

COMBINED HYDROCARBON LEASING

OCTOBER 7, 2003.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. POMBO, from the Committee on Resources,
submitted the following

R E P O R T

[To accompany H.R. 3062]

[Including cost estimate of the Congressional Budget Office]

The Committee on Resources, to whom was referred the bill (H.R. 3062) to amend the Mineral Leasing Act to authorize the Secretary of the Interior to issue separately, for the same area, a lease for tar sand and a lease for oil and gas, and for other purposes, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

PURPOSE OF THE BILL

The purpose of H.R. 3062 is to amend the Mineral Leasing Act to authorize the Secretary of the Interior to issue separately, for the same area, a lease for tar sand and a lease for oil and gas, and for other purposes.

BACKGROUND AND NEED FOR LEGISLATION

On November 16, 1981 Congress passed the Combined Hydrocarbon Leasing Act (CHLA). The Act was intended to encourage production of tar sands and other hydrocarbon deposits. At the time of enactment, the Secretary of the Interior identified 11 designated tar sand areas, all located in Utah, covering over one million acres of federal land. However, since the Act was passed, only one lease sale has occurred on tar sand lands.

The CHLA has failed to accomplish its goal of increased energy production. A combined hydrocarbon lease contemplates not only oil and gas production, but production of tar sands, which is similar to mining. The Bureau of Land Management (BLM), which administers the program, does not fully understand how to imple-

ment the CHLA regulations so nominated lands are rarely leased. Complex National Environmental Policy Act (NEPA) documentation needed for tar sands development prohibit the issuance of leases for natural gas and oil in the designated tar sand areas. As a result, vast natural gas resources have not been developed in eastern Utah.

H.R. 3062 would amend the CHLA and allow the Secretary to issue separate leases for tar sands and for oil and gas development. The bill would promote the development of the natural gas and oil resource in the region. Under H.R. 3062, no environmental regulations would be modified or circumvented in any way, nor would there be any change to existing wilderness designations. BLM would remain the steward of the land and would determine adequate level NEPA documentation.

COMMITTEE ACTION

H.R. 3062 was introduced on September 10, 2003, by Congressman Chris Cannon (R-UT). The bill was referred to the Committee on Resources. On September 24, 2003, the Full Resources Committee met to consider the bill. No amendments were offered and the bill was then ordered favorably reported to the House of Representatives by unanimous consent.

COMMITTEE OVERSIGHT FINDINGS AND RECOMMENDATIONS

Regarding clause 2(b)(1) of rule X and clause 3(c)(1) of rule XIII of the Rules of the House of Representatives, the Committee on Resources' oversight findings and recommendations are reflected in the body of this report.

CONSTITUTIONAL AUTHORITY STATEMENT

Article I, section 8 of the Constitution of the United States grants Congress the authority to enact this bill.

COMPLIANCE WITH HOUSE RULE XIII

1. Cost of Legislation. Clause 3(d)(2) of rule XIII of the Rules of the House of Representatives requires an estimate and a comparison by the Committee of the costs which would be incurred in carrying out this bill. However, clause 3(d)(3)(B) of that rule provides that this requirement does not apply when the Committee has included in its report a timely submitted cost estimate of the bill prepared by the Director of the Congressional Budget Office under section 402 of the Congressional Budget Act of 1974.

2. Congressional Budget Act. As required by clause 3(c)(2) of rule XIII of the Rules of the House of Representatives and section 308(a) of the Congressional Budget Act of 1974, this bill does not contain any new budget authority, spending authority, credit authority, or an increase or decrease in revenues or tax expenditures.

3. General Performance Goals and Objectives. This bill does not authorize funding and therefore, clause 3(c)(4) of rule XIII of the Rules of the House of Representatives does not apply.

4. Congressional Budget Office Cost Estimate. Under clause 3(c)(3) of rule XIII of the Rules of the House of Representatives and section 403 of the Congressional Budget Act of 1974, the Com-

mittee has received the following cost estimate for this bill from the Director of the Congressional Budget Office:

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, October 2, 2003.

Hon. RICHARD W. POMBO,
*Chairman, Committee on Resources,
House of Representatives, Washington, DC.*

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the enclosed cost estimate for H.R. 3062, a bill to amend the Mineral Leasing Act to authorize the Secretary of the Interior to issue separately, for the same area, a lease for tar sand and a lease for oil and gas, and for other purposes.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contacts are Megan Carroll and Deborah Reis.

Sincerely,

DOUGLAS HOLTZ-EAKIN,
Director.

Enclosure.

H.R. 3062—A bill to amend the Mineral Leasing Act to authorize the Secretary of the Interior to issue separately, for the same area, a lease for tar sand and a lease for oil and gas, and for other purposes

CBO estimates that H.R. 3062 would have no significant impact on the federal budget. The bill would not affect direct spending or revenues. H.R. 3062 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act and would impose no costs on state, local, or tribal governments.

H.R. 3062 would amend section 17 of the Mineral Leasing Act to allow the Secretary of the Interior to issue separate leases for tar sand and for oil and gas resources that lie within the same parcel of land. Under current law, these resources must be leased together. According to the Bureau of Land Management, the proposed change would not significantly affect the agency's administrative costs or receipts from leasing those resources.

The CBO staff contacts for this estimate are Megan Carroll and Deborah Reis. This estimate was approved by Peter H. Fontaine, Deputy Assistant Director for Budget Analysis.

COMPLIANCE WITH PUBLIC LAW 104-4

This bill contains no unfunded mandates.

PREEMPTION OF STATE, LOCAL OR TRIBAL LAW

This bill is not intended to preempt any State, local or tribal law.

CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3(e) of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (new matter is printed in italic

and existing law in which no change is proposed is shown in roman):

SECTION 17 OF THE MINERAL LEASING ACT

SEC. 17. (a) * * *
(b)(1)(A) * * *

(B) The national minimum acceptable bid shall be \$2 per acre for a period of 2 years from the date of enactment of the Federal Onshore Oil and Gas Leasing Reform Act of 1987. Thereafter, the Secretary may establish by regulation a higher national minimum acceptable bid for all leases based upon a finding that such action is necessary: (i) to enhance financial returns to the United States; and (ii) to promote more efficient management of oil and gas resources on Federal lands. Ninety days before the Secretary makes any change in the national minimum acceptable bid, the Secretary shall notify the Committee on Natural Resources of the United States House of Representatives and the Committee on Energy and Natural Resources of the United States Senate. The proposal or promulgation of any regulation to establish a national minimum acceptable bid shall not be considered a major Federal action subject to the requirements of section 102(2)(C) of the National Environmental Policy Act of 1969.

(2)(A) If the lands to be leased are within a special tar sand area, they shall be leased to the highest responsible qualified bidder by competitive bidding under general regulations in units of not more than five thousand one hundred and twenty acres, which shall be as nearly compact as possible, upon the payment by the lessee of such bonus as may be accepted by the Secretary. Royalty shall be 12½ per centum in amount of value of production removed or sold from the lease subject to section 17(k)(1)(c). The Secretary may lease such additional lands in special tar sand areas as may be required in support of any operations necessary for the recovery of tar sands.

(B) *The Secretary may issue under this Act for the same area, separately—*

(i) a lease for exploration for and extraction of tar sand; and
(ii) a lease for exploration for and development of oil and gas.

(C) *A lease issued under subparagraph (B)(ii) shall not be further subject to the Combined Hydrocarbon Leasing Act of 1981 (30 U.S.C. 181 et seq.).*

(D) *A lease issued for tar sand shall be issued using the same bidding process, annual rental, and posting period as a lease issued for oil and gas, except that the minimum acceptable bid required for a lease issued for tar sand shall be \$2 per acre.*

(E) *The Secretary may waive, suspend, or alter any requirement under section 26 that a permittee under a permit authorizing prospecting for tar sand must exercise due diligence, to promote any resource covered by a combined hydrocarbon lease.*

* * * * *