

JUNE 19, 2013

**RULES COMMITTEE PRINT 113-16**

**H.R. 2231, OFFSHORE ENERGY AND JOBS ACT**

**[Showing the text of the bill as ordered reported by the  
Committee on Natural Resources.]**

**1 SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “Offshore Energy and  
3 Jobs Act”.

**4 SEC. 2. TABLE OF CONTENTS.**

5 The table of contents for this Act is as follows:

Sec. 1. Short title.

Sec. 2. Table of contents.

**TITLE I—OUTER CONTINENTAL SHELF LEASING PROGRAM  
REFORMS**

Sec. 101. Outer Continental Shelf leasing program reforms.

Sec. 102. Domestic oil and natural gas production goal.

Sec. 103. Development and submittal of new 5-year oil and gas leasing pro-  
gram.

**TITLE II—DIRECTING THE PRESIDENT TO CONDUCT NEW OCS  
SALES IN VIRGINIA, SOUTH CAROLINA, AND CALIFORNIA**

Sec. 201. Requirement to conduct proposed oil and gas Lease Sale 220 on the  
Outer Continental Shelf offshore Virginia.

Sec. 202. South Carolina lease sale.

Sec. 203. Southern California existing infrastructure lease sale.

Sec. 204. Environmental impact statement requirement.

Sec. 205. National defense.

Sec. 206. Eastern Gulf of Mexico not included.

**TITLE III—EQUITABLE SHARING OF OUTER CONTINENTAL  
SHELF REVENUES**

Sec. 301. Disposition of Outer Continental Shelf revenues to coastal States.

**TITLE IV—REORGANIZATION OF MINERALS MANAGEMENT  
AGENCIES OF THE DEPARTMENT OF THE INTERIOR**

Sec. 401. Establishment of Under Secretary for Energy, Lands, and Minerals  
and Assistant Secretary of Ocean Energy and Safety.

- Sec. 402. Bureau of Ocean Energy.
- Sec. 403. Ocean Energy Safety Service.
- Sec. 404. Office of Natural Resources revenue.
- Sec. 405. Ethics and drug testing.
- Sec. 406. Abolishment of Minerals Management Service.
- Sec. 407. Conforming amendments to Executive Schedule pay rates.
- Sec. 408. Outer Continental Shelf Energy Safety Advisory Board.
- Sec. 409. Outer Continental Shelf inspection fees.

TITLE V—UNITED STATES TERRITORIES

- Sec. 501. Application of Outer Continental Shelf Lands Act with respect to territories of the United States.

1 **TITLE I—OUTER CONTINENTAL**  
2 **SHELF LEASING PROGRAM**  
3 **REFORMS**

4 **SEC. 101. OUTER CONTINENTAL SHELF LEASING PROGRAM**  
5 **REFORMS.**

6 Section 18(a) of the Outer Continental Shelf Lands  
7 Act (43 U.S.C. 1344(a)) is amended by adding at the end  
8 the following:

9 “(5)(A) In each oil and gas leasing program  
10 under this section, the Secretary shall make avail-  
11 able for leasing and conduct lease sales including at  
12 least 50 percent of the available unleased acreage  
13 within each outer Continental Shelf planning area  
14 considered to have the largest undiscovered, tech-  
15 nically recoverable oil and gas resources (on a total  
16 btu basis) based upon the most recent national geo-  
17 logic assessment of the outer Continental Shelf, with  
18 an emphasis on offering the most geologically pro-  
19 spective parts of the planning area.

1           “(B) The Secretary shall include in each pro-  
2           posed oil and gas leasing program under this section  
3           any State subdivision of an outer Continental Shelf  
4           planning area that the Governor of the State that  
5           represents that subdivision requests be made avail-  
6           able for leasing. The Secretary may not remove such  
7           a subdivision from the program until publication of  
8           the final program.

9           “(C) In this paragraph the term ‘available un-  
10          leased acreage’ means that portion of the outer Con-  
11          tinental Shelf that is not under lease at the time of  
12          a proposed lease sale, and that has not otherwise  
13          been made unavailable for leasing by law.

14          “(6)(A) In the 5-year oil and gas leasing pro-  
15          gram, the Secretary shall make available for leasing  
16          any outer Continental Shelf planning areas that—

17                 “(i) are estimated to contain more than  
18                 2,500,000,000 barrels of oil; or

19                 “(ii) are estimated to contain more than  
20                 7,500,000,000,000 cubic feet of natural gas.

21          “(B) To determine the planning areas described  
22          in subparagraph (A), the Secretary shall use the  
23          document entitled ‘Minerals Management Service  
24          Assessment of Undiscovered Technically Recoverable

1 Oil and Gas Resources of the Nation’s Outer Conti-  
2 nental Shelf, 2006’.”.

3 **SEC. 102. DOMESTIC OIL AND NATURAL GAS PRODUCTION**

4 **GOAL.**

5 Section 18(b) of the Outer Continental Shelf Lands  
6 Act (43 U.S.C. 1344(b)) is amended to read as follows:

7 “(b) DOMESTIC OIL AND NATURAL GAS PRODUC-  
8 TION GOAL.—

9 “(1) IN GENERAL.—In developing a 5-year oil  
10 and gas leasing program, and subject to paragraph  
11 (2), the Secretary shall determine a domestic stra-  
12 tegic production goal for the development of oil and  
13 natural gas as a result of that program. Such goal  
14 shall be—

15 “(A) the best estimate of the possible in-  
16 crease in domestic production of oil and natural  
17 gas from the outer Continental Shelf;

18 “(B) focused on meeting domestic demand  
19 for oil and natural gas and reducing the de-  
20 pendence of the United States on foreign en-  
21 ergy; and

22 “(C) focused on the production increases  
23 achieved by the leasing program at the end of  
24 the 15-year period beginning on the effective  
25 date of the program.

1           “(2) PROGRAM GOAL.—For purposes of the 5-  
2           year oil and gas leasing program, the production  
3           goal referred to in paragraph (1) shall be an in-  
4           crease by 2032 of—

5                   “(A) no less than 3,000,000 barrels in the  
6                   amount of oil produced per day; and

7                   “(B) no less than 10,000,000,000 cubic  
8                   feet in the amount of natural gas produced per  
9                   day.

10           “(3) REPORTING.—The Secretary shall report  
11           annually, beginning at the end of the 5-year period  
12           for which the program applies, to the Committee on  
13           Natural Resources of the House of Representatives  
14           and the Committee on Energy and Natural Re-  
15           sources of the Senate on the progress of the pro-  
16           gram in meeting the production goal. The Secretary  
17           shall identify in the report projections for production  
18           and any problems with leasing, permitting, or pro-  
19           duction that will prevent meeting the goal.”.

20   **SEC. 103. DEVELOPMENT AND SUBMITTAL OF NEW 5-YEAR**  
21                   **OIL AND GAS LEASING PROGRAM.**

22           (a) IN GENERAL.—The Secretary of the Interior  
23           shall—

24                   (1) by not later than July 15, 2014, publish  
25                   and submit to Congress a new proposed oil and gas

1 leasing program under section 18 of the Outer Con-  
2 tinental Shelf Lands Act (43 U.S.C. 1344) for the  
3 5-year period beginning on such date and ending  
4 July 15, 2020; and

5 (2) by not later than July 15, 2015, approve a  
6 final oil and gas leasing program under such section  
7 for such period.

8 (b) CONSIDERATION OF ALL AREAS.—In preparing  
9 such program the Secretary shall include consideration of  
10 areas of the Continental Shelf off the coasts of all States  
11 (as such term is defined in section 2 of that Act, as  
12 amended by this Act), that are subject to leasing under  
13 this Act.

14 (c) TECHNICAL CORRECTION.—Section 18(d)(3) of  
15 the Outer Continental Shelf Lands Act (43 U.S.C.  
16 1344(d)(3)) is amended by striking “or after eighteen  
17 months following the date of enactment of this section,  
18 whichever first occurs,”.

1 **TITLE II—DIRECTING THE**  
2 **PRESIDENT TO CONDUCT**  
3 **NEW OCS SALES IN VIRGINIA,**  
4 **SOUTH CAROLINA, AND CALI-**  
5 **FORNIA**

6 **SEC. 201. REQUIREMENT TO CONDUCT PROPOSED OIL AND**  
7 **GAS LEASE SALE 220 ON THE OUTER CONTI-**  
8 **NENTAL SHELF OFFSHORE VIRGINIA.**

9 (a) IN GENERAL.—Notwithstanding the exclusion of  
10 Lease Sale 220 in the Final Outer Continental Shelf Oil  
11 & Gas Leasing Program 2012–2017, the Secretary of the  
12 Interior shall conduct offshore oil and gas Lease Sale 220  
13 under section 8 of the Outer Continental Shelf Lands Act  
14 (43 U.S.C. 1337) as soon as practicable, but not later  
15 than one year after the date of enactment of this Act.

16 (b) REQUIREMENT TO MAKE REPLACEMENT LEASE  
17 BLOCKS AVAILABLE.—For each lease block in a proposed  
18 lease sale under this section for which the Secretary of  
19 Defense, in consultation with the Secretary of the Interior,  
20 under the Memorandum of Agreement referred to in sec-  
21 tion 205(b), issues a statement proposing deferral from  
22 a lease offering due to defense-related activities that are  
23 irreconcilable with mineral exploration and development,  
24 the Secretary of the Interior, in consultation with the Sec-  
25 retary of Defense, shall make available in the same lease

1 sale one other lease block in the Virginia lease sale plan-  
2 ning area that is acceptable for oil and gas exploration  
3 and production in order to mitigate conflict.

4 (c) BALANCING MILITARY AND ENERGY PRODUC-  
5 TION GOALS.—In recognition that the Outer Continental  
6 Shelf oil and gas leasing program and the domestic energy  
7 resources produced therefrom are integral to national se-  
8 curity, the Secretary of the Interior and the Secretary of  
9 Defense shall work jointly in implementing this section in  
10 order to ensure achievement of the following common  
11 goals:

12 (1) Preserving the ability of the Armed Forces  
13 of the United States to maintain an optimum state  
14 of readiness through their continued use of the  
15 Outer Continental Shelf.

16 (2) Allowing effective exploration, development,  
17 and production of our Nation's oil, gas, and renew-  
18 able energy resources.

19 (d) DEFINITIONS.—In this section:

20 (1) LEASE SALE 220.—The term “Lease Sale  
21 220” means such lease sale referred to in the Re-  
22 quest for Comments on the Draft Proposed 5-Year  
23 Outer Continental Shelf (OCS) Oil and Gas Leasing  
24 Program for 2010–2015 and Notice of Intent To  
25 Prepare an Environmental Impact Statement (EIS)



1 for the Proposed 5-Year Program published January  
2 21, 2009 (74 Fed. Reg. 3631).

3 (2) VIRGINIA LEASE SALE PLANNING AREA.—  
4 The term “Virginia lease sale planning area” means  
5 the area of the outer Continental Shelf (as that term  
6 is defined in the Outer Continental Shelf Lands Act  
7 (33 U.S.C. 1331 et seq.)) that is bounded by—

8 (A) a northern boundary consisting of a  
9 straight line extending from the northernmost  
10 point of Virginia’s seaward boundary to the  
11 point on the seaward boundary of the United  
12 States exclusive economic zone located at 37 de-  
13 grees 17 minutes 1 second North latitude, 71  
14 degrees 5 minutes 16 seconds West longitude;  
15 and

16 (B) a southern boundary consisting of a  
17 straight line extending from the southernmost  
18 point of Virginia’s seaward boundary to the  
19 point on the seaward boundary of the United  
20 States exclusive economic zone located at 36 de-  
21 grees 31 minutes 58 seconds North latitude, 71  
22 degrees 30 minutes 1 second West longitude.

23 **SEC. 202. SOUTH CAROLINA LEASE SALE.**

24 Notwithstanding inclusion of the South Atlantic  
25 Outer Continental Shelf Planning Area in the Final Outer

1 Continental Shelf Oil & Gas Leasing Program 2012–2017,  
2 the Secretary of the Interior shall conduct a lease sale not  
3 later than 2 years after the date of the enactment of this  
4 Act for areas off the coast of South Carolina determined  
5 by the Secretary to have the most geologically promising  
6 hydrocarbon resources and constituting not less than 25  
7 percent of the leasable area within the South Carolina off-  
8 shore administrative boundaries depicted in the notice en-  
9 titled “Federal Outer Continental Shelf (OCS) Adminis-  
10 trative Boundaries Extending from the Submerged Lands  
11 Act Boundary seaward to the Limit of the United States  
12 Outer Continental Shelf”, published January 3, 2006 (71  
13 Fed. Reg. 127).

14 **SEC. 203. SOUTHERN CALIFORNIA EXISTING INFRASTRUC-**  
15 **TURE LEASE SALE.**

16 (a) IN GENERAL.—The Secretary of the Interior shall  
17 offer for sale leases of tracts in the Santa Maria and  
18 Santa Barbara/Ventura Basins of the Southern California  
19 OCS Planning Area as soon as practicable, but not later  
20 than December 31, 2014.

21 (b) USE OF EXISTING STRUCTURES OR ONSHORE-  
22 BASED DRILLING.—The Secretary of the Interior shall in-  
23 clude in leases offered for sale under this lease sale such  
24 terms and conditions as are necessary to require that de-  
25 velopment and production may occur only from offshore

1 infrastructure in existence on the date of the enactment  
2 of this Act or from onshore-based, extended-reach drilling.

3 **SEC. 204. ENVIRONMENTAL IMPACT STATEMENT REQUIRE-**  
4 **MENT.**

5 (a) IN GENERAL.—For the purposes of this Act, the  
6 Secretary of the Interior shall prepare a multisale environ-  
7 mental impact statement under section 102 of the Na-  
8 tional Environmental Policy Act of 1969 (42 U.S.C. 4332)  
9 for all lease sales required under this title.

10 (b) ACTIONS TO BE CONSIDERED.—Notwithstanding  
11 section 102 of the National Environmental Policy Act of  
12 1969 (42 U.S.C. 4332), in such statement—

13 (1) the Secretary is not required to identify  
14 nonleasing alternative courses of action or to analyze  
15 the environmental effects of such alternative courses  
16 of action; and

17 (2) the Secretary shall only—

18 (A) identify a preferred action for leasing  
19 and not more than one alternative leasing pro-  
20 posal; and

21 (B) analyze the environmental effects and  
22 potential mitigation measures for such pre-  
23 ferred action and such alternative leasing pro-  
24 posal.

1 **SEC. 205. NATIONAL DEFENSE.**

2 (a) NATIONAL DEFENSE AREAS.—This Act does not  
3 affect the existing authority of the Secretary of Defense,  
4 with the approval of the President, to designate national  
5 defense areas on the Outer Continental Shelf pursuant to  
6 section 12(d) of the Outer Continental Shelf Lands Act  
7 (43 U.S.C. 1341(d)).

8 (b) PROHIBITION ON CONFLICTS WITH MILITARY  
9 OPERATIONS.—No person may engage in any exploration,  
10 development, or production of oil or natural gas on the  
11 Outer Continental Shelf under a lease issued under this  
12 Act that would conflict with any military operation, as de-  
13 termined in accordance with the Memorandum of Agree-  
14 ment between the Department of Defense and the Depart-  
15 ment of the Interior on Mutual Concerns on the Outer  
16 Continental Shelf signed July 20, 1983, and any revision  
17 or replacement for that agreement that is agreed to by  
18 the Secretary of Defense and the Secretary of the Interior  
19 after that date but before the date of issuance of the lease  
20 under which such exploration, development, or production  
21 is conducted.

22 **SEC. 206. EASTERN GULF OF MEXICO NOT INCLUDED.**

23 Nothing in this Act affects restrictions on oil and gas  
24 leasing under the Gulf of Mexico Energy Security Act of  
25 2006 (title I of division C of Public Law 109–432; 43  
26 U.S.C. 1331 note).

1 **TITLE III—EQUITABLE SHARING**  
2 **OF OUTER CONTINENTAL**  
3 **SHELF REVENUES**

4 **SEC. 301. DISPOSITION OF OUTER CONTINENTAL SHELF**  
5 **REVENUES TO COASTAL STATES.**

6 (a) IN GENERAL.—Section 9 of the Outer Conti-  
7 nental Shelf Lands Act (43 U.S.C. 1338) is amended—

8 (1) in the existing text—

9 (A) in the first sentence, by striking “All  
10 rentals,” and inserting the following:

11 “(c) DISPOSITION OF REVENUE UNDER OLD  
12 LEASES.—All rentals,”; and

13 (B) in subsection (c) (as designated by the  
14 amendment made by subparagraph (A) of this  
15 paragraph), by striking “for the period from  
16 June 5, 1950, to date, and thereafter” and in-  
17 serting “in the period beginning June 5, 1950,  
18 and ending on the date of enactment of the Off-  
19 shore Energy and Jobs Act”;

20 (2) by adding after subsection (c) (as so des-  
21 ignated) the following:

22 “(d) DEFINITIONS.—In this section:

23 “(1) COASTAL STATE.—The term ‘coastal  
24 State’ includes a territory of the United States.

1           “(2) NEW LEASING REVENUES.—The term ‘new  
2 leasing revenues’—

3           “(A) means amounts received by the  
4 United States as bonuses, rents, and royalties  
5 under leases for oil and gas, wind, tidal, or  
6 other energy exploration, development, and pro-  
7 duction on new areas of the outer Continental  
8 Shelf that are authorized to be made available  
9 for leasing as a result of enactment of the Off-  
10 shore Energy and Jobs Act and leasing under  
11 that Act; and

12           “(B) does not include amounts received by  
13 the United States under any lease of an area lo-  
14 cated in the boundaries of the Central Gulf of  
15 Mexico and Western Gulf of Mexico Outer Con-  
16 tinental Shelf Planning Areas on the date of en-  
17 actment of the Offshore Energy and Jobs Act,  
18 including a lease issued before, on, or after  
19 such date of enactment.”; and

20           (3) by inserting before subsection (c) (as so  
21 designated) the following:

22           “(a) PAYMENT OF NEW LEASING REVENUES TO  
23 COASTAL STATES.—

24           “(1) IN GENERAL.—Except as provided in para-  
25 graph (2), of the amount of new leasing revenues re-

1       ceived by the United States each fiscal year, 37.5  
2       percent shall be allocated and paid in accordance  
3       with subsection (b) to coastal States that are af-  
4       fected States with respect to the leases under which  
5       those revenues are received by the United States.

6           “(2) PHASE-IN.—

7           “(A) IN GENERAL.—Except as provided in  
8       subparagraph (B), paragraph (1) shall be ap-  
9       plied—

10           “(i) with respect to new leasing reve-  
11       nues under leases awarded under the first  
12       leasing program under section 18(a) that  
13       takes effect after the date of enactment of  
14       the Offshore Energy and Jobs Act, by sub-  
15       stituting ‘12.5 percent’ for ‘37.5 percent’;  
16       and

17           “(ii) with respect to new leasing reve-  
18       nues under leases awarded under the sec-  
19       ond leasing program under section 18(a)  
20       that takes effect after the date of enact-  
21       ment of the Offshore Energy and Jobs  
22       Act, by substituting ‘25 percent’ for ‘37.5  
23       percent’.

24           “(B) EXEMPTED LEASE SALES.—This  
25       paragraph shall not apply with respect to any

1 lease issued under title II of the Offshore En-  
2 ergy and Jobs Act.

3 “(b) ALLOCATION OF PAYMENTS.—

4 “(1) IN GENERAL.—The amount of new leasing  
5 revenues received by the United States with respect  
6 to a leased tract that are required to be paid to  
7 coastal States in accordance with this subsection  
8 each fiscal year shall be allocated among and paid  
9 to coastal States that are within 200 miles of the  
10 leased tract, in amounts that are inversely propor-  
11 tional to the respective distances between the point  
12 on the coastline of each such State that is closest to  
13 the geographic center of the lease tract, as deter-  
14 mined by the Secretary.

15 “(2) MINIMUM AND MAXIMUM ALLOCATION.—

16 The amount allocated to a coastal State under para-  
17 graph (1) each fiscal year with respect to a leased  
18 tract shall be—

19 “(A) in the case of a coastal State that is  
20 the nearest State to the geographic center of  
21 the leased tract, not less than 25 percent of the  
22 total amounts allocated with respect to the  
23 leased tract;

24 “(B) in the case of any other coastal State,  
25 not less than 10 percent, and not more than 15



1 percent, of the total amounts allocated with re-  
2 spect to the leased tract; and

3 “(C) in the case of a coastal State that is  
4 the only coastal State within 200 miles of a  
5 least tract, 100 percent of the total amounts al-  
6 located with respect to the leased tract.

7 “(3) ADMINISTRATION.—Amounts allocated to  
8 a coastal State under this subsection—

9 “(A) shall be available to the coastal State  
10 without further appropriation;

11 “(B) shall remain available until expended;

12 “(C) shall be in addition to any other  
13 amounts available to the coastal State under  
14 this Act; and

15 “(D) shall be distributed in the fiscal year  
16 following receipt.

17 “(4) USE OF FUNDS.—

18 “(A) IN GENERAL.—Except as provided in  
19 subparagraph (B), a coastal State may use  
20 funds allocated and paid to it under this sub-  
21 section for any purpose as determined by the  
22 laws of that State.

23 “(B) RESTRICTION ON USE FOR MATCH-  
24 ING.—Funds allocated and paid to a coastal  
25 State under this subsection may not be used as

1 matching funds for any other Federal pro-  
2 gram.”.

3 (b) LIMITATION ON APPLICATION.—This section and  
4 the amendment made by this section shall not affect the  
5 application of section 105 of the Gulf of Mexico Energy  
6 Security Act of 2006 (title I of division C of Public Law  
7 109–432; (43 U.S.C. 1331 note)), as in effect before the  
8 enactment of this Act, with respect to revenues received  
9 by the United States under oil and gas leases issued for  
10 tracts located in the Western and Central Gulf of Mexico  
11 Outer Continental Shelf Planning Areas, including such  
12 leases issued on or after the date of the enactment of this  
13 Act.

14 **TITLE IV—REORGANIZATION OF**  
15 **MINERALS MANAGEMENT**  
16 **AGENCIES OF THE DEPART-**  
17 **MENT OF THE INTERIOR**

18 **SEC. 401. ESTABLISHMENT OF UNDER SECRETARY FOR EN-**  
19 **ERGY, LANDS, AND MINERALS AND ASSIST-**  
20 **ANT SECRETARY OF OCEAN ENERGY AND**  
21 **SAFETY.**

22 There shall be in the Department of the Interior—

23 (1) an Under Secretary for Energy, Lands, and  
24 Minerals, who shall—

1 (A) be appointed by the President, by and  
2 with the advise and consent of the Senate;

3 (B) report to the Secretary of the Interior  
4 or, if directed by the Secretary, to the Deputy  
5 Secretary of the Interior;

6 (C) be paid at the rate payable for level III  
7 of the Executive Schedule; and

8 (D) be responsible for—

9 (i) the safe and responsible develop-  
10 ment of our energy and mineral resources  
11 on Federal lands in appropriate accordance  
12 with United States energy demands; and

13 (ii) ensuring multiple-use missions of  
14 the Department of the Interior that pro-  
15 mote the safe and sustained development  
16 of energy and minerals resources on public  
17 lands (as that term is defined in the Fed-  
18 eral Land Policy and Management Act of  
19 1976 (43 U.S.C. 1701 et seq.));

20 (2) an Assistant Secretary of Ocean Energy  
21 and Safety, who shall—

22 (A) be appointed by the President, by and  
23 with the advise and consent of the Senate;

24 (B) report to the Under Secretary for En-  
25 ergy, Lands, and Minerals;

1 (C) be paid at the rate payable for level IV  
2 of the Executive Schedule; and

3 (D) be responsible for ensuring safe and  
4 efficient development of energy and minerals on  
5 the Outer Continental Shelf of the United  
6 States; and

7 (3) an Assistant Secretary of Land and Min-  
8 erals Management, who shall—

9 (A) be appointed by the President, by and  
10 with the advise and consent of the Senate;

11 (B) report to the Under Secretary for En-  
12 ergy, Lands, and Minerals;

13 (C) be paid at the rate payable for level IV  
14 of the Executive Schedule; and

15 (D) be responsible for ensuring safe and  
16 efficient development of energy and minerals on  
17 public lands and other Federal onshore lands  
18 under the jurisdiction of the Department of the  
19 Interior, including implementation of the Min-  
20 eral Leasing Act (30 U.S.C. 181 et seq.) and  
21 the Surface Mining Control and Reclamation  
22 Act (30 U.S.C. 1201 et seq.) and administra-  
23 tion of the Office of Surface Mining.

1 **SEC. 402. BUREAU OF OCEAN ENERGY.**

2 (a) ESTABLISHMENT.—There is established in the  
3 Department of the Interior a Bureau of Ocean Energy (re-  
4 ferred to in this section as the “Bureau”), which shall—

5 (1) be headed by a Director of Ocean Energy  
6 (referred to in this section as the “Director”); and

7 (2) be administered under the direction of the  
8 Assistant Secretary of Ocean Energy and Safety.

9 (b) DIRECTOR.—

10 (1) APPOINTMENT.—The Director shall be ap-  
11 pointed by the Secretary of the Interior.

12 (2) COMPENSATION.—The Director shall be  
13 compensated at the rate provided for level V of the  
14 Executive Schedule under section 5316 of title 5,  
15 United States Code.

16 (c) DUTIES.—

17 (1) IN GENERAL.—The Secretary of the Inte-  
18 rior shall carry out through the Bureau all func-  
19 tions, powers, and duties vested in the Secretary re-  
20 lating to the administration of a comprehensive pro-  
21 gram of offshore mineral and renewable energy re-  
22 sources management.

23 (2) SPECIFIC AUTHORITIES.—The Director  
24 shall promulgate and implement regulations—

25 (A) for the proper issuance of leases for  
26 the exploration, development, and production of

1 nonrenewable and renewable energy and min-  
2 eral resources on the Outer Continental Shelf;

3 (B) relating to resource identification, ac-  
4 cess, evaluation, and utilization;

5 (C) for development of leasing plans, lease  
6 sales, and issuance of leases for such resources;  
7 and

8 (D) regarding issuance of environmental  
9 impact statements related to leasing and post  
10 leasing activities including exploration, develop-  
11 ment, and production, and the use of third  
12 party contracting for necessary environmental  
13 analysis for the development of such resources.

14 (3) LIMITATION.—The Secretary shall not carry  
15 out through the Bureau any function, power, or duty  
16 that is—

17 (A) required by section 403 to be carried  
18 out through the Ocean Energy Safety Service;  
19 or

20 (B) required by section 404 to be carried  
21 out through the Office of Natural Resources  
22 Revenue.

23 (d) RESPONSIBILITIES OF LAND MANAGEMENT  
24 AGENCIES.—Nothing in this section shall affect the au-  
25 thorities of the Bureau of Land Management under the

1 Federal Land Policy and Management Act of 1976 (43  
2 U.S.C. 1701 et seq.) or of the Forest Service under the  
3 National Forest Management Act of 1976 (Public Law  
4 94–588).

5 **SEC. 403. OCEAN ENERGY SAFETY SERVICE.**

6 (a) ESTABLISHMENT.—There is established in the  
7 Department of the Interior an Ocean Energy Safety Serv-  
8 ice (referred to in this section as the “Service”), which  
9 shall—

10 (1) be headed by a Director of Energy Safety  
11 (referred to in this section as the “Director”); and

12 (2) be administered under the direction of the  
13 Assistant Secretary of Ocean Energy and Safety.

14 (b) DIRECTOR.—

15 (1) APPOINTMENT.—The Director shall be ap-  
16 pointed by the Secretary of the Interior.

17 (2) COMPENSATION.—The Director shall be  
18 compensated at the rate provided for level V of the  
19 Executive Schedule under section 5316 of title 5,  
20 United States Code.

21 (c) DUTIES.—

22 (1) IN GENERAL.—The Secretary of the Inte-  
23 rior shall carry out through the Service all functions,  
24 powers, and duties vested in the Secretary relating  
25 to the administration of safety and environmental

1 enforcement activities related to offshore mineral  
2 and renewable energy resources on the Outer Conti-  
3 nental Shelf pursuant to the Outer Continental Shelf  
4 Lands Act (43 U.S.C. 1331 et seq.) including the  
5 authority to develop, promulgate, and enforce regu-  
6 lations to ensure the safe and sound exploration, de-  
7 velopment, and production of mineral and renewable  
8 energy resources on the Outer Continental Shelf in  
9 a timely fashion.

10 (2) SPECIFIC AUTHORITIES.—The Director  
11 shall be responsible for all safety activities related to  
12 exploration and development of renewable and min-  
13 eral resources on the Outer Continental Shelf, in-  
14 cluding—

15 (A) exploration, development, production,  
16 and ongoing inspections of infrastructure;

17 (B) the suspending or prohibiting, on a  
18 temporary basis, any operation or activity, in-  
19 cluding production under leases held on the  
20 Outer Continental Shelf, in accordance with  
21 section 5(a)(1) of the Outer Continental Shelf  
22 Lands Act (43 U.S.C. 1334(a)(1));

23 (C) cancelling any lease, permit, or right-  
24 of-way on the Outer Continental Shelf, in ac-  
25 cordance with section 5(a)(2) of the Outer Con-



1            tinal Shelf Lands Act (43 U.S.C.  
2            1334(a)(2));

3            (D) compelling compliance with applicable  
4            Federal laws and regulations relating to worker  
5            safety and other matters;

6            (E) requiring comprehensive safety and en-  
7            vironmental management programs for persons  
8            engaged in activities connected with the explo-  
9            ration, development, and production of mineral  
10           or renewable energy resources;

11           (F) developing and implementing regula-  
12           tions for Federal employees to carry out any in-  
13           spection or investigation to ascertain compli-  
14           ance with applicable regulations, including  
15           health, safety, or environmental regulations;

16           (G) implementing the Offshore Technology  
17           Research and Risk Assessment Program under  
18           section 21 of the Outer Continental Shelf  
19           Lands Act (43 U.S.C. 1347);

20           (H) summoning witnesses and directing  
21           the production of evidence;

22           (I) levying fines and penalties and disquali-  
23           fying operators;

24           (J) carrying out any safety, response, and  
25           removal preparedness functions; and

1 (K) the processing of permits, exploration  
2 plans, development plans.

3 (d) EMPLOYEES.—

4 (1) IN GENERAL.—The Secretary shall ensure  
5 that the inspection force of the Bureau consists of  
6 qualified, trained employees who meet qualification  
7 requirements and adhere to the highest professional  
8 and ethical standards.

9 (2) QUALIFICATIONS.—The qualification re-  
10 quirements referred to in paragraph (1)—

11 (A) shall be determined by the Secretary,  
12 subject to subparagraph (B); and

13 (B) shall include—

14 (i) three years of practical experience  
15 in oil and gas exploration, development, or  
16 production; or

17 (ii) a degree in an appropriate field of  
18 engineering from an accredited institution  
19 of higher learning.

20 (3) ASSIGNMENT.—In assigning oil and gas in-  
21 spectors to the inspection and investigation of indi-  
22 vidual operations, the Secretary shall give due con-  
23 sideration to the extent possible to their previous ex-  
24 perience in the particular type of oil and gas oper-  
25 ation in which such inspections are to be made.

1           (4) BACKGROUND CHECKS.—The Director shall  
2           require that an individual to be hired as an inspec-  
3           tion officer undergo an employment investigation  
4           (including a criminal history record check).

5           (5) LANGUAGE REQUIREMENTS.—Individuals  
6           hired as inspectors must be able to read, speak, and  
7           write English well enough to—

8                   (A) carry out written and oral instructions  
9                   regarding the proper performance of inspection  
10                  duties; and

11                  (B) write inspection reports and state-  
12                  ments and log entries in the English language.

13           (6) VETERANS PREFERENCE.—The Director  
14           shall provide a preference for the hiring of an indi-  
15           vidual as a inspection officer if the individual is a  
16           member or former member of the Armed Forces and  
17           is entitled, under statute, to retired, retirement, or  
18           retainer pay on account of service as a member of  
19           the Armed Forces.

20           (7) ANNUAL PROFICIENCY REVIEW.—

21                   (A) ANNUAL PROFICIENCY REVIEW.—The  
22                   Director shall provide that an annual evaluation  
23                   of each individual assigned inspection duties is  
24                   conducted and documented.

1 (B) CONTINUATION OF EMPLOYMENT.—An  
2 individual employed as an inspector may not  
3 continue to be employed in that capacity unless  
4 the evaluation demonstrates that the indi-  
5 vidual—

6 (i) continues to meet all qualifications  
7 and standards;

8 (ii) has a satisfactory record of per-  
9 formance and attention to duty based on  
10 the standards and requirements in the in-  
11 spection program; and

12 (iii) demonstrates the current knowl-  
13 edge and skills necessary to courteously,  
14 vigilantly, and effectively perform inspec-  
15 tion functions.

16 (8) LIMITATION ON RIGHT TO STRIKE.—Any  
17 individual that conducts permitting or inspections  
18 under this section may not participate in a strike, or  
19 assert the right to strike.

20 (9) PERSONNEL AUTHORITY.—Notwithstanding  
21 any other provision of law, the Director may employ,  
22 appoint, discipline and terminate for cause, and fix  
23 the compensation, terms, and conditions of employ-  
24 ment of Federal service for individuals as the em-  
25 ployees of the Service in order to restore and main-

1       tain the trust of the people of the United States in  
2       the accountability of the management of our Na-  
3       tion’s energy safety program.

4               (10) TRAINING ACADEMY.—

5               (A) IN GENERAL.—The Secretary shall es-  
6       tablish and maintain a National Offshore En-  
7       ergy Safety Academy (referred to in this para-  
8       graph as the “Academy”) as an agency of the  
9       Ocean Energy Safety Service.

10              (B) FUNCTIONS OF ACADEMY.—The Sec-  
11       retary, through the Academy, shall be respon-  
12       sible for—

13              (i) the initial and continued training  
14       of both newly hired and experienced off-  
15       shore oil and gas inspectors in all aspects  
16       of health, safety, environmental, and oper-  
17       ational inspections;

18              (ii) the training of technical support  
19       personnel of the Bureau;

20              (iii) any other training programs for  
21       offshore oil and gas inspectors, Bureau  
22       personnel, Department personnel, or other  
23       persons as the Secretary shall designate;  
24       and

1 (iv) certification of the successful  
2 completion of training programs for newly  
3 hired and experienced offshore oil and gas  
4 inspectors.

5 (C) COOPERATIVE AGREEMENTS.—

6 (i) IN GENERAL.—In performing func-  
7 tions under this paragraph, and subject to  
8 clause (ii), the Secretary may enter into  
9 cooperative educational and training agree-  
10 ments with educational institutions, related  
11 Federal academies, other Federal agencies,  
12 State governments, safety training firms,  
13 and oil and gas operators and related in-  
14 dustries.

15 (ii) TRAINING REQUIREMENT.—Such  
16 training shall be conducted by the Acad-  
17 emy in accordance with curriculum needs  
18 and assignment of instructional personnel  
19 established by the Secretary.

20 (11) USE OF DEPARTMENT PERSONNEL.—In  
21 performing functions under this subsection, the Sec-  
22 retary shall use, to the extent practicable, the facili-  
23 ties and personnel of the Department of the Interior.  
24 The Secretary may appoint or assign to the Acad-  
25 emy such officers and employees as the Secretary

1 considers necessary for the performance of the du-  
2 ties and functions of the Academy.

3 (12) ADDITIONAL TRAINING PROGRAMS.—

4 (A) IN GENERAL.—The Secretary shall  
5 work with appropriate educational institutions,  
6 operators, and representatives of oil and gas  
7 workers to develop and maintain adequate pro-  
8 grams with educational institutions and oil and  
9 gas operators that are designed—

10 (i) to enable persons to qualify for po-  
11 sitions in the administration of this Act;  
12 and

13 (ii) to provide for the continuing edu-  
14 cation of inspectors or other appropriate  
15 Department of the Interior personnel.

16 (B) FINANCIAL AND TECHNICAL ASSIST-  
17 ANCE.—The Secretary may provide financial  
18 and technical assistance to educational institu-  
19 tions in carrying out this paragraph.

20 (e) LIMITATION.—The Secretary shall not carry out  
21 through the Service any function, power, or duty that is—

22 (1) required by section 402 to be carried out  
23 through Bureau of Ocean Energy; or

24 (2) required by section 404 to be carried out  
25 through the Office of Natural Resources Revenue.

1 **SEC. 404. OFFICE OF NATURAL RESOURCES REVENUE.**

2 (a) ESTABLISHMENT.—There is established in the  
3 Department of the Interior an Office of Natural Resources  
4 Revenue (referred to in this section as the “Office”) to  
5 be headed by a Director of Natural Resources Revenue  
6 (referred to in this section as the “Director”).

7 (b) APPOINTMENT AND COMPENSATION.—

8 (1) IN GENERAL.—The Director shall be ap-  
9 pointed by the Secretary of the Interior.

10 (2) COMPENSATION.—The Director shall be  
11 compensated at the rate provided for Level V of the  
12 Executive Schedule under section 5316 of title 5,  
13 United States Code.

14 (c) DUTIES.—

15 (1) IN GENERAL.—The Secretary of the Inte-  
16 rior shall carry out, through the Office, all functions,  
17 powers, and duties vested in the Secretary and relat-  
18 ing to the administration of offshore royalty and rev-  
19 enue management functions.

20 (2) SPECIFIC AUTHORITIES.—The Secretary  
21 shall carry out, through the Office, all functions,  
22 powers, and duties previously assigned to the Min-  
23 erals Management Service (including the authority  
24 to develop, promulgate, and enforce regulations) re-  
25 garding offshore royalty and revenue collection; roy-  
26 alty and revenue distribution; auditing and compli-



1           ance; investigation and enforcement of royalty and  
2           revenue regulations; and asset management for on-  
3           shore and offshore activities.

4           (d) **LIMITATION.**—The Secretary shall not carry out  
5 through the Office any function, power, or duty that is—

6                 (1) required by section 402 to be carried out  
7                 through Bureau of Ocean Energy; or

8                 (2) required by section 403 to be carried out  
9                 through the Ocean Energy Safety Service.

10 **SEC. 405. ETHICS AND DRUG TESTING.**

11           (a) **CERTIFICATION.**—The Secretary of the Interior  
12 shall certify annually that all Department of the Interior  
13 officers and employees having regular, direct contact with  
14 lessees, contractors, concessionaires, and other businesses  
15 interested before the Government as a function of their  
16 official duties, or conducting investigations, issuing per-  
17 mits, or responsible for oversight of energy programs, are  
18 in full compliance with all Federal employee ethics laws  
19 and regulations under the Ethics in Government Act of  
20 1978 (5 U.S.C. App.) and part 2635 of title 5, Code of  
21 Federal Regulations, and all guidance issued under sub-  
22 section (c).

23           (b) **DRUG TESTING.**—The Secretary shall conduct a  
24 random drug testing program of all Department of the  
25 Interior personnel referred to in subsection (a).

1 (c) GUIDANCE.—Not later than 90 days after the  
2 date of enactment of this Act, the Secretary shall issue  
3 supplementary ethics and drug testing guidance for the  
4 employees for which certification is required under sub-  
5 section (a). The Secretary shall update the supplementary  
6 ethics guidance not less than once every 3 years there-  
7 after.

8 **SEC. 406. ABOLISHMENT OF MINERALS MANAGEMENT**  
9 **SERVICE.**

10 (a) ABOLISHMENT.—The Minerals Management  
11 Service is abolished.

12 (b) COMPLETED ADMINISTRATIVE ACTIONS.—

13 (1) IN GENERAL.—Completed administrative  
14 actions of the Minerals Management Service shall  
15 not be affected by the enactment of this Act, but  
16 shall continue in effect according to their terms until  
17 amended, modified, superseded, terminated, set  
18 aside, or revoked in accordance with law by an offi-  
19 cer of the United States or a court of competent ju-  
20 risdiction, or by operation of law.

21 (2) COMPLETED ADMINISTRATIVE ACTION DE-  
22 FINED.—For purposes of paragraph (1), the term  
23 “completed administrative action” includes orders,  
24 determinations, memoranda of understanding,  
25 memoranda of agreements, rules, regulations, per-

1       sonnel actions, permits, agreements, grants, con-  
2       tracts, certificates, licenses, registrations, and privi-  
3       leges.

4       (c) PENDING PROCEEDINGS.—Subject to the author-  
5       ity of the Secretary of the Interior and the officers of the  
6       Department of the Interior under this Act—

7               (1) pending proceedings in the Minerals Man-  
8       agement Service, including notices of proposed rule-  
9       making, and applications for licenses, permits, cer-  
10      tificates, grants, and financial assistance, shall con-  
11      tinue, notwithstanding the enactment of this Act or  
12      the vesting of functions of the Service in another  
13      agency, unless discontinued or modified under the  
14      same terms and conditions and to the same extent  
15      that such discontinuance or modification could have  
16      occurred if this Act had not been enacted; and

17              (2) orders issued in such proceedings, and ap-  
18      peals therefrom, and payments made pursuant to  
19      such orders, shall issue in the same manner and on  
20      the same terms as if this Act had not been enacted,  
21      and any such orders shall continue in effect until  
22      amended, modified, superseded, terminated, set  
23      aside, or revoked by an officer of the United States  
24      or a court of competent jurisdiction, or by operation  
25      of law.

1 (d) PENDING CIVIL ACTIONS.—Subject to the au-  
2 thority of the Secretary of the Interior or any officer of  
3 the Department of the Interior under this Act, pending  
4 civil actions shall continue notwithstanding the enactment  
5 of this Act, and in such civil actions, proceedings shall be  
6 had, appeals taken, and judgments rendered and enforced  
7 in the same manner and with the same effect as if such  
8 enactment had not occurred.

9 (e) REFERENCES.—References relating to the Min-  
10 erals Management Service in statutes, Executive orders,  
11 rules, regulations, directives, or delegations of authority  
12 that precede the effective date of this Act are deemed to  
13 refer, as appropriate, to the Department, to its officers,  
14 employees, or agents, or to its corresponding organiza-  
15 tional units or functions. Statutory reporting requirements  
16 that applied in relation to the Minerals Management Serv-  
17 ice immediately before the effective date of this Act shall  
18 continue to apply.

19 **SEC. 407. CONFORMING AMENDMENTS TO EXECUTIVE**  
20 **SCHEDULE PAY RATES.**

21 (a) UNDER SECRETARY FOR ENERGY, LANDS, AND  
22 MINERALS.—Section 5314 of title 5, United States Code,  
23 is amended by inserting after the item relating to “Under  
24 Secretaries of the Treasury (3).” the following:

1           “Under Secretary for Energy, Lands, and Min-  
2           erals, Department of the Interior.”.

3           (b) ASSISTANT SECRETARIES.—Section 5315 of title  
4 5, United States Code, is amended by striking “Assistant  
5 Secretaries of the Interior (6).” and inserting the fol-  
6 lowing:

7           “Assistant Secretaries, Department of the Inte-  
8           rior (7).”.

9           (c) DIRECTORS.—Section 5316 of title 5, United  
10 States Code, is amended by striking “Director, Bureau of  
11 Mines, Department of the Interior.” and inserting the fol-  
12 lowing new items:

13           “Director, Bureau of Ocean Energy, Depart-  
14           ment of the Interior.

15           “Director, Ocean Energy Safety Service, De-  
16           partment of the Interior.

17           “Director, Office of Natural Resources Rev-  
18           enue, Department of the Interior.”.

19 **SEC. 408. OUTER CONTINENTAL SHELF ENERGY SAFETY**  
20 **ADVISORY BOARD.**

21           (a) ESTABLISHMENT.—The Secretary of the Interior  
22 shall establish, under the Federal Advisory Committee  
23 Act, an Outer Continental Shelf Energy Safety Advisory  
24 Board (referred to in this section as the “Board”)—

1           (1) to provide the Secretary and the Directors  
2 established by this Act with independent scientific  
3 and technical advice on safe, responsible, and timely  
4 mineral and renewable energy exploration, develop-  
5 ment, and production activities; and

6           (2) to review operations of the National Off-  
7 shore Energy Health and Safety Academy estab-  
8 lished under section 403(d), including submitting to  
9 the Secretary recommendations of curriculum to en-  
10 sure training scientific and technical advancements.

11 (b) MEMBERSHIP.—

12           (1) SIZE.—The Board shall consist of not more  
13 than 11 members, who—

14           (A) shall be appointed by the Secretary  
15 based on their expertise in oil and gas drilling,  
16 well design, operations, well containment and  
17 oil spill response; and

18           (B) must have significant scientific, engi-  
19 neering, management, and other credentials and  
20 a history of working in the field related to safe  
21 energy exploration, development, and produc-  
22 tion activities.

23           (2) CONSULTATION AND NOMINATIONS.—The  
24 Secretary shall consult with the National Academy  
25 of Sciences and the National Academy of Engineer-

1       ing to identify potential candidates for the Board  
2       and shall take nominations from the public.

3           (3) TERM.—The Secretary shall appoint Board  
4       members to staggered terms of not more than 4  
5       years, and shall not appoint a member for more  
6       than 2 consecutive terms.

7           (4) BALANCE.—In appointing members to the  
8       Board, the Secretary shall ensure a balanced rep-  
9       resentation of industry and research interests.

10       (c) CHAIR.—The Secretary shall appoint the Chair  
11      for the Board from among its members.

12       (d) MEETINGS.—The Board shall meet not less than  
13      3 times per year and shall host, at least once per year,  
14      a public forum to review and assess the overall energy  
15      safety performance of Outer Continental Shelf mineral  
16      and renewable energy resource activities.

17       (e) OFFSHORE DRILLING SAFETY ASSESSMENTS  
18      AND RECOMMENDATIONS.—As part of its duties under  
19      this section, the Board shall, by not later than 180 days  
20      after the date of enactment of this section and every 5  
21      years thereafter, submit to the Secretary a report that—

22           (1) assesses offshore oil and gas well control  
23      technologies, practices, voluntary standards, and  
24      regulations in the United States and elsewhere; and

1           (2) as appropriate, recommends modifications  
2           to the regulations issued under this Act to ensure  
3           adequate protection of safety and the environment,  
4           including recommendations on how to reduce regula-  
5           tions and administrative actions that are duplicative  
6           or unnecessary.

7           (f) **REPORTS.**—Reports of the Board shall be sub-  
8           mitted by the Board to the Committee on Natural Re-  
9           sources of the House or Representatives and the Com-  
10          mittee on Energy and Natural Resources of the Senate  
11          and made available to the public in electronically acces-  
12          sible form.

13          (g) **TRAVEL EXPENSES.**—Members of the Board,  
14          other than full-time employees of the Federal Government,  
15          while attending meeting of the Board or while otherwise  
16          serving at the request of the Secretary or the Director  
17          while serving away from their homes or regular places of  
18          business, may be allowed travel expenses, including per  
19          diem in lieu of subsistence, as authorized by section 5703  
20          of title 5, United States Code, for individuals in the Gov-  
21          ernment serving without pay.

22          **SEC. 409. OUTER CONTINENTAL SHELF INSPECTION FEES.**

23          Section 22 of the Outer Continental Shelf Lands Act  
24          (43 U.S.C. 1348) is amended by adding at the end of the  
25          section the following:



1 “(g) INSPECTION FEES.—

2 “(1) ESTABLISHMENT.—The Secretary of the  
3 Interior shall collect from the operators of facilities  
4 subject to inspection under subsection (c) non-re-  
5 fundable fees for such inspections—

6 “(A) at an aggregate level equal to the  
7 amount necessary to offset the annual expenses  
8 of inspections of outer Continental Shelf facili-  
9 ties (including mobile offshore drilling units) by  
10 the Department of the Interior; and

11 “(B) using a schedule that reflects the dif-  
12 ferences in complexity among the classes of fa-  
13 cilities to be inspected.

14 “(2) OCEAN ENERGY SAFETY FUND.—There is  
15 established in the Treasury a fund, to be known as  
16 the ‘Ocean Energy Enforcement Fund’ (referred to  
17 in this subsection as the ‘Fund’), into which shall be  
18 deposited all amounts collected as fees under para-  
19 graph (1) and which shall be available as provided  
20 under paragraph (3).

21 “(3) AVAILABILITY OF FEES.—

22 “(A) IN GENERAL.—Notwithstanding sec-  
23 tion 3302 of title 31, United States Code, all  
24 amounts deposited in the Fund—

1                   “(i) shall be credited as offsetting col-  
2                   lections;

3                   “(ii) shall be available for expenditure  
4                   for purposes of carrying out inspections of  
5                   outer Continental Shelf facilities (including  
6                   mobile offshore drilling units) and the ad-  
7                   ministration of the inspection program  
8                   under this section;

9                   “(iii) shall be available only to the ex-  
10                  tent provided for in advance in an appro-  
11                  priations Act; and

12                  “(iv) shall remain available until ex-  
13                  pended.

14                  “(B) USE FOR FIELD OFFICES.—Not less  
15                  than 75 percent of amounts in the Fund may  
16                  be appropriated for use only for the respective  
17                  Department of the Interior field offices where  
18                  the amounts were originally assessed as fees.

19                  “(4) INITIAL FEES.—Fees shall be established  
20                  under this subsection for the fiscal year in which  
21                  this subsection takes effect and the subsequent 10  
22                  years, and shall not be raised without advise and  
23                  consent of the Congress, except as determined by the  
24                  Secretary to be appropriate as an adjustment equal  
25                  to the percentage by which the Consumer Price

1 Index for the month of June of the calendar year  
2 preceding the adjustment exceeds the Consumer  
3 Price Index for the month of June of the calendar  
4 year in which the claim was determined or last ad-  
5 justed.

6 “(5) ANNUAL FEES.—Annual fees shall be col-  
7 lected under this subsection for facilities that are  
8 above the waterline, excluding drilling rigs, and are  
9 in place at the start of the fiscal year. Fees for fiscal  
10 year 2013 shall be—

11 “(A) \$10,500 for facilities with no wells,  
12 but with processing equipment or gathering  
13 lines;

14 “(B) \$17,000 for facilities with 1 to 10  
15 wells, with any combination of active or inactive  
16 wells; and

17 “(C) \$31,500 for facilities with more than  
18 10 wells, with any combination of active or in-  
19 active wells.

20 “(6) FEES FOR DRILLING RIGS.—Fees for drill-  
21 ing rigs shall be assessed under this subsection for  
22 all inspections completed in fiscal years 2013  
23 through 2022. Fees for fiscal year 2013 shall be—

1           “(A) \$30,500 per inspection for rigs oper-  
2           ating in water depths of 1,000 feet or more;  
3           and

4           “(B) \$16,700 per inspection for rigs oper-  
5           ating in water depths of less than 1,000 feet.

6           “(7) BILLING.—The Secretary shall bill des-  
7           ignated operators under paragraph (5) within 60  
8           days after the date of the inspection, with payment  
9           required within 30 days of billing. The Secretary  
10          shall bill designated operators under paragraph (6)  
11          within 30 days of the end of the month in which the  
12          inspection occurred, with payment required within  
13          30 days after billing.

14          “(8) SUNSET.—No fee may be collected under  
15          this subsection for any fiscal year after fiscal year  
16          2022.

17          “(9) ANNUAL REPORTS.—

18                 “(A) IN GENERAL.—Not later than 60  
19                 days after the end of each fiscal year beginning  
20                 with fiscal year 2013, the Secretary shall sub-  
21                 mit to the Committee on Energy and Natural  
22                 Resources of the Senate and the Committee on  
23                 Natural Resources of the House of Representa-  
24                 tives a report on the operation of the Fund dur-  
25                 ing the fiscal year.

1           “(B) CONTENTS.—Each report shall in-  
2           clude, for the fiscal year covered by the report,  
3           the following:

4                   “(i) A statement of the amounts de-  
5                   posited into the Fund.

6                   “(ii) A description of the expenditures  
7                   made from the Fund for the fiscal year, in-  
8                   cluding the purpose of the expenditures  
9                   and the additional hiring of personnel.

10                   “(iii) A statement of the balance re-  
11                   maining in the Fund at the end of the fis-  
12                   cal year.

13                   “(iv) An accounting of pace of permit  
14                   approvals.

15                   “(v) If fee increases are proposed  
16                   after the initial 10-year period referred to  
17                   in paragraph (5), a proper accounting of  
18                   the potential adverse economic impacts  
19                   such fee increases will have on offshore  
20                   economic activity and overall production,  
21                   conducted by the Secretary.

22                   “(vi) Recommendations to increase  
23                   the efficacy and efficiency of offshore in-  
24                   spections.

1                   “(vii) Any corrective actions levied  
2                   upon offshore inspectors as a result of any  
3                   form of misconduct.”.

4                   **TITLE V—UNITED STATES**  
5                   **TERRITORIES**

6   **SEC. 501. APPLICATION OF OUTER CONTINENTAL SHELF**  
7                   **LANDS ACT WITH RESPECT TO TERRITORIES**  
8                   **OF THE UNITED STATES.**

9                   Section 2 of the Outer Continental Shelf Lands Act  
10 (43 U.S.C. 1331) is amended—

11                   (1) in paragraph (a), by inserting after “con-  
12                   trol” the following: “or lying within the United  
13                   States exclusive economic zone and the Continental  
14                   Shelf adjacent to any territory of the United  
15                   States”;

16                   (2) in paragraph (p), by striking “and” after  
17                   the semicolon at the end;

18                   (3) in paragraph (q), by striking the period at  
19                   the end and inserting “; and”; and

20                   (4) by adding at the end the following:

21                   “(r) The term ‘State’ includes each territory of the  
22                   United States.”.

