

ALASKAN ENERGY FOR AMERICAN JOBS ACT

FEBRUARY 9, 2012.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. HASTINGS of Washington, from the Committee on Natural Resources, submitted the following

R E P O R T

together with

DISSENTING VIEWS

[To accompany H.R. 3407]

[Including cost estimate of the Congressional Budget Office]

The Committee on Natural Resources, to whom was referred the bill (H.R. 3407) to direct the Secretary of the Interior to establish and implement a competitive oil and gas leasing program for the exploration, development, and production of the oil and gas resources of the Coastal Plain of Alaska, to ensure secure energy supplies for the continental Pacific Coast of the United States, lower prices, and reduce imports, and for other purposes, having considered the same, report favorably thereon with an amendment and recommend that the bill as amended do pass.

The amendment is as follows:

Strike all after the enacting clause and insert the following:

SECTION 1. SHORT TITLE.

This Act may be cited as the “Alaskan Energy for American Jobs Act”.

SEC. 2. DEFINITIONS.

In this Act:

(1) COASTAL PLAIN.—The term “Coastal Plain” means that area described in appendix I to part 37 of title 50, Code of Federal Regulations.

(2) PEER REVIEWED.—The term “peer reviewed” means reviewed—

(A) by individuals chosen by the National Academy of Sciences with no contractual relationship with, or those who have no application for a grant or other funding pending with, the Federal agency with leasing jurisdiction; or

(B) if individuals described in subparagraph (A) are not available, by the top individuals in the specified biological fields, as determined by the National Academy of Sciences.

(3) SECRETARY.—The term “Secretary”, except as otherwise provided, means the Secretary of the Interior or the Secretary’s designee.

SEC. 3. LEASING PROGRAM FOR LANDS WITHIN THE COASTAL PLAIN.

(a) IN GENERAL.—The Secretary shall take such actions as are necessary—

(1) to establish and implement, in accordance with this Act and acting through the Director of the Bureau of Land Management in consultation with the Director of the United States Fish and Wildlife Service, a competitive oil and gas leasing program that will result in the exploration, development, and production of the oil and gas resources of the Coastal Plain; and

(2) to administer the provisions of this Act through regulations, lease terms, conditions, restrictions, prohibitions, stipulations, and other provisions that ensure the oil and gas exploration, development, and production activities on the Coastal Plain will result in no significant adverse effect on fish and wildlife, their habitat, subsistence resources, and the environment, including, in furtherance of this goal, by requiring the application of the best commercially available technology for oil and gas exploration, development, and production to all exploration, development, and production operations under this Act in a manner that ensures the receipt of fair market value by the public for the mineral resources to be leased.

(b) REPEAL OF EXISTING RESTRICTION.—

(1) REPEAL.—Section 1003 of the Alaska National Interest Lands Conservation Act (16 U.S.C. 3143) is repealed.

(2) CONFORMING AMENDMENT.—The table of contents in section 1 of such Act is amended by striking the item relating to section 1003.

(c) COMPLIANCE WITH REQUIREMENTS UNDER CERTAIN OTHER LAWS.—

(1) COMPATIBILITY.—For purposes of the National Wildlife Refuge System Administration Act of 1966 (16 U.S.C. 668dd et seq.), the oil and gas leasing program and activities authorized by this section in the Coastal Plain are deemed to be compatible with the purposes for which the Arctic National Wildlife Refuge was established, and no further findings or decisions are required to implement this determination.

(2) ADEQUACY OF THE DEPARTMENT OF THE INTERIOR’S LEGISLATIVE ENVIRONMENTAL IMPACT STATEMENT.—The “Final Legislative Environmental Impact Statement” (April 1987) on the Coastal Plain prepared pursuant to section 1002 of the Alaska National Interest Lands Conservation Act (16 U.S.C. 3142) and section 102(2)(C) of the National Environmental Policy Act of 1969 (42 U.S.C. 4332(2)(C)) is deemed to satisfy the requirements under the National Environmental Policy Act of 1969 that apply with respect to prelease activities under this Act, including actions authorized to be taken by the Secretary to develop and promulgate the regulations for the establishment of a leasing program authorized by this Act before the conduct of the first lease sale.

(3) COMPLIANCE WITH NEPA FOR OTHER ACTIONS.—Before conducting the first lease sale under this Act, the Secretary shall prepare an environmental impact statement under the National Environmental Policy Act of 1969 with respect to the actions authorized by this Act that are not referred to in paragraph (2). Notwithstanding any other law, the Secretary is not required to identify nonleasing alternative courses of action or to analyze the environmental effects of such courses of action. The Secretary shall only identify a preferred action for such leasing and a single leasing alternative, and analyze the environmental effects and potential mitigation measures for those two alternatives. The identification of the preferred action and related analysis for the first lease sale under this Act shall be completed within 18 months after the date of enactment of this Act. The Secretary shall only consider public comments that specifically address the Secretary’s preferred action and that are filed within 20 days after publication of an environmental analysis. Notwithstanding any other law, compliance with this paragraph is deemed to satisfy all requirements for the analysis and consideration of the environmental effects of proposed leasing under this Act.

(d) RELATIONSHIP TO STATE AND LOCAL AUTHORITY.—Nothing in this Act shall be considered to expand or limit State and local regulatory authority.

(e) SPECIAL AREAS.—

(1) IN GENERAL.—The Secretary, after consultation with the State of Alaska, the city of Kaktovik, and the North Slope Borough, may designate up to a total of 45,000 acres of the Coastal Plain as a Special Area if the Secretary determines that the Special Area is of such unique character and interest so as to require special management and regulatory protection. The Secretary shall designate as such a Special Area the Sadlerochit Spring area, comprising approximately 4,000 acres.

(2) **MANAGEMENT.**—Each such Special Area shall be managed so as to protect and preserve the area's unique and diverse character including its fish, wildlife, and subsistence resource values.

(3) **EXCLUSION FROM LEASING OR SURFACE OCCUPANCY.**—The Secretary may exclude any Special Area from leasing. If the Secretary leases a Special Area, or any part thereof, for purposes of oil and gas exploration, development, production, and related activities, there shall be no surface occupancy of the lands comprising the Special Area.

(4) **DIRECTIONAL DRILLING.**—Notwithstanding the other provisions of this subsection, the Secretary may lease all or a portion of a Special Area under terms that permit the use of horizontal drilling technology from sites on leases tracts located outside the Special Area.

(f) **LIMITATION ON CLOSED AREAS.**—The Secretary's sole authority to close lands within the Coastal Plain to oil and gas leasing and to exploration, development, and production is that set forth in this Act.

(g) **REGULATIONS.**—

(1) **IN GENERAL.**—The Secretary shall prescribe such regulations as may be necessary to carry out this Act, including regulations relating to protection of the fish and wildlife, their habitat, subsistence resources, and environment of the Coastal Plain, by no later than 15 months after the date of enactment of this Act.

(2) **REVISION OF REGULATIONS.**—The Secretary shall, through a rule making conducted in accordance with section 553 of title 5, United States Code, periodically review and, if appropriate, revise the regulations issued under subsection (a) to reflect a preponderance of the best available scientific evidence that has been peer reviewed and obtained by following appropriate, documented scientific procedures, the results of which can be repeated using those same procedures.

SEC. 4. LEASE SALES.

(a) **IN GENERAL.**—Lands may be leased under this Act to any person qualified to obtain a lease for deposits of oil and gas under the Mineral Leasing Act (30 U.S.C. 181 et seq.).

(b) **PROCEDURES.**—The Secretary shall, by regulation and no later than 180 days after the date of enactment of this Act, establish procedures for—

(1) receipt and consideration of sealed nominations for any area of the Coastal Plain for inclusion in, or exclusion (as provided in subsection (c)) from, a lease sale;

(2) the holding of lease sales after such nomination process; and

(3) public notice of and comment on designation of areas to be included in, or excluded from, a lease sale.

(c) **LEASE SALE BIDS.**—Lease sales under this Act may be conducted through an Internet leasing program, if the Secretary determines that such a system will result in savings to the taxpayer, an increase in the number of bidders participating, and higher returns than oral bidding or a sealed bidding system.

(d) **SALE ACREAGES AND SCHEDULE.**—

(1) The Secretary shall offer for lease under this Act those tracts the Secretary considers to have the greatest potential for the discovery of hydrocarbons, taking into consideration nominations received pursuant to subsection (b)(1).

(2) The Secretary shall offer for lease under this Act no less than 50,000 acres for lease within 22 months after the date of the enactment of this Act.

(3) The Secretary shall offer for lease under this Act no less than an additional 50,000 acres at 6-, 12-, and 18-month intervals following offering under paragraph (2).

(4) The Secretary shall conduct four additional sales under the same terms and schedule no later than two years after the date of the last sale under paragraph (3), if sufficient interest in leasing exists to warrant, in the Secretary's judgment, the conduct of such sales.

(5) The Secretary shall evaluate the bids in each sale and issue leases resulting from such sales, within 90 days after the date of the completion of such sale.

SEC. 5. GRANT OF LEASES BY THE SECRETARY.

(a) **IN GENERAL.**—The Secretary may grant to the highest responsible qualified bidder in a lease sale conducted under section 4 any lands to be leased on the Coastal Plain upon payment by the such bidder of such bonus as may be accepted by the Secretary.

(b) **SUBSEQUENT TRANSFERS.**—No lease issued under this Act may be sold, exchanged, assigned, sublet, or otherwise transferred except with the approval of the

Secretary. Prior to any such approval the Secretary shall consult with, and give due consideration to the views of, the Attorney General.

SEC. 6. LEASE TERMS AND CONDITIONS.

(a) **IN GENERAL.**—An oil or gas lease issued under this Act shall—

(1) provide for the payment of a royalty of not less than 12½ percent in amount or value of the production removed or sold under the lease, as determined by the Secretary under the regulations applicable to other Federal oil and gas leases;

(2) provide that the Secretary may close, on a seasonal basis, portions of the Coastal Plain to exploratory drilling activities as necessary to protect caribou calving areas and other species of fish and wildlife based on a preponderance of the best available scientific evidence that has been peer reviewed and obtained by following appropriate, documented scientific procedures, the results of which can be repeated using those same procedures;

(3) require that the lessee of lands within the Coastal Plain shall be fully responsible and liable for the reclamation of lands within the Coastal Plain and any other Federal lands that are adversely affected in connection with exploration, development, production, or transportation activities conducted under the lease and within the Coastal Plain by the lessee or by any of the sub-contractors or agents of the lessee;

(4) provide that the lessee may not delegate or convey, by contract or otherwise, the reclamation responsibility and liability to another person without the express written approval of the Secretary;

(5) provide that the standard of reclamation for lands required to be reclaimed under this Act shall be, as nearly as practicable, a condition capable of supporting the uses which the lands were capable of supporting prior to any exploration, development, or production activities, or upon application by the lessee, to a higher or better use as certified by the Secretary;

(6) contain terms and conditions relating to protection of fish and wildlife, their habitat, subsistence resources, and the environment as required pursuant to section 3(a)(2);

(7) provide that the lessee, its agents, and its contractors use best efforts to provide a fair share, as determined by the level of obligation previously agreed to in the 1974 agreement implementing section 29 of the Federal Agreement and Grant of Right of Way for the Operation of the Trans-Alaska Pipeline, of employment and contracting for Alaska Natives and Alaska Native corporations from throughout the State;

(8) prohibit the export of oil produced under the lease; and

(9) contain such other provisions as the Secretary determines necessary to ensure compliance with this Act and the regulations issued under this Act.

(b) **NEGOTIATED LABOR AGREEMENTS.**—The Secretary, as a term and condition of each lease under this Act, shall require that the lessee and its agents and contractors negotiate to obtain an agreement for the employment of laborers and mechanics on production, maintenance, and construction under the lease.

SEC. 7. POLICIES REGARDING BUYING, BUILDING, AND WORKING FOR AMERICA.

(a) **CONGRESSIONAL INTENT.**—It is the intent of the Congress that—

(1) this Act will support a healthy and growing United States domestic energy sector that, in turn, helps to reinvigorate American manufacturing, transportation, and service sectors by employing the vast talents of United States workers to assist in the development of energy from domestic sources; and

(2) Congress will monitor the deployment of personnel and material onshore and offshore to encourage the development of American technology and manufacturing to enable United States workers to benefit from this Act through good jobs and careers, as well as the establishment of important industrial facilities to support expanded access to American resources.

(b) **REQUIREMENT.**—The Secretary of the Interior shall when possible, and practicable, encourage the use of United States workers and equipment manufactured in the United States in all construction related to mineral development on the Coastal Plain.

SEC. 8. COASTAL PLAIN ENVIRONMENTAL PROTECTION.

(a) **NO SIGNIFICANT ADVERSE EFFECT STANDARD TO GOVERN AUTHORIZED COASTAL PLAIN ACTIVITIES.**—The Secretary shall, consistent with the requirements of section 3, administer this Act through regulations, lease terms, conditions, restrictions, prohibitions, stipulations, and other provisions that—

(1) ensure the oil and gas exploration, development, and production activities on the Coastal Plain will result in no significant adverse effect on fish and wildlife, their habitat, and the environment;

(2) require the application of the best commercially available technology for oil and gas exploration, development, and production on all new exploration, development, and production operations; and

(3) ensure that the maximum amount of surface acreage covered by production and support facilities, including airstrips and any areas covered by gravel berms or piers for support of pipelines, does not exceed 10,000 acres on the Coastal Plain for each 100,000 acres of area leased.

(b) **SITE-SPECIFIC ASSESSMENT AND MITIGATION.**—The Secretary shall also require, with respect to any proposed drilling and related activities, that—

(1) a site-specific analysis be made of the probable effects, if any, that the drilling or related activities will have on fish and wildlife, their habitat, subsistence resources, and the environment;

(2) a plan be implemented to avoid, minimize, and mitigate (in that order and to the extent practicable) any significant adverse effect identified under paragraph (1); and

(3) the development of the plan shall occur after consultation with the agency or agencies having jurisdiction over matters mitigated by the plan.

(c) **REGULATIONS TO PROTECT COASTAL PLAIN FISH AND WILDLIFE RESOURCES, SUBSISTENCE USERS, AND THE ENVIRONMENT.**—Before implementing the leasing program authorized by this Act, the Secretary shall prepare and promulgate regulations, lease terms, conditions, restrictions, prohibitions, stipulations, and other measures designed to ensure that the activities undertaken on the Coastal Plain under this Act are conducted in a manner consistent with the purposes and environmental requirements of this Act.

(d) **COMPLIANCE WITH FEDERAL AND STATE ENVIRONMENTAL LAWS AND OTHER REQUIREMENTS.**—The proposed regulations, lease terms, conditions, restrictions, prohibitions, and stipulations for the leasing program under this Act shall require compliance with all applicable provisions of Federal and State environmental law, and shall also require the following:

(1) Standards at least as effective as the safety and environmental mitigation measures set forth in items 1 through 29 at pages 167 through 169 of the “Final Legislative Environmental Impact Statement” (April 1987) on the Coastal Plain.

(2) Seasonal limitations on exploration, development, and related activities, where necessary, to avoid significant adverse effects during periods of concentrated fish and wildlife breeding, denning, nesting, spawning, and migration based on a preponderance of the best available scientific evidence that has been peer reviewed and obtained by following appropriate, documented scientific procedures, the results of which can be repeated using those same procedures.

(3) That exploration activities, except for surface geological studies, be limited to the period between approximately November 1 and May 1 each year and that exploration activities shall be supported, if necessary, by ice roads, winter trails with adequate snow cover, ice pads, ice airstrips, and air transport methods, except that such exploration activities may occur at other times if the Secretary finds that such exploration will have no significant adverse effect on the fish and wildlife, their habitat, and the environment of the Coastal Plain.

(4) Design safety and construction standards for all pipelines and any access and service roads, that—

(A) minimize, to the maximum extent possible, adverse effects upon the passage of migratory species such as caribou; and

(B) minimize adverse effects upon the flow of surface water by requiring the use of culverts, bridges, and other structural devices.

(5) Prohibitions on general public access and use on all pipeline access and service roads.

(6) Stringent reclamation and rehabilitation requirements, consistent with the standards set forth in this Act, requiring the removal from the Coastal Plain of all oil and gas development and production facilities, structures, and equipment upon completion of oil and gas production operations, except that the Secretary may exempt from the requirements of this paragraph those facilities, structures, or equipment that the Secretary determines would assist in the management of the Arctic National Wildlife Refuge and that are donated to the United States for that purpose.

(7) Appropriate prohibitions or restrictions on access by all modes of transportation.

(8) Appropriate prohibitions or restrictions on sand and gravel extraction.

(9) Consolidation of facility siting.

(10) Appropriate prohibitions or restrictions on use of explosives.

(11) Avoidance, to the extent practicable, of springs, streams, and river systems; the protection of natural surface drainage patterns, wetlands, and ripar-

ian habitats; and the regulation of methods or techniques for developing or transporting adequate supplies of water for exploratory drilling.

(12) Avoidance or minimization of air traffic-related disturbance to fish and wildlife.

(13) Treatment and disposal of hazardous and toxic wastes, solid wastes, reserve pit fluids, drilling muds and cuttings, and domestic wastewater, including an annual waste management report, a hazardous materials tracking system, and a prohibition on chlorinated solvents, in accordance with applicable Federal and State environmental law.

(14) Fuel storage and oil spill contingency planning.

(15) Research, monitoring, and reporting requirements.

(16) Field crew environmental briefings.

(17) Avoidance of significant adverse effects upon subsistence hunting, fishing, and trapping by subsistence users.

(18) Compliance with applicable air and water quality standards.

(19) Appropriate seasonal and safety zone designations around well sites, within which subsistence hunting and trapping shall be limited.

(20) Reasonable stipulations for protection of cultural and archeological resources.

(21) All other protective environmental stipulations, restrictions, terms, and conditions deemed necessary by the Secretary.

(e) **CONSIDERATIONS.**—In preparing and promulgating regulations, lease terms, conditions, restrictions, prohibitions, and stipulations under this section, the Secretary shall consider the following:

(1) The stipulations and conditions that govern the National Petroleum Reserve-Alaska leasing program, as set forth in the 1999 Northeast National Petroleum Reserve-Alaska Final Integrated Activity Plan/Environmental Impact Statement.

(2) The environmental protection standards that governed the initial Coastal Plain seismic exploration program under parts 37.31 to 37.33 of title 50, Code of Federal Regulations.

(3) The land use stipulations for exploratory drilling on the KIC-ASRC private lands that are set forth in appendix 2 of the August 9, 1983, agreement between Arctic Slope Regional Corporation and the United States.

(f) **FACILITY CONSOLIDATION PLANNING.**—

(1) **IN GENERAL.**—The Secretary shall, after providing for public notice and comment, prepare and update periodically a plan to govern, guide, and direct the siting and construction of facilities for the exploration, development, production, and transportation of Coastal Plain oil and gas resources.

(2) **OBJECTIVES.**—The plan shall have the following objectives:

(A) Avoiding unnecessary duplication of facilities and activities.

(B) Encouraging consolidation of common facilities and activities.

(C) Locating or confining facilities and activities to areas that will minimize impact on fish and wildlife, their habitat, and the environment.

(D) Utilizing existing facilities wherever practicable.

(E) Enhancing compatibility between wildlife values and development activities.

(g) **ACCESS TO PUBLIC LANDS.**—The Secretary shall—

(1) manage public lands in the Coastal Plain subject to section 811 of the Alaska National Interest Lands Conservation Act (16 U.S.C. 3121); and

(2) ensure that local residents shall have reasonable access to public lands in the Coastal Plain for traditional uses.

SEC. 9. EXPEDITED JUDICIAL REVIEW.

(a) **FILING OF COMPLAINT.**—

(1) **DEADLINE.**—Subject to paragraph (2), any complaint seeking judicial review—

(A) of any provision of this Act shall be filed by not later than 1 year after the date of enactment of this Act; or

(B) of any action of the Secretary under this Act shall be filed—

(i) except as provided in clause (ii), within the 90-day period beginning on the date of the action being challenged; or

(ii) in the case of a complaint based solely on grounds arising after such period, within 90 days after the complainant knew or reasonably should have known of the grounds for the complaint.

(2) **VENUE.**—Any complaint seeking judicial review of any provision of this Act or any action of the Secretary under this Act may be filed only in the United States Court of Appeals for the District of Columbia.

(3) **LIMITATION ON SCOPE OF CERTAIN REVIEW.**—Judicial review of a Secretarial decision to conduct a lease sale under this Act, including the environmental analysis thereof, shall be limited to whether the Secretary has complied with this Act and shall be based upon the administrative record of that decision. The Secretary's identification of a preferred course of action to enable leasing to proceed and the Secretary's analysis of environmental effects under this Act shall be presumed to be correct unless shown otherwise by clear and convincing evidence to the contrary.

(b) **LIMITATION ON OTHER REVIEW.**—Actions of the Secretary with respect to which review could have been obtained under this section shall not be subject to judicial review in any civil or criminal proceeding for enforcement.

(c) **LIMITATION ON ATTORNEYS' FEES AND COURT COSTS.**—No person seeking judicial review of any action under this Act shall receive payment from the Federal Government for their attorneys' fees and other court costs, including under any provision of law enacted by the Equal Access to Justice Act (5 U.S.C. 504 note).

SEC. 10. TREATMENT OF REVENUES.

Notwithstanding any other provision of law, 50 percent of the amount of bonus, rental, and royalty revenues from Federal oil and gas leasing and operations authorized under this Act shall be deposited in the Treasury.

SEC. 11. RIGHTS-OF-WAY ACROSS THE COASTAL PLAIN.

(a) **IN GENERAL.**—The Secretary shall issue rights-of-way and easements across the Coastal Plain for the transportation of oil and gas produced under leases under this Act—

(1) except as provided in paragraph (2), under section 28 of the Mineral Leasing Act (30 U.S.C. 185), without regard to title XI of the Alaska National Interest Lands Conservation Act (16 U.S.C. 3161 et seq.); and

(2) under title XI of the Alaska National Interest Lands Conservation Act (30 U.S.C. 3161 et seq.), for access authorized by sections 1110 and 1111 of that Act (16 U.S.C. 3170 and 3171).

(b) **TERMS AND CONDITIONS.**—The Secretary shall include in any right-of-way or easement issued under subsection (a) such terms and conditions as may be necessary to ensure that transportation of oil and gas does not result in a significant adverse effect on the fish and wildlife, subsistence resources, their habitat, and the environment of the Coastal Plain, including requirements that facilities be sited or designed so as to avoid unnecessary duplication of roads and pipelines.

(c) **REGULATIONS.**—The Secretary shall include in regulations under section 3(g) provisions granting rights-of-way and easements described in subsection (a) of this section.

SEC. 12. CONVEYANCE.

In order to maximize Federal revenues by removing clouds on title to lands and clarifying land ownership patterns within the Coastal Plain, the Secretary, notwithstanding section 1302(h)(2) of the Alaska National Interest Lands Conservation Act (16 U.S.C. 3192(h)(2)), shall convey—

(1) to the Kaktovik Inupiat Corporation the surface estate of the lands described in paragraph 1 of Public Land Order 6959, to the extent necessary to fulfill the Corporation's entitlement under sections 12 and 14 of the Alaska Native Claims Settlement Act (43 U.S.C. 1611 and 1613) in accordance with the terms and conditions of the Agreement between the Department of the Interior, the United States Fish and Wildlife Service, the Bureau of Land Management, and the Kaktovik Inupiat Corporation dated January 22, 1993; and

(2) to the Arctic Slope Regional Corporation the remaining subsurface estate to which it is entitled pursuant to the August 9, 1983, agreement between the Arctic Slope Regional Corporation and the United States of America.

PURPOSE OF THE BILL

The purpose of H.R. 3407, as ordered reported, is to direct the Secretary of the Interior to establish and implement a competitive oil and gas leasing program for the exploration, development, and production of the oil and gas resources of the Coastal Plain of Alaska, to ensure secure energy supplies for the United States, lower prices, and reduce imports.

BACKGROUND AND NEED FOR LEGISLATION

The Alaskan Energy for American Jobs Act (H.R. 3407) will encourage energy development, increase domestic energy security and create tens of thousands of American jobs. This legislation requires the Secretary of the Interior to implement a leasing program in the portion of the Arctic National Wildlife Refuge (ANWR) known as the 1002 area, which was specifically set aside for oil and gas development. No less than 50,000 acres shall be offered for leasing within 22 months of enactment and an additional 50,000 acres shall be offered in 6, 12, and 18 month intervals following the initial lease sale. This schedule is then repeated if the Secretary deems that there is interest. However, the physical surface impact of development is limited to a sliver of this acreage, only 10 percent of lands leased. The leasing program will ensure there are no adverse effects on fish and wildlife and allows the Secretary to create environmentally “special areas” that are not open to leasing due to environmental sensitivities and can limit oil and natural gas development due to seasonal environmental considerations.

Further, H.R. 3407 includes a provision dealing with lease conditions that has long been included in bills to open ANWR to energy production. This language directs the Secretary of the Interior to include a provision in lease terms that ensures the holders of a lease in ANWR negotiate towards obtaining an agreement with those who will physically construct and maintain the infrastructure to produce this energy. This does not require that an agreement be reached, but it simply requires that it be discussed. This language has long been part of a bipartisan agreement on legislative text to open ANWR, and is included in this text out of respect for this longstanding bipartisan agreement and out of respect for Alaska’s uniquely remote location in the Arctic.

According to U.S. Geological Survey estimates, the north slope of ANWR contains an estimated 10.4 billion barrels of oil. This is more than the known oil reserves of entire countries that the U.S. currently imports from, including Mexico, Angola, Azerbaijan, Norway, India, Indonesia, Malaysia, Egypt, Australia, New Zealand, Turkmenistan, and Uzbekistan. At peak production, ANWR could supply up to 1.45 million barrels of oil per day, more than the U.S. imports from Saudi Arabia every day and over one quarter of what the U.S. imports from Organization of Petroleum Exporting Countries (OPEC) each year.

Studies have shown that ANWR would create 55,000 to 130,000 jobs. Furthermore, energy development in ANWR could generate an estimated \$150 billion to \$296 billion in new federal revenue, with total government revenue (including leases, royalties and taxes) for the life of ANWR as much as \$440 billion. According to the Energy Information Administration, crude oil imports will decline by one barrel for every one barrel of ANWR production.

In addition, the residents of Alaska have for generations strongly supported energy development, and both residents and State officials believe development in ANWR can be done safely and in an environmentally responsible manner. Multiple polls throughout the years have shown consistently that a minimum of 70% of Alaskans support opening up ANWR for the jobs and economic developments it brings to their communities.

HISTORY OF ANWR

Oil and natural gas development has been a key topic of the domestic energy debate for decades. Multiple Congresses and Administrations have made opening or closing ANWR to development a key component of their energy and/or environmental agendas.

In 1980, President Jimmy Carter signed the Alaska National Interest Lands Conservation Act, which created more than 104,000,000 acres of national parks, wildlife refuges and wilderness areas from federal lands in the State of Alaska. In the Act, Congress and President Carter set aside the 1002 area for future oil and natural gas development. A 1986 U.S. Fish and Wildlife Service report recommended that for the benefit of the country's economic and national security, ANWR should be opened for oil and gas development.

Most recently, the House Natural Resources Committee included an ANWR development title in its portion of H.R. 6, the Energy Policy Act of 2005. The House passed H.R. 6 with the ANWR provisions; however, the Senate-passed version of H.R. 6 did not contain ANWR development and the House ANWR language was removed in conference. In 2006, the House passed H.R. 5429 to open ANWR to development. This legislation was very similar to the ANWR title in H.R. 6, but the measure was not taken up by the Senate.

Rising gas prices increased interest in ANWR development in 2008, but a Democratic-controlled House and Senate rejected several attempts to open ANWR. The 111th Congress never brought up the topic for consideration.

ANWR ENVIRONMENTAL PROTECTION

Much of the ANWR debate has revolved around responsible, environmentally-sound development and protection. ANWR is approximately 19 million acres. The 1002 area covers approximately 1.5 million acres. Advancements in drilling technology, many of which have been developed on Alaska's North Slope, have greatly reduced the amount of acreage needed for drilling operations and allow drilling to be conducted with minimal environmental impact. A drill pad that would have been 65 acres in 1977 can be less than nine acres today, and new extended reach drilling allows for a single drilling platform to cover a 28,000 foot radius—larger than the size of Washington, D.C.

Regarding the environmental impact of drilling, at a June 2011 legislative hearing, the Committee heard testimony from Joe Balash, Deputy Commissioner at the Alaska Department of Natural Resources. In his written testimony, Commissioner Balash stated that,

“Alaska has some of the most stringent environmental policies and regulations in the world and we are a leader in research for sound natural resource development. We love our state, not only for its economic opportunities, but also for its natural beauty, and we are very focused on protecting our environment.

The State of Alaska strongly believes that responsible resource development and protecting the environment go hand in hand and we have a strong record of upholding the Alaska Constitution's mandate that the state pursue

responsible resource development in a manner that safeguards the environment.

To ensure responsible resource development occurs in Alaska, the state has devised a comprehensive system that imposes rigorous environmental protections that meet or exceed federal standards.”

H.R. 3407 contains many protections to develop ANWR in an environmentally responsible fashion. It allows the Secretary to seasonally close portions of the 1002 area to exploratory drilling to protect caribou calving areas, fish, and other wildlife. It requires a site-specific analysis of the probable effects drilling and related activities will have on wildlife habitats and sets specific land surface acreage limitations for drilling activities on the 1002 area. Additionally, H.R. 3407 sets stringent reclamation requirements and creates specific standards for facilities as to avoid rivers and streams, and to avoid potential disturbances to fish and wildlife.

CBO SCORING AND FEDERAL REVENUE

The Committee has reviewed the fiscal score prepared for this bill by the Congressional Budget Office (CBO) and has serious concerns about both the assumptions and the totals reached in the CBO analysis.

It is important to note that CBO’s analysis and estimate represents a “middle” or “most likely” estimate of the revenue anticipated to come to the federal treasury. In addition, CBO’s budget baseline makes assumptions about future revenues that reduce the amount of revenue estimated to be received by the federal treasury. For both these reasons, the Committee believes that the real revenue to the federal treasury will be far higher than the estimate provided by CBO.

In 2009, CBO estimated that a sale in ANWR would generate approximately \$6.2 billion in revenue to the federal treasury, while the estimate for this bill is only \$5 billion. Oil prices are higher today and spare capacity in the Trans-Alaska pipeline is higher, which would allow for more marketing of oil produced in ANWR. Yet CBO has inexplicably lowered its score relative to 2009.

Furthermore, the CBO score of \$5 billion remains nearly identical to a score prepared in 2003 when oil prices were \$28 per barrel and companies had lower exploration budgets available. Both of these factors would point to a much higher revenue estimate for the federal treasury than the estimate given by CBO for this bill.

While the Committee appreciates the hard work of CBO staff and understands that the precedents set by CBO are used over and over in the future, the Committee strongly believes that the CBO estimate in this case is much too low. Certainly the estimate for this bill should have been in line with the 2009 estimate of \$6.2 billion, if not closer to \$7.5 billion, which would represent a 50% increase over the 2006 score of \$5.2 billion accounting for a nearly 100% increase in oil prices since that estimate.

ANWR represents the largest undeveloped onshore oil and gas resource in the United States. In fact, ANWR’s estimate of 10 billion barrels of recoverable oil is one-third of the entire onshore federal estate of 31 billion. The onshore operations in Prudhoe Bay have provided oil for Alaska and the West Coast for nearly 30

years, and the resource estimates for ANWR are larger. This resource if developed responsibly could employ tens of thousands of workers, produce billions of barrels of oil and generate tens of billions of dollars in revenue to the federal treasury. A Congressional Research Service estimate produced in 2008 said that development of the median estimate of 7 billion barrels of oil from ANWR could at \$100 per barrel oil provide nearly \$50 billion to the federal treasury in the form of royalties alone over the next 30 years. ANWR has tremendous promise to provide jobs, energy and revenue to America for a generation.

COMMITTEE ACTION

H.R. 3407 was introduced on November 14, 2011, by Chairman Doc Hastings (R-WA) and Congressman Don Young (R-AK). The bill was referred to the Committee on Natural Resources, and within the Committee to the Subcommittee on Energy and Mineral Resources. On November 18, 2011, the Subcommittee held a hearing on a draft version of the bill. On February 1, 2012, the Full Natural Resources Committee met to consider the introduced version of H.R. 3407. The Subcommittee on Energy and Mineral Resources was discharged by unanimous consent. Chairman Doc Hastings (R-WA) offered an amendment in the nature of a substitute to the bill. Ranking Member Edward Markey (D-MA) offered amendment designated .001 to the amendment in the nature of a substitute; the amendment was not adopted by a bipartisan rollcall vote of 11 to 27, as follows:

Committee on Natural Resources
U.S. House of Representatives
112th Congress

Date: February 1, 2012

Recorded Vote #: 1

Meeting on / Amendment: **HR 3407** – An Amendment to the Amendment in the Nature of a Substitute offered by Mr. Markey.001 was NOTAGREED TO by a roll call vote of 11 yeas and 27 nays.

MEMBERS	Yea	Nay	Pres	MEMBERS	Yea	Nay	Pres
Mr. Hastings, WA Chairman		X		<i>Mr. Heinrich, NM</i>	X		
<i>Mr. Markey, MA Ranking</i>	X			Mr. Benishek, MI		X	
Mr. Young, AK		X		<i>Mr. Lujan, NM</i>	X		
<i>Mr. Kildee, MI</i>				Mr. Rivera, FL		X	
Mr. Duncan of TN		X		<i>Mr. Sarbanes, MD</i>	X		
<i>Mr. Defazio, OR</i>				Mr. Duncan of SC		X	
Mr. Gohmert, TX				<i>Ms. Sutton, OH</i>	X		
<i>Mr. Faleomavaega, AS</i>				Mr. Tipton, CO		X	
Mr. Bishop, UT		X		<i>Ms. Tsongas</i>	X		
<i>Mr. Pallone, NJ</i>				Mr. Gosar, AZ		X	
Mr. Lamborn, CO		X		<i>Mr. Pierluisi, PR</i>	X		
<i>Mrs. Napolitano, CA</i>	X			Mr. Labrador, ID			
Mr. Wittman, VA		X		<i>Mr. Garamendi, CA</i>	X		
<i>Mr. Holt, NJ</i>				Ms. Noem, SD		X	
Mr. Broun, GA		X		<i>Ms. Hanabusa, HI</i>	X		
<i>Mr. Grijalva, AZ</i>	X			Mr. Southerland, FL		X	
Mr. Fleming, LA		X		Mr. Flores, TX		X	
<i>Ms. Bordallo, GU</i>				Mr. Harris, MD		X	
Mr. Coffman, CO		X		Mr. Landry, LA		X	
<i>Mr. Costa, CA</i>		X		Mr. Runyan, NJ		X	
Mr. McClintock, CA		X		Mr. Johnson, OH		X	
<i>Mr. Boren, OK</i>		X		Mr. Amodei, NV		X	
Mr. Thompson, PA		X					
<i>Mr. Sablan, CNMI</i>							
Mr. Denham, CA		X					
				TOTALS	11	27	

Congressman Raúl Grijalva (D–AZ) offered amendment designated Holt.005 to the amendment in the nature of a substitute; the amendment was not adopted by a bipartisan rollcall vote of 13 to 28, as follows:

Committee on Natural Resources
U.S. House of Representatives
112th Congress

Date: February 1, 2012

Recorded Vote #: 2

Meeting on / Amendment: **HR 3407** – An Amendment to the Amendment in the Nature of a Substitute (Mr. Holt.005)
offered by Mr. Grijalva was NOT AGREED TO by a roll call vote of 13 yeas and 28 nays.

MEMBERS	Yea	Nay	Pres	MEMBERS	Yea	Nay	Pres
Mr. Hastings, WA Chairman		X		<i>Mr. Heinrich, NM</i>	X		
<i>Mr. Markey, MA Ranking</i>	X			Mr. Benishek, MI		X	
Mr. Young, AK		X		<i>Mr. Lujan, NM</i>	X		
<i>Mr. Kildee, MI</i>	X			Mr. Rivera, FL		X	
Mr. Duncan of TN		X		<i>Mr. Sarbanes, MD</i>	X		
<i>Mr. Defazio, OR</i>	X			Mr. Duncan of SC		X	
Mr. Gohmert, TX				<i>Ms. Sutton, OH</i>	X		
<i>Mr. Faleomavaega, AS</i>				Mr. Tipton, CO		X	
Mr. Bishop, UT		X		<i>Ms. Tsongas</i>	X		
<i>Mr. Pallone, NJ</i>				Mr. Gosar, AZ		X	
Mr. Lamborn, CO		X		<i>Mr. Pierluisi, PR</i>	X		
<i>Mrs. Napolitano, CA</i>	X			Mr. Labrador, ID			
Mr. Wittman, VA		X		<i>Mr. Garamendi, CA</i>	X		
<i>Mr. Holt, NJ</i>				Ms. Noem, SD		X	
Mr. Broun, GA		X		<i>Ms. Hanabusa, HI</i>	X		
<i>Mr. Grijalva, AZ</i>	X			Mr. Southerland, FL		X	
Mr. Fleming, LA		X		Mr. Flores, TX		X	
<i>Ms. Bordallo, GU</i>				Mr. Harris, MD		X	
Mr. Coffman, CO		X		Mr. Landry, LA		X	
<i>Mr. Costa, CA</i>		X		Mr. Runyan, NJ		X	
Mr. McClintock, CA		X		Mr. Johnson, OH		X	
<i>Mr. Boren, OK</i>		X		Mr. Amodei, NV		X	
Mr. Thompson, PA		X					
<i>Mr. Sablan, CNMI</i>							
Mr. Denham, CA		X					
				TOTALS	13	28	

Congressman John Garamendi (D-CA) offered amendment designated .002 to the amendment in the nature of a substitute; the amendment was withdrawn. Congressman Edward Markey (D-MA) offered amendment designated .004 to the amendment in the nature of a substitute; the amendment was not adopted by a bipartisan rollcall vote of 14 to 28, as follows:

Committee on Natural Resources
U.S. House of Representatives
112th Congress

Date: February 1, 2012

Recorded Vote #: 3

Meeting on / Amendment: **HR 3407 – An Amendment to the Amendment in the Nature of a Substitute offered by Mr. Markey.004** was NOTAGREED TO by a roll call vote of 14 yeas and 28 nays.

MEMBERS	Yea	Nay	Pres	MEMBERS	Yea	Nay	Pres
Mr. Hastings, WA Chairman		X		<i>Mr. Heinrich, NM</i>	X		
<i>Mr. Markey, MA Ranking</i>	X			Mr. Benishek, MI		X	
Mr. Young, AK		X		<i>Mr. Lujan, NM</i>	X		
<i>Mr. Kildee, MI</i>	X			Mr. Rivera, FL		X	
Mr. Duncan of TN		X		<i>Mr. Sarbanes, MD</i>	X		
<i>Mr. Defazio, OR</i>	X			Mr. Duncan of SC		X	
Mr. Gohmert, TX				<i>Ms. Sutton, OH</i>	X		
<i>Mr. Faleomavaega, AS</i>				Mr. Tipton, CO		X	
Mr. Bishop, UT		X		<i>Ms. Tsongas</i>	X		
<i>Mr. Pallone, NJ</i>				Mr. Gosar, AZ		X	
Mr. Lamborn, CO		X		<i>Mr. Pierluisi, PR</i>	X		
<i>Mrs. Napolitano, CA</i>	X			Mr. Labrador, ID			
Mr. Wittman, VA		X		<i>Mr. Garamendi, CA</i>	X		
<i>Mr. Holt, NJ</i>	X			Ms. Noem, SD		X	
Mr. Broun, GA		X		<i>Ms. Hanabusa, HI</i>	X		
<i>Mr. Grijalva, AZ</i>	X			Mr. Southerland, FL		X	
Mr. Fleming, LA		X		Mr. Flores, TX		X	
<i>Ms. Bordallo, GU</i>				Mr. Harris, MD		X	
Mr. Coffman, CO		X		Mr. Landry, LA		X	
<i>Mr. Costa, CA</i>		X		Mr. Runyan, NJ		X	
Mr. McClintock, CA		X		Mr. Johnson, OH		X	
<i>Mr. Boren, OK</i>		X		Mr. Amodei, NV		X	
Mr. Thompson, PA		X					
<i>Mr. Sablan, CNMI</i>							
Mr. Denham, CA		X					
				TOTALS	14	28	

Congressman Paul Broun (R-GA) offered amendment designated .082 to the amendment in the nature of a substitute; the amendment was withdrawn. No further amendments to the amendment in the nature of a substitute were offered and the Hastings amendment in the nature of a substitute was adopted by voice vote. The bill, as amended, was then adopted and ordered favorably reported to the House of Representatives by a bipartisan rollcall vote of 29 to 13, as follows:

Committee on Natural Resources
U.S. House of Representatives
112th Congress

Date: February 1, 2012

Recorded Vote #: 4

Meeting on / Amendment: **HR 3407** – Adopted and favorably reported to the House of Representatives, as amended,
by a roll call vote of 29 yeas and 13 nays.

MEMBERS	Yea	Nay	Pres	MEMBERS	Yea	Nay	Pres
Mr. Hastings, WA Chairman	X			<i>Mr. Heinrich, NM</i>		X	
<i>Mr. Markey, MA Ranking</i>		X		Mr. Benishek, MI	X		
Mr. Young, AK	X			<i>Mr. Lujan, NM</i>		X	
<i>Mr. Kildee, MI</i>		X		Mr. Rivera, FL	X		
Mr. Duncan of TN	X			<i>Mr. Sarbanes, MD</i>		X	
<i>Mr. Defazio, OR</i>		X		Mr. Duncan of SC	X		
Mr. Gohmert, TX				<i>Ms. Sutton, OH</i>		X	
<i>Mr. Faleomavaega, AS</i>				Mr. Tipton, CO	X		
Mr. Bishop, UT	X			<i>Ms. Tsongas</i>		X	
<i>Mr. Pallone, NJ</i>				Mr. Gosar, AZ	X		
Mr. Lamborn, CO	X			<i>Mr. Pierluisi, PR</i>	X		
<i>Mrs. Napolitano, CA</i>		X		Mr. Labrador, ID	X		
Mr. Wittman, VA	X			<i>Mr. Garamendi, CA</i>		X	
<i>Mr. Holt, NJ</i>		X		Ms. Noem, SD	X		
Mr. Broun, GA	X			<i>Ms. Hanabusa, HI</i>		X	
<i>Mr. Grijalva, AZ</i>		X		Mr. Southerland, FL	X		
Mr. Fleming, LA	X			Mr. Flores, TX	X		
<i>Ms. Bordallo, GU</i>				Mr. Harris, MD	X		
Mr. Coffman, CO	X			Mr. Landry, LA	X		
<i>Mr. Costa, CA</i>	X			Mr. Runyan, NJ	X		
Mr. McClintock, CA	X			Mr. Johnson, OH	X		
<i>Mr. Boren, OK</i>	X			Mr. Amodei, NV	X		
Mr. Thompson, PA	X						
<i>Mr. Sablan, CNMI</i>							
Mr. Denham, CA	X						
				TOTALS	29	13	

SECTION-BY-SECTION ANALYSIS

Section 1. Short title

This Act is designated as the “Alaskan Energy for American Jobs Act.”

Section 2. Definitions

This section provides definitions for terms used in the bill.

Section 3. Leasing program for lands within the Coastal Plain

This section requires the Secretary of the Interior to implement a competitive leasing program for oil and gas development of the Coastal Plain and ensure there is no significant adverse effect on wildlife. The section repeals as unnecessary Section 1003 of the Alaska National Interest Lands Conservation Act of 1980, which conditions leasing of the Coastal Plain on an Act of Congress. It also deems the “Final Legislative Environmental Impact Statement” (April 1987) as satisfying the National Environmental Policy Act (NEPA) with respect to prelease activities.

Before conducting the first lease sale, the Secretary shall prepare a new environmental impact statement under NEPA. The Secretary is not required to identify a non-leasing alternative course of action and shall only identify a preferred action for leasing and a single alternative and analyze the environmental effects and potential mitigation measures for the two alternatives.

The Secretary, after consultation with the State of Alaska, the City of Kaktovik, and the North Slope Borough, may designate up to 45,000 acres as a “Special Area” of unique character and interest requiring special management and regulatory protection. The Secretary may exclude any Special Area from leasing, but if it is leased there shall be no surface area occupancy of the lands. The Secretary may lease all or a portion of Special Areas for horizontal drilling from sites outside the areas. The Secretary is directed to prepare regulations to carry out the Act within 15 months after enactment, and may periodically review and revise them to reflect any significant biological, environmental or engineering data.

Section 4. Lease sales

This section provides that no later than 180 days after enactment of the Act, the Secretary shall establish procedures for lease sales.

No less than 50,000 acres shall be offered for lease within 22 months after the date of enactment of this Act. These acres should be the tracts that the Secretary believes has the greatest potential for discovery. An additional (no less than) 50,000 acres should be offered for leasing in 6, 12, and 18 month intervals following the initial lease sale. Four additional sales shall be conducted on the same schedule no later than two years after the date of the last sale. All bids received in each sale shall be evaluated by the Secretary within 90 days of the sale.

Section 5. Grant of leases by the Secretary

This section provides that the Secretary must grant the lease upon payment of a bonus. No lease can be transferred, sold or

changed without approval by the Secretary in consultation with the Attorney General.

Section 6. Lease terms and conditions

This section stipulates that the royalty payment for the leases issued under this Act should not be less than 12½ percent.

The Secretary may close on a seasonal basis a portion of the Coastal Plain to exploratory drilling as necessary to protect caribou calving and fish and wildlife. The lessee is responsible for reclamation and may not delegate reclamation responsibility or liability to another entity. This section also requires the negotiation of project labor agreements as a condition of each lease issued under this Act.

Section 7. Policies regarding buying, building and working for America

This section expresses Congressional intent that the Act will help invigorate American manufacturing, transportation and service sectors. It also states the Congress will monitor the use of personnel and materials to encourage the development of American technology and manufacturing. This section provides that to the extent possible, the Secretary will encourage the hiring of American workers and the use of equipment and materials manufactured in the United States.

Section 8. Coastal Plain environmental protection

The section provides that the Secretary should ensure oil and gas activities result in no significant adverse effect on fish and wildlife and require the application of best commercially available technology. The Secretary will ensure the maximum amount of surface acreage covered by production and support facilities, does not exceed 10,000 acres per 100,000 acres leased.

The Secretary must require a site-specific analysis be made of the probable effects that the drilling activities will have on fish and wildlife and implement a plan to avoid and mitigate adverse effects.

Additionally, the leasing program will require the following:

(1) Compliance with all applicable provisions of federal and State environmental law and standards at least as effective as the mitigation measures in the Final Legislative environmental impact statement on the Coastal Plain. There will be seasonal limitations on activities to avoid adverse effects on wildlife activities. Exploration activities are limited to between November 1 and May 1 and the use of ice roads are encouraged.

(2) Safety and construction standards for pipelines and access and service roads that will minimize adverse effects on the passage of migratory species and the flow of surface water.

(3) Prohibitions on general public access and use on pipeline access and service roads.

(4) Stringent reclamation and rehabilitation requirements.

(5) Appropriate prohibitions or restrictions on access by all modes of transportation.

(6) Appropriate prohibitions on sand and gravel extraction and the use of explosives.

(7) Consolidation of facility siting, avoidance of springs, streams and river systems and air traffic related disturbance to fish and wildlife.

(8) Proper treatment and disposal of hazardous and toxic wastes, fuel storage and oil spill contingency planning, research, monitoring and reporting requirements, and field crew environmental briefings.

(9) Avoidance of significant adverse effects upon subsistence hunting, fishing and trapping.

(10) Compliance with air and water standards, appropriate seasonal and safety zone designations, protection of cultural and archeological resources.

In preparing and promulgating regulations the Secretary shall consider the stipulations and conditions that govern the National Petroleum Reserve-Alaska leasing program, the environmental protection standards that governed the initial Coastal Plain seismic exploration program, and the land stipulations for exploratory drilling on the KIC-ASRC private lands.

The Secretary should prepare and periodically update a plan to govern, guide and direct the consolidated siting and construction of facilities. Finally, the Secretary shall manage public lands and ensure local residents have access to public lands for traditional uses.

Section 9. Expedited judicial review

This section provides a one year deadline for any complaint seeking judicial review of the Act, and a 90-day deadline to challenge any action of the Secretary under the Act. Any complaint must be filed in the U.S. Court of Appeals of the District of Columbia. This section also provides for a limitation on attorney's fees.

Section 10. Treatment of revenues

This section provides that 50 percent of bonus, rental, and royalty revenues generated by this Act go to the U.S. Treasury.

Section 11. Rights of way across the Coastal Plain

This section provides that the Secretary shall issue rights of way across the Coastal Plain for transportation of oil and gas, and ensure they do not result in adverse effects to fish and wildlife.

Section 12. Conveyance

To maximize federal revenues by removing clouds on title to lands and to clarify land ownership patterns in the Coastal Plain, this section provides that the Secretary will convey certain surface estates to the Kaktovik Inupiat Corporation and the remaining subsurface estate granted in an 1983 agreement with the Arctic Slope Regional Corporation.

COMMITTEE OVERSIGHT FINDINGS AND RECOMMENDATIONS

Regarding clause 2(b)(1) of rule X and clause 3(c)(1) of rule XIII of the Rules of the House of Representatives, the Committee on Natural Resources' oversight findings and recommendations are reflected in the body of this report.

COMPLIANCE WITH HOUSE RULE XIII

1. Cost of Legislation. Clause 3(d)(1) of rule XIII of the Rules of the House of Representatives requires an estimate and a comparison by the Committee of the costs which would be incurred in carrying out this bill. However, clause 3(d)(2)(B) of that rule provides that this requirement does not apply when the Committee has included in its report a timely submitted cost estimate of the bill prepared by the Director of the Congressional Budget Office under section 402 of the Congressional Budget Act of 1974. Under clause 3(c)(3) of rule XIII of the Rules of the House of Representatives and section 403 of the Congressional Budget Act of 1974, the Committee has received the following cost estimate for this bill from the Director of the Congressional Budget Office:

H.R. 3407—Alaskan Energy for American Jobs Act

Summary: H.R. 3407 would direct the Secretary of the Interior to implement an oil and gas leasing program for the coastal plain of the Arctic National Wildlife Refuge (ANWR). Based on information provided by the Department of the Interior (DOI), the Energy Information Administration (EIA), and individuals working in the oil and gas industry, CBO estimates that implementing H.R. 3407 would increase net offsetting receipts (a credit against direct spending) by about \$2.5 billion over the 2014–2022 period; therefore, pay-as-you-go procedures apply. Enacting the legislation would not affect revenues.

H.R. 3407 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would impose no costs on state, local, or tribal governments.

Estimated cost to the Federal Government: The estimated budgetary impact of H.R. 3407 is shown in the following table. The costs of this legislation fall within budget functions 300 (natural resources and environment) and 800 (general government).

	By fiscal year, in millions of dollars—												
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2012–2017	2012–2022
CHANGES IN DIRECT SPENDING ^a													
Estimated Budget Authority	0	0	– 375	– 750	– 375	*	– 450	– 450	*	– 100	*	– 1,500	– 2,502
Estimated Outlays	0	0	– 375	– 750	– 375	*	– 450	– 450	*	– 100	*	– 1,500	– 2,502

Notes: Components may not sum to totals because of rounding. * = between –\$500,000 and \$0.
^a CBO estimates that implementing H.R. 3407 also would cost about \$8 million over the 2012–2017 period, assuming availability of appropriated funds, for the administrative costs of conducting the lease sales.

Notes: Components may not sum to totals because of rounding. * = between – \$500,000 and \$0.
^aCB0 estimates that implementing H.R. 3407 also would cost about \$8 million over the 2012–2017 period, assuming availability of appropriated funds, for the administrative costs of conducting the lease sales.

Basis of estimate: For this estimate, CBO assumes that the legislation will be enacted during 2012.

H.R. 3407 would direct the Secretary of the Interior to implement an oil and gas leasing program for lands located within the coastal plain of ANWR, which includes about 1.5 million acres of federal land on the northeast coast of Alaska. Because, under current law, activities related to oil and gas leasing in ANWR are prohibited, CBO estimates that implementing the bill would increase net offsetting receipts (a credit against direct spending) by about \$2.5 billion over the 2014–2022 period.

The bill would require the Secretary to hold 8 lease sales over a 6-year period and to offer at least 50,000 acres of land in ANWR for lease at each sale. After completing those sales, DOT could choose to offer additional lands for leasing. Any lease sales in ANWR would be carried out in accordance with procedures used to conduct oil and gas leasing on other federal lands under current law. For each lease awarded, lessees would pay the federal government bonus bids to acquire the leases, annual rent to retain the leases, and royalties based on the value of any oil or gas production from the leases. Under the bill, Alaska would receive one-half of the gross proceeds generated from the leasing program.

CBO estimates that implementing the legislation would cost \$8 million over the 2012–2017 period for administrative costs associated with the leasing program subject to the availability of appropriated funds. Because the bill would deem a previously-completed environmental impact statement as sufficient to meet the requirements of certain environmental laws, CBO estimates that any additional costs associated with complying with those laws would be minimal. We estimate that other implementation costs would total between \$1 million and \$2 million per year.

Bonus bids

CBO estimates that gross proceeds from bonus bids paid for the right to develop leases in ANWR would total \$5 billion over the 2014–2022 period. That estimate is based on historical information about oil and gas leasing in the United States and on information from DOT, ETA, and individuals working in the oil and gas industry about factors affecting the amounts that companies are willing to pay to acquire oil and gas leases. In addition, CBO relied on estimates prepared by the United States Geological Survey of the amount of oil that might be produced from the coastal plain of ANWR. As specified in the legislation, one-half of all receipts from leases in ANWR would be paid to Alaska, leaving net federal receipts totaling \$2.5 billion over the 2014–2022 period.

Estimates of bonus bids for leases in ANWR are uncertain. Potential bidders might make assumptions that are different from CBO's, including assumptions about long-term oil prices, production costs, the amount of oil and gas resources in ANWR, and alternative investment opportunities. In particular, oil companies have other domestic and overseas investment options that they would evaluate and compare with a potential investment in ANWR. The potential profitability for a wide range of such global investment options would likely be a significant factor in prospective bidders' ultimate choices of how much to bid for ANWR leases. The number of factors that affect companies' investment decisions result in a

wide range of estimates for bonus bids. CBO's estimate reflects our best estimate of the midpoint of that range.

Other receipts

In addition to receipts from bonus bids, CBO estimates that the federal government would collect net receipts from rental payments totaling less than \$500,000 annually over the 2014–2022 period. (Lease holders make an annual rental payment until production begins.) We also estimate that the federal government would receive royalty payments on oil produced from ANWR leases; however, based on information from ETA regarding the amount of time necessary to drill exploratory wells, complete production plans, and build the necessary infrastructure to produce and transport any oil produced in ANWR, CBO expects that no significant royalty payments would be made until after 2022.

Pay-As-You-Go considerations: The Statutory Pay-As-You-Go Act of 2010 establishes budget-reporting and enforcement procedures for legislation affecting direct spending or revenues. The net changes in outlays that are subject to those pay-as-you-go procedures are shown in the following table.

CBO ESTIMATE OF PAY-AS-YOU-GO EFFECTS FOR H.R. 3407 AS ORDERED REPORTED BY THE HOUSE COMMITTEE ON NATURAL RESOURCES ON FEBRUARY 1, 2012

	By fiscal year, in millions of dollars—										
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
	NET INCREASE OR DECREASE (–) IN THE DEFICIT										
Statutory Pay-As-You-Go Impact	0	0	– 375	– 750	– 375	0	– 450	– 450	0	– 100	0
											– 1,500
											– 2,502

Intergovernmental and private-sector impact: H.R. 3407 contains no intergovernmental or private-sector mandates as defined in UMRA and would impose no costs on state, local, or tribal governments.

Estimate prepared by: Federal Costs: Jeff LaFave; Impact on State, Local, and Tribal Governments: Melissa Merrell; Impact on the Private Sector: Amy Petz.

Estimate approved by: Theresa Gullo, Deputy Assistant Director for Budget Analysis.

2. Section 308(a) of Congressional Budget Act. As required by clause 3(c)(2) of Rule XIII of the Rules of the House of Representatives and section 308(a) of the Congressional Budget Act of 1974, this bill does not contain any new budget authority, spending authority, credit authority, or an increase or decrease in revenues or tax expenditures. CBO estimates that implementing H.R. 3407 would increase net offsetting receipts (a credit against direct spending) by about \$2.5 billion over the 2014–2022 period; therefore, pay-as-you-go procedures apply. Enacting the legislation would not affect revenues.

3. General Performance Goals and Objectives. As required by clause 3(c)(4) of Rule XIII, the general performance goal or objective of this bill, as ordered reported, is to direct the Secretary of the Interior to establish and implement a competitive oil and gas leasing program for the exploration, development, and production of the oil and gas resources of the Coastal Plain of Alaska, to ensure secure energy supplies for the United States, lower prices, and reduce imports.

EARMARK STATEMENT

This bill does not contain any Congressional earmarks, limited tax benefits, or limited tariff benefits as defined under clause 9(e), 9(f), and 9(g) of rule XXI of the Rules of the House of Representatives.

COMPLIANCE WITH PUBLIC LAW 104–4

This bill contains no unfunded mandates.

PREEMPTION OF STATE, LOCAL OR TRIBAL LAW

This bill is not intended to preempt any State, local or tribal law.

CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3(e) of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets and existing law in which no change is proposed is shown in roman):

ALASKA NATIONAL INTEREST LANDS CONSERVATION ACT

SECTION 1. This Act may be cited as the “Alaska National Interest Lands Conservation Act”.

TABLE OF CONTENTS

* * * * *

TITLE X—FEDERAL NORTH SLOPE LANDS STUDIES, OIL AND GAS LEASING
PROGRAM AND MINERAL ASSESSMENTS

Sec. 1001. Overall study program.

* * * * *

【Sec. 1003. Prohibition on development.】

* * * * *

TITLE X—FEDERAL NORTH SLOPE LANDS STUDIES, OIL
AND GAS LEASING PROGRAM AND MINERAL ASSESSMENTS

* * * * *

【PROHIBITION ON DEVELOPMENT

【SEC. 1003. Production of oil and gas from the Arctic National
Wildlife Refuge is prohibited and no leasing or other development
leading to production of oil and gas from the range shall be under-
taken until authorized by an Act of Congress.】

* * * * *

DISSENTING VIEWS

We oppose H.R. 3407 because it is part of a blatant attempt to use a funding shortfall for our nation's highway projects to force drilling in our nation's most pristine wildlife refuge. Unfortunately, this legislation combined with other Republican drilling proposals will not generate anywhere near sufficient revenue to pay for a surface transportation bill nor would it do so in the timeframe required.

H.R. 3407 would open up the pristine Arctic National Wildlife Refuge in Alaska to oil and gas drilling. There is no reason to open up this national treasure when, according to the Department of the Interior, oil companies already hold the drilling rights to tens of millions of acres of public lands under which is more oil than we could ever produce from the Refuge. We believe that oil companies should start drilling for these billions of barrels that they already have access to and that they should do so safely.

Allowing drilling in the Arctic Refuge would set a precedent that will allow the oil and gas industry to put a bull's-eye on each of the more than 550 units of the National Wildlife Refuge System in every state around the country. According to the Government Accountability Office, no leases have been issued in wildlife refuges for reasons other than for drainage—rare instances to prevent the theft of public minerals by a third party—since the Congress enacted the National Wildlife Refuge System Administration Act of 1966. Opening the crown jewel of the Wildlife Refuge System to drilling would set a new and disastrous precedent.

This bill would turn this untrammelled wilderness into a network of roads, pipelines and rigs. For years, proponents of drilling in the Refuge argued that any oil development would be confined to a total of 2,000 acres. This artificial number always counted the area of the rigs and pipelines only as the area that actually touched the ground, which is like saying the area of a table is limited to the size of the space where its legs touch the floor. H.R. 3407 drops even the pretense of that myth, once and for all. Under this bill, the Majority acknowledges that oil industry's footprint could stretch across as much as 150,000 acres of the Coastal Plain.

The Majority's claims also greatly exaggerate the revenue that could be generated by drilling in the Refuge. The Congressional Budget Office has estimated that drilling in this national treasure would raise only about \$3 billion over the first ten years because the first oil production would take roughly a decade. In addition, while the bill seeks to send 50 percent of any drilling revenue to the state and 50 percent to the Treasury, the Alaska Statehood Act requires that 90 percent of revenues from drilling on federal land must go to the state. If the State of Alaska successfully challenged the revenue split in H.R. 3408 in court, it would mean that taxpayers would receive much less.

Ranking Member Markey offered an amendment that would have required that before oil companies could drill in this pristine wildlife refuge, they must pay their fair share on leases they already hold in the Gulf of Mexico on which they are drilling for free. This amendment would have generated \$9.5 billion over ten years but was rejected on a largely party line vote. The Majority also rejected an amendment from Energy and Minerals Ranking Member Holt to ensure that if taxpayers do not actually receive their proper share of the revenues as a result of litigation over the division of revenue, drilling in the Refuge would not go forward. An amendment from Ranking Member Markey to at least ensure that all natural gas produced from drilling in the Arctic Refuge would stay in the United States for domestic use was similarly rejected.

The fallacy of “Drill, Baby, Drill” has been proven. United States oil production is at its highest levels in nearly a decade. Natural gas production is at an all time high. Yet gasoline prices are still averaging well over \$3 per gallon. H.R. 3407 would not change that reality, but it would risk destroying the crown jewel of our National Wildlife Refuge System.

EDWARD J. MARKEY.
 GRACE F. NAPOLITANO.
 RUSH HOLT.
 FRANK PALLONE, Jr.
 RAÚL M. GRIJALVA.
 NIKI TSONGAS.
 JOHN GARAMENDI.
 BEN R. LUJÁN.
 DALE E. KILDEE.
 PETER DEFazio.

