AMENDMENT NO. ____ Calendar No. ____

Purpose: To promote oil shale and tar sands development.

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IN THE SENATE OF THE UNITED STATES—109th Cong., 1st Sess.

H.R. 6

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Page(s)

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AMENDMENT intended to be proposed by Hatch / Salazar

Viz:

Beginning on page 290, strike line 6 and all that follows through page 296, line 25, and insert the following:

SEC. 346. OIL SHALE AND TAR SANDS.

(a) DECLARATION OF POLICY.—Congress declares that it is the policy of the United States that—

(1) United States oil shale and tar sands are strategically important domestic resources that should be developed through methods that help reduce the growing dependence of the United States

on politically and economically unstable sources of foreign oil imports;

(2) the development of oil shale and tar sands, for research and commercial development, should be conducted in an economically feasible and environmentally sound manner, using practices that minimize impacts;

(3) development should occur at a deliberate pace, with an emphasis on sustainability, to benefit the United States while taking into account affected States and communities; and

(4) the Secretary of the Interior should work toward developing a commercial leasing program for oil shale and tar sands so that such a program can be implemented when production technologies are commercially viable.

(b) LEASING PROGRAM.—

(1) RESEARCH AND DEVELOPMENT.—

(A) IN GENERAL.—In accordance with section 21 of the Mineral Leasing Act (30 U.S.C. 241) and any other applicable law, except as provided in this section, not later than 1 year after the date of enactment of this Act, from land otherwise available for leasing, the Secretary of the Interior (referred to in this section as the "Secretary") shall, for a period determined by the Secretary, make available for leasing such land as the Secretary considers to be necessary to conduct research and development activities with respect to innovative technologies for the recovery of shale oil from oil shale resources on public land.

(B) APPLICATION.—The Secretary may offer to lease the land to persons that submit an application for the lease, if the Secretary determines that there is no competitive interest in the land.

(C) ADMINISTRATION.—In carrying out this paragraph, the Secretary shall—

(i) provide for environmentally sound research and development of oil shale;

(ii) provide for an appropriate return to the public, as determined by the Secretary;

(iii) before carrying out any activity that will disturb the surface of land, provide for an adequate bond, surety, or other financial arrangement to ensure reclamation;

(iv) provide for a primary lease term of 10 years, after which the lease term may be extended if the Secretary determines that diligent research and development activities are occurring on the land leased;

(v) require the owner or operator of a project under this subsection, within such period as the Secretary may determine—

(I) to submit a plan of operations;

(II) to develop an environmental protection plan; and

(III) to undertake diligent research and development activities;

(vi) ensure that leases under this section are not larger than necessary to conduct research and development activities under an application under subparagraph (B);

(vii) provide for consultation with affected State and local governments; and

(viii) provide for such requirements as the Secretary determines to be in the public interest.

(2) COMMERCIAL LEASING.—Prior to conducting commercial leasing, the Secretary shall carry out—

(A) the programmatic environmental impact statement required under subsection (c); and

(B) the analysis required under subsection (d).

(3) MONEYS RECEIVED.—Any moneys received from a leasing activity under this subsection shall be paid in accordance with section 35 of the Mineral Leasing Act (30 U.S.C. 191).

(c) PROGRAMMATIC ENVIRONMENTAL IMPACT STATEMENT.—Not later than 18 months after the date of enactment of this Act, in accordance with section 102(2)(C) of the National Environmental Policy Act of 1969 (42 U.S.C. 4332(2)(C)), the Secretary shall complete a programmatic environmental impact statement that analyzes potential leasing for commercial development of oil shale resources on public land.

(d) ANALYSIS OF POTENTIAL LEASING PROGRAM.—

(1) IN GENERAL.—Not later than 18 months after the date of enactment of this Act, the Secretary shall submit to Congress a report (including recommendations) analyzing a potential leasing pro-

gram for the commercial development of oil shale on public land.

(2) INCLUSIONS.—The report under paragraph (1) shall include—

(A) an analysis of technologies and research and development programs for the production of oil and other materials from oil shale and tar sands in existence on the date on which the report is prepared;

(B) an analysis of—

(i) whether leases under the program should be issued on a competitive basis;

(ii) the term of the leases;

(iii) the maximum size of the leases;

(iv) the use and distribution of bonus bid lease payments;

(v) the royalty rate to be applied, including whether a sliding scale royalty rate should be used;

(vi) whether an opportunity should be provided to convert research and development leases into leases for commercial development, including the terms and conditions that should apply to the conversion;

(vii) the maximum number of leases and maximum acreage to be leased under the leasing program to an individual; and

(viii) any infrastructure required to support oil shale development in industry and communities;

(C) an identification of events that should serve as a precursor to commercial leasing, including development of environmentally and commercially viable technologies, and the completion of land use planning and environmental reviews; and

(D) an analysis, developed in conjunction with the appropriate State water resource agencies, of the demand for, and availability of, water with respect to the development of oil shale and tar sands.

(3) PUBLIC PARTICIPATION.—In preparing the report under this subsection, the Secretary shall provide notice to, and solicit comment from—

(A) the public;

(B) representatives of local governments;

(C) representatives of industry; and

(D) other interested parties.

(4) PARTICIPATION BY CERTAIN STATES.—In preparing the report under this subsection, the Secretary shall—

(A) provide notice to, and solicit comment from, the Governors of the States of Colorado, Utah, and Wyoming; and

(B) incorporate into the report submitted to Congress under paragraph (1) any response of the Secretary to those comments.

(e) OIL SHALE AND TAR SANDS TASK FORCE.—

(1) ESTABLISHMENT.—The Secretary of Energy, in cooperation with the Secretary of the Interior, shall establish an Oil Shale and Tar Sands Task Force to develop a program to coordinate and accelerate the commercial development of oil shale and tar sands in an integrated manner.

(2) COMPOSITION.—The Task Force shall be composed of—

(A) the Secretary of Energy (or the designee of the Secretary of Energy);

(B) the Secretary of Defense (or the designee of the Secretary of Defense);

(C) the Secretary of the Interior (or the designee of the Secretary of the Interior);

(D) the Governors of the affected States; and

(E) representatives of local governments in affected areas.

(3) DEVELOPMENT OF A 5-YEAR PLAN.—

(A) IN GENERAL.—The Task Force shall formulate a 5-year plan to promote the development of oil shale and tar sands.

(B) COMPONENTS.—In formulating the plan, the Task Force shall—

(i) identify public actions that are required to stimulate prudent development of oil shale and tar sands;

(ii) analyze the costs and benefits of those actions;

(iii) make recommendations concerning specific actions that should be taken to stimulate prudent development of oil shale and tar sands, including economic, investment, tax, technology, research and development, infrastructure, environmental, education, and socio-economic actions;

(iv) consult with representatives of industry and other stakeholders;

(v) provide notice and opportunity for public comment on the plan;

(vi) identify oil shale and tar sands technologies that—

(I) are ready for pilot plant and semiworks development; and

(II) have a high probability of leading to advanced technology for first- or second-generation commercial production; and

(vii) assess the availability of water from the Green River Formation to meet the potential needs of oil shale and tar sands development.

(4) NATIONAL PROGRAM OFFICE.—The Task Force shall analyze and make recommendations regarding the need for a national program office to administer the plan.

(5) PARTNERSHIP.—The Task Force shall recommend whether to initiate a partnership with Alberta, Canada, for purposes of sharing information relating to the development and production of oil from tar sands.

(6) REPORTS.—

(A) INITIAL REPORT.—Not later than 180 days after the date of enactment of this Act, the Task Force shall submit to the President and Congress a report that describes the analysis and recommendations of the Task Force and contains the 5-year plan.

(B) SUBSEQUENT REPORTS.—The Secretary of Energy shall provide an annual report describing the progress in carrying out the plan for each of the 5 years following submission of the report provided for in subparagraph (A).

(f) MINERAL LEASING ACT AMENDMENTS.—Section 21(a) of the Mineral Leasing Act (30 U.S.C. 241(a)) is amended—

(1) by designating the first, second, and third sentences as paragraphs (1), (2), and (3), respectively; and

(2) in paragraph (3) (as designated by paragraph (1))—

(A) by striking "rate of 50 cents per acre" and inserting "rate of $2.00 per acre"; and

(B) in the last proviso—

(i) by striking "That not more than one lease shall be granted under this section to any" and inserting "That no"; and

(ii) by striking "except that with respect to leases for" and inserting "shall acquire or hold more than 25,000 acres of oil shale leases in the United States. For".

(g) COST-SHARED DEMONSTRATION TECHNOLOGIES.—

(1) IDENTIFICATION.—The Secretary of Energy shall identify technologies for the development of oil shale and tar sands that—

(A) are ready for demonstration at a commercially-representative scale; and

(B) have a high probability of leading to commercial production.

(2) ASSISTANCE.—For each technology identified under paragraph (1), the Secretary of Energy may provide—

(A) technical assistance;

(B) assistance in meeting environmental and regulatory requirements; and

(C) cost-sharing assistance in accordance with section 1002.

(h) TECHNICAL ASSISTANCE.—

(1) IN GENERAL.—The Secretary of Energy may provide technical assistance for the purpose of overcoming technical challenges to the development

of oil shale and tar sands technologies for application in the United States.

(2) ADMINISTRATION.—The Secretary of Energy may provide technical assistance under this section on a cost-shared basis in accordance with section 1002.

(i) NATIONAL OIL SHALE ASSESSMENT.—

(1) ASSESSMENT.—

(A) IN GENERAL.—The Secretary shall carry out a national assessment of oil shale resources for the purposes of evaluating and mapping oil shale deposits, in the geographic areas described in subparagraph (B).

(B) GEOGRAPHIC AREAS.—The geographic areas referred to in subparagraph (A), listed in the order in which the Secretary shall assign priority, are—

(i) the Green River Region of the States of Colorado, Utah, and Wyoming;

(ii) the Devonian oil shales of the eastern United States; and

(iii) any remaining area in the central and western United States (including the State of Alaska) that contains oil shale, as determined by the Secretary.

(2) USE OF STATE SURVEYS AND UNIVERSITIES.—In carrying out the assessment under paragraph (1), the Secretary may request assistance from any State-administered geological survey or university.

(j) STATE WATER RIGHTS.—Nothing in this section preempts or affects any State water law or interstate compact relating to water.

(k) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated such sums as are necessary to carry out this section.