## 115TH CONGRESS 2D SESSION

## S. 2319

To empower States to manage the development and production of oil and gas on available Federal land, and for other purposes.

## IN THE SENATE OF THE UNITED STATES

January 18, 2018

Mr. Barrasso (for himself, Mr. Hoeven, Mr. Enzi, Mr. Lee, and Mr. Hatch) introduced the following bill; which was read twice and referred to the Committee on Energy and Natural Resources

## A BILL

To empower States to manage the development and production of oil and gas on available Federal land, 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 "Opportunities for the
- 5 Nation and States to Harness Onshore Resources for En-
- 6 ergy Act" or the "ONSHORE Act".

1	SEC. 2. COOPERATIVE FEDERALISM IN OIL AND GAS PER-
2	MITTING ON AVAILABLE FEDERAL LAND.
3	(a) In General.—The Mineral Leasing Act (30
4	U.S.C. 181 et seq.) is amended—
5	(1) by redesignating section 44 as section 47;
6	and
7	(2) by adding after section 43 the following:
8	"SEC. 44. COOPERATIVE FEDERALISM IN OIL AND GAS PER-
9	MITTING ON AVAILABLE FEDERAL LAND.
10	"(a) Definitions.—In this section:
11	"(1) APD.—The term 'APD' means a permit—
12	"(A) that grants authority to drill for oil
13	and gas; and
14	"(B) for which an application has been re-
15	ceived that includes—
16	"(i) a drilling plan;
17	"(ii) a surface use plan of operations
18	described in section 3162.3–1(f) of title 43,
19	Code of Federal Regulations (or a suc-
20	cessor regulation);
21	"(iii) evidence of bond coverage; and
22	"(iv) such other information as may
23	be required by applicable orders and no-
24	tices.

1	"(2) AVAILABLE FEDERAL LAND.—The term
2	'available Federal land' means any Federal land
3	that—
4	"(A) is located within the boundaries of a
5	State;
6	"(B) is not held by the United States in
7	trust for the benefit of a federally recognized
8	Indian Tribe or a member of a federally recog-
9	nized Indian Tribe;
10	"(C) is not a unit of the National Park
11	System;
12	"(D) is not a unit of the National Wildlife
13	Refuge System, other than a unit of the Na-
14	tional Wildlife Refuge System for which oil and
15	gas drilling is allowed under law;
16	"(E) is not a congressionally approved wil-
17	derness area under the Wilderness Act (16
18	U.S.C. 1131 et seq.); and
19	"(F) has been identified as land available
20	for lease, or has been leased, for the explo-
21	ration, development, and production of oil and
22	gas—
23	"(i) by the Bureau of Land Manage-
24	ment under—

1	"(I) a resource management plan
2	under the Federal Land Policy and
3	Management Act of 1976 (43 U.S.C.
4	1701 et seq.); or
5	"(II) an integrated activity plan
6	with respect to the National Petro-
7	leum Reserve–Alaska; or
8	"(ii) by the Forest Service under a
9	National Forest management plan under
10	the Forest and Rangeland Renewable Re-
11	sources Planning Act of 1974 (16 U.S.C.
12	1600 et seq.).
13	"(3) Drilling Plan.—The term 'drilling plan'
14	means a plan described in section 3162.3-1(e) of
15	title 43, Code of Federal Regulations (or a successor
16	regulation).
17	"(4) Secretary.—The term 'Secretary' means
18	the Secretary of the Interior.
19	"(5) State applicant.—The term 'State ap-
20	plicant' means a State that submits an application
21	under subsection (c).
22	"(6) State program.—The term 'State pro-
23	gram' means a program in a State under which the
24	State mav—

1	"(A) issue APDs or approve drilling plans,
2	as applicable, on available Federal land; and
3	"(B) impose sanctions for violations of
4	State laws, regulations, or any condition of an
5	issued APD or approved drilling plan, as appli-
6	cable.
7	"(7) Sundry notice.—The term 'sundry no-
8	tice' means a written request—
9	"(A) to perform work not covered under an
10	APD or drilling plan; or
11	"(B) for a change to operations covered
12	under an APD or drilling plan.
13	"(b) Authorizations.—
14	"(1) In general.—On receipt of an applica-
15	tion under subsection (c), the Secretary may dele-
16	gate to a State exclusive authority—
17	"(A) to issue an APD on available Federal
18	land; or
19	"(B) to approve drilling plans on available
20	Federal land.
21	"(2) SUNDRY NOTICES.—On request of a State
22	for which authority is delegated under paragraph
23	(1), the authority delegated may include the author-
24	ity to approve sundry notices.
25	"(3) Inspection and enforcement.—

1	"(A) IN GENERAL.—On request of a State
2	for which authority is delegated under para-
3	graph (1), the authority delegated may include
4	the authority to inspect and enforce an APD or
5	drilling plan, as applicable.
6	"(B) Effect.—A delegation of authority
7	under paragraph (1)(A) shall not affect the
8	ability of the Secretary to collect inspection fees
9	under subsection (d) of section 108 of the Fed-
10	eral Oil and Gas Royalty Management Act of
11	1982 (30 U.S.C. 1718).
12	"(c) STATE APPLICATION PROCESS.—
13	"(1) Submission of Application.—A State
14	seeking a delegation of authority under subpara-
15	graph (A) or (B) of subsection (b)(1) shall submit
16	to the Secretary an application at such time, in such
17	manner, and containing such information as the Sec-
18	retary may require, including—
19	"(A) a description of the State program
20	that the State proposes to administer under
21	State law; and
22	"(B) a statement from the Governor or at-
23	torney general of the State that demonstrates
24	that the laws of the State provide adequate au-
25	thority to carry out the State program.

1	"(2) Deadline for approval or dis-
2	APPROVAL.—Not later than 180 days after the date
3	on which an application under paragraph (1) is re-
4	ceived, the Secretary shall approve or disapprove the
5	application.
6	"(3) Requirements for approval.—
7	"(A) In General.—The Secretary may
8	approve an application received under para-
9	graph (1) only if the Secretary determines
10	that—
11	"(i) the State applicant would be at
12	least as effective as the Secretary in
13	issuing APDs or in approving drilling
14	plans, as applicable;
15	"(ii) the State program of the State
16	applicant—
17	"(I) complies with this Act; and
18	" $(\Pi)$ provides for the termination
19	or modification of an issued APD or
20	approved drilling plan, as applicable,
21	for cause, including for—
22	"(aa) the violation of any
23	condition of the issued APD or
24	approved drilling plan;

1	"(bb) obtaining the issued
2	APD or approved drilling plan by
3	misrepresentation; or
4	"(cc) failure to fully disclose
5	in the application all relevant
6	facts;
7	"(iii) the State applicant has suffi-
8	cient administrative and technical per-
9	sonnel and sufficient funding to carry out
10	the State program; and
11	"(iv) approval of the application
12	would not result in decreased royalty pay-
13	ments owed to the United States under
14	section 35(a), except as provided in sub-
15	section (e) of that section.
16	"(B) Memoranda of understanding.—
17	With respect to a State applicant seeking au-
18	thority under subsection (b)(3)(A) to inspect
19	and enforce APDs or drilling plans, as applica-
20	ble, before approving the application of the
21	State applicant, the Secretary shall enter into a
22	memorandum of understanding with the State
23	applicant under paragraph (6) that describes
24	the Federal and State responsibilities with re-
25	spect to the inspection and enforcement.

1	"(C) Public notice.—Before approving
2	an application received under paragraph (1),
3	the Secretary shall—
4	"(i) provide public notice of the appli-
5	cation;
6	"(ii) solicit public comment for the
7	application; and
8	"(iii) hold a public hearing for the ap-
9	plication in the State.
10	"(4) DISAPPROVAL.—If the Secretary dis-
11	approves an application submitted under paragraph
12	(1), the Secretary shall provide to the State appli-
13	cant written notification of—
14	"(A) the reasons for the disapproval, in-
15	cluding any information, data, or analysis on
16	which the disapproval is based; and
17	"(B) any revisions or modifications nec-
18	essary to obtain approval.
19	"(5) RESUBMITTAL OF APPLICATION.—A State
20	may resubmit an application under paragraph (1) at
21	any time.
22	"(6) State memoranda of under-
23	STANDING.—Before a State submits an application
24	under paragraph (1), the Secretary, on request of a
25	State, may enter into a memorandum of under-

1	standing with the State regarding the proposed
2	State program—
3	"(A) to describe the Federal and State re-
4	sponsibilities for oil and gas regulations;
5	"(B) to provide technical assistance; and
6	"(C) to share best management practices.
7	"(d) Administrative Fees for APDs.—
8	"(1) In general.—A State for which authority
9	has been delegated under subsection (b)(1)(A) may
10	collect a fee for each application for an APD that
11	is submitted to the State.
12	"(2) No collection of fee by sec-
13	RETARY.—The Secretary may not collect a fee from
14	the applicant or from the State for an application
15	for an APD that is submitted to a State for which
16	authority has been delegated under subsection
17	(b)(1)(A).
18	"(3) FEE AMOUNT.—The fee collected under
19	paragraph (1) shall be less than or equal to the
20	amount of the fee collected by the Secretary under
21	section 35(d)(2) from States for which authority has
22	not been delegated under subsection (b)(1)(A).
23	"(4) USE.—A State shall use 100 percent of
24	the fees collected under this subsection for the ad-

1	ministration of the approved State program of the
2	State.
3	"(e) Voluntary Termination of Authority.—
4	"(1) In general.—After providing written no-
5	tice to the Secretary, a State may voluntarily termi-
6	nate any authority delegated to the State under sub-
7	section (b)(1) on expiration of the 60-day period be-
8	ginning on the date on which the Secretary receives
9	the written notice.
10	"(2) Resumption by Secretary.—On termi-
11	nation of the authority delegated to a State under
12	paragraph (1), the Secretary shall resume any ac-
13	tivities for which authority was delegated to the
14	State under subsection (b)(1).
15	"(f) Appeal of Denial of Application for APD
16	OR APPLICATION FOR APPROVAL OF DRILLING PLAN.—
17	"(1) In general.—If a State for which the
18	Secretary has delegated authority under subsection
19	(b)(1) denies an application for an APD or an appli-
20	cation for approval of a drilling plan, the applicant
21	may appeal the decision to the Office of Hearings
22	and Appeals of the Department of the Interior.
23	"(2) FEE ALLOWED.—The Secretary may
24	charge an applicant a fee for an appeal under para-
25	graph (1).

1	"(g) Federal Administration of State Pro-
2	GRAM.—
3	"(1) Notification.—If the Secretary has rea-
4	son to believe that a State is not administering or
5	enforcing an approved State program, the Secretary
6	shall notify the relevant State regulatory authority
7	of any possible deficiencies.
8	"(2) State response.—Not later than 30
9	days after the date on which a State receives notifi-
10	cation of a possible deficiency under paragraph (1),
11	the State shall—
12	"(A) take appropriate action to correct the
13	possible deficiency; and
14	"(B) notify the Secretary of the action in
15	writing.
16	"(3) Determination.—
17	"(A) IN GENERAL.—On expiration of the
18	30-day period described in paragraph (2), the
19	Secretary shall issue public notice of any deter-
20	mination of the Secretary that—
21	"(i) a violation of all or any part of an
22	approved State program has resulted from
23	a failure of the State to administer or en-
24	force the approved State program of the
25	State; or

1	"(ii) the State has not demonstrated
2	the capability and intent of the State to
3	administer or enforce the State program of
4	the State.
5	"(B) APPEAL.—A State may appeal the
6	determination of the Secretary under subpara-
7	graph (A) in the applicable United States Dis-
8	trict Court.
9	"(C) RESUMPTION BY SECRETARY PEND-
10	ING APPEAL.—The Secretary may not resume
11	activities under paragraph (4) if an appeal
12	under subparagraph (B) is pending.
13	"(4) Resumption by Secretary.—Except as
14	provided in paragraph (3)(C), if the Secretary has
15	made a determination under paragraph (3)(A), the
16	Secretary shall resume any activities for which au-
17	thority was delegated to the State during the pe-
18	riod—
19	"(A) beginning on the date on which the
20	Secretary issues the public notice under para-
21	graph $(3)(A)$ ; and
22	"(B) ending on the date on which the Sec-
23	retary determines that the State may admin-
24	ister or enforce, as applicable, the approved
25	State program of the State.

1	"(5) STANDING.—A State with an approved
2	regulatory program shall have standing to sue the
3	Secretary for any action taken under this sub-
4	section.".
5	(b) Inspection Fees.—Section 108 of the Federal
6	Oil and Gas Royalty Management Act of 1982 (30 U.S.C
7	1718) is amended by adding at the end the following:
8	"(d) Inspection Fees for Certain States.—
9	"(1) Collection of fees.—
10	"(A) IN GENERAL.—The Secretary shall
11	collect annual nonrefundable inspection fees in
12	the amount specified in subparagraph (B), from
13	each designated operator under each lease or
14	Federal or Indian lands that is—
15	"(i) subject to inspection under sub-
16	section (b); and
17	"(ii) located in a State for which the
18	Secretary has delegated authority under
19	section 44(b)(1)(A) of the Mineral Leasing
20	$\operatorname{Act}$ .
21	"(B) Amount.—The amount of the fees
22	collected under subparagraph (A) shall be—
23	"(i) \$700 for each lease or unit or
24	communitization agreement with no active

1	or inactive wells, but with surface use, dis-
2	turbance or reclamation;
3	"(ii) \$1,225 for each lease or unit or
4	communitization agreement with 1 to 10
5	wells, with any combination of active or in-
6	active wells;
7	"(iii) \$4,900 for each lease or unit or
8	communitization agreement with 11 to 50
9	wells, with any combination of active or in-
10	active wells; and
11	"(iv) \$9,800 for each lease or unit or
12	communitization agreement with more
13	than 50 wells, with any combination of ac-
14	tive or inactive wells.
15	"(2) Onshore energy safety fund.—
16	"(A) IN GENERAL.—There is established in
17	the Treasury of the United States a fund to be
18	known as the 'Onshore Energy Safety Fund
19	(referred to in this subsection as the 'Fund').
20	"(B) Deposits.—An amount equal to the
21	amounts collected as fees under paragraph (1)
22	shall be deposited in the Fund.
23	"(C) AVAILABILITY.—Amounts in the
24	Fund shall—

1	"(i) only be available to the extent
2	and in the amount provided in advance in
3	appropriations Acts;
4	"(ii) be used only for purposes de-
5	scribed in subparagraph (D);
6	"(iii) remain available until expended;
7	and
8	"(iv) be credited as offsetting collec-
9	tions.
10	"(D) USE OF FUNDS.—Notwithstanding
11	section 3302 of title 31, United States Code,
12	amounts deposited in the Fund shall only be
13	available for expenditure for purposes of car-
14	rying out inspections under subsection (b) in
15	those States for which the Secretary has dele-
16	gated authority under section $44(b)(1)(A)$ of
17	the Mineral Leasing Act.
18	"(3) Payment due date.—The Secretary
19	shall require payment of any fee assessed under
20	paragraph (1) not later than 30 days after the date
21	on which the Secretary provides notice of the assess-
22	ment of the fee after the completion of an inspec-
23	tion.
24	"(4) Penalty.—If a designated operator as-
25	sessed a fee under paragraph (1) fails to pay the full

- 1 amount of the fee required under this subsection,
- 2 the Secretary may, in addition to using any other
- applicable enforcement authority, assess civil pen-
- 4 alties against the operator under section 109 in the
- 5 same manner as if this section were a mineral leas-
- 6 ing law.
- 7 "(5) Notification to state of noncompli-
- 8 ANCE.—If, on the basis of any inspection under sub-
- 9 section (b), the Secretary determines that an oper-
- ator is failing to comply with the requirements of
- mineral leasing laws or this Act, the Secretary shall
- 12 notify the State of the failure to comply imme-
- diately.".
- 14 (c) Existing Authorities.—Section 390(a) of the
- 15 Energy Policy Act of 2005 (42 U.S.C. 15942(a)) is
- 16 amended—
- 17 (1) by striking "Action by the Secretary" and
- inserting "The Secretary";
- 19 (2) by striking "with respect to any of the ac-
- tivities described in subsection (b) shall be subject to
- a rebuttable presumption that the use of" and in-
- serting "shall apply"; and
- 23 (3) by striking "would apply if the activity" and
- inserting "for each action described in subsection (b)
- if the action".

1	SEC. 3. CONVEYANCE TO CERTAIN STATES OF PROPERTY
2	INTEREST IN STATE SHARE OF ROYALTIES
3	AND OTHER PAYMENTS.
4	(a) In General.—Section 35 of the Mineral Leasing
5	Act (30 U.S.C. 191) is amended—
6	(1) in subsection (a), in the first sentence, by
7	striking "shall be paid into the Treasury" and in-
8	serting "shall, except as provided in subsection (e),
9	be paid into the Treasury";
10	(2) in subsection (c)(1), by inserting "and ex-
11	cept as provided in subsection (e)" before ", any
12	rentals"; and
13	(3) by adding at the end the following:
14	"(e) Conveyance to Certain States of Prop-
15	ERTY INTEREST IN STATE SHARE.—
16	"(1) In general.—Notwithstanding any other
17	provision of law, on request of a State and in lieu
18	of any payments to the State under subsection (a),
19	the Secretary of the Interior shall convey to the
20	State all right, title, and interest in and to the per-
21	centage specified in that subsection for that State
22	that would otherwise be required to be paid into the
23	Treasury under that subsection.
24	"(2) Amount.—Notwithstanding any other
25	provision of law, after a conveyance to a State under
26	paragraph (1), any person shall pay directly to the

- State any amount owed by the person for which the right, title, and interest has been conveyed to the State under this subsection.
  - "(3) Notice.—The Secretary of the Interior shall promptly provide to each holder of a lease of public land to which subsection (a) applies that is located in a State to which right, title, and interest is conveyed under this subsection notice that—
    - "(A) the Secretary of the Interior has conveyed to the State all right, title, and interest in and to the amounts referred to in paragraph (1); and
    - "(B) the leaseholder is required to pay the amounts directly to the State.
  - "(4) Report.—A State that has received a conveyance under this subsection shall report monthly to the Office of Natural Resources Revenue of the Department of the Interior the amount paid to the State pursuant to this subsection.
  - "(5) APPLICATION.—With respect to the interest conveyed to a State under this subsection from sales, bonuses, royalties (including interest charges), and rentals collected under the Federal Oil and Gas Royalty Management Act of 1982 (30 U.S.C. 1701 et seq.), this subsection shall only apply with respect

- 1 to States for which the Secretary has delegated any
- authority under section 44(b)(1).".
- 3 (b) Administrative Costs.—Section 35(b) of the
- 4 Mineral Leasing Act (30 U.S.C. 191(b)) is amended by
- 5 striking "In determining" and inserting "Except with re-
- 6 spect to States for which the Secretary has delegated any
- 7 authority under section 44(b)(1), in determining".
- 8 (c) Conforming Amendment.—Section 205(f) of
- 9 the Federal Oil and Gas Royalty Management Act of 1982
- 10 (30 U.S.C. 1735(f)) is amended in the seventh sentence
- 11 by striking "All" and inserting "Subject to subsection (e)
- 12 of section 35 of the Mineral Leasing Act (30 U.S.C. 191),
- 13 all".
- 14 SEC. 4. PERMITTING ON NON-FEDERAL SURFACE ESTATE.
- 15 The Mineral Leasing Act (30 U.S.C. 181 et seq.) is
- 16 amended by inserting after section 44 (as added by section
- $17 \ 2(a)(2)$ ) the following:
- 18 "SEC. 45. PERMITTING ON NON-FEDERAL SURFACE ESTATE.
- 19 "(a) Permits Not Required for Certain Activi-
- 20 TIES ON NON-FEDERAL SURFACE ESTATE.—The fol-
- 21 lowing activities conducted on non-Federal surface estate
- 22 shall not require a permit from the Bureau of Land Man-
- 23 agement and shall not be considered a major Federal ac-
- 24 tion under the National Environmental Policy Act of 1969
- 25 (42 U.S.C. 4321 et seq.):

- 1 "(1) Oil and gas operations for the exploration
- 2 for, or development or production of, oil and gas in
- a lease or unit or communitization agreement in
- 4 which the United States holds a mineral ownership
- 5 interest of 50 percent or less.
- 6 "(2) Oil and gas operations that may have po-
- 7 tential drainage impacts, as determined by the Bu-
- 8 reau of Land Management, on oil and gas in which
- 9 the United States holds a mineral ownership inter-
- 10 est.
- 11 "(b) DOI NOTIFICATION.—The Secretary of the In-
- 12 terior shall provide to each State a map or list indicating
- 13 Federal mineral ownership within that State.
- 14 "(c) STATE NOTIFICATION.—Each State with an ap-
- 15 proved permit to drill or drilling plan that would impact
- 16 or extract oil and gas owned by the Federal Government
- 17 shall notify the Secretary of the Interior of the approved
- 18 permit to drill or drilling plan.
- 19 "(d) ROYALTIES.—Nothing in this section affects the
- 20 amount of royalties due to the United States under this
- 21 Act from the production of oil and gas.".

1	SEC. 5. STATE AND TRIBAL AUTHORITY FOR HYDRAULIC
2	FRACTURING REGULATION.
3	The Mineral Leasing Act (30 U.S.C. 181 et seq.) is
4	amended by inserting after section 45 (as added by section
5	4) the following:
6	"SEC. 46. STATE AND TRIBAL AUTHORITY FOR HYDRAULIC
7	FRACTURING REGULATION.
8	"(a) In General.—In this section:
9	"(1) Hydraulic fracturing defined.—The
10	term 'hydraulic fracturing' means the process of cre-
11	ating small cracks or fractures in underground geo-
12	logical formations for well stimulation purposes of
13	bringing hydrocarbons into the wellbore and to the
14	surface for capture.
15	"(2) Secretary.—The term 'Secretary' means
16	the Secretary of the Interior.
17	"(b) Enforcement of Federal Regulations.—
18	The Secretary shall not enforce any Federal regulation,
19	guidance, or permit requirement regarding hydraulic frac-
20	turing relating to oil, gas, or geothermal production activi-
21	ties on or under any land in any State that has regula-
22	tions, guidance, or permit requirements for that activity.
23	"(c) State Authority.—The Secretary shall defer
24	to State regulations, guidance, and permit requirements
25	for all activities regarding hydraulic fracturing relating to

1	oil, gas, or geothermal production activities on Federal
2	land.
3	"(d) Transparency of State Regulations.—
4	"(1) In general.—Each State shall submit to
5	the Bureau of Land Management a copy of the reg-
6	ulations of the State that apply to hydraulic frac-
7	turing operations on Federal land, including the reg-
8	ulations that require disclosure of chemicals used in
9	hydraulic fracturing operations.
10	"(2) AVAILABILITY.—The Secretary shall make
11	available to the public on the website of the Sec-
12	retary the regulations submitted under paragraph
13	(1).
14	"(e) Tribal Authority on Trust Land.—The
15	Secretary shall not enforce any Federal regulation, guid-
16	ance, or permit requirement with respect to hydraulic frac-
17	turing on any land held in trust or restricted status for
18	the benefit of a federally recognized Indian Tribe or a
19	member of a federally recognized Indian Tribe, except
20	with the express consent of the beneficiary on whose behalf
21	the land is held in trust or restricted status.".
22	SEC. 6. REVIEW OF INTEGRATED ACTIVITY PLAN FOR THE
23	NATIONAL PETROLEUM RESERVE-ALASKA.
24	The Secretary of the Interior shall—

- 1 (1) conduct a review of the National Petroleum 2 Reserve-Alaska Final Integrated Activity Plan/Envi-3 ronmental Impact Statement, for which notice of 4 availability was published in the Federal Register on 5 December 28, 2012 (77 Fed. Reg. 76515), to deter-6 mine which land within the National Petroleum Re-7 serve-Alaska should be made available for oil and gas leasing; and 8 9 (2) make available the lands described in para-10 graph (1) for oil and gas leasing.
- 11 SEC. 7. PROTESTED LEASE SALES.
- Section 17(b)(1)(A) of the Mineral Leasing Act (30 U.S.C. 226(b)(1)(A)) is amended by inserting after the seventh sentence the following: "The Secretary shall resolve any protest to a lease sale within 60 days following such payment.".

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