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(Original Signature of Member)

111TH CONGRESS  
1ST SESSION

**H. R.** \_\_\_\_\_

To direct the Secretary of the Interior to agree to requests by lessees to amend certain oil and gas leases issued for Central and Western Gulf of Mexico tracts to incorporate price thresholds applicable to royalty suspension provisions, and for other purposes.

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IN THE HOUSE OF REPRESENTATIVES

Mr. MARKEY of Massachusetts introduced the following bill; which was referred to the Committee on \_\_\_\_\_

\_\_\_\_\_  
**A BILL**

To direct the Secretary of the Interior to agree to requests by lessees to amend certain oil and gas leases issued for Central and Western Gulf of Mexico tracts to incorporate price thresholds applicable to royalty suspension provisions, 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 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Royalty Relief for  
5 American Consumers Act of 2010”.

1 **SEC. 2. PRICE THRESHOLDS FOR ROYALTY SUSPENSION**  
2 **PROVISIONS.**

3 The Secretary of the Interior shall agree to a request  
4 by any lessee to amend any lease issued for any Central  
5 and Western Gulf of Mexico tract during the period of  
6 January 1, 1998, through December 31, 1999, to incor-  
7 porate price thresholds applicable to royalty suspension  
8 provisions, that are equal to or less than the price thresh-  
9 olds described in clauses (v) through (vii) of section  
10 8(a)(3)(C) of the Outer Continental Shelf Lands Act (43  
11 U.S.C. 1337(a)(3)(C)). Any amended lease shall impose  
12 the new or revised price thresholds effective October 1,  
13 2010. Existing lease provisions shall prevail through Sep-  
14 tember 30, 2010.

15 **SEC. 3. ELIGIBILITY FOR NEW LEASES AND THE TRANSFER**  
16 **OF LEASES; CONSERVATION OF RESOURCES**  
17 **FEES.**

18 (a) ISSUANCE OF NEW LEASES.—

19 (1) IN GENERAL.—The Secretary shall not  
20 issue any new lease that authorizes the production  
21 of oil or natural gas in the Gulf of Mexico under the  
22 Outer Continental Shelf Lands Act (43 U.S.C. 1331  
23 et seq.) to a person described in paragraph (2) un-  
24 less—

25 (A) the person has renegotiated each cov-  
26 ered lease with respect to which the person is

1 a lessee, to modify the payment responsibilities  
2 of the person to include price thresholds that  
3 are equal to or less than the price thresholds  
4 described in clauses (v) through (vii) of section  
5 8(a)(3)(C) of the Outer Continental Shelf  
6 Lands Act (43 U.S.C. 1337(a)(3)(C)); or

7 (B) the person has—

8 (i) paid all fees established by the  
9 Secretary under subsection (b) that are  
10 due with respect to each covered lease for  
11 which the person is a lessee; or

12 (ii) entered into an agreement with  
13 the Secretary under which the person is  
14 obligated to pay such fees.

15 (2) PERSONS DESCRIBED.—A person referred  
16 to in paragraph (1) is a person that—

17 (A) is a lessee that—

18 (i) holds a covered lease on the date  
19 on which the Secretary considers the  
20 issuance of the new lease; or

21 (ii) was issued a covered lease before  
22 the date of enactment of this Act, but  
23 transferred the covered lease to another  
24 person or entity (including a subsidiary or

1           affiliate of the lessee) after the date of en-  
2           actment of this Act; or

3           (B) any other person or entity who has  
4           any direct or indirect interest in, or who derives  
5           any benefit from, a covered lease.

6           (3) MULTIPLE LESSEES.—

7           (A) IN GENERAL.—For purposes of para-  
8           graph (1), if there are multiple lessees that own  
9           a share of a covered lease, the Secretary may  
10          implement separate agreements with any lessee  
11          with a share of the covered lease that modifies  
12          the payment responsibilities with respect to the  
13          share of the lessee to include price thresholds  
14          that are equal to or less than the price thresh-  
15          olds described in clauses (v) through (vii) of  
16          section 8(a)(3)(C) of the Outer Continental  
17          Shelf Lands Act (43 U.S.C. 1337(a)(3)(C)).

18          (B) TREATMENT OF SHARE AS COVERED  
19          LEASE.—Beginning on the effective date of an  
20          agreement under subparagraph (A), any share  
21          subject to the agreement shall not constitute a  
22          covered lease with respect to any lessees that  
23          entered into the agreement.

24          (b) CONSERVATION OF RESOURCES FEES.—

1           (1) IN GENERAL.—Not later than 60 days after  
2           the date of enactment of this Act, the Secretary of  
3           the Interior by regulation shall establish—

4                   (A) a conservation of resources fee for pro-  
5                   ducing Federal oil and gas leases in the Gulf of  
6                   Mexico; and

7                   (B) a conservation of resources fee for  
8                   nonproducing Federal oil and gas leases in the  
9                   Gulf of Mexico.

10           (2) PRODUCING LEASE FEE TERMS.—The fee  
11           under paragraph (1)(A)—

12                   (A) subject to subparagraph (C), shall  
13                   apply to covered leases that are producing  
14                   leases;

15                   (B) shall be set at \$9 per barrel for oil and  
16                   \$1.25 per million Btu for gas, respectively, in  
17                   2005 dollars; and

18                   (C) shall apply only to production of oil or  
19                   gas occurring—

20                           (i) in any calendar year in which the  
21                           arithmetic average of the daily closing  
22                           prices for light sweet crude oil on the New  
23                           York Mercantile Exchange (NYMEX) ex-  
24                           ceeds \$34.73 per barrel for oil and \$4.34

1 per million Btu for gas in 2005 dollars;

2 and

3 (ii) on or after October 1, 2010.

4 (3) NONPRODUCING LEASE FEE TERMS.—The  
5 fee under paragraph (1)(B)—

6 (A) subject to subparagraph (C), shall  
7 apply to leases that are nonproducing leases;

8 (B) shall be set at \$3.75 per acre per year  
9 in 2005 dollars; and

10 (C) shall apply on and after October 1,  
11 2010.

12 (4) TREATMENT OF RECEIPTS.—Amounts re-  
13 ceived by the United States as fees under this sub-  
14 section shall be treated as offsetting receipts.

15 (c) TRANSFERS.—A lessee or any other person who  
16 has any direct or indirect interest in, or who derives a  
17 benefit from, a lease shall not be eligible to obtain by sale  
18 or other transfer (including through a swap, spinoff, serv-  
19 icing, or other agreement) any covered lease, the economic  
20 benefit of any covered lease, or any other lease for the  
21 production of oil or natural gas in the Gulf of Mexico  
22 under the Outer Continental Shelf Lands Act (43 U.S.C.  
23 1331 et seq.), unless—

24 (1) the lessee or other person has—

1 (A) renegotiated all covered leases of the  
2 lessee or other person; and

3 (B) entered into an agreement with the  
4 Secretary to modify the terms of all covered  
5 leases of the lessee or other person to include  
6 limitations on royalty relief based on market  
7 prices that are equal to or less than the price  
8 thresholds described in clauses (v) through (vii)  
9 of section 8(a)(3)(C) of the Outer Continental  
10 Shelf Lands Act (43 U.S.C. 1337(a)(3)(C)); or  
11 (2) the lessee or other person has—

12 (A) paid all fees established by the Sec-  
13 retary under subsection (b) that are due with  
14 respect to each covered lease for which the per-  
15 son is a lessee; or

16 (B) entered into an agreement with the  
17 Secretary under which the person is obligated  
18 to pay such fees.

19 (d) DEFINITIONS.—In this section—

20 (1) COVERED LEASE.—The term “covered  
21 lease” means a lease for oil or gas production in the  
22 Gulf of Mexico that is—

23 (A) in existence on the date of enactment  
24 of this Act;

1 (B) issued by the Department of the Inte-  
2 rior under section 304 of the Outer Continental  
3 Shelf Deep Water Royalty Relief Act (43  
4 U.S.C. 1337 note; Public Law 104–58); and

5 (C) not subject to limitations on royalty re-  
6 lief based on market price that are equal to or  
7 less than the price thresholds described in  
8 clauses (v) through (vii) of section 8(a)(3)(C) of  
9 the Outer Continental Shelf Lands Act (43  
10 U.S.C. 1337(a)(3)(C)).

11 (2) LESSEE.—The term “lessee” includes any  
12 person or other entity that controls, is controlled by,  
13 or is in or under common control with, a lessee.

14 (3) SECRETARY.—The term “Secretary” means  
15 the Secretary of the Interior.