

118TH CONGRESS  
2D SESSION

# H. R. 9017

To amend the Mineral Leasing Act to make certain adjustments to the royalty rates for leases for oil and gas extraction on Federal land, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

JULY 11, 2024

Mr. OGLES (for himself, Mr. PFLUGER, Mr. NORMAN, Mr. WEBER of Texas, Ms. HAGEMAN, Mr. GUTHRIE, Mr. PENCE, and Mr. GOOD of Virginia) introduced the following bill; which was referred to the Committee on Natural Resources

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## A BILL

To amend the Mineral Leasing Act to make certain adjustments to the royalty rates for leases for oil and gas extraction on Federal land, 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 “Declaration of Energy  
5 Independence Act”.

6 **SEC. 2. AMENDMENTS TO MINERAL LEASING ACT.**

7 (a) **ONSHORE OIL AND GAS ROYALTY RATES.**—

1           (1) LEASE OF OIL AND GAS LAND.—Section 17  
2 of the Mineral Leasing Act (30 U.S.C. 226) is  
3 amended—

4           (A) by striking “16<sup>2</sup>/<sub>3</sub> percent” each place  
5 it appears and inserting “12<sup>1</sup>/<sub>2</sub> percent”; and

6           (B) in subsection (b)(1)(A), by striking  
7 “or, in the case of” and all that follows through  
8 “removed or sold from the lease”.

9           (2) CONDITIONS FOR REINSTATEMENT.—Sec-  
10 tion 31(e)(3) of the Mineral Leasing Act (30 U.S.C.  
11 188(e)(3)) is amended by striking “20” each place  
12 it appears and inserting “16<sup>2</sup>/<sub>3</sub>”.

13          (b) OIL AND GAS MINIMUM BID.—Section 17(b) of  
14 the Mineral Leasing Act (30 U.S.C. 226(b)) is amended—

15           (1) in paragraph (1)(B), by striking “\$10 per  
16 acre during the 10-year period beginning on the date  
17 of enactment of the Act titled ‘An Act to provide for  
18 reconciliation pursuant to title II of S. Con. Res.  
19 14’” and inserting “\$2 per acre for a period of 2  
20 years from the date of enactment of the Federal On-  
21 shore Oil and Gas Leasing Reform Act of 1987”;  
22 and

23           (2) in paragraph (2)(C), by striking “\$10 per  
24 acre” and inserting “\$2 per acre”.

25          (c) FOSSIL FUEL RENTAL RATES.—

1           (1) ANNUAL RENTALS.—Section 17(d) of the  
2 Mineral Leasing Act (30 U.S.C. 226(d)) is amended  
3 by striking “than \$3 per acre per year” and all that  
4 follows through “and \$15 per acre per year there-  
5 after” and inserting “than \$1.50 per acre per year  
6 for the first through fifth years of the lease and not  
7 less than \$2 per acre per year for each year there-  
8 after”.

9           (2) RENTALS IN REINSTATED LEASES.—Section  
10 31(e)(2) of the Mineral Leasing Act (30 U.S.C.  
11 188(e)(2)) is amended by striking “\$20” and insert-  
12 ing “\$10”.

13           (d) ELIMINATION OF FEE FOR EXPRESSION OF IN-  
14 TEREST.—Section 17 of the Mineral Leasing Act (30  
15 U.S.C. 226) is amended by striking subsection (q).

16           (e) NONCOMPETITIVE LEASING.—Section 17 of the  
17 Mineral Leasing Act (30 U.S.C. 226) is amended—

18           (1) in subsection (b)—

19           (A) in paragraph (1)(A)—

20           (i) by striking “paragraph (2)” and  
21 inserting “paragraphs (2) and (3) of this  
22 subsection”; and

23           (ii) by inserting “Lands for which no  
24 bids are received or for which the highest  
25 bid is less than the national minimum ac-

1           ceptable bid shall be offered promptly with-  
2           in 30 days for leasing under subsection (c)  
3           of this section and shall remain available  
4           for leasing for a period of 2 years after the  
5           competitive lease sale.” after the period at  
6           the end; and

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

8           “(3)(A) If the United States held a vested future in-  
9           terest in a mineral estate that, immediately prior to be-  
10          coming a vested present interest, was subject to a lease  
11          under which oil or gas was being produced, or had a well  
12          capable of producing, in paying quantities at an annual  
13          average production volume per well per day of either not  
14          more than 15 barrels per day of oil or condensate, or not  
15          more than 60,000 cubic feet of gas, the holder of the lease  
16          may elect to continue the lease as a noncompetitive lease  
17          under subsection (c)(1).

18          “(B) An election under this paragraph is effective—

19                 “(i) in the case of an interest which vested after  
20                 January 1, 1990, and on or before the date of enact-  
21                 ment of this paragraph, if the election is made be-  
22                 fore the date that is 1 year after the date of enact-  
23                 ment of this paragraph;

24                 “(ii) in the case of an interest which vests with-  
25                 in 1 year after the date of enactment of this para-

1 graph, if the election is made before the date that  
2 is 2 years after the date of enactment of this para-  
3 graph; and

4 “(iii) in any case other than those described in  
5 clause (i) or (ii), if the election is made prior to the  
6 interest becoming a vested present interest.

7 “(C) Notwithstanding the consent requirement ref-  
8 erenced in section 3 of the Mineral Leasing Act for Ac-  
9 quired Lands (30 U.S.C. 352), the Secretary shall issue  
10 a noncompetitive lease under subsection (c)(1) to a holder  
11 who makes an election under subparagraph (A) and who  
12 is qualified to hold a lease under this Act. Such lease shall  
13 be subject to all terms and conditions under this Act that  
14 are applicable to leases issued under subsection (c)(1).

15 “(D) A lease issued pursuant to this paragraph shall  
16 continue so long as oil or gas continues to be produced  
17 in paying quantities.

18 “(E) This paragraph shall apply only to those lands  
19 under the administration of the Secretary of Agriculture  
20 where the United States acquired an interest in such lands  
21 pursuant to the Act of March 1, 1911 (36 Stat. 961 and  
22 following).”;

23 (2) by striking subsection (e) and inserting the  
24 following:

1           “(c)(1) If the lands to be leased are not leased under  
2 subsection (b)(1) of this section or are not subject to com-  
3 petitive leasing under subsection (b)(2) of this section, the  
4 person first making application for the lease who is quali-  
5 fied to hold a lease under this Act shall be entitled to a  
6 lease of such lands without competitive bidding, upon pay-  
7 ment of a non-refundable application fee of at least \$75.  
8 A lease under this subsection shall be conditioned upon  
9 the payment of a royalty at a rate of 12.5 percent in  
10 amount or value of the production removed or sold from  
11 the lease. Leases shall be issued within 60 days of the  
12 date on which the Secretary identifies the first responsible  
13 qualified applicant.

14           “(2)(A) Lands (i) which were posted for sale under  
15 subsection (b)(1) of this section but for which no bids were  
16 received or for which the highest bid was less than the  
17 national minimum acceptable bid and (ii) for which, at the  
18 end of the period referred to in subsection (b)(1) of this  
19 section no lease has been issued and no lease application  
20 is pending under paragraph (1) of this subsection, shall  
21 again be available for leasing only in accordance with sub-  
22 section (b)(1) of this section.

23           “(B) The land in any lease which is issued under  
24 paragraph (1) of this subsection or under subsection  
25 (b)(1) of this section which lease terminates, expires, is

1 cancelled or is relinquished shall again be available for  
2 leasing only in accordance with subsection (b)(1) of this  
3 section.”; and

4 (3) by striking subsection (e) and inserting the  
5 following:

6 “(e) Competitive and noncompetitive leases issued  
7 under this section shall be for a primary term of 10 years:  
8 *Provided, however,* That competitive leases issued in spe-  
9 cial tar sand areas shall also be for a primary term of  
10 ten years. Each such lease shall continue so long after its  
11 primary term as oil or gas is produced in paying quan-  
12 tities. Any lease issued under this section for land on  
13 which, or for which under an approved cooperative or unit  
14 plan of development or operation, actual drilling oper-  
15 ations were commenced prior to the end of its primary  
16 term and are being diligently prosecuted at that time shall  
17 be extended for two years and so long thereafter as oil  
18 or gas is produced in paying quantities.”.

19 (f) CONFORMING AMENDMENTS.—Section 31 of the  
20 Mineral Leasing Act (30 U.S.C. 188) is amended—

21 (1) in subsection (d)(1), by inserting “or sec-  
22 tion 17(c) of this Act” after “pursuant to section  
23 17(b)”;

24 (2) in subsection (e)—

25 (A) in paragraph (2)—

1 (i) by inserting “either” after “rentals  
2 and”; and

3 (ii) by inserting “or the inclusion in a  
4 reinstated lease issued pursuant to the pro-  
5 visions of section 17(c) of this Act of a re-  
6 quirement that future rentals shall be at a  
7 rate not less than \$5 per acre per year,  
8 all” after “per acre per year,”; and

9 (B) in paragraph (3)—

10 (i) by striking “(3) payment” and in-  
11 sserting the following:

12 “(3)(A) payment”; and

13 (ii) by adding at the end the fol-  
14 lowing:

15 “(B) payment of back royalties and inclu-  
16 sion in a reinstated lease issued pursuant to the  
17 provisions of section 17(c) of this Act of a re-  
18 quirement for future royalties at a rate not less  
19 than  $16\frac{2}{3}$  percent: *Provided*, That royalty on  
20 such reinstated lease shall be paid on all pro-  
21 duction removed or sold from such lease subse-  
22 quent to the cancellation or termination of the  
23 original lease; and”;

24 (3) by redesignating subsections (f) through (i)  
25 as subsections (g) through (j), respectively;



1           (4) by inserting after subsection (e) the fol-  
2           lowing:

3           “(f) Where an unpatented oil placer mining claim val-  
4 idly located prior to February 24, 1920, which has been  
5 or is currently producing or is capable of producing oil  
6 or gas, has been or is hereafter deemed conclusively aban-  
7 doned for failure to file timely the required instruments  
8 or copies of instruments required by section 314 of the  
9 Federal Land Policy and Management Act of 1976 (43  
10 U.S.C. 1744), and it is shown to the satisfaction of the  
11 Secretary that such failure was inadvertent, justifiable, or  
12 not due to lack of reasonable diligence on the part of the  
13 owner, the Secretary may issue, for the lands covered by  
14 the abandoned unpatented oil placer mining claim, a non-  
15 competitive oil and gas lease, consistent with the provi-  
16 sions of section 17(e) of this Act, to be effective from the  
17 statutory date the claim was deemed conclusively aban-  
18 doned. Issuance of such a lease shall be conditioned upon:

19           “(1) a petition for issuance of a noncompetitive  
20           oil and gas lease, together with the required rental  
21           and royalty, including back rental and royalty accru-  
22           ing from the statutory date of abandonment of the  
23           oil placer mining claim, being filed with the Sec-  
24           retary—

1           “(A) with respect to any claim deemed  
2 conclusively abandoned on or before the date of  
3 enactment of the Federal Oil and Gas Royalty  
4 Management Act of 1982, on or before the one  
5 hundred and twentieth day after such date of  
6 enactment, or

7           “(B) with respect to any claim deemed  
8 conclusively abandoned after such date of enact-  
9 ment, on or before the one hundred and twen-  
10 tieth day after final notification by the Sec-  
11 retary or a court of competent jurisdiction of  
12 the determination of the abandonment of the oil  
13 placer mining claim;

14           “(2) a valid lease not having been issued affect-  
15 ing any of the lands covered by the abandoned oil  
16 placer mining claim prior to the filing of such peti-  
17 tion: *Provided, however,* That after the filing of a pe-  
18 tition for issuance of a lease under this subsection,  
19 the Secretary shall not issue any new lease affecting  
20 any of the lands covered by such abandoned oil plac-  
21 er mining claim for a reasonable period, as deter-  
22 mined in accordance with regulations issued by him;

23           “(3) a requirement in the lease for payment of  
24 rental, including back rentals accruing from the

1 statutory date of abandonment of the oil placer min-  
2 ing claim, of not less than \$5 per acre per year;

3 “(4) a requirement in the lease for payment of  
4 royalty on production removed or sold from the oil  
5 placer mining claim, including all royalty on produc-  
6 tion made subsequent to the statutory date the claim  
7 was deemed conclusively abandoned, of not less than  
8 12½ percent; and

9 “(5) compliance with the notice and reimburse-  
10 ment of costs provisions of paragraph (4) of sub-  
11 section (e) but addressed to the petition covering the  
12 conversion of an abandoned unpatented oil placer  
13 mining claim to a noncompetitive oil and gas lease.”;

14 (5) in subsection (g) (as so redesignated)—

15 (A) in paragraph (1), by striking “in the  
16 same manner as the original lease issued pursu-  
17 ant to section 17” and inserting “as a competi-  
18 tive or a noncompetitive oil and gas lease in the  
19 same manner as the original lease issued pursu-  
20 ant to section 17(b) or 17(c) of this Act”;

21 (B) by redesignating paragraphs (2) and  
22 (3) as paragraphs (3) and (4), respectively;

23 (C) by inserting after paragraph (1) the  
24 following:

1           “(2) Except as otherwise provided in this sec-  
2           tion, the issuance of a lease in lieu of an abandoned  
3           patented oil placer mining claim shall be treated as  
4           a noncompetitive oil and gas lease issued pursuant  
5           to section 17(c) of this Act.”; and

6           (D) in paragraph (3) (as so redesignated),  
7           by inserting “applicable to leases issued under  
8           subsection 17(c) of this Act (30 U.S.C.  
9           226(c))” after “this section,”;

10          (6) in subsection (h) (as so redesignated), by  
11          striking “subsection (d)” and inserting “subsections  
12          (d) and (f) of this section”; and

13          (7) by striking subsection (i) (as so redesign-  
14          ated) and inserting the following:

15          “(i)(1) In acting on a petition to issue a noncompeti-  
16          tive oil and gas lease, under subsection (f) of this section  
17          or in response to a request filed after issuance of such  
18          a lease, or both, the Secretary is authorized to reduce the  
19          royalty on such lease if in his judgment it is equitable to  
20          do so or the circumstances warrant such relief due to un-  
21          economic or other circumstances which could cause undue  
22          hardship or premature termination of production.

23          “(2) In acting on a petition for reinstatement pursu-  
24          ant to subsection (d) of this section or in response to a  
25          request filed after reinstatement, or both, the Secretary

1 is authorized to reduce the royalty in that reinstated lease  
2 on the entire leasehold or any tract or portion thereof seg-  
3 regated for royalty purposes if, in his judgment, there are  
4 uneconomic or other circumstances which could cause  
5 undue hardship or premature termination of production;  
6 or because of any written action of the United States, its  
7 agents or employees, which preceded, and was a major  
8 consideration in, the lessee's expenditure of funds to de-  
9 velop the property under the lease after the rent had be-  
10 come due and had not been paid; or if in the judgment  
11 of the Secretary it is equitable to do so for any reason.”.

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