

112TH CONGRESS
1ST SESSION

H. R. 1748

To provide consumers relief from high gas prices, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

MAY 5, 2011

Mr. BISHOP of New York (for himself, Mr. MARKEY, Ms. CHU, and Mr. LARSON of Connecticut) introduced the following bill; which was referred to the Committee on Energy and Commerce, and in addition to the Committees on Ways and Means and Natural Resources, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

To provide consumers relief from high gas prices, and for other purposes.

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

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Taxpayer and Gas
5 Price Relief Act of 2011”.

6 **SEC. 2. TABLE OF CONTENTS.**

7 The table of contents for this Act is as follows:

Sec. 1. Short title.

Sec. 2. Table of contents.

TITLE I—DENIAL OF CERTAIN TAX BENEFITS TO MAJOR
INTEGRATED OIL COMPANIES

- Sec. 101. Deduction for income attributable to domestic production activities not allowed with respect to oil and gas activities of major integrated oil companies.
- Sec. 102. Major integrated oil companies ineligible for last-in, first-out method of inventory.
- Sec. 103. Limitation on deduction for intangible drilling and development costs of major integrated oil companies in the case of oil and gas wells.

TITLE II—DEFICIT REDUCTION THROUGH FAIR OIL ROYALTIES

- Sec. 201. Short title.
- Sec. 202. Eligibility for new leases and the transfer of leases.
- Sec. 203. Price thresholds for royalty suspension provisions.

TITLE III—PROTECTION FROM PRICE GOUGING

- Sec. 301. Short title.
- Sec. 302. Unconscionable pricing of gasoline and other petroleum distillates during emergencies.
- Sec. 303. Enforcement by the Federal Trade Commission.
- Sec. 304. Criminal penalties.
- Sec. 305. Enforcement at retail level by State attorneys general.
- Sec. 306. Effect on other laws.

TITLE IV—STRATEGIC PETROLEUM RESERVE

- Sec. 401. Short title.
- Sec. 402. Definition.
- Sec. 403. Petroleum product reserve.
- Sec. 404. Sale of oil from the Strategic Petroleum Reserve and acquisition of refined petroleum product.
- Sec. 405. Report to Congress.
- Sec. 406. Strategic Petroleum Reserve drawdown and exchange in public interest.

1 **TITLE I—DENIAL OF CERTAIN**
2 **TAX BENEFITS TO MAJOR IN-**
3 **TEGRAED OIL COMPANIES**

4 **SEC. 101. DEDUCTION FOR INCOME ATTRIBUTABLE TO DO-**
5 **MESTIC PRODUCTION ACTIVITIES NOT AL-**
6 **LOWED WITH RESPECT TO OIL AND GAS AC-**
7 **TIVITIES OF MAJOR INTEGRATED OIL COM-**
8 **PANIES.**

9 (a) IN GENERAL.—Subparagraph (B) of section
10 199(c)(4) of the Internal Revenue Code of 1986 is amend-
11 ed by striking “and” at the end of clause (ii), by striking
12 the period at the end of clause (iii) and inserting “, and”,
13 and by inserting after clause (iii) the following new clause:

14 “(iv) in the case of a major integrated
15 oil company (as defined in section
16 167(h)(5)), the production, refining, proc-
17 essing, transportation, or distribution of
18 oil, gas, or any primary product thereof.”.

19 (b) EFFECTIVE DATE.—The amendment made by
20 subsection (a) shall apply to taxable years beginning after
21 the date of the enactment of this Act.

1 **SEC. 102. MAJOR INTEGRATED OIL COMPANIES INELIGIBLE**
2 **FOR LAST-IN, FIRST-OUT METHOD OF INVEN-**
3 **TORY.**

4 (a) IN GENERAL.—Section 471 of the Internal Rev-
5 enue Code of 1986 is amended by redesignating subsection
6 (c) as subsection (d) and by inserting after subsection (b)
7 the following new subsection:

8 “(c) MAJOR INTEGRATED OIL COMPANIES INELI-
9 GIBLE FOR LAST-IN, FIRST-OUT METHOD.—In the case
10 of a major integrated oil company (as defined in section
11 167(h)(5)(B))—

12 “(1) the last-in, first-out method of determining
13 inventories shall in no event be treated as clearly re-
14 flecting income, and

15 “(2) sections 472 and 473 shall not apply.”.

16 (b) EFFECTIVE DATE.—

17 (1) IN GENERAL.—The amendments made by
18 this section shall apply to taxable years beginning
19 after the date of the enactment of this Act.

20 (2) CHANGE IN METHOD OF ACCOUNTING.—In
21 the case of any taxpayer required by the amend-
22 ments made by this section to change its method of
23 accounting for its first taxable year beginning after
24 the date of the enactment of this Act—

25 (A) such change shall be treated as initi-
26 ated by the taxpayer,

1 (B) such change shall be treated as made
2 with the consent of the Secretary of the Treas-
3 ury, and

4 (C) if the net amount of the adjustments
5 required to be taken into account by the tax-
6 payer under section 481 of the Internal Rev-
7 enue Code of 1986 is positive, such amount
8 shall be taken into account over a period of 8
9 years beginning with such first taxable year.

10 **SEC. 103. LIMITATION ON DEDUCTION FOR INTANGIBLE**
11 **DRILLING AND DEVELOPMENT COSTS OF**
12 **MAJOR INTEGRATED OIL COMPANIES IN THE**
13 **CASE OF OIL AND GAS WELLS.**

14 (a) IN GENERAL.—Subsection (c) of section 263 of
15 the Internal Revenue Code of 1986 is amended by adding
16 at the end the following new sentence: “This subsection
17 shall not apply to intangible drilling and development costs
18 paid or incurred by any major integrated oil company (as
19 defined in section 167(h)(5)) in the case of oil and gas
20 wells.”.

21 (b) CONFORMING AMENDMENT.—Subsection (c) of
22 section 263 of such Code is amended by inserting “(deter-
23 mined without regard to the last sentence of this sub-
24 section)” after “in the same manner as such expenses are
25 deductible in the case of oil and gas wells”.

1 (c) EFFECTIVE DATE.—The amendment made by
2 this section shall apply to amounts paid or incurred in tax-
3 able years beginning after the date of the enactment of
4 this Act.

5 **TITLE II—DEFICIT REDUCTION** 6 **THROUGH FAIR OIL ROYALTIES**

7 **SEC. 201. SHORT TITLE.**

8 This title may be cited as the “Deficit Reduction
9 Through Fair Oil Royalties Act”.

10 **SEC. 202. ELIGIBILITY FOR NEW LEASES AND THE TRANS-** 11 **FER OF LEASES.**

12 (a) ISSUANCE OF NEW LEASES.—

13 (1) IN GENERAL.—The Secretary shall not
14 issue any new lease that authorizes the production
15 of oil or natural gas under the Outer Continental
16 Shelf Lands Act (43 U.S.C. 1331 et seq.) to a per-
17 son described in paragraph (2) unless the person has
18 renegotiated each covered lease with respect to which
19 the person is a lessee, to modify the payment re-
20 sponsibilities of the person to require the payment of
21 royalties if the price of oil and natural gas is greater
22 than or equal to the price thresholds described in
23 clauses (v) through (vii) of section 8(a)(3)(C) of the
24 Outer Continental Shelf Lands Act (43 U.S.C.
25 1337(a)(3)(C)).

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

3 (A) is a lessee that—

4 (i) holds a covered lease on the date
5 on which the Secretary considers the
6 issuance of the new lease; or

7 (ii) was issued a covered lease before
8 the date of enactment of this Act, but
9 transferred the covered lease to another
10 person or entity (including a subsidiary or
11 affiliate of the lessee) after the date of en-
12 actment of this Act; or

13 (B) any other person that has any direct
14 or indirect interest in, or that derives any ben-
15 efit from, a covered lease.

16 (3) MULTIPLE LESSEES.—

17 (A) IN GENERAL.—For purposes of para-
18 graph (1), if there are multiple lessees that own
19 a share of a covered lease, the Secretary may
20 implement separate agreements with any lessee
21 with a share of the covered lease that modifies
22 the payment responsibilities with respect to the
23 share of the lessee to include price thresholds
24 that are equal to or less than the price thresh-
25 olds described in clauses (v) through (vii) of

1 section 8(a)(3)(C) of the Outer Continental
2 Shelf Lands Act (43 U.S.C. 1337(a)(3)(C)).

3 (B) TREATMENT OF SHARE AS COVERED
4 LEASE.—Beginning on the effective date of an
5 agreement under subparagraph (A), any share
6 subject to the agreement shall not constitute a
7 covered lease with respect to any lessees that
8 entered into the agreement.

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

18 (1) renegotiated each covered lease with respect
19 to which the lessee or person is a lessee, to modify
20 the payment responsibilities of the lessee or person
21 to include price thresholds that are equal to or less
22 than the price thresholds described in clauses (v)
23 through (vii) of section 8(a)(3)(C) of the Outer Con-
24 tinental Shelf Lands Act (43 U.S.C. 1337(a)(3)(C));
25 or

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

9 (c) USE OF AMOUNTS FOR DEFICIT REDUCTION.—
10 Notwithstanding any other provision of law, any amounts
11 received by the United States as rentals or royalties under
12 covered leases shall be deposited in the Treasury and used
13 for Federal budget deficit reduction or, if there is no Fed-
14 eral budget deficit, for reducing the Federal debt in such
15 manner as the Secretary of the Treasury considers appro-
16 priate.

17 (d) DEFINITIONS.—In this section—

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

21 (A) in existence on the date of enactment
22 of this Act;

23 (B) issued by the Department of the Inte-
24 rior under section 304 of the Outer Continental

1 Shelf Deep Water Royalty Relief Act (43
2 U.S.C. 1337 note; Public Law 104–58); and

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

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

12 (3) SECRETARY.—The term “Secretary” means
13 the Secretary of the Interior.

14 **SEC. 203. PRICE THRESHOLDS FOR ROYALTY SUSPENSION**
15 **PROVISIONS.**

16 The Secretary of the Interior shall agree to a request
17 by any lessee to amend any lease issued for any Central
18 and Western Gulf of Mexico tract in the period of January
19 1, 1996, through November 28, 2000, to incorporate price
20 thresholds applicable to royalty suspension provisions, that
21 are equal to or less than the price thresholds described
22 in clauses (v) through (vii) of section 8(a)(3)(C) of the
23 Outer Continental Shelf Lands Act (43 U.S.C.
24 1337(a)(3)(C)). Any amended lease shall impose the new
25 or revised price thresholds effective October 1, 2011. Ex-

1 listing lease provisions shall prevail through September 30,
2 2011.

3 **TITLE III—PROTECTION FROM**
4 **PRICE GOUGING**

5 **SEC. 301. SHORT TITLE.**

6 This title may be cited as the “Federal Price Gouging
7 Prevention Act”.

8 **SEC. 302. UNCONSCIONABLE PRICING OF GASOLINE AND**
9 **OTHER PETROLEUM DISTILLATES DURING**
10 **EMERGENCIES.**

11 (a) UNCONSCIONABLE PRICING.—

12 (1) IN GENERAL.—It shall be unlawful for any
13 person to sell, at wholesale or at retail in an area
14 and during a period of an international crisis affect-
15 ing the oil markets proclaimed under paragraph (2),
16 gasoline or any other petroleum distillate covered by
17 a proclamation issued under paragraph (2) at a
18 price that—

19 (A) is unconscionably excessive; and

20 (B) indicates the seller is taking unfair ad-
21 vantage of the circumstances related to an
22 international crisis to increase prices unreason-
23 ably.

24 (2) ENERGY EMERGENCY PROCLAMATION.—

1 (A) IN GENERAL.—The President may
2 issue a proclamation of an international crisis
3 affecting the oil markets and may designate any
4 area within the jurisdiction of the United
5 States, where the prohibition in paragraph (1)
6 shall apply. The proclamation shall state the ge-
7 ographic area covered, the gasoline or other pe-
8 troleum distillate covered, and the time period
9 that such proclamation shall be in effect.

10 (B) DURATION.—The proclamation—

11 (i) may not apply for a period of more
12 than 30 consecutive days, but may be re-
13 newed for such consecutive periods, each
14 not to exceed 30 days, as the President de-
15 termines appropriate; and

16 (ii) may include a period of time not
17 to exceed 1 week preceding a reasonably
18 foreseeable emergency.

19 (3) FACTORS CONSIDERED.—In determining
20 whether a person has violated paragraph (1), there
21 shall be taken into account, among other factors—

22 (A) whether the amount charged by such
23 person for the applicable gasoline or other pe-
24 troleum distillate at a particular location in an
25 area covered by a proclamation issued under

1 paragraph (2) during the period such proclama-
2 tion is in effect—

3 (i) grossly exceeds the average price
4 at which the applicable gasoline or other
5 petroleum distillate was offered for sale by
6 that person during the 30 days prior to
7 such proclamation;

8 (ii) grossly exceeds the price at which
9 the same or similar gasoline or other pe-
10 troleum distillate was readily obtainable in
11 the same area from other competing sellers
12 during the same period;

13 (iii) reasonably reflected additional
14 costs, not within the control of that person,
15 that were paid, incurred, or reasonably an-
16 ticipated by that person, or reflected addi-
17 tional risks taken by that person to
18 produce, distribute, obtain, or sell such
19 product under the circumstances; and

20 (iv) was substantially attributable to
21 local, regional, national, or international
22 market conditions; and

23 (B) whether the quantity of gasoline or
24 other petroleum distillate the person produced,
25 distributed, or sold in an area covered by a

1 proclamation issued under paragraph (2) dur-
2 ing a 30-day period following the issuance of
3 such proclamation increased over the quantity
4 that that person produced, distributed, or sold
5 during the 30 days prior to such proclamation,
6 taking into account usual seasonal demand vari-
7 ations.

8 (b) DEFINITIONS.—As used in this section—

9 (1) the term “wholesale”, with respect to sales
10 of gasoline or other petroleum distillates, means ei-
11 ther truckload or smaller sales of gasoline or petro-
12 leum distillates where title transfers at a product
13 terminal or a refinery, and dealer tank wagon sales
14 of gasoline or petroleum distillates priced on a deliv-
15 ered basis to retail outlets; and

16 (2) the term “retail”, with respect to sales of
17 gasoline or other petroleum distillates, includes all
18 sales to end users such as motorists as well as all
19 direct sales to other end users such as agriculture,
20 industry, residential, and commercial consumers.

21 **SEC. 303. ENFORCEMENT BY THE FEDERAL TRADE COM-**
22 **MISSION.**

23 (a) ENFORCEMENT BY FTC.—A violation of section
24 302 shall be treated as a violation of a rule defining an
25 unfair or deceptive act or practice prescribed under section

1 18(a)(1)(B) of the Federal Trade Commission Act (15
2 U.S.C. 57a(a)(1)(B)). The Federal Trade Commission
3 shall enforce this title in the same manner, by the same
4 means, and with the same jurisdiction as though all appli-
5 cable terms and provisions of the Federal Trade Commis-
6 sion Act were incorporated into and made a part of this
7 title. In enforcing section 302 of this title, the Commission
8 shall give priority to enforcement actions concerning com-
9 panies with total United States wholesale or retail sales
10 of gasoline and other petroleum distillates in excess of
11 \$10,000,000,000 per year.

12 (b) CIVIL PENALTIES.—

13 (1) IN GENERAL.—Notwithstanding the pen-
14 alties set forth under the Federal Trade Commission
15 Act, any person who violates section 302 with actual
16 knowledge or knowledge fairly implied on the basis
17 of objective circumstances shall be subject to—

18 (A) a civil penalty of not more than 3
19 times the amount of profits gained by such per-
20 son through such violation; or

21 (B) a civil penalty of not more than
22 \$100,000,000.

23 (2) METHOD.—The penalties provided by para-
24 graph (1) shall be obtained in the same manner as

1 civil penalties obtained under section 5 of the Fed-
2 eral Trade Commission Act (15 U.S.C. 45).

3 (3) MULTIPLE OFFENSES; MITIGATING FAC-
4 TORS.—In assessing the penalty provided by sub-
5 section (a)—

6 (A) each day of a continuing violation shall
7 be considered a separate violation; and

8 (B) the court shall take into consideration,
9 among other factors, the seriousness of the vio-
10 lation and the efforts of the person committing
11 the violation to remedy the harm caused by the
12 violation in a timely manner.

13 **SEC. 304. CRIMINAL PENALTIES.**

14 (a) IN GENERAL.—In addition to any penalty appli-
15 cable under section 303, any person who violates section
16 302 shall be fined under title 18, United States Code, in
17 an amount not to exceed \$500,000,000.

18 (b) ENFORCEMENT.—The criminal penalty provided
19 by subsection (a) may be imposed only pursuant to a
20 criminal action brought by the Attorney General or other
21 officer of the Department of Justice. The Attorney Gen-
22 eral shall give priority to enforcement actions concerning
23 companies with total United States wholesale or retail
24 sales of gasoline and other petroleum distillates in excess
25 of \$10,000,000,000 per year.

1 **SEC. 305. ENFORCEMENT AT RETAIL LEVEL BY STATE AT-**
2 **TORNEYS GENERAL.**

3 (a) IN GENERAL.—A State, as *parens patriae*, may
4 bring a civil action on behalf of its residents in an appro-
5 priate district court of the United States to enforce the
6 provisions of section 302 of this title, or to impose the
7 civil penalties authorized by section 303(b)(1)(B), when-
8 ever the attorney general of the State has reason to believe
9 that the interests of the residents of the State have been
10 or are being threatened or adversely affected by a violation
11 of this title or a regulation under this title, involving a
12 retail sale.

13 (b) NOTICE.—The State shall serve written notice to
14 the Federal Trade Commission of any civil action under
15 subsection (a) prior to initiating such civil action. The no-
16 tice shall include a copy of the complaint to be filed to
17 initiate such civil action, except that if it is not feasible
18 for the State to provide such prior notice, the State shall
19 provide such notice immediately upon instituting such civil
20 action.

21 (c) AUTHORITY TO INTERVENE.—Upon receiving the
22 notice required by subsection (b), the Federal Trade Com-
23 mission may intervene in such civil action and upon inter-
24 vening—

25 (1) be heard on all matters arising in such civil
26 action; and

1 (2) file petitions for appeal of a decision in such
2 civil action.

3 (d) CONSTRUCTION.—For purposes of bringing any
4 civil action under subsection (a), nothing in this section
5 shall prevent the attorney general of a State from exer-
6 cising the powers conferred on the attorney general by the
7 laws of such State to conduct investigations or to admin-
8 ister oaths or affirmations or to compel the attendance
9 of witnesses or the production of documentary and other
10 evidence.

11 (e) VENUE; SERVICE OF PROCESS.—In a civil action
12 brought under subsection (a)—

13 (1) the venue shall be a judicial district in
14 which—

15 (A) the defendant operates;

16 (B) the defendant was authorized to do
17 business; or

18 (C) the defendant in the civil action is
19 found;

20 (2) process may be served without regard to the
21 territorial limits of the district or of the State in
22 which the civil action is instituted; and

23 (3) a person who participated with the defend-
24 ant in an alleged violation that is being litigated in

1 the civil action may be joined in the civil action with-
2 out regard to the residence of the person.

3 (f) LIMITATION ON STATE ACTION WHILE FEDERAL
4 ACTION IS PENDING.—If the Federal Trade Commission
5 has instituted a civil action or an administrative action
6 for violation of this title, no State attorney general, or offi-
7 cial or agency of a State, may bring an action under this
8 subsection during the pendency of that action against any
9 defendant named in the complaint of the Federal Trade
10 Commission or the other agency for any violation of this
11 title alleged in the complaint.

12 (g) ENFORCEMENT OF STATE LAW.—Nothing con-
13 tained in this section shall prohibit an authorized State
14 official from proceeding in State court to enforce a civil
15 or criminal statute of such State.

16 **SEC. 306. EFFECT ON OTHER LAWS.**

17 (a) OTHER AUTHORITY OF FEDERAL TRADE COM-
18 MISSION.—Nothing in this title shall be construed to limit
19 or affect in any way the Federal Trade Commission's au-
20 thority to bring enforcement actions or take any other
21 measure under the Federal Trade Commission Act (15
22 U.S.C. 41 et seq.) or any other provision of law.

23 (b) STATE LAW.—Nothing in this title preempts any
24 State law.

1 **TITLE IV—STRATEGIC**
2 **PETROLEUM RESERVE**

3 **SEC. 401. SHORT TITLE.**

4 This title may be cited as the “Enhanced Supply and
5 Price Reduction Act of 2011” or the “Enhanced SPR
6 Act”.

7 **SEC. 402. DEFINITION.**

8 In this title, the term “Secretary” means the Sec-
9 retary of Energy.

10 **SEC. 403. PETROLEUM PRODUCT RESERVE.**

11 Section 154(a) of the Energy Policy and Conserva-
12 tion Act (42 U.S.C. 6234(a)) is amended by striking “1
13 billion barrels of petroleum products” and inserting
14 “1,000,000,000 barrels of petroleum products (including
15 refined petroleum products)”.

16 **SEC. 404. SALE OF OIL FROM THE STRATEGIC PETROLEUM**
17 **RESERVE AND ACQUISITION OF REFINED PE-**
18 **TROLEUM PRODUCT.**

19 (a) INITIAL PETROLEUM SALE AND REPLACE-
20 MENT.—

21 (1) AUTHORITY.—Notwithstanding section 161
22 of the Energy Policy and Conservation Act (42
23 U.S.C. 6241), the Secretary may sell, in the
24 amounts and on the schedule described in subsection

1 (b), petroleum from the Strategic Petroleum Reserve
2 and acquire refined petroleum product.

3 (2) PROCEEDS.—If the Secretary acts pursuant
4 to paragraph (1), the Secretary shall—

5 (A) deposit the cash proceeds from sales
6 under subparagraph (A) into the SPR Petro-
7 leum Account established under section 167 of
8 the Energy Policy and Conservation Act (42
9 U.S.C. 6247); and

10 (B) from the cash proceeds deposited pur-
11 suant to paragraph (2), withdraw the amount
12 necessary to pay for the direct administrative
13 and operational costs of the sale and acquisi-
14 tion, including for acquisition and maintenance
15 of, and improvements to, storage facilities.

16 (b) AMOUNTS AND SCHEDULE.—

17 (1) IN GENERAL.—The sale and acquisition de-
18 scribed in subsection (a) may require the offer for
19 sale of a total quantity of no more than 30,000,000
20 barrels of petroleum from the Strategic Petroleum
21 Reserve. The sale may commence within 180 days
22 after the date of enactment of this Act and may end
23 not later than 3 years after such date of enactment.
24 In no event shall the Secretary sell barrels of oil
25 under subsection (a) that would result in a Strategic

1 Petroleum Reserve that contains fewer than 90 per-
2 cent of the total amount of barrels in the Strategic
3 Petroleum Reserve as of the date of enactment of
4 this Act.

5 (2) ACQUISITIONS.—If the Secretary acts pur-
6 suant to subsection (a)(1), the Secretary shall ac-
7 quire refined petroleum product under this section—

8 (A) beginning no sooner than 180 days
9 after the date of enactment of this Act;

10 (B) ending no later than 5 years after the
11 date of enactment of this Act; and

12 (C) in a manner so as to minimize both
13 the cost to the Federal Government and market
14 disruption associated with the acquisition.

15 **SEC. 405. REPORT TO CONGRESS.**

16 Not later than 18 months after the commencement
17 of any sale authorized pursuant to section 404, the Sec-
18 retary shall transmit to Congress a report—

19 (1) describing the amounts and types of petro-
20 leum sold and refined petroleum product acquired
21 under section 404;

22 (2) describing the actions taken for the storage
23 of refined petroleum product acquired under section
24 404, and identifying any requirements for additional
25 facilities;

1 (3) describing efforts the Department of En-
2 ergy has taken to ensure that distributors and im-
3 porters are not discouraged from maintaining and
4 increasing supplies of refined petroleum products;

5 (4) describing actions that the Department of
6 Energy has taken and plans to take to ensure qual-
7 ity of refined petroleum product in the Reserve, in-
8 cluding the rotation of product stored; and

9 (5) analyzing the effects that activities under
10 section 404 have had on oil markets.

11 **SEC. 406. STRATEGIC PETROLEUM RESERVE DRAWDOWN**
12 **AND EXCHANGE IN PUBLIC INTEREST.**

13 Section 161 of the Energy Policy and Conservation
14 Act (42 U.S.C. 6241) is amended by adding at the end
15 the following new subsection:

16 “(k) PUBLIC INTEREST.—

17 “(1) GENERAL AUTHORITY.—If, after consulta-
18 tion with the Secretary of Energy, the Secretary of
19 Defense, and the Chairman of the Federal Trade
20 Commission, the President finds that a cir-
21 cumstance, other than those described in subsections
22 (d) or (h) of this section, exists of such significance
23 and scope that action under this subsection would be
24 warranted to address market manipulation or other-
25 wise be in the public interest, then the President

1 may instruct the Secretary to drawdown and sell or
2 exchange petroleum product from the Reserve under
3 this subsection.

4 “(2) LIMITATIONS.—Petroleum product from
5 the Reserve may not be drawn down or exchanged
6 under this subsection—

7 “(A) in excess of an aggregate of
8 30,000,000 barrels with respect to each cir-
9 cumstance warranting a finding under para-
10 graph (1); or

11 “(B) in an amount that would lower the
12 aggregate level of petroleum product in the Re-
13 serve to less than 600,000,000 barrels of petro-
14 leum product.

15 “(3) REPORT TO CONGRESS.—At the end of
16 any month during which there is a drawdown and
17 sale of petroleum products from the Reserve under
18 this subsection, the Secretary shall transmit a report
19 to the Congress containing an account of the draw-
20 down and sale, along with an assessment of the ef-
21 fects of the drawdown and sale.

22 “(4) REPLENISHMENT.—In the case of a draw-
23 down and sale or exchange under this subsection,
24 the Secretary shall provide for the timely replenish-

1 ment of the Reserve in accordance with the objec-
2 tives and procedures set forth in section 160.”.

○