

109<sup>TH</sup> CONGRESS  
2<sup>D</sup> SESSION

# S. 2755

To enhance the energy production, refining, infrastructure, conservation and efficiency capabilities of the United States, and for other purposes.

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IN THE SENATE OF THE UNITED STATES

MAY 5, 2006

Mr. THOMAS introduced the following bill; which was read twice and referred to the Committee on Finance

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## A BILL

To enhance the energy production, refining, infrastructure, conservation and efficiency capabilities 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; TABLE OF CONTENTS.**

4        (a) SHORT TITLE.—This Act may be cited as the  
5        “Energy Production, Refining, Infrastructure, Conserva-  
6        tion and Efficiency Act” or the “Energy PRICE Act”.

7        (b) TABLE OF CONTENTS.—The table of contents for  
8        this Act is as follows:

Sec. 1. Short title; table of contents.

TITLE I—ENERGY PRODUCTION

Subtitle A—Arctic Coastal Plain Domestic Energy

- Sec. 1001. Definitions.
- Sec. 1002. Leasing program for lands within the Coastal Plain.
- Sec. 1003. Lease sales.
- Sec. 1004. Grant of leases by the Secretary.
- Sec. 1005. Lease terms and conditions.
- Sec. 1006. Coastal Plain environmental protection.
- Sec. 1007. Expedited judicial review.
- Sec. 1008. Federal and State distribution of revenues.
- Sec. 1009. Rights-of-way across the Coastal Plain.
- Sec. 1010. Conveyance.
- Sec. 1011. Local government impact aid and community service assistance.

Subtitle B—Enhanced Oil Recovery

- Sec. 1021. Enhanced credit for carbon dioxide injections.

Subtitle C—Department of Defense Contract Authority

- Sec. 1031. Procurement of fuel derived from coal, oil shale, and tar sands.

TITLE II—REFINING

Subtitle A—Refinery Permitting Process

- Sec. 2001. Definitions.
- Sec. 2002. Streamlining of refinery permitting process.
- Sec. 2003. Fuel emergency waivers.
- Sec. 2004. Boutique fuel reductions.
- Sec. 2005. Fischer-Tropsch fuels.

Subtitle B—Accelerated Depreciation for Construction and Expansion

- Sec. 2011. Expansion of election to expense certain refineries.

TITLE III—INFRASTRUCTURE

Subtitle A—Accelerated Depreciation

- Sec. 3001. Treatment of certain oil and gas pipelines as 5-year property for depreciation purposes.

Subtitle B—Tax-Exempt Financing

- Sec. 3011. Tax-exempt financing of energy transportation infrastructure not subject to private business use test.

Subtitle C—Emergency Service Route

- Sec. 3021. Emergency service route.

TITLE IV—CONSERVATION AND EFFICIENCY

Subtitle A—CAFE Standards

- Sec. 4001. Revised considerations for decisions on maximum feasible average fuel economy.
- Sec. 4002. Increased fuel economy standards.

Sec. 4003. Expedited procedures for congressional increase in fuel economy standards.

Subtitle B—Natural Gas Energy Star Program

Sec. 4011. Efficiency.

1 **TITLE I—ENERGY PRODUCTION**  
 2 **Subtitle A—Arctic Coastal Plain**  
 3 **Domestic Energy**

4 **SEC. 1001. DEFINITIONS.**

5 In this subtitle:

6 (1) **COASTAL PLAIN.**—The term “Coastal  
 7 Plain” means that area identified as such in the  
 8 map entitled “Arctic National Wildlife Refuge”,  
 9 dated August 1980, as referenced in section 1002(b)  
 10 of the Alaska National Interest Lands Conservation  
 11 Act of 1980 (16 U.S.C. 3142(b)(1)), comprising ap-  
 12 proximately 1,549,000 acres, and as described in ap-  
 13 pendix I to part 37 of title 50, Code of Federal Reg-  
 14 ulations.

15 (2) **SECRETARY.**—The term “Secretary”, except  
 16 as otherwise provided, means the Secretary of the  
 17 Interior or the Secretary’s designee.

18 **SEC. 1002. LEASING PROGRAM FOR LANDS WITHIN THE**  
 19 **COASTAL PLAIN.**

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

22 (1) to establish and implement in accordance  
 23 with this Act a competitive oil and gas leasing pro-

1       gram under the Mineral Leasing Act (30 U.S.C. 181  
2       et seq.) that will result in an environmentally sound  
3       program for the exploration, development, and pro-  
4       duction of the oil and gas resources of the Coastal  
5       Plain; and

6               (2) to administer the provisions of this subtitle  
7       through regulations, lease terms, conditions, restric-  
8       tions, prohibitions, stipulations, and other provisions  
9       that ensure the oil and gas exploration, development,  
10      and production activities on the Coastal Plain will  
11      result in no significant adverse effect on fish and  
12      wildlife, their habitat, subsistence resources, and the  
13      environment, and including, in furtherance of this  
14      goal, by requiring the application of the best com-  
15      mercially available technology for oil and gas explo-  
16      ration, development, and production to all explo-  
17      ration, development, and production operations  
18      under this subtitle in a manner that ensures the re-  
19      ceipt of fair market value by the public for the min-  
20      eral resources to be leased.

21      (b) REPEAL.—Section 1003 of the Alaska National  
22      Interest Lands Conservation Act of 1980 (16 U.S.C.  
23      3143) is repealed.

24      (c) COMPLIANCE WITH REQUIREMENTS UNDER CER-  
25      TAIN OTHER LAWS.—

1           (1) COMPATIBILITY.—For purposes of the Na-  
2           tional Wildlife Refuge System Administration Act of  
3           1966, the oil and gas leasing program and activities  
4           authorized by this section in the Coastal Plain are  
5           deemed to be compatible with the purposes for which  
6           the Arctic National Wildlife Refuge was established,  
7           and that no further findings or decisions are re-  
8           quired to implement this determination.

9           (2) ADEQUACY OF THE DEPARTMENT OF THE  
10          INTERIOR'S LEGISLATIVE ENVIRONMENTAL IMPACT  
11          STATEMENT.—The “Final Legislative Environ-  
12          mental Impact Statement” (April 1987) on the  
13          Coastal Plain prepared pursuant to section 1002 of  
14          the Alaska National Interest Lands Conservation  
15          Act of 1980 (16 U.S.C. 3142) and section 102(2)(C)  
16          of the National Environmental Policy Act of 1969  
17          (42 U.S.C. 4332(2)(C)) is deemed to satisfy the re-  
18          quirements under the National Environmental Policy  
19          Act of 1969 that apply with respect to actions au-  
20          thorized to be taken by the Secretary to develop and  
21          promulgate the regulations for the establishment of  
22          a leasing program authorized by this subtitle before  
23          the conduct of the first lease sale.

24          (3) COMPLIANCE WITH NEPA FOR OTHER AC-  
25          TIONS.—Before conducting the first lease sale under

1 this subtitle, the Secretary shall prepare an environ-  
2 mental impact statement under the National Envi-  
3 ronmental Policy Act of 1969 with respect to the ac-  
4 tions authorized by this subtitle that are not re-  
5 ferred to in paragraph (2). Notwithstanding any  
6 other law, the Secretary is not required to identify  
7 nonleasing alternative courses of action or to analyze  
8 the environmental effects of such courses of action.  
9 The Secretary shall only identify a preferred action  
10 for such leasing and a single leasing alternative, and  
11 analyze the environmental effects and potential miti-  
12 gation measures for those two alternatives. The  
13 identification of the preferred action and related  
14 analysis for the first lease sale under this subtitle  
15 shall be completed within 18 months after the date  
16 of the enactment of this Act. The Secretary shall  
17 only consider public comments that specifically ad-  
18 dress the Secretary's preferred action and that are  
19 filed within 20 days after publication of an environ-  
20 mental analysis. Notwithstanding any other law,  
21 compliance with this paragraph is deemed to satisfy  
22 all requirements for the analysis and consideration  
23 of the environmental effects of proposed leasing  
24 under this subtitle.

1 (d) RELATIONSHIP TO STATE AND LOCAL AUTHOR-  
2 ITY.—Nothing in this subtitle shall be considered to ex-  
3 pand or limit State and local regulatory authority.

4 (e) SPECIAL AREAS.—

5 (1) IN GENERAL.—The Secretary, after con-  
6 sultation with the State of Alaska, the city of  
7 Kaktovik, and the North Slope Borough, may des-  
8 ignate up to a total of 45,000 acres of the Coastal  
9 Plain as a Special Area if the Secretary determines  
10 that the Special Area is of such unique character  
11 and interest so as to require special management  
12 and regulatory protection. The Secretary shall des-  
13 ignate as such a Special Area the Sadlerochit Spring  
14 area, comprising approximately 4,000 acres as de-  
15 picted on such map as shall be identified by the Sec-  
16 retary.

17 (2) MANAGEMENT.—Each such Special Area  
18 shall be managed so as to protect and preserve the  
19 area's unique and diverse character including its  
20 fish, wildlife, and subsistence resource values.

21 (3) EXCLUSION FROM LEASING OR SURFACE  
22 OCCUPANCY.—The Secretary may exclude any Spe-  
23 cial Area from leasing. If the Secretary leases a Spe-  
24 cial Area, or any part thereof, for purposes of oil  
25 and gas exploration, development, production, and

1 related activities, there shall be no surface occu-  
2 pancy of the lands comprising the Special Area.

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

8 (f) LIMITATION ON CLOSED AREAS.—The Sec-  
9 retary's sole authority to close lands within the Coastal  
10 Plain to oil and gas leasing and to exploration, develop-  
11 ment, and production is that set forth in this subtitle.

12 (g) REGULATIONS.—

13 (1) IN GENERAL.—The Secretary shall pre-  
14 scribe such regulations as may be necessary to carry  
15 out this subtitle, including rules and regulations re-  
16 lating to protection of the fish and wildlife, their  
17 habitat, subsistence resources, and environment of  
18 the Coastal Plain, by no later than 15 months after  
19 the date of the enactment of this Act.

20 (2) REVISION OF REGULATIONS.—The Sec-  
21 retary shall periodically review and, if appropriate,  
22 revise the rules and regulations issued under sub-  
23 section (a) to reflect any significant biological, envi-  
24 ronmental, or engineering data that come to the Sec-  
25 retary's attention.

1 **SEC. 1003. LEASE SALES.**

2 (a) IN GENERAL.—Lands may be leased pursuant to  
3 this subtitle to any person qualified to obtain a lease for  
4 deposits of oil and gas under the Mineral Leasing Act (30  
5 U.S.C. 181 et seq.).

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

8 (1) receipt and consideration of sealed nomina-  
9 tions for any area in the Coastal Plain for inclusion  
10 in, or exclusion (as provided in subsection (e)) from,  
11 a lease sale;

12 (2) the holding of lease sales after such nomina-  
13 tion process; and

14 (3) public notice of and comment on designa-  
15 tion of areas to be included in, or excluded from, a  
16 lease sale.

17 (c) LEASE SALE BIDS.—Bidding for leases under  
18 this subtitle shall be by sealed competitive cash bonus bids.

19 (d) ACREAGE MINIMUM IN FIRST SALE.—In the first  
20 lease sale under this subtitle, the Secretary shall offer for  
21 lease those tracts the Secretary considers to have the  
22 greatest potential for the discovery of hydrocarbons, tak-  
23 ing into consideration nominations received pursuant to  
24 subsection (b)(1), but in no case less than 200,000 acres.

25 (e) TIMING OF LEASE SALES.—The Secretary  
26 shall—

1           (1) conduct the first lease sale under this sub-  
2           title within 22 months after the date of the enact-  
3           ment of this Act; and

4           (2) conduct additional sales so long as sufficient  
5           interest in development exists to warrant, in the Sec-  
6           retary's judgment, the conduct of such sales.

7   **SEC. 1004. GRANT OF LEASES BY THE SECRETARY.**

8           (a) IN GENERAL.—The Secretary may grant to the  
9           highest responsible qualified bidder in a lease sale con-  
10          ducted pursuant to section 1003 any lands to be leased  
11          on the Coastal Plain upon payment by the lessee of such  
12          bonus as may be accepted by the Secretary.

13          (b) SUBSEQUENT TRANSFERS.—No lease issued  
14          under this subtitle may be sold, exchanged, assigned, sub-  
15          let, or otherwise transferred except with the approval of  
16          the Secretary. Prior to any such approval the Secretary  
17          shall consult with, and give due consideration to the views  
18          of, the Attorney General.

19   **SEC. 1005. LEASE TERMS AND CONDITIONS.**

20          (a) IN GENERAL.—An oil or gas lease issued pursu-  
21          ant to this subtitle shall—

22                (1) provide for the payment of a royalty of not  
23                less than 12½ percent in amount or value of the  
24                production removed or sold from the lease, as deter-

1       mined by the Secretary under the regulations appli-  
2       cable to other Federal oil and gas leases;

3           (2) provide that the Secretary may close, on a  
4       seasonal basis, portions of the Coastal Plain to ex-  
5       ploratory drilling activities as necessary to protect  
6       caribou calving areas and other species of fish and  
7       wildlife;

8           (3) require that the lessee of lands within the  
9       Coastal Plain shall be fully responsible and liable for  
10      the reclamation of lands within the Coastal Plain  
11      and any other Federal lands that are adversely af-  
12      fected in connection with exploration, development,  
13      production, or transportation activities conducted  
14      under the lease and within the Coastal Plain by the  
15      lessee or by any of the subcontractors or agents of  
16      the lessee;

17          (4) provide that the lessee may not delegate or  
18      convey, by contract or otherwise, the reclamation re-  
19      sponsibility and liability to another person without  
20      the express written approval of the Secretary;

21          (5) provide that the standard of reclamation for  
22      lands required to be reclaimed under this subtitle  
23      shall be, as nearly as practicable, a condition capable  
24      of supporting the uses which the lands were capable  
25      of supporting prior to any exploration, development,

1 or production activities, or upon application by the  
2 lessee, to a higher or better use as approved by the  
3 Secretary;

4 (6) contain terms and conditions relating to  
5 protection of fish and wildlife, their habitat, and the  
6 environment as required pursuant to section  
7 10023(a)(2);

8 (7) provide that the lessee, its agents, and its  
9 contractors use best efforts to provide a fair share,  
10 as determined by the level of obligation previously  
11 agreed to in the 1974 agreement implementing sec-  
12 tion 29 of the Federal Agreement and Grant of  
13 Right of Way for the Operation of the Trans-Alaska  
14 Pipeline, of employment and contracting for Alaska  
15 Natives and Alaska Native Corporations from  
16 throughout the State;

17 (8) prohibit the export of oil produced under  
18 the lease; and

19 (9) contain such other provisions as the Sec-  
20 retary determines necessary to ensure compliance  
21 with the provisions of this subtitle and the regula-  
22 tions issued under this subtitle.

23 (b) PROJECT LABOR AGREEMENTS.—The Secretary,  
24 as a term and condition of each lease under this subtitle  
25 and in recognizing the Government's proprietary interest

1 in labor stability and in the ability of construction labor  
2 and management to meet the particular needs and condi-  
3 tions of projects to be developed under the leases issued  
4 pursuant to this subtitle and the special concerns of the  
5 parties to such leases, shall require that the lessee and  
6 its agents and contractors negotiate to obtain a project  
7 labor agreement for the employment of laborers and me-  
8 chanics on production, maintenance, and construction  
9 under the lease.

10 **SEC. 1006. COASTAL PLAIN ENVIRONMENTAL PROTECTION.**

11 (a) NO SIGNIFICANT ADVERSE EFFECT STANDARD  
12 TO GOVERN AUTHORIZED COASTAL PLAIN ACTIVITIES.—

13 The Secretary shall, consistent with the requirements of  
14 section 1002, administer the provisions of this subtitle  
15 through regulations, lease terms, conditions, restrictions,  
16 prohibitions, stipulations, and other provisions that—

17 (1) ensure the oil and gas exploration, develop-  
18 ment, and production activities on the Coastal Plain  
19 will result in no significant adverse effect on fish  
20 and wildlife, their habitat, and the environment;

21 (2) require the application of the best commer-  
22 cially available technology for oil and gas explo-  
23 ration, development, and production on all new ex-  
24 ploration, development, and production operations;  
25 and

1           (3) ensure that the maximum amount of sur-  
2           face acreage covered by production and support fa-  
3           cilities, including airstrips and any areas covered by  
4           gravel berms or piers for support of pipelines, does  
5           not exceed 2,000 acres on the Coastal Plain.

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

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

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

17          (3) the development of the plan shall occur  
18          after consultation with the agency or agencies hav-  
19          ing jurisdiction over matters mitigated by the plan.

20          (c) **REGULATIONS TO PROTECT COASTAL PLAIN**  
21 **FISH AND WILDLIFE RESOURCES, SUBSISTENCE USERS,**  
22 **AND THE ENVIRONMENT.**—Before implementing the leas-  
23 ing program authorized by this subtitle, the Secretary  
24 shall prepare and promulgate regulations, lease terms,  
25 conditions, restrictions, prohibitions, stipulations, and

1 other measures designed to ensure that the activities un-  
2 dertaken on the Coastal Plain under this subtitle are con-  
3 ducted in a manner consistent with the purposes and envi-  
4 ronmental requirements of this subtitle.

5 (d) COMPLIANCE WITH FEDERAL AND STATE ENVI-  
6 RONMENTAL LAWS AND OTHER REQUIREMENTS.—The  
7 proposed regulations, lease terms, conditions, restrictions,  
8 prohibitions, and stipulations for the leasing program  
9 under this subtitle shall require compliance with all appli-  
10 cable provisions of Federal and State environmental law  
11 and shall also require the following:

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

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

22 (3) That exploration activities, except for sur-  
23 face geological studies, be limited to the period be-  
24 tween approximately November 1 and May 1 each  
25 year and that exploration activities shall be sup-

1 ported by ice roads, winter trails with adequate snow  
2 cover, ice pads, ice airstrips, and air transport meth-  
3 ods, except that such exploration activities may  
4 occur at other times, if the Secretary finds that such  
5 exploration will have no significant adverse effect on  
6 the fish and wildlife, their habitat, and the environ-  
7 ment of the Coastal Plain.

8 (4) Design safety and construction standards  
9 for all pipelines and any access and service roads,  
10 that—

11 (A) minimize, to the maximum extent pos-  
12 sible, adverse effects upon the passage of mi-  
13 gratory species such as caribou; and

14 (B) minimize adverse effects upon the flow  
15 of surface water by requiring the use of cul-  
16 verts, bridges, and other structural devices.

17 (5) Prohibitions on public access and use on all  
18 pipeline access and service roads.

19 (6) Stringent reclamation and rehabilitation re-  
20 quirements, consistent with the standards set forth  
21 in this subtitle, requiring the removal from the  
22 Coastal Plain of all oil and gas development and  
23 production facilities, structures, and equipment upon  
24 completion of oil and gas production operations, ex-  
25 cept that the Secretary may exempt from the re-

1        requirements of this paragraph those facilities, struc-  
2        tures, or equipment that the Secretary determines  
3        would assist in the management of the Arctic Na-  
4        tional Wildlife Refuge and that are donated to the  
5        United States for that purpose.

6                (7) Appropriate prohibitions or restrictions on  
7        access by all modes of transportation.

8                (8) Appropriate prohibitions or restrictions on  
9        sand and gravel extraction.

10               (9) Consolidation of facility siting.

11               (10) Appropriate prohibitions or restrictions on  
12       use of explosives.

13               (11) Avoidance, to the extent practicable, of  
14       springs, streams, and river system; the protection of  
15       natural surface drainage patterns, wetlands, and ri-  
16       parian habitats; and the regulation of methods or  
17       techniques for developing or transporting adequate  
18       supplies of water for exploratory drilling.

19               (12) Avoidance or reduction of air traffic-re-  
20       lated disturbance to fish and wildlife.

21               (13) Treatment and disposal of hazardous and  
22       toxic wastes, solid wastes, reserve pit fluids, drilling  
23       muds and cuttings, and domestic wastewater, includ-  
24       ing an annual waste management report, a haz-  
25       ardous materials tracking system, and a prohibition

1 on chlorinated solvents, in accordance with applica-  
2 ble Federal and State environmental law.

3 (14) Fuel storage and oil spill contingency plan-  
4 ning.

5 (15) Research, monitoring, and reporting re-  
6 quirements.

7 (16) Field crew environmental briefings.

8 (17) Avoidance of significant adverse effects  
9 upon subsistence hunting, fishing, and trapping by  
10 subsistence users.

11 (18) Compliance with applicable air and water  
12 quality standards.

13 (19) Appropriate seasonal and safety zone des-  
14 ignations around well sites, within which subsistence  
15 hunting and trapping shall be limited.

16 (20) Reasonable stipulations for protection of  
17 cultural and archeological resources.

18 (21) All other protective environmental stipula-  
19 tions, restrictions, terms, and conditions deemed  
20 necessary by the Secretary.

21 (e) CONSIDERATIONS.—In preparing and promul-  
22 gating regulations, lease terms, conditions, restrictions,  
23 prohibitions, and stipulations under this section, the Sec-  
24 retary shall consider the following:

1           (1) The stipulations and conditions that govern  
2 the National Petroleum Reserve-Alaska leasing pro-  
3 gram, as set forth in the 1999 Northeast National  
4 Petroleum Reserve-Alaska Final Integrated Activity  
5 Plan/Environmental Impact Statement.

6           (2) The environmental protection standards  
7 that governed the initial Coastal Plain seismic explo-  
8 ration program under parts 37.31 to 37.33 of title  
9 50, Code of Federal Regulations.

10          (3) The land use stipulations for exploratory  
11 drilling on the KIC-ASRC private lands that are set  
12 forth in Appendix 2 of the August 9, 1983, agree-  
13 ment between Arctic Slope Regional Corporation and  
14 the United States.

15 (f) FACILITY CONSOLIDATION PLANNING.—

16          (1) IN GENERAL.—The Secretary shall, after  
17 providing for public notice and comment, prepare  
18 and update periodically a plan to govern, guide, and  
19 direct the siting and construction of facilities for the  
20 exploration, development, production, and transpor-  
21 tation of Coastal Plain oil and gas resources.

22          (2) OBJECTIVES.—The plan shall have the fol-  
23 lowing objectives:

24               (A) Avoiding unnecessary duplication of fa-  
25 cilities and activities.

1 (B) Encouraging consolidation of common  
2 facilities and activities.

3 (C) Locating or confining facilities and ac-  
4 tivities to areas that will minimize impact on  
5 fish and wildlife, their habitat, and the environ-  
6 ment.

7 (D) Utilizing existing facilities wherever  
8 practicable.

9 (E) Enhancing compatibility between wild-  
10 life values and development activities.

11 (g) ACCESS TO PUBLIC LANDS.—The Secretary  
12 shall—

13 (1) manage public lands in the Coastal Plain  
14 subject to subsections (a) and (b) of section 811 of  
15 the Alaska National Interest Lands Conservation  
16 Act (16 U.S.C. 3121); and

17 (2) ensure that local residents shall have rea-  
18 sonable access to public lands in the Coastal Plain  
19 for traditional uses.

20 **SEC. 1007. EXPEDITED JUDICIAL REVIEW.**

21 (a) FILING OF COMPLAINT.—

22 (1) DEADLINE.—Subject to paragraph (2), any  
23 complaint seeking judicial review of any provision of  
24 this subtitle or any action of the Secretary under

1 this subtitle shall be filed in any appropriate district  
2 court of the United States—

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

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

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

15 (3) LIMITATION ON SCOPE OF CERTAIN RE-  
16 VIEW.—Judicial review of a Secretarial decision to  
17 conduct a lease sale under this subtitle, including  
18 the environmental analysis thereof, shall be limited  
19 to whether the Secretary has complied with the  
20 terms of this subtitle and shall be based upon the  
21 administrative record of that decision. The Sec-  
22 retary's identification of a preferred course of action  
23 to enable leasing to proceed and the Secretary's  
24 analysis of environmental effects under this subtitle  
25 shall be presumed to be correct unless shown other-

1 wise by clear and convincing evidence to the con-  
2 trary.

3 (b) LIMITATION ON OTHER REVIEW.—Actions of the  
4 Secretary with respect to which review could have been  
5 obtained under this section shall not be subject to judicial  
6 review in any civil or criminal proceeding for enforcement.

7 **SEC. 1008. FEDERAL AND STATE DISTRIBUTION OF REVE-**  
8 **NUES.**

9 (a) IN GENERAL.—Notwithstanding any other provi-  
10 sion of law, of the amount of adjusted bonus, rental, and  
11 royalty revenues from oil and gas leasing and operations  
12 authorized under this subtitle—

13 (1) 50 percent shall be paid to the State of  
14 Alaska; and

15 (2) except as provided in section 1011(d), the  
16 balance shall be deposited into the Treasury as mis-  
17 cellaneous receipts.

18 (b) PAYMENTS TO ALASKA.—Payments to the State  
19 of Alaska under this section shall be made semiannually.

20 (c) USE OF BONUS PAYMENTS FOR LOW-INCOME  
21 HOME ENERGY ASSISTANCE.—Amounts that are received  
22 by the United States as bonuses for leases under this sub-  
23 title and deposited into the Treasury under subsection  
24 (a)(2) may be appropriated to the Secretary of the Health  
25 and Human Services, in addition to amounts otherwise

1 available, to provide assistance under the Low-Income  
2 Home Energy Assistance Act of 1981 (42 U.S.C. 8621  
3 et seq.).

4 **SEC. 1009. RIGHTS-OF-WAY ACROSS THE COASTAL PLAIN.**

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

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

20 (c) REGULATIONS.—The Secretary shall include in  
21 regulations under section 1002(g) provisions granting  
22 rights-of-way and easements described in subsection (a)  
23 of this section.

1 **SEC. 1010. 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 Alas-  
6 ka National Interest Lands Conservation Act (16 U.S.C.  
7 3192(h)(2)), shall convey—

8 (1) to the Kaktovik Inupiat Corporation the  
9 surface estate of the lands described in paragraph 1  
10 of Public Land Order 6959, to the extent necessary  
11 to fulfill the Corporation's entitlement under section  
12 12 of the Alaska Native Claims Settlement Act (43  
13 U.S.C. 1611) in accordance with the terms and con-  
14 ditions of the Agreement between the Department of  
15 the Interior, the United States Fish and Wildlife  
16 Service, the Bureau of Land Management, and the  
17 Kaktovik Inupiat Corporation effective January 22,  
18 1993; and

19 (2) to the Arctic Slope Regional Corporation  
20 the remaining subsurface estate to which it is enti-  
21 tled pursuant to the August 9, 1983, agreement be-  
22 tween the Arctic Slope Regional Corporation and the  
23 United States of America.

24 **SEC. 1011. LOCAL GOVERNMENT IMPACT AID AND COMMU-**  
25 **NITY SERVICE ASSISTANCE.**

26 (a) **FINANCIAL ASSISTANCE AUTHORIZED.**—

1           (1) IN GENERAL.—The Secretary may use  
2 amounts available from the Coastal Plain Local Gov-  
3 ernment Impact Aid Assistance Fund established by  
4 subsection (d) to provide timely financial assistance  
5 to entities that are eligible under paragraph (2) and  
6 that are directly impacted by the exploration for or  
7 production of oil and gas on the Coastal Plain under  
8 this subtitle.

9           (2) ELIGIBLE ENTITIES.—The North Slope  
10 Borough, Kaktovik, and other boroughs, municipal  
11 subdivisions, villages, and any other community or-  
12 ganized under Alaska State law shall be eligible for  
13 financial assistance under this section.

14       (b) USE OF ASSISTANCE.—Financial assistance  
15 under this section may be used only for—

16           (1) planning for mitigation of the potential ef-  
17 fects of oil and gas exploration and development on  
18 environmental, social, cultural, recreational and sub-  
19 sistence values;

20           (2) implementing mitigation plans and main-  
21 taining mitigation projects;

22           (3) developing, carrying out, and maintaining  
23 projects and programs that provide new or expanded  
24 public facilities and services to address needs and  
25 problems associated with such effects, including fire-

1 fighting, police, water, waste treatment, medivac,  
2 and medical services; and

3 (4) establishment of a coordination office, by  
4 the North Slope Borough, in the City of Kaktovik,  
5 which shall—

6 (A) coordinate with and advise developers  
7 on local conditions, impact, and history of the  
8 areas utilized for development; and

9 (B) provide to the Committee on Resources  
10 of the Senate and the Committee on Energy  
11 and Resources of the Senate an annual report  
12 on the status of coordination between devel-  
13 opers and the communities affected by develop-  
14 ment.

15 (c) APPLICATION.—

16 (1) IN GENERAL.—Any community that is eligi-  
17 ble for assistance under this section may submit an  
18 application for such assistance to the Secretary, in  
19 such form and under such procedures as the Sec-  
20 retary may prescribe by regulation.

21 (2) NORTH SLOPE BOROUGH COMMUNITIES.—A  
22 community located in the North Slope Borough may  
23 apply for assistance under this section either directly  
24 to the Secretary or through the North Slope Bor-  
25 ough.

1           (3) APPLICATION ASSISTANCE.—The Secretary  
2 shall work closely with and assist the North Slope  
3 Borough and other communities eligible for assist-  
4 ance under this section in developing and submitting  
5 applications for assistance under this section.

6           (d) ESTABLISHMENT OF FUND.—

7           (1) IN GENERAL.—There is established in the  
8 Treasury the Coastal Plain Local Government Im-  
9 pact Aid Assistance Fund.

10           (2) USE.—Amounts in the fund may be used  
11 only for providing financial assistance under this  
12 section.

13           (3) DEPOSITS.—Subject to paragraph (4), there  
14 shall be deposited into the fund amounts received by  
15 the United States as revenues derived from rents,  
16 bonuses, and royalties under on leases and lease  
17 sales authorized under this subtitle.

18           (4) LIMITATION ON DEPOSITS.—The total  
19 amount in the fund may not exceed \$11,000,000.

20           (5) INVESTMENT OF BALANCES.—The Sec-  
21 retary of the Treasury shall invest amounts in the  
22 fund in interest bearing government securities.

23           (e) AUTHORIZATION OF APPROPRIATIONS.—To pro-  
24 vide financial assistance under this section there is author-  
25 ized to be appropriated to the Secretary from the Coastal

1 Plain Local Government Impact Aid Assistance Fund  
 2 \$5,000,000 for each fiscal year.

### 3 **Subtitle B—Enhanced Oil Recovery**

#### 4 **SEC. 1021. ENHANCED CREDIT FOR CARBON DIOXIDE IN-** 5 **JECTIONS.**

6 (a) IN GENERAL.—Section 43 of the Internal Rev-  
 7 enue Code of 1986 (relating to enhanced oil recovery cred-  
 8 it) is amended by adding at the end the following new sub-  
 9 section:

10 “(f) ENHANCED CREDIT FOR PROJECTS USING  
 11 QUALIFIED CARBON DIOXIDE.—

12 “(1) IN GENERAL.—In the case of any qualified  
 13 enhanced oil recovery project described in paragraph  
 14 (2), subsection (a) shall be applied by substituting  
 15 ‘20 percent’ for ‘15 percent’.

16 “(2) SPECIFIED QUALIFIED ENHANCED OIL RE-  
 17 COVERY PROJECT.—

18 “(A) IN GENERAL.—A qualified enhanced  
 19 oil recovery project is described in this para-  
 20 graph if—

21 “(i) the project begins or is substan-  
 22 tially expanded after December 31, 2006,  
 23 and

1                   “(ii) the project uses qualified carbon  
2                   dioxide in an oil recovery method which in-  
3                   volves flooding or injection.

4                   “(B) QUALIFIED CARBON DIOXIDE.—For  
5                   purposes of this subsection, the term ‘qualified  
6                   carbon dioxide’ means carbon dioxide that is—

7                               “(i) from an industrial source, or

8                               “(ii) separated from natural gas and  
9                   natural gas liquids at a natural gas proc-  
10                  essing plant.

11                  “(3) TERMINATION.—This subsection shall not  
12                  apply to costs paid or incurred for any qualified en-  
13                  hanced oil recovery project after December 31,  
14                  2010.”.

15                  (b) EFFECTIVE DATE.—The amendment made by  
16                  this section shall apply to costs paid or incurred in taxable  
17                  years ending after December 31, 2006.

18                  **Subtitle C—Department of Defense**  
19                  **Contract Authority**

20                  **SEC. 1031. PROCUREMENT OF FUEL DERIVED FROM COAL,**  
21                  **OIL SHALE, AND TAR SANDS.**

22                  Section 2398a(d) of title 10, United States Code, is  
23                  amended by striking “1 or more years” and inserting “up  
24                  to 25 years”.

1                   **TITLE II—REFINING**  
2           **Subtitle A—Refinery Permitting**  
3                   **Process**

4 **SEC. 2001. DEFINITIONS.**

5       In this subtitle:

6           (1) **ADMINISTRATOR.**—The term “Adminis-  
7       trator” means the Administrator of the Environ-  
8       mental Protection Agency.

9           (2) **INDIAN TRIBE.**—The term “Indian tribe”  
10       has the meaning given the term in section 4 of the  
11       Indian Self-Determination and Education Assistance  
12       Act (25 U.S.C. 450b).

13          (3) **PERMIT.**—The term “permit” means any  
14       permit, license, approval, variance, or other form of  
15       authorization that a refiner is required to obtain—

16           (A) under any Federal law; or

17           (B) from a State or Indian tribal govern-  
18       ment agency delegated authority by the Federal  
19       Government, or authorized under Federal law,  
20       to issue permits.

21          (4) **REFINER.**—The term “refiner” means a  
22       person that—

23           (A) owns or operates a refinery; or

24           (B) seeks to become an owner or operator  
25       of a refinery.

1 (5) REFINERY.—

2 (A) IN GENERAL.—The term “refinery”  
3 means—

4 (i) a facility at which crude oil is re-  
5 fined into transportation fuel or other pe-  
6 troleum products; and

7 (ii) a coal liquification or coal-to-liquid  
8 facility at which coal is processed into syn-  
9 thetic crude oil or any other fuel.

10 (B) INCLUSIONS.—The term “refinery” in-  
11 cludes—

12 (i) an expansion of a refinery;

13 (ii) a biorefinery; and

14 (iii) any facility that produces a re-  
15 newable fuel (as defined in section  
16 211(o)(1) of the Clean Air Act (42 U.S.C.  
17 7545(o)(1)).

18 (6) REFINERY PERMITTING AGREEMENT.—The  
19 term “refinery permitting agreement” means an  
20 agreement entered into between the Administrator  
21 and a State or Indian tribe under section 2004.

22 (7) SECRETARY.—The term “Secretary” means  
23 the Secretary of Commerce.

24 (8) STATE.—The term “State” means—

25 (A) a State;

1 (B) the District of Columbia;  
2 (C) the Commonwealth of Puerto Rico;  
3 and  
4 (D) any other territory or possession of the  
5 United States.

6 **SEC. 2002. STREAMLINING OF REFINERY PERMITTING**  
7 **PROCESS.**

8 (a) IN GENERAL.—At the request of the Governor  
9 of a State or the governing body of an Indian tribe, the  
10 Administrator shall enter into a refinery permitting agree-  
11 ment with the State or Indian tribe under which the proc-  
12 ess for obtaining all permits necessary for the construction  
13 and operation of a refinery shall be streamlined using a  
14 systematic interdisciplinary multimedia approach as pro-  
15 vided in this subtitle.

16 (b) AUTHORITY OF ADMINISTRATOR.—Under a refin-  
17 ery permitting agreement—

18 (1) the Administrator shall have authority, as  
19 applicable and necessary, to—

20 (A) accept from a refiner a consolidated  
21 application for all permits that the refiner is re-  
22 quired to obtain to construct and operate a re-  
23 finery;

24 (B) in consultation and cooperation with  
25 each Federal, State, or Indian tribal govern-

1           ment agency that is required to make any de-  
2           termination to authorize the issuance of a per-  
3           mit, establish a schedule under which each  
4           agency shall—

5                   (i) concurrently consider, to the max-  
6                   imum extent practicable, each determina-  
7                   tion to be made; and

8                   (ii) complete each step in the permit-  
9                   ting process; and

10                   (C) issue a consolidated permit that com-  
11                   bines all permits issued under the schedule es-  
12                   tablished under subparagraph (B); and

13           (2) the Administrator shall provide to State and  
14           Indian tribal government agencies—

15                   (A) financial assistance in such amounts as  
16                   the agencies reasonably require to hire such ad-  
17                   ditional personnel as are necessary to enable  
18                   the government agencies to comply with the ap-  
19                   plicable schedule established under paragraph  
20                   (1)(B); and

21                   (B) technical, legal, and other assistance in  
22                   complying with the refinery permitting agree-  
23                   ment.

1 (c) AGREEMENT BY THE STATE.—Under a refinery  
2 permitting agreement, a State or governing body of an In-  
3 dian tribe shall agree that—

4 (1) the Administrator shall have each of the au-  
5 thorities described in subsection (b); and

6 (2) each State or Indian tribal government  
7 agency shall—

8 (A) in accordance with State law, make  
9 such structural and operational changes in the  
10 agencies as are necessary to enable the agencies  
11 to carry out consolidated project-wide permit  
12 reviews concurrently and in coordination with  
13 the Environmental Protection Agency and other  
14 Federal agencies; and

15 (B) comply, to the maximum extent prac-  
16 ticable, with the applicable schedule established  
17 under subsection (b)(1)(B).

18 (d) INTERDISCIPLINARY APPROACH.—

19 (1) IN GENERAL.—The Administrator and a  
20 State or governing body of an Indian tribe shall in-  
21 corporate an interdisciplinary approach, to the max-  
22 imum extent practicable, in the development, review,  
23 and approval of permits subject to this section.

24 (2) OPTIONS.—Among other options, the inter-  
25 disciplinary approach may include use of—

- 1 (A) environmental management practices;  
2 and  
3 (B) third party contractors.

4 (e) DEADLINES.—

5 (1) NEW REFINERIES.—In the case of a con-  
6 solidated permit for the construction of a new refin-  
7 ery, the Administrator and the State or governing  
8 body of an Indian tribe shall approve or disapprove  
9 the consolidated permit not later than—

10 (A) 360 days after the date of the receipt  
11 of the administratively complete application for  
12 the consolidated permit; or

13 (B) on agreement of the applicant, the Ad-  
14 ministrator, and the State or governing body of  
15 the Indian tribe, 90 days after the expiration of  
16 the deadline established under subparagraph  
17 (A).

18 (2) EXPANSION OF EXISTING REFINERIES.—In  
19 the case of a consolidated permit for the expansion  
20 of an existing refinery, the Administrator and the  
21 State or governing body of an Indian tribe shall ap-  
22 prove or disapprove the consolidated permit not later  
23 than—

1 (A) 120 days after the date of the receipt  
2 of the administratively complete application for  
3 the consolidated permit; or

4 (B) on agreement of the applicant, the Ad-  
5 ministrator, and the State or governing body of  
6 the Indian tribe, 30 days after the expiration of  
7 the deadline established under subparagraph  
8 (A).

9 (f) FEDERAL AGENCIES.—Each Federal agency that  
10 is required to make any determination to authorize the  
11 issuance of a permit shall comply with the applicable  
12 schedule established under subsection (b)(1)(B).

13 (g) JUDICIAL REVIEW.—Any civil action for review  
14 of any permit determination under a refinery permitting  
15 agreement shall be brought exclusively in the United  
16 States district court for the district in which the refinery  
17 is located or proposed to be located.

18 (h) EFFICIENT PERMIT REVIEW.—In order to reduce  
19 the duplication of procedures, the Administrator shall use  
20 State permitting and monitoring procedures to satisfy  
21 substantially equivalent Federal requirements under this  
22 Act.

23 (i) SEVERABILITY.—If 1 or more permits that are re-  
24 quired for the construction or operation of a refinery are  
25 not approved on or before any deadline established under

1 subsection (e), the Administrator may issue a consolidated  
2 permit that combines all other permits that the refiner is  
3 required to obtain other than any permits that are not  
4 approved.

5 (j) SAVINGS.—Nothing in this section affects the op-  
6 eration or implementation of otherwise applicable law re-  
7 garding permits necessary for the construction and oper-  
8 ation of a refinery.

9 (k) CONSULTATION WITH LOCAL GOVERNMENTS.—  
10 Congress encourages the Administrator, States, and tribal  
11 governments to consult, to the maximum extent prac-  
12 ticable, with local governments in carrying out this sec-  
13 tion.

14 (l) AUTHORIZATION OF APPROPRIATIONS.—There  
15 are authorized to be appropriated such sums as are nec-  
16 essary to carry out this section.

17 (m) EFFECT ON LOCAL AUTHORITY.—Nothing in  
18 this section affects—

19 (1) the authority of a local government with re-  
20 spect to the issuance of permits; or

21 (2) any requirement or ordinance of a local gov-  
22 ernment (such as a zoning regulation).

23 **SEC. 2003. FUEL EMERGENCY WAIVERS.**

24 Section 211(c)(4)(C) of the Clean Air Act (42 U.S.C.  
25 7545(c)(4)(C)) (as amended by section 1541 of the En-

1 ergy Policy Act of 2005 (Public Law 109–58; 119 Stat.  
2 1106)) is amended—

3           (1) by redesignating the first clause (v) as  
4           clause (vi);

5           (2) by redesignating the second clause (v) as  
6           clause (vii); and

7           (3) by inserting after clause (iv) the following:

8           “(v) A State shall be held harmless and not be re-  
9           quired to revise its State implementation plan under sec-  
10          tion 110 to account for the emissions from a waiver grant-  
11          ed by the Administrator under clause (ii).”.

12 **SEC. 2004. BOUTIQUE FUEL REDUCTIONS.**

13          Section 211(c)(4)(C)(vii) of the Clean Air Act (42  
14          U.S.C. 7545(c)(4)(C)(vii)) (as redesignated by section  
15          2003(2)) is amended by striking subclauses (III) and (IV)  
16          and inserting the following:

17          “(III) The Administrator shall remove a fuel from the  
18          list published under subclause (II) if a fuel ceases to be  
19          included in a State implementation plan or if a fuel in  
20          a State implementation plan is identical to a Federal fuel  
21          formulation implemented by the Administrator and shall  
22          reduce the total number of fuels permitted to be included  
23          in a State implementation plan or revision on the list pub-  
24          lished under subclause (II) accordingly.

1 “(IV) Subclause (I) shall not limit the authority of  
2 the Administrator to approve a control or prohibition re-  
3 specting any new fuel under this paragraph in a State im-  
4 plementation plan or revision to a State implementation  
5 plan if the new fuel completely replaces a fuel on the list  
6 published under subclause (II).”.

7 **SEC. 2005. FISCHER-TROPSCH FUELS.**

8 (a) IN GENERAL.—In cooperation with the Secretary  
9 of Energy, the Secretary of Defense, the Administrator  
10 of the Federal Aviation Administration, Secretary of  
11 Health and Human Services, and Fischer-Tropsch indus-  
12 try representatives, the Administrator shall—

13 (1) conduct a research and demonstration pro-  
14 gram to evaluate the air quality benefits of ultra-  
15 clean Fischer-Tropsch transportation fuel, including  
16 diesel and jet fuel;

17 (2) evaluate the use of ultra-clean Fischer-  
18 Tropsch transportation fuel as a mechanism for re-  
19 ducing engine exhaust emissions; and

20 (3) submit recommendations to Congress on the  
21 most effective use and associated benefits of these  
22 ultra-clean fuel for reducing public exposure to ex-  
23 haust emissions.

24 (b) GUIDANCE AND TECHNICAL SUPPORT.—The Ad-  
25 ministrator shall, to the extent necessary, issue any guid-

1   ance or technical support documents that would facilitate  
2   the effective use and associated benefit of Fischer-Tropsch  
3   fuel and blends.

4       (c) REQUIREMENTS.—The program described in sub-  
5   section (a) shall consider—

6           (1) the use of neat (100 percent) Fischer-  
7       Tropsch fuel and blends with conventional crude oil-  
8       derived fuel for heavy-duty and light-duty diesel en-  
9       gines and the aviation sector; and

10          (2) the production costs associated with domes-  
11       tic production of those ultra clean fuel and prices for  
12       consumers.

13       (d) REPORTS.—The Administrator shall submit to  
14   the Committee on Environment and Public Works of the  
15   Senate and the Committee on Energy and Commerce of  
16   the House of Representatives—

17           (1) not later than October 1, 2006, an interim  
18       report on actions taken to carry out this section; and

19           (2) not later than December 1, 2007, a final re-  
20       port on actions taken to carry out this section.

1 **Subtitle B—Accelerated Deprecia-**  
 2 **tion for Construction and Ex-**  
 3 **pansion**

4 **SEC. 2011. EXPANSION OF ELECTION TO EXPENSE CERTAIN**  
 5 **REFINERIES.**

6 (a) **FULL EXPENSING.**—Section 179C(a) of the In-  
 7 ternal Revenue Code of 1986 (relating to treatment as ex-  
 8 penses) is amended by striking “50 percent of”.

9 (b) **EFFECTIVE DATE.**—The amendment made by  
 10 this section shall apply to property placed in service after  
 11 the date of the enactment of this Act.

12 **TITLE III—INFRASTRUCTURE**  
 13 **Subtitle A—Accelerated**  
 14 **Depreciation**

15 **SEC. 3001. TREATMENT OF CERTAIN OIL AND GAS PIPE-**  
 16 **LINES AS 5-YEAR PROPERTY FOR DEPRECIA-**  
 17 **TION PURPOSES.**

18 (a) **IN GENERAL.**—Section 168(e)(3)(B) of the Inter-  
 19 nal Revenue Code of 1986 (relating to 5-year property)  
 20 is amended—

21 (1) by striking “and” at the end of clause (v),

22 (2) by striking the period at the end of clause  
 23 (vi)(III) and inserting “, and”, and

24 (3) by inserting after clause (vi)(III) the fol-  
 25 lowing new clause:

1           “(vii) any oil or natural gas pipeline  
 2           described in asset class 13.2, the original  
 3           use of which commences with the taxpayer  
 4           after the date of the enactment of this  
 5           clause.”.

6           (b) EFFECTIVE DATE.—The amendments made by  
 7 this section shall apply to property placed in service after  
 8 the date of the enactment of this Act.

## 9   **Subtitle B—Tax-Exempt Financing**

### 10 **SEC. 3011. TAX-EXEMPT FINANCING OF ENERGY TRANSPOR-** 11 **TATION INFRASTRUCTURE NOT SUBJECT TO** 12 **PRIVATE BUSINESS USE TEST.**

13           (a) IN GENERAL.—Section 141(b)(6) of the Internal  
 14 Revenue Code of 1986 (defining private business use ) is  
 15 amended by adding at the end the following new subpara-  
 16 graph:

17                   “(C) EXCEPTION FOR CERTAIN ENERGY  
 18           TRANSPORTATION INFRASTRUCTURE.—

19                           “(i) IN GENERAL.—For purposes of  
 20                           the 1st sentence of subparagraph (A), the  
 21                           operation or use of any property described  
 22                           in clause (ii) by any person which is not a  
 23                           governmental unit shall not be considered  
 24                           a private business use.

1           “(ii) PROPERTY DESCRIBED.—For  
2 purposes of clause (i), the following prop-  
3 erty is described in this clause:

4           “(I) Any tangible property used  
5 to transmit electricity at 230 or more  
6 kilovolts if such property is placed in  
7 service as part of a State or multi-  
8 State effort to improve interstate elec-  
9 tricity transmission and that is phys-  
10 ically located in not less than 2  
11 States.

12           “(II) Any tangible property used  
13 as a natural gas transmission pipeline  
14 if such property is placed in service as  
15 part of a State or multi-State effort  
16 to improve interstate natural gas  
17 transmission and that is physically lo-  
18 cated in not less than 2 States or in  
19 a geographic area determined by the  
20 Federal Energy Regulatory Commis-  
21 sion to experience natural gas trans-  
22 mission capacity constraints or con-  
23 gestion.

24           “(III) Any tangible property used  
25 as a transmission pipeline for crude

1 oil or diesel fuel produced from coal  
2 or other synthetic petroleum products  
3 produced from coal if such property is  
4 placed in service as part of a State or  
5 multi-State effort to improve the  
6 transportation of crude oil or diesel  
7 fuel produced from coal or other syn-  
8 thetic petroleum products produced  
9 from coal.”.

10 (b) EXCEPTION TO PRIVATE LOAN FINANCING  
11 TEST.—Section 141(c)(2) of the Internal Revenue Code  
12 of 1986 (defining the private loan financing test) is  
13 amended—

14 (1) by striking the period at the end of sub-  
15 paragraph (B) and adding “, or”; and

16 (2) by adding at the end the following new sub-  
17 paragraph:

18 “(C) enables the borrower to finance cer-  
19 tain energy transportation infrastructure as de-  
20 fined in section 141(b)(6)(C)(ii).”.

21 (c) EFFECTIVE DATE.—The amendments made by  
22 this section shall apply to bonds issued after the date of  
23 the enactment of this Act.

1       **Subtitle C—Emergency Service**  
 2                                   **Route**

3   **SEC. 3021. EMERGENCY SERVICE ROUTE.**

4       Section 1948 of the Safe, Accountable, Flexible, Effi-  
 5   cient Transportation Equity Act: A Legacy for Users  
 6   (Public Law 109–59; 119 Stat. 1514) is repealed.

7       **TITLE IV—CONSERVATION AND**  
 8                                   **EFFICIENCY**

9       **Subtitle A—CAFE Standards**

10   **SEC. 4001. REVISED CONSIDERATIONS FOR DECISIONS ON**  
 11                                   **MAXIMUM FEASIBLE AVERAGE FUEL ECON-**  
 12                                   **OMY.**

13       Section 32902 of title 49, United States Code, is  
 14   amended by striking subsection (f) and inserting the fol-  
 15   lowing:

16       “(f) CONSIDERATIONS FOR DECISIONS ON MAXIMUM  
 17   FEASIBLE AVERAGE FUEL ECONOMY.—When deciding  
 18   maximum feasible average fuel economy under this sec-  
 19   tion, the Secretary of Transportation shall consider the  
 20   following matters:

21                   “(1) Technological feasibility.

22                   “(2) Economic practicability.

23                   “(3) The effect of other motor vehicle standards  
 24   of the Federal Government on fuel economy.

1           “(4) The need of the United States to conserve  
2 energy.

3           “(5) The desirability of reducing United States  
4 dependence on imported oil.

5           “(6) The effects of the average fuel economy  
6 standards on motor vehicle and passenger safety.

7           “(7) The effects of increased fuel economy on  
8 air quality.

9           “(8) The adverse effects of average fuel econ-  
10 omy standards on the relative competitiveness of  
11 manufacturers.

12           “(9) The effects of compliance with average fuel  
13 economy standards on levels of employment in the  
14 United States.

15           “(10) The cost and lead time necessary for the  
16 introduction of the necessary new technologies.

17           “(11) The potential for advanced technology ve-  
18 hicles, such as hybrid and fuel cell vehicles, to con-  
19 tribute to the achievement of significant reductions  
20 in fuel consumption.

21           “(12) The extent to which the necessity for ve-  
22 hicle manufacturers to incur near-term costs to com-  
23 ply with the average fuel economy standards ad-  
24 versely affects the availability of resources for the

1 development of advanced technology for the propul-  
2 sion of motor vehicles.

3 “(13) The report of the National Research  
4 Council entitled ‘Effectiveness and Impact of Cor-  
5 porate Average Fuel Economy Standards’, issued in  
6 January 2002.”.

7 **SEC. 4002. INCREASED FUEL ECONOMY STANDARDS.**

8 (a) **NEW REGULATIONS REQUIRED FOR PASSENGER**  
9 **AUTOMOBILES.—**

10 (1) **REQUIREMENT.—**

11 (A) **IN GENERAL.—**The Secretary of  
12 Transportation shall issue, under section 32902  
13 of title 49, United States Code, new regulations  
14 setting forth increased average fuel economy  
15 standards for passenger automobiles.

16 (B) **DETERMINATION.—**The regulations  
17 shall be determined on the basis of the max-  
18 imum feasible average fuel economy levels for  
19 the passenger automobiles, taking into consider-  
20 ation the matters set forth in subsection (f) of  
21 that section.

22 (2) **TIME FOR ISSUING REGULATIONS.—**Not  
23 later than 18 months after the date of enactment of  
24 this Act, the Secretary of Transportation shall issue  
25 the final regulations under paragraph (1).

1 (b) PHASED INCREASES.—The regulations issued  
2 pursuant to subsection (a) shall specify standards that  
3 take effect successively over several vehicle model years  
4 not exceeding 15 vehicle model years.

5 (c) CLARIFICATION OF AUTHORITY TO AMEND PAS-  
6 Senger Automobile Standard.—Section 32902(b) of  
7 title 49, United States Code, is amended by inserting be-  
8 fore the period at the end the following: “or such other  
9 standard as the Secretary prescribes under subsection  
10 (c)”.

11 (d) ENVIRONMENTAL ASSESSMENT.—When issuing  
12 final regulations setting forth increased average fuel econ-  
13 omy standards under subsection (a) or (c) of section  
14 32902 of title 49, United States Code, the Secretary of  
15 Transportation shall issue an environmental assessment of  
16 the effects of the increased standards on the environment  
17 under the National Environmental Policy Act of 1969 (42  
18 U.S.C. 4321 et seq.).

19 (e) AUTHORIZATION OF APPROPRIATIONS.—There is  
20 authorized to be appropriated to the Secretary of Trans-  
21 portation \$5,000,000 for each of fiscal years 2007 through  
22 2012 for carrying out this section and for administering  
23 the regulations issued pursuant to this section.

1 **SEC. 4003. EXPEDITED PROCEDURES FOR CONGRESSIONAL**  
2 **INCREASE IN FUEL ECONOMY STANDARDS.**

3 (a) **CONDITION FOR APPLICABILITY.**—If the Sec-  
4 retary of Transportation fails to issue final regulations  
5 with respect to passenger automobiles under section 4002  
6 on or before the date by which such final regulations are  
7 required by that section to be issued, respectively, this sec-  
8 tion shall apply with respect to a bill described in sub-  
9 section (b).

10 (b) **BILL.**—A bill referred to in subsection (a) is a  
11 bill that satisfies the following requirements:

12 (1) **INTRODUCTION.**—The bill is introduced by  
13 1 or more Members of Congress by not later than  
14 60 days after the date referred to in subsection (a).

15 (2) **TITLE.**—The title of the bill is as follows:  
16 “A bill to establish new average fuel economy stand-  
17 ards for certain motor vehicles.”.

18 (3) **TEXT.**—The bill provides after the enacting  
19 clause only the text specified in subparagraph (A) or  
20 any provision described in subparagraph (B), as fol-  
21 lows:

22 (A) **PASSENGER AUTOMOBILES.**—In the  
23 case of a bill relating to a failure timely to issue  
24 final regulations relating to passenger auto-  
25 mobiles, the following text, with the first blank  
26 space being filled in with the number of a year

1           and the second blank space being filled in with  
2           a number:

3 **“SECTION 1. PASSENGER AUTOMOBILES.**

4           “Section 32902 of title 49, United States Code, is  
5 amended by striking subsection (b) and inserting the fol-  
6 lowing:

7           ‘(b) PASSENGER AUTOMOBILES.—Except as provided  
8 in this section, the average fuel economy standard for pas-  
9 senger automobiles manufactured by a manufacturer in a  
10 model year after model year \_\_\_\_\_ shall be \_\_\_\_\_ miles per  
11 gallon.’”

12                   (B) SUBSTITUTE TEXT.—Any text sub-  
13                   stituted by an amendment that is in order  
14                   under subsection (c)(3).

15           (c) EXPEDITED PROCEDURES.—A bill described in  
16 subsection (b) shall be considered in a House of Congress  
17 in accordance with the procedures provided for the consid-  
18 eration of joint resolutions in paragraphs (3) through (8)  
19 of section 8066(c) of the Department of Defense Appro-  
20 priations Act, 1985 (as contained in section 101(h) of  
21 Public Law 98–473; 98 Stat. 1936), with the following  
22 exceptions:

23                   (1) REFERENCES TO RESOLUTION.—The ref-  
24                   erences in those paragraphs to a resolution shall be

1 deemed to refer to the bill described in subsection  
2 (b).

3 (2) COMMITTEES OF JURISDICTION.—The com-  
4 mittees to which the bill is referred under this sub-  
5 section shall—

6 (A) in the Senate, be the Committee on  
7 Commerce, Science, and Transportation; and

8 (B) in the House of Representatives, be  
9 the Committee on Energy and Commerce.

10 (3) AMENDMENTS.—

11 (A) AMENDMENTS IN ORDER.—Only 4  
12 amendments to the bill are in order in each  
13 House, as follows:

14 (i) 2 amendments proposed by the  
15 majority leader of that House.

16 (ii) 2 amendments proposed by the  
17 minority leader of that House.

18 (B) FORM AND CONTENT.—To be in order  
19 under subparagraph (A), an amendment shall  
20 propose to strike all after the enacting clause  
21 and substitute text that only includes the same  
22 text as is proposed to be stricken except for 1  
23 or more different numbers in the text.

24 (C) REQUIREMENTS FOR CONSIDER-  
25 ATION.—Subparagraph (B) of section

1           8066(c)(5) of the Department of Defense Ap-  
2           propriations Act, 1985 (98 Stat. 1936), shall  
3           apply to the consideration of each amendment  
4           proposed under this paragraph in the same  
5           manner as that subparagraph applies to debat-  
6           able motions.

7           **Subtitle B—Natural Gas Energy**  
8           **Star Program**

9           **SEC. 4011. EFFICIENCY.**

10          (a) METHANE REDUCTION PROJECTS.—

11           (1) IN GENERAL.—Not later than 180 days  
12          after the date of enactment of this Act, the Adminis-  
13          trator of the Federal Energy Regulatory Commis-  
14          sion shall solicit applications from eligible entities,  
15          as determined by the Administrator, for grants  
16          under the Natural Gas STAR Program under the  
17          Environmental Protection Agency to pay the Federal  
18          share of the cost of projects relating to the reduction  
19          of methane emissions in the oil and gas industries.

20           (2) PROJECT INCLUSIONS.—To receive a grant  
21          under paragraph (1), the application of the eligible  
22          entity shall include—

23           (A) an identification of 1 or more tech-  
24          nologies used to achieve a reduction in the  
25          emission of methane; and

1 (B) an analysis of the cost-effectiveness of  
2 a technology described in subparagraph (A).

3 (3) LIMITATION.—A grant to an eligible entity  
4 under this subsection shall not exceed \$50,000.

5 (4) FEDERAL SHARE.—The Federal share of  
6 the cost of a project under this subsection shall not  
7 exceed 50 percent.

8 (5) AUTHORIZATION OF APPROPRIATIONS.—  
9 There is authorized to be appropriated to carry out  
10 this subsection \$1,000,000 for the period of fiscal  
11 years 2006 through 2010.

12 (b) EFFICIENCY PROMOTION WORKSHOPS.—

13 (1) IN GENERAL.—The Administrator, in con-  
14 junction with the Interstate Oil and Gas Compact  
15 Commission, shall conduct a series of technical  
16 workshops to provide information to officials in oil-  
17 and gas-producing States relating to methane emis-  
18 sion reduction techniques.

19 (2) AUTHORIZATION OF APPROPRIATIONS.—  
20 There is authorized to be appropriated to carry out  
21 this subsection \$1,000,000 for the period of fiscal  
22 years 2006 through 2010.

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