117TH CONGRESS
2d Session
HOUSE OF REPRESENTATIVES
REPORT
117–629

BONDING REFORM AND TAXPAYER PROTECTION ACT OF 2021

DECEMBER 14, 2022.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. GRIJALVA, from the Committee on Natural Resources, submitted the following

R E P O R T

together with

DISSENTING VIEWS

[To accompany H.R. 1505]

[Including cost estimate of the Congressional Budget Office]

The Committee on Natural Resources, to whom was referred the bill (H.R. 1505) to amend the Mineral Leasing Act to make certain adjustments to the regulation of surface-disturbing activities and to protect taxpayers from unduly bearing the reclamation costs of oil and gas development, and for other purposes, having considered the same, reports favorably thereon with an amendment and recommends 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 referred to as the "Bonding Reform and Taxpayer Protection Act of 2021".

SEC. 2. SURFACE DISTURBANCE AND RECLAMATION.

Section 17(g) of the Mineral Leasing Act (30 U.S.C. 226(g)) is amended to read as follows:

"(g) BONDING REQUIREMENTS.—

"(1) DEFINITIONS.—In this subsection:

"(A) INTERIM RECLAMATION PLAN.—The term 'Interim Reclamation Plan' means an ongoing plan specifying reclamation steps to be taken on all disturbed areas covered by any lease issued under this Act that are not needed for active operations.

"(B) FINAL RECLAMATION PLAN.—The term 'Final Reclamation Plan' means a plan describing all reclamation activity to be conducted for all dis-

turbed areas, including locations, facilities, trenches, rights-of-way, roads, and any other surface disturbance covered by a lease issued under this Act prior to final abandonment.

"(C) OPERATOR.—The term 'operator' means, with respect to an oil or gas operation, any entity, including the lessee or operating rights owner, that has stated in writing to a relevant authority that such entity is responsible for any portion of such operation.

"(D) SECRETARY CONCERNED.—The term 'Secretary concerned' means—

"(i) the Secretary of the Interior for public lands administered by such Secretary;

"(ii) the Secretary of Agriculture for forest service lands.

"(2) IN GENERAL.—The Secretary concerned shall regulate all surface-disturbing activities conducted pursuant to any lease issued under this Act, and shall determine reclamation and other actions as required in the interest of conservation of surface resources.

"(3) RECLAMATION PLANS REQUIRED.—

"(A) ANALYSIS AND APPROVAL REQUIRED.—No permit to drill on an oil and gas lease issued under this Act may be granted without the analysis and approval by the Secretary concerned of both an interim reclamation plan and a final reclamation plan covering proposed surface-disturbing activities within the lease area.

"(B) PLANS OF OPERATIONS.—All Federal plans or permits submitted pursuant to this Act with the potential to create surface disturbance shall include an Interim and Final Reclamation Plan.

"(C) SECRETARIAL REVIEW.—The Secretary concerned shall review each Interim Reclamation Plan at regular intervals and shall require such plans to be amended as warranted, subject to the approval of such Secretary.

"(4) BONDING.—

"(A) IN GENERAL.—

"(i) REGULATION.—Not later than 180 days after the date of enactment of the Bonding Reform and Taxpayer Protection Act of 2021, the Secretary concerned shall, by regulation, require that an adequate bond, surety, or other financial arrangement be established prior to the commencement of surface-disturbing activities on any lease under this Act.

"(ii) AMOUNT OF BOND.—In determining the adequacy of a bond, surety, or other financial instrument required by regulation under clause (i), the Secretary shall find that such arrangement is adequate if it is not less than the greater of—

"(I) the amount necessary for—

"(aa) the complete and timely reclamation of the lease tract;

"(bb) the restoration of any lands or surface waters adversely affected by lease operations after the abandonment or cessation of oil and gas operations on the lease; or

"(cc) in the case of an idled well, the total plugging and reclamation costs for each idled well controlled by the same operator;

"(II) $150,000 in the case of an arrangement for an individual surface-disturbing activity of each entity on an oil or gas lease; or

"(III) $500,000 in the case of an arrangement for all surface-disturbing activities of each entity in a State.

"(iii) ADJUSTMENT FOR INFLATION.—

"(I) IN GENERAL.—In the application of clause (ii), the Secretaries concerned shall jointly at least once every three years, at the beginning of the fiscal year, adjust the dollar amounts in clause (ii) to account for inflation based on the Consumer Price Index for all urban consumer published by the Department of Labor.

"(II) ROUNDING.—If any amount as adjusted under subclause (I) is not a multiple of $1,000, such amount shall be rounded to the next higher multiple of $1000.

"(B) PROHIBITION.—The Secretary concerned shall not issue or approve the assignment of any lease under the terms of this section to any person, association, corporation, or any subsidiary, affiliate, or person controlled by or under common control with such person, association, or corporation, during any period in which, as determined by the relevant Secretary, such entity has failed or refused to comply in any material respect with the reclamation requirements and other standards established under this section for any prior lease to which such requirements and standards applied.

"(C) NOTICE AND OPPORTUNITY FOR COMPLIANCE.—Prior to making a determination not to issue or approve the assignment of a lease under subparagraph (B) with respect to an entity the Secretary concerned shall provide such entity with adequate notification and an opportunity to comply with such reclamation requirements and other standards and shall consider whether any administrative or judicial appeal is pending. Once the entity has complied with the reclamation requirement or other standard concerned each oil or gas lease may be issued to such entity under this Act.

"(D) REVIEW UPON TRANSFER.—The Secretary concerned shall review the adequacy of a bond, surety, or other financial instrument anytime a lease or well under this Act is transferred. The Secretary shall find such bond, surety, or other financial instrument adequate if such arrangement—

"(i) meets the requirement described in subparagraph (A)(ii); and

"(ii) is not for a lesser amount than the amount maintained by the current operator.

"(E) REQUIRING HIGHER BOND AMOUNTS.—The Secretary concerned shall, at any time that such Secretary determines that a bond, surety, or other financial instrument required by a regulation issued pursuant to subparagraph (A) no longer meets the requirements of clause (ii) of such subparagraph, increase the required amount of such financial arrangement to the level required by subparagraph (A).

"(F) PHASING-IN BOND INCREASES.—With respect to a bond increased under subparagraph (E), the Secretary concerned shall require the operator to meet the following deadlines in posting the amount of the increase that results from the operation of such paragraph:

"(i) 25 percent of the increase by not later than 1 year after the date on which the determination was made under subparagraph (D).

"(ii) 75 percent of the increase by not later than 2 years after such date.

"(iii) 100 percent of the increase by not later than 3 years after such date.

"(5) STANDARDS.—Not later than 180 days after the date of enactment of the Bonding Reform and Taxpayer Protection Act of 2021, the Secretary of the Interior and the Secretary of Agriculture shall, by regulation, establish uniform standards for all Interim and Final Reclamation Plans. The goal of such plans shall be the restoration of the affected ecosystem to a condition approximating or equal to that which existed prior to the surface disturbance. Such standards shall include restoration of natural vegetation and hydrology, habitat restoration, salvage, storage and reuse of topsoils, erosion control, control of invasive species and noxious weeds and natural contouring.

"(6) MONITORING.—The Secretary concerned shall not approve final abandonment and shall not release any bond required by this Act until the standards and requirement for final reclamation established pursuant to this Act have been met.

"(7) FINANCIAL ASSURANCES.—The Secretary concerned shall not release the financial assurance established for a lease until the operator has paid the inspection fees required under section 4 for the lease covered by the financial assurance instrument.

"(8) BOND ADEQUACY REVIEW.—The Secretary shall conduct bond adequacy reviews as required under paragraph (4)(D) in accordance with Bureau of Land Management Instruction Memorandum No. 2019-014, dated November 15, 2018.

"(9) ORPHANED WELL FEE.—The Secretary of the Interior shall collect a per barrel of oil equivalent fee of not less than $0.10 on oil and gas produced from Federal lands for the use of plugging and reclamation of orphaned wells.".

SEC. 3. CHANGES TO THE BLM PERMIT PROCESSING IMPROVEMENT FUND.

(a) NAME OF FUND.—Section 35(c)(2)(B) of the Mineral Leasing Act (30 U.S.C. 191(c)(2)(B)) is amended by striking "BLM Permit Processing Improvement Fund" and inserting "BLM Administration and Accountability Fund".

(b) ADDITIONAL USES.—Section 35(c)(3)(A) of such Act (30 191(c)(3)(A)) is amended by adding at the end the following: "Such coordination and processing shall include—

"(i) the coordination and review process for financial assurances for oil and gas leases and bond releases for oil and gas leases;

"(ii) the inventory of orphaned wells and coordinate the processing of requests for delays in the permanent closure of inactive wells; and

"(iii) coordination and processing related to environmental and cultural resources reviews applicable to oil and gas activities.".

SEC. 4. INSPECTION FEES.

(a) IN GENERAL.—Section 108 of the Federal Oil and Gas Royalty Management Act of 1982 (30 U.S.C. 1718) is amended by adding at the end the following:

"(d) INSPECTION FEES.—

"(1) IN GENERAL.—Except as provided in paragraph (5), the designated operator under each oil and gas lease on Federal or Indian lands, or each unit and communitization agreement that includes one or more such Federal or Indian leases, that is subject to inspection under subsection (b) and that is in force at the start of the fiscal year 2021, shall pay a nonrefundable annual inspection fee in an amount that, except as provided in paragraph (2), is established by the Secretary by regulation and is sufficient to recover the full costs incurred by the United States for inspection and enforcement with respect to such leases.

"(2) AMOUNT.—Until the effective date of regulations under paragraph (1), the amount of the fee shall be—

"(A) $700 for each lease or unit or communitization agreement with no active or inactive wells, but with surface use, disturbance or reclamation;

"(B) $1,225 for each lease or unit or communitization agreement with 1 to 10 wells, with any combination of active or inactive wells;

"(C) $4,900 for each lease or unit or communitization agreement with 11 to 50 wells, with any combination of active or inactive wells; and

"(D) $9,800 for each lease or unit or communitization agreement with more than 50 wells, with any combination of active or inactive wells.

"(3) DUE DATE.—Payment of the fee under this section shall be due, annually, not later than 30 days after the Secretary provides notice of the assessment of the fee.

"(4) PENALTY.—If the designated operator fails to pay the full amount of the fee as prescribed in this section, the Secretary may, in addition to utilizing any other applicable enforcement authority, assess civil penalties against the operator under section 109 in the same manner as if this section were a mineral leasing law.

"(5) EXEMPTION FOR TRIBAL OPERATORS.—An operator that is a Tribe or is controlled by a Tribe is not subject to paragraph (1) with respect to a lease, unit, or communitization agreement that is located entirely on the lands of such Tribe.

"(6) ADJUSTMENT FOR INFLATION.—In the application of paragraph (2), the Secretaries shall at least once every three years, at the beginning of the fiscal year, adjust the dollar amounts in paragraph (2) to account for inflation based on the Consumer Price Index for all urban consumer published by the Department of Labor.".

(b) ASSESSMENT FOR FISCAL YEAR 2022.—The Secretary of the Interior shall assess the fee under the amendment made by subsection (a) for fiscal year 2022, and provide notice of such assessment to each designated operator who is liable for such fee, by not later than 60 days after the date of enactment of this Act.

SEC. 5. BONDING EQUITY FOR NATIONAL WILDLIFE REFUGE SYSTEM LANDS.

Section 4 of the National Wildlife Refuge System Administration Act of 1966 (16 U.S.C. 668dd et seq.) is amended—

(1) by redesignating subsections (h) through (o), as subsections (i) through (p), respectively; and

(2) by inserting after subsection (g) the following new subsection:

"(h) RECLAMATION, DAMAGES, AND FINANCIAL ASSURANCE FOR OIL AND GAS OPERATIONS ON REFUGE LANDS.—

"(1) The Secretary, acting through the Director, shall obtain adequate financial assurances from non-Federal entities to repair potential damages to refuge resources, prior to the commencement of surface-disturbing activities as part of the development of non-Federal minerals below refuge surface estate, including—

"(A) to ensure the complete and timely reclamation of the land, and the restoration of any lands or surface waters adversely affected by operations after the abandonment or cessation of oil and gas operations on the land; and

"(B) to meet potential response and assessment costs and other damages to refuge resources as a result of oil and gas operations.

"(2) Financial assurances forfeited by a non-Federal entity under this subsection shall be retained and available to the Secretary, without further appropriation, and shall remain available until expended, for—

"(A) plugging and abandoning wells;

"(B) removing structures, equipment, materials, and other infrastructure;

"(C) response costs and damage assessments conducted;

"(D) restoration, replacement, or acquisition of the equivalent refuge resources; and

"(E) monitoring and studying affected refuge resources.".

PURPOSE OF THE BILL

The purpose of H.R. 1505 is to amend the Mineral Leasing Act to make certain adjustments to the regulation of surface-disturbing activities and to protect taxpayers from unduly bearing the reclamation costs of oil and gas development.

BACKGROUND AND NEED FOR LEGISLATION

The Mineral Leasing Act (MLA) of 1920 authorizes the Department of the Interior (DOI) to lease the rights to develop oil and gas resources on public land.[1] The Bureau of Land Management (BLM) within DOI is the federal agency responsible for managing oil and gas resources on U.S. public land. The BLM administers more than 247 million acres of land and 700 million acres of subsurface mineral estate. The U.S. Forest Service (USFS) cooperates with BLM in coordinating access to federal oil and gas resources on approximately one-third of the over 150 national forests and grasslands. Most onshore public oil and gas resources are located and developed in the western United States, particularly California, Colorado, New Mexico, Utah, and Wyoming.

Companies that extract oil, gas, and coal from public lands are required to post a bond to cover the reclamation costs in the event the company does not perform reclamation itself. BLM regulations dating from 1960 set minimum oil and gas bond amounts at $10,000 for all of an operator's wells on an individual lease, $25,000 for all of an operator's wells in a state, and $150,000 for all of an operator's wells nationwide.[2]

In September 2019, GAO issued a report that found the bonds held by BLM are insufficient to clean up oil and gas wells that have already been "orphaned," in part because they do not reflect full reclamation costs.[3] According to GAO, 82 percent of bonds held by BLM remain at their regulatory minimum values, and 84 percent would not fully cover reclamation costs even under a low-cost scenario. GAO recommended BLM substantially increase minimum bond amounts.

H.R. 1505 would reform BLM oil and gas bonding requirements on public lands. The legislation eliminates the ability for a company to provide a single bond to cover all leases or operations nationwide and increases minimum bonding amounts to $150,000 and $500,000 for all of an operator's wells on an individual lease and in a state, respectively. H.R. 1505 requires companies to pay annual user fees to cover the cost of the BLM oil and gas inspection program, similar to fees companies pay for offshore oil and gas inspections. Fees increase as the number of wells on a lease increases. The legislation also requires: bond levels to be maintained or increased when leases are transferred to new operators, the Secretary of the Interior to increase financial assurance levels if the Secretary finds it's necessary to clean up lands or surface waters,

[1] 30 U.S.C. 181, et seq.

[2] https://www.blm.gov/programs/energy-and-minerals/oil-and-gas/leasing/bonding

[3] "Oil and Gas: Bureau of Land Management Should Address Risks from Insufficient Bonds to Reclaim Wells." *U.S. Government Accountability Office*. September 2019.

increases in bond amounts over three years, and the establishment of an "orphaned well fee" of no less than 10 cents per barrel of oil, with revenue going to reclaiming orphaned wells on federal land.

COMMITTEE ACTION

H.R. 1505 was introduced on March 2, 2021, by Representative Alan Lowenthal (D–CA). The bill was referred solely to the Committee on Natural Resources, and within the Committee to the Subcommittee on Energy and Mineral Resources. On March 9, 2021, the Subcommittee held a hearing on the bill. On May 5, 2021, the Natural Resources Committee met to consider the bill. The Subcommittee was discharged by unanimous consent. Rep. Lowenthal offered an amendment in the nature of a substitute. By unanimous consent, Ranking Member Bruce Westerman (R–AR) offered an amendment on behalf of Rep. Garret Graves (R–LA) designated Graves #81 to the amendment in the nature of a substitute. The amendment was not agreed to by a voice vote. By unanimous consent, Rep. Paul Gosar (R–AZ) offered an amendment on behalf of Rep. Graves designated Graves #83 to the amendment in the nature of a substitute. The amendment was not agreed to by a roll call vote of 14 yeas and 23 nays, as follows:

Date: May 5, 2021

COMMITTEE ON NATURAL RESOURCES
117TH CONGRESS — ROLL CALL

Bill / Motion: H.R. 1505

Amendment: Rep. Graves #83 amendment

Disposition: Not agreed to by a roll call vote of 14 yeas and 23 nays.

	DEM. MEMBERS (26)	YEAS	NAYS	PRESENT
1	Ms. Brownley, CA		X	
2	Mr. Case, HI		X	
3	Mr. Cohen, TN		X	
4	Mr. Costa, CA		X	
5	Ms. DeGette, CO		X	
6	Mrs. Dingell, MI		X	
7	Mr. Gallego, AZ		X	
8	Mr. Garcia, IL		X	
9	Mr. Grijalva, AZ (*Chair*)		X	
10	Mr. Huffman, CA		X	
11	Ms. Leger Fernández, NM		X	
12	Mr. Levin, CA		X	
13	Mr. Lowenthal, CA		X	
14	Ms. Matsui, CA		X	
15	Ms. McCollum, MN		X	
16	Mr. McEachin, VA			
17	Mrs. Napolitano, CA		X	
18	Mr. Neguse, CO			
19	Ms. Porter, CA		X	
20	Mr. Sablan, MP		X	
21	Mr. San Nicolas, GU			
22	Mr. Soto, FL		X	
23	Ms. Tlaib, MI		X	
24	Mr. Tonko, NY		X	
25	Ms. Trahan, MA		X	
26	Ms. Velázquez, NY		X	
	REP. MEMBERS (22)	**Y**	**N**	**P**
1	*Mr. Bentz, OR*	X		
2	*Mrs. Boebert, CO*			
3	*Mr. Carl, AL*	X		
4	*Mr. Fulcher, ID*			
5	*Mr. Gohmert, TX*			
6	*Miss González-Colón, PR*	X		
7	*Mr. Gosar, AZ*	X		
8	*Mr. Graves, LA*	X		
9	*Ms. Herrell, NM*	X		
10	*Mr. Hice, GA*			
11	*Mr. Lamborn, CO*	X		
12	*Mr. McClintock, CA*			
13	*Mr. Moore, UT*			
14	*Mr. Obernolte, CA*	X		
15	*Mrs. Radewagen, AS*	X		
16	*Mr. Rosendale, MT*	X		
17	*Mr. Stauber, MN*	X		
18	*Mr. Tiffany, WI*	X		
19	*Mr. Webster, FL*			
20	*Mr. Westerman, AR (RM)*	X		
21	*Mr. Wittman, VA*	X		
22	*Mr. Young, AK*			
	Total: 48 / Quorum: 16 / Report: 25	14	23	
	TOTALS	**YEAS**	**NAYS**	**PRESENT**

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The amendment in the nature of a substitute offered by Rep. Lowenthal was agreed to by voice vote. The bill, as amended, was adopted and ordered favorably reported to the House of Representatives by a roll call vote of 23 yeas and 15 nays, as follows:

Date: May 5, 2021

COMMITTEE ON NATURAL RESOURCES
117TH CONGRESS — ROLL CALL

Bill / Motion: H.R. 1505

Amendment:

Disposition: Final Passage: H.R. 1505, as amended, was ordered favorably reported to the House of Representatives by a roll call vote 23 yeas and 15 nays.

	DEM. MEMBERS (26)	YEAS	NAYS	PRESENT
1	Ms. Brownley, CA	X		
2	Mr. Case, HI	X		
3	Mr. Cohen, TN	X		
4	Mr. Costa, CA	X		
5	Ms. DeGette, CO	X		
6	Mrs. Dingell, MI	X		
7	Mr. Gallego, AZ	X		
8	Mr. García, IL	X		
9	Mr. Grijalva, AZ (*Chair*)	X		
10	Mr. Huffman, CA	X		
11	Ms. Leger Fernández, NM	X		
12	Mr. Levin, CA	X		
13	Mr. Lowenthal, CA	X		
14	Ms. Matsui, CA	X		
15	Ms. McCollum, MN	X		
16	Mr. McEachin, VA			
17	Mrs. Napolitano, CA	X		
18	Mr. Neguse, CO			
19	Ms. Porter, CA	X		
20	Mr. Sablan, MP	X		
21	Mr. San Nicolas, GU			
22	Mr. Soto, FL	X		
23	Ms. Tlaib, MI	X		
24	Mr. Tonko, NY	X		
25	Ms. Trahan, MA	X		
26	Ms. Velázquez, NY	X		
	REP. MEMBERS (22)	**Y**	**N**	**P**
1	*Mr. Bentz, OR*		X	
2	*Mrs. Boebert, CO*			
3	*Mr. Carl, AL*		X	
4	*Mr. Fulcher, ID*			
5	*Mr. Gohmert, TX*			
6	*Miss González-Colón, PR*		X	
7	*Mr. Gosar, AZ*		X	
8	*Mr. Graves, LA*		X	
9	*Ms. Herrell, NM*		X	
10	*Mr. Hice, GA*			
11	*Mr. Lamborn, CO*		X	
12	*Mr. McClintock, CA*			
13	*Mr. Moore, UT*		X	
14	*Mr. Obernolte, CA*		X	
15	*Mrs. Radewagen, AS*		X	
16	*Mr. Rosendale, MT*		X	
17	*Mr. Stauber, MN*		X	
18	*Mr. Tiffany, WI*		X	
19	*Mr. Webster, FL*			
20	*Mr. Westerman, AR (RM)*		X	
21	*Mr. Wittman, VA*		X	
22	*Mr. Young, AK*			
	Total: 48 / Quorum: 16 / Report: 25	23	15	
	TOTALS	**YEAS**	**NAYS**	**PRESENT**

HEARINGS

For the purposes of clause 3(c)(6) of House rule XIII, the following hearing was used to develop or consider this measure: hearing by the Subcommittee on Energy and Mineral Resources held on March 9, 2021.

SECTION-BY-SECTION ANALYSIS

Section 1. Short title

Section 1 provides the short title of this bill, the "Bonding Reform and Taxpayer Protection Act".

Section 2. Surface disturbance and reclamation

Section 2 amends the Mineral Leasing Act Section 17(g) to update bonding requirements for oil and gas development on federal land. In the new section "(g) Bonding requirements":

Subsection (1) defines key terms, such as "interim reclamation plan," "final reclamation plan," and "operator." Subsection (2) outlines that the Secretary of the Interior will regulate all surface-disturbing activities conducted on any oil and gas lease on federal land and will determine reclamation as required to conserve surface resources.

Subsection (3) describes the requirements for reclamation plans. No oil and gas lease permit can be approved without an interim reclamation plan and a final reclamation plan covering all proposed surface-disturbing activities within a lease. The Secretary will review each interim reclamation plan at regular intervals—plans must be amended as warranted.

Subsection (4) describes updated bonding regulations—within 180 days of enactment of this Act, the Secretary must issue new regulations that require an adequate bond, surety, or other financial assurance arrangements before any surface-disturbing activities begin. To determine if a bond amount is adequate under the new regulations, the Secretary must consider if the bond is sufficient for the complete and timely reclamation of the lease tract, the restoration of lands and surface waters, and the plugging and reclamation costs of each idled well controlled by the same operator or, $150,000 for an individual lease, or $500,000 for all leases in a State. At least once every three years, the Secretary of the Interior, in consultation with the Secretary of Agriculture, should adjust the bond amounts to account for inflation.

The Secretary cannot approve a lease for a person or company if they have failed or have refused to comply with any prior lease's reclamation requirements and other standards established in this section. The Secretary must give adequate notification and allow the company to comply with the regulations. Once the company complies, the lease can be issued. Any time a lease is transferred to new ownership, the Secretary will review the bond for adequacy.

Any time the Secretary determines that a bond required no longer meets the requirements, the Secretary can increase the bond amount required. When the Secretary increases bond amount requirements, the updated amount must be phased in over three years:

- 25 percent of the increase within one year,
- 75 percent of the increase within two years, and

- 100 percent of the increase within three years.

Within 180 days of enactment of this Act, the Secretary of the Interior and the Secretary of Agriculture are required to establish uniform standards for all interim and final reclamation plans. Such plans should aim to restore affected ecosystems to a condition approximating or equal to the condition that existed before the oil and gas activities. The Secretary concerned cannot release any bonds until the standards for final reclamation have been met, and inspection fees are paid. This subsection also establishes an orphaned well fee of no less than $0.10 per barrel of oil and gas produced on federal land for plugging and reclaiming orphaned wells.

Section 3. Changes to the BLM Permit Processing Improvement Fund

Section 3 amends the Mineral Leasing Act by changing the "BLM Permit Processing Improvement Fund" to the "BLM Administration and Accountability Fund." This section allows for further uses of the fund, including the coordination and review process for oil and gas financial assurances and bond release, the inventory of orphaned wells, and coordination and processing related to environmental and cultural resources related to oil and gas development.

Section 4. Inspection fees

Section 4 outlines new inspection fees for oil and gas operations on federal and tribal land. This section amends the Federal Oil and Gas Royalty Management Act by adding inspection fees to the end of Sec. 108. Starting in Fiscal Year 2021, operators must pay inspection fees—the amount of which will be determined by regulation but should be sufficient to recover the total costs incurred by the U.S. for inspection and enforcement of each lease. Until the regulations are enacted, the inspection fees will be:

- $700 for each lease with no wells but with surface disturbance,
- $1,225 for each lease with 1 to 10 wells (active or inactive),
- $4900 for each lease with 11 to 50 wells (active or inactive), and
- $9,800 for each lease with more than 50 wells (active or inactive).

Payment of these fees is due annually, not later than 30 days after the Secretary provides notice of the fees. If operators fail to pay the total amount, the Secretary may assess civil penalties against the operator. At least once every three years, the Secretaries will adjust inspection fees for inflation.

Section 5. Bonding Equity for National Wildlife Refuge System Lands

By amending the National Wildlife Refuge System Administration Act of 1996, this section ensures that the Secretary can require adequate financial assurances for oil and gas operations on National Wildlife Refuge System Lands.

Financial assurances forfeited by a non-federal entity will be retained and available to the Secretary for plugging abandoned wells, removing structures and other infrastructure, damage assessments, restoration, and monitoring affected refuge resources.

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 AND CONGRESSIONAL BUDGET ACT

1. *Cost of Legislation and the Congressional Budget Act.* With respect to the requirements of clause 3(c)(2) and (3) of rule XIII of the Rules of the House of Representatives and sections 308(a) and 402 of the Congressional Budget Act of 1974, as well as clause 3(d) of rule XIII of the Rules of the House of Representatives, the Committee has received the following estimate for the bill from the Director of the Congressional Budget Office:

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, September 27, 2021.

Hon. RAÚL M. GRIJALVA,
Chairman, Committee on Natural Resources,
House of Representatives, Washington, DC.

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the enclosed cost estimate for H.R. 1505, the Bonding Reform and Taxpayer Protection Act of 2021.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contact is Janani Shankaran.

Sincerely,

PHILLIP L. SWAGEL,
Director.

Enclosure.

At a Glance

H.R. 1505, Bonding Reform and Taxpayer Protection Act of 2021
As ordered reported by the House Committee on Natural Resources on May 5, 2021

By Fiscal Year, Millions of Dollars	2021	2021-2026	2021-2031
Direct Spending (Outlays)	0	-287	-620
Revenues	0	*	*
Increase or Decrease (-) in the Deficit	0	-287	-620
Spending Subject to Appropriation (Outlays)	0	5	not estimated

Statutory pay-as-you-go procedures apply?	Yes	**Mandate Effects**	
Increases on-budget deficits in any of the four consecutive 10-year periods beginning in 2032?	No	Contains intergovernmental mandate?	No
		Contains private-sector mandate?	No

* = between zero and $500,000.

The bill would

- Establish onshore well inspection fees and civil penalties for failure to pay those fees

- Levy new fees for oil and gas produced on onshore federal land
- Authorize the U.S. Fish and Wildlife Service to spend, without further appropriation, bonds forfeited from mineral activities on National Wildlife Refuge System land
- Increase minimum bond amounts required under the Mineral Leasing Act

Estimated budgetary effects would mainly stem from

- Collection of the new fees
- Spending of forfeited bonds

Areas of significant uncertainty include

- Estimating the amount of fees that would be collected under the bill

Bill summary: H.R. 1505 would establish fees for well inspections on onshore federal and tribal land, along with civil penalties for failure to pay those fees. The bill also would levy new fees for oil and gas produced on onshore federal land. Under H.R. 1505, the U.S. Fish and Wildlife Service (USFWS) would be permitted to retain and spend, without further appropriation, bonds forfeited from mineral activities on National Wildlife Refuge System (NWRS) land. Finally, the bill would increase the minimum bond amounts required under the Mineral Leasing Act.

Estimated Federal cost: The estimated budgetary effect of H.R. 1505 is shown in Table 1. The costs of the legislation fall primarily within budget function 300 (natural resources and environment).

TABLE 1.—ESTIMATED BUDGETARY EFFECTS OF H.R. 1505

	By fiscal year, millions of dollars—												
	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2021–2026	2021–2031
Increases or Decreases (−) in Direct Spending													
Inspection Fees													
Estimated Budget Authority	0	−55	−55	−55	−60	−60	−60	−60	−65	−65	−65	−285	−600
Estimated Outlays	0	−55	−55	−55	−60	−60	−60	−60	−65	−65	−65	−285	−600
Orphaned-Well Fees													
Estimated Budget Authority	0	0	*	*	−1	−1	−2	−3	−4	−5	−8	−3	−25
Estimated Outlays	0	0	*	*	−1	−1	−2	−3	−4	−5	−8	−3	−25
USFWS Spending of Forfeited Bonds													
Estimated Budget Authority	0	0	0	0	0	*	*	1	1	1	1	*	5
Estimated Outlays	0	0	0	0	0	*	*	1	1	1	1	*	5
Total Changes													
Estimated Budget Authority	0	−55	−55	−55	−61	−61	−62	−62	−68	−69	−72	−287	−620
Estimated Outlays	0	−55	−55	−55	−61	−61	−62	−62	−68	−69	−72	−287	−620
Increases in Spending Subject to Appropriation													
Estimated Authorization	0	1	1	1	1	1	n.e.	n.e.	n.e.	n.e.	n.e.	5	n.e.

TABLE 1.—ESTIMATED BUDGETARY EFFECTS OF H.R. 1505—Continued

	By fiscal year, millions of dollars—												
	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2021–2026	2021–2031
Estimated Outlays ..	0	1	1	1	1	1	n.e.	n.e.	n.e.	n.e.	n.e.	5	n.e.

Components may not sum to totals due to rounding; n.e. = not estimated; * = between −$500,000 and $500,000.
CBO estimates that enacting H.R. 1505 would increase revenues by an insignificant amount over the 2022–2031 period.

Basis of estimate: For this estimate, CBO assumes that the legislation will be enacted early in fiscal year 2022 and the fees under the bill would take effect that year.

Direct spending: CBO estimates that enacting H.R. 1505 would reduce net direct spending by $620 million over the 2022–2031 period.

Well Inspection Fees: H.R. 1505 would direct the Department of the Interior (DOI) to issue regulations establishing inspection fees for all wells on onshore federal and tribal land. Absent regulations, the bill would impose the following inspection fees:

- $700 for each lease or agreement with surface disturbance only,
- $1,225 for each lease or agreement with 1 to 10 wells,
- $4,900 for each lease or agreement with 11 to 50 wells, and
- $9,800 for each lease or agreement with more than 50 wells.

Under the bill, those fees would only be applied to currently held leases and agreements and would be adjusted every three years to account for inflation. Tribal operators of leases on tribal land would be exempt. Any collections would be classified in the budget as offsetting receipts, or reductions in direct spending.

Using data from the Bureau of Land Management (BLM), CBO estimates that collections would average between $55 million and $70 million annually and total $600 million over the 2022–2031 period, decreasing direct spending by the same amount.

Orphaned-Well Fees: H.R. 1505 would impose a fee of 10 cents per barrel of oil produced from onshore federal land and an equivalent fee on natural gas production. CBO expects DOI would levy the fee only on prospective leases. Collections would be classified in the budget as offsetting receipts, or reductions in direct spending.

Using CBO's July 2021 baseline budget projections and information about trends in recent years, CBO estimates that annual onshore federal production under new leases and agreements will average 10 million barrels of oil and 80 billion cubic feet of natural gas over the 2022–2031 period. At a rate of 10 cents per barrel of oil and 1.72 cents per thousand cubic feet of gas, enacting the bill would increase receipts, and thus decrease direct spending, by $25 million over the 2022–2031 period.

USFWS Spending of Forfeited Bonds: Under current law, bonds forfeited from mineral activities on NWRS land are deposited into the general fund of the Treasury; spending of those amounts is subject to appropriation. Under the bill, USFWS would be permitted to retain and spend forfeited bonds without further appropriation. According to the agency, no bonds have been forfeited to date; however, CBO expects that bond forfeitures will commence within sev-

eral years as older wells cease production. Using information from the agency, we estimate that the amount available for USFWS to spend would be insignificant in 2026 and 2027 but would increase to $1 million annually starting in 2028. CBO estimates that enacting the provision would increase direct spending by about $5 million over the 2022–2031 period.

BLM Administration and Accountability Fund: Under current law, 50 percent of rents collected from onshore mineral leases and 100 percent of fees collected for processing applications for permits to drill are deposited into the Permit Processing Improvement Fund. Amounts in that fund are available for BLM to spend without further appropriation to process onshore oil and gas permits. In 2020, the agency spent $69 million from the fund. CBO projects that amounts in the fund will be fully spent under current law.

H.R. 1505 would rename the fund the Administration and Accountability Fund and would authorize additional uses, including inventorying orphaned wells and coordinating environmental and cultural reviews. CBO estimates that the bill would not affect the amounts available to be spent from the Fund and would not significantly affect the rate of that spending; thus, enacting the provision would have no significant effect on direct spending over the 2022–2031 period.

Revenues: The bill also would authorize DOI to assess civil penalties for failure to pay inspection fees. CBO estimates that any penalties, which would be classified in the budget as revenues, would be insignificant over the 2022–2031 period.

Spending subject to appropriation; CBO estimates that implementing H.R. 1505 would cost $5 million over the 2022–2026 period, assuming appropriation of the estimated amounts.

Bonds forfeited under the Mineral Leasing Act are recorded in the budget as discretionary offsetting collections, and their spending is subject to appropriation. H.R. 1505 would increase the minimum bond amounts required for leasing on onshore federal land. Assuming appropriation actions consistent with previous appropriation bills, CBO expects that any additional amounts forfeited under H.R. 1505 would be spent soon thereafter, resulting in no net change in spending subject to appropriation.

H.R. 1505 would direct DOI and the Department of Agriculture to conduct bond adequacy reviews and to issue regulations implementing the new minimum bond amounts and well inspection fees. CBO also expects that DOI would incur additional costs to manage fee collections under the bill. Based on the costs of similar tasks, CBO estimates that implementing those activities would cost $1 million annually over the 2022–2026 period; such spending would be subject to the availability of appropriated funds.

Uncertainty: The estimate of fee collections is uncertain and could be higher or lower than CBO estimates. CBO cannot forecast with certainty oil and gas prices or the volume of onshore production on federal land under prospective leases, which would affect the estimate of orphaned-well fees. We also cannot predict whether DOI would set well inspection fees at rates differing from those under the bill.

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 Table 2.

TABLE 2.—CBO's ESTIMATE OF THE STATUTORY PAY-AS-YOU-GO EFFECTS OF H.R. 1505, THE BONDING REFORM AND TAXPAYER PROTECTION ACT OF 2021, AS ORDERED REPORTED BY THE HOUSE COMMITTEE ON NATURAL RESOURCES ON MAY 5, 2021

	By fiscal year, millions of dollars—												
	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2021–2026	2021–2031
	Net Decrease in the Deficit												
Pay-As-You-Go Effect	0	−55	−55	−55	−61	−61	−62	−62	−68	−69	−72	−287	−620

Increase in long-term deficits: None.

Mandates: None.

Estimate prepared by: Federal Costs and Revenues: Janani Shankaran; Mandates: Lilia Ledezma.

Estimate reviewed by: Kathleen FitzGerald, Chief, Public and Private Mandates Unit; Susan Willie, Chief, Natural and Physical Resources Cost Estimates Unit; H. Samuel Papenfuss, Deputy Director of Budget Analysis; Theresa Gullo, Director of Budget Analysis.

2. *General Performance Goals and Objectives*. As required by clause 3(c)(4) of rule XIII, the general performance goals and objectives of this bill are to amend the Mineral Leasing Act to make certain adjustments to the regulation of surface-disturbing activities and to protect taxpayers from unduly bearing the reclamation costs of oil and gas development.

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.

UNFUNDED MANDATES REFORM ACT STATEMENT

According to CBO, this bill contains no unfunded mandates as defined by the Unfunded Mandates Reform Act.

EXISTING PROGRAMS

This bill does not establish or reauthorize a program of the federal government known to be duplicative of another program.

APPLICABILITY TO LEGISLATIVE BRANCH

The Committee finds that the legislation does not relate to the terms and conditions of employment or access to public services or accommodations within the meaning of section 102(b)(3) of the Congressional Accountability Act.

PREEMPTION OF STATE, LOCAL, OR TRIBAL LAW

Any preemptive effect of this bill over state, local, or tribal law is intended to be consistent with the bill's purposes and text and the Supremacy Clause of Article VI of the U.S. Constitution.

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, new matter is printed in italics, and existing law in which no change is proposed is shown in roman):

MINERAL LEASING ACT

* * * * * * *

SEC. 17. (a) All lands subject to disposition under this Act which are known or believed to contain oil or gas deposits may be leased by the Secretary.

(b)(1)(A) All lands to be leased which are not subject to leasing under paragraphs (2) and (3) of this subsection shall be leased as provided in this paragraph to the highest responsible qualified bidder by competitive bidding under general regulations in units of not more than 2,560 acres, except in Alaska, where units shall be not more than 5,760 acres. Such units shall be as nearly compact as possible. Lease sales shall be conducted by oral bidding, except as provided in subparagraph (C). Lease sales shall be held for each State where eligible lands are available at least quarterly and more frequently if the Secretary of the Interior determines such sales are necessary. A lease shall be conditioned upon the payment of a royalty at a rate of not less than 12.5 percent in amount or value of the production removed or sold from the lease. The Secretary shall accept the highest bid from a responsible qualified bidder which is equal to or greater than the national minimum acceptable bid, without evaluation of the value of the lands proposed for lease. Leases shall be issued within 60 days following payment by the successful bidder of the remainder of the bonus bid, if any, and the annual rental for the first lease year. All bids for less than the national minimum acceptable bid shall be rejected. Lands for which no bids are received or for which the highest bid is less than the national minimum acceptable bid shall be offered promptly within 30 days for leasing under subsection (c) of this section and shall remain available for leasing for a period of 2 years after the competitive lease sale.

(B) The national minimum acceptable bid shall be $2 per acre for a period of 2 years from the date of enactment of the Federal Onshore Oil and Gas Leasing Reform Act of 1987. Thereafter, the Secretary, subject to paragraph (2)(B), may establish by regulation a higher national minimum acceptable bid for all leases based upon a finding that such action is necessary: (i) to enhance financial returns to the United States; and (ii) to promote more efficient management of oil and gas resources on Federal lands. Ninety days before the Secretary makes any change in the national minimum acceptable bid, the Secretary shall notify the Committee on Natural Resources of the United States House of Representatives and the Committee on Energy and Natural Resources of the United States Senate. The proposal or promulgation of any regulation to establish a national minimum acceptable bid shall not be considered a major Federal action subject to the requirements of section 102(2)(C) of the National Environmental Policy Act of 1969.

(C) In order to diversify and expand the Nation's onshore leasing program to ensure the best return to the Federal taxpayer, reduce fraud, and secure the leasing process, the Secretary may conduct onshore lease sales through Internet-based bidding methods. Each individual Internet-based lease sale shall conclude within 7 days.

(2)(A)(i) If the lands to be leased are within a special tar sand area, they shall be leased to the highest responsible qualified bidder by competitive bidding under general regulations in units of not more than 5,760 acres, which shall be as nearly compact as possible, upon the payment by the lessee of such bonus as may be accepted by the Secretary.

(ii) Royalty shall be 12½ per centum in amount of value of production removed or sold from the lease subject to section 17(k)(1)(c).

(iii) The Secretary may lease such additional lands in special tar sand areas as may be required in support of any operations necessary for the recovery of tar sands.

(iv) No lease issued under this paragraph shall be included in any chargeability limitation associated with oil and gas leases.

(B) For any area that contains any combination of tar sand and oil or gas (or both), the Secretary may issue under this Act, separately—

(i) a lease for exploration for and extraction of tar sand; and

(ii) a lease for exploration for and development of oil and gas.

(C) A lease issued for tar sand shall be issued using the same bidding process, annual rental, and posting period as a lease issued for oil and gas, except that the minimum acceptable bid required for a lease issued for tar sand shall be $2 per acre.

(D) The Secretary may waive, suspend, or alter any requirement under section 26 that a permittee under a permit authorizing prospecting for tar sand must exercise due diligence, to promote any resource covered by a combined hydrocarbon lease.

(3)(A) If the United States held a vested future interest in a mineral estate that, immediately prior to becoming a vested present interest, was subject to a lease under which oil or gas was being produced, or had a well capable of producing, in paying quantities at an annual average production volume per well per day of either not more than 15 barrels per day of oil or condensate, or not more than 60,000 cubic feet of gas, the holder of the lease may elect to continue the lease as a noncompetitive lease under subsection (c)(1).

(B) An election under this paragraph is effective—

(i) in the case of an interest which vested after January 1, 1990, and on or before the date of enactment of this paragraph, if the election is made before the date that is 1 year after the date of enactment of this paragraph;

(ii) in the case of an interest which vests within 1 year after the date of enactment of this paragraph, if the election is made before the date that is 2 years after the date of enactment of this paragraph; and

(iii) in any case other than those described in clause (i) or (ii), if the election is made prior to the interest becoming a vested present interest.

(C) Notwithstanding the consent requirement referenced in section 3 of the Mineral Leasing Act for Acquired Lands (30 U.S.C.

352), the Secretary shall issue a noncompetitive lease under subsection (c)(1) to a holder who makes an election under subparagraph (A) and who is qualified to hold a lease under this Act. Such lease shall be subject to all terms and conditions under this Act that are applicable to leases issued under subsection (c)(1).

(D) A lease issued pursuant to this paragraph shall continue so long as oil or gas continues to be produced in paying quantities.

(E) This paragraph shall apply only to those lands under the administration of the Secretary of Agriculture where the United States acquired an interest in such lands pursuant to the Act of March 1, 1911 (36 Stat. 961 and following).

(c)(1) If the lands to be leased are not leased under subsection (b)(1) of this section or are not subject to competitive leasing under subsection (b)(2) of this section, the person first making application for the lease who is qualified to hold a lease under this Act shall be entitled to a lease of such lands without competitive bidding, upon payment of a non-refundable application fee of at least $75. A lease under this subsection shall be conditioned upon the payment of a royalty at a rate of 12.5 percent in amount or value of the production removed or sold from the lease. Leases shall be issued within 60 days of the date on which the Secretary identifies the first responsible qualified applicant.

(2)(A) Lands (i) which were posted for sale under subsection (b)(1) of this section but for which no bids were received or for which the highest bid was less than the national minimum acceptable bid and (ii) for which, at the end of the period referred to in subsection (b)(1) of this section no lease has been issued and no lease application is pending under paragraph (1) of this subsection, shall again be available for leasing only in accordance with subsection (b)(1) of this section.

(B) The land in any lease which is issued under paragraph (1) of this subsection or under subsection (b)(1) of this section which lease terminates, expires, is cancelled or is relinquished shall again be available for leasing only in accordance with subsection (b)(1) of this section.

(d) All leases issued under this section, as amended by the Federal Onshore Oil and Gas Leasing Reform Act of 1987, shall be conditioned upon payment by the lessee of a rental of not less than $1.50 per acre per year for the first through fifth years of the lease and not less than $2 per acre per year for each year thereafter. A minimum royalty in lieu of rental of not less than the rental which otherwise would be required for that lease year shall be payable at the expiration of each lease year beginning on or after a discovery of oil or gas in paying quantities on the lands leased.

(e) Competitive and noncompetitive leases issued under this section shall be for a primary term of 10 years: *Provided, however,* That competitive leases issued in special tar sand areas shall also be for a primary term of ten years. Each such lease shall continue so long after its primary term as oil or gas is produced in paying quantities. Any lease issued under this section for land on which, or for which under an approved cooperative or unit plan of development or operation, actual drilling operations were commenced prior to the end of its primary term and are being diligently prosecuted at that time shall be extended for two years and so long thereafter as oil or gas is produced in paying quantities.

(f) At least 45 days before offering lands for lease under this section, and at least 30 days before approving applications for permits to drill under the provisions of a lease or substantially modifying the terms of any lease issued under this section, the Secretary shall provide notice of the proposed action. Such notice shall be posted in the appropriate local office of the leasing and land management agencies. Such notice shall include the terms or modified lease terms and maps or a narrative description of the affected lands. Where the inclusion of maps in such notice is not practicable, maps of the affected lands shall be made available to the public for review. Such maps shall show the location of all tracts to be leased, and of all leases already issued in the general area. The requirements of this subsection are in addition to any public notice required by other law.

[(g) The Secretary of the Interior, or for National Forest lands, the Secretary of Agriculture, shall regulate all surface-disturbing activities conducted pursuant to any lease issued under this Act, and shall determine reclamation and other actions as required in the interest of conservation of surface resources. No permit to drill on an oil and gas lease issued under this Act may be granted without the analysis and approval by the Secretary concerned of a plan of operations covering proposed surface-disturbing activities within the lease area. The Secretary concerned shall, by rule or regulation, establish such standards as may be necessary to ensure that an adequate bond, surety, or other financial arrangement will be established prior to the commencement of surface-disturbing activities on any lease, to ensure the complete and timely reclamation of the lease tract, and the restoration of any lands or surface waters adversely affected by lease operations after the abandonment or cessation of oil and gas operations on the lease. The Secretary shall not issue a lease or leases or approve the assignment of any lease or leases under the terms of this section to any person, association, corporation, or any subsidiary, affiliate, or person controlled by or under common control with such person, association, or corporation, during any period in which, as determined by the Secretary of the Interior or Secretary of Agriculture, such entity has failed or refused to comply in any material respect with the reclamation requirements and other standards established under this section for any prior lease to which such requirements and standards applied. Prior to making such determination with respect to any such entity the concerned Secretary shall provide such entity with adequate notification and an opportunity to comply with such reclamation requirements and other standards and shall consider whether any administrative or judicial appeal is pending. Once the entity has complied with the reclamation requirement or other standard concerned an oil or gas lease may be issued to such entity under this Act.**]**

(g) BONDING REQUIREMENTS.—

(1) DEFINITIONS.—In this subsection:

(A) INTERIM RECLAMATION PLAN.—The term "Interim Reclamation Plan" means an ongoing plan specifying reclamation steps to be taken on all disturbed areas covered by any lease issued under this Act that are not needed for active operations.

(B) FINAL RECLAMATION PLAN.—The term "Final Reclamation Plan" means a plan describing all reclamation activity to be conducted for all disturbed areas, including locations, facilities, trenches, rights-of-way, roads, and any other surface disturbance covered by a lease issued under this Act prior to final abandonment.

(C) OPERATOR.—The term "operator" means, with respect to an oil or gas operation, any entity, including the lessee or operating rights owner, that has stated in writing to a relevant authority that such entity is responsible for any portion of such operation.

(D) SECRETARY CONCERNED.—The term "Secretary concerned" means—

(i) the Secretary of the Interior for public lands administered by such Secretary;

(ii) the Secretary of Agriculture for forest service lands.

(2) IN GENERAL.—The Secretary concerned shall regulate all surface-disturbing activities conducted pursuant to any lease issued under this Act, and shall determine reclamation and other actions as required in the interest of conservation of surface resources.

(3) RECLAMATION PLANS REQUIRED.—

(A) ANALYSIS AND APPROVAL REQUIRED.—No permit to drill on an oil and gas lease issued under this Act may be granted without the analysis and approval by the Secretary concerned of both an interim reclamation plan and a final reclamation plan covering proposed surface-disturbing activities within the lease area.

(B) PLANS OF OPERATIONS.—All Federal plans or permits submitted pursuant to this Act with the potential to create surface disturbance shall include an Interim and Final Reclamation Plan.

(C) SECRETARIAL REVIEW.—The Secretary concerned shall review each Interim Reclamation Plan at regular intervals and shall require such plans to be amended as warranted, subject to the approval of such Secretary.

(4) BONDING.—

(A) IN GENERAL.—

(i) REGULATION.—Not later than 180 days after the date of enactment of the Bonding Reform and Taxpayer Protection Act of 2021, the Secretary concerned shall, by regulation, require that an adequate bond, surety, or other financial arrangement be established prior to the commencement of surface-disturbing activities on any lease under this Act.

(ii) AMOUNT OF BOND.—In determining the adequacy of a bond, surety, or other financial instrument required by regulation under clause (i), the Secretary shall find that such arrangement is adequate if it is not less than the greater of—

(I) the amount necessary for—

(aa) the complete and timely reclamation of the lease tract;

(bb) the restoration of any lands or surface waters adversely affected by lease operations after the abandonment or cessation of oil and gas operations on the lease; or

(cc) in the case of an idled well, the total plugging and reclamation costs for each idled well controlled by the same operator;

(II) $150,000 in the case of an arrangement for an individual surface-disturbing activity of each entity on an oil or gas lease; or

(III) $500,000 in the case of an arrangement for all surface-disturbing activities of each entity in a State.

(iii) ADJUSTMENT FOR INFLATION.—

(I) IN GENERAL.—In the application of clause (ii), the Secretaries concerned shall jointly at least once every three years, at the beginning of the fiscal year, adjust the dollar amounts in clause (ii) to account for inflation based on the Consumer Price Index for all urban consumer published by the Department of Labor.

(II) ROUNDING.—If any amount as adjusted under subclause (I) is not a multiple of $1,000, such amount shall be rounded to the next higher multiple of $1000.

(B) PROHIBITION.—The Secretary concerned shall not issue or approve the assignment of any lease under the terms of this section to any person, association, corporation, or any subsidiary, affiliate, or person controlled by or under common control with such person, association, or corporation, during any period in which, as determined by the relevant Secretary, such entity has failed or refused to comply in any material respect with the reclamation requirements and other standards established under this section for any prior lease to which such requirements and standards applied.

(C) NOTICE AND OPPORTUNITY FOR COMPLIANCE.—Prior to making a determination not to issue or approve the assignment of a lease under subparagraph (B) with respect to an entity the Secretary concerned shall provide such entity with adequate notification and an opportunity to comply with such reclamation requirements and other standards and shall consider whether any administrative or judicial appeal is pending. Once the entity has complied with the reclamation requirement or other standard concerned each oil or gas lease may be issued to such entity under this Act.

(D) REVIEW UPON TRANSFER.—The Secretary concerned shall review the adequacy of a bond, surety, or other financial instrument anytime a lease or well under this Act is transferred. The Secretary shall find such bond, surety, or other financial instrument adequate if such arrangement—

(i) meets the requirement described in subparagraph (A)(ii); and

(ii) is not for a lesser amount than the amount maintained by the current operator.

(E) REQUIRING HIGHER BOND AMOUNTS.—The Secretary concerned shall, at any time that such Secretary determines that a bond, surety, or other financial instrument required by a regulation issued pursuant to subparagraph (A) no longer meets the requirements of clause (ii) of such subparagraph, increase the required amount of such financial arrangement to the level required by subparagraph (A).

(F) PHASING-IN BOND INCREASES.—With respect to a bond increased under subparagraph (E), the Secretary concerned shall require the operator to meet the following deadlines in posting the amount of the increase that results from the operation of such paragraph:

(i) 25 percent of the increase by not later than 1 year after the date on which the determination was made under subparagraph (D).

(ii) 75 percent of the increase by not later than 2 years after such date.

(iii) 100 percent of the increase by not later than 3 years after such date.

(5) STANDARDS.—Not later than 180 days after the date of enactment of the Bonding Reform and Taxpayer Protection Act of 2021, the Secretary of the Interior and the Secretary of Agriculture shall, by regulation, establish uniform standards for all Interim and Final Reclamation Plans. The goal of such plans shall be the restoration of the affected ecosystem to a condition approximating or equal to that which existed prior to the surface disturbance. Such standards shall include restoration of natural vegetation and hydrology, habitat restoration, salvage, storage and reuse of topsoils, erosion control, control of invasive species and noxious weeds and natural contouring.

(6) MONITORING.—The Secretary concerned shall not approve final abandonment and shall not release any bond required by this Act until the standards and requirement for final reclamation established pursuant to this Act have been met.

(7) FINANCIAL ASSURANCES.—The Secretary concerned shall not release the financial assurance established for a lease until the operator has paid the inspection fees required under section 4 for the lease covered by the financial assurance instrument.

(8) BOND ADEQUACY REVIEW.—The Secretary shall conduct bond adequacy reviews as required under paragraph (4)(D) in accordance with Bureau of Land Management Instruction Memorandum No. 2019-014, dated November 15, 2018.

(9) ORPHANED WELL FEE.—The Secretary of the Interior shall collect a per barrel of oil equivalent fee of not less than $0.10 on oil and gas produced from Federal lands for the use of plugging and reclamation of orphaned wells.

(h) The Secretary of the Interior may not issue any lease on National Forest System Lands reserved from the public domain over the objection of the Secretary of Agriculture.

(i) No lease issued under this section which is subject to termination because of cessation of production shall be terminated for this cause so long as reworking or drilling operations which were commenced on the land prior to or within sixty days after cessation of production are conducted thereon with reasonable diligence, or so long as oil or gas is produced in paying quantities as a result

of such operations. No lease issued under this section shall expire because operations or production is suspended under any order, or with the consent, of the Secretary. No lease issued under this section covering lands on which there is a well capable of producing oil or gas in paying quantities shall expire because the lessee fails to produce the same unless the lessee is allowed a reasonable time, which shall be not less than sixty days after notice by registered or certified mail, within which to place such well in producing status or unless, after such status is established, production is discontinued on the leased premises without permission granted by the Secretary under the provisions of this Act.

(j) Whenever it appears to the Secretary that lands owned by the United States are being drained of oil or gas by wells drilled on adjacent lands, he may negotiate agreements whereby the United States, or the United States and its lessees, shall be compensated for such drainage. Such agreements shall be made with the consent of the lessees, if any, affected thereby. If such agreement is entered into, the primary term of any lease for which compensatory royalty is being paid, or any extension of such primary term, shall be extended for the period during which such compensatory royalty is paid and for a period of one year from discontinuance of such payment and so long thereafter as oil or gas is produced in paying quantities.

(k) If, during the primary term or any extended term of any lease issued under this section, a verified statement is filed by any mining claimant pursuant to subsection (c) of section 7 of the Multiple Mineral Development Act of August 13, 1954 (68 Stat. 708), as amended (30 U.S.C. 527), whether such filing occur prior to enactment of the Mineral Leasing Act Revision of 1960 or thereafter, asserting the existence of a conflicting unpatented mining claim or claims upon which diligent work is being prosecuted as to any lands covered by the lease, the running of time under such lease shall be suspended as to the lands involved from the first day of the month following the filing of such verified statement until a final decision is rendered in the matter.

(l) The Secretary of the Interior shall, upon timely application therefor, issue a new lease in exchange for any lease issued for a term of twenty years, or any renewal thereof, or any lease issued prior to August 8, 1946, in exchange for a twenty-year lease, such new lease to be for a primary term of five years and so long thereafter as oil or gas is produced in paying quantities and at a royalty rate of not less than 12½ per centum in amount of value of the production removed or sold from such leases, except that the royalty rate shall be 12½ per centum in amount or value of the production removed or sold from said leases as to (1) such leases, or such parts of the lands subject thereto and the deposits underlying the same, as are not believed to be within the productive limits of any producing oil or gas deposit, as such productive limits are found by the Secretary to have existed on August 8, 1946; and (2) any production on a lease from an oil or gas deposit which was discovered after May 27, 1941, by a well or wells drilled within the boundaries of the lease, and which is determined by the Secretary to be a new deposit; and (3) any production on or allocated to a lease pursuant to an approved cooperative or unit plan of development or operation from an oil or gas deposit which was discovered

after May 27, 1941, on land committed to such plan, and which is determined by the Secretary to be a new deposit, where such lease, or a lease for which it is exchanged, was included in such plan at the time of discovery or was included in a duly executed and filed application for the approval of such plan at the time of discovery.

(m) For the purpose of more properly conserving the natural resources of any oil or gas pool, field, or like area, or any part thereof (whether or not any part of said oil or gas pool, field, or like area, is then subject to any cooperative or unit plan of development or operation), lessees thereof and their representatives may unite with each other, or jointly or separately with others, in collective adopting and operating under a cooperative or unit plan of development or operation of such pool, field, or like area, or any part thereof, whenever determined and certified by the Secretary of the Interior to be necessary or advisable in the public interest. The Secretary is thereunto authorized, in his discretion, with the consent of the holders of leases involved, to establish, alter, change, or revoke drilling, producing, rental, minimum royalty, and royalty requirements of such leases and to make such regulations with reference to such leases, with like consent on the part of the lessees, in connection with the institution and operation of any such cooperative or unit plan as he may deem necessary or proper to secure the proper protection of the public interest. The Secretary may provide that oil and gas leases hereafter issued under this Act shall contain a provision requiring the lessee to operate under such a reasonable cooperative or unit plan, and he may prescribe such a plan under which such lessee shall operate, which shall adequately protect the rights of all parties in interest, including the United States.

Any plan authorized by the preceding paragraph which includes lands owned by the United States may, in the discretion of the Secretary, contain a provision whereby authority is vested in the Secretary of the Interior, or any such person, committee, or State or Federal officer or agency as may be designated in the plan, to alter or modify from time to time the rate of prospecting and development and the quantity and rate of production under such plan. All leases operated under any such plan approved or prescribed by the Secretary shall be excepted in determining holdings or control under the provisions of any section of this Act.

When separate tracts cannot be independently developed and operated in conformity with an established well-spacing or development program, any lease, or a portion thereof, may be pooled with other lands, whether or not owned by the United States, under a communitization or drilling agreement providing for an apportionment of production or royalties among the separate tracts of land comprising the drilling or spacing unit when determined by the Secretary of the Interior to be in the public interest, and operations or production pursuant to such an agreement shall be deemed to be operations or production as to each such lease committed thereto.

Any lease issued for a term of twenty years, or any renewal thereof, or any portion of such lease that has become the subject of a cooperative or unit plan of development or operation of a pool, field, or like area, which plan has the approval of the Secretary of the Interior, shall continue in force until the termination of such

plan. Any other lease issued under any section of this Act which has heretofore or may hereafter be committed to any such plan that contains a general provision for allocation of oil or gas shall continue in force and effect as to the land committed so long as the lease remains subject to the plan: *Provided,* That production is had in paying quantities under the plan prior to the expiration date of the term of such lease. Any lease heretofore or hereafter committed to any such plan embracing lands that are in part within and in part outside of the area covered by any such plan shall be segregated into separate leases as to the lands committed and the lands not committed as of the effective date of unitization: *Provided, however,* That any such lease as to the nonunitized portion shall continue in force and effect for the term thereof but for not less than two years from the date of such segregation and so long thereafter as oil or gas is produced in paying quantities. The minimum royalty or discovery rental under any lease that has become subject to any cooperative or unit plan of development or operation, or other plan that contains a general provision for allocation of oil or gas, shall be payable only with respect to the lands subject to such lease to which oil or gas shall be allocated under such plan. Any lease which shall be eliminated from any such approved or prescribed plan, or from any communitization or drilling agreement authorized by this section, and any lease which shall be in effect at the termination of any such approved or prescribed plan, or at the termination of any such communitization or drilling agreement, unless relinquished, shall continue in effect for the original term thereof, but for not less than two years, and so long thereafter as oil or gas is produced in paying quantities.

The Secretary of the Interior is hereby authorized, on such conditions as he may prescribe, to approve operating, drilling, or development contracts made by one or more lessees of oil or gas leases, with one or more persons, associations, or corporations whenever, in his discretion, the conservation of natural products or the public convenience or necessity may require it or the interests of the United States may be best subserved thereby. All leases operated under such approved operating, drilling, or development contracts, and interests thereunder, shall be excepted in determining holdings or control under the provisions of this Act.

The Secretary of the Interior, to avoid waste or to promote conservation of natural resources, may authorize the subsurface storage of oil or gas, whether or not produced from federally owned lands, in lands leased or subject to lease under this Act. Such authorization may provide for the payment of a storage fee or rental on such stored oil or gas or, in lieu of such fee or rental, for a royalty other than that prescribed in the lease when such stored oil or gas is produced in conjunction with oil or gas not previously produced. Any lease on which storage is so authorized shall be extended at least for the period of storage and so long thereafter as oil or gas not previously produced is produced in paying quantities.

(n)(1)(A) The owner of (1) an oil and gas lease issued prior to the date of enactment of the Combined Hydrocarbon Leasing Act of 1981 or (2) a valid claim to any hydrocarbon resources leasable under this section based on a mineral location made prior to January 21, 1926, and located within a special tar sand area shall be entitled to convert such lease or claim to a combined hydrocarbon

lease for a primary term of ten years upon the filing of an application within two years from the date of enactment of that Act containing an acceptable plan of operations which assures reasonable protection of the environment and diligent development of those resources requiring enhanced recovery methods of development or mining. For purposes of conversion, no claim shall be deemed invalid solely because it was located as a placer location rather than a lode location or vice versa, notwithstanding any previous adjudication on that issue.

(B) The Secretary shall issue final regulations to implement this section within six months of the effective date of this Act. If any oil and gas lease eligible for conversion under this section would otherwise expire after the date of this Act and before six months following the issuance of implementing regulations, the lessee may preserve his conversion right under such lease for a period ending six months after the issuance of implementing regulations by filing with the Secretary, before the expiration of the lease, a notice of intent to file an application for conversion. Upon submission of a complete plan of operations in substantial compliance with the regulations promulgated by the Secretary for the filing of such plans, the Secretary shall suspend the running of the term of any oil and gas lease proposed for conversion until the plan is finally approved or disapproved. The Secretary shall act upon a proposed plan of operations within fifteen months of its submittal.

(C) When an existing oil and gas lease is converted to a combined hydrocarbon lease, the royalty shall be that provided for in the original oil and gas lease and for a converted mining claim, 12½ per centum in amount or value of production removed or sold from the lease.

(2) Except as provided in this section, nothing in the Combined Hydrocarbon Leasing Act of 1981 shall be construed to diminish or increase the rights of any lessee under any oil and gas lease issued prior to the enactment of such Act.

(o) CERTAIN OUTSTANDING OIL AND GAS.—(1) Prior to the commencement of surface-disturbing activities relating to the development of oil and gas deposits on lands described under paragraph (5), the Secretary of Agriculture shall require, pursuant to regulations promulgated by the Secretary, that such activities be subject to terms and conditions as provided under paragraph (2).

(2) The terms and conditions referred to in paragraph (1) shall require that reasonable advance notice be furnished to the Secretary of Agriculture at least 60 days prior to the commencement of surface disturbing activities.

(3) Advance notice under paragraph (2) shall include each of the following items of information:

(A) A designated field representative.

(B) A map showing the location and dimensions of all improvements, including but not limited to, well sites and road and pipeline accesses.

(C) A plan of operations, of an interim character if necessary, setting forth a schedule for construction and drilling.

(D) A plan of erosion and sedimentation control.

(E) Proof of ownership of mineral title.

Nothing in this subsection shall be construed to affect any authority of the State in which the lands concerned are located to impose any requirements with respect to such oil and gas operations.

(4) The person proposing to develop oil and gas deposits on lands described under paragraph (5) shall either—

(A) permit the Secretary to market merchantable timber owned by the United States on lands subject to such activities; or

(B) arrange to purchase merchantable timber on lands subject to such surface disturbing activities from the Secretary of Agriculture, or otherwise arrange for the disposition of such merchantable timber, upon such terms and upon such advance notice of the items referred to in subparagraphs (A) through (E) of paragraph (3) as the Secretary may accept.

(5)(A) The lands referred to in this subsection are those lands referenced in subparagraph (B) which are under the administration of the Secretary of Agriculture where the United States acquired an interest in such lands pursuant to the Act of March 1, 1911 (36 Stat. 961 and following), but does not have an interest in oil and gas deposits that may be present under such lands. This subsection does not apply to any such lands where, under the provisions of its acquisition of an interest in the lands, the United States is to acquire any oil and gas deposits that may be present under such lands in the future but such interest has not yet vested with the United States.

(B) This subsection shall only apply in the Allegheny National Forest.

(p) DEADLINES FOR CONSIDERATION OF APPLICATIONS FOR PERMITS.—

(1) IN GENERAL.—Not later than 10 days after the date on which the Secretary receives an application for any permit to drill, the Secretary shall—

(A) notify the applicant that the application is complete; or

(B) notify the applicant that information is missing and specify any information that is required to be submitted for the application to be complete.

(2) ISSUANCE OR DEFERRAL.—Not later than 30 days after the applicant for a permit has submitted a complete application, the Secretary shall—

(A) issue the permit, if the requirements under the National Environmental Policy Act of 1969 and other applicable law have been completed within such timeframe; or

(B) defer the decision on the permit and provide to the applicant a notice—

(i) that specifies any steps that the applicant could take for the permit to be issued; and

(ii) a list of actions that need to be taken by the agency to complete compliance with applicable law together with timelines and deadlines for completing such actions.

(3) REQUIREMENTS FOR DEFERRED APPLICATIONS.—

(A) IN GENERAL.—If the Secretary provides notice under paragraph (2)(B), the applicant shall have a period of 2 years from the date of receipt of the notice in which to

complete all requirements specified by the Secretary, including providing information needed for compliance with the National Environmental Policy Act of 1969.

(B) ISSUANCE OF DECISION ON PERMIT.—If the applicant completes the requirements within the period specified in subparagraph (A), the Secretary shall issue a decision on the permit not later than 10 days after the date of completion of the requirements described in subparagraph (A), unless compliance with the National Environmental Policy Act of 1969 and other applicable law has not been completed within such timeframe.

(C) DENIAL OF PERMIT.—If the applicant does not complete the requirements within the period specified in subparagraph (A) or if the applicant does not comply with applicable law, the Secretary shall deny the permit.

* * * * * * *

SEC. 35. (a) All money received from sales, bonuses, royalties including interest charges collected under the Federal Oil and Gas Royalty Management Act of 1982, and rentals of the public lands under the provisions of this Act and the Geothermal Steam Act of 1970, shall be paid into the Treasury of the United States; 50 per centum thereof shall be paid by the Secretary of the Treasury to the State other than Alaska within the boundaries of which the leased lands or deposits are or were located; said moneys paid to any of such States on or after January 1, 1976, to be used by such State and its subdivisions, as the legislature of the State may direct giving priority to those subdivisions of the State socially or economically impacted by development of minerals leased under this Act, for (i) planning, (ii) construction and maintenance of public facilities, and (iii) provision of public service; and excepting those from Alaska, 40 per centum thereof shall be paid into, reserved, appropriated, as part of the reclamation fund created by the Act of Congress known as the Reclamation Act, approved June 17, 1902, and of those from Alaska as soon as practicable after March 31 and September 30 of each year, 90 per centum thereof shall be paid to the State of Alaska for disposition by the legislature thereof: *Provided,* That all moneys which may accrue to the United States under the provisions of this Act and the Geothermal Steam Act of 1970 from lands within the naval petroleum reserves shall be deposited in the Treasury as "miscellaneous receipts", as provided by section 8733(b) of title 10, United States Code. All moneys received under the provisions of this Act and the Geothermal Steam Act of 1970 not otherwise disposed of by this section shall be credited to miscellaneous receipts. Payments to States under this section with respect to any moneys received by the United States, shall be made not later than the last business day of the month in which such moneys are warranted by the United States Treasury to the Secretary as having been received, except for any portion of such moneys which is under challenge and placed in a suspense account pending resolution of a dispute. Such warrants shall be issued by the United States Treasury not later than 10 days after receipt of such moneys by the Treasury. Moneys placed in a suspense account which are determined to be payable to a State shall be made not later than the last business day of the month in which such dispute is resolved. Any such amount placed

in a suspense account pending resolution shall bear interest until the dispute is resolved.

(b) DEDUCTION FOR ADMINISTRATIVE COSTS.—In determining the amount of payments to the States under this section, beginning in fiscal year 2014 and for each year thereafter, the amount of such payments shall be reduced by 2 percent for any administrative or other costs incurred by the United States in carrying out the program authorized by this Act, and the amount of such reduction shall be deposited to miscellaneous receipts of the Treasury.

(c)(1) Notwithstanding the first sentence of subsection (a), any rentals received from leases in any State (other than the State of Alaska) on or after the date of enactment of this subsection shall be deposited in the Treasury, to be allocated in accordance with paragraph (2).

(2) Of the amounts deposited in the Treasury under paragraph (1)—

(A) 50 percent shall be paid by the Secretary of the Treasury to the State within the boundaries of which the leased land is located or the deposits were derived; and

(B) 50 percent shall be deposited in a special fund in the Treasury, to be known as the "**[**BLM Permit Processing Improvement Fund**]** *BLM Administration and Accountability Fund*" (referred to in this subsection as the "Fund").

(3) USE OF FUND.—

(A) IN GENERAL.—The Fund shall be available to the Secretary of the Interior for expenditure, without further appropriation and without fiscal year limitation, for the coordination and processing of oil and gas use authorizations on onshore Federal and Indian trust mineral estate land.*Such coordination and processing shall include—*

(i) the coordination and review process for financial assurances for oil and gas leases and bond releases for oil and gas leases;

(ii) the inventory of orphaned wells and coordinate the processing of requests for delays in the permanent closure of inactive wells; and

(iii) coordination and processing related to environmental and cultural resources reviews applicable to oil and gas activities.

(B) ACCOUNTS.—The Secretary shall divide the Fund into—

(i) a Rental Account (referred to in this subsection as the "Rental Account") comprised of rental receipts collected under this section; and

(ii) a Fee Account (referred to in this subsection as the "Fee Account") comprised of fees collected under subsection (d).

(4) RENTAL ACCOUNT.—

(A) IN GENERAL.—The Secretary shall use the Rental Account for—

(i) the coordination and processing of oil and gas use authorizations on onshore Federal and Indian trust mineral estate land under the jurisdiction of the Project offices identified under section 365(d) of the Energy Policy Act of 2005 (42 U.S.C. 15924(d)); and

(ii) training programs for development of expertise related to coordinating and processing oil and gas use authorizations.

(B) ALLOCATION.—In determining the allocation of the Rental Account among Project offices for a fiscal year, the Secretary shall consider—

(i) the number of applications for permit to drill received in a Project office during the previous fiscal year;

(ii) the backlog of applications described in clause (i) in a Project office;

(iii) publicly available industry forecasts for development of oil and gas resources under the jurisdiction of a Project office; and

(iv) any opportunities for partnership with local industry organizations and educational institutions in developing training programs to facilitate the coordination and processing of oil and gas use authorizations.

(5) FEE ACCOUNT.—

(A) IN GENERAL.—The Secretary shall use the Fee Account for the coordination and processing of oil and gas use authorizations on onshore Federal and Indian trust mineral estate land.

(B) ALLOCATION.—The Secretary shall transfer not less than 75 percent of the revenues collected by an office for the processing of applications for permits to the State office of the State in which the fees were collected.

(d) BLM OIL AND GAS PERMIT PROCESSING FEE.—

(1) IN GENERAL.—Notwithstanding any other provision of law, for each of fiscal years 2016 through 2026, the Secretary, acting through the Director of the Bureau of Land Management, shall collect a fee for each new application for a permit to drill that is submitted to the Secretary.

(2) AMOUNT.—The amount of the fee shall be $9,500 for each new application, as indexed for United States dollar inflation from October 1, 2015 (as measured by the Consumer Price Index).

(3) USE.—Of the fees collected under this subsection for a fiscal year, the Secretary shall transfer—

(A) for each of fiscal years 2016 through 2019—

(i) 15 percent to the field offices that collected the fees and used to process protests, leases, and permits under this Act, subject to appropriation; and

(ii) 85 percent to the BLM Permit Processing Improvement Fund established under subsection (c)(2)(B) (referred to in this subsection as the "Fund"); and

(B) for each of fiscal years 2020 through 2026, all of the fees to the Fund.

(4) ADDITIONAL COSTS.—During each of fiscal years of 2016 through 2026, the Secretary shall not implement a rulemaking that would enable an increase in fees to recover additional costs related to processing applications for permits to drill.

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FEDERAL OIL AND GAS ROYALTY MANAGEMENT ACT OF 1982

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TITLE I—FEDERAL ROYALTY MANAGEMENT AND ENFORCEMENT

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INSPECTIONS

SEC. 108. (a)(1) On any lease site on Federal or Indian lands, any authorized and properly identified representative of the Secretary may stop and inspect any motor vehicle that he has probable cause to believe is carrying oil from a lease site on Federal or Indian lands or allocated to such a lease site, for the purpose of determining whether the driver of such vehicle has documentation related to such oil as required by law.

(2) Any authorized and properly identified representative of the Secretary, accompanied by any appropriate law enforcement officer, or an appropriate law enforcement officer alone, may stop and inspect any motor vehicle which is not on a lease site if he has probable cause to believe the vehicle is carrying oil from a lease site on Federal or Indian lands or allocated to such a lease site. Such inspection shall be for the purpose of determining whether the driver of such vehicle has the documentation required by law.

(b) Authorized and properly identified representatives of the Secretary may without advance notice, enter upon, travel across and inspect lease sites on Federal or Indian lands and may obtain from the operator immediate access to secured facilities on such lease sites, for the purpose of making any inspection or investigation for determining whether there is compliance with the requirements of the mineral leasing laws and this Act. The Secretary shall develop guidelines setting forth the coverage and the frequency of such inspections.

(c) For the purpose of making any inspection or investigation under this Act, the Secretary shall have the same right to enter upon or travel across any lease site as the lessee or operator has acquired by purchase, condemnation, or otherwise.

(d) INSPECTION FEES.—

(1) IN GENERAL.—Except as provided in paragraph (5), the designated operator under each oil and gas lease on Federal or Indian lands, or each unit and communitization agreement that includes one or more such Federal or Indian leases, that is subject to inspection under subsection (b) and that is in force at the start of the fiscal year 2021, shall pay a nonrefundable annual inspection fee in an amount that, except as provided in paragraph (2), is established by the Secretary by regulation and is sufficient to recover the full costs incurred by the United States for inspection and enforcement with respect to such leases.

(2) AMOUNT.—Until the effective date of regulations under paragraph (1), the amount of the fee shall be—

(A) $700 for each lease or unit or communitization agreement with no active or inactive wells, but with surface use, disturbance or reclamation;

(B) $1,225 for each lease or unit or communitization agreement with 1 to 10 wells, with any combination of active or inactive wells;

(C) $4,900 for each lease or unit or communitization agreement with 11 to 50 wells, with any combination of active or inactive wells; and

(D) $9,800 for each lease or unit or communitization agreement with more than 50 wells, with any combination of active or inactive wells.

(3) DUE DATE.—Payment of the fee under this section shall be due, annually, not later than 30 days after the Secretary provides notice of the assessment of the fee.

(4) PENALTY.—If the designated operator fails to pay the full amount of the fee as prescribed in this section, the Secretary may, in addition to utilizing any other applicable enforcement authority, assess civil penalties against the operator under section 109 in the same manner as if this section were a mineral leasing law.

(5) EXEMPTION FOR TRIBAL OPERATORS.—An operator that is a Tribe or is controlled by a Tribe is not subject to paragraph (1) with respect to a lease, unit, or communitization agreement that is located entirely on the lands of such Tribe.

(6) ADJUSTMENT FOR INFLATION.—In the application of paragraph (2), the Secretaries shall at least once every three years, at the beginning of the fiscal year, adjust the dollar amounts in paragraph (2) to account for inflation based on the Consumer Price Index for all urban consumer published by the Department of Labor.

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NATIONAL WILDLIFE REFUGE SYSTEM ADMINISTRATION ACT OF 1966

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SEC. 4. (a)(1) For the purpose of consolidating the authorities relating to the various categories of areas that are administered by the Secretary for the conservation of fish and wildlife, including species that are threatened with extinction, all lands, waters, and interests therein administered by the Secretary as wildlife refuges, areas for the protection and conservation of fish and wildlife that are threatened with extinction, wildlife ranges, game ranges, wildlife management areas, or waterfowl production areas are hereby designated as the "National Wildlife Refuge System" (referred to herein as the "System"), which shall be subject to the provisions of this section, and shall be administered by the Secretary through the United States Fish and Wildlife Service. With respect to refuge lands in the State of Alaska, those programs relating to the management of resources for which any other agency of the Federal Government exercises administrative responsibility through cooperative agreement shall remain in effect, subject to the direct supervision of the United States Fish and Wildlife Service, as long as such agency agrees to exercise such responsibility.

(2) The mission of the System is to administer a national network of lands and waters for the conservation, management, and

where appropriate, restoration of the fish, wildlife, and plant resources and their habitats within the United States for the benefit of present and future generations of Americans.

(3) With respect to the System, it is the policy of the United States that—

(A) each refuge shall be managed to fulfill the mission of the System, as well as the specific purposes for which that refuge was established;

(B) compatible wildlife-dependent recreation is a legitimate and appropriate general public use of the System, directly related to the mission of the System and the purposes of many refuges, and which generally fosters refuge management and through which the American public can develop an appreciation for fish and wildlife;

(C) compatible wildlife-dependent recreational uses are the priority general public uses of the System and shall receive priority consideration in refuge planning and management; and

(D) when the Secretary determines that a proposed wildlife-dependent recreational use is a compatible use within a refuge, that activity should be facilitated, subject to such restrictions or regulations as may be necessary, reasonable, and appropriate.

(4) In administering the System, the Secretary shall—

(A) provide for the conservation of fish, wildlife, and plants, and their habitats within the System;

(B) ensure that the biological integrity, diversity, and environmental health of the System are maintained for the benefit of present and future generations of Americans;

(C) plan and direct the continued growth of the System in a manner that is best designed to accomplish the mission of the System, to contribute to the conservation of the ecosystems of the United States, to complement efforts of States and other Federal agencies to conserve fish and wildlife and their habitats, and to increase support for the System and participation from conservation partners and the public;

(D) ensure that the mission of the System described in paragraph (2) and the purposes of each refuge are carried out, except that if a conflict exists between the purposes of a refuge and the mission of the System, the conflict shall be resolved in a manner that first protects the purposes of the refuge, and, to the extent practicable, that also achieves the mission of the System;

(E) ensure effective coordination, interaction, and cooperation with owners of land adjoining refuges and the fish and wildlife agency of the States in which the units of the System are located;

(F) assist in the maintenance of adequate water quantity and water quality to fulfill the mission of the System and the purposes of each refuge;

(G) acquire, under State law, water rights that are needed for refuge purposes;

(H) recognize compatible wildlife-dependent recreational uses as the priority general public uses of the System through which the American public can develop an appreciation for fish and wildlife;

(I) ensure that opportunities are provided within the System for compatible wildlife-dependent recreational uses;

(J) ensure that priority general public uses of the System receive enhanced consideration over other general public uses in planning and management within the System;

(K) provide increased opportunities for families to experience compatible wildlife-dependent recreation, particularly opportunities for parents and their children to safely engage in traditional outdoor activities, such as fishing and hunting;

(L) continue, consistent with existing laws and interagency agreements, authorized or permitted uses of units of the System by other Federal agencies, including those necessary to facilitate military preparedness;

(M) ensure timely and effective cooperation and collaboration with Federal agencies and State fish and wildlife agencies during the course of acquiring and managing refuges; and

(N) monitor the status and trends of fish, wildlife, and plants in each refuge.

(5) No acquired lands which are or become a part of the System may be transferred or otherwise disposed of under any provision of law (except by exchange pursuant to subsection (b)(3) of this section) unless—

(A) the Secretary determines with the approval of the Migratory Bird Conservation Commission that such lands are no longer needed for the purposes for which the System was established; and

(B) such lands are transferred or otherwise disposed of for an amount not less than—

(i) the acquisition costs of such lands, in the case of lands of the system which were purchased by the United States with funds from the migratory bird conservation fund, or fair market value, whichever is greater; or

(ii) the fair market value of such lands (as determined by the Secretary as of the date of the transfer or disposal), in the case of lands of the System which were donated to the System.

The Secretary shall pay into the migratory bird conservation fund the aggregate amount of the proceeds of any transfer or disposal referred to in the preceding sentence.

(6) Each area which is included within the System on January 1, 1975, or thereafter, and which was or is—

(A) designated as an area within such System by law, Executive order, or secretarial order; or

(B) so included by public land withdrawal, donation, purchase, exchange, or pursuant to a cooperative agreement with any State or local government, any Federal department or agency, or any other governmental entity,

shall continue to be a part of the System until otherwise specified by Act of Congress, except that nothing in this paragraph shall be construed as precluding—

(i) the transfer or disposal of acquired lands within any such area pursuant to paragraph (5) of this subsection;

(ii) the exchange of lands within any such area pursuant to subsection (b)(3) of this section; or

(iii) the disposal of any lands within any such area pursuant to the terms of any cooperative agreement referred to in subparagraph (B) of this paragraph.

(b) In administering the System, the Secretary is authorized to take the following actions:

(1) Enter into contracts with any person or public or private agency through negotiation for the provision of public accommodations when, and in such locations, and to the extent that the Secretary determines will not be inconsistent with the primary purpose for which the affected area was established.

(2) Accept donations of funds and to use such funds to acquire or manage lands or interests therein.

(3) Acquire lands or interests therein by exchange (A) for acquired lands or public lands, or for interests in acquired or public lands, under his jurisdiction which he finds to be suitable for disposition, or (B) for the right to remove, in accordance with such terms and conditions as he may prescribe, products from the acquired or public lands within the System. The values of the properties so exchanged either shall be approximately equal, or if they are not approximately equal the values shall be equalized by the payment of cash to the grantor or to the Secretary as the circumstances require.

(4) Subject to standards established by and the overall management oversight of the Director, and consistent with standards established by this Act, to enter into cooperative agreements with State fish and wildlife agencies for the management of programs on a refuge.

(5) Issue regulations to carry out this Act.

(c) No person shall disturb, injure, cut, burn, remove, destroy, or possess any real or personal property of the United States, including natural growth, in any area of the System; or take or possess any fish, bird, mammal, or other wild vertebrate or invertebrate animals or part or nest or egg thereof within any such area; or enter, use, or otherwise occupy any such area for any purpose; unless such activities are performed by persons authorized to manage such area, or unless such activities are permitted either under subsection (d) of this section or by express provision of the law, proclamation, Executive order, or public land order establishing the area, or amendment thereof: *Provided*, That the United States mining and mineral leasing laws shall continue to apply to any lands within the System to the same extent they apply prior to the effective date of this Act unless subsequently withdrawn under other authority of law. With the exception of endangered species and threatened species listed by the Secretary pursuant to section 4 of the Endangered Species Act of 1973 in States wherein a cooperative agreement does not exist pursuant to section 6(c) of that Act, nothing in this Act shall be construed to authorize the Secretary to control or regulate hunting or fishing of resident fish and wildlife on lands not within the system. The regulations permitting hunting and fishing of resident fish and wildlife within the System shall be, to the extent practicable, consistent with State fish and wildlife laws and regulations.

(d)(1) The Secretary is authorized, under such regulations as he may prescribe, to—

(A) permit the use of any area within the System for any purpose, including but not limited to hunting, fishing, public recreation and accommodations, and access whenever he determines that such uses are compatible with the major purposes for which such areas were established: *Provided*, That not to exceed 40 per centum at any one time of any area that has been, or hereafter may be acquired, reserved, or set apart as an inviolate sanctuary for migratory birds, under any law, proclamation, Executive order, or public land order may be administered by the Secretary as an area within which the taking of migratory game birds may be permitted under such regulations as he may prescribe unless the Secretary finds that the taking of any species of migratory game birds in more than 40 percent of such area would be beneficial to the species; and

(B) permit the use of, or grant easements in, over, across, upon, through, or under any areas within the System for purposes such as but not necessarily limited to, powerlines, telephone lines, canals, ditches, pipelines, and roads, including the construction, operation, and maintenance thereof, whenever he determines that such uses are compatible with the purposes for which these areas are established.

(2) Notwithstanding any other provision of law, the Secretary may not grant to any Federal, State, or local agency or to any private individual or organization any right-of-way, easement, or reservation in, over, across, through, or under any area within the system in connection with any use permitted by him under paragraph (1)(B) of this subsection unless the grantee pays to the Secretary, at the option of the Secretary, either (A) in lump sum the fair market value (determined by the Secretary as of the date of conveyance to the grantee) of the right-of-way, easement, or reservation; or (B) annually in advance the fair market rental value (determined by the Secretary) of the right-of-way, easement, or reservation. If any Federal, State, or local agency is exempted from such payment by any other provision of Federal law, such agency shall otherwise compensate the Secretary by any other means agreeable to the Secretary, including, but not limited to, making other land available or the loan of equipment or personnel; except that (A) any such compensation shall relate to, and be consistent with, the objectives of the National Wildlife Refuge System, and (B) the Secretary may waive such requirement for compensation if he finds such requirement impracticable or unnecessary. All sums received by the Secretary pursuant to this paragraph shall, after payment of any necessary expenses incurred by him in administering this paragraph, be deposited into the Migratory Bird Conservation Fund and shall be available to carry out the provisions for land acquisition of the Migratory Bird Conservation Act (16 U.S.C. 715 et seq.) and the Migratory Bird Hunting Stamp Act (16 U.S.C. 718 et seq.).

(3)(A)(i) Except as provided in clause (iv), the Secretary shall not initiate or permit a new use of a refuge or expand, renew, or extend an existing use of a refuge, unless the Secretary has determined that the use is a compatible use and that the use is not inconsistent with public safety. The Secretary may make the determinations referred to in this paragraph for a refuge concurrently with development of a conservation plan under subsection (e).

(ii) On lands added to the System after March 25, 1996, the Secretary shall identify, prior to acquisition, withdrawal, transfer, reclassification, or donation of any such lands, existing compatible wildlife-dependent recreational uses that the Secretary determines shall be permitted to continue on an interim basis pending completion of the comprehensive conservation plan for the refuge.

(iii) Wildlife-dependent recreational uses may be authorized on a refuge when they are compatible and not inconsistent with public safety. Except for consideration of consistency with State laws and regulations as provided for in subsection (m), no other determinations or findings are required to be made by the refuge official under this Act or the Refuge Recreation Act for wildlife-dependent recreation to occur.

(iv) Compatibility determinations in existence on the date of enactment of the National Wildlife Refuge System Improvement Act of 1997 shall remain in effect until and unless modified.

(B) Not later than 24 months after the date of the enactment of the National Wildlife Refuge System Improvement Act of 1997, the Secretary shall issue final regulations establishing the process for determining under subparagraph (A) whether a use of a refuge is a compatible use. These regulations shall—

(i) designate the refuge official responsible for making initial compatibility determinations;

(ii) require an estimate of the timeframe, location, manner, and purpose of each use;

(iii) identify the effects of each use on refuge resources and purposes of each refuge;

(iv) require that compatibility determinations be made in writing;

(v) provide for the expedited consideration of uses that will likely have no detrimental effect on the fulfillment of the purposes of a refuge or the mission of the System;

(vi) provide for the elimination or modification of any use as expeditiously as practicable after a determination is made that the use is not a compatible use;

(vii) require, after an opportunity for public comment, reevaluation of each existing use, other than those uses specified in clause (viii), if conditions under which the use is permitted change significantly or if there is significant new information regarding the effects of the use, but not less frequently than once every 10 years, to ensure that the use remains a compatible use, except that, in the case of any use authorized for a period longer than 10 years (such as an electric utility right-of-way), the reevaluation required by this clause shall examine compliance with the terms and conditions of the authorization, not examine the authorization itself;

(viii) require, after an opportunity for public comment, reevaluation of each compatible wildlife-dependent recreational use when conditions under which the use is permitted change significantly or if there is significant new information regarding the effects of the use, but not less frequently than in conjunction with each preparation or revision of a conservation plan under subsection (e) or at least every 15 years, whichever is earlier; and

(ix) provide an opportunity for public review and comment on each evaluation of a use, unless an opportunity for public review and comment on the evaluation of the use has already been provided during the development or revision of a conservation plan for the refuge under subsection (e) or has otherwise been provided during routine, periodic determinations of compatibility for wildlife-dependent recreational uses.

(4) The provisions of this Act relating to determinations of the compatibility of a use shall not apply to—

(A) overflights above a refuge; and

(B) activities authorized, funded, or conducted by a Federal agency (other than the United States Fish and Wildlife Service) which has primary jurisdiction over a refuge or a portion of a refuge, if the management of those activities is in accordance with a memorandum of understanding between the Secretary or the Director and the head of the Federal agency with primary jurisdiction over the refuge governing the use of the refuge.

(e)(1)(A) Except with respect to refuge lands in Alaska (which shall be governed by the refuge planning provisions of the Alaska National Interest Lands Conservation Act (16 U.S.C. 3101 et seq.)), the Secretary shall—

(i) propose a comprehensive conservation plan for each refuge or related complex of refuges (referred to in this subsection as a "planning unit") in the System;

(ii) publish a notice of opportunity for public comment in the Federal Register on each proposed conservation plan;

(iii) issue a final conservation plan for each planning unit consistent with the provisions of this Act and, to the extent practicable, consistent with fish and wildlife conservation plans of the State in which the refuge is located; and

(iv) not less frequently than 15 years after the date of issuance of a conservation plan under clause (iii) and every 15 years thereafter, revise the conservation plan as may be necessary.

(B) The Secretary shall prepare a comprehensive conservation plan under this subsection for each refuge within 15 years after the date of enactment of the National Wildlife Refuge System Improvement Act of 1997.

(C) The Secretary shall manage each refuge or planning unit under plans in effect on the date of enactment of the National Wildlife Refuge System Improvement Act of 1997, to the extent such plans are consistent with this Act, until such plans are revised or superseded by new comprehensive conservation plans issued under this subsection.

(D) Uses or activities consistent with this Act may occur on any refuge or planning unit before existing plans are revised or new comprehensive conservation plans are issued under this subsection.

(E) Upon completion of a comprehensive conservation plan under this subsection for a refuge or planning unit, the Secretary shall manage the refuge or planning unit in a manner consistent with the plan and shall revise the plan at any time if the Secretary determines that conditions that affect the refuge or planning unit have changed significantly.

(2) In developing each comprehensive conservation plan under this subsection for a planning unit, the Secretary, acting through the Director, shall identify and describe—

(A) the purposes of each refuge comprising the planning unit;

(B) the distribution, migration patterns, and abundance of fish, wildlife, and plant populations and related habitats within the planning unit;

(C) the archaeological and cultural values of the planning unit;

(D) such areas within the planning unit that are suitable for use as administrative sites or visitor facilities;

(E) significant problems that may adversely affect the populations and habitats of fish, wildlife, and plants within the planning unit and the actions necessary to correct or mitigate such problems; and

(F) opportunities for compatible wildlife-dependent recreational uses.

(3) In preparing each comprehensive conservation plan under this subsection, and any revision to such a plan, the Secretary, acting through the Director, shall, to the maximum extent practicable and consistent with this Act—

(A) consult with adjoining Federal, State, local, and private landowners and affected State conservation agencies; and

(B) coordinate the development of the conservation plan or revision with relevant State conservation plans for fish and wildlife and their habitats.

(4)(A) In accordance with subparagraph (B), the Secretary shall develop and implement a process to ensure an opportunity for active public involvement in the preparation and revision of comprehensive conservation plans under this subsection. At a minimum, the Secretary shall require that publication of any final plan shall include a summary of the comments made by States, owners of adjacent or potentially affected land, local governments, and any other affected persons, and a statement of the disposition of concerns expressed in those comments.

(B) Prior to the adoption of each comprehensive conservation plan under this subsection, the Secretary shall issue public notice of the draft proposed plan, make copies of the plan available at the affected field and regional offices of the United States Fish and Wildlife Service, and provide opportunity for public comment.

(f) PENALTIES.—

(1) KNOWING VIOLATIONS.—Any person who knowingly violates or fails to comply with any of the provisions of this Act or any regulations issued thereunder shall be fined under title 18, United States Code, or imprisoned for not more than 1 year, or both.

(2) OTHER VIOLATIONS.—Any person who otherwise violates or fails to comply with any of the provisions of this Act (including a regulation issued under this Act) shall be fined under title 18, United States Code, or imprisoned not more than 180 days, or both.

(g) Any person authorized by the Secretary to enforce the provisions of this Act or any regulations issued thereunder, may, without a warrant, arrest any person violating this Act or regulations in his presence or view, and may execute any warrant or other

process issued by an officer or court of competent jurisdiction to enforce the provisions of this Act or regulations, and may with a search warrant search for and seize any property, fish, bird, mammal, or other wild vertebrate or invertebrate animals or part or nest or egg thereof, taken or possessed in violation of this Act or the regulations issued thereunder. Any property, fish, bird, mammal, or other wild vertebrate or invertebrate animals or part or egg thereof seized with or without a search warrant shall be held by such person or by a United States marshal, and upon conviction, shall be forfeited to the United States and disposed of by the Secretary, in accordance with law. The Director of the United States Fish and Wildlife Service is authorized to utilize by agreement, with or without reimbursement, the personnel and services of any other Federal or State agency for purposes of enhancing the enforcement of this Act.

(h) RECLAMATION, DAMAGES, AND FINANCIAL ASSURANCE FOR OIL AND GAS OPERATIONS ON REFUGE LANDS.—

(1) The Secretary, acting through the Director, shall obtain adequate financial assurances from non-Federal entities to repair potential damages to refuge resources, prior to the commencement of surface-disturbing activities as part of the development of non-Federal minerals below refuge surface estate, including—

(A) to ensure the complete and timely reclamation of the land, and the restoration of any lands or surface waters adversely affected by operations after the abandonment or cessation of oil and gas operations on the land; and

(B) to meet potential response and assessment costs and other damages to refuge resources as a result of oil and gas operations.

(2) Financial assurances forfeited by a non-Federal entity under this subsection shall be retained and available to the Secretary, without further appropriation, and shall remain available until expended, for—

(A) plugging and abandoning wells;

(B) removing structures, equipment, materials, and other infrastructure;

(C) response costs and damage assessments conducted;

(D) restoration, replacement, or acquisition of the equivalent refuge resources; and

(E) monitoring and studying affected refuge resources.

[(h)**]** *(i)* Regulations applicable to areas of the System that are in effect on the date of enactment of this Act shall continue in effect until modified or rescinded.

[(i)**]** *(j)* Nothing in this section shall be construed to amend, repeal, or otherwise modify the provision of the Act of September 28, 1962 (76 Stat. 653; 16 U.S.C. 460K—460K–4) which authorizes the Secretary to administer the areas within the System for public recreation. The provisions of this section relating to recreation shall be administered in accordance with the provisions of said Act.

[(j)**]** *(k)* Nothing in this Act shall constitute an express or implied claim or denial on the part of the Federal Government as to exemption from State water laws.

[(k)**]** *(l)* Notwithstanding any other provision of this Act, the Secretary may temporarily suspend, allow, or initiate any activity in

a refuge in the System if the Secretary determines it is necessary to protect the health and safety of the public or any fish or wildlife population.

[(l)] *(m)* Nothing in this Act shall be construed to authorize the Secretary to control or regulate hunting or fishing of fish and resident wildlife on lands or waters that are not within the System.

[(m)] *(n)* Nothing in this Act shall be construed as affecting the authority, jurisdiction, or responsibility of the several States to manage, control, or regulate fish and resident wildlife under State law or regulations in any area within the System. Regulations permitting hunting or fishing of fish and resident wildlife within the System shall be, to the extent practicable, consistent with State fish and wildlife laws, regulations, and management plans.

[(n)] *(o)*(1) Nothing in this Act shall—

(A) create a reserved water right, express or implied, in the United States for any purpose;

(B) affect any water right in existence on the date of enactment of the National Wildlife Refuge System Improvement Act of 1997; or

(C) affect any Federal or State law in existence on the date of the enactment of the National Wildlife Refuge System Improvement Act of 1997 regarding water quality or water quantity.

(2) Nothing in this Act shall diminish or affect the ability to join the United States in the adjudication of rights to the use of water pursuant to the McCarran Act (43 U.S.C. 666).

[(o)] *(p)* Coordination with State fish and wildlife agency personnel or with personnel of other affected State agencies pursuant to this Act shall not be subject to the Federal Advisory Committee Act (5 U.S.C. App.).

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DISSENTING VIEWS

H.R. 1505, sponsored by Rep. Lowenthal, would prohibit the Secretary of the Interior from issuing an Application for Permit to Drill (APD) to an oil and gas operator on federal lands until the Secretary concerned (Secretary of Agriculture on Forest Service lands and the Secretary of the Interior on Bureau of Land Management lands) approves a interim reclamation plan specifying reclamation steps to be taken on all disturbed areas on any lease not needed for active operations and a final reclamation plan describing all reclamation activity to be conducted for all disturbed areas.

H.R. 1505 would also increase the minimum requirement for providing a bond, surety, or other financial arrangement to at least $150,000 for an individual surface disturbing activity or $500,000 for all surface disturbing activities within a given state and eliminates the option to provide financial assurance to cover nationwide activities. Under this bill, the Secretaries of Agriculture and Interior would have to jointly adjust these amounts for inflation every 3 years based on the Consumer Price Index. The bill would also require oil and gas operators to pay new inspection fees for drilling activities on federal lands.

The Department of the Interior (DOI) requires lessees to provide bonds to cover the reclamation of any lands impacted by oil and gas development before any surface disturbance can occur.[1] Currently, operators may post individual bonds of at least $10,000 covering operations for one lease, at least $25,000 covering all operations within a particular state, or at least $150,000 to cover all operations nationwide. Operators may submit surety bonds or personal bonds. Surety bonds must be approved by the Department of Treasury as an acceptable surety. Personal bonds may be backed by a cashier's check, a certified check, negotiable Treasury security, or a certificate of deposit payable to DOI.[2] For federal wells, the bonds are held by the Bureau of Land Management (BLM) until the reclamation requirements are met. If an operator does not fulfill their reclamation responsibilities, and the bond provided to the federal government does not cover the cost of restoration, the wells become orphaned and the BLM is responsible for cleaning up the well.

While there are a few bad actors who leave orphaned wells for the BLM to clean up, most operators complete their reclamation responsibilities. According to the U.S. Government Accountability Office (GAO), of the 96,199 wells on federal lands, only 296 have been

[1] U.S. Department of the Interior. Bureau of Land Management. Bonding. https://www.blm.gov/programs/energy-and-minerals/oil-and-gas/leasing/bonding.

[2] *Id.*

left to BLM to reclaim, roughly 0.3 percent.[3] BLM spends about $267,600 per year on reclamation, while the onshore oil and gas program returned $4.3 billion in revenues in 2019.[4] H.R. 1505 would drastically raise bond levels for all operators, forcing them to tie up significant amounts of capital in unproductive operations, which could reduce production and revenues overall.

H.R. 1505 aims to make providing bond coverage for reclamation activities more costly for operators, which disproportionately impacts small operators and could prevent them from accessing federal lands. We should ensure that all operators meet their obligations under the law, but this bill would punish all operators for the actions of a few.

For these reasons, I am opposed to H.R. 1505.

BRUCE WESTERMAN.

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[3] U.S. Government Accountability Office. Oil and Gas: Bureau of Land Management Should Address Risks from Insufficient Bonds to Reclaim Wells. GAO–19–615: Published: Sep 18, 2019. https://www.gao.gov/products/GAO-19-615.

[4] US Department of the Interior. Office of Natural Resources Revenue. Natural Resources Revenue.