



Legislative Bulletin.....June 26, 2013

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H.R. 2231 – Offshore Energy and Jobs Act

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Order of Business: The legislation is scheduled to begin consideration of H.R. 1613 on June 26, 2013, under a rule.

The rule allows three bills to be considered, H.R. 2231, H.R. 1613 (transboundary agreement), and H.R. 2410 (Agriculture appropriations). The rule also allows for the approval of the Journal, and the adjournment of the House, during a certain period.

H.R. 1613: The rule waives all points of order against consideration of the bill. The rule provides for one hour of debate that is equally divided and controlled by the chair and ranking minority member of the Natural Resources Committee. The rule makes in order the amendment printed in part A of the Committee report offered by Rep. Grayson (D-FL), and provides for ten minutes of debate on the amendment. The rule allows for one motion to recommit with or without instructions.

H.R. 2231: The rule allows for the consideration of H.R. 2231 in the Committee of the Whole House on the state of the Union. The rule dispenses with the first reading of the bill and waives all points or order. The rule provides for one hour of general debate that is equally divided and controlled by the chair and ranking minority member of the Natural Resources Committee. After general debate, the bill shall be considered for amendment under the five-minute rule. The rule waives all points of order against amendments that are made in order. After amendment debate, the Committee shall rise and report the bill to the House. At that time, any Member may demand a separate vote in the House on any amendment that was adopted in the Committee of the Whole. The rule allows for one motion to recommit with or without instructions.

H.R. 2410: The rule allows for the consideration of H.R. 2410 in the Committee of the Whole House on the state of the Union. The rule dispenses with the first reading of the bill and waives all points or order. The rule provides for one hour of general debate that is equally divided and controlled by the chair and ranking minority member of the Appropriations Committee. After general debate, the bill shall be considered for amendment under the five-minute rule. The rule prohibits certain points of order from being made against the bill for failure to comply with clause 2 of rule XXI. During amendment consideration, the rule allows the chair of the Committee of the Whole the ability to give priority in recognition on the basis of whether the amendment sponsor had the amendment printed in the portion of the congressional Record designated for that purpose in

clause 8 of rule XVIII. Amendments printed shall be considered as read. The rule allows for one motion to recommit with or without instructions.

The Journal, Adjournment and Duties of the Chair: On any legislative day between June 29, 2013, and July 5, 2013, the rule allows the Journal to be considered as approved. During this time period, the rule also allows the Chair to declare the House adjourned to meet at a date and time, within the limits of clause 4, section 5, article I of the Constitution. The rule allows for the Speaker to appoint Members to perform the duties of the Chair for the duration of this same time period.

The rule waives points of order against concurrent resolutions allowing for adjournment during the month of July. The rule also allows the Committee on Appropriations to file privileged reports to accompany appropriations bills for FY 2014, so long as they are filed before Wednesday, July 3, 2013, at 6:00pm. The text of the rule can be [found here](#).

Summary: H.R. 2231 amends the current Outer Continental Shelf (OCS) leasing program by directing the Secretary to make available for lease, and conduct lease sales, at least 50 percent of the available unleased acreage within each outer Continental Shelf planning area considered to have the largest undiscovered, technically recoverable oil and gas resources.

In the five-year oil and gas leasing program, the legislation directs the Secretary to make available for leasing any OSC planning areas that:

- are estimated to contain more than 2,500,000,000 barrels of oil; or
- are estimated to contain more than 7,500,000,000,000 cubic feet of natural gas.

The Secretary is directed to set production goals for the five-year oil and gas leasing program of:

- no less than 3,000,000 barrels in the amount of oil produced per day; and
- no less than 10,000,000,000 cubic feet in the amount of natural gas produced per day.

The legislation directs the Secretary to report to Congress by July 15, 2014, regarding a new proposed oil and gas leasing program for the five-year period ending on July 15, 2020. The Secretary is also required to approve, by July 15, 2015, the final oil and gas leasing program.

H.R. 2331 directs the Secretary to conduct specific proposed oil and gas lease sales, including:

- Lease Sale 220 on the OCS offshore Virginia.
- Lease Sale off the coast of South Carolina in areas which the Secretary determines have the most geologically promising hydrocarbon resources. This sale shall constitute at least 25 percent of the leasable area within the South Carolina offshore administrative boundaries.
- Lease Sale off Southern California, in the Santa Maria and Santa Barbara/Ventura Basins of the Southern California OCS Planning Area. The legislation directs that development and production within the sale may occur only from existing offshore infrastructure or from onshore-based, extended-reach drilling.

The legislation directs the Secretary to prepare a multisale environmental impact statement for the specific lease sales above for NEPA compliance.

The legislation does not affect the existing authority of the Department of Defense to designate national defense areas within the OCS. The legislation does not affect the current restrictions on oil and gas leasing in the Eastern Gulf of Mexico.

Revenue Sharing: The legislation keeps in place the existing revenue sharing formulas for existing leases. For leases that are entered into after the date of enactment, the legislation enacts a different formula. This formula does not affect leases located within the Central Gulf of Mexico or the Western Gulf of Mexico OCS Planning Areas.

Of new leasing revenues received by the U.S., 37.5 percent shall be allocated and paid to coastal states that are affected by the lease sales. This amount is required to be paid to coastal states that are within 200 miles of the leased tract. The amounts received by the states will be inversely proportional to the respective distances between the point on the coastline of the state that is closest to the geographic center of the lease tract.

Coastal states that are nearest to the lease tract shall receive a minimum of at least 25 percent of the total amounts allocated from the leased tract. Other coastal states shall receive a minimum of at least ten percent, and not more than 15 percent of the total amounts allocated from the leased tract. If there is only one coastal state that is within 200 miles of a leased tract, that state shall receive 100 percent of the total amounts allocated from the leased tract. These funds will be made available to the state without appropriation, and shall remain until expended. These funds may be used for any lawful purpose, but they may not be used to constitute “matching funds” for any other federal program.

Reorganization of Minerals Management Agencies of the Department of the Interior: The legislation establishes an Under Secretary for Energy, Lands, and Minerals. This individual shall be appointed by the President, and will be subject to Senate confirmation. They will be accountable for the safe and responsible development of energy and mineral resources on federal lands in.

The legislation establishes an Assistant Secretary of Ocean Energy and Safety. This individual shall be appointed by the President, and will be subject to Senate confirmation. They will be responsible for ensuring safe and efficient development of energy and minerals on the Outer Continental Shelf.

The legislation establishes an Assistant Secretary of Land and Minerals Management. This individual shall be appointed by the President, and will be subject to Senate confirmation. They will be responsible for ensuring safe and efficient development of energy and minerals on public lands and other Federal onshore lands.

The legislation establishes the Bureau of Ocean Energy, which will be headed by a Director and be administered under the Assistant Secretary of Ocean Energy and Safety. The Director shall be appointed by the Secretary of the Interior, and shall promulgate and implement regulations:

- for the proper issuance of leases for the exploration, development, and production of nonrenewable and renewable energy and mineral resources on the Outer Continental Shelf;
- relating to resource identification, access, evaluation, and utilization;
- for development of leasing plans, lease sales, and issuance of leases for such resources; and

- regarding issuance of environmental impact statements related to leasing and post leasing activities including exploration, development, and production, and the use of third party contracting for necessary environmental analysis for the development of such resources.

The legislation establishes an Ocean Energy Safety Service, which shall be headed by a Director of Energy Safety and administered by the Assistant Secretary of Ocean Energy and Safety. The Service will carry out, through this Service, all functions, powers, and duties vested in the Secretary relating to the administration of safety and environmental enforcement activities related to offshore mineral and renewable energy resources on the Outer Continental Shelf. The legislation specifies further responsibilities for the Director. The legislation directs the Secretary to establish and maintain an National Offshore Energy Safety Academy for the purposes of the initial and continued training of both newly hired and experienced offshore oil and gas inspectors in all aspects of health, safety, environmental, and operational inspections.

The legislation establishes an Office of Natural Resources Revenue, which shall be headed by a Director. The Secretary shall carry out, through this Office, all functions, powers, and duties vested in the Secretary and relating to the administration of offshore royalty and revenue management functions.

The legislation requires the Secretary to conduct a random drug testing program for all Department personnel.

The legislation abolishes the Minerals Management Service.

The legislation establishes an Outer Continental Shelf Energy Safety Advisory Board to provide the Secretary and the newly established Directors with independent scientific and technical advice on safe, responsible, and timely mineral and renewable energy exploration, development, and production activities. The Board shall be made of up 11 Members who are appointed by the Secretary.

The legislation also establishes a new inspection fee from certain facility operators. The fee will be at an aggregate level equal to the amount necessary to offset the annual expenses of inspections of outer Continental Shelf facilities. These fees shall be deposited in a new Ocean Energy Enforcement Fund, and shall be credited as offsetting collections, and will be available for expenditure for purposes of carrying out inspections of outer Continental Shelf facilities. These fees will be available only to the extent provided for in advance in an appropriations Act.

The legislation sets up the following fee schedule for facilities that are above the waterline, excluding drilling rigs:

- \$10,500 for facilities with no wells, but with processing equipment or gathering lines;
- \$17,000 for facilities with one to ten wells, with any combination of active or inactive wells;
- and
- \$31,500 for facilities with more than ten wells, with any combination of active or inactive wells.

The legislation sets up the following fee schedule for drilling rigs:

- \$30,500 per inspection for rigs operating in water depths of 1,000 feet or more; and
- \$16,700 per inspection for rigs operating in water depths of less than 1,000 feet.

The authority to collect fees shall expire after fiscal year 2022. The legislation requires the Secretary to submit annual reports to Congress regarding the operation of the Ocean Energy Enforcement Fund.

Amendments Made In Order: The rule makes in order the following amendments. Each amendment is debatable for 10 minutes.

1. **Brady (R-TX) #17:** The underlying text directs the Secretary to include in each proposed oil and gas leasing program any state subdivision in the OCS that the Governor of the state requests be included. The amendment directs the Secretary to include those areas in the required environmental review for the leasing program under the National Environmental Policy Act (NEPA). The text of the amendment can be [viewed here](#).
2. **Hastings (D-FL), Connolly (D-VA) #15:** The underlying legislation directs the Secretary to prepare a multisale environmental impact statement for the specific lease sales above for NEPA compliance. The amendment strikes this language. The text of the amendment can be [viewed here](#).
3. **Lamborn (R-CO) #27:** The amendment adds a new section to the bill which prohibits OCS leases from being made to any person who is in violation of certain sanctions against Iran. The text of the amendment can be [viewed here](#).
4. **Flores (R-TX) #23:** The amendment prohibits the Bureau of Ocean Energy and the Ocean Energy Safety Service from developing, proposing, finalizing, administering, or implementing any limitation on actives related to the National Ocean Policy developed under Executive Order 13547. The amendment also directs the President to submit a report to Congress, within 60 days after enactment, that identifies all federal expenditures in fiscal years 2011, 2012 and 2013 by the Bureau of Ocean Energy and the Ocean Energy Safety Service, as well as their predecessor agencies, regarding the implementation of the National Ocean Policy. The text of the amendment can be [viewed here](#).
5. **Cassidy (R-LA) #1:** The amendment raises the revenue sharing cap under the Gulf of Mexico Energy Security Act (GOMESA) to \$999,999,999 for each fiscal year 2024 through 2055. Currently, the cap is set at \$500,000,000. The text of the amendment can be [viewed here](#).
6. **Cassidy (R-LA) #2:** The amendment requires the Secretary to issue a rule, within 60 days of enactment, to provide more clarity, certainty, and stability to the revenue streams contemplated by the Gulf of Mexico Security Act (GOMESA). The rules shall include clarification of the timing and methods of disbursements of funds. The text of the amendment can be [viewed here](#).

7. **Rigell (R-VA) #25:** The amendment directs the Bureau of Ocean Energy Management to publish a record of decision on the Atlantic G&G Programmatic Final Environmental Impact Statement by December 31, 2013. The text of the amendment can be [viewed here](#).
8. **DeFazio (D-OR) #10:** The amendment prohibits the Secretary from issuing any oil and gas lease for any area of the OCS in Bristol Bay off the coast of Alaska. The amendment also states that Title III (the revenue sharing portion) shall have no force or effect. The text of the amendment can be [viewed here](#).
9. **Broun (R-GA) #8:** The amendment limits the time for filing a complaint from actions arising from the legislation to 60-days after the covered energy decision is made. The amendment directs all proceedings to be brought to the U.S. district court for the district in which the federal property for which a covered energy lease is issued is located, or the U.S. District Court of the District of Columbia. These proceedings shall be resolved as expeditiously as possible, but within 180 days after the claim is filed.

In cases of an appellate review, the D.C. Circuit shall resolve the appeal as expeditiously as possible, but within 180 days after the judgment is issued. In any judicial review, the Court shall not grant or approve any prospective relief unless the Court finds that the relief is narrowly drawn, extends no further than necessary to correct the violation, and is the least intrusive means necessary to correct the violation. The amendment directs the individual who files a petition seeking judicial review who is not a prevailing party to pay the prevailing parties legal fees and other expenses incurred. The text of the amendment can be [viewed here](#).

10. **Grayson (D-FL) #14:** The amendment states that the legislation does not affect the right and power of each state to prohibit management, leasing, developing, and use of lands beneath navigable waters within the state's boundaries. The text of the amendment can be [viewed here](#).
11. **Capps (D-CA), Brownley (D-CA), Lowenthal (D-CA) #18:** The underlying legislation directs a lease sale off Southern California. This amendment states that this section shall have no force or effect. The amendment also states that Title III (the revenue sharing portion) shall have no force or effect. The text of the amendment can be [viewed here](#).

Committee Action: H.R. 2231 was introduced on June 4, 2013, and was referred to the House Natural Resources subcommittee on Energy and Mineral Resources. A legislative hearing was held [June 6, 2013](#). The subcommittee discharged the legislation. On [June 12, 2013](#), the full committee held a markup and favorably reported the legislation by a [roll call vote of 23-18](#).

Administration Position: No Statement of Administration Policy is available.

Cost to Taxpayers: CBO estimates that enacting H.R. 2231 would reduce net direct spending by \$1.5 billion over the 2014-2023 period. CBO's report can be [viewed here](#).

Does the Bill Expand the Size and Scope of the Federal Government?: The legislation eliminates the Minerals Management Service. The legislation establishes the Under Secretary for

Energy, Lands, and Minerals, the Assistant Secretary of Ocean Energy and Safety, the Assistant Secretary of Land and Minerals Management, the Bureau of Ocean Energy, the Ocean Energy Safety Service, and the Office of Natural Resources Revenue.

Does the Bill Contain Any New State-Government, Local-Government, or Private-Sector Mandates?: No.

Does the Bill Contain Earmarks/Limited Tax Benefits/Limited Tariff Benefits?: The legislation does not contain earmarks, limited tax benefits or limited tariff benefits.

Constitutional Authority: Rep. Hastings states “Congress has the power to enact this legislation pursuant to the following: Congress has the power to enact this legislation pursuant to Article IV, Section 3 of the Constitution.” The statement can be [viewed here](#).

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