



## Legislative Bulletin .....June 20, 2012

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**H.R. 4480** - Strategic Energy Production Act of 2012

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### **H.R. 4480 - Strategic Energy Production Act of 2012 (Gardner, R-CO)**

**Order of Business:** The legislation is expected to be considered on Wednesday, June 20, 2012, under a structured rule, H.Res. 691. The rule provides for the consideration of H.R. 4480 in the Committee of the Whole House on the state of the Union. The rule provides for 2 hours of general debate that is equally divided by the chair and ranking minority member. After debate, the legislation shall be considered for amendment under the five minute rule. The rule makes in order only those amendments that are printed in Rules Committee Report 112-540, which can be [viewed here](#). After amendment debate the Committee shall rise and report the legislation to the House. At that time, Members may demand a separate vote on any amendment that was adopted in the Committee. The rule also provides for one motion to recommit, with or without instructions. The text of the rule can be [found here](#).

**Summary:** The legislation is a combination of 7 different bills separated by title.

#### **Title I – Strategic Energy Production Act of 2012**

This text is similar to H.R. 4480 (Gardner, R-CO)

This legislation directs the Department of Energy to develop a plan to increase the amount of federal acreage (included submerged lands on the Outer Continental Shelf) leased for oil and gas exploration, development and production, if the department makes a drawdown in the Strategic Petroleum Reserve (SPR).

The Department would be required to develop this plan within 180 days oil from the Strategic Petroleum Reserve that occurs. The Department would have to increase the acreage under lease by the same percentage change in the size of the Strategic Petroleum Reserve resulting from the sale.

This plan shall not provide for oil and gas leasing of a total of more than 10% of federal lands. The Secretary of Energy is required to consult with the Secretaries of Agriculture, Interior, and Defense when developing this plan. Additionally, the Secretary of Energy shall consult the American Association of Petroleum Geologists and other state,

environmentalist, and oil and gas industry stakeholders to determine the most geologically promising lands for production of oil and natural gas liquids.

The Secretaries of Agriculture, Energy and Interior shall comply with any requirements listed in the plan, unless the Secretary of Defense views such actions as having an adverse effect on national security or military activities.

Lands referred to in the plan may not include lands managed by the National Park System or the National Wilderness Preservation System. Nothing in this legislation shall be construed to limit or affect the application of existing restriction on offshore drilling or requirements for land management under federal, state, or local law.

## **Title II – Gasoline Regulations Act of 2012**

This text is similar to H.R. 4471 (Whitfield, R-KY)

The legislation creates the Transportation Fuels Regulatory Committee to analyze and report on the cumulative impacts of certain rules and actions of the Environmental Protection Agency (EPA) on gasoline, diesel fuel, and natural gas prices.

The Committee shall be composed of the following officials (or their designees):

- The Secretary of Energy (who will serve as chair of the Committee);
- The Secretary of Transportation;
- The Secretary of Commerce;
- The Secretary of Labor;
- The Secretary of the Treasury;
- The Secretary of Agriculture;
- The Administrator of the Environmental Protection Agency;
- The Chairman of the U.S. International Trade Commission; and
- The Administrator of the Energy Information Administration.

The Committee shall conduct analyses for each of the calendar years 2016 and 2020 of the cumulative impact of all covered EPA rules. The Committee shall include in their analysis the following:

- Estimates of the cumulative impacts of the covered rules and covered actions with respect to their impact on the change in gasoline, global economic competitiveness of the U.S., and national, state, and regional employment;
- A sensitivity analysis reflecting alternative assumptions with respect to the aggregate demand for gasoline, diesel fuel, or natural gas.
- Discussions of the cumulative impact of the covered rules and actions on consumers, small businesses, regional economies, state and tribal governments, low-income communities, public health, and local and industry-specific labor markets.

The covered EPA rules that the Committee shall focus on are:

- “Control of Air Pollution From New Motor Vehicles: Tier 3 Motor Vehicle Emission and Fuel Standards,” as described in the Unified Agenda of Federal

Regulatory and Deregulatory Actions under Regulatory Identification Number 2060–AQ86;

- “Any rule proposed after March 15, 2012, establishing or revising a standard of performance or emission standard under section 111 or 112 of the Clean Air Act (42 U.S.C. 7411, 7412) that is applicable to petroleum refineries;
- “Any rule proposed after March 15, 2012, for implementation of the Renewable Fuel Program under section 211(o) of the Clean Air Act (42 U.S.C. 7545(o)); and
- “National Ambient Air Quality Standards for Ozone,” published at 73 Federal Register 16436 (March 27, 2008); “Reconsideration of the 2008 Ozone Primary and Secondary National Ambient Air Quality Standards,” as described in the Unified Agenda of Federal Regulatory and Deregulatory Actions under Regulatory Identification Number 2060-AP98; and any subsequent rule revising or supplementing the national ambient air quality standards for ozone under section 109 of the Clean Air Act (42 U.S.C. 7409).”

Within 90 days after enactment, the Committee shall submit to Congress a preliminary report containing the results of the analysis. The Committee shall also accept public comments regarding the preliminary report for 60 days after submission. Within 60 days of the close of the public comment period, the Committee shall submit to Congress a final report to Congress.

The EPA is prohibited from finalizing the following rules until at least 6 months after the Committee submits the final report to Congress:

- “Control of Air Pollution From New Motor Vehicles: Tier 3 Motor Vehicle Emission and Fuel Standards,” as described in the Unified Agenda of Federal Regulatory and Deregulatory Actions under Regulatory Identification Number 2060–AQ86, and any successor or substantially similar rule;
- “Any rule proposed after March 15, 2012, establishing or revising a standard of performance or emission standard under section 111 or 112 of the Clean Air Act (42 U.S.C. 7411, 7412) that is applicable to petroleum refineries; and
- “Any rule revising or supplementing the national ambient air quality standards for ozone under section 109 of the Clean Air Act (42 U.S.C. 7409).”

The Committee shall terminate 60 days after submitting its final report.

### **Title III – Planning for American Energy Act of 2012**

The text of this title is similar to H.R. 4381 (Tipton, R-CO)

The legislation directs the Secretary of the Interior (in consultation with the Secretary of Agriculture) to develop and publish every 4 years a Quadrennial Federal Onshore Energy Production Strategy. This strategy shall direct federal land energy development and department resource allocation in order to promote the energy security of the U.S.

When developing this strategy, the Secretary will consult with the Administrator of the Energy Information Administration on the projected energy demands of the U.S. for the next 30-year period, and on how energy from federal onshore lands can put the U.S. on a

trajectory to meet that demand in the next 4-year period. The legislation also directs the Secretary to determine a domestic strategic production objective for the development of energy sources from federal onshore lands.

The legislation contains a sense of Congress that federally recognized Indian tribes may elect to set their own production objectives as part of the Strategy. The Secretary shall report to Congress annually on the progress of meeting the production goals set forth in the strategy.

#### **Title IV – Providing Leasing Certainty for American Energy Act of 2012**

This text is similar to H.R. 4382 (Coffman, R-CO)

When conducting lease sales under the Mineral Leasing Act, the legislation directs the Secretary of the Interior to annually offer for sale no less than 25% of the annual nominated acreage that was not previously made available for lease. This acreage offered for lease shall not “be subject to protest” and shall be eligible for categorical exclusions.

The Secretary is prohibited from infringing upon lease rights by indefinitely delaying issuance of project approvals, drilling permits and rights of way for activities under a lease. Within 60 days after the last lease payment is made, the Secretary shall issue all leases sold. After the last lease payment is made, the Secretary is prohibited from cancelling or withdrawing any parcel under a lease.

Within 60 days after a lease sale, the Secretary shall adjudicate any lease protests that have been filed. If after 60 days any protest is left unsettled, the protest is automatically denied and the appeal process begins.

**Additional Information According to House Report 112-531:** The Department of the Interior is required by law under the Mineral Leasing Act to hold competitive auctions to allow oil and natural gas developers the opportunity to acquire federal land for energy development. Each year, millions of acres throughout the nation are nominated as areas where there is interest in oil and natural gas development to give the Bureau of Land Management (BLM) a general idea of where to hold lease sales.

#### **Title V – Streamlining Permitting of American Energy Act of 2012**

This text is similar to H.R. 4383 (Lamborn, R-CO)

The legislation establishes a timeline for the Secretary of the Interior to issue drilling permits. Secretary shall issue a decision on the permit within 30 days after the application is received. The Secretary is allowed to extend their decision period for up to 2 periods of 15 days each if they provide written notice of the delay to the applicant. This notice shall be in the form of a letter to the applicant and shall include the names and titles of the person processing the application, as well as the specific reasons for the delay and a specific date a final decision on the application is expected.

If the permit is denied, the Secretary shall provide the applicant in writing a clear and comprehensive explanation as to why the permit was not accepted. This will include detailed information concerning any deficiencies and the applicant will have the opportunity to remedy any deficiencies.

If the Secretary has not made a decision on a permit application by the end of the 60-day period after the permit is received, the permit application is deemed to be approved. This does not apply to cases where an existing review under the National Environmental Policy Act or the Endangered Species Act is incomplete.

The legislation authorizes the Secretary to collect a single \$6,500 permit processing fee per application from each applicant at the time the final decision is made whether to issue a permit. This fee shall not apply to any resubmitted applications. Of the fees collected, ½ of the fee shall be transferred to the field office where the fee was collected for the purposes of processing protests, leases, and permits.

The legislation also establishes a “protest fee” of \$5,000 to accompany each protest for a lease, right of way, or application for permit to drill.

The legislation requires the Secretary to establish a Federal Permit Streamlining Project in every Bureau of Land Management (BLM) field office that has responsibility for permitting energy projects on federal land.

The legislation also states that it is the sense of Congress that it is the intent of Congress that:

- “This title will support a healthy and growing United States domestic energy sector that, in turn, helps to reinvigorate American manufacturing, transportation, and service sectors by employing the vast talents of United States workers to assist in the development of energy from domestic sources; and
- “Congress will monitor the deployment of personnel and material onshore under this title to encourage the development of American technology and manufacturing to enable United States workers to benefit from this title through good jobs and careers, as well as the establishment of important industrial facilities to support expanded access to American energy resources.”

## **Title VI – National Petroleum Reserve Alaska Access Act**

This text is similar to H.R. 2150 (Hastings, R-WA)

The legislation directs the Secretary to conduct a competitive leasing program of oil and gas in the National Petroleum Reserve in Alaska (NPRS). This program shall include at least one lease sale annually in those areas of the reserve most likely to produce commercial quantities of oil and natural gas each year through 2021.

The legislation directs the Secretary of Interior and the Secretary of Transportation to issue permits for the construction of pipelines and roads that are necessary for infrastructure to transport oil and gas from NPRS to existing transportation and

processing infrastructure. The Secretary of the Interior is directed to submit a report to Congress, within 270 days after enactment, detailing surface infrastructure that may be needed to insure that all leasable tracts in the Reserve are within 25 miles of an approved road and pipeline right-of-way.

The legislation directs the Secretary of the Interior to issue regulations, within 180 day after enactment, that establish clear requirements to ensure that the Department is supporting development of oil and gas leases in the NPRA.

The Secretary is also directed to complete an assessment of all technically recoverable fossil fuel resources within the NPRA. This report is to be completed with 24 months after enactment. The legislation directs that the U.S. Geological Survey may cooperatively use resources and fund provided by the state of Alaska to carry out this assessment.

### **Title VII – BLM Live Interest Auctions Act**

This text is similar to H.R. 2752 (Johnson, R-OH)

The legislation directs the Secretary of the Interior to conduct onshore lease sales through internet-based bidding methods. Each internet-based sale shall conclude within 7 days.

Within 90 days after the 10<sup>th</sup> internet-based lease sale, the Secretary shall analyze the first 10 sales and report to Congress. This report will include estimates on increases or decrease in leases sales, compared to sales conducted by oral bidding, in:

- The number of bidders;
- The average amount of bid;
- The highest amount bid; and
- The lowest bid.

The report will also estimate on the total cost of savings to the Department of the Interior as a result of these internet-based leased sales, compared to oral bidding. The report will also include an evaluation of the demonstrated or expected effectiveness of different structure for lease sales.

**Committee Action:** H.R. 4480 was introduced on April 24, 2012, and was referred to the House Energy and Commerce Subcommittee on Energy and Power, the Natural Resources Subcommittee on Energy and Mineral Resources, the House Agriculture Subcommittee on Conservation, Energy and Forestry and the House Armed Services Committee.

**Outside Groups:** The following groups are scoring passage of H.R. 4480:

- National Association of Manufacturers – [\*scoring as a key vote\*](#)

**Administration Position:** No Statement of Administration Policy is available.

**Cost to Taxpayers:** CBO estimates that enacting the bill would reduce direct spending by \$385 million over the 2013-2022 period. In addition, CBO estimates that implementing the bill would authorize \$189 million over the 2013-2017 period, subject to appropriation. CBO's score can be [viewed here](#).

The legislation is a combination of 7 bills separated by title. The following are CBO estimates for each individual title of the legislation:

**Title I** – H.R. 4480 - CBO estimates that enacting H.R. 4480 would not have a significant impact on net direct spending.

**Title II** – H.R. 4471 - CBO estimates that implementing H.R. 4471 would authorize subject to appropriation \$3 million over the 2013-2017 period.

**Title III** – H.R. 4381 - CBO estimates that implementing the legislation would authorize \$15 million over the 2013-2017 period, subject to appropriation.

**Title IV** – H.R. 4382 - CBO estimates that enacting H.R. 4382 would increase offsetting receipts from bonus bids by \$2 million over the 2013-2022 period

**Title V** - H.R. 4383 - CBO estimates that enacting the legislation would increase offsetting receipts (a credit against direct spending) by \$384 million over the 2013-2022 period. In addition, CBO estimates that implementing the legislation would authorize \$156 million over the 2013-2017 period, subject to appropriation.

**Title VI** – H.R. 2150 - CBO estimates that implementing the legislation would authorize \$2 million over the 2012-2013 period, subject to appropriation.

**Title VII** – H.R. 2752 - CBO estimates that, assuming availability of appropriated funds, implementing the legislation would authorize \$2 million over the 2012-2016 period, subject to appropriation.

**Does the Bill Expand the Size and Scope of the Federal Government?:** No.

**Does the Bill Contain Any New State-Government, Local-Government, or Private-Sector Mandates?:** According to CBO, the bill contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act.

**Does the Bill Contain Earmarks/Limited Tax Benefits/Limited Tariff Benefits?:** The legislation contains no earmarks.

**Constitutional Authority:** Rep. Gardner states: “Congress has the power to enact this legislation pursuant to the following: Article IV, Section 3, clause 2.”

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