



OFFSHORE ENERGY AND JOBS ACT: CURTAILING FEDERAL GOVERNMENT BARRIERS TO OFFSHORE ENERGY PRODUCTION

On June 28, 2013, the House of Representatives passed the Offshore Energy and Jobs Act (the "Act") to expand United States offshore energy production. If approved by the Senate, the Act would amend the Outer Continental Shelf Lands Act to, among other things, enhance conditions for energy exploration and production on the Outer Continental Shelf ("OCS"), provide equitable revenue sharing for all coastal states, and implement the reorganization of the functions of the former Minerals Management Service into distinct and separate agencies.

Increased Energy Exploration and Production on the Outer Continental Shelf

The Act would require that by July 2015 the federal government approve a new five-year oil and gas leasing plan for developing the United States' offshore energy resources. In its new plan, and in all subsequent five-year offshore leasing plans, the federal government would be required to make available, and to conduct lease sales for, at least 50 percent of the unleased acreage in each OCS planning area considered to have the largest undiscovered, technically recoverable oil and gas resources. Specifically, the federal government would be required to make available for leasing any OCS planning areas that are estimated to contain more than 2.5 million barrels of oil or 7.5 trillion cubic feet of natural gas.

The Act also directs the federal government to hold certain specific lease sales, including a lease sale of areas off the coast of Virginia within one year of the date of its enactment, a lease sale of areas off the coast of South Carolina within two years of its enactment, and a lease sale of areas off the coast of Southern California by December 2014.

Equitable Sharing of Outer Continental Shelf Revenues

Under the Act, the federal government would be required to allocate and pay (following a phase-in) 37.5 percent of any amounts that it receives from a lease on a new area of the OCS to those coastal states (including U.S. territories) that are within 200 miles of the relevant leased tract. A coastal state in receipt of any such allocation would be permitted to use funds paid to it for any purpose as determined by the laws of such state. The Act would not affect the receipt by states in the Gulf of Mexico of 37.5 percent of revenues from new or existing leases under the Gulf of Mexico Energy Security Act of 2006.

Reorganization of the Interior Department's Minerals Management Agencies

The Act would reorganize the Interior Department's offshore energy agencies in a manner designed to enhance the accountability, efficiency, safety, and ethical standards of offshore energy operations. In place of the former Minerals Management Service,¹ the Act would create three distinct and separate agencies to handle offshore energy operations: (1)

¹ On June 21, 2010, the Minerals Management Service was renamed the Bureau of Ocean Energy Management, Regulation and Enforcement (the "BOEMRE"). On October 1, 2011, the BOEMRE was reorganized into the Bureau of Ocean Energy Management and the Bureau of Safety and Environmental Enforcement.



the Bureau of Ocean Energy (responsible for the planning, leasing, and environmental work associated with offshore energy production); (2) the Ocean Energy Safety Service (responsible for permitting, safety, and inspections); and (3) the Office of Natural Resources Revenue (responsible for royalty and revenue collection). In addition, the Act would establish a new Under Secretary of Energy, Land, and Minerals who would be responsible for ensuring safe and efficient development of energy and minerals on public lands and other federal onshore lands.

— [Marjorie A. McKeithen](#), [Asher J. Friend](#), and [Daniella Genet](#)

Remember that these legal principles may change and vary widely in their application to specific factual circumstances. You should consult with counsel about your individual circumstances. For further information regarding these issues, contact:

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