Subcommittee on Energy and Mineral Resources

Paul Gosar, Chairman

Hearing Memorandum

June 12, 2018

To: Members of the Subcommittee on Energy and Mineral Resources

From: Majority Committee Staff, Kate Juelis (x69837) and Ashley Nichols (x63044) Subcommittee on Energy and Mineral Resources

Hearing: Legislative hearing on a **Discussion Draft of H.R. ____,** To amend the Mineral Leasing Act and the Outer Continental Shelf Lands Act to enhance State management of Federal lands and waters, and for other purposes.
June 14, 2018 at 10:00 AM; 1324 Longworth House Office Building

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"Enhancing State Management of Federal Lands and Waters Act"

Summary of the Bill

This discussion draft redefines the relationship between the federal government, as a major land and mineral interest owner, and the States most directly affected by the development of such minerals. Both the onshore and offshore titles attempt to increase the role of States in federal mineral management by creating additional opportunities for States to facilitate or inhibit mineral development, while ensuring the American taxpayer realizes the value of the nationally-owned minerals. No provision of these bills modifies existing administrative withdrawals or Congressional moratoria on leasing.

Invited Witnesses (in alphabetical order)

Matt Anderson
Director
Coalition for Self-Government in the West
Sutherland Institute
Salt Lake City, UT

Mayor Ben Cahoon
Board of Commissioners
Nags Head, NC

Myron Ebell
Director
Center for Energy and Environment
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Background

Today, over 700 million acres of federal land and 1.7 billion acres of federal submerged land are managed at the national level. Both onshore and offshore, the minerals contained within these acres are developed largely at the will of the federal government through the Department of the Interior (DOI). Although local communities and affected States have opportunities to comment on such development, they have no direct ability to encourage or halt oil and gas development. Complicating this relationship is the question of ownership – federal lands and minerals, after all, belong to the American people. State attempts to frustrate the development of federal minerals diminishes American taxpayers' access to wealth, job creation and government revenues. In Fiscal Year 2017, oil and gas companies paid a total of $6.15 billion into federal coffers, not to mention State and federal taxes.[1] These revenues are dedicated to a wide variety of initiatives that broadly benefit all Americans, such as the Reclamation Fund and the Land and Water Conservation Fund. This discussion draft attempts to enhance a State's ability to determine local natural resource policy, while ensuring American taxpayers get their fair share.

Current Management of Onshore Federal Minerals

The Bureau of Land Management (BLM) manages approximately 245 million surface acres across the U.S. Much of these federally-owned lands are concentrated in the Western States.[2] In fact, the federal government owns 48% of Wyoming, 61% of Idaho, 63% of Utah, 61% of Alaska, and 80% of Nevada, much of which is managed by the BLM.[3] Because BLM is responsible for managing some 700 million subsurface mineral acres, the agency has significant control over energy development in these States and others with sizeable federal mineral ownership.[4]

Under the Federal Land Policy and Management Act of 1976 (43 U.S.C. 1701 et seq.), BLM and U.S. Forest Service are responsible for determining land use designations, including which lands are open to energy development. Accordingly, these agencies, as the primary surface management agencies of the federal government, can close broad swaths of land to development altogether, even when economically recoverable resources exist. In fact, at the end of the

[1] Office of Natural Resource Revenue. Revenue . https://revenuedata.doi.gov/explore/#revenue (Accessed June 8, 2018).
[2] Bureau of Land Management. How we manage. https://www.blm.gov/about/how-we-manage (Accessed June 8, 2018).
[3] Vincent, Carol Hardy; Hanson, Laura; and Argueta, Carla. Federal Land Ownership: Overview and Data. Congressional Research Service. March 3, 2017. https://fas.org/sgp/crs/misc/R42346.pdf
[4] Bureau of Land Management. How we manage. https://www.blm.gov/about/how-we-manage (Accessed June 8, 2018).

previous Administration, 166 million surface acres were off limits or inaccessible to oil and gas development.[5]

BLM leases lands open to energy development through quarterly lease sales (when parcels are available for lease) and issues the necessary federal permits to leaseholders required for oil and gas development. [6] As such, the agency could drastically decrease the number of parcels available for lease, even on lands open for oil and gas production. For example, under the previous Administration, leased federal acreage decreased by over 40 percent from 2008 to 2016.[7] Additionally, although the Mineral Leasing Act (30 U.S.C. 181 et seq.) requires BLM to conduct quarterly lease sales, the agency has not always met this requirement, causing additional uncertainty for States and operators.

In addition to the lack of available parcels, uncertainty associated with the issuance of required permits presents added challenges to oil and gas producers seeking to develop federal land. While BLM issues Applications for Permits to Drill in an average of **113 days**, State agencies can issue permits in just 30 days. [8] [9]

As a result of these unnecessary reductions in leasing and lengthy and unpredictable permitting processes, growth in the oil and gas industry has occurred largely on State and private lands.[10] Even with higher royalty rates, operators have opted to do business with the States rather than the federal government, citing more predictable permitting timelines and less red tape involved in achieving production.[11]

Mineral Revenues and State Revenue Sharing

For energy-producing States in the western U.S. with significant federal land ownership, burdensome regulations and unnecessary barriers to production on public lands have significant economic consequences. Under the Mineral Leasing Act, States are authorized to receive a 50 percent share of the revenues resulting from the leasing and production of oil and gas resources on federal land within their borders, less a 1% administrative fee.[12] Alaska, which receives 90 percent of revenues, is the only exception.

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[5] Marc Humphries. U.S. Crude Oil and Natural Gas Production in Federal and Nonfederal Areas. June 22, 2016. http://www.crs.gov/reports/pdf/R42432

[6] Bureau of Land Management. Oil and Gas Leasing Instructions. https://www.blm.gov/programs/energy-and-minerals/oil-and-gas/leasing/general-leasing. (Accessed June 8, 2018).

[7] Bureau of Land Management. Oil and Gas Statistics. https://www.blm.gov/programs/energy-and-minerals/oil-and-gas/oil-and-gas-statistics (Accessed June 8, 2018).

[8] Statement of Katharine MacGregor, Principal Deputy Assistant Secretary, Land and Minerals Management, US Department of the Interior. House Committee on Natural Resources Subcommittee on Energy and Mineral Resources. Legislative Hearing. June 6, 2018. https://naturalresources.house.gov/calendar/eventsingle.aspx?EventID=404841

[9] Western Energy Alliance. Permitting. https://www.westernenergyalliance.org/knowledge-center/land/onshore-development/permitting (Accessed June 8, 2018).

[10] Michael Ratner. 21st Century U.S. Energy Sources: A Primer (May 19, 2017). http://www.crs.gov/reports/pdf/R44854

[11] Center for Western Priorities. A Fair Share: The Case for Updating Oil and Gas Royalties on Our Public Lands. Page 2. June 18, 2015. http://www.westernpriorities.org/wp-content/uploads/2015/06/Royalties-Report_update.pdf

[12] 30 U.S.C. 191(a)

These federal mineral revenues are a crucial source of income for the States. The States utilize this funding stream to offset losses in private tax revenue on public lands and to fund public services and programs, including local schools, community colleges and public universities.[13] These revenues are also used to mitigate potential environmental impacts of mineral development and support infrastructure projects.[14]

Overly-burdensome leasing and regulatory requirements imposed in recent years have resulted in lost revenue for the federal government and, in turn, oil and gas producing States. A decrease in mineral revenue, and uncertainty about when those revenues might be received, jeopardizes the provision of public services and planned economic development projects. This means lost opportunities for economic development and job creation in communities across the country. As such, lost mineral revenues have implications far beyond the oil and gas industry in these States.

Incentivizing Enhanced Land and Mineral Management

The discussion draft, the *Enhancing State Management of Federal Lands and Waters Act*, would allow States to assume exclusive jurisdiction over the management of specific parcels of federally-owned land with regard to oil and gas development. With the approval of the Secretary of the Interior, States may select specific federally-owned lands within their borders to manage the leasing, permitting, and regulation of oil and gas development, or choose to forego energy development altogether.

States have extensive regulatory frameworks for permitting oil and gas development that have been in place for decades.[15] States that wish to assume the management of oil and gas development are well equipped to do so, and can eliminate much of the regulatory red tape that causes delays in the issuance of leases and permits for development. Allowing States to manage these functions will reduce the uncertainty and costs currently associated with developing federal lands and make those lands competitive and attractive to development. States would have the opportunity to employ regulations that address their own unique challenges, and utilize the same processes for managing development on all lands within their borders.

Under the draft bill, if a State is successful in enabling increased production on federal lands, the State will receive a greater share of the mineral revenues produced within its borders and the administrative fee charged by the federal government for the processing of mineral revenue payments will be waived.

However, if a State chooses to reduce production by decreasing the amount of available acreage for lease or ceasing to issue permits for development, that State will be required to pay a

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[13] The United States Extractive Industries Transparency Initiative. Explore Data, Montana. https://useiti.doi.gov/explore/MT/#disbursements (Accessed June 8, 2018).
[14] Marc Humphries, Mineral Royalties on Federal Lands: Issues for Congress (2015). http://www.crs.gov/reports/pdf/R43891
[15] Western Energy Alliance. Comments on Bureau of Land Management Regulatory Reform, DOI-2017-0003-0003. August 10, 2017.

"lost production fee" to the federal treasury. If a State has federal lands within its borders that contain economically recoverable oil and gas resources, these lands have the potential to generate revenue for the federal government. Because these lands are owned by the public, taking these resources off the market represents a cost to taxpayers across the country. If a State chooses to forego development in an area with economically recoverable resources, the State will be required to offset the loss in revenue to the federal treasury.

Current Management of the Federal Outer Continental Shelf

The DOI is charged with managing the outer continental shelf (OCS), comprising 1.7 billion acres offshore the United States.[16] State waters typically extend 3 nautical miles from a State's coastline, after which federal ownership extends 200 nautical miles. The Outer Continental Shelf Lands Act (OCSLA, 43 U.S.C. 1331 et seq.) directs the Secretary of the Interior to plan and execute offshore oil and gas lease sales, allowing offshore operators to explore for and produce oil and gas. Lessees pay the federal government for the right to produce, to maintain a lease, and to reimburse the government for a percentage of the value extracted. In Fiscal Year 2016, offshore oil and gas operations generated $30 billion to the U.S. economy in total, with $2.7 billion in revenues deposited into the U.S. treasury.[17] Offshore funds are disbursed back to producing States and into various conservation funds.

For a variety of reasons, including geologic, political, and economic, offshore oil and gas leases are located predominantly in the Western and Central Planning Areas of the Gulf of Mexico. Recognizing the value of the OCS, President Trump issued Executive Order 13795, calling on Interior Secretary Zinke to reconsider development on all offshore areas.[18] Secretary Zinke announced an aggressive lease sale outline in late 2017, and proposed 47 leases in nearly all offshore planning areas. By this action, Secretary Zinke opened a conversation about the importance of offshore production for all Americans.

The draft proposed plan was met with varying political responses. Several coastal State governors, Congressional delegations, and coastal communities have opposed the plan, and approved or introduced measures to prevent OCS leasing. In doing so, they are missing a foundational, legal reality -- that their States do not hold title to the OCS lands off their shores. States such as New Jersey and California have passed measures of dubious Constitutional validity attempting to frustrate or preclude offshore energy development.[19] [20] In Congress, members along the Atlantic and Pacific Coasts have introduced language imposing moratoria off their coasts.[21] While these proposals reflect various localities' desires to prohibit development,

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16 E.O. 13795 of Apr 28, 2017

17 Bureau of Ocean Energy Management. Offshore Oil and Gas Economic Contributions. https://www.boem.gov/NP-Economic-Benefits/ (Accessed June 8, 2018)

18 E.O. 13795 of Apr 28, 2017.

19 DiChristopher, Tom. California just gave coastal states a blueprint to block Trump's offshore drilling plan." CNBC, February 8, 2018). https://www.cnbc.com/2018/02/08/california-gives-coastal-states-blueprint-to-block-offshore-drilling.html

20 New Jersey Statute: A839 AcaSca (2R) Prohibits offshore oil and gas exploration, development, and production in State waters, and issuance of DEP permits and approvals for activities associated with offshore oil and gas activities. Apr 20, 2018.

21 H.R.____ (Rep. McEachin) "Defend Our Coast Act"115th Cong.

whether it be out of the perceived fear that such activities will negatively impact local tourism or for the purpose of preserving access to alternative activities, these locally-focused efforts have the effect of curtailing benefits from these taxpayer owned and high value assets.

Throughout the development of the National OCS Oil and Gas Leasing Program planning process, there are over six separate public comment periods that allow States to weigh in. OCSLA further requires the Secretary to consider the opinions of the Governors of affected States.[22] While the Secretary gives considerable weight to such comments, as these coasts will bear certain burdens of the federal activity, this process ultimately acknowledges federal ownership, as the ultimate decision to lease remains with the federal government. A coastal State may believe that the value of its largest industries, such as beach tourism, shipping, or fishing, outweigh the benefits of offshore energy development. As such, these States should have the option to protect these interests by preempting development. The draft legislation provides States this option to determine what occurs off their shores, while realizing value to the American taxpayer.

Incentivizing Enhanced Management on the Outer Continental Shelf

The discussion draft requires DOI to determine the value of the potential resources found up to 200 miles off the coasts – providing our nation and States with the knowledge of the vast offshore natural resources available for leasing and development. With that knowledge, States will be empowered to make intelligent decisions about allowing or prohibiting offshore development in federal waters. This decision will be accompanied with financial benefits or costs to the State, depending on whether a State allows leasing (which will provide a coastal State access to revenue sharing), or prohibits leasing (which will cost a monetary sum to ensure the American taxpayer is being reimbursed for the revenues that would otherwise be realized by developing those resources).

Major Provisions of the Bill

TITLE I. ONSHORE

This title amends the Mineral Leasing Act to add a new section. The section provides that:

- States may assume exclusive jurisdiction over the leasing, permitting, and regulation of oil and gas exploration, development, and production on specific parcels of federally-owned land, known as Enhanced Management Regions (EMR). Each State must establish a management plan pursuant to State law to manage oil and gas development within an EMR for a period of 5 years. A State may choose to manage oil and gas production or prohibit oil and gas production within a given EMR.

- To assume jurisdiction over an EMR, a State may submit an application to the Secretary of the Interior. The application must include: 1) a map depicting the area that the State intends to manage as an EMR; 2) a description of the EMR program that the State proposes to develop for the EMR; and 3) a statement from the Governor or Attorney

[22] 43 UCS 1334 (c)(2).

General that the laws of the State provide adequate authority to carry out the EMR program. The Secretary must approve or disapprove the application within 60 days of receipt.

- Before holding any federal oil and gas lease sale, BLM must make parcels included in oil and gas lease sales on federal land available to the State to manage as an EMR in accordance with State law.

- Any action by a State to lease, permit or regulate oil and gas exploration, development, and production within an EMR in accordance with an approved EMR program, shall not be subject to, or considered a federal action, or require a federal permit or federal license under the Administrative Procedure Act (5 U.S.C. ch. 5, subch. II, 551 et seq.); the National Historic Preservation Act of 1966 (54 U.S.C. 306108 et seq.); the Endangered Species Act of 1973 (16 U.S.C. 1531 et seq.); or the National Environmental Policy Act of 1969 (42 U.S.C. 4321 et seq.).

- Resource Management Plans shall not be enforced in EMRs.

- If oil and gas production in an EMR yields increased revenues, the State shall receive 60 percent of the mineral revenues produced within the EMR, and the 2 percent administrative fee authorized by section 35 of the Mineral Leasing Act (30 U.S.C. 191) shall be waived.

- If production from an EMR yields decreased revenues due to decreases in available acreage for drilling or other non-market conditions, the State shall receive 20 percent of revenues produced within the EMR and pay a "lost production fee".

- If an EMR fails to produce increased revenues in any given year, the State shall pay a lost production fee equal to the average of the revenues collected over the past 5 years within that EMR. If production had not previously occurred within the EMR, the lost production fee will be based on revenues collected from the nearest producing region of the same size, or the sum of revenues collected from producing regions that collectively equal the size of the EMR within 50 miles, whichever sum is greater.

- Existing leases may only be managed in accordance with an EMR program with the approval of the current leaseholder.

TITLE II. OFFSHORE

This title amends the OCSLA and contains provisions that:

- Direct the Secretary of the Interior to consolidate existing geological and geophysical data and to supplement existing data with seismic surveys to establish a complete and detailed understanding of hydrocarbon assets throughout the OCS. DOI is required to continually update the program to ensure detailed and thorough understanding of offshore resources. All seismic data is kept confidential by DOI in the interest of maintaining a fair asset evaluation process.

- Provide coastal States the opportunity to approve or disapprove lease blocks prior to an offshore oil and gas lease sale. For each lease block a State precludes from sale, the State must indemnify the U.S. treasury for the value withheld from the U.S. taxpayer. The indemnification amount is calculated based on estimated technically recoverable reserves, oil prices, offshore lease demand, and projections of lost royalty value. All payments are deposited into the U.S. Treasury. Bought out lease blocks are precluded from sale for a period of ten years. States electing to allow 100 percent of lease blocks to proceed to sale shall receive a maximum of 50 percent of the revenues generated from the leases comprised of said blocks. The percentage of revenues shared with a State correlates, on a sliding scale, to the percentage of lease blocks allowed to go to final sale.

Administration Position

Unknown.

Cost

CBO has not scored the legislation.

Effect on Current Law (Ramseyer)

Showing Current Law as Amended by the Enhancing State Management of Federal lands and Waters Act
[text to be added highlighted in yellow; text to be deleted bracketed and highlighted in blue]

Mineral Leasing Act (30 U.S.C. 181 et seq.)

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SEC. 44. ENHANCED MANAGEMENT REGIONS.

(a) DEFINITIONS.—In this section:

(1) AVAILABLE FEDERAL LAND.—The term ‘available Federal land’ means Federal land that—

(A) is located within the boundaries of a State;

(B) is not held by the United States in trust for the benefit of a federally recognized Indian Tribe;

(C) is not a unit of the National Park System;

(D) is not a unit of the National Wildlife Refuge System;

(E) is not a Congressionally-approved wilderness area under the Wilderness Act (16 U.S.C. 1131 et seq.); and

(F) is managed by the Director of the Bureau of Land Management or the Director of the Forest Service.

(2) ENHANCED MANAGEMENT REGION.—The term "enhanced management region" means available Federal land for which the Secretary of the Interior has delegated to the State authority under this section to manage oil and gas leasing, permitting, and production.

(3) ENHANCED MANAGEMENT REGION PROGRAM.—The term "enhanced management region program" means a management plan that meets the requirements in subsection (i).

(4) SECRETARY CONCERNED.—The term "Secretary concerned" means—

(A) the Secretary of the Interior with respect to land administered by the Secretary of the Interior; or

(B) the Secretary of Agriculture with respect to land administered by the Secretary of Agriculture.

(b) APPLICATION TO ESTABLISH ENHANCED MANAGEMENT REGION.—

(1) SUBMISSION OF ENHANCED MANAGEMENT REGION PROGRAM.—To assume exclusive jurisdiction over the leasing, permitting, and regulation of oil and gas exploration, development, and production within an area of available Federal land, a State shall submit to the Secretary of the Interior an application including—

(2) a map depicting the area that the State intends to administer as an enhanced management region;

(3) a description of the enhanced management region program that the State proposes to develop for such region; and

(4) a statement from the Governor or attorney general of such State that the laws of such State provide adequate authority to carry out the enhanced management region program.

(5) DEADLINE FOR APPROVAL OR DISAPPROVAL.—Not later than 60 days after the date of receipt of an application under this subsection, or 30 days in

the case of an application submitted under subsection (c), the Secretary of the Interior shall approve or disapprove such application.

(6) CONSULTATION WITH SECRETARY OF AGRICULTURE.—If an application submitted under this section is for an area that includes land managed by the Director of the Forest Service, the Secretary of the Interior shall consult the Secretary of Agriculture on the approval or disapproval of such application.

(7) EFFECT OF APPROVAL OF AN ENHANCED MANAGEMENT REGION PROGRAM.—Upon the approval by the Secretary of the Interior of an application under this section, the relevant State shall assume exclusive jurisdiction over the leasing, permitting, and regulation of oil and gas exploration, development, and production within the enhanced management region described in such application in accordance with the enhanced management region program described in such application.

(c) ESTABLISHMENT OF ENHANCED MANAGEMENT REGION WITHOUT APPLICATION.—Before holding a public lease sale under this Act for a parcel included in an oil and gas lease sale on available Federal land, the Secretary of the Interior shall notify the State and provide the State 30 days to submit an application under this section for such parcel.

(d) STATE ACTION.—Any action by a State to lease, permit, or regulate oil and gas exploration, development, or production, and any lease or permit issued by a State pursuant to the State's authority under this section, shall not be considered a Federal action, Federal permit, or Federal license under—

(1) subchapter II of chapter 5 of title 5, United States Code (commonly known as the Administrative Procedures Act);

(2) section 306108 of title 54, United States Code (commonly known as the National Historic Preservation Act);

(3) the Endangered Species Act of 1973 (16 U.S.C. 1531 et seq.); or

(4) the National Environmental Policy Act of 1969 (42 U.S.C. 4321 et seq.).

(e) RESOURCE MANAGEMENT PLANS.—The Secretary concerned shall not enforce a resource management plan in an enhanced management region.

(f) DISTRIBUTION OF REVENUES.—

(1) IN THE CASE OF INCREASED REVENUES.—

(A) IN GENERAL.—If in a fiscal year the oil and gas production in an enhanced management region yields an amount of bonus bids, rentals, and royalties that is greater than the amount of bonus bids, rentals, and royalties yielded on average over the previous 5 fiscal years, then the State that manages such enhanced management region shall receive 60 percent of such amount.

(B) ADMINISTRATIVE FEE.—The 2 percent administrative fee authorized in section 35(b) of the Mineral Leasing Act (30 U.S.C. 191(b)) shall be waived for a State described in subparagraph (A).

(2) IN THE CASE OF DECREASED REVENUES.—

(A) IN GENERAL.—If in a fiscal year the oil and gas production in an enhanced management region yields an amount of bonus bids, rentals, and royalties that is lower than the amount of bonus bids, rentals, and royalties yielded on average over the previous 5 fiscal years, and if the Secretary determines that such lower amount is not due to a factors listed in subparagraph (B), then the State that manages such enhanced management region shall receive 20 percent of such amount.

(B) FACTORS.—The factors described in subparagraph (A) are the following:

(i) Factors other than market conditions.

(ii) Decreases in available acreage within the enhanced management region for drilling.

(3) NOTIFICATION OF REVENUE SHARE.—The Secretary of the Interior shall notify each State of the percentage of revenue share the Secretary has determined under this subsection that such State shall receive.

(g) LOST PRODUCTION FEE.—

(1) REQUIREMENT TO PAY FEE.—The Secretary shall revoke the authority to manage an enhanced management region granted under this section to a State described in subsection (f)(2)(A) unless the State pays to the Secretary a lost production fee as calculated under paragraph (2) not later than 30 days after the State has received notification under subsection (f)(3).

(2) CALCULATION OF FEE.—The Secretary shall determine the amount of a lost production fee with respect to an enhanced management region based on—

(A) the amount of bonus bids, rentals, and royalties yielded on average over the previous 5 fiscal years from such enhanced management region; or

(B) in the case of an enhanced management region production that has not yielded any bonus bids, rentals, or royalties, the greater of the amount of bonus bids, rentals, and royalties yielded from—

(i) the nearest producing region to the enhanced management region of a similar size; or

(ii) producing regions within 50 miles of the enhanced management region that are collectively of a similar size.

(h) LEASES ENTER INTO BEFORE ESTABLISHMENT OF ENHANCED MANAGEMENT REGION.—A State shall obtain approval of the leaseholder of any lease entered into before the establishment of the enhanced management region before managing such lease in accordance with an enhanced management region program.

(i) ENHANCED MANAGEMENT REGION PROGRAM.—An enhanced management region program developed under this section shall—

(1) be developed and administered by the State under State law;

(2) be for a period of 5 years; and

(3) describe a management plan over the leasing, permitting, and regulation of oil and gas exploration, development, and production within an enhanced management region.

SEC. [44] 45. SHORT TITLE. This Act may be cited as the ''Mineral Leasing Act''.

Outer Continental Shelf Lands Act (43 U.S.C. 1331 et seq.)

Section 2 (43 U.S.C. 1331)

§1331. Definitions

When used in this subchapter-

* * * * *

(r) The term "lease block" means an area of land that the Secretary has designated as Alease block and assigned a lease block number.

(s) The term "producing State" means a State, including any area within the administrative boundaries of such State, as such boundaries are determined by the Director of the Bureau on Ocean Energy Management, in which oil and gas was produced on the Outer Continental Shelf under this Act in a fiscal year.

Section 18 (43 U.S.C. 1344)

* * * * *

(i) STATE APPROVAL OR DISAPPROVAL OF LEASE BLOCKS ON THE OUTER CONTINENTAL SHELF.—

(1) IN GENERAL.—The Secretary shall offer to each State the option to approve or disapprove each lease block of a lease sale contained in an oil and gas leasing program prepared under this section for an area located on the area of the outer Continental Shelf that is within the State's administrative boundaries, as such boundaries are determined by the Director of the Bureau on Ocean Energy Management.

(2) TIMING OF REQUEST.—Any approval or disapproval under paragraph (1) shall be sent to the Secretary in writing not later than 45 days after the Secretary publishes in the Federal Register a proposed notice of sale with respect to the lease sale.

[(3) FAILURE TO EXERCISE OPTION.—In the instance that the relevant State has neither approved nor disapproved a lease block under paragraph (1) by the end of the period described in paragraph (2), the Secretary may consider the lease block to be approved by the State.**]**

[(4) EFFECT OF DISAPPROVAL.—During the 10-year period beginning on the date of a lease sale described in paragraph (1), the Secretary may not offer for lease for oil and gas exploration, production, or development under this Act any lease block within such lease sale that a State has disapproved under paragraph (1)—

[(A) with respect to a State that has disapproved under paragraph (1) a number of lease blocks that is equal to not more than 50 percent of the total number of lease blocks within such lease sale; or**]**

[(B) with respect to a State that has—

[(i) disapproved under paragraph (1) a number of lease blocks that is equal to 50 percent or more of the total number lease blocks within such lease sale; and**]**

[(ii) not later than one month after the date of such lease sale, paid to the United States the amount calculated under paragraph (5).**]**

[(5) CALCULATION OF PAYMENT.—

[(A) IN GENERAL.—The amount to be paid by a State under paragraph (4)(B)(ii) shall be an amount equal to the anticipated valuation calculated under subparagraph (B) multiplied by a percentage equal to—

[(i) 10 percent; and]

[(ii) an additional 10 percent for each lease block in addition to the number of lease blocks described in paragraph (4)(B)(i).]

[(B) CALCULATION OF ANTICIPATED VALUATION.—With respect to each lease sale scheduled in an oil and gas leasing program prepared under this section, the Secretary shall calculate an anticipated valuation based on proven mineral potential, oil prices, lease sale demand during the preceding 5 years, estimated lease sale demand during the subsequent 5 years, and projection of lost royalty revenues.]

[(6) REVENUE SHARING.—The Secretary shall disburse to a State that has—

[(A) approved under paragraph (1) all of the lease blocks in a lease sale described in paragraph (1), 50 percent of the bonus bids, rentals, and royalties received by the Secretary under a lease for oil and gas for areas on such lease blocks; or]

[(B) approved under paragraph (1) not less than 50 percent of the lease blocks in a lease sale described in paragraph (1), **[__]** percent of the bonus bids, rentals, and royalties received by the Secretary under a lease for oil and gas for areas on such lease blocks.]

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SEC. 33. OCS GEOLOGICAL AND GEOPHYSICAL MAPPING PROGRAM.

(a) IN GENERAL.—Not later than 1 year after the date of the enactment of this section, the Secretary shall establish a program, to be known as the 'OCS Geological and Geophysical Mapping Program', to conduct geological and geophysical mapping of the outer Continental Shelf, including mapping of reserves of oil and gas.

(b) DATA COLLECTION.—To conduct the mapping under subsection (a), the Secretary shall—

(1) consolidate relevant data collected by public sources and, to the extent practicable, relevant data collected by private sources; and

(2) supplement such data, as necessary, by conducting geological and geophysical surveys of the outer Continental Shelf.

(c) MAINTENANCE.—The Secretary shall maintain and regularly update maps created under the OCS Geological and Geophysical Mapping Program.

(d) CONFIDENTIALITY.—

(1) EXEMPTION FROM PUBLIC DISCLOSURE REQUIREMENTS.—Data collected under this section is exempt from public disclosure requirements, including such requirements under—

(A) this Act;

(B) the Freedom of Information Act (5 U.S.C. 552); and

(C) any regulations promulgated under such Acts.

(2) CONSENT FOR PUBLICATION OF DATA.—The Secretary may not provide data collected under this section to the public without the written consent of the party supplying such data.