

Union Calendar No. 572

116TH CONGRESS 2D SESSION

H. R. 3225

[Report No. 116-689, Part I]

To amend the Mineral Leasing Act to make certain adjustments in leasing on Federal lands for oil and gas drilling, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

June 12, 2019

Mr. Levin of California (for himself, Mr. Grijalva, and Mr. Lowenthal) introduced the following bill; which was referred to the Committee on Natural Resources, and in addition to the Committee on Agriculture, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

DECEMBER 24, 2020

Additional sponsors: Ms. Degette, Mr. Cartwright, Mr. Soto, Ms. Norton, Mr. Ryan, Ms. Barragán, Mr. Panetta, Ms. Roybal-Allard, Mr. Quigley, Mr. Huffman, Mr. Van Drew, Mr. Kennedy, Mr. Nadler, Mr. Kildee, Mrs. Kirkpatrick, Ms. Blunt Rochester, Ms. Haaland, Mrs. Napolitano, Mr. Blumenauer, and Ms. Porter

DECEMBER 24, 2020

Reported from the Committee on Natural Resources with an amendment [Strike out all after the enacting clause and insert the part printed in italic]

DECEMBER 24, 2020

Committee on Agriculture discharged; committed to the Committee of the Whole House on the State of the Union and ordered to be printed

[For text of introduced bill, see copy of bill as introduced on June 12, 2019]

A BILL

To amend the Mineral Leasing Act to make certain adjustments in leasing on Federal lands for oil and gas drilling, and for other purposes.

Be it enacted by the Senate and House of Representa-1 tives of the United States of America in Congress assembled, 3 SECTION 1. SHORT TITLE. 4 This Act may be cited as the "Restoring Community Input and Public Protections in Oil and Gas Leasing Act 6 of 2020". SEC. 2. LEASING PROCESS. 8 (a) Onshore Oil and Gas Leasing.—Section 17(a) of the Mineral Leasing Act (30 U.S.C. 226(a)) is amended 10 to read as follows: "(a) Leasing Authority.— 11 12 "(1) In general.—All lands subject to disposi-13 tion under this Act that are known or believed to con-14 tain oil or gas deposits may be leased by the Sec-15 retary. 16 "(2) Receipt of fair market value.—Leas-17 ing activities under this Act shall be conducted to as-18 sure receipt of fair market value for the lands and re-19 sources leased and the rights conveyed by the United 20 States.". 21 (b) Competitive Bidding.—Section 17(b)(1)(A) of the Mineral Leasing Act (30 U.S.C. 226(b)(1)(A)) is 23 amended to read as follows: 24 "(A) Competitive bidding.—

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1	"(i) In general.—All lands to be
2	leased under this section shall be leased as
3	provided in this paragraph to the highest
4	responsible qualified bidder by competitive
5	bidding by sealed bid.
6	"(ii) Geographic limitation.—The
7	Secretary shall lease lands under this para-
8	graph in units of not more than 2,560
9	acres, except in Alaska, where units shall be
10	not more than 5,760 acres. Such units shall
11	be as nearly compact as possible.
12	"(iii) Frequency.—Lease sales under
13	this section shall be held for each State in
14	which there are lands eligible for leasing no
15	more than 3 times each year and on a ro-
16	tating basis such that the lands under the
17	responsibility of any Bureau of Land Man-
18	agement field office are available for leasing
19	no more than one time each year.
20	"(iv) ROYALTY.—A lease under this
21	section shall be conditioned upon the pay-
22	ment of a royalty at a rate of not less than
23	18.5 percent in amount or value of the pro-
24	duction removed or sold from the lease, ex-

 $cept\ as\ otherwise\ provided\ in\ this\ Act.$

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1	"(v) Issuance of lease.—The Sec-
2	retary may issue a lease under this section
3	to the responsible qualified bidder with the
4	highest bid that is equal to or greater than
5	the national minimum acceptable bid. The
6	Secretary shall decide whether to accept a
7	bid and issue a lease within 90 days fol-
8	lowing payment by the successful bidder of
9	the remainder of the bonus bid, if any, and
10	annual rental for the first lease year.
11	"(vi) Rejection of Bid.—The Sec-
12	retary may reject a bid above the national
13	minimum acceptable bid if, after evaluation
14	of the value of the lands proposed for lease,
15	the Secretary determines that the bid
16	amount does not ensure that fair market
17	value is obtained for the lease.".
18	(c) National Minimum Acceptable Bid.—Subpara-
19	graph (B) of section 17(b)(1) of the Mineral Leasing Act
20	(30 U.S.C. 226(b)(1)), is amended to read as follows:
21	"(B) National minimum acceptable
22	BID.—
23	"(i) In general.—The national min-
24	imum acceptable bid shall be \$5 per acre.
25	All bids under this section for less than the

1	national minimum acceptable bid shall be
2	rejected.
3	"(ii) Raising the national minimum
4	ACCEPTABLE BID.—The Secretary may es-
5	tablish a higher national minimum accept-
6	able bid—
7	"(I) beginning at the end of the
8	four year period that begins on the
9	date of enactment of the Restoring
10	Community Input and Public Protec-
11	tion in Oil and Gas Leasing Act of
12	2020, at least once every 4 years, to re-
13	flect the change in the Consumer Price
14	Index for All Urban Consumers pub-
15	lished by the Bureau of Labor Statis-
16	tics; and
17	"(II) at any time if the Secretary
18	finds that such a higher amount is nec-
19	essary to enhance financial returns to
20	the United States or to promote more
21	efficient management of oil and gas re-
22	sources on Federal lands.
23	"(iii) Not a major federal ac-
24	TION.—The proposal or issuance of any reg-
25	ulation to establish a higher national min-

1	imum acceptable bid under clause (ii) shall
2	not be considered a major Federal action
3	that is subject to the requirements of section
4	102(2)(C) of the National Environmental
5	Policy Act of 1969 (42 U.S.C.
6	4332(2)(C)).".
7	(d) Rentals.—Section 17(d) of the Mineral Leasing
8	Act (30 U.S.C. 226(d)) is amended to read as follows:
9	"(d) Annual Rentals.—All leases issued under this
10	section shall be conditioned upon the payment by the lessee
11	of a rental of—
12	"(1) not less than \$3.00 per acre per year during
13	the 2-year period beginning on the date the lease be-
14	gins for new leases, and after the end of such two year
15	period not less than \$5 per acre per year; or
16	"(2) such higher rental rate as the Secretary
17	may establish if the Secretary finds that such action
18	is necessary to enhance financial returns to the
19	United States and promote more efficient manage-
20	ment of oil and gas and alternative energy resources
21	on Federal lands.".
22	(e) Elimination of Noncompetitive Leasing.—The
23	Mineral Leasing Act (30 U.S.C. 181 et seq.) is amended—
24	(1) in section 17(b) (30 U.S.C. 226(b)), by strik-
25	ing paragraph (3);

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(2) by amending section 17(c) (30 U.S.C. 226(c))
 1
 2
         to read as follows:
 3
         "(c) Lands made available for leasing under subsection
 4
    (b)(1) but for which no bid is accepted may be made avail-
 5
    able by the Secretary for a new round of sealed bidding
 6
    under such subsection.":
 7
              (3) in section 17(e) (30 U.S.C. 226(e))—
 8
                  (A) by striking "Competitive and non-
 9
             competitive leases" and inserting "Leases, in-
             cluding leases for tar sand areas,"; and
10
11
                  (B) by striking "Provided, however" and all
12
             that follows through "ten years.";
13
              (4) in section 31(d)(1) (30 U.S.C. 188(d)(1)) by
         striking "or section 17(c)":
14
             (5) in section 31(e) (30 U.S.C. 188(e))—
15
                  (A) in paragraph (2) by striking ", or the
16
17
             inclusion" and all that follows and inserting a
18
             semicolon; and
19
                  (B) in paragraph (3) by striking "(A)" and
20
             by striking subparagraph (B);
21
              (6) by striking section 31(f) (30 U.S.C. 188(f));
22
        and
23
             (7) in section 31(g) (30 U.S.C. 188(g))—
24
                  (A) in paragraph (1) by striking "as a
25
             competitive" and all that follows through the pe-
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1	riod and inserting "in the same manner as the
2	original lease issued pursuant to section 17.";
3	(B) by striking paragraph (2) and redesig-
4	nating paragraphs (3) and (4) as paragraphs
5	(2) and (3), respectively; and
6	(C) in paragraph (2), as redesignated, by
7	striking ", applicable to leases issued under sub-
8	section 17(c) of this Act (30 U.S.C. 226(c)) ex-
9	cept," and inserting ", except".
10	(f) Lease Term.—Section 17(e) of the Mineral Leas-
11	ing Act (30 U.S.C. 226(e)) is amended by striking "10
12	years:" and inserting "5 years.".
13	(g) Other Leasing Requirements.—Section 17(g)
14	of the Mineral Leasing Act (30 U.S.C. 226(g)), as amended
15	by section 8 of this Act, is further amended—
16	(1) by striking "The Secretary" at the beginning
17	and inserting "(1) In General.—The Secretary";
18	and
19	(2) by adding at the end the following:
20	"(2) Limitation.—The Secretary shall not issue
21	a lease or approve the assignment of any lease to any
22	person, or to any subsidiary or affiliate of such per-
23	son or any other person controlled by or under com-
24	mon control with such person, unless such person has

1	the demonstrated capability to explore and produce
2	oil and gas under the lease.
3	"(3) Protection of leased lands for other
4	USES.—Each lease under this section shall include
5	such terms as are necessary to preserve the United
6	States flexibility to control or prohibit activities that
7	pose serious and unacceptable impacts to the value of
8	the leased lands for uses other than production of oil
9	and gas.".
10	SEC. 3. TRANSPARENCY AND LANDOWNER PROTECTIONS.
11	(a) Disclosure of Identities Filing Disclosures
12	OF Interest and Bids.—Section 17(b) of the Mineral
13	Leasing Act (30 U.S.C. 226(b)), as amended by this Act,
14	is further amended by adding at the end the following:
15	"(3) BIDDER IDENTITY.—The Secretary—
16	"(A) shall require that each expression of
17	interest to bid for a lease under this section and
18	each bid for a lease under this section shall in-
19	clude the name of the person for whom such ex-
20	pression of interest or bid is submitted; and
21	"(B) shall promptly publish each such
22	name.".
23	(b) Notice Requirements.—Section 17(f) of the
24	Mineral Leasing Act (30 U.S.C. 226(f)) is amended by

1	striking "At least" and all that follows through "agencies."
2	and inserting the following:
3	"(1) Required notice.—At least 45 days before
4	offering lands for lease under this section, and at least
5	30 days before approving applications for permits to
6	drill under the provisions of a lease, modifying the
7	terms of any lease issued under this section, or grant-
8	ing a waiver, exception, or modification of any stipu-
9	lation of a lease issued under this section, the Sec-
10	retary shall provide notice of the proposed action to—
11	"(A) the general public by posting such no-
12	tice in the appropriate local office and on the
13	electronic website of the leasing and land man-
14	agement agencies offering the lands for lease;
15	"(B) all surface land owners in the area of
16	the lands being offered for lease; and
17	"(C) the holders of special recreation per-
18	mits for commercial use, competitive events, and
19	other organized activities on the lands being of-
20	fered for lease.
21	"(2) Required information.—".
22	(c) Surface Owner Protection.—
23	(1) Post-lease surface use agreement.—
24	(A) In general.—Except as provided in
25	paragraph (2), the Secretary may not authorize

1 any operator to conduct exploration and drilling 2 operations on lands with respect to which title to 3 oil and gas resources is held by the United States 4 but title to the surface estate is not held by the United States, until the operator has filed with 5 6 the Secretary a document, signed by the operator and the surface owner or owners, showing that 7 8 the operator has secured a written surface use 9 agreement between the operator and the surface 10 owner or owners that meets the requirements of 11 subparagraph (B). 12 (B) Contents.—The surface use agreement 13 shall provide for— 14 (i) the use of only such portion of the 15 surface estate as is reasonably necessary for 16 exploration and drilling operations based 17 on site-specific conditions; 18 (ii) the accommodation of the surface 19 estate owner to the maximum extent prac-20 ticable, including the location, use, timing, 21 and type of exploration and drilling oper-22 ations, consistent with the operator's right 23 to develop the oil and gas estate; 24 (iii) the reclamation of the site to a

condition capable of supporting the uses

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1	which such lands were capable of sup-
2	porting prior to exploration and drilling
3	operations; and
4	(iv) compensation for damages as a re-
5	sult of exploration and drilling operations,
6	including—
7	(I) loss of income and increased
8	$costs\ incurred;$
9	(II) damage to or destruction of
10	personal property, including crops, for-
11	age, and livestock; and
12	(III) failure to reclaim the site in
13	accordance with clause (iii).
14	(C) Procedure.—
15	(i) Notice of intent to conclude
16	AGREEMENT.—An operator shall notify the
17	surface estate owner or owners of the opera-
18	tor's desire to conclude an agreement under
19	this section. If the surface estate owner and
20	the operator do not reach an agreement
21	within 90 days after the operator has pro-
22	vided such notice, the operator may submit
23	the matter to third-party arbitration for
24	resolution within a period of 90 days. The

1	cost of such arbitration shall be the respon-
2	sibility of the operator.
3	(ii) List of arbitrators.—The Sec-
4	retary shall identify persons with experience
5	in conducting arbitrations and shall make
6	this information available to operators.
7	(iii) Referral.—Referral of a matter
8	for arbitration by an operator to an arbi-
9	trator identified by the Secretary pursuant
10	to clause (ii) shall be sufficient to constitute
11	compliance with clause (i).
12	(D) Attorneys fees.—If action is taken
13	to enforce or interpret any of the terms and con-
14	ditions contained in a surface use agreement, the
15	prevailing party shall be reimbursed by the other
16	party for reasonable attorneys fees and actual
17	costs incurred, in addition to any other relief
18	which a court or arbitration panel may grant.
19	(2) Authorized exploration and drilling
20	OPERATIONS.—
21	(A) AUTHORIZATION WITHOUT SURFACE
22	USE AGREEMENT.—The Secretary may authorize
23	an operator to conduct exploration and drilling
24	operations on lands covered by paragraph (1) in

1	the absence of an agreement with the surface es-
2	tate owner or owners, if—
3	(i) the Secretary makes a determina-
4	tion in writing that the operator made a
5	good faith attempt to conclude such an
6	agreement, including referral of the matter
7	to arbitration pursuant to paragraph
8	(1)(C), but that no agreement was con-
9	cluded within 90 days after the referral to
10	arbitration;
11	(ii) the operator submits a plan of op-
12	erations that provides for the matters speci-
13	fied in paragraph $(1)(B)$ and for compli-
14	ance with all other applicable requirements
15	of Federal and State law; and
16	(iii) the operator posts a bond or other
17	financial assurance in an amount the Sec-
18	retary determines to be adequate to ensure
19	compensation to the surface estate owner for
20	any damages to the site, in the form of a
21	surety bond, trust fund, letter of credit, gov-
22	ernment security, certificate of deposit, cash,
23	$or\ equivalent.$

1	(B) Surface owner participation.—The
2	Secretary shall provide surface estate owners
3	with an opportunity to—
4	(i) comment on plans of operations in
5	advance of a determination of compliance
6	with this Act;
7	(ii) participate in bond level deter-
8	minations and bond release proceedings
9	under this section;
10	(iii) attend an on-site inspection dur-
11	ing such determinations and proceedings;
12	(iv) file written objections to a pro-
13	posed bond release; and
14	(v) request and participate in an on-
15	site inspection when they have reason to be-
16	lieve there is a violation of the terms and
17	conditions of a plan of operations.
18	(C) Payment of financial guarantee.—
19	A surface estate owner with respect to any land
20	subject to a lease may petition the Secretary for
21	payment of all or any portion of a bond or other
22	financial assurance required under this section
23	as compensation for any damages as a result of
24	exploration and drilling operations. Pursuant to
25	such a petition, the Secretary may use such bond

1	or other guarantee to provide compensation to
2	the surface estate owner for such damages.
3	(D) Bond release.—Upon request and
4	after inspection and opportunity for surface es-
5	tate owner review, the Secretary may release the
6	financial assurance required under this section if
7	the Secretary determines that exploration and
8	drilling operations are ended and all damages
9	have been fully compensated.
10	(3) Surface owner notification.—The Sec-
11	retary shall notify surface estate owners in writing—
12	(A) not less than 45 days before lease sales;
13	(B) of the identity of the lessee, not more
14	than 10 business days after a lease is issued;
15	(C) concerning any subsequent request or
16	decision regarding a lease not more than 5 busi-
17	ness days after such request or decision, includ-
18	ing regarding modification of a lease, waiver of
19	a stipulation, or approval of a right of way; and
20	(D) not more than 5 business days after
21	issuance of a drilling permit under a lease.
22	SEC. 4. LEASE STIPULATIONS.
23	(a) Energy Policy Act of 2005.—Section
24	363(b)(3)(C) of the Energy Policy Act of 2005 (42 U.S.C.
25	15922(b)(3)(C)) is amended to read as follows:

1	"(C) adequately protective of the resource
2	for which the stipulations are applied;".
3	(b) Revision of Existing Memorandum.—Not later
4	than 180 days after the date of the enactment of this Act
5	the Secretary of the Interior and the Secretary of Agri-
6	culture shall revise the memorandum of understanding
7	under section 363(b)(3)(C) of the Energy Policy Act of 2005
8	(42 U.S.C. 15922) in accordance with the amendment made
9	by subsection (a).
10	SEC. 5. MASTER LEASING PLANS.
11	Section 17(a) of the Mineral Leasing Act (30 U.S.C.
12	226(a)), as amended by section 2, is further amended by
13	adding at the end the following:
14	"(3) Master leasing plans.—
15	"(A) In General.—The Secretary may
16	adopt and implement a master leasing plan to
17	govern the issuance of oil and gas leases under
18	this Act for any Federal lands, in accordance
19	with Bureau of Land Management Instruction
20	Memorandum No. 2010–117, dated May 17,
21	2010, as in effect on April 24, 2017.
22	"(B) Factors and considerations.—In
23	deciding whether to adopt and implement a mas-
24	ter leasing plan, the Secretary—

1	"(i) shall consider the criteria set forth
2	in Bureau of Land Management Instruction
3	Memorandum No. 2010–117, dated May 17,
4	2010, as in effect on April 24, 2017; and
5	"(ii) shall consider the benefits of
6	avoiding conflicts between mineral leasing
7	and other land uses, including conservation,
8	recreation, and protection of cultural and
9	historic resources.
10	"(C) State request.—The Secretary shall
11	adopt and implement a master leasing plan
12	under subparagraph (A) applicable to leases for
13	Federal lands in a State or county of a State,
14	if requested by the government of such State or
15	$county,\ respectively.$
16	"(D) Request by an individual.—
17	"(i) In General.—Any individual
18	who is a resident of a State or county of a
19	State may submit a petition to the Sec-
20	retary requesting that the Secretary adopt
21	and implement a master leasing plan under
22	subparagraph (A) applicable to the issuance
23	of leases for Federal lands in such State or
24	county, respectively.

1 "(ii) Consideration.—If the Sec-2 retary receives such a petition, the Secretary shall, not later than 60 days after re-3 4 ceiving such petition, issue a determination 5 of whether or not the adoption and imple-6 mentation of such a master leasing plan is 7 appropriate.". 8 SEC. 6. PARCEL REVIEW. 9 Section 17(a) of the Mineral Leasing Act (30 U.S.C. 226(a)), as amended by sections 2 and 5 of this Act, is fur-10 ther amended by adding at the end the following: 12 "(4) Parcel Review.—The Secretary shall issue oil and gas leases under this Act only in accordance 13 14 with subsections C through I of section III of Bureau 15 of Land Management Instruction Memorandum No. 16 2010–117, dated May 17, 2010, as in effect on April 17 24, 2017.". 18 SEC. 7. ACREAGE LIMITATIONS. 19 Section 27(d)(1) of the Mineral Leasing Act (30 U.S.C. 184(d)(1)) is amended by striking ", and acreage under any 20 21 lease any portion of which has been committed to a federally approved unit or cooperative plan or communitization 23 agreement or for which royalty (including compensatory royalty or royalty in-kind) was paid in the preceding calendar year,". 25

1 SEC. 8. LAND MANAGEMENT.

2	Section 17(g) of the Mineral Leasing Act (30 U.S.C.
3	226(g)), as amended by section 2(g) of this Act, is further
4	amended by adding at the end the following:
5	"(4) Multiple-use management.—The Sec-
6	retary, and for National Forest lands, the Secretary
7	of Agriculture, shall manage lands that are subject to
8	an oil and gas lease under this Act in accordance
9	with the principles, policies, and requirements relat-
10	ing to multiple use under the Federal Land Policy
11	and Management Act of 1976 (43 U.S.C. 1701 et
12	seq.), until the beginning of operations on such
13	lease.".
14	SEC. 9. OIL SHALE.
15	Section 21(a) of the Mineral Leasing Act (30 U.S.C.
16	241(a)) is amended—
17	(1) in paragraph (1), by striking "The Secretary
18	of the Interior" and inserting "Subject to paragraph
19	(6), the Secretary of the Interior"; and
20	(2) by adding at the end the following:
21	"(6) Beginning on the date of enactment of the
22	Restoring Community Input and Public Protections
23	in Oil and Gas Leasing Act of 2020, The Secretary
24	may not issue any lease for oil shale under this Act

before the date the Secretary issues a finding that the

technical and economic feasibility of development of

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1	and production from such deposit has been dem-
2	onstrated under section 369 of the Energy Policy Act
3	of 2005 (42 U.S.C. 15927).".
4	SEC. 10. TRANSPARENCY IN MANAGEMENT OF LEASES.
5	Section 17(a) of the Mineral Leasing Act (30 U.S.C.
6	226(a)), as amended by sections 2, 5, and 6 of this Act,
7	is further amended by adding at the end the following:
8	"(5) Transparency in management of
9	Leases.—For each lease under this section, the Sec-
10	retary shall make available on a public website—
11	"(A) the identity of—
12	"(i) each person who is or has been a
13	lessee under the lease; and
14	"(ii) each person who is or has been an
15	operator under the lease;
16	"(B) notice of each transfer of the lease; and
17	"(C) notice of each suspension of operations,
18	each suspension of production, and each suspen-
19	sion of operations and production.".
20	SEC. 11. LEASE CANCELLATION FOR IMPROPER ISSUANCE
21	Section 31(b) of the Mineral Leasing Act (30 U.S.C.
22	188(b)) is amended by inserting "if the lease was improp-
23	erly issued or" after "30 days notice".

1 SEC. 12. FEES FOR EXPRESSIONS OF INTEREST.

- 2 The Secretary of the Interior shall charge any person
- 3 who submits an expression of interest, as that term is de-
- 4 fined by the Secretary, a fee, in an amount determined by
- 5 the Secretary to be appropriate in aggregate to cover the
- 6 aggregate cost of processing expressions of interest.

Union Calendar No. 572

116TH CONGRESS H. R. 3225

[Report No. 116-689, Part I]

A BILL

To amend the Mineral Leasing Act to make certain adjustments in leasing on Federal lands for oil and gas drilling, and for other purposes.

December 24, 2020

Reported from the Committee on Natural Resources with an amendment

December 24, 2020

Committee on Agriculture discharged; committed to the Committee of the Whole House on the State of the Union and ordered to be printed