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To establish and implement a competitive oil and gas leasing program that will result in an environmentally sound and job creating program for the exploration, development, and production of the oil and gas resources of the Coastal Plain, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JANUARY 3, 2001

Mr. YOUNG of Alaska introduced the following bill; which was referred to the Committee on Resources

A BILL

To establish and implement a competitive oil and gas leasing program that will result in an environmentally sound and job creating program for the exploration, development, and production of the oil and gas resources of the Coastal Plain, and for other purposes.

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

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Arctic Coastal Plain
5 Domestic Energy Security Act of 2001”.

6 **SEC. 2. FINDINGS AND POLICY.**

7 (a) FINDINGS.—Congress finds the following:

1 (1) The Nation's domestic oil and gas produc-
2 tion is in substantial decline and dependence upon
3 unreliable foreign sources of energy is growing at an
4 alarming rate.

5 (2) The oil-rich Middle East is a highly volatile,
6 turbulent region of the world, upon which the
7 United States cannot continue to grow more depend-
8 ent for its energy resources critical to our industrial
9 and economic might.

10 (3) The United States currently spends over
11 \$100,000,000,000 per year for foreign energy and
12 equally significant amounts on our military presence
13 in the Persian Gulf oil arena.

14 (4) Within the next decade, world production of
15 conventional oil is expected to peak and enter a de-
16 cline phase that will increase the cost of imported oil
17 and the value of domestic oil.

18 (5) Production from the Prudhoe Bay fields on
19 Alaska's North Slope, which now constitutes 21 per-
20 cent of the Nation's total domestic crude oil produc-
21 tion, has declined 50 percent from its peak output.

22 (6) In 1980, Congress designated almost 1/2 of
23 the 19,600,000 acre Arctic National Wildlife Refuge
24 in Alaska as wilderness and directed the Secretary
25 of the Interior to study the oil and gas potential and

1 the fish and wildlife resources of the Refuge's
2 1,500,000 acre Coastal Plain, which lies east of
3 Prudhoe Bay.

4 (7) Reports prepared by the Department of the
5 Interior and other Federal, State, and private stud-
6 ies clearly indicate that the Coastal Plain is the
7 most outstanding oil and gas prospect in the United
8 States, onshore or offshore, with potential resources
9 in place estimated to be from 11,600,000,000 to
10 31,500,000,000 barrels of oil.

11 (8) The results of over 20 years of operations
12 at Prudhoe Bay and other North Slope fields are
13 compelling evidence that carefully planned and exe-
14 cuted oil and gas exploration, development, produc-
15 tion, and transportation are compatible with the
16 North Slope's fish and wildlife resources and the
17 needs of subsistence users of those resources. Fur-
18 ther, environmental care and protection practiced in
19 the North Slope fields equals or exceeds that of any
20 other oil field worldwide.

21 (9) Technological advancements have substan-
22 tially reduced the impacts of arctic oil and gas oper-
23 ations on the North Slope. A new well pad, using
24 current technology, utilizes 75 percent less surface
25 area than pads used 25 years ago. Winter oper-

1 ations, using technological advances like ice roads,
2 protect vegetation, fish, and wildlife.

3 (10) The long lead time of 10 or more years re-
4 quired for development of a new North Slope field
5 requires a prompt decision by the Congress on the
6 future use of available Federal lands in the Coastal
7 Plain.

8 (11) Several significant fields have been discov-
9 ered to underlie State lands adjacent to the 1002
10 area of the Arctic National Wildlife Refuge, high-
11 lighting the promise of the area. The presence of
12 these fields raises the possibility of drainage of the
13 Federal mineral estate from adjacent State lands.

14 (12) Exploration, development, production, and
15 transportation of the Coastal Plain's oil and gas re-
16 sources, which are supported by the State of Alaska,
17 the North Slope Borough and other local govern-
18 ments in Alaska, and the Inupiat Eskimo people of
19 the North Slope, serve vital interests of the Nation,
20 including—

21 (A) national security interests, by pro-
22 viding dependable new sources of domestic oil
23 production outside of the control and influence
24 of the Organization of Petroleum Exporting
25 Countries;

1 (B) interests of United States consumers,
2 by expanding domestic sources of reasonably
3 priced gasoline, jet fuel, heating oil, and the
4 wide array of products derived from crude oil;
5 and

6 (C) national economic interests, by improv-
7 ing the balance of trade through reductions in
8 foreign oil imports, generating new economic
9 activity, creating domestic jobs, and reducing
10 the Federal deficit through increased tax and
11 royalty revenues.

12 (b) POLICY.—Congress declares that it is the policy
13 of the United States—

14 (1) to permit exploration, development, produc-
15 tion, and transportation of the oil and gas resources
16 in the Coastal Plain Study Area of the Arctic Na-
17 tional Wildlife Refuge, which is—

18 (A) located east of Prudhoe Bay and south
19 of the Beaufort Sea, areas where oil exploration
20 and development have been conducted in an en-
21 vironmentally sound manner for more than 2
22 decades; and

23 (B) served by an existing crude oil pipeline
24 and tanker transportation system;

1 (2) that exploration, development, production,
2 and transportation of the oil and gas resources of
3 the Coastal Plain, the Nation's foremost prospect for
4 the discovery of significant new oil and gas accumu-
5 lations, should proceed with dispatch; and

6 (3) that such activities should be conducted in
7 a manner consistent with the protection of the
8 Coastal Plain's fish and wildlife resources and envi-
9 ronment and the needs of the area's subsistence
10 users.

11 **SEC. 3. DEFINITIONS.**

12 When used in this Act the term—

13 (1) "Coastal Plain" means that area identified
14 as such in the map entitled "Arctic National Wildlife
15 Refuge", dated August 1980, as referenced in sec-
16 tion 1002(b) of the Alaska National Interest Lands
17 Conservation Act of 1980 (16 U.S.C. 3142(b)(1)),
18 comprising approximately 1,549,000 acres; and

19 (2) "Secretary" except as otherwise provided,
20 means the Secretary of the Interior or the Sec-
21 retary's designee.

22 **SEC. 4. LEASING PROGRAM FOR LANDS WITHIN THE**
23 **COASTAL PLAIN.**

24 (a) AUTHORIZATION.—The Secretary shall take such
25 actions as are necessary to establish and implement a com-

1 petitive oil and gas leasing program that will result in an
2 environmentally sound program for the exploration, devel-
3 opment, and production of the oil and gas resources of
4 the Coastal Plain and to administer the provisions of this
5 Act through regulations, lease terms, conditions, restric-
6 tions, prohibitions, stipulations and other provisions that
7 ensure the oil and gas exploration, development, and pro-
8 duction activities on the Coastal Plain will result in no
9 significant adverse effect on fish and wildlife, their habi-
10 tat, subsistence resources, and the environment, and shall
11 require the application of the best available technology for
12 oil and gas exploration, development, and production, on
13 all new exploration, development, and production oper-
14 ations, and whenever practicable, on existing operations,
15 and in a manner to ensure the receipt of fair market value
16 by the public for the mineral resources to be leased.

17 (b) REPEAL.—The prohibitions and limitations con-
18 tained in section 1003 of the Alaska National Interest
19 Lands Conservation Act of 1980 (16 U.S.C. 3143) are
20 hereby repealed.

21 (c) COMPATIBILITY.—Congress hereby determines
22 that the oil and gas leasing program and activities author-
23 ized by this section in the Coastal Plain are compatible
24 with the purposes for which the Arctic National Wildlife

1 Refuge was established, and that no further findings or
2 decisions are required to implement this determination.

3 (d) SOLE AUTHORITY.—This Act shall be the sole au-
4 thority for leasing on the Coastal Plain: *Provided*, That
5 nothing in this Act shall be deemed to expand or limit
6 State and local regulatory authority.

7 (e) FEDERAL LAND.—The Coastal Plain shall be
8 considered “Federal land” for the purposes of the Federal
9 Oil and Gas Royalty Management Act of 1982.

10 (f) SPECIAL AREAS.—The Secretary, after consulta-
11 tion with the State of Alaska, the city of Kaktovik, and
12 the North Slope Borough, is authorized to designate up
13 to a total of 45,000 acres of the Coastal Plain as Special
14 Areas and close such areas to leasing if the Secretary de-
15 termines that these Special Areas are of such unique char-
16 acter and interest so as to require special management
17 and regulatory protection. The Secretary may, however,
18 permit leasing of all or portions of any Special Areas with-
19 in the Coastal Plain by setting lease terms that limit or
20 condition surface use and occupancy by lessees of such
21 lands but permit the use of horizontal drilling technology
22 from sites on leases located outside the designated Special
23 Areas.

24 (g) LIMITATION ON CLOSED AREAS.—The Sec-
25 retary’s sole authority to close lands within the Coastal

1 Plain to oil and gas leasing and to exploration, develop-
2 ment, and production is that set forth in this Act.

3 **SEC. 5. RULES AND REGULATIONS.**

4 (a) PROMULGATION.—The Secretary shall prescribe
5 such rules and regulations as may be necessary to carry
6 out the purposes and provisions of this Act, including rules
7 and regulations relating to protection of the fish and wild-
8 life, their habitat, subsistence resources, and the environ-
9 ment of the Coastal Plain. Such rules and regulations
10 shall be promulgated no later than 10 months after the
11 date of enactment of this Act and shall, as of their effec-
12 tive date, apply to all operations conducted under a lease
13 issued or maintained under the provisions of this Act and
14 all operations on the Coastal Plain related to the leasing,
15 exploration, development and production of oil and gas.

16 (b) REVISION OF REGULATIONS.—The Secretary
17 shall periodically review and, if appropriate, revise the
18 rules and regulations issued under subsection (a) of this
19 section to reflect any significant biological, environmental,
20 or engineering data which come to the Secretary's atten-
21 tion.

22 **SEC. 6. LEASE SALES.**

23 (a) LEASE SALES.—Lands may be leased pursuant
24 to the provisions of this Act to any person qualified to

1 obtain a lease for deposits of oil and gas under the Mineral
2 Leasing Act (30 U.S.C. 181 et seq.).

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

5 (1) receipt and consideration of sealed nomina-
6 tions for any area in the Coastal Plain for inclusion
7 in, or exclusion (as provided in subsection (c)) from,
8 a lease sale; and

9 (2) public notice of and comment on designa-
10 tion of areas to be included in, or excluded from, a
11 lease sale.

12 (c) LEASE SALES ON COASTAL PLAIN.—The Sec-
13 retary shall, by regulation, provide for lease sales of lands
14 on the Coastal Plain. When lease sales are to be held, they
15 shall occur after the nomination process provided for in
16 subsection (b). For the first lease sale, the Secretary shall
17 offer for lease those acres receiving the greatest number
18 of nominations, but no less than 200,000 acres and no
19 more than 300,000 acres shall be offered. If the total acre-
20 age nominated is less than 200,000 acres, the Secretary
21 shall include in such sale any other acreage which he be-
22 lieves has the highest resource potential, but in no event
23 shall more than 300,000 acres of the Coastal Plain be of-
24 fered in such sale. With respect to subsequent lease sales,
25 the Secretary shall offer for lease no less than 200,000

1 acres of the Coastal Plain. The initial lease sale shall be
2 held within 12 months of the date of enactment of this
3 Act, with additional sales conducted no later than 12
4 months thereafter so long as sufficient interest in develop-
5 ment exists to warrant, in the Secretary's judgment, the
6 conduct of such sales.

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

8 (a) IN GENERAL.—The Secretary may grant to the
9 highest responsible qualified bidder by sealed competitive
10 cash bonus bid any lands to be leased on the Coastal Plain
11 upon payment by the lessee of such bonus as may be ac-
12 cepted by the Secretary and of such royalty as may be
13 fixed in the lease, which shall be not less than 12½ per-
14 cent in amount or value of the production removed or sold
15 from the lease.

16 (b) ANTITRUST REVIEW.—Following each notice of
17 a proposed lease sale and before the acceptance of bids
18 and the issuance of leases based on such bids, the Sec-
19 retary shall allow the Attorney General, in consultation
20 with the Federal Trade Commission, 30 days to perform
21 an antitrust review of the results of such lease sale on
22 the likely effects the issuance of such leases would have
23 on competition and the Attorney General shall advise the
24 Secretary with respect to such review, including any rec-
25 ommendation for the nonacceptance of any bid or the im-

1 position of terms or conditions on any lease, as may be
2 appropriate to prevent any situation inconsistent with the
3 antitrust laws.

4 (c) SUBSEQUENT TRANSFERS.—No lease issued
5 under this Act may be sold, exchanged, assigned, sublet,
6 or otherwise transferred except with the approval of the
7 Secretary. Prior to any such approval the Secretary shall
8 consult with, and give due consideration to the views of,
9 the Attorney General.

10 (d) IMMUNITY.—Nothing in this Act shall be deemed
11 to convey to any person, association, corporation, or other
12 business organization immunity from civil or criminal li-
13 ability, or to create defenses to actions, under any anti-
14 trust law.

15 (e) DEFINITIONS.—As used in this section, the
16 term—

17 (1) “antitrust review” shall be deemed an
18 “antitrust investigation” for the purposes of the
19 Antitrust Civil Process Act (15 U.S.C. 1311); and

20 (2) “antitrust laws” means those Acts set forth
21 in section 1 of the Clayton Act (15 U.S.C. 12).

22 **SEC. 8. LEASE TERMS AND CONDITIONS.**

23 An oil or gas lease issued pursuant to this Act shall—

24 (1) be for a tract consisting of a compact area
25 not to exceed 5,760 acres, or 9 surveyed or pro-

1 tracted sections which shall be as compact in form
2 as possible;

3 (2) be for an initial period of 10 years and shall
4 be extended for so long thereafter as oil or gas is
5 produced in paying quantities from the lease or unit
6 area to which the lease is committed or for so long
7 as drilling or reworking operations, as approved by
8 the Secretary, are conducted on the lease or unit
9 area;

10 (3) require the payment of royalty as provided
11 for in section 7;

12 (4) require that exploration activities pursuant
13 to any lease issued or maintained under this Act
14 shall be conducted in accordance with an exploration
15 plan or a revision of such plan approved by the Sec-
16 retary;

17 (5) require that all development and production
18 pursuant to a lease issued or maintained pursuant
19 to this Act shall be conducted in accordance with de-
20 velopment and production plans approved by the
21 Secretary;

22 (6) provide that the Secretary may close, on a
23 seasonal basis, portions of the Coastal Plain to ex-
24 ploratory drilling activities as necessary to protect

1 caribou calving areas and other species of fish and
2 wildlife;

3 (7) contain such provisions relating to rental
4 and other fees as the Secretary may prescribe at the
5 time of offering the area for lease;

6 (8) provide that—

7 (A) the Secretary may direct or assent to
8 the suspension of operations and production
9 under any lease granted under the terms of this
10 Act in the interest of conservation of the re-
11 source or where there is no available system to
12 transport the resource; and

13 (B) if such a suspension is directed or as-
14 sented to by the Secretary, any payment of
15 rental prescribed by such lease shall be sus-
16 pended during such period of suspension of op-
17 erations and production, and the term of the
18 lease shall be extended by adding any such sus-
19 pension period thereto;

20 (9) provide that whenever the owner of a non-
21 producing lease fails to comply with any of the pro-
22 visions of this Act, or of any applicable provision of
23 Federal or State environmental law, or of the lease,
24 or of any regulation issued under this Act, such
25 lease may be canceled by the Secretary if such de-

1 fault continues for more than 30 days after mailing
2 of notice by registered letter to the lease owner at
3 the lease owner's record post office address of
4 record;

5 (10) provide that whenever the owner of any
6 producing lease fails to comply with any of the pro-
7 visions of this Act, of any applicable provision of
8 Federal or State environmental law, of the lease, or
9 of any regulation issued under this Act, such lease
10 may be forfeited and canceled by any appropriate
11 proceeding brought by the Secretary in any United
12 States district court having jurisdiction under the
13 provisions of this Act;

14 (11) provide that cancellation of a lease under
15 this Act shall in no way release the owner of the
16 lease from the obligation to provide for reclamation
17 of the lease site;

18 (12) allow the lessee, at the discretion of the
19 Secretary, to make written relinquishment of all
20 rights under any lease issued pursuant to this Act,
21 and provide that the Secretary shall accept such re-
22 linquishment by the lessee of any lease issued under
23 this Act where there has not been surface disturb-
24 ance on the lands covered by the lease;

1 (13) provide that for the purpose of conserving
2 the natural resources of any oil or gas pool, field, or
3 like area, or any part thereof, and in order to avoid
4 the unnecessary duplication of facilities, to protect
5 the environment of the Coastal Plain, and to protect
6 correlative rights, the Secretary shall require that, to
7 the greatest extent practicable, lessees unite with
8 each other in collectively adopting and operating
9 under a cooperative or unit plan of development for
10 operation of such pool, field, or like area, or any
11 part thereof, and that the Secretary is also author-
12 ized and directed to enter into such agreements as
13 are necessary or appropriate for the protection of
14 the United States against drainage;

15 (14) require that the holder of a lease or leases
16 on lands within the Coastal Plain shall be fully re-
17 sponsible and liable for the reclamation of lands
18 within the Coastal Plain and any other Federal
19 lands adversely affected in connection with explo-
20 ration, development, production, or transportation
21 activities on a lease within the Coastal Plain by the
22 holder of a lease or as a result of activities con-
23 ducted on the lease by any of the leaseholder's sub-
24 contractors or agents;

1 (15) provide that the holder of a lease may not
2 delegate or convey, by contract or otherwise, the rec-
3 lamation responsibility and liability to another party
4 without the express written approval of the Sec-
5 retary;

6 (16) provide that the standard of reclamation
7 for lands required to be reclaimed under this Act be,
8 as nearly as practicable, a condition capable of sup-
9 porting the uses which the lands were capable of
10 supporting prior to any exploration, development, or
11 production activities, or upon application by the les-
12 see, to a higher or better use as approved by the
13 Secretary;

14 (17) contain the terms and conditions relating
15 to protection of fish and wildlife, their habitat, and
16 the environment, as required by section 4(a);

17 (18) provide that the holder of a lease, its
18 agents, and its contractors use best efforts to pro-
19 vide a fair share, as determined by the level of obli-
20 gation previously agreed to in the 1974 agreement
21 implementing Section 29 of the Federal Agreement
22 and Grant of Right of Way for the Operation of the
23 Trans-Alaska Pipeline, of employment and con-
24 tracting for Alaska Natives and Alaska Native Cor-
25 porations from throughout the State; and

1 (19) contain such other provisions as the Sec-
2 retary determines necessary to ensure compliance
3 with the provisions of this Act and the regulations
4 issued under this Act.

5 **SEC. 9. EXPEDITED JUDICIAL REVIEW.**

6 (a) FILING OF COMPLAINT.—

7 (1) Subject to paragraph (2), any complaint
8 seeking judicial review of any provision of this Act
9 or any action of the Secretary under this Act may
10 be filed in any appropriate district court of the
11 United States. Such complaint must be filed within
12 90 days from the date of the action being chal-
13 lenged, or after such date if such complaint is based
14 solely on grounds arising after such 90th day, in
15 which case the complaint must be filed within 90
16 days after the complainant knew or reasonably
17 should have known of the grounds for the complaint.

18 (2) Any complaint seeking judicial review of an
19 action of the Secretary in promulgating any regula-
20 tion under this Act may be filed only in the United
21 States Court of Appeals for the District of Colum-
22 bia.

23 (b) LIMITATION ON OTHER REVIEW.—Actions of the
24 Secretary with respect to which review could have been

1 obtained under this section shall not be subject to judicial
2 review in any civil or criminal proceeding for enforcement.

3 **SEC. 10. RIGHTS-OF-WAY ACROSS THE COASTAL PLAIN.**

4 Notwithstanding title XI of the Alaska National In-
5 terest Lands Conservation Act of 1980 (16 U.S.C. 3161
6 et seq.), the Secretary is authorized and directed to grant,
7 in accordance with the provisions of subsections (c)
8 through (t) and (v) through (y) of section 28 of the Min-
9 eral Leasing Act (30 U.S.C. 185), rights-of-way and ease-
10 ments across the Coastal Plain for the transportation of
11 oil and gas under such terms and conditions as may be
12 necessary so as not to result in a significant adverse effect
13 on the fish and wildlife, subsistence resources, their habi-
14 tat, and the environment of the Coastal Plain. Such terms
15 and conditions shall include requirements that facilities be
16 sited or modified so as to avoid unnecessary duplication
17 of roads and pipelines. The regulations issued as required
18 by section 5 shall include provisions granting rights-of-way
19 and easements across the Coastal Plain.

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