

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

# H. R. 6401

To promote the fair production of oil and gas on the Outer Continental Shelf.

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IN THE HOUSE OF REPRESENTATIVES

DECEMBER 6, 2006

Mr. MELANCON (for himself and Mr. ABERCROMBIE) introduced the following bill; which was referred to the Committee on Resources

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## A BILL

To promote the fair production of oil and gas on the Outer Continental Shelf.

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. LEASES, EASEMENTS, AND RIGHTS-OF-WAY ON**

4                               **THE OUTER CONTINENTAL SHELF.**

5       Section 8 of the Outer Continental Shelf Lands Act  
6 (43 U.S.C. 1337) is amended by adding at the end the  
7 following:

8       “(q) ROYALTY SUSPENSION PROVISIONS.—

9               “(1) IN GENERAL.—Subject to paragraphs (2)  
10       through (4), the Secretary shall agree to a request

1 by any lessee to amend any lease issued as a result  
2 of a Central or Western Gulf of Mexico lease sale  
3 held during the period beginning on January 1,  
4 1998, and ending on December 31, 1999, to incor-  
5 porate price thresholds applicable to royalty suspen-  
6 sion provisions in the amount of \$34.73 per barrel  
7 (2005 dollars) for oil and for natural gas of \$4.34  
8 per million Btu (2005 dollars).

9 “(2) ADJUSTMENT.—The oil and natural gas  
10 price thresholds established under paragraph (1)  
11 shall be adjusted during any calendar year after  
12 2005 by the percentage, if any, by which the implicit  
13 price deflator for the gross domestic product as com-  
14 puted and published by the Department of Com-  
15 merce changed during the preceding calendar year.

16 “(3) NEW ROYALTY SUSPENSION VOLUMES.—  
17 After the date of enactment of this subsection, price  
18 thresholds shall apply to any royalty suspension vol-  
19 umes granted by the Secretary.

20 “(4) EFFECTIVE DATE.—Any amended lease  
21 shall impose the new price thresholds effective begin-  
22 ning October 1, 2006.

23 “(r) CONSERVATION OF RESOURCES FEES.—

24 “(1) IN GENERAL.—Not later than 1 year after  
25 the date of enactment of this subsection, the Sec-

1       retary shall establish, by regulation, a conservation  
2       of resources fee for producing leases that will apply  
3       to new and existing leases which shall be established  
4       at \$9 per barrel for oil and \$1.25 per million Btu  
5       for gas (2006 dollars).

6               “(2) COVERED AREAS.—The fee shall only  
7       apply to leases issued with deep water royalty relief  
8       for which royalties are not being paid when prices  
9       exceed \$34.73 per barrel for oil and \$4.34 per mil-  
10      lion Btu for natural gas (2005 dollars).

11              “(3) EFFECTIVE DATE.—A fee imposed under  
12      this subsection shall apply to production that occurs  
13      on or after October 1, 2006.”.

14   **SEC. 2. COASTAL IMPACT ASSISTANCE PROGRAM.**

15      Section 31(b) of the Outer Continental Shelf Lands  
16   Act (43 U.S.C. 1356a(b)) is amended—

17              (1) in paragraph (1)—

18                      (A) by striking “The” and inserting the  
19              following:

20                      “(A) FISCAL YEARS 2007 THROUGH 2010.—  
21              The”;

22                      (B) by adding at the end the following:

23                      “(B) CERTAIN ROYALTY REVENUES.—Not-  
24              withstanding section 9, of the amount of any  
25              royalty revenues payable to the United States

1 from any lease issued with deep water royalty  
2 relief as the result of a Central or Western Gulf  
3 of Mexico lease sale held during the period be-  
4 ginning on January 1, 1998, and ending on De-  
5 cember 31, 1999, the Secretary of the Treasury  
6 shall deposit—

7 “(i) the amount of the royalty reve-  
8 nues in a special account in the Treasury,  
9 to be available to the Secretary of the Inte-  
10 rior, without further appropriation, for  
11 each of fiscal years 2007 through 2016,  
12 for disbursement to Gulf producing States  
13 and coastal political subdivisions in accord-  
14 ance with this section, except that the  
15 amount made available under this clause  
16 shall not exceed a total of \$5,450,000,000;  
17 and

18 “(ii) any remainder of the royalty rev-  
19 enues in the general fund of the Treasury,  
20 to be used for deficit reduction.”; and

21 (2) in paragraph (3)(B)—

22 (A) in clause (i), by striking “and” after  
23 the semicolon at the end;

24 (B) in clause (ii), by striking the period at  
25 the end and inserting “; and”; and

1 (C) by adding at the end the following:

2 “(iii) the amount of qualified outer  
3 Continental Shelf revenues for each of fis-  
4 cal years 2011 through 2016 shall be de-  
5 termined using qualified outer Continental  
6 Shelf revenues received for fiscal year  
7 2010.”.

8 **SEC. 3. SENSE OF THE CONGRESS TO BUY AND BUILD**  
9 **AMERICAN.**

10 (a) BUY AND BUILD AMERICAN.—It is the intention  
11 of the Congress that this Act, among other things, result  
12 in a healthy and growing American industrial, manufac-  
13 turing, transportation, and service sector employing the  
14 vast talents of America’s workforce to assist in the devel-  
15 opment of affordable energy from the Outer Continental  
16 Shelf. Moreover, the Congress intends to monitor the de-  
17 ployment of personnel and material in the Outer Conti-  
18 nental Shelf to encourage the development of American  
19 technology and manufacturing to enable United States  
20 workers to benefit from this Act by good jobs and careers,  
21 as well as the establishment of important industrial facili-  
22 ties to support expanded access to American resources.

23 (b) SAFEGUARD FOR EXTRAORDINARY ABILITY.—  
24 Section 30(a) of the Outer Continental Shelf Lands Act  
25 (43 U.S.C. 1356(a)) is amended in the matter preceding

1 paragraph (1) by striking “regulations which” and insert-  
2 ing “regulations that shall be supplemental and com-  
3 plimentary with and under no circumstances a substi-  
4 tution for the provisions of the Constitution and laws of  
5 the United States extended to the subsoil and seabed of  
6 the outer Continental Shelf pursuant to section 4(a)(1)  
7 of this Act, except insofar as such laws would otherwise  
8 apply to individuals who have extraordinary ability in the  
9 sciences, arts, education, or business, which has been dem-  
10 onstrated by sustained national or international acclaim,  
11 and that”.

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