

110TH CONGRESS
1ST SESSION

H. R. 3435

To improve energy security of the United States through a reduction in the oil intensity of the economy of the United States and expansion of secure oil supplies, to be achieved by increasing the availability of alternative fuel sources, fostering responsible oil exploration and production, and improving international arrangements to secure the global oil supply, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

AUGUST 3, 2007

Mr. PICKERING introduced the following bill; which was referred to the Committee on Energy and Commerce, and in addition to the Committees on Ways and Means, Science and Technology, Natural Resources, Armed Services, Foreign Affairs, and Select Intelligence (Permanent Select), for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

To improve energy security of the United States through a reduction in the oil intensity of the economy of the United States and expansion of secure oil supplies, to be achieved by increasing the availability of alternative fuel sources, fostering responsible oil exploration and production, and improving international arrangements to secure the global oil supply, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

1 **SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

2 (a) SHORT TITLE.—This Act may be cited as the
 3 “Security and Fuel Efficiency Energy Act of 2007” or the
 4 “SAFE Energy Act of 2007”.

5 (b) TABLE OF CONTENTS.—The table of contents of
 6 this Act is as follows:

Sec. 1. Short title; table of contents.

TITLE I—INCREASED USE OF ALTERNATIVE FUELS AND
 INFRASTRUCTURE

- Sec. 101. Renewable fuel standard.
- Sec. 102. Ethanol-blend fuel infrastructure.
- Sec. 103. Emerging biofuels.
- Sec. 104. Biodiesel.
- Sec. 105. Unconventional fossil fuels.
- Sec. 106. Phaseout of alternative fuels credits.
- Sec. 107. Advanced biomass fuels production tax credit.
- Sec. 108. Study of incentives for renewable fuels.

TITLE II—DEVELOPMENT AND INVENTORY OF CERTAIN OUTER
 CONTINENTAL SHELF RESOURCES

- Sec. 201. Authorization of activities and exports involving hydrocarbon re-
 sources by United States persons.
- Sec. 202. Travel in connection with authorized hydrocarbon exploration and ex-
 traction activities.
- Sec. 203. Moratorium of oil and gas leasing in certain areas of the Gulf of
 Mexico.
- Sec. 204. Inventory and leasing of outer Continental Shelf oil and natural gas
 resources.
- Sec. 205. Conforming amendments to moratoria on use of appropriations.
- Sec. 206. Enhanced oil recovery.
- Sec. 207. Treatment of revenues under oil and gas leases for other areas.

TITLE III—MANAGEMENT OF ENERGY RISKS

- Sec. 301. Bureau of International Energy Policy.
- Sec. 302. Strategic energy infrastructure equipment reserve.
- Sec. 303. Increase in capacity.

1 **TITLE I—INCREASED USE OF AL-**
 2 **TERNATIVE FUELS AND IN-**
 3 **FRASTRUCTURE**

4 **SEC. 101. RENEWABLE FUEL STANDARD.**

5 Section 211(o) of the Clean Air Act (42 U.S.C.
 6 7545(o)) is amended as follows:

7 (1) In paragraph (2)(B) as follows:

8 (A) By striking clause (i) and inserting the
 9 following:

10 “(i) CALENDAR YEARS 2006 THROUGH
 11 2020.—

12 “(I) RENEWABLE FUEL.—For
 13 the purpose of subparagraph (A), sub-
 14 ject to subclause (II), the applicable
 15 total volume for any of calendar years
 16 2006 through 2020 shall be deter-
 17 mined in accordance with the fol-
 18 lowing table:

“Calendar year:	Applicable total volume of renewable fuel (in billions of gallons):
2006	4.0
2007	4.7
2008	7.1
2009	9.5
2010	12.0
2011	12.6
2012	13.2
2013	13.8
2014	14.4
2015	15.0
2016	18.0
2017	21.0
2018	24.0

“Calendar year:	Applicable total volume of renewable fuel (in billions of gallons):
2019	27.0
2020	30.0

1 “(II) CELLULOSIC BIOMASS ETH-
2 ANOL.—For the purpose of paragraph
3 (1), of the total volume of renewable
4 fuel required under subclause (I), the
5 applicable volume for any of calendar
6 years 2012 through 2020 for cellulosic
7 biomass ethanol shall be determined
8 in accordance with the following table:

“Calendar year:	Applicable volume of cellulosic biomass ethanol (in billions of gallons):
2012	0.25
2013	1.0
2014	3.0
2015	5.0
2016	7.0
2017	9.0
2018	11.0
2019	13.0
2020	15.0”.

9 (B) In clause (ii)—
10 (i) in the clause heading, by striking
11 “2013” and inserting “2021”;
12 (ii) by striking “2013” and inserting
13 “2021”; and
14 (iii) by striking “2012” and inserting
15 “2020”.

1 (C) In clause (iii), by striking “there-
2 after—” and all that follows through “(II) the”
3 and inserting “thereafter, the”.

4 (D) In clause (iv)—

5 (i) by striking “2013” and inserting
6 “2021”; and

7 (ii) in subclause (II)(bb), by striking
8 “2012” and inserting “2020”.

9 (2) In paragraph (3)—

10 (A) in subparagraph (A), by striking
11 “2011” and inserting “2019”; and

12 (B) in subparagraph (B)(i), by striking
13 “2012” and inserting “2020.”

14 (3) In paragraph (6)(A), by striking “2012”
15 and inserting “2020”.

16 (4) By amending paragraph (7) to read as fol-
17 lows:

18 “(7) WAIVERS.—

19 “(A) IN GENERAL.—The Administrator, in
20 consultation with the Secretary of Agriculture
21 and the Secretary of Energy, may waive the re-
22 quirements of paragraph (2) in whole or in part
23 on petition by one or more States by reducing
24 the national quantity of renewable fuel required
25 under paragraph (2)—

1 “(i) based on a determination by the
2 Administrator, after public notice and op-
3 portunity for comment, that implementa-
4 tion of the requirement would severely
5 harm the economy or environment of a
6 State, a region, or the United States; or

7 “(ii) based on a determination by the
8 Administrator, after public notice and op-
9 portunity for comment, that there is an in-
10 adequate domestic supply.

11 “(B) PETITIONS FOR WAIVERS.—The Ad-
12 ministrator, in consultation with the Secretary
13 of Agriculture and the Secretary of Energy,
14 shall approve or disapprove a State petition for
15 a waiver of the requirements of paragraph (2)
16 within 90 days after the date on which the peti-
17 tion is received by the Administrator.

18 “(C) TERMINATION OF WAIVERS.—A waiv-
19 er granted under subparagraph (A) shall termi-
20 nate after 1 year, but may be renewed by the
21 Administrator after consultation with the Sec-
22 retary of Agriculture and the Secretary of En-
23 ergy.”.

1 **SEC. 102. ETHANOL-BLEND FUEL INFRASTRUCTURE.**

2 Section 211(o) of the Clean Air Act (42 U.S.C.
3 7545(o)) is amended by adding at the end the following:

4 “(11) INSTALLATION OF ETHANOL-BLEND
5 FUEL PUMPS BY COVERED OWNERS AT STATIONS.—

6 “(A) DEFINITIONS.—In this paragraph:

7 “(i) COVERED OWNER.—The term
8 ‘covered owner’ means any person that, in-
9 dividually or together with any other per-
10 son with respect to which the person has
11 an affiliate relationship or significant own-
12 ership interest, owns 10 or more retail sta-
13 tion outlets, as determined by the Sec-
14 retary.

15 “(ii) ETHANOL-BLEND FUEL.—The
16 term ‘ethanol-blend fuel’ means a blend of
17 gasoline not more than 85 percent, nor less
18 than 80 percent, of the content of which is
19 derived from ethanol produced in the
20 United States, as defined by the Secretary
21 in a manner consistent with applicable
22 standards of the American Society for
23 Testing and Materials.

24 “(iii) SECRETARY.—The term ‘Sec-
25 retary’ means the Secretary of Energy,

1 acting in consultation with the Adminis-
2 trator and the Secretary of Agriculture.

3 “(B) ASSESSMENT.—Not later than 5
4 years after the date of enactment of this para-
5 graph, the Secretary shall make an assessment
6 of the progress made toward the creation of
7 adequate infrastructure for the production and
8 distribution of ethanol-blend fuel (including the
9 creation of adequate qualified alternative fuel
10 vehicle refueling property that is a blender
11 pump).

12 “(C) REGULATIONS.—If the Secretary de-
13 termines (in the assessment made under sub-
14 paragraph (B)) that adequate progress has not
15 been made toward the creation of adequate in-
16 frastructure for the production and distribution
17 of ethanol-blend fuel, the Secretary shall pro-
18 mulgate regulations to ensure, to the maximum
19 extent practicable, that each covered owner in-
20 stalls or otherwise makes available 1 or more
21 pumps that dispense ethanol-blend fuel (includ-
22 ing any other equipment necessary, such as
23 tanks, to ensure that the pumps function prop-
24 erly) at not less than the applicable percentage

1 of the retail station outlets of the covered owner
2 specified in subparagraph (D).

3 “(D) APPLICABLE PERCENTAGES.—For
4 the purpose of subparagraph (C), the applicable
5 percentage of the retail station outlets shall
6 be—

7 “(i) during the 10-year period begin-
8 ning on the date of any determination
9 made under subparagraph (C), 10 percent;
10 and

11 “(ii) after the 10-year period de-
12 scribed in clause (i), 20 percent.

13 “(E) FINANCIAL RESPONSIBILITY.—In
14 promulgating regulations under subparagraph
15 (C), the Secretary shall ensure that each cov-
16 ered owner described in that subparagraph as-
17 sumes full financial responsibility for the costs
18 of installing or otherwise making available the
19 pumps described in that subparagraph and any
20 other equipment necessary (including tanks) to
21 ensure that the pumps function properly.

22 “(F) PRODUCTION CREDITS FOR EXCEED-
23 ING ETHANOL-BLEND FUEL PUMPS INSTALLA-
24 TION REQUIREMENT.—

1 “(i) EARNING AND PERIOD FOR AP-
2 PLYING CREDITS.—If the percentage of the
3 retail station outlets of a covered owner at
4 which the covered owner installs ethanol-
5 blend fuel pumps in a particular calendar
6 year exceeds the percentage required under
7 subparagraph (D), the covered owner shall
8 earn credits under this paragraph, which
9 may be applied to any of the 3 consecutive
10 calendar years immediately after the cal-
11 endar year for which the credits are
12 earned.

13 “(ii) TRADING CREDITS.—A covered
14 owner that has earned credits under clause
15 (i) may sell credits to another covered
16 owner to enable the purchaser to meet the
17 requirement under subparagraph (D).”.

18 **SEC. 103. EMERGING BIOFUELS.**

19 (a) ESTABLISHMENT OF INCENTIVE PROGRAM.—The
20 Secretary of Energy (referred to in this section as the
21 “Secretary”) shall establish a program under which the
22 Secretary shall provide to eligible entities such incentives
23 (including grants, loans, and loan guarantees) as the Sec-
24 retary determines to be appropriate for the production of

1 cellulosic ethanol and other emerging biofuels derived from
2 renewable sources (including municipal solid waste).

3 (b) APPLICATION.—To be eligible to receive an incen-
4 tive under this section, an eligible entity shall submit to
5 the Secretary an application at such time, in such manner,
6 and containing such information as the Secretary may re-
7 quire, including—

8 (1) a description of the project for which the in-
9 centive will be used;

10 (2) a description of the use by the eligible enti-
11 ty of the incentive; and

12 (3) an estimate of the annual production using
13 the incentive by the eligible entity of cellulosic eth-
14 anol or another biofuel, expressed on a per-gallon
15 basis.

16 (c) SELECTION REQUIREMENTS.—

17 (1) MINIMUM NUMBER OF INCENTIVES.—The
18 Secretary shall provide incentives under this section
19 to not less than 6 biorefineries located in different
20 regions of the United States.

21 (2) LEAST-COST INCENTIVES.—The Secretary
22 shall provide incentives under this section only to eli-
23 gible entities the applications of which reflect the
24 least-cost use of the incentives, on a per-gallon basis,
25 with respect to similar projects.

1 (d) AUTHORIZATION OF APPROPRIATIONS.—There is
2 authorized to be appropriated to carry out this section
3 \$500,000,000.

4 **SEC. 104. BIODIESEL.**

5 (a) IN GENERAL.—Not later than 180 days after the
6 date of enactment of this Act, the Secretary of Energy
7 shall submit to Congress a report on any research and
8 development challenges inherent in increasing to 5 percent
9 the proportion of diesel fuel sold in the United States that
10 is biodiesel, as defined in section 757 of the Energy Policy
11 Act of 2005 (42 U.S.C. 16105).

12 (b) REGULATIONS.—The Administrator of the Envi-
13 ronmental Protection Agency shall promulgate regulations
14 providing for the uniform labeling of biodiesel blends that
15 are certified to meet applicable standards published by the
16 American Society for Testing and Materials.

17 **SEC. 105. UNCONVENTIONAL FOSSIL FUELS.**

18 (a) IN GENERAL.—The Secretary of Energy shall
19 carry out a 10-year carbon capture research and develop-
20 ment program to develop carbon dioxide capture tech-
21 nologies that can be used in the recovery of liquid fuels
22 from oil shale and the production of liquid fuels in coal
23 utilization facilities to minimize the emissions of carbon
24 dioxide from those processes.

1 (b) AUTHORIZATION OF APPROPRIATIONS.—There
2 are authorized to be appropriated to carry out this sec-
3 tion—

4 (1) \$50,000,000 for the period of fiscal years
5 2008 through 2012; and

6 (2) \$100,000,000 for the period of fiscal years
7 2013 through 2017.

8 **SEC. 106. PHASEOUT OF ALTERNATIVE FUELS CREDITS.**

9 (a) ALCOHOL FUELS CREDIT.—Section 40 of the In-
10 ternal Revenue Code of 1986 (relating to alcohol used as
11 fuel) is amended by adding at the end the following new
12 subsection:

13 “(i) PHASEOUT OF CREDIT.—

14 “(1) IN GENERAL.—The amount of the credit
15 allowable under subsection (a) shall be reduced by
16 an amount which bears the same ratio to the
17 amount of the credit (determined without regard to
18 this paragraph) as—

19 “(A) the amount by which the reference
20 price for the calendar year preceding the cal-
21 endar year in which the taxable year begins ex-
22 ceeds \$45, bears to

23 “(B) \$20.

24 “(2) REFERENCE PRICE.—For purposes of
25 paragraph (1), the term ‘reference price’ means,

1 with respect to any calendar year, the reference
2 price determined for such calendar year under sec-
3 tion 45K(d)(2)(C).”.

4 (b) BIODIESEL FUELS CREDIT.—Section 40A of
5 such Code (relating to biodiesel and renewable diesel used
6 as fuel) is amended by redesignating subsection (g) as
7 subsection (h) and by inserting after subsection (f) the
8 following new subsection:

9 “(g) PHASEOUT OF CREDIT.—

10 “(1) IN GENERAL.—The amount of the credit
11 allowable under subsection (a) shall be reduced by
12 an amount which bears the same ratio to the
13 amount of the credit (determined without regard to
14 this paragraph) as—

15 “(A) the amount by which the reference
16 price for the calendar year preceding the cal-
17 endar year in which the taxable year begins ex-
18 ceeds \$45, bears to

19 “(B) \$20.

20 “(2) REFERENCE PRICE.—For purposes of
21 paragraph (1), the term ‘reference price’ means,
22 with respect to any calendar year, the reference
23 price determined for such calendar year under sec-
24 tion 45K(d)(2)(C).”.

1 (c) CREDIT AGAINST EXCISE TAX ON ALCOHOL
2 FUEL, BIODIESEL, AND ALTERNATIVE FUEL MIX-
3 TURES.—Section 6426 of such Code (relating to credit for
4 alcohol fuel, biodiesel, and alternative fuel mixtures) is
5 amended by adding at the end the following:

6 “(h) PHASEOUT OF CREDIT.—

7 “(1) IN GENERAL.—The amount of the credit
8 allowable under subsection (a) shall be reduced by
9 an amount which bears the same ratio to the
10 amount of the credit (determined without regard to
11 this paragraph) as—

12 “(A) the amount by which the reference
13 price for the calendar year preceding the cal-
14 endar year in which the taxable year begins ex-
15 ceeds \$45, bears to

16 “(B) \$20.

17 “(2) REFERENCE PRICE.—For purposes of
18 paragraph (1), the term ‘reference price’ means,
19 with respect to any calendar year, the reference
20 price determined for such calendar year under sec-
21 tion 45K(d)(2)(C).”.

22 (d) EFFECTIVE DATES.—

23 (1) IN GENERAL.—Except as provided in para-
24 graph (2), the amendments made by this section

1 shall apply to taxable years beginning after the date
2 of the enactment of this Act.

3 (2) CREDIT AGAINST EXCISE TAX.—The
4 amendment made by subsection (c) shall apply to
5 fuel sold, used, or removed after December 31,
6 2007.

7 **SEC. 107. ADVANCED BIOMASS FUELS PRODUCTION TAX**
8 **CREDIT.**

9 (a) IN GENERAL.—Subchapter B of chapter 65 of the
10 Internal Revenue Code of 1986 (relating to rules for spe-
11 cial application) is amended by adding at the end the fol-
12 lowing:

13 **“SEC. 6426A. CREDIT FOR PRODUCING ADVANCED BIOMASS**
14 **FUEL.**

15 “(a) ALLOWANCE OF CREDIT.—There shall be al-
16 lowed as a credit against the tax imposed by section 4041
17 and against the tax imposed by section 4081 an amount
18 equal to the credit described in subsection (b). No credit
19 shall be allowed in the case of the credits described in sub-
20 sections (b) and (c) unless the taxpayer is registered under
21 section 4101.

22 “(b) ADVANCED BIOMASS FUEL CREDIT.—

23 “(1) IN GENERAL.—For purposes of this sec-
24 tion, the advanced biomass fuel credit is the product
25 of 50 cents and the number of gallons of an ad-

1 vanced biomass fuel produced by the taxpayer and
2 which during the taxable year—

3 “(A) is sold by such taxpayer to another
4 person—

5 “(i) for use by such other person in
6 the production of a qualified mixture in
7 such other person’s trade or business
8 (other than casual off-farm production),

9 “(ii) for use by such other person as
10 a fuel in a trade or business, or

11 “(iii) who sells such advanced biomass
12 fuel at retail to another person and places
13 such fuel in the fuel tank of such other
14 person, or

15 “(B) is used or sold by such taxpayer for
16 any purpose described in clause (i).

17 “(2) ADVANCED BIOMASS FUEL.—For purposes
18 of this subsection—

19 “(A) IN GENERAL.—The term ‘advanced
20 biomass fuel’ means fuel derived from any
21 lignocellulosic or hemicellulosic matter that is
22 available on a renewable or recurring basis, in-
23 cluding—

24 “(i) dedicated energy crops and trees,

25 “(ii) wood and wood residues,

- 1 “(iii) plants,
2 “(iv) grasses,
3 “(v) agricultural residues,
4 “(vi) fibers,
5 “(vii) animal wastes and other waste
6 materials, and
7 “(viii) municipal solid waste.

8 “(B) FUEL PRODUCED IN FACILITIES
9 WHERE CERTAIN WASTE MATERIALS DISPLACE
10 FOSSIL FUELS USED IN PRODUCTION.—Such
11 term also includes any fuel derived from bio-
12 mass and produced in facilities where animal
13 wastes or other waste materials are digested or
14 otherwise used to displace 90 percent or more
15 of the fossil fuel normally used to produce a
16 quantity of ethanol with the same energy con-
17 tent.

18 “(C) EXCEPTIONS.—Such term does not
19 include ethanol, methanol, or biodiesel.

20 “(3) CERTIFICATION OF ADVANCED BIOMASS
21 FUEL.—No credit shall be allowed under this sub-
22 section unless the taxpayer obtains a certification (in
23 such form and manner as prescribed by the Sec-
24 retary) from the producer or importer of a biofuel
25 or biofuels-blend that identifies the product pro-

1 duced and the percentage of advanced biomass fuel
2 in the product.

3 “(c) MIXTURE NOT USED AS A FUEL, ETC.—

4 “(1) IMPOSITION OF TAX.—If—

5 “(A) any credit was determined under this
6 section with respect to advanced biomass fuel
7 used in the production of any advanced biomass
8 fuel mixture, and

9 “(B) any person—

10 “(i) separates the advanced biomass
11 from the mixture, or

12 “(ii) without separation, uses the mix-
13 ture other than as a fuel,

14 then there is hereby imposed on such person a
15 tax equal to the product of the applicable
16 amount and the number of gallons of such ad-
17 vanced biomass fuel.

18 “(2) APPLICABLE LAWS.—All provisions of law,
19 including penalties, shall, insofar as applicable and
20 not inconsistent with this section, apply in respect of
21 any tax imposed under paragraph (1) as if such tax
22 were imposed by section 4081 and not by this sec-
23 tion.

1 “(d) COORDINATION WITH EXEMPTION FROM EX-
2 CISE TAX.—Rules similar to the rules under section 40(c)
3 shall apply for purposes of this section.”.

4 (b) CONFORMING AMENDMENTS.—

5 (1) Section 6427(e) of such Code is amended—

6 (A) in paragraph (1) by inserting “or
7 6427A” after “6427”,

8 (B) by redesignating paragraphs (3)
9 through (5) as paragraphs (4) through (6), re-
10 spectively, and by inserting after paragraph (2)
11 the following new paragraph:

12 “(3) ADVANCED BIOMASS FUEL.—If any person
13 sells or uses an advanced biomass fuel (as defined
14 in section 6426A) for a purpose described in section
15 6426A(c)(1) in such person’s trade or business, the
16 Secretary shall pay (without interest) to such person
17 an amount equal to the advanced biomass fuel credit
18 with respect to such fuel.”,

19 (C) in paragraph (4), as so redesignated,
20 by striking “paragraph (1) or (2)” and
21 inserting “paragraphs (1), (2), or (3)”, and

22 (D) in paragraph (5), as so redesignated,
23 by striking “ or alternative fuel mixture credit”
24 and inserting “, alternative fuel mixture credit,

1 advanced biomass fuel credit, or advanced bio-
2 mass fuel mixture credit”.

3 (2) Section 6427(i)(3) of such Code is amend-
4 ed—

5 (A) by inserting “or 6426A” after “6426”
6 in subparagraph (A), and

7 (B) in the section heading by striking
8 “AND BIODIESEL MIXTURE CREDIT” and insert-
9 ing “BIODIESEL MIXTURE CREDIT, AND AD-
10 VANCED BIOMASS FUEL MIXTURE CREDIT”.

11 (3) Section 40(c) of such Code is amended by
12 inserting “section 6426A,” after “6426,”.

13 (4) Section 40A(c) of such Code is amended by
14 inserting “section 6426A,” after “6426,”.

15 (5) Section 4101(a)(1) of such Code is amend-
16 ed—

17 (A) by striking “or alcohol” and inserting
18 “, alcohol”, and

19 (B) by inserting “or advanced biomass fuel
20 (as defined in section 6426A)” before “shall
21 register”.

22 (6) Section 4104(a)(2) of such Code is amended
23 by inserting “section 6426A,” after “6426,”.

24 (7) Section 9503(b)(1) of such Code is amend-
25 ed by inserting “or 6426A” after “6426”.

1 (c) CLERICAL AMENDMENT.—The table of sections
2 for subchapter B of chapter 65 of such Code is amended
3 by inserting after the item relating to section 6426 the
4 following new item:

“Sec. 6426A. Credit for producing advanced biomass fuel.”.

5 (d) EFFECTIVE DATE.—The amendments made by
6 this section shall apply to fuel sold, used, or removed after
7 December 31, 2007.

8 **SEC. 108. STUDY OF INCENTIVES FOR RENEWABLE FUELS.**

9 (a) STUDY.—The Director of the National Science
10 Foundation (in consultation with the Secretary of Energy,
11 the Secretary of the Treasury, Secretary of Agriculture,
12 the Administrator of the Environmental Protection Agen-
13 cy, representatives of the biofuels industry, the oil indus-
14 try, and other interested parties) shall conduct a study
15 of the renewable fuels industry and markets in the United
16 States, including—

17 (1) the costs to produce corn-based and cel-
18 lulosic-based ethanol and biobutanol, biodiesel, and
19 other emerging biofuels;

20 (2) the factors affecting the future market
21 prices for those biofuels, including world oil prices;
22 and

23 (3) the level of tax incentives necessary, to the
24 maximum extent practicable, to grow the biofuels in-
25 dustry of the United States to reduce the depend-

1 ence of the United States on foreign oil during cal-
2 endar years 2011 through 2030.

3 (b) GOALS.—The study shall include an analysis of
4 the types and advantages and disadvantages of tax incen-
5 tive options to, to the maximum extent practicable—

6 (1) limit the overall cost of the tax incentives to
7 the Federal Government;

8 (2) encourage expansion of the biofuels industry
9 by ensuring that new plants and recently-built plants
10 can fully amortize the investments in the plants;

11 (3) reward energy-efficient and low carbon-
12 emitting technologies;

13 (4) ensure that pioneering processes (such as
14 those that convert cellulosic feedstocks like corn sto-
15 ver and switch grass to ethanol) are economically
16 competitive with fossil fuels;

17 (5) encourage agricultural producer equity par-
18 ticipation in ethanol plants; and

19 (6) encourage the development of higher blend
20 markets, such as E-20, E30, and E-85.

21 (c) REPORT.—Not later than 1 year after the date
22 of enactment of this Act, the Director shall submit a re-
23 port that describes the results of the study to—

24 (1) the Committee on Agriculture, Nutrition,
25 and Forestry of the Senate;

1 (2) the Committee on Energy and Natural Re-
2 sources of the Senate;

3 (3) the Committee on Environment and Public
4 Works of the Senate;

5 (4) the Committee on Finance of the Senate;

6 (5) the Committee on Agriculture of the House
7 of Representatives;

8 (6) the Committee on Energy and Commerce of
9 the House of Representatives; and

10 (7) the Committee on Ways and Means of the
11 House of Representatives.

12 **TITLE II—DEVELOPMENT AND**
13 **INVENTORY OF CERTAIN**
14 **OUTER CONTINENTAL SHELF**
15 **RESOURCES**

16 **SEC. 201. AUTHORIZATION OF ACTIVITIES AND EXPORTS**
17 **INVOLVING HYDROCARBON RESOURCES BY**
18 **UNITED STATES PERSONS.**

19 (a) **AUTHORIZATION.**—Notwithstanding any other
20 provision of law (including a regulation), United States
21 persons (including agents and affiliates of those United
22 States persons) may—

23 (1) engage in any transaction necessary for the
24 exploration for and extraction of hydrocarbon re-
25 sources from any portion of any foreign exclusive

1 economic zone that is contiguous to the exclusive
2 economic zone of the United States; and

3 (2) export without license authority all equip-
4 ment necessary for the exploration for or extraction
5 of hydrocarbon resources described in paragraph (1).

6 (b) DEFINITION.—In this section, the term “United
7 States person” means—

8 (1) any United States citizen or alien lawfully
9 admitted for permanent residence in the United
10 States; and

11 (2) any person other than an individual, if 1 or
12 more individuals described in paragraph (1) own or
13 control at least 51 percent of the securities or other
14 equity interest in the person.

15 **SEC. 202. TRAVEL IN CONNECTION WITH AUTHORIZED HY-**
16 **DROCARBON EXPLORATION AND EXTRAC-**
17 **TION ACTIVITIES.**

18 Section 910 of the Trade Sanctions Reform and Ex-
19 port Enhancement Act of 2000 (22 U.S.C. 7209) is
20 amended by inserting after subsection (b) the following:

21 “(c) GENERAL LICENSE AUTHORITY FOR TRAVEL-
22 RELATED EXPENDITURES BY PERSONS ENGAGING IN
23 HYDROCARBON EXPLORATION AND EXTRACTION ACTIVI-
24 TIES.—

1 “(1) IN GENERAL.—The Secretary of the
2 Treasury shall, authorize under a general license the
3 travel-related transactions listed in section
4 515.560(e) of title 31, Code of Federal Regulations,
5 for travel to, from, or within Cuba in connection
6 with exploration for and the extraction of hydro-
7 carbon resources in any part of a foreign maritime
8 exclusive economic zone that is contiguous to the ex-
9 clusive economic zone of the United States.

10 “(2) PERSONS AUTHORIZED.—Persons author-
11 ized to travel to Cuba under this section include full-
12 time employees, executives, agents, and consultants
13 of oil and gas producers, distributors, and shippers.

14 “(3) DEFINITION.—In this section, the term
15 ‘exclusive economic zone of the United States’ has
16 the meaning given the term ‘Exclusive Economic
17 Zone’ in section 2101(10a) of title 46, United States
18 Code.”.

19 **SEC. 203. MORATORIUM OF OIL AND GAS LEASING IN CER-**
20 **TAIN AREAS OF THE GULF OF MEXICO.**

21 (a) IN GENERAL.—Section 104(a) of the Gulf of
22 Mexico Energy Security Act of 2006 (43 U.S.C. 1331
23 note; title I of division C of Public Law 109–432) is
24 amended—

1 (1) in paragraph (2), by striking “125 miles”
2 and inserting “45 miles”; and

3 (2) in paragraph (3), by striking “100 miles”
4 each place it appears and inserting “45 miles”.

5 (b) REGULATIONS.—

6 (1) IN GENERAL.—The Secretary of the Inte-
7 rior shall promulgate regulations that establish ap-
8 propriate environmental safeguards for the explo-
9 ration and production of oil and natural gas on the
10 outer Continental Shelf.

11 (2) MINIMUM REQUIREMENTS.—At a minimum,
12 the regulations shall include—

13 (A) provisions requiring surety bonds of
14 sufficient value to ensure the mitigation of any
15 foreseeable incident;

16 (B) provisions assigning liability to the
17 leaseholder in the event of an incident causing
18 damage or loss, regardless of the negligence of
19 the leaseholder or lack of negligence;

20 (C) provisions no less stringent than those
21 contained in the Spill Prevention, Control, and
22 Countermeasure regulations promulgated under
23 the Oil Pollution Act of 1990 (33 U.S.C. 2701
24 et seq.);

25 (D) provisions ensuring that—

1 (i) no facility for the exploration or
2 production of resources is visible to the un-
3 assisted eye from any shore of any coastal
4 State; and

5 (ii) the impact of offshore production
6 facilities on coastal vistas is otherwise miti-
7 gated;

8 (E) provisions to ensure, to the maximum
9 extent practicable, that exploration and produc-
10 tion activities will result in no significant ad-
11 verse effect on fish or wildlife (including habi-
12 tat), subsistence resources, or the environment;
13 and

14 (F) provisions that will impose seasonal
15 limitations on activity to protect breeding,
16 spawning, and wildlife migration patterns.

17 **SEC. 204. INVENTORY AND LEASING OF OUTER CONTI-**
18 **NENTAL SHELF OIL AND NATURAL GAS RE-**
19 **SOURCES.**

20 (a) INVENTORY.—

21 (1) IN GENERAL.—Except as otherwise pro-
22 vided in subsection (c), the Secretary of the Interior
23 (in this section referred to as the “Secretary”) may
24 conduct an inventory in accordance with this sub-
25 section of oil and natural gas resources beneath the

1 waters of the outer Continental Shelf (as defined in
2 section 2 of the Outer Continental Shelf Lands Act
3 (43 U.S.C. 1331)), other than beneath such waters
4 located in the Gulf of Mexico or off the coast of
5 Florida.

6 (2) BEST AVAILABLE TECHNOLOGY.—In con-
7 ducting the inventory, the Secretary shall use the
8 best technology available to obtain accurate resource
9 estimates.

10 (3) REPORTS.—The Secretary shall submit to
11 Congress and the requesting Governor a report on
12 any inventory conducted under this section.

13 (b) LEASING.—Except as otherwise provided in sub-
14 section (c), the Secretary shall offer for oil and natural
15 gas leasing pursuant to the Outer Continental Shelf Lands
16 Act (43 U.S.C. 1331 et seq.) by as soon as practicable
17 after the date of enactment of this Act all areas for which
18 an inventory has been conducted under subsection (a).

19 (c) LIMITATIONS.—The Secretary may not under this
20 section—

21 (1) conduct an inventory under this subsection
22 for any area of the outer Continental Shelf located
23 within 50 miles of the State, if the Governor of the
24 State notifies the Secretary that the State objects to
25 conduct of the inventory in that area;

1 (2) conduct any offshore oil and natural gas
2 preleasing, leasing, or related activities for any area
3 of the outer Continental Shelf located within 50
4 miles of a State, before—

5 (A) the Secretary submits to Congress the
6 report under subsection (a)(3) for that area;
7 and

8 (B) the Governor of the State requests the
9 Secretary to make such area available for such
10 leasing; or

11 (3) conduct any offshore oil and natural gas
12 preleasing, leasing, or related activities for any area
13 of the outer Continental Shelf located more than 50
14 miles and less than 100 miles from the State, if the
15 Governor of the State notifies the Secretary that the
16 State objects to conduct of the inventory in that
17 area.

18 **SEC. 205. CONFORMING AMENDMENTS TO MORATORIA ON**
19 **USE OF APPROPRIATIONS.**

20 The Department of the Interior, Environment, and
21 Related Agencies Appropriations Act, 2006 (Public Law
22 109–54) is amended—

23 (1) in section 104 (119 Stat. 521) by striking
24 “the areas of northern, central, and southern Cali-

1 fornia; the North Atlantic; Washington and Oregon;
2 and”;

3 (2) in section 105 (119 Stat. 521) by inserting
4 “and any other area that the Secretary of the Inte-
5 rior may offer for leasing, preleasing, or any related
6 activity under section 104 of that Act” after
7 “2006”;

8 (3) in section 106 (119 Stat. 522) by striking
9 “the Mid-Atlantic and South Atlantic planning
10 areas” and inserting “the portion of the South At-
11 lantic planning area located off the coast of Flor-
12 ida”.

13 **SEC. 206. ENHANCED OIL RECOVERY.**

14 Section 354(c)(4)(B) of the Energy Policy Act of
15 2005 (42 U.S.C. 15910(c)(4)(B)) is amended—

16 (1) in clause (iii), by striking “and” at the end;

17 (2) in clause (iv), by striking the period at the
18 end and inserting “; and”;

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

20 “(v) are carried out in geologically
21 challenging fields.”.

1 **SEC. 207. TREATMENT OF REVENUES UNDER OIL AND GAS**
2 **LEASES FOR OTHER AREAS.**

3 Section 105 of the Gulf of Mexico Energy Security
4 Act (Public Law 109–432; 43 U.S.C. 1331 note) is
5 amended by adding at the end the following:

6 “(g) TREATMENT OF REVENUES UNDER OIL AND
7 GAS LEASES FOR OTHER AREAS.—Amounts received by
8 the United States as rentals, royalties, bonus bids, and
9 other sums due and payable under Federal oil and gas
10 leases for outer Continental Shelf planning areas that are
11 opened for such leases after the date of the enactment of
12 this subsection shall be deposited and paid to States ad-
13 joining such areas in substantially the same manner in
14 which qualified outer Continental Shelf revenues are de-
15 posited and paid under this section.”.

16 **TITLE III—MANAGEMENT OF**
17 **ENERGY RISKS**

18 **SEC. 301. BUREAU OF INTERNATIONAL ENERGY POLICY.**

19 Section 101 of the National Security Act of 1947 (50
20 U.S.C. 402) is amended—

21 (1) by redesignating subsection (i) (as added by
22 section 301 of Public Law 105–292 (112 Stat.
23 2800)) as subsection (k); and

24 (2) by adding at the end the following:

25 “(l) BUREAU OF INTERNATIONAL ENERGY POL-
26 ICY.—

1 “(1) ESTABLISHMENT.—The President shall es-
2 tablish within the National Security Council a Bu-
3 reau of International Energy.

4 “(2) DUTIES.—The Bureau shall, in conjunc-
5 tion with the Secretary of Defense, the Secretary of
6 State, and the Secretary of Energy, prepare and
7 submit to Congress an annual energy security re-
8 port.”.

9 **SEC. 302. STRATEGIC ENERGY INFRASTRUCTURE EQUIP-**
10 **MENT RESERVE.**

11 (a) ESTABLISHMENT.—The Secretary of Energy may
12 establish and operate a strategic energy infrastructure
13 equipment reserve.

14 (b) USE.—The reserve shall be used and operated
15 for—

16 (1) the protection, conservation, maintenance,
17 and testing of strategic energy infrastructure equip-
18 ment; and

19 (2) the provision of strategic energy infrastruc-
20 ture equipment whenever and to the extent that—

21 (A) the Secretary, with the approval of the
22 President, finds that the equipment is needed
23 for energy security purposes; and

24 (B) the provision of the equipment is au-
25 thorized by a joint resolution of Congress.

1 (c) AUTHORIZATION OF APPROPRIATIONS.—There
2 are authorized to be appropriated such sums as are nec-
3 essary to carry out this section.

4 **SEC. 303. INCREASE IN CAPACITY.**

5 (a) The Energy Policy and Conservation Act is
6 amended—

7 (1) in section 151(b) (42 U.S.C. 6231(b)) by
8 striking “1” and inserting “1.5”; and

9 (2) in section 154(a) (42 U.S.C. 6234(a)) by
10 striking “1” and inserting “1.5”.

11 (b) Section 301(e) of the Energy Policy Act of 2005
12 (42 U.S.C. 6240 note) is amended by striking
13 “1,000,000,000” and inserting “1,500,000,000”.

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