

111TH CONGRESS
2^D SESSION

H. R. 5661

To amend the Outer Continental Shelf Lands Act to require the making of royalty and other payments for oil that is removed under an offshore oil and gas lease under that Act and discharged into waters of the United States or ocean waters, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JULY 1, 2010

Mr. POLIS of Colorado introduced the following bill; which was referred to the Committee on Natural Resources

A BILL

To amend the Outer Continental Shelf Lands Act to require the making of royalty and other payments for oil that is removed under an offshore oil and gas lease under that Act and discharged into waters of the United States or ocean waters, 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 “Oil Pollution Taxpayer
5 and Environment Protection Act”.

1 **SEC. 2. ROYALTIES AND OTHER PAYMENTS UNDER OFF-**
2 **SHORE OIL AND GAS LEASES .**

3 (a) APPLICATION OF ROYALTY TO OIL DISCHARGED
4 UNDER OFFSHORE OIL AND GAS LEASES.—Section 8(a)
5 of the Outer Continental Shelf Lands Act (43 U.S.C.
6 1337(a)) is amended by adding at the end the following
7 new paragraph:

8 “(9)(A) Notwithstanding the terms of any bidding
9 otherwise authorized by paragraph (1) and the authority
10 of the Secretary to reduce or eliminate royalty or net prof-
11 it share under paragraph (3), any royalty under a lease
12 under this section shall apply to all oil that is removed
13 under the lease and discharged into waters of the United
14 States or ocean waters.

15 “(B) In this paragraph the term ‘discharged’ means
16 any emission (other than natural seepage), intentional or
17 unintentional, and includes, but is not limited to, spilling,
18 leaking, pumping, pouring, emitting, emptying, or dump-
19 ing.”.

20 (b) MINIMUM ROYALTY UNDER OFFSHORE OIL AND
21 GAS LEASES.—Section 8(a) of the Outer Continental
22 Shelf Lands Act (43 U.S.C. 1336(a)) is amended—

23 (1) in paragraph (1)—

24 (A) by striking “12½ per centum” each
25 place it appears and inserting “20 percent”;

1 (B) in subparagraph (H) by striking “12
2 and ½ per centum” and inserting “20 per-
3 cent”;

4 (C) in paragraph (3)(C)(i), by inserting
5 “and paragraph (9)” after “other than this
6 subparagraph”; and

7 (D) by adding at the end the following new
8 paragraph:

9 “(9) Notwithstanding any other provision of this Act,
10 the royalty under any lease under this Act shall be not
11 less than 20 percent in amount or value of production
12 saved, removed, or sold.”.

13 (c) ENSURING FAIR RETURN TO THE AMERICAN
14 TAXPAYER.—Section 8(a) of the Outer Continental Shelf
15 Lands Act (43 U.S.C. 1336(a)) is further amended by
16 adding at the end the following new paragraph:

17 “(10) The Secretary shall—

18 “(A) ensure that royalty and other payments
19 required for each lease under this section provide a
20 fair return to the United States; and

21 “(B) publish in the Federal Register for each
22 such lease an explanation of how such royalty and
23 other payments were derived.”.

24 (d) CONSIDERATION OF AVERAGE ROYALTY RATES
25 IN OTHER COUNTRIES.—Section 8(a) of the Outer Conti-

1 nental Shelf Lands Act (43 U.S.C. 1336(a)) is further
2 amended by adding at the end the following new para-
3 graph:

4 “(11) In establishing the royalty and other payments
5 required for a lease under this section, the Secretary shall
6 consider average rates for those payments that are re-
7 quired by other countries.”.

8 (e) ELECTRONIC FLOW MONITORING SYSTEMS.—

9 (1) REQUIREMENT.—Section 8(a) of the Outer
10 Continental Shelf Lands Act (43 U.S.C. 1336(a)) is
11 further amended by adding at the end the following
12 new paragraph:

13 “(12) The Secretary shall—

14 “(A) require the use of an electronic flow moni-
15 toring system on each well drilled under a lease
16 under this section that provides an accurate account-
17 ing of oil and gas removed under the lease; and

18 “(B) collect data produced by such system.”.

19 (2) RULEMAKING.—The Secretary of the Inte-
20 rior shall issue a rule within 90 days after the date
21 of enactment of this Act to implement the amend-
22 ment made by this subsection, including the estab-
23 lishment of standards and specifications for elec-
24 tronic flow monitoring systems required under the
25 amendment.

1 (f) REPEAL OF OUTER CONTINENTAL SHELF DEEP
2 WATER AND DEEP GAS ROYALTY RELIEF.—

3 (1) IN GENERAL.—Sections 344 and 345 of the
4 Energy Policy Act of 2005 (42 U.S.C. 15904,
5 15905) are repealed.

6 (2) ADMINISTRATION.—The Secretary of the
7 Interior shall not be required to provide for royalty
8 relief in the lease sale terms beginning with the first
9 lease sale held on or after the date of enactment of
10 this Act for which a final notice of sale has not been
11 published.

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