

**Calendar No. 529**109<sup>TH</sup> CONGRESS  
2<sup>D</sup> SESSION**S. 3711**

To enhance the energy independence and security of the United States by providing for exploration, development, and production activities for mineral resources in the Gulf of Mexico, and for other purposes.

---

**IN THE SENATE OF THE UNITED STATES**

JULY 20, 2006

Mr. DOMENICI (for himself, Ms. LANDRIEU, Mr. VITTER, Mr. FRIST, Mr. McCONNELL, Mr. MARTINEZ, Mr. COCHRAN, Mr. LOTT, Mr. SHELBY, Mr. SESSIONS, Mr. CORNYN, and Mrs. HUTCHISON) introduced the following bill; which was read the first time

JULY 21, 2006

Read the second time and placed on the calendar

---

**A BILL**

To enhance the energy independence and security of the United States by providing for exploration, development, and production activities for mineral resources in the Gulf of Mexico, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “Gulf of Mexico Energy  
3 Security Act of 2006”.

4 **SEC. 2. DEFINITIONS.**

5 In this Act:

6 (1) 181 AREA.—The term “181 Area” means  
7 the area identified in map 15, page 58, of the Pro-  
8 posed Final Outer Continental Shelf Oil and Gas  
9 Leasing Program for 1997–2002, dated August  
10 1996, of the Minerals Management Service, available  
11 in the Office of the Director of the Minerals Man-  
12 agement Service, excluding the area offered in OCS  
13 Lease Sale 181, held on December 5, 2001.

14 (2) 181 SOUTH AREA.—The term “181 South  
15 Area” means any area—

16 (A) located—

17 (i) south of the 181 Area;

18 (ii) west of the Military Mission Line;

19 and

20 (iii) in the Central Planning Area;

21 (B) excluded from the Proposed Final  
22 Outer Continental Shelf Oil and Gas Leasing  
23 Program for 1997–2002, dated August 1996, of  
24 the Minerals Management Service; and

25 (C) included in the areas considered for oil  
26 and gas leasing, as identified in map 8, page 37

1 of the document entitled “Draft Proposed Pro-  
2 gram Outer Continental Shelf Oil and Gas  
3 Leasing Program 2007–2012”, dated February  
4 2006.

5 (3) BONUS OR ROYALTY CREDIT.—The term  
6 “bonus or royalty credit” means a legal instrument  
7 or other written documentation, or an entry in an  
8 account managed by the Secretary, that may be used  
9 in lieu of any other monetary payment for—

10 (A) a bonus bid for a lease on the outer  
11 Continental Shelf; or

12 (B) a royalty due on oil or gas production  
13 from any lease located on the outer Continental  
14 Shelf.

15 (4) CENTRAL PLANNING AREA.—The term  
16 “Central Planning Area” means the Central Gulf of  
17 Mexico Planning Area of the outer Continental  
18 Shelf, as designated in the document entitled “Draft  
19 Proposed Program Outer Continental Shelf Oil and  
20 Gas Leasing Program 2007–2012”, dated February  
21 2006.

22 (5) EASTERN PLANNING AREA.—The term  
23 “Eastern Planning Area” means the Eastern Gulf of  
24 Mexico Planning Area of the outer Continental  
25 Shelf, as designated in the document entitled “Draft

1 Proposed Program Outer Continental Shelf Oil and  
2 Gas Leasing Program 2007–2012”, dated February  
3 2006.

4 (6) 2002–2007 PLANNING AREA.—The term  
5 “2002–2007 planning area” means any area—

6 (A) located in—

7 (i) the Eastern Planning Area, as des-  
8 ignated in the Proposed Final Outer Conti-  
9 nental Shelf Oil and Gas Leasing Program  
10 2002–2007, dated April 2002, of the Min-  
11 erals Management Service;

12 (ii) the Central Planning Area, as des-  
13 ignated in the Proposed Final Outer Conti-  
14 nental Shelf Oil and Gas Leasing Program  
15 2002–2007, dated April 2002, of the Min-  
16 erals Management Service; or

17 (iii) the Western Planning Area, as  
18 designated in the Proposed Final Outer  
19 Continental Shelf Oil and Gas Leasing  
20 Program 2002–2007, dated April 2002, of  
21 the Minerals Management Service; and

22 (B) not located in—

23 (i) an area in which no funds may be  
24 expended to conduct offshore preleasing,  
25 leasing, and related activities under sec-

1 tions 104 through 106 of the Department  
2 of the Interior, Environment, and Related  
3 Agencies Appropriations Act, 2006 (Public  
4 Law 109–54; 119 Stat. 521) (as in effect  
5 on August 2, 2005);

6 (ii) an area withdrawn from leasing  
7 under the “Memorandum on Withdrawal  
8 of Certain Areas of the United States  
9 Outer Continental Shelf from Leasing Dis-  
10 position”, from 34 Weekly Comp. Pres.  
11 Doc. 1111, dated June 12, 1998; or

12 (iii) the 181 Area or 181 South Area.

13 (7) GULF PRODUCING STATE.—The term “Gulf  
14 producing State” means each of the States of Ala-  
15 bama, Louisiana, Mississippi, and Texas.

16 (8) MILITARY MISSION LINE.—The term “Mili-  
17 tary Mission Line” means the north-south line at  
18  $86^{\circ}41'$  W. longitude.

19 (9) QUALIFIED OUTER CONTINENTAL SHELF  
20 REVENUES.—

21 (A) IN GENERAL.—The term “qualified  
22 outer Continental Shelf revenues” means—

23 (i) in the case of each of fiscal years  
24 2007 through 2016, all rentals, royalties,  
25 bonus bids, and other sums due and pay-

1 able to the United States from leases en-  
2 tered into on or after the date of enact-  
3 ment of this Act for—

4 (I) areas in the 181 Area located  
5 in the Eastern Planning Area; and

6 (II) the 181 South Area; and

7 (ii) in the case of fiscal year 2017 and  
8 each fiscal year thereafter, all rentals, roy-  
9 alties, bonus bids, and other sums due and  
10 payable to the United States received on or  
11 after October 1, 2016, from leases entered  
12 into on or after the date of enactment of  
13 this Act for—

14 (I) the 181 Area;

15 (II) the 181 South Area; and

16 (III) the 2002–2007 planning  
17 area.

18 (B) EXCLUSIONS.—The term “qualified  
19 outer Continental Shelf revenues” does not in-  
20 clude—

21 (i) revenues from the forfeiture of a  
22 bond or other surety securing obligations  
23 other than royalties, civil penalties, or roy-  
24 alties taken by the Secretary in-kind and  
25 not sold; or

1 (ii) revenues generated from leases  
2 subject to section 8(g) of the Outer Conti-  
3 nental Shelf Lands Act (43 U.S.C.  
4 1337(g)).

5 (10) COASTAL POLITICAL SUBDIVISION.—The  
6 term “coastal political subdivision” means a political  
7 subdivision of a Gulf producing State any part of  
8 which political subdivision is—

9 (A) within the coastal zone (as defined in  
10 section 304 of the Coastal Zone Management  
11 Act of 1972 (16 U.S.C. 1453)) of the Gulf pro-  
12 ducing State as of the date of enactment of this  
13 Act; and

14 (B) not more than 200 nautical miles from  
15 the geographic center of any leased tract.

16 (11) SECRETARY.—The term “Secretary”  
17 means the Secretary of the Interior.

18 **SEC. 3. OFFSHORE OIL AND GAS LEASING IN 181 AREA AND**

19 **181 SOUTH AREA OF GULF OF MEXICO.**

20 (a) 181 AREA LEASE SALE.—Except as provided in  
21 section 4, the Secretary shall offer the 181 Area for oil  
22 and gas leasing pursuant to the Outer Continental Shelf  
23 Lands Act (43 U.S.C. 1331 et seq.) as soon as practicable,  
24 but not later than 1 year, after the date of enactment of  
25 this Act.

1 (b) 181 SOUTH AREA LEASE SALE.—The Secretary  
2 shall offer the 181 South Area for oil and gas leasing pur-  
3 suant to the Outer Continental Shelf Lands Act (43  
4 U.S.C. 1331 et seq.) as soon as practicable after the date  
5 of enactment of this Act.

6 (c) LEASING PROGRAM.—The 181 Area and 181  
7 South Area shall be offered for lease under this section  
8 notwithstanding the omission of the 181 Area or the 181  
9 South Area from any outer Continental Shelf leasing pro-  
10 gram under section 18 of the Outer Continental Shelf  
11 Lands Act (43 U.S.C. 1344).

12 (d) CONFORMING AMENDMENT.—Section 105 of the  
13 Department of the Interior, Environment, and Related  
14 Agencies Appropriations Act, 2006 (Public Law 109–54;  
15 119 Stat. 522) is amended by inserting “(other than the  
16 181 South Area (as defined in section 2 of the Gulf of  
17 Mexico Energy Security Act of 2006))” after “lands lo-  
18 cated outside Sale 181”.

19 **SEC. 4. MORATORIUM ON OIL AND GAS LEASING IN CER-**  
20 **TAIN AREAS OF GULF OF MEXICO.**

21 (a) IN GENERAL.—Effective during the period begin-  
22 ning on the date of enactment of this Act and ending on  
23 June 30, 2022, the Secretary shall not offer for leasing,  
24 preleasing, or any related activity—

1           (1) any area east of the Military Mission Line  
2           in the Gulf of Mexico;

3           (2) any area in the Eastern Planning Area that  
4           is within 125 miles of the coastline of the State of  
5           Florida; or

6           (3) any area in the Central Planning Area that  
7           is—

8                   (A) within—

9                           (i) the 181 Area; and

10                           (ii) 100 miles of the coastline of the  
11                   State of Florida; or

12                   (B)(i) outside the 181 Area;

13                           (ii) east of the western edge of the Pensa-  
14                   cola Official Protraction Diagram (UTM X co-  
15                   ordinate 1,393,920 (NAD 27 feet)); and

16                           (iii) within 100 miles of the coastline of  
17                   the State of Florida.

18           (b) MILITARY MISSION LINE.—Notwithstanding sub-  
19           section (a), the United States reserves the right to des-  
20           ignate by and through the Secretary of Defense, with the  
21           approval of the President, national defense areas on the  
22           outer Continental Shelf pursuant to section 12(d) of the  
23           Outer Continental Shelf Lands Act (43 U.S.C. 1341(d)).

24           (c) EXCHANGE OF CERTAIN LEASES.—

1           (1) IN GENERAL.—The Secretary shall permit  
2 any person that, as of the date of enactment of this  
3 Act, has entered into an oil or gas lease with the  
4 Secretary in any area described in paragraph (2) or  
5 (3) of subsection (a) to exchange the lease for a  
6 bonus or royalty credit that may only be used in the  
7 Gulf of Mexico.

8           (2) VALUATION OF EXISTING LEASE.—The  
9 amount of the bonus or royalty credit for a lease to  
10 be exchanged shall be equal to—

11                   (A) the amount of the bonus bid; and

12                   (B) any rental paid for the lease as of the  
13 date the lessee notifies the Secretary of the de-  
14 cision to exchange the lease.

15           (3) REVENUE DISTRIBUTION.—No bonus or  
16 royalty credit may be used under this subsection in  
17 lieu of any payment due under, or to acquire any in-  
18 terest in, a lease subject to the revenue distribution  
19 provisions of section 8(g) of the Outer Continental  
20 Shelf Lands Act (43 U.S.C. 1337(g)).

21           (4) REGULATIONS.—Not later than 1 year after  
22 the date of enactment of this Act, the Secretary  
23 shall promulgate regulations that shall provide a  
24 process for—

1 (A) notification to the Secretary of a deci-  
2 sion to exchange an eligible lease;

3 (B) issuance of bonus or royalty credits in  
4 exchange for relinquishment of the existing  
5 lease;

6 (C) transfer of the bonus or royalty credit  
7 to any other person; and

8 (D) determining the proper allocation of  
9 bonus or royalty credits to each lease interest  
10 owner.

11 **SEC. 5. DISPOSITION OF QUALIFIED OUTER CONTINENTAL**  
12 **SHELF REVENUES FROM 181 AREA, 181 SOUTH**  
13 **AREA, AND 2002-2007 PLANNING AREAS OF**  
14 **GULF OF MEXICO.**

15 (a) IN GENERAL.—Notwithstanding section 9 of the  
16 Outer Continental Shelf Lands Act (43 U.S.C. 1338) and  
17 subject to the other provisions of this section, for each ap-  
18 plicable fiscal year, the Secretary of the Treasury shall  
19 deposit—

20 (1) 50 percent of qualified outer Continental  
21 Shelf revenues in the general fund of the Treasury;  
22 and

23 (2) 50 percent of qualified outer Continental  
24 Shelf revenues in a special account in the Treasury  
25 from which the Secretary shall disburse—

1 (A) 75 percent to Gulf producing States in  
2 accordance with subsection (b); and

3 (B) 25 percent to provide financial assist-  
4 ance to States in accordance with section 6 of  
5 the Land and Water Conservation Fund Act of  
6 1965 (16 U.S.C. 460l-8), which shall be con-  
7 sidered income to the Land and Water Con-  
8 servation Fund for purposes of section 2 of that  
9 Act (16 U.S.C. 460l-5).

10 (b) ALLOCATION AMONG GULF PRODUCING STATES  
11 AND COASTAL POLITICAL SUBDIVISIONS.—

12 (1) ALLOCATION AMONG GULF PRODUCING  
13 STATES FOR FISCAL YEARS 2007 THROUGH 2016.—

14 (A) IN GENERAL.—Subject to subpara-  
15 graph (B), effective for each of fiscal years  
16 2007 through 2016, the amount made available  
17 under subsection (a)(2)(A) shall be allocated to  
18 each Gulf producing State in amounts (based  
19 on a formula established by the Secretary by  
20 regulation) that are inversely proportional to  
21 the respective distances between the point on  
22 the coastline of each Gulf producing State that  
23 is closest to the geographic center of the appli-  
24 cable leased tract and the geographic center of  
25 the leased tract.

1 (B) MINIMUM ALLOCATION.—The amount  
2 allocated to a Gulf producing State each fiscal  
3 year under subparagraph (A) shall be at least  
4 10 percent of the amounts available under sub-  
5 section (a)(2)(A).

6 (2) ALLOCATION AMONG GULF PRODUCING  
7 STATES FOR FISCAL YEAR 2017 AND THEREAFTER.—

8 (A) IN GENERAL.—Subject to subpara-  
9 graphs (B) and (C), effective for fiscal year  
10 2017 and each fiscal year thereafter—

11 (i) the amount made available under  
12 subsection (a)(2)(A) from any lease en-  
13 tered into within the 181 Area or the 181  
14 South Area shall be allocated to each Gulf  
15 producing State in amounts (based on a  
16 formula established by the Secretary by  
17 regulation) that are inversely proportional  
18 to the respective distances between the  
19 point on the coastline of each Gulf pro-  
20 ducing State that is closest to the geo-  
21 graphic center of the applicable leased  
22 tract and the geographic center of the  
23 leased tract; and

24 (ii) the amount made available under  
25 subsection (a)(2)(A) from any lease en-

1           tered into within the 2002–2007 planning  
2           area shall be allocated to each Gulf pro-  
3           ducing State in amounts that are inversely  
4           proportional to the respective distances be-  
5           tween the point on the coastline of each  
6           Gulf producing State that is closest to the  
7           geographic center of each historical lease  
8           site and the geographic center of the his-  
9           torical lease site, as determined by the Sec-  
10          retary.

11           (B) MINIMUM ALLOCATION.—The amount  
12          allocated to a Gulf producing State each fiscal  
13          year under subparagraph (A) shall be at least  
14          10 percent of the amounts available under sub-  
15          section (a)(2)(A).

16           (C) HISTORICAL LEASE SITES.—

17           (i) IN GENERAL.—Subject to clause  
18          (ii), for purposes of subparagraph (A)(ii),  
19          the historical lease sites in the 2002–2007  
20          planning area shall include all leases en-  
21          tered into by the Secretary for an area in  
22          the Gulf of Mexico during the period be-  
23          ginning on October 1, 1982 (or an earlier  
24          date if practicable, as determined by the

1 Secretary), and ending on December 31,  
2 2015.

3 (ii) ADJUSTMENT.—Effective January  
4 1, 2022, and every 5 years thereafter, the  
5 ending date described in clause (i) shall be  
6 extended for an additional 5 calendar  
7 years.

8 (3) PAYMENTS TO COASTAL POLITICAL SUB-  
9 DIVISIONS.—

10 (A) IN GENERAL.—The Secretary shall pay  
11 20 percent of the allocable share of each Gulf  
12 producing State, as determined under para-  
13 graphs (1) and (2), to the coastal political sub-  
14 divisions of the Gulf producing State.

15 (B) ALLOCATION.—The amount paid by  
16 the Secretary to coastal political subdivisions  
17 shall be allocated to each coastal political sub-  
18 division in accordance with subparagraphs (B),  
19 (C), and (E) of section 31(b)(4) of the Outer  
20 Continental Shelf Lands Act (43 U.S.C.  
21 1356a(b)(4)).

22 (c) TIMING.—The amounts required to be deposited  
23 under paragraph (2) of subsection (a) for the applicable  
24 fiscal year shall be made available in accordance with that

1 paragraph during the fiscal year immediately following the  
2 applicable fiscal year.

3 (d) AUTHORIZED USES.—

4 (1) IN GENERAL.—Subject to paragraph (2),  
5 each Gulf producing State and coastal political sub-  
6 division shall use all amounts received under sub-  
7 section (b) in accordance with all applicable Federal  
8 and State laws, only for 1 or more of the following  
9 purposes:

10 (A) Projects and activities for the purposes  
11 of coastal protection, including conservation,  
12 coastal restoration, hurricane protection, and  
13 infrastructure directly affected by coastal wet-  
14 land losses.

15 (B) Mitigation of damage to fish, wildlife,  
16 or natural resources.

17 (C) Implementation of a federally-approved  
18 marine, coastal, or comprehensive conservation  
19 management plan.

20 (D) Mitigation of the impact of outer Con-  
21 tinental Shelf activities through the funding of  
22 onshore infrastructure projects.

23 (E) Planning assistance and the adminis-  
24 trative costs of complying with this section.

1           (2) LIMITATION.—Not more than 3 percent of  
2 amounts received by a Gulf producing State or  
3 coastal political subdivision under subsection (b)  
4 may be used for the purposes described in paragraph  
5 (1)(E).

6           (e) ADMINISTRATION.—Amounts made available  
7 under subsection (a)(2) shall—

8           (1) be made available, without further appro-  
9 priation, in accordance with this section;

10           (2) remain available until expended; and

11           (3) be in addition to any amounts appropriated  
12 under—

13           (A) the Outer Continental Shelf Lands Act  
14 (43 U.S.C. 1331 et seq.);

15           (B) the Land and Water Conservation  
16 Fund Act of 1965 (16 U.S.C. 460l–4 et seq.);  
17 or

18           (C) any other provision of law.

19           (f) LIMITATIONS ON AMOUNT OF DISTRIBUTED  
20 QUALIFIED OUTER CONTINENTAL SHELF REVENUES.—

21           (1) IN GENERAL.—Subject to paragraph (2),  
22 the total amount of qualified outer Continental Shelf  
23 revenues made available under subsection (a)(2)  
24 shall not exceed \$500,000,000 for each of fiscal  
25 years 2016 through 2055.

1           (2) EXPENDITURES.—For the purpose of para-  
2 graph (1), for each of fiscal years 2016 through  
3 2055, expenditures under subsection (a)(2) and shall  
4 be net of receipts from that fiscal year from any  
5 area in the 181 Area in the Eastern Planning Area  
6 and the 181 South Area.

7           (3) PRO RATA REDUCTIONS.—If paragraph (1)  
8 limits the amount of qualified outer Continental  
9 Shelf revenue that would be paid under subpara-  
10 graphs (A) and (B) of subsection (a)(2)—

11                   (A) the Secretary shall reduce the amount  
12 of qualified outer Continental Shelf revenue  
13 provided to each recipient on a pro rata basis;  
14 and

15                   (B) any remainder of the qualified outer  
16 Continental Shelf revenues shall revert to the  
17 general fund of the Treasury.



**Calendar No. 529**

109<sup>TH</sup> CONGRESS  
2<sup>D</sup> SESSION

**S. 3711**

---

---

**A BILL**

To enhance the energy independence and security of the United States by providing for exploration, development, and production activities for mineral resources in the Gulf of Mexico, and for other purposes.

---

---

JULY 21, 2006

Read the second time and placed on the calendar