-
12 servation, protection, or restoration of coastal
13 areas, including wetland.

14 “(B) Mitigation of damage to fish, wildlife,
15 or natural resources.

16 “(C) Planning assistance and the adminis-
17 trative costs of complying with this section.

18 “(D) Implementation of a federally-ap-
19 proved marine, coastal, or comprehensive con-
20 servation management plan.

21 “(E) Mitigation of the impact of outer
22 Continental Shelf activities through funding of
23 onshore infrastructure, education, health care,
24 and public service needs.

1 “(2) FISCAL YEAR 2011 AND THEREAFTER.—A
 2 producing State or coastal political subdivision shall
 3 use at least 25 percent of any amount transferred
 4 under subsection (b)(1)(B) that is distributed to the
 5 producing State or coastal political subdivision, in-
 6 cluding any amount deposited in a trust fund that
 7 is administered by the State or coastal political sub-
 8 division and dedicated to a use consistent with this
 9 section, for 1 or more of the purposes described in
 10 paragraph (1).

11 “(3) COMPLIANCE WITH AUTHORIZED USES.—
 12 If the Secretary determines that any expenditure
 13 made by a producing State or coastal political sub-
 14 division is not consistent with this subsection, the
 15 Secretary shall not disburse any additional amount
 16 under this section to the producing State or the
 17 coastal political subdivision until all amounts obli-
 18 gated for unauthorized uses have been repaid or re-
 19 obligated for authorized uses.”.

20 **SEC. 3. ESTABLISHMENT OF SEAWARD LATERAL BOUND-**
 21 **ARIES FOR COASTAL STATES.**

22 Section 4(a)(2)(A) of the Outer Continental Shelf
 23 Lands Act (43 U.S.C. 1333(a)(2)(A)) is amended—

24 (1) by inserting “(i)” after “(A)”;

25 (2) in the first sentence—

1 (A) by striking “President shall” and in-
2 serting “Secretary shall by regulation”; and

3 (B) by inserting before the period at the
4 end the following: “not later than 180 days
5 after the date of enactment of the Stewardship
6 for Our Coasts and Opportunities for Reliable
7 Energy Act”; and

8 (3) by adding at the end the following:

9 “(i)(I) For purposes of this Act (including deter-
10 mining boundaries to authorize leasing and preleasing ac-
11 tivities and any attributing revenues under this Act and
12 calculating payments to producing States and coastal po-
13 litical subdivisions under section 32), the Secretary shall
14 delineate the lateral boundaries between coastal States in
15 areas of the outer Continental shelf under exclusive Fed-
16 eral jurisdiction, to the extent of the exclusive economic
17 zone of the United States, in accordance with article 15
18 of the United Nations Convention on the Law of the Sea
19 of December 10, 1982.

20 “(II) This clause shall not affect any right or title
21 to Federal submerged land on the outer Continental
22 Shelf.”.

1 **SEC. 4. OPTION TO PETITION FOR LEASING WITHIN CER-**
2 **TAIN AREAS ON THE OUTER CONTINENTAL**
3 **SHELF.**

4 Section 12 of the Outer Continental Shelf Lands Act
5 (43 U.S.C. 1341) is amended by adding at the end the
6 following:

7 “(g) LEASING WITHIN THE SEAWARD LATERAL
8 BOUNDARIES OF COASTAL STATES.—

9 “(1) DEFINITION OF AFFECTED AREA.—In this
10 subsection, the term ‘affected area’ means any area
11 located—

12 “(A) in the areas of northern, central, and
13 southern California and the areas of Oregon
14 and Washington;

15 “(B) in the north, middle, or south plan-
16 ning area of the Atlantic Ocean;

17 “(C) in the eastern Gulf of Mexico plan-
18 ning area and lying—

19 “(i) south of 26 degrees north lati-
20 tude; and

21 “(ii) east of 86 degrees west lon-
22 gitude; or

23 “(D) in the Straits of Florida.

24 “(2) RESTRICTIONS ON LEASING.—The Sec-
25 retary shall not offer for offshore leasing, preleasing,
26 or any related activity—

1 “(A) any area located on the outer Conti-
 2 nental Shelf that, as of the date of enactment
 3 of this subsection, is designated as a marine
 4 sanctuary under the Marine Protection, Re-
 5 search, and Sanctuaries Act of 1972 (33 U.S.C.
 6 1401 et seq.); or

7 “(B) except as provided in paragraphs (3)
 8 and (4), during the period beginning on the
 9 date of enactment of this subsection and ending
 10 on June 30, 2012, any affected area.

11 “(3) RESOURCE ASSESSMENTS.—

12 “(A) IN GENERAL.—Beginning on the date
 13 on which the Secretary delineates seaward lat-
 14 eral boundaries under section 4(a)(2)(A)(ii), a
 15 Governor of a State in which an affected area
 16 is located, with the consent of the legislature of
 17 the State, may submit to the Secretary a peti-
 18 tion requesting a resource assessment of any
 19 area within the seaward lateral boundary of the
 20 State.

21 “(B) ELIGIBLE RESOURCES.—A petition
 22 for a resource assessment under subparagraph
 23 (A) may be for—

24 “(i) oil and gas leasing;

25 “(ii) gas-only leasing; or

1 “(iii) any other energy source leasing,
2 including renewable energy leasing.

3 “(C) ACTION BY SECRETARY.—Not later
4 than 90 days after receipt of a petition under
5 subparagraph (A), the Secretary shall approve
6 the petition, unless the Secretary determines
7 that a resource assessment of the area would
8 create an unreasonable risk of harm to the ma-
9 rine, human, or coastal environment of the
10 State.

11 “(D) FAILURE TO ACT.—If the Secretary
12 fails to approve or deny a petition in accordance
13 with subparagraph (C)—

14 “(i) the petition shall be considered to
15 be approved; and

16 “(ii) a resource assessment of any ap-
17 propriate area shall be carried out as soon
18 as practicable.

19 “(E) SUBMISSION TO STATE.—As soon as
20 practicable after the date on which a petition is
21 approved under subparagraph (C) or (D), the
22 Secretary shall—

23 “(i) complete the resource assessment
24 for the area; and

1 “(ii) submit the completed resource
2 assessment to the State.

3 “(4) PETITION FOR LEASING.—

4 “(A) IN GENERAL.—On receipt of a re-
5 source assessment under paragraph (3)(E)(ii),
6 the Governor of a State in which an affected
7 area is located, with the consent of the legisla-
8 ture of the State, may submit to the Secretary
9 a petition requesting that the Secretary make
10 available any land that is within the seaward
11 lateral boundaries of the State (as established
12 under section 4(a)(2)(A)(ii)) and that is greater
13 than 20 miles from the coastline of the State
14 for the conduct of offshore leasing, pre-leasing,
15 or related activities with respect to—

16 “(i) oil and gas leasing;

17 “(ii) gas-only leasing; or

18 “(iii) any other energy source leasing,
19 including renewable energy leasing.

20 “(B) ACTION BY SECRETARY.—Not later
21 than 90 days after receipt of a petition under
22 subparagraph (A), the Secretary shall approve
23 the petition, unless the Secretary determines
24 that leasing the area would create an unreason-

1 able risk of harm to the marine, human, or
2 coastal environment of the State.

3 “(C) FAILURE TO ACT.—If the Secretary
4 fails to approve or deny a petition in accordance
5 with subparagraph (B)—

6 “(i) the petition shall be considered to
7 be approved; and

8 “(ii) any appropriate area shall be
9 made available for oil and gas leasing, gas-
10 only leasing, or any other energy source
11 leasing, including renewable energy leasing.

12 “(5) REVENUE SHARING.—

13 “(A) IN GENERAL.—Beginning on the date
14 on which production begins in an area under
15 this subsection, the State shall, without further
16 appropriation, share in any qualified outer Con-
17 tinental Shelf revenues of the production under
18 section 32.

19 “(B) APPLICABLE LAW.—

20 “(i) IN GENERAL.—Except as pro-
21 vided in clause (ii), a State shall not be re-
22 quired to comply with subsections (c) and
23 (d) of section 32 to share in qualified outer
24 Continental Shelf revenues under subpara-
25 graph (A).

1 “(ii) EXCEPTION.—Of any qualified
 2 outer Continental Shelf revenues received
 3 by a State (including a political subdivision
 4 of a State) under subparagraph (A), at
 5 least 25 percent shall be used for 1 or
 6 more of the purposes described in section
 7 32(d)(1).

8 “(6) EFFECT.—Nothing in this subsection af-
 9 fects any right relating to an area described in para-
 10 graph (1) or (2) under a lease that was in existence
 11 on the day before the date of enactment of this sub-
 12 section.”.

13 **SEC. 5. ALTERNATE ENERGY-RELATED USES ON THE**
 14 **OUTER CONTINENTAL SHELF.**

15 (a) AMENDMENT TO OUTER CONTINENTAL SHELF
 16 LANDS ACT.—Section 8 of the Outer Continental Shelf
 17 Lands Act (43 U.S.C. 1337) is amended by adding at the
 18 end the following:

19 “(p) LEASES, EASEMENTS, OR RIGHTS-OF-WAY FOR
 20 ENERGY AND RELATED PURPOSES.—

21 “(1) IN GENERAL.—The Secretary, in consulta-
 22 tion with the Secretary of the Department in which
 23 the Coast Guard is operating and other relevant de-
 24 partments and agencies of the Federal Government,
 25 may grant a lease, easement, or right-of-way on the

1 outer Continental Shelf for activities not otherwise
2 authorized under this Act, the Deepwater Port Act
3 of 1974 (33 U.S.C. 1501 et seq.), the Ocean Ther-
4 mal Energy Conversion Act of 1980 (42 U.S.C.
5 9101 et seq.), or other applicable law, if those activi-
6 ties—

7 “(A) support exploration, development,
8 production, transportation, or storage of oil,
9 natural gas, or other minerals;

10 “(B) produce or support production, trans-
11 portation, or transmission of energy from
12 sources other than oil and gas; or

13 “(C) use, for energy-related or marine-re-
14 lated purposes, facilities in use on or before the
15 date of enactment of this subsection for activi-
16 ties authorized under this Act.

17 “(2) PAYMENTS.—

18 “(A) IN GENERAL.—The Secretary shall
19 establish, by rule or agreement with the party
20 to which the easement or right-of-way is grant-
21 ed under this subsection, reasonable forms of
22 payment for the easement or right-of-way, in-
23 cluding a fee, rental, bonus, or other payment.

1 “(B) ASSESSMENT.—A payment under
2 subparagraph (A) shall not be assessed on the
3 basis of throughput or production.

4 “(C) PAYMENTS TO STATES.—If a lease,
5 easement, right-of-way, license, or permit under
6 this subsection covers a specific tract of, or re-
7 gards a facility located on, the outer Conti-
8 nental Shelf and is not an easement or right-
9 of-way for transmission or transportation of en-
10 ergy, minerals, or other natural resources, the
11 Secretary shall pay 50 percent of any amount
12 received from the holder of the lease, easement,
13 right-of-way, license, or permit to the State off
14 the shore of which the geographic center of the
15 area covered by the lease, easement, right-of-
16 way, license, permit, or facility is located.

17 “(3) CONSULTATION.—Before exercising au-
18 thority under this subsection, the Secretary shall
19 consult with the Secretary of Defense and other ap-
20 propriate agencies concerning issues related to na-
21 tional security and navigational obstruction.

22 “(4) COMPETITIVE OR NONCOMPETITIVE
23 BASIS.—

24 “(A) IN GENERAL.—The Secretary may
25 issue a lease, easement, or right-of-way under

1 paragraph (1) on a competitive or noncompeti-
2 tive basis.

3 “(B) CONSIDERATIONS.—In determining
4 whether a lease, easement, or right-of-way shall
5 be granted competitively or noncompetitively,
6 the Secretary shall consider such factors as—

7 “(i) prevention of waste and conserva-
8 tion of natural resources;

9 “(ii) the economic viability of an en-
10 ergy project;

11 “(iii) protection of the environment;

12 “(iv) the national interest and na-
13 tional security;

14 “(v) human safety;

15 “(vi) protection of correlative rights;

16 and

17 “(vii) potential return for the lease,
18 easement, or right-of-way.

19 “(5) REGULATIONS.—Not later than 270 days
20 after the date of enactment of this subsection, the
21 Secretary, in consultation with the Secretary of the
22 Department in which the Coast Guard is operating
23 and other relevant agencies of the Federal Govern-
24 ment and affected States, shall issue any necessary
25 regulations to ensure—

1 “(A) safety;

2 “(B) protection of the environment;

3 “(C) prevention of waste;

4 “(D) conservation of the natural resources
5 of the outer Continental Shelf;

6 “(E) protection of national security inter-
7 ests; and

8 “(F) protection of correlative rights in the
9 outer Continental Shelf.

10 “(6) SECURITY.—The Secretary shall require
11 the holder of a lease, easement, or right-of-way
12 granted under this subsection—

13 “(A) to furnish a surety bond or other
14 form of security, as prescribed by the Secretary;
15 and

16 “(B) to comply with such other require-
17 ments as the Secretary considers necessary to
18 protect the interests of the United States.

19 “(7) EFFECT OF SUBSECTION.—Nothing in this
20 subsection displaces, supersedes, limits, or modifies
21 the jurisdiction, responsibility, or authority of any
22 Federal or State agency under any other Federal
23 law.

1 “(8) APPLICABILITY.—This subsection does not
2 apply to any area on the outer Continental Shelf
3 designated as a National Marine Sanctuary.”.

4 (b) CONFORMING AMENDMENT.—Section 8 of the
5 Outer Continental Shelf Lands Act (43 U.S.C. 1337) is
6 amended by striking the section heading and inserting the
7 following: “**LEASES, EASEMENTS, AND RIGHTS-OF-**
8 **WAY ON THE OUTER CONTINENTAL SHELF.—**”.

9 (c) SAVINGS PROVISION.—Nothing in the amendment
10 made by subsection (a) requires any resubmittal of docu-
11 ments previously submitted or any reauthorization of ac-
12 tions previously authorized, with respect to any project—

13 (1) for which offshore test facilities have been
14 constructed before the date of enactment of this Act;
15 or

16 (2) for which a request for proposals has been
17 issued by a public authority.

18 **SEC. 6. REGULATIONS.**

19 (a) IN GENERAL.—The Secretary of the Interior shall
20 issue such regulations as are necessary to carry out this
21 Act and the amendments made by this Act, including reg-
22 ulations establishing procedures for entering into gas-only
23 leases.

1 (b) GAS-ONLY LEASES.—In issuing regulations es-
2 tablishing procedures for entering into gas-only leases, the
3 Secretary shall—

4 (1) ensure that gas-only leases under the Outer
5 Continental Shelf Lands Act (43 U.S.C. 1331 et
6 seq.) are not available in a State that (as of the day
7 before the date of enactment of this Act) did not
8 contain an affected area (as defined in section 9(a)
9 of that Act (as amended by section 5(a))); and

10 (2) define “natural gas” as—

11 (A) unmixed natural gas; or

12 (B) any mixture of natural or artificial gas
13 (including compressed or liquefied petroleum
14 gas) and condensate recovered from natural
15 gas.

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