

112TH CONGRESS
1ST SESSION

S. 205

To amend the Outer Continental Shelf Lands Act to require that oil produced from Federal leases in certain Arctic waters be transported by pipeline to onshore facilities and to provide for the sharing of certain outer Continental Shelf revenues from areas in the Alaska Adjacent Zone.

IN THE SENATE OF THE UNITED STATES

JANUARY 26, 2011

Mr. BEGICH introduced the following bill; which was read twice and referred to the Committee on Energy and Natural Resources

A BILL

To amend the Outer Continental Shelf Lands Act to require that oil produced from Federal leases in certain Arctic waters be transported by pipeline to onshore facilities and to provide for the sharing of certain outer Continental Shelf revenues from areas in the Alaska Adjacent Zone.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Alaska Adjacent Zone
5 Safe Oil Transport and Revenue Sharing Act”.

1 **SEC. 2. FINDINGS.**

2 Congress finds that—

3 (1) the United States is an Arctic nation
4 with—

5 (A) an approximately 700-mile border with
6 the Arctic Ocean;

7 (B) more than 100,000,000 acres of land
8 above the Arctic Circle; and

9 (C) an even broader area defined as Arctic
10 by temperature, which includes the Bering Sea
11 and Aleutian Islands;

12 (2) the Arctic region of the United States—

13 (A) is home to an indigenous population
14 that has subsisted for millennia on the abun-
15 dance of marine mammals, fish, and wildlife in
16 the Arctic region, many of which are unique to
17 the region;

18 (B) is known to the indigenous population
19 as Inuvikput or the “place where we live”; and

20 (C) has produced more than
21 16,000,000,000 barrels of oil and, according to
22 the United States Geological Survey, may hold
23 an additional 30,000,000,000 barrels of oil and
24 220,000,000,000,000 cubic feet of natural gas,
25 making the region of fundamental importance
26 to the national interest of the United States;

1 (3) temperatures in the United States Arctic re-
2 gion have warmed by 3 to 4 degrees Celsius over the
3 past half-century, a rate of increase that is twice the
4 global average;

5 (4) the Arctic ice pack is rapidly diminishing
6 and thinning, and the National Oceanic and Atmos-
7 pheric Administration estimates the Arctic Ocean
8 may be ice-free during summer months in as few as
9 30 years;

10 (5) those changes to the Arctic region are hav-
11 ing a significant impact on the indigenous people of
12 the Arctic, the communities and ecosystems of the
13 people, as well as the marine mammals, fish, and
14 wildlife on which the people depend; and

15 (6) those changes are opening new portions of
16 the United States Arctic continental shelf to possible
17 development for offshore oil and gas, commercial
18 fishing, marine shipping, and tourism.

19 **SEC. 3. PRODUCTION OF OIL FROM CERTAIN ARCTIC OFF-**
20 **SHORE LEASES.**

21 Section 5 of the Outer Continental Shelf Lands Act
22 (43 U.S.C. 1334) is amended by adding at the end the
23 following:

24 “(k) OIL TRANSPORTATION IN ARCTIC WATERS.—
25 The Secretary shall—

1 “(1) require that oil produced from Federal
2 leases in Arctic waters in the Chukchi Sea planning
3 area, Beaufort Sea planning area, or Hope Basin
4 planning area be transported by pipeline to onshore
5 facilities; and

6 “(2) provide for, and issue appropriate permits
7 for, the transportation of oil from Federal leases in
8 Arctic waters in preproduction phases (including ex-
9 ploration) by means other than pipeline.”.

10 **SEC. 4. REVENUE SHARING FROM AREAS IN ALASKA ADJA-**
11 **CENT ZONE.**

12 Section 18 of the Outer Continental Shelf Lands Act
13 (43 U.S.C. 1344) is amended by adding at the end the
14 following:

15 “(i) REVENUE SHARING FROM AREAS IN ALASKA
16 ADJACENT ZONE.—

17 “(1) DEFINITIONS.—In this subsection:

18 “(A) COASTAL POLITICAL SUBDIVISION.—

19 The term ‘coastal political subdivision’ means a
20 county-equivalent subdivision of the State all or
21 part of which—

22 “(i) lies within the coastal zone (as
23 defined in section 304 of the Coastal Zone
24 Management Act of 1972 (16 U.S.C.
25 1453)); and

1 “(ii) the closest point of which is not
2 more than 300 statute miles from the geo-
3 graphical center of any leased tract.

4 “(B) DISTANCE.—The terms ‘distance’
5 means minimum great circle distance.

6 “(C) INDIAN TRIBE.—The term ‘Indian
7 tribe’ means an Alaska Native entity recognized
8 and eligible to receive services from the Bureau
9 of Indian Affairs, the headquarters of which is
10 located within 300 miles of the geographical
11 center of a leased tract.

12 “(D) LEASED TRACT.—The term ‘leased
13 tract’ means a tract leased under this Act for
14 the purpose of drilling for, developing, and pro-
15 ducing oil or natural gas resources.

16 “(E) STATE.—The term ‘State’ means the
17 State of Alaska.

18 “(2) BONUS BIDS.—Subject to paragraphs (4),
19 (5), and (6), effective beginning on the date that is
20 5 years after the date of enactment of this sub-
21 section, the State shall, without further appropria-
22 tion or action, receive 37.5 percent of any bonus bid
23 paid for leasing rights for any area in the Alaska
24 Adjacent Zone.

1 “(3) POSTLEASING REVENUES.—Subject to
2 paragraphs (4), (5), and (6), in addition to bonus
3 bids under paragraph (1), the State shall receive,
4 from leasing of the area, 37.5 percent of—

5 “(A) any lease rental payments;

6 “(B) any lease royalty payments;

7 “(C) any royalty proceeds from a sale of
8 royalties taken in kind by the Secretary; and

9 “(D) any other revenues from a bidding
10 system under section 8.

11 “(4) ALLOCATION AMONG COASTAL POLITICAL
12 SUBDIVISIONS OF THE STATE.—

13 “(A) IN GENERAL.—The Secretary shall
14 pay 20 percent of any allocable share of the
15 State, as determined under paragraphs (2) and
16 (3), directly to coastal political subdivisions.

17 “(B) ALLOCATION.—

18 “(i) IN GENERAL.—For each leased
19 tract used to calculate the allocation of the
20 State, the Secretary shall pay the coastal
21 political subdivisions within 300 miles of
22 the geographical center of the leased tract
23 based on the relative distance of the coast-
24 al political subdivisions from the leased

1 tract in accordance with this subpara-
2 graph.

3 “(ii) DISTANCES.—For each coastal
4 political subdivision, the Secretary shall de-
5 termine the distance between the point on
6 the coastal political subdivision coastline
7 closest to the geographical center of the
8 leased tract and the geographical center of
9 the tract.

10 “(iii) PAYMENTS.—The Secretary
11 shall divide and allocate the qualified outer
12 Continental Shelf revenues derived from
13 the leased tract among coastal political
14 subdivisions in amounts that are inversely
15 proportional to the applicable distances de-
16 termined under clause (ii).

17 “(5) ALLOCATION AMONG REGIONAL CORPORA-
18 TIONS.—

19 “(A) IN GENERAL.—The Secretary shall
20 pay 33 percent of any allocable share of the
21 State, as determined under this subsection, di-
22 rectly to certain Regional Corporations estab-
23 lished under section 7(a) of the Alaska Native
24 Claims Settlement Act (43 U.S.C. 1606(a)).

25 “(B) ALLOCATION.—

1 “(i) IN GENERAL.—For each leased
2 tract used to calculate the allocation of the
3 State, the Secretary shall pay the Regional
4 Corporations, after determining those Na-
5 tive villages within the region of the Re-
6 gional Corporation which are within 300
7 miles of the geographical center of the
8 leased tract based on the relative distance
9 of such villages from the leased tract, in
10 accordance with this paragraph.

11 “(ii) DISTANCES.—For each such vil-
12 lage, the Secretary shall determine the dis-
13 tance between the point in the village clos-
14 est to the geographical center of the leased
15 tract and the geographical center of the
16 tract.

17 “(iii) PAYMENTS.—The Secretary
18 shall divide and allocate the qualified outer
19 Continental Shelf revenues derived from
20 the leased tract among the qualifying Re-
21 gional Corporations in amounts that are
22 inversely proportional to the distances of
23 all of the Native villages within each quali-
24 fying region.

1 “(iv) REVENUES.—All revenues re-
2 ceived by each Regional Corporation shall
3 be—

4 “(I) treated by the Regional Cor-
5 poration as revenue subject to the dis-
6 tribution requirements of section
7 7(i)(1)(A) of the Alaska Native
8 Claims Settlement Act (43 U.S.C.
9 1606(i)(1)(A)); and

10 “(II) divided annually by the Re-
11 gional Corporation among all 12 Re-
12 gional Corporations in accordance
13 with section 7(i) of that Act.

14 “(v) FURTHER DISTRIBUTION.—A Re-
15 gional Corporation receiving revenues
16 under clause (iv)(II) shall further dis-
17 tribute 50 percent of the revenues received
18 in accordance with section 7(j) of the Alas-
19 ka Native Claims Settlement Act (43
20 U.S.C. 1606(j)).

21 “(6) ALLOCATION AMONG INDIAN TRIBES.—

22 “(A) IN GENERAL.—The Secretary shall
23 pay 7 percent of any allocable share of the
24 State, as determined under this subsection, di-
25 rectly to Indian tribes.

1 “(B) ALLOCATION.—

2 “(i) IN GENERAL.—For each leased
3 tract used to calculate the allocation of the
4 State, the Secretary shall pay Indian tribes
5 based on the relative distance of the head-
6 quarters of the Indian tribes from the
7 leased tract, in accordance with this sub-
8 paragraph.

9 “(ii) DISTANCES.—For each Indian
10 tribe, the Secretary shall determine the
11 distance between the location of the head-
12 quarters of the Indian tribe and the geo-
13 graphical center of the tract.

14 “(iii) PAYMENTS.—The Secretary
15 shall divide and allocate the qualified outer
16 Continental Shelf revenues derived from
17 the leased tract among the Indian tribes in
18 amounts that are inversely proportional to
19 the distances described in clause (ii).

20 “(7) CONSERVATION ROYALTY.—After making
21 distributions under paragraphs (2) and (3) and sec-
22 tion 31, the Secretary shall, without further appro-
23 priation or action, distribute a conservation royalty
24 equal to 6.25 percent of Federal royalty revenues de-
25 rived from an area leased under this subsection from

1 all areas leased under this subsection for any year,
2 into the land and water conservation fund estab-
3 lished under section 2 of the Land and Water Con-
4 servation Fund Act of 1965 (16 U.S.C. 460l-5) to
5 provide financial assistance to States under section
6 6 of that Act (16 U.S.C. 460l-8).

7 “(8) DEFICIT REDUCTION.—After making dis-
8 tributions in accordance with paragraphs (2) and (3)
9 and in accordance with section 31, the Secretary
10 shall, without further appropriation or action, dis-
11 tribute an amount equal to 6.25 percent of Federal
12 royalty revenues derived from an area leased under
13 this subsection from all areas leased under this sub-
14 section for any year, into direct Federal deficit re-
15 duction.”.

○