

Selected Provisions and Amendments of H.R. 3221

Section 7101. Cost Recovery. This provision amends Section 365 of the Energy Policy Act of 2005 (EPACT) to require that applicants for drilling permits on public lands pay \$1700 per application to partially offset administrative costs. This provision will provide the Bureau of Land Management (BLM) with additional funds to process the anticipated increasing volume of drilling permit applications to (predicted to be over 10,600 in FY 2008), while reducing the taxpayer costs for this program. The BLM's oil and gas program costs have increased from about \$58 million in 2000 to a requested \$121 million in FY 2008. Requiring the beneficiaries of the oil and gas program to help pay the administrative costs of the program they benefit from will free up tens of millions of dollars each year for other important BLM programs.

Section 7102. Permit Processing. The section revises the 30-day deadline set by Section 366 of EPACT for review of drilling permit applications. It allows the BLM an additional 15 days to assure careful review of proposed drilling permits. The original proposed bill would have simply repealed any mandatory time frame.

Section 7103. Oil shale. This section amends Section 369 of EPACT to adopt a RAND Corporation recommendation to halt the proposed 2008 lease of BLM land for oil shale development until that agency completes a study of its technological and commercial viability. Industry admits it is many years away from achieving viable oil shale extraction technologies.

Section 7105. Best Management Practices. This section provides a public comment and review period for industry waiver requests of federal wildlife and environmental provisions for oil and gas leases. The BLM currently grants the waivers 70-90% of the time. It simply allows state wildlife agencies, the public, and other interested parties an opportunity for input. The provision also includes an expedited permitting process for applicants who have previously demonstrated their adherence to federal oil and gas lease protective stipulations, and requires the BLM to update its energy development BMPs to include directional drilling, adequate well-spacing, wildlife mitigation and other habitat protection measures.

Section 7221. Surface Owner Protection. The section requires oil and gas producers to reach a surface use agreement with surface landowners regarding the placement of roads, pipelines, power lines and compressor stations, and disposal of wastewater. In cases when parties cannot agree, the provision sets new bonding requirements that more accurately reflect the costs of oil and gas development. Section 7221 also requires notification for surface owners in advance of lease sales or drilling permits, and provides them with an opportunity to comment on plans of operations, participate in bond level determinations and bond release proceedings, and request and participate in on-site inspections. It gives much-needed protection to thousands of private landowners whose land lies over federal minerals.

Section 7222. Reclamation Bonding. The section revises the BLM's reclamation bonding program of oil and gas operations on public lands, which currently requires either \$10,000 per well, a \$25,000 statewide bond, or a \$150,000 nationwide bond and fails to cover realistic cleanup costs. Section 7222 would require the BLM to impose reclamation bonds at a level that reflects the actual costs of returning disturbed sites and degraded fish and wildlife habitats to their previous condition. Similar bonding requirements already apply to both coal and hard rock exploration and mining operations on the public lands.

Section 7223. Water Resource Protection. The section requires oil and gas operators that develop federally-owned minerals to replace water supplies lost or damaged as a result of drilling operations, and submit a plan which details how they will protect the quality and quantity of surface and groundwater.

Section 7224. Due Diligence/Healthy Lands. This section creates a dollar per acre fee for non-producing federal leases to encourage their development, and discourage speculative holding. It dedicates the generated revenues to supporting restoration of wildlife populations and their habitats affected by oil and gas development. According to BLM data, there are over 42,000,000 acres of onshore lands currently under lease, but only about 12,000,000 acres in actual production.

H.AMDT.744 Amendment #2, doubles the current level of funding for 2007 and 2008 for the weatherization assistance program in Section 9034(a). Sponsored by Rep. Chris Shays (CT).

H.AMDT.748 Amendment #6, requires electric suppliers other than governmental entities and rural electric cooperatives to provide 15% of their electricity using renewable energy resources by 2020. Allows 4% of the requirement to be satisfied with electricity efficiency measures. Sponsored by Rep. Tom Udall (NM).

H.AMDT.754 Amendment #12, requires the FERC to hold one public meeting before issuing a permit, license, or authorization that will affect land use when a public meeting is requested by at least five individuals or an organization representing 30 or more people. If a request for reconsideration is granted and the request was filed before enactment of this section and a hearing had not been held before the permit or authorization concerned was issued, the Commission must hold a hearing. Sponsored by Rep. Christopher Murphy (CT).

H.AMDT.763 Amendment #21, requires an assessment of current and anticipated needs of developing countries in adapting to climate change, which includes a strategy to address these needs and an identification of funding sources for such purposes. Sponsored by Rep. Hilda Solis (CA).