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2/25/75

THE WHITE HOUSE
WASHINGTON

Mr. Peidens -

As per your request -

D

Morton's reaction + others?

THE PRESIDENT HAS SEEN *dy*

THE WHITE HOUSE
WASHINGTON

February 24, 1975

MEMORANDUM FOR: DICK CHENEY

FROM: JERRY H. JONES 

You requested the bill introduced by Senator Johnston concerning the outer continental shelf. Attached is a Schleede background memorandum, a summary of Senator Jackson's points placed in the Congressional Record, and the bill itself. I believe you are holding a paper from Cavanaugh for this attachment.

THE WHITE HOUSE

WASHINGTON

February 24, 1975

MEMORANDUM FOR: JERRY JONES
FROM: *Glenn*
GLENN SCHLEEDE
SUBJECT: Senator Bennett Johnston's position
on OCS revenue sharing

Senator Johnston is the leading proponent in the Senate Interior Committee of a requirement for sharing Outer Continental Shelf (OCS) revenues with coastal states. His sharing proposal was incorporated in a bill (S. 3221) which passed the Senate last September. That same bill has been reintroduced in the 94th Congress as S. 521 with the joint sponsorship of Senators Jackson, Johnston, Randolph and Metcalf. Hearings will begin on S. 521 -- which is a comprehensive bill to amend the OCS Lands Act -- and 4 or 5 other OCS bills in mid-March.

The provisions of S. 521 with respect to OCS revenue sharing are those attributed to Senator Jackson on page 2 of our February 21 memorandum to the President. Specifically, S. 521 calls for creation of a coastal state fund:

- . To provide grants to coastal states impact by anticipated or actual oil and gas production, to ameliorate adverse environmental effects and control secondary social and economic impact. Funds could be used for planning, public facilities and public services.
- . To be funded by (a) earmarking 10% of Federal revenues from the OCS or the equivalent of 40¢ per barrel, whichever is greater, not to exceed \$200 million per year in 1976 and 1977, (no limit is specified after FY 1977) and, (b) authorized appropriations of \$100 million.
- . To be administered by the Secretary of Commerce.

Other major provisions of S. 521 include:

- . A \$100 million oil spill liability fund financed by tax on oil.
- . Authority for governors of coastal states to delay OCS leasing for up to three years.

Summary of S. 521 placed in the Congressional Record by
Senator Jackson.

BRIEF SUMMARY OF MAJOR PROVISIONS OF
ENERGY SUPPLY ACT OF 1975

1. Policy. Declares that the OCS is a vital national resource reserve held by the Federal government for all the people, which should be made available for orderly development, subject to environmental safeguards, when necessary to meet national needs. Expressly recognizes need for assistance to coastal states to protect coastal zone from adverse effects of OCS development.

2. Advance Planning. Establishes a 10 year leasing plan and program designed to bring about rapid but responsible development of OCS oil and gas reserves. Requires coordination with coastal zone management programs.

This program would indicate the size, timing, and location of leasing activity which the Secretary believes would meet national energy needs over the next 10 years. The leasing program must be consistent with the following principles:

(1) management of the Outer Continental Shelf in a manner which considers all its resource values and the potential impact of oil and gas development on other resource values and the marine environment;

(2) timing and location of leasing so as to distribute exploration, development and production of oil and gas among various areas of the Outer Continental Shelf considering:

(A) existing information concerning their geographical, geological and ecological characteristics;

(B) their location with respect to, and relative needs of, regional energy markets;

(C) their location with respect to other uses of the sea and seabed including but not limited to fishing areas, access to ports by vessels, and existing or proposed sea lanes;

(D) interest by potential oil and gas producers in exploration and development as indicated by tract nominations and other representations;

(E) an equitable sharing of developmental benefits and environmental risks among various regions of the United States;

(3) timing and location of leasing so that to the maximum extent practicable areas with less environmental hazard are leased first; and

(4) receipt of fair market value for public resources.

3. Public Participation. Provides for effective and orderly participation by State and local government and the public in planning and decision making for the OCS energy resources plan and program.

4. Protection of Adjacent States. Assures that concerns of adjacent coastal state about proposed leasing will be reviewed at highest levels of Federal government by establishing a National Coastal Resources Appeals Board chaired by the Vice President.

5. Grant-in-Aid Assistance to Coastal States. Establishes a \$200 million fund from OCS revenues which is available annually for grants to coastal states to deal with any adverse impacts that may be associated with oil and gas development on adjacent OCS areas. Grants will be coordinated with on-going coastal zone management programs.

6. Information. Requires lease and permit holders to disclose essential information concerning OCS resources, but protects proprietary rights and competitive position. Also requires Department of Interior to gather and develop detailed information concerning the energy resources of the OCS and any potential environmental problems.

7. Liability for Oil Spills. Imposes unlimited absolute liability for cleanup of all oil spills in connection with OCS development. Imposes \$100 million absolute liability for any damages (including fisheries resources and recreation). Establishes a \$100 million liability fund to insure injured parties are recompensed. Requires evidence of financial responsibility of all lessees.

8. Promotion of Competition. Revises bidding system to encourage entry of new competitors, especially small independent operators. Also deals with sale of royalty oil and requires a report with specific recommendations to improve competition, maximum production and insure fair return to the public from development of OCS resources.

9. Mandatory Performance Requirements. Mandates performance and production under leases and prohibits unnecessary and unwarranted delay in development of energy resources.

10. Increased Public Health, Safety and Environmental Protection. Requires performance standards and inspections for all OCS equipment. Mandates use of best available technology where failure or malfunction would have substantial impact on public health, safety, or the environment.

11. Citizen Suits. Citizen suits are expressly authorized. Provisions are included to assure that oil and gas development is not halted by frivolous suits.

12. Research and Development. To improve OCS technology, the Secretary is directed to carry out research and development programs where such research is not being done adequately by others.

13. Environmental Studies by Government. Environmental baseline and monitoring studies are required before oil and gas drilling can begin on any OCS area not previously leased. These studies will involve all appropriate government agencies, particularly the National Oceanic and Atmospheric Administration.

14. Stringent Civil and Criminal Penalties. Increases criminal penalties for certain willful violations of the Act. Imposes civil liability for violations which continue after notice and opportunity to correct violations.

15. Interagency Coordination of All Facets of OCS Oil and Gas Development. Contains numerous provisions designed to promote Federal interagency coordination, particularly among the Departments of Interior, Commerce, and Transportation. Also directs coordination with State and local government agencies.

94TH CONGRESS
1ST SESSION

S. 521

IN THE SENATE OF THE UNITED STATES

FEBRUARY 3, 1975

Mr. JACKSON (for himself, Mr. JOHNSTON, Mr. METCALF, and Mr. RANDOLPH) introduced the following bill; which was read twice and referred to the Committee on Interior and Insular Affairs

A BILL

To increase the supply of energy in the United States from the Outer Continental Shelf; to amend the Outer Continental Shelf Lands Act; 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,*
- 3 *That this Act may be cited as the "Energy Supply Act of*
- 4 *1975".*

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Sec. 1. Short title and table of contents.

TITLE I—FINDINGS AND PURPOSES

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- Sec. 203. Revision of lease terms.
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- Sec. 206. Insuring maximum production from oil and gas leases.
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- Sec. 208. Enforcement.
- Sec. 209. Laws applicable to Outer Continental Shelf.
- Sec. 210. Authority of Governor of adjacent State to request postponement of lease sales.

TITLE III—MISCELLANEOUS PROVISIONS

- Sec. 301. Pipeline safety and operation.
- Sec. 302. Review of shut-in or flaring wells.
- Sec. 303. Relationship to existing law.
- Sec. 304. Severability.

TITLE I—FINDINGS AND PURPOSES

FINDINGS

SEC. 101. The Congress finds and declares that—

(1) the demand for energy in the United States is increasing and will continue to increase for the foreseeable future;

(2) domestic production of oil and gas has declined in recent years;

(3) the United States has become increasingly dependent upon imports of oil from foreign nations to meet domestic energy demand;

(4) increasing reliance on imported oil is not inevitable, but is rather subject to significant reduction by increasing domestic sources of energy supply;

(5) consumption of natural gas in the United States has greatly exceeded additions to domestic reserves in recent years, so that currently available supplies are less than demand;

(6) technology is or can be made available which will allow sufficient production and consumption of domestic energy supply to meet demands consistent with national environmental policies;

(7) the Outer Continental Shelf contains significant quantities of petroleum and natural gas, which are a vital national reserve that must be carefully managed in the public interest;

(8) there presently exists a variety of technological, economic, environmental, administrative, and legal problems which tend to retard the development of the oil and natural gas resources of the Outer Continental Shelf;

(9) it is the national policy to preserve, protect, and develop the resources of this Nation's coastal zone, and to provide for the orderly siting of energy facilities therein;

(10) the development, processing, and distribution of the oil and gas resources of the Outer Continental Shelf, and the siting of related energy facilities, may cause adverse impacts on the coastal zones of the various coastal States; and

(11) the Coastal Zone Management Act of 1972 provides policy, procedures, and programs designed to anticipate such adverse impacts and in part prevent them by appropriate planning and management of land and water resources in the coastal zone.

PURPOSES

SEC. 102. The purposes of this Act are to—

(1) increase domestic production of oil and natural gas in order to assure material prosperity and national security, reduce dependence on unreliable foreign sources, and assist in maintaining a favorable balance of payments;

(2) make oil and natural gas resources in the Outer Continental Shelf available as rapidly as possible consistent with the need for orderly resource development, and protection of the environment, in a manner consistent with the Mining and Mineral Policy Act of 1970 and designed to insure the public a fair market return on disposition of public resources;

(3) encourage development of new and improved technology for energy resource production that will increase human safety and eliminate or reduce risk of damage to the environment; and

(4) provide States which are directly impacted by Outer Continental Shelf oil and gas exploration and de-

velopment with comprehensive assistance in order to assure adequate protection of the onshore social, economic, and environmental conditions of the coastal zone.

TITLE II—INCREASED PRODUCTION OF OUTER CONTINENTAL SHELF ENERGY RESOURCES

NATIONAL POLICY FOR OUTER CONTINENTAL SHELF

SEC. 201. Section 3 of the Outer Continental Shelf Lands Act is revised by adding the following new subsections (c) and (d):

“(c) It is hereby declared that the Outer Continental Shelf is a vital national resource reserve held by the Federal Government for all the people, which should be made available for orderly development, subject to environmental safeguards, consistent with and when necessary to meet national needs.

“(d) It is hereby recognized that development of the oil and gas resources of the Outer Continental Shelf will have significant impact on coastal zone areas of adjacent States and that, in view of the national interest in the effective management of the coastal zone, such States may require assistance in protecting their coastal zone insofar as possible from the adverse effects of such impact.”.

NEW SECTIONS OF OUTER CONTINENTAL SHELF LANDS ACT

SEC. 202. The Outer Continental Shelf Lands Act is hereby amended by adding the following new sections:

1 "DEVELOPMENT OF OUTER CONTINENTAL SHELF LEASING
2 PROGRAM

3 "SEC. 18. (a) Congress declares that it is the policy
4 of the United States that Outer Continental Shelf lands
5 determined to be both geologically favorable for the accumu-
6 lation of oil and gas and capable of supporting oil and gas
7 development without undue environmental hazard or damage
8 should be made available for leasing as soon as practicable
9 in accordance with subsection (b) of this section.

10 "(b) The Secretary is authorized and directed to prepare
11 and maintain a leasing program to implement the policy
12 set forth in subsection (a). The leasing program shall indi-
13 cate as precisely as possible the size, timing, and location
14 of leasing activity that will best meet national energy needs
15 for the ten-year period following its approval or reapproval
16 in a manner consistent with subsection (a) above and with
17 the following principles:

18 "(1) management of the Outer Continental Shelf in
19 a manner which considers all its resource values and the
20 potential impact of oil and gas exploration and develop-
21 ment on other resource values of the Outer Continental
22 Shelf and the marine environment;

23 "(2) timing and location of leasing to distribute
24 exploration, development, and production of oil and gas

1 among various areas of the Outer Continental Shelf,
2 considering:

3 "(A) existing information concerning their geo-
4 graphical, geological, and ecological characteristics;

5 "(B) their location with respect to, and rela-
6 tive needs of, regional energy markets;

7 "(C) their location with respect to other uses
8 of the sea and seabed including but not limited to
9 fishing areas, access to ports by vessels, and existing
10 or proposed sea lanes;

11 "(D) interest by potential oil and gas pro-
12 ducers in exploration and development as indicated
13 by tract nominations and other representations;

14 "(E) an equitable sharing of developmental
15 benefits and environmental risks among various
16 regions of the United States;

17 "(3) timing and location of leasing so that to the
18 maximum extent practicable areas with less environ-
19 mental hazard are leased first; and

20 "(4) receipt of fair market return for public
21 resources.

22 "(c) The program shall include estimates of the appro-
23 priations and staffing required of all existing Federal pro-
24 grams necessary to prepare the required environmental

1 impact statements, obtain resource data and any other infor-
 2 mation needed to decide the order in which areas are to be
 3 scheduled for lease, to make the analyses required prior to
 4 offering tracts for lease, and to supervise operations under
 5 every lease in the manner necessary to assure compliance
 6 with the requirements of the law, the regulations, and the
 7 lease.

8 “(d) The environmental impact statement on the leas-
 9 ing program prepared in accordance with section 102(2)
 10 (C) of the National Environmental Policy Act of 1969,
 11 shall include, but shall not be limited to, an assessment by
 12 the Secretary of the relative significance of the probable
 13 oil and gas resources of each area proposed to be offered
 14 for lease in meeting national demands, the most likely
 15 rate of exploration and development that is expected to
 16 occur if the areas are leased, and the relative environmental
 17 hazard of each area. Such environmental impact statement
 18 shall be based on consideration of the following factors,
 19 without being limited thereto: geological and geophysical
 20 conditions, biological data on existing animal, marine, and
 21 plant life, and commercial and recreational uses of nearby
 22 land and water areas.

23 “(e) The Secretary shall, by regulation, establish pro-
 24 cedures for receipt and consideration of nominations for
 25 areas to be offered for lease or to be excluded from leasing,

1 for public notice of and participation in development of the
 2 leasing program, for review by State and local governments
 3 which may be impacted by the proposed leasing, and for
 4 coordination of the program with management program
 5 being developed by any State for approval pursuant to sec-
 6 tion 305 of the Coastal Zone Management Act of 1972 and
 7 with the management program of any State which has been
 8 approved pursuant to section 306 of such Act. These proce-
 9 dures shall be applicable to any revision or reapproval of
 10 the leasing program.

11 “(f) The Secretary shall publish a proposed leasing
 12 program in the Federal Register and submit it to the Con-
 13 gress within two years after enactment of this section.

14 “(g) After the leasing program has been approved by
 15 the Secretary or after January 1, 1978, whichever comes
 16 first, no leases under this Act may be issued unless they are
 17 for areas included in the approved leasing program.

18 “(h) The Secretary may revise and reapprove the leas-
 19 ing program at any time and he must review and reapprove
 20 the leasing program at least once each year.

21 “(i) The Secretary is authorized to obtain from public
 22 sources, or to purchase from private sources, any surveys,
 23 data, reports, or other information (excluding interpretations
 24 of such data, surveys, reports, or other information) which

1 may be necessary to assist him in preparing environment
2 impact statements and making other evaluations required by
3 this Act. The Secretary shall maintain the confidentiality of
4 all proprietary data or information for such period of time
5 as is agreed to by the parties.

6 “(j) The heads of all Federal departments or agencies
7 are authorized and directed to provide the Secretary with
8 any nonproprietary information he requests to assist him in
9 preparing the leasing program. In addition, the Secretary
10 is authorized and directed to utilize the existing capabilities
11 and resources of other Federal departments and agencies
12 by appropriate agreement.

13 “(k) The program developed pursuant to this section
14 shall include the reservation of an appropriate area or areas
15 as a National Strategic Energy Reserve. The Secretary shall
16 confer with appropriate Federal officials to determine the
17 extent and locations of such reserves. The Secretary shall
18 study the most appropriate means of developing and main-
19 taining such reserves in the national interest. The Secretary
20 shall consult with other Federal agencies and departments
21 and nongovernmental authorities in conducting such study.
22 The Secretary shall report to the Congress by January 1,
23 1976 the results of such study.

1 “FEDERAL OUTER CONTINENTAL SHELF OIL AND GAS
2 SURVEY PROGRAM

3 “SEC. 19. (a) The Secretary is authorized and directed
4 to conduct a survey program regarding oil and gas resources
5 of the Outer Continental Shelf. This program shall be de-
6 signed to provide information about the probable location,
7 extent, and characteristics of such resources in order to
8 provide a basis for (1) development and revision of the
9 leasing program required by section 18 of this Act, (2)
10 greater and better informed competitive interest by potential
11 producers in the oil and gas resources of the Outer Con-
12 tinental Shelf, (3) more informed decisions regarding the
13 value of public resources and revenues to be expected from
14 leasing them, and (4) the mapping program required by
15 subsection (c) of this section.

16 “(b) The Secretary is authorized to contract for, or
17 purchase the results of or, where the required information is
18 not available from commercial sources, conduct seismic, geo-
19 magnetic, gravitational, geophysical, or geochemical investi-
20 gations, and to contract for or purchase the results of strati-
21 graphic drilling, needed to implement the provisions of this
22 section.

23 “(c) The Secretary, in cooperation with the Secretary

1 of Commerce, is directed to prepare and publish and keep
 2 current a series of detailed bathymetric, geological, and geo-
 3 physical maps of and reports about the Outer Continental
 4 Shelf, based on nonproprietary data, which shall include, but
 5 not necessarily be limited to, the results of seismic, gravita-
 6 tional, and magnetic surveys on an appropriate grid spacing
 7 to define the general bathymetry, geology, and geophysical
 8 characteristics of the area. Such maps shall be prepared and
 9 published no later than six months prior to the last day for
 10 submission of bids for any areas of the Outer Continental
 11 Shelf scheduled for lease on or after January 1, 1978.

12 “(d). Within six months after enactment of this section,
 13 the Secretary shall develop and submit to Congress a plan
 14 for conducting the survey and mapping programs required
 15 by this section. This plan shall include an identification of
 16 the areas to be surveyed and mapped during the first five
 17 years of the programs and estimates of the appropriations and
 18 staffing required to implement them.

19 “(e) The Secretary shall include in the annual report
 20 required by section 15 of this Act, information concerning the
 21 carrying out of his duties under this section, and shall in-
 22 clude as a part of each such report a summary of the current
 23 data for the period covered by the report.

24 “(f) No action taken to implement this section shall
 25 be considered a major Federal action for the purposes of

1 section 102 (2) (C) of the National Environmental Policy
 2 Act of 1969.

3 “(g) There are hereby authorized to be appropriated
 4 such sums as are necessary to carry out the purposes of
 5 this section during fiscal years 1975 and 1976, to the Secre-
 6 tary and to appropriate Federal agencies having responsibili-
 7 ties under this section.

8 “(h) The Secretary shall, by regulation, require that
 9 any person holding a lease issued pursuant to this Act for oil
 10 or gas exploration or development on the Outer Continental
 11 Shelf shall provide the Secretary with any existing data (ex-
 12 cluding interpretation of such data) about the oil or gas
 13 resources in the area subject to the lease. The Secretary shall
 14 maintain the confidentiality of all proprietary data or in-
 15 formation until such time as he determines that public avail-
 16 ability of such proprietary data or information would not
 17 damage the competitive position of the lessee.

18 “SAFETY REGULATIONS FOR OIL AND GAS OPERATIONS

19 “SEC. 20. (a) POLICY.—It is the policy of this section
 20 to insure, through improved techniques, maximum precau-
 21 tions, and maximum use of the best available technology by
 22 well-trained personnel, the safest possible operations in the
 23 Outer Continental Shelf. Safe operations are those which
 24 minimize the likelihood of blowouts, loss of well control,
 25 fires, spillages, or other occurrences which may cause dam-

1 age to the environment, or to property, or endanger human
2 life or health.

3 “(b) REGULATIONS; STUDY.—(1) (A) The Secretary,
4 with the concurrence and advice of the Administrator of the
5 Environmental Protection Agency and the Secretary of the
6 Department in which the Coast Guard is operating, shall
7 develop, from time to time revise, and promulgate safety
8 regulations for operations in the Outer Continental Shelf, to
9 implement as fully as possible the policy of subsection (a)
10 of this section. Within one year after the enactment of this
11 section, the Secretary shall complete a review of existing
12 safety regulations, consider the results and recommendations
13 of the study authorized in paragraph (2) of this subsection,
14 and promulgate a complete set of safety regulations (which
15 may include Outer Continental Shelf orders) applicable to
16 operations in the Outer Continental Shelf or any region
17 thereof. Any safety regulations in effect on the date of en-
18 actment of this section which the Secretary finds should be
19 retained shall be repromulgated according to the terms of
20 this section, but shall remain in effect until so repromulgated.
21 No safety regulations (other than field orders) promulgated
22 pursuant to this subsection shall reduce the degree of safety
23 or protection to the environment afforded by safety regula-
24 tions previously in effect.

25 “(B) In promulgating regulations under this section, the

1 Secretary shall require on all new drilling and production
2 operations and, wherever practicable on already existing
3 operations, the use of the best available technology wherever
4 failure of equipment would have a substantial effect on public
5 health, safety, or the environment.

6 “(2) Upon the enactment of this section, the National
7 Academy of Engineering shall conduct a study of the ade-
8 quacy of existing safety regulations and technology, equip-
9 ment, and techniques for operations in the Outer Continental
10 Shelf, including but not limited to the subjects listed in sub-
11 section (a) of this section. Not later than nine months
12 after the enactment of this section, the results of the study
13 and recommendations for improved safety regulations shall
14 be submitted to the Congress and to the Secretary.

15 “RESEARCH AND DEVELOPMENT

16 “SEC. 21. (a) The Secretary is authorized and directed
17 to carry out a research and development program designed to
18 improve technology related to development of the oil and
19 gas resources of the Outer Continental Shelf where similar
20 programs are not presently being conducted by any Federal
21 department or agency and where he determines that such
22 research and development is not being adequately conducted
23 by any other public or private entity including but not
24 limited to—

25 “(1) downhole safety devices,

1 “(2) methods for reestablishing control of blowing
2 out or burning wells,

3 “(3) methods for containing and cleaning up oil
4 spills,

5 “(4) improved drilling bits,

6 “(5) improved flow detection systems for undersea
7 pipelines,

8 “(6) new or improved methods of development in
9 water depths over six hundred meters, and

10 “(7) subsea production systems.

11 “(b) The Secretary, with the concurrence of the Sec-
12 retary of the department in which the Coast Guard is oper-
13 ating, shall establish equipment and performance standards
14 for oil spill cleanup plans and operations. Such standards
15 shall be coordinated with the National Oil and Hazardous
16 Substances Pollution Contingency Plan, and reviewed by
17 the Administrator of the Environmental Protection Agency,
18 and the Administrator of the National Oceanic and Atmos-
19 pheric Administration.

20 “(c) The Secretary of Commerce, in cooperation with
21 the Secretary of the Navy, the Secretary of the Department
22 in which the Coast Guard is operating, and the Director of
23 the National Institutes of Occupational Safety and Health,
24 shall conduct studies of underwater diving techniques and
25 equipment suitable for protection of human safety.

1 “ENFORCEMENT OF SAFETY REGULATIONS; INSPECTIONS

2 “SEC. 22. (a) (1) The Secretary and the Secretary
3 of the department in which the Coast Guard is operating
4 shall jointly enforce the safety and environmental protec-
5 tion regulations promulgated under this Act. They shall
6 regularly inspect all operations authorized pursuant to this
7 Act and strictly enforce safety regulations promulgated pur-
8 suant to this Act and other applicable laws and regulations
9 relating to public health, safety, or environmental protec-
10 tion. All holders of leases under this Act shall allow promptly
11 access at the site of any operations subject to safety regula-
12 tions to any inspector, and provide such documents and rec-
13 ords that are pertinent to public health, safety, or environ-
14 mental protection, as such Secretaries or their designees may
15 request.

16 “(2) The Secretary, with the concurrence of the Sec-
17 retary of the department in which the Coast Guard is oper-
18 ating, shall promulgate regulations within ninety days of
19 the enactment of this section to provide for—

20 “(A) physical observation at least once each year
21 by an inspector of the installation or testing of all
22 safety equipment designed to prevent or ameliorate
23 blowouts, fires, spillages, or other major accidents; and

24 “(B) periodic onsite inspection without advance

1 notice to the lessee to assure compliance with public
2 health, safety, or environmental protection regulations.

3 “(3) The Secretary of the department in which the
4 Coast Guard is operating shall make an investigation and
5 public report on all major fires and major oil spillage occur-
6 ring as a result of operations pursuant to this Act. For the
7 purposes of this subsection, a major oil spillage is any spillage
8 in one instance of more than two hundred barrels of oil over
9 a period of thirty days: *Provided*, That he may, in his dis-
10 cretion, make an investigation and report of lesser oil spill-
11 ages. All holders of leases under this Act shall cooperate
12 with him in the course of such investigations.

13 “(4) For the purposes of carrying out their responsibili-
14 ties under this section, the Secretary or the Secretary of the
15 department in which the Coast Guard is operating may by
16 agreement utilize with or without reimbursement the serv-
17 ices, personnel, or facilities of any Federal agency.

18 “(b) The Secretary shall include in his annual report
19 to Congress required by section 15 of this Act the number
20 of violations of safety regulations found, the names of the
21 violators, and the action taken thereon.

22 “(c) The Secretary shall consider any allegation from
23 any person of the existence of a violation of any safety regu-
24 lations issued under this Act. The Secretary shall answer
25 such allegation no later than ninety days after receipt thereof,

1 stating whether or not such alleged violations exist and, if
2 so, what action has been taken.

3 “(d) In any investigation directed by this section the
4 Secretary or the Secretary of the department in which the
5 Coast Guard is operating shall have power to summon before
6 them or their designees witnesses and to require the produc-
7 tion of books, papers, documents, and any other evidence.
8 Attendance of witnesses or the production of books, papers,
9 documents, or any other evidence shall be compelled by a
10 similar process as in the United States district court. In
11 addition, they or their designees shall administer all nec-
12 essary oaths to any witnesses summoned before said investi-
13 gation.

14 “LIABILITY FOR OIL SPILLS

15 “SEC. 23. (a) Any person in charge of any operations
16 in the Outer Continental Shelf, as soon as he has knowledge
17 of a discharge or spillage of oil from an operation, shall im-
18 mediately notify the appropriate agency of the United States
19 Government of such discharge.

20 “(b) (1) Notwithstanding the provisions of any other
21 law, the holder of a lease or right-of-way issued or maintained
22 under this Act and the Offshore Oil Pollution Settlements
23 Fund (hereinafter referred to as “the fund”) established by
24 this subsection shall be strictly liable without regard to fault
25 and without regard to ownership of any adversely affected

1 lands, structures, fish, wildlife, or biotic or other natural
 2 resources relied upon by any damaged party for subsistence
 3 or economic purposes, in accordance with the provisions of
 4 this subsection for all damages, sustained by any person as a
 5 result of discharges of oil or gas from any operation au-
 6 thorized under this Act if such damages occurred (A) within
 7 the territory of the United States, Canada, or Mexico or
 8 (B) in or on waters within two hundred nautical miles of
 9 the baseline of the United States, Canada, or Mexico from
 10 which the territorial sea of the United States, Canada, or
 11 Mexico is measured, or (C) within one hundred nautical
 12 miles of any operation authorized under this Act. Claims for
 13 such injury or damages may be determined by arbitration or
 14 judicial proceedings.

15 “(2) Strict liability shall not be imposed under this sub-
 16 section on the holder or the fund if the holder or the fund
 17 proves that the damage was caused by an act of war. Strict
 18 liability shall not be imposed under this subsection on the
 19 holder if the holder proves that the damage was caused by
 20 the negligence of the United States or other governmental
 21 agency. Strict liability shall not be imposed under this sub-
 22 section with respect to the claim of a damaged person if the
 23 holder or the fund proves that the damage was caused by the
 24 negligence or intentional act of such person.

25 “(3) Strict liability for all claims arising out of any one

1 incident shall not exceed \$100,000,000. The holder shall be
 2 liable for the first \$7,000,000 of such claims that are allowed.
 3 The fund shall be liable for the balance of the claims that are
 4 allowed up to \$100,000,000. If the total claims allowed ex-
 5 ceed \$100,000,000, they shall be reduced proportionately.
 6 The unpaid portion of any claim may be asserted and adjudi-
 7 cated under other applicable Federal or State law.

8 “(4) In any case where liability without regard to fault
 9 is imposed pursuant to this subsection, the rules of subro-
 10 gation shall apply in accordance with the laws of the State
 11 in which such damages occurred: *Provided, however, That*
 12 in the event such damages occurred outside the jurisdiction
 13 of any State, the rules of subrogation shall apply in accord-
 14 ance with the laws applicable pursuant to section 4 of this
 15 Act.

16 “(5) The Offshore Oil Pollution Settlements Fund is
 17 hereby established as a nonprofit corporate entity that may
 18 sue and be sued in its own name. The fund shall be admin-
 19 istered by the holders of leases issued under this Act under
 20 regulations prescribed by the Secretary. The fund shall be
 21 subject to an annual audit by the Comptroller General, and
 22 a copy of the audit shall be submitted to the Congress.
 23 Claims allowed against the fund shall be paid only from
 24 moneys deposited in the fund.

25 “(6) There is hereby imposed on each barrel of oil

1 produced pursuant to any lease issued or maintained under
 2 this Act a fee of $2\frac{1}{2}$ cents per barrel. The fund shall collect
 3 the fee from the lessees or their assignees. Costs of admini-
 4 stration shall be paid from the money collected by the fund,
 5 and all sums not needed for administration and the satisfac-
 6 tion of claims shall be invested prudently in income produc-
 7 ing securities approved by the Secretary. Income from such
 8 securities shall be added to the principal of the fund.

9 “(7) Subject to the limitation contained in subparagraph
 10 (3) of this subsection, if the fund is unable to satisfy a claim
 11 asserted and finally determined under this subsection, the
 12 fund may borrow the money needed to satisfy the claim from
 13 any commercial credit source, at the lowest available rate of
 14 interest, subject to the approval of the Secretary.

15 “(8) No compensation shall be paid under this subsec-
 16 tion unless notice of the damage is given to the Secretary
 17 within three years following the date on which the damage
 18 occurred.

19 “(9) Payment of compensation for any damage pur-
 20 suant to this subsection shall be subject to the holder or the
 21 fund acquiring by subrogation all rights of the claimant to
 22 recover for such damages from any other person.

23 “(10) The collection of amounts for the fund shall cease
 24 when \$100,000,000 has been accumulated, but shall be re-
 25 newed when the accumulation in the fund falls below \$85,-

1 000,000. The fund shall insure that collections are equitable
 2 to all holders of a lease or right-of-way.

3 “(11) The several district courts of the United States
 4 shall have jurisdiction over claims against the fund.

5 “(c) If any area within or without a lease granted
 6 or maintained under this Act is polluted by any discharge
 7 or spillage of oil from operations conducted by or on behalf
 8 of the holder of such lease, and such pollution damages or
 9 threatens to damage aquatic life, wildlife, or public or private
 10 property, the control and removal of the pollutant shall
 11 be at the expense of such holder, including administrative
 12 and other costs incurred by the Secretary or any other Fed-
 13 eral or State officer or agency. Upon failure of such holder
 14 to adequately control and remove such pollutant, the Sec-
 15 retary in cooperation with other Federal, State, or local
 16 agencies, or in cooperation with such holder, or both, shall
 17 have the right to accomplish the control and removal at the
 18 expense of the holder.

19 “(d) The Secretary shall establish requirements that
 20 all holders of leases issued or maintained under this Act
 21 shall establish and maintain evidence of financial responsi-
 22 bility of not less than \$7,000,000. Financial responsibility
 23 may be established by any one of, or a combination of, the
 24 following methods acceptable to the Secretary: (A) evi-
 25 dence of insurance, (B) surety bonds, (C) qualification as

1 a self-insurer, or (D) other evidence of financial responsi-
2 bility. Any bond filed shall be issued by a bonding company
3 authorized to do business in the United States.

4 “(e) The provisions of this section shall not be inter-
5 preted to supersede section 311 of the Federal Water Pollu-
6 tion Control Act Amendments of 1972 or preempt the field
7 of strict liability or to enlarge or diminish the authority of
8 any State to impose additional requirements.

9 “NEGOTIATIONS WITH STATES

10 “SEC. 24. The Secretary is authorized and directed to
11 negotiate with those coastal States which are asserting juris-
12 diction over the Outer Continental Shelf with a view to
13 developing interim agreements which will allow energy
14 resource development prior to final judicial resolution of the
15 dispute.

16 “DETERMINATION OF BOUNDARIES

17 “SEC. 25. Within one year following the date of enact-
18 ment of this section, the President may establish proce-
19 dures for settling any outstanding boundary disputes, includ-
20 ing international boundaries between the United States and
21 Canada and between the United States and Mexico, and
22 establish boundaries between adjacent States, as directed in
23 section 4 of this Act,

1 “COASTAL STATE FUND

2 “SEC. 26. (a) There is hereby established in the Treas-
3 ury of the United States the Coastal State Fund (hereinafter
4 referred to as the ‘fund’). The Secretary shall manage and
5 make grants from the fund according to the regulations
6 established pursuant to subsections (b) and (c) to the
7 coastal States impacted by anticipated or actual oil and gas
8 production.

9 “(b) The purpose of such grants shall be to assist coastal
10 States impacted by anticipated or actual oil and gas produc-
11 tion to ameliorate adverse environmental effects and control
12 secondary social and economic impacts associated with the
13 development of Federal energy resources in, or on the Outer
14 Continental Shelf adjacent to the submerged lands of such
15 States. Such grants may be used for planning, construction
16 of public facilities, and provision of public services, and such
17 other activities as may be prescribed by regulations promul-
18 gated pursuant to subsection (c) of this section. Such regu-
19 lations shall, at a minimum, (1) provide that such regulations
20 be directly related to such environmental effects and social
21 and economic impacts; (2) take into consideration the acre-
22 age leased or proposed to be leased and the volume of pro-
23 duction of oil and gas from the Outer Continental Shelf off the

1 adjacent coastal State; and (3) require each coastal State,
2 as a requirement of eligibility for grants from the fund, to
3 establish pollution containment and cleanup systems for pol-
4 lution from oil and gas development activities on the sub-
5 merged lands of each such State.

6 “(c) The Secretary of Commerce, in accordance with
7 the provisions of subsection (b), and this subsection, shall,
8 by regulation, establish requirements for grant eligibility:
9 *Provided*, That it is the intent of this section that grants shall
10 be made to impacted coastal States to the maximum extent
11 permitted by subsection (d) of this section and that grants
12 shall be made to impacted coastal States in proportion to the
13 effects and impacts of offshore oil and gas exploration, de-
14 velopment and production on such States. Such grants shall
15 not be on a matching basis but shall be adequate to com-
16 pensate impacted coastal States for the full costs of any
17 environmental effects and social and economic impacts of
18 offshore oil and gas exploration, development, and produc-
19 tion. The Secretary shall coordinate all grants with manage-
20 ment programs established pursuant to the Coastal Zone
21 Management Act of 1972.

22 “(d) Notwithstanding any other provision of law, 10
23 per centum of the Federal revenues from the Outer Con-
24 tinenta Shelf Lands Act, as amended by this Act, or the
25 equivalent of forty (\$.40) cents per barrel from the Federal

1 revenues from the Outer Continental Shelf Act, whichever
2 is greater, shall be paid into the funds: *Provided*, That the
3 total amount paid into the fund shall not exceed \$200,-
4 000,000 per year for fiscal 1976 and 1977. (d) ”

5 —“(e) There is hereby authorized to be appropriated to
6 the fund \$100,000,000. (A) ”

7 “(f) For the purpose of this Act, ‘coastal State’ means
8 a State of the United States in, or bordering on, the Atlantic,
9 Pacific, or Arctic Ocean, the Gulf of Mexico, or Long Island
10 Sound, including Puerto Rico, the Virgin Islands, Guam,
11 and American Samoa. (B) ”

12 “CITIZEN SUITS (B) ”
13 “SEC. 27. (a) Except as provided in subsection (b) of
14 this section, any person having an interest which is or may
15 be adversely affected may commence a civil action on his
16 own behalf—

17 “(1) against any person including—

18 “(A) the United States, and

19 “(B) any other governmental instrumentality

20 or agency to the extent permitted by the eleventh

21 amendment to the Constitution who is alleged to be

22 in violation of the provisions of this Act or the reg-

23 ulation promulgated thereunder, or any permit or

24 lease issued by the Secretary; or

25 “(2) against the Secretary where there is alleged

1 a failure of the Secretary to perform any act or duty
2 under this Act which is not discretionary with the
3 Secretary.

4 “(b) No action may be commenced—

5 “(1) under subsection (a) (1) of this section—

6 “(A) prior to sixty days after the plaintiff has
7 given notice in writing under oath of the violation
8 (i) to the Secretary, and (ii) to any alleged vio-
9 lator of the provisions of this Act or any regula-
10 tions promulgated thereunder, or any permit or
11 lease issued thereunder;

12 “(B) if the Secretary has commenced and is
13 diligently prosecuting a civil action in a court of the
14 United States to require compliance with the provi-
15 sions of this Act or the regulations thereunder, or
16 the lease, but in any such action in a court of the
17 United States any person may intervene as a matter
18 of right; or

19 “(2) Under subsection (a) (2) of this section prior
20 to sixty days after the plaintiff has given notice in writ-
21 ing under oath of such action to the Secretary, in such
22 manner as the Secretary shall by regulation prescribe,
23 except that such action may be brought immediately
24 after such notification in the case where the violation
25 complained of, constitutes an imminent threat to the

1 health or safety of the plaintiff or would immediately
2 affect a legal interest of the plaintiff.

3 “(c) In any action under this section, the Secretary, if
4 not a party, may intervene as a matter of right.

5 “(d) The court, in issuing any final order in any action,
6 brought pursuant to subsection (a) of this section, may
7 award costs of litigation including reasonable attorneys fees
8 to any party, whenever the court determines such award is
9 appropriate. The court may, if a temporary restraining order
10 or preliminary injunction is sought, require the filing of a
11 bond or equivalent security in accordance with the Federal
12 Rules of Civil Procedure.

13 “(e) Nothing in this section shall restrict any right
14 which any person or class of persons may have under this
15 or any statute or common law to seek enforcement of any
16 of the provisions of this Act and the regulations thereunder,
17 or to seek any other relief, including relief against the
18 Secretary.

19 “PROMOTION OF COMPETITION

20 “SEC. 28. Within one year after the date of enactment
21 of this section, the Secretary shall prepare and publish a
22 report with recommendations for promoting competition and
23 maximizing production and revenues from the leasing of
24 Outer Continental Shelf lands, and shall include a plan for
25 implementing recommended administrative changes and

1 drafts of any proposed legislation. Such report shall include
2 consideration of the following:

3 “(1) other competitive bidding systems permitted
4 under present law as compared to the bonus bidding
5 system;

6 “(2) evaluation of alternative bidding systems not
7 permitted under present law;

8 “(3) measures to ease entry of new competitors;
9 and

10 “(4) measures to increase supply to independent
11 refiners and distributors.

12 “ENFORCEMENT AND PENALTIES

13 “SEC. 29. (a) At the request of the Secretary, the
14 Attorney General may institute a civil action in the district
15 court of the United States for the district in which the
16 affected operation is located for a restraining order or injunc-
17 tion or other appropriate remedy to enforce any provision of
18 this Act or any regulation or order issued under the authority
19 of this Act.

20 “(b) If any person shall fail to comply with any provi-
21 sion of this Act, or any regulation or order issued under the
22 authority of this Act, after notice of such failure and expira-
23 tion of any period allowed for corrective action, such person
24 shall be liable for a civil penalty of not more than \$5,000 for
25 each and every day of the continuance of such failure. The

1 Secretary may assess, collect, and compromise any such
2 penalty. No penalty shall be assessed until the person charged
3 with a violation shall have been given an opportunity for a
4 hearing on such charge.

5 “(c) Any person who knowingly and willfully violates
6 any provision of this Act, or any regulation or order issued
7 under the authority of this Act designed to protect public
8 health, safety, or the environment or conserve natural re-
9 sources or knowingly and willfully makes any false state-
10 ment, representation, or certification in any application, rec-
11 ord, report, plan, or other document filed or required to be
12 maintained under this Act, or who knowingly and willfully
13 falsifies, tampers with, or renders inaccurate any monitoring
14 device or method of record required to be maintained under
15 this Act or knowingly and willfully reveals any data or in-
16 formation required to be kept confidential by this Act, shall,
17 upon conviction, be punished by a fine of not more than
18 \$100,000, or by imprisonment for not more than one year,
19 or both. Each day that a violation continues shall constitute
20 a separate offense.

21 “(d) Whenever a corporation or other entity violates
22 any provision of this Act, or any regulation or order issued
23 under the authority of this Act, any officer, or agent of such
24 corporation or entity who knowingly and willfully author-
25 ized, ordered, or carried out such violation shall be subject to

1 the same fines or imprisonment as provided for under sub-
2 section (c) of this section.

3 “(e) The remedies prescribed in this section shall be
4 concurrent and cumulative and the exercise of one does not
5 preclude the exercise of the others. Further, the remedies
6 prescribed in this section shall be in addition to any other
7 remedies afforded by any other law or regulation.”

8 “ENVIRONMENTAL BASELINE AND MONITORING STUDIES

9 “SEC. 30. (a) Prior to permitting oil and gas drill-
10 ing on any area of the Outer Continental Shelf not pre-
11 viously leased under this Act, the Secretary, in consultation
12 with the Administrator of the National Oceanic and Atmos-
13 pheric Administration of the Department of Commerce, shall
14 make a study of the area involved to establish a baseline of
15 those critical parameters of the Outer Continental Shelf en-
16 vironment which may be affected by oil and gas development.
17 The study shall include, but need not be limited to, back-
18 ground levels of hydrocarbons in water, sediment, and or-
19 ganisms; background levels of trace metals in water, sedi-
20 ments, and organisms; characterization of benthic and plank-
21 tonic communities; description of sediments and relationships
22 between organisms and abiotic parameters; and standard
23 oceanographic measurements such as salinity, temperature,
24 micronutrients, dissolved oxygen.

25 “(b) Subsequent to development of any area studied

1 pursuant to subsection (a) of this section, the Secretary
2 shall monitor the areas involved in a manner designed to
3 provide time-series data which can be compared with pre-
4 viously collected data for the purpose of identifying any
5 significant changes.

6 “(c) In carrying out the provisions of this section,
7 the Secretary is directed to give preference to the use of Gov-
8 ernment owned and Government operated vessels, to the
9 maximum extent practicable, in contracting for work in
10 connection with such environmental baseline and monitor-
11 ing studies. In order to avoid needless duplications, the
12 Secretary shall coordinate all such activities with the Admin-
13 istrator of the National Oceanic and Atmospheric Adminis-
14 tration and shall, whenever possible, utilize existing Govern-
15 ment owned and Government operated marine research lab-
16 oratories in conducting research authorized by this section.”

17 REVISION OF LEASE TERMS

18 SEC. 203. Section 8 of the Outer Continental Shelf Lands
19 Act is amended by revising subsections (a) and (b) to
20 read as follows:

21 “(a) The Secretary is authorized to grant to the highest
22 responsible qualified bidder by competitive bidding under
23 regulations promulgated in advance oil and gas leases on
24 submerged lands of the Outer Continental Shelf which are
25 not covered by leases meeting the requirements of subsection

1 (a) of section 6 of this Act. The bidding shall be by sealed
 2 bids and, at the discretion of the Secretary, shall be either
 3 (1) on the basis of a cash bonus bid with a royalty fixed by
 4 the Secretary at not less than $12\frac{1}{2}$ per centum in amount or
 5 value of the production saved, removed, or sold, (2) on the
 6 basis of a cash bonus bid with a fixed share of the net profits
 7 derived from operation of the tract of no less than 30 per
 8 centum reserved to the United States, or (3) on the basis
 9 of a fixed cash bonus with the net profit share reserved to the
 10 United States as the bid variable. The United States net
 11 profit share shall be calculated on the basis of the value of
 12 the production saved, removed, or sold, less those capital and
 13 operating costs directly assignable to the development and
 14 operation (but not acquisition) of each individual oil and
 15 gas lease issued under this Act to the lessee under a net profit
 16 sharing arrangement. No capital or operating charges for
 17 materials or labor services not actually used on an area
 18 leased for oil or gas under this Act under a net profit-sharing
 19 arrangement; allocation of income taxes; or expenditure for
 20 materials or labor services used prior to lease acquisition
 21 shall be permitted as a deduction in the calculation of net
 22 income. The Secretary shall by regulation establish account-
 23 ing procedures and standards to govern the calculation of
 24 net profits. In the event of any dispute between the United
 25 States and a lessee concerning the calculation of the net

1 profits, the burden of proof shall be on the lessee. That part
 2 of the net profit share due the United States which is attrib-
 3 utable to oil production may be taken in kind in the form
 4 of oil and disposed of as provided in subsection (k) of this
 5 section. That part of the net profit share due in kind shall
 6 be determined by dividing the net profit due the United
 7 States attributable to the product or products taken in kind
 8 by the fair market value at the wellhead of the oil and/or
 9 gas (as the case may be) saved, removed, or sold. In
 10 determining the attribution of profits as between oil and gas,
 11 costs shall be allocated proportionately to the value of their
 12 respective shares of production.

13 (b) An oil and gas lease issued by the Secretary
 14 pursuant to this section shall (1) cover a compact area
 15 not exceeding five thousand seven hundred and sixty acres,
 16 as the Secretary may determine, (2) be for a period of
 17 (i) in five years or (ii) for up to ten years where the Sec-
 18 retary deems such longer period necessary to encourage ex-
 19 ploration and development in areas of unusually deep water
 20 or adverse weather conditions, and as long thereafter as
 21 oil or gas may be produced from the area in paying quan-
 22 tities, or drilling or well reworking operations as approved
 23 by the Secretary are conducted thereon, and (3) contain
 24 such rental provisions and such other terms and provisions

1 as the Secretary may prescribe at the time of offering the
2 area for lease.”

3 DISPOSITION OF FEDERAL ROYALTY OIL

4 SEC. 204. Section 8 of the Outer Continental Shelf
5 Lands Act as amended by this Act is further amended by
6 adding a new subsection (k) to read as follows:

7 “(k) Upon commencement of production of oil from
8 any lease, issued after the effective date of this subsection,
9 the Secretary shall offer to the public and sell by competi-
10 tive bidding for not less than its fair market value, in such
11 amounts and for such terms as he determines, that propor-
12 tion of the oil produced from said lease which is due to the
13 United States as royalty or net profit share oil. The Secre-
14 tary shall limit participation in such sales where he finds
15 such limitation necessary to assure adequate supplies of oil
16 at equitable prices to independent refiners. In the event that
17 the Secretary limits participation in such sales, he shall
18 sell such oil at an equitable price. The lessee shall take any
19 such royalty oil for which no acceptable bids are received and
20 shall pay to the United States a cash royalty equal to its
21 fair market value, but in no event shall such royalty be less
22 than the highest bid.”

1 ANNUAL REPORT

2 SEC. 205. Section 15 of the Outer Continental Shelf
3 Lands Act is amended to read as follows:

4 “ANNUAL REPORT BY SECRETARY TO CONGRESS

5 “SEC. 15. (a) Within six months after the end of each
6 fiscal year, the Secretary shall submit to the President of the
7 Senate and the Speaker of the House of Representatives
8 a report on the leasing and production program in the Outer
9 Continental Shelf during such fiscal year, including a detail-
10 ing of all moneys received and expended, and of all leasing,
11 development, and production activities; a summary of man-
12 agement, supervision, and enforcement activities; a summary
13 of grants made from the Coastal State Fund; and recom-
14 mendations to the Congress for improvements in manage-
15 ment, safety and amount of production in leasing and
16 operations in the Outer Continental Shelf and for resolution
17 of jurisdictional conflicts or ambiguities.

18 “(b) Section 313 (a) of the Coastal Zone Management
19 Act of 1972 (86 Stat. 1280) is amended by striking the
20 word ‘and’ after the word ‘priority’ in subsection (8);
21 renumbering existing subsection (9) as subsection (10);
22 and inserting the following new subsection (9): ‘an assess-

1 ment of the onshore social, economic, and environmental
2 impacts in those coastal areas affected by Outer Continental
3 Shelf oil and gas exploration and exploitation; and'.”

4 INSURING MAXIMUM PRODUCTION FROM OIL AND GAS

5 LEASES

6 SEC. 206. Section 5 of the Outer Continental Shelf
7 Lands Act is amended by adding the following new sub-
8 sections:

9 “Insuring Maximum Production From Oil and Gas Leases

10 “(d) (1) After enactment of this section no oil and
11 gas lease may be issued pursuant to this Act unless the lease
12 requires that development be carried out in accordance with
13 a development plan which has been approved by the Sec-
14 retary, and provides that failure to comply with such devel-
15 opment plan will terminate the lease.

16 “(2) The development plan will set forth, in the degree
17 of detail established in regulations issued by the Secretary,
18 specific work to be performed, environmental protection and
19 health and safety standards to be met, and a time schedule
20 for performance. The development plan may apply to all
21 leases included within a production unit.

22 “(3) With respect to permits and leases outstanding on
23 the date of enactment of this section, a proposed development
24 plan must be submitted to the Secretary within six months
25 after the date of enactment of this section. Failure to submit

1 a development plan or to comply with an approved devel-
2 opment plan shall terminate the permit or lease.

3 “(4) The Secretary may approve revisions of develop-
4 ment plans if he determines that revision will lead to greater
5 recovery of the oil and gas, improve the efficiency of the
6 recovery operation, or is the only means available to avoid
7 substantial economic hardship on the lessee or permittee.

8 “(e) After the date of enactment of this section, holders
9 of oil and gas leases issued pursuant to this Act shall not be
10 permitted to flare natural gas from any well unless the
11 Secretary finds that there is no practicable way to obtain
12 production or to conduct testing or workover operations
13 without flaring.”

14 GEOLOGICAL AND GEOPHYSICAL EXPLORATION

15 SEC. 207. Section 11 of the Outer Continental Shelf
16 Lands Act is hereby amended to read as follows:

17 “SEC. 11. No person shall conduct any type of geo-
18 logical or geophysical explorations in the Outer Continental
19 Shelf without a permit issued by the Secretary. Each such
20 permit shall contain terms and conditions designed to (1)
21 prevent interference with actual operations under any lease
22 maintained or granted pursuant to this Act; (2) prevent
23 or minimize environmental damage; and (3) require the
24 permittee to furnish the Secretary with copies of all data
25 (including geological, geophysical, and geochemical data,

1 well logs, and drill core analyses) obtained during such
 2 exploration. The Secretary shall maintain the confidentiality
 3 of all data so obtained until after the areas involved have
 4 been leased under this Act or until such time as he deter-
 5 mines that making the data available to the public would not
 6 damage the competitive position of the permittee, whichever
 7 comes later.”.

8 ENFORCEMENT

9 SEC. 208. Subsection 5 (a) (2) of the Outer Continental
 10 Shelf Lands Act is hereby amended by deleting the first
 11 sentence.

12 LAWS APPLICABLE TO OUTER CONTINENTAL SHELF

13 SEC. 209. Paragraph (2) of subsection (a) of section
 14 4 of the Outer Continental Shelf Lands Act is amended by
 15 deleting the following words: “as of the effective date of
 16 this Act”.

17 AUTHORITY OF GOVERNOR OF ADJACENT STATE TO

18 REQUEST POSTPONEMENT OF LEASE SALES

19 SEC. 210. Section 8 of the Outer Continental Shelf Lands
 20 Act, as amended by this Act, is further amended by in-
 21 serting at the end thereof the following:

22 “(1) (1) The Secretary shall give notice of the sale of
 23 each lease pursuant to this Act to the Governor of the ad-
 24 jacent State. At any time prior to such sale the Governor
 25 may request the Secretary to postpone such sale for a period

1 of not to exceed three years following the date proposed in
 2 such notice if he determines that such sale will result in ad-
 3 verse environmental or economic impact or other damage to
 4 the State or the residents thereof. In the event of any such
 5 request, the Secretary shall postpone the sale until proceed-
 6 ings under this subsection are completed.

7 “(2) The Secretary shall, not later than thirty days
 8 from the receipt of such request:

9 “(A) grant the request for postponement;

10 “(B) provide for a shorter postponement than re-
 11 quested provided that such period of time is adequate for
 12 study and provision to ameliorate any adverse economic
 13 or environmental effects or other damage and for con-
 14 trolling secondary social or economic impact associated
 15 with the development of Federal energy resources in, or
 16 on, the Outer Continental Shelf adjacent to the sub-
 17 merged lands of such State; or

18 “(C) deny the request for postponement if he finds
 19 that such postponement would not be consistent with the
 20 national policy as expressed in section 3 of this Act.

21 “(3) The Governor of a State aggrieved by the action
 22 of the Secretary shall have ten days to appeal directly to
 23 the National Coastal Resources Appeals Board established
 24 pursuant to paragraph (4) of this subsection. Such Board
 25 shall hear the appeal within fifteen days of its receipt and

1 shall render a final decision within forty-five days of such
 2 hearing. The Board shall overrule the action of the Secretary
 3 if it finds that (A) the State is not adequately protected
 4 from adverse environmental and economic impacts and other
 5 damages pursuant to subparagraph (3) of paragraph (2) of
 6 this subsection; or (B) the request of the Governor for post-
 7 ponement is consistent with the national policy as expressed
 8 in section (3) of this Act.

9 “(4) (a) There is hereby established, in the Executive
 10 Office of the President, the National Coastal Resources Ap-
 11 peals Board (hereinafter called the ‘Board’), which shall be
 12 composed of the following, or their designees—the Vice Pres-
 13 ident, who shall be Chairman of the Board, the Secretary
 14 of the Interior, the Administrator of the National Oceanic
 15 and Atmospheric Administration, the Administrator of the
 16 Environmental Protection Agency, and the Chairman of the
 17 Council on Environmental Quality.

18 “(b) The Board shall—

19 “(1) transmit a written report to the appropriate
 20 committees of Congress as to the basis for any decision
 21 rendered; and

22 “(2) conduct such hearings pursuant to section 554
 23 of title 5, United States Code.

24 “(5) For the purposes of this section, an aggrieved
 25 State is defined as being one which has requested a postpone-

1 ment of a lease sale but has been denied such postponement
 2 or provided a shorter period of time in which to ameliorate
 3 adverse impacts associated with development of the Outer
 4 Continental Shelf and the Governor has determined that such
 5 period of time is not adequate.

6 “(6) This section shall take effect immediately upon
 7 enactment of this Act.”.

8 TITLE III—MISCELLANEOUS PROVISIONS

9 PIPELINE SAFETY AND OPERATION

10 SEC. 301. (a) The Secretary of Transportation, in
 11 cooperation with the Secretary of the Interior, is authorized
 12 and directed to report to the Congress within sixty days
 13 after enactment of this Act on appropriations and staffing
 14 needed to monitor pipelines on Federal lands and the Outer
 15 Continental Shelf so as to assure that they meet all appli-
 16 cable standards for construction, operation, and maintenance.

17 (b) The Secretary of Transportation, in cooperation
 18 with the Secretary of the Interior, is authorized and directed
 19 to review all laws and regulations relating to the construc-
 20 tion, operation, and maintenance of pipelines on Federal
 21 lands and the Outer Continental Shelf and report to Con-
 22 gress within one year after enactment of this Act on admin-
 23 istrative changes needed and recommendations for new
 24 legislation.

25 (c) One year after the date of the enactment of this Act,

1 the Interstate Commerce Commission and the Secretary of
 2 Transportation shall submit to the President and the Con-
 3 gress a report on the adequacy of existing transport facilities
 4 and regulations to facilitate distribution of oil and gas re-
 5 sources of the Outer Continental Shelf. The report shall in-
 6 clude recommendations for changes in existing legislation or
 7 regulations to facilitate such distribution.

8 REVIEW OF SHUT-IN OR FLARING WELLS

9 SEC. 302. (a) Within six months after enactment of
 10 this Act the Secretary shall submit a report to Comptroller
 11 General and the Congress listing all shut-in oil and gas wells
 12 and wells flaring natural gas on leases issued under the Outer
 13 Continental Shelf Lands Act. The report shall indicate why
 14 each well is shut-in or flaring natural gas, and whether the
 15 Secretary intends to require production or order cessation of
 16 flaring.

17 (b) Within six months after receipt of the Secretary's
 18 report, the Comptroller General shall review and evaluate
 19 the reasons for allowing the wells to be shut-in or to flare
 20 natural gas and submit his findings and recommendations to
 21 the Congress.

22 RELATIONSHIP TO EXISTING LAW

23 SEC. 303. Except as otherwise expressly provided here-
 24 in, nothing in this Act shall be construed to amend, modify,

1 or repeal any provision of the Coastal Zone Management Act
 2 of 1972.

3 SEVERABILITY

4 SEC. 304. If any provision of this Act, or the applica-
 5 tion of any such provision to any person or circumstance,
 6 shall be held invalid, the remainder of this Act, or the appli-
 7 cation of such provision to persons or circumstances other
 8 than those as to which it is held invalid, shall not be affected
 9 thereby.

94TH CONGRESS
1ST SESSION

S. 521

A BILL

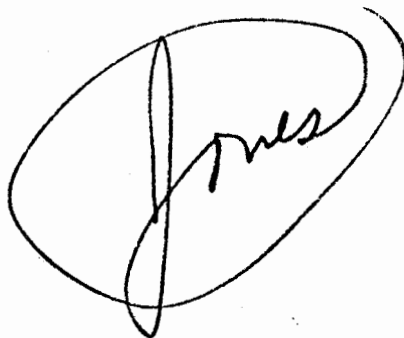
To increase the supply of energy in the United States from the Outer Continental Shelf; to amend the Outer Continental Shelf Lands Act; and for other purposes.

By Mr. JACKSON, Mr. JOHNSTON, Mr. METCALF,
and Mr. RANDOLPH

FEBRUARY 3, 1975

Read twice and referred to the Committee on Interior
and Insular Affairs

FEB 21 1975

A handwritten signature, likely "Jones", is enclosed within a hand-drawn oval. The signature is written in a cursive style.

February 20, 1975

DICK

Get the bill and some information on Bennett Johnson's
outer continental shelf revenue sharing proposal up to
the President.

DR

THE WHITE HOUSE

WASHINGTON

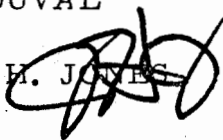
February 25, 1975

ADMINISTRATIVELY CONFIDENTIAL

MEMORANDUM FOR:

MIKE DUVAL

FROM:

JERRY H. JONES 

The attached material has been reviewed by the President and was returned in the outbox with the following comment:

-- Morton's reaction and others?

Would you please follow-up with the appropriate action and get back to us with your response. The Cavanaugh memo on OCS revenue is being held pending adequate input regarding this information.

Thank you.