

OUTER CONTINENTAL SHELF (OCS) LANDS: LEASING  
FOR OIL AND NATURAL GAS EXPLORATION AND DEVELOPMENT

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## ISSUE DEFINITION

Leasing of OCS land to oil companies for oil and natural gas development is governed by the OCS Lands Act (OCLA) of 1953 (P.L. 83-212) and the OCS Lands Act Amendments (OCSLAA) of 1978.

## BACKGROUND AND POLICY ANALYSIS

The OCS is defined as those submerged lands on the continental margins of the United States which are subject to Federal jurisdiction. These lands lie outside of the 3-mile belt of coastal submerged lands which are reserved to the States for purposes of oil and gas development and production. The OCS is commonly described in terms of 200 and 2,500 meters of water depth that serve as bench marks for assessing the economic and technological recoverability of OCS resources. The 200 meter benchmark is the approximate depth of the seaward edge of the physical continental shelf and the 2,500 meter depth is considered to be the current outer boundary of the continental margin's exploitable area. According to estimates by the Department of the Interior (DOI), the size of U.S. OCS areas out to a depth of 2,500 meters is about 965.8 million (or nearly 1 billion) acres. This area is divided into four OCS regions comprised of the Atlantic, Gulf of Mexico, Pacific, and Alaska regions. (See Appendix I and II at the end of this issue brief for maps of the areas.)

## OCS and Related Legislation

The OCLA as amended by the OCLAA of 1978 and other laws, provides the legislative direction and framework for planning and administering leasing, exploring, and developing Federal offshore oil and gas lands. The major provisions of the two pieces of OCS legislation accomplished the following:

- authorized the Secretary of the Interior to administer mineral exploration and development and to conserve the natural resources on the OCS;
- established a national policy for OCS development embracing a balance between the potentials for environmental damage, discovery of oil and gas, and adverse impact on the coastal zone;
- required the Secretary of the Interior to prepare a 5-year leasing plan for the timing and location of OCS lease sales;
- directed the establishment of bidding systems designed to promote competition and small company participation in OCS lease sales and to ensure the public a fair and equitable return from lease sales;
- required appropriate consideration of impacts from OCS activities which might cause damage to the environment or to property, or endanger life and health, and required the establishment of funds

for defraying oil spill cleanup costs and damages resulting from OCS operation.

- required participation by coastal State and local governments in OCS policy and planning decisions.
- called for regulation of OCS operations including a requirement that emphasis be placed on diligence in exploration and development of leased lands.

Several other pieces of legislation have been enacted which have applications and impacts on OCS oil and gas leasing developments, and operations.

- The Fish and Wildlife Act of 1956, which established the U.S. Fish and Wildlife Service to study, protect, and manage the fish and wildlife resources under the U.S. jurisdiction.
- The Fishery Conservation and Management Act of 1976, which established a 200-mile fishery conservation zone off U.S. coasts and gave to the U.S. exclusive management authority over fisheries within the zone.
- The National Environmental Policy Act of 1979, which required draft environmental impact statements (DIES), hearings, and final environmental impact statements (FEIS) for areas of leasing and actual leases. In this connection, the Environmental Protection Agency (EPA) is consulted on all OCS environmental impact statements and may refer unsatisfactory FEIS to the Council on Environmental Quality (CEQ). The CEQ reviews drafts and final environmental impact statements prepared by the Bureau of Land Management (BLM) of the Department of the Interior (DOI) and considers EPA protests.
- The Federal Water Pollution Control Act Amendments of 1979, which limited and controlled the discharge of oil or hazardous substances into or on navigable waters and requires EPA to issue National Pollutant Discharge Elimination System permits for exploratory and developmental drilling involving such discharges.
- The Coastal Zone Management Act of 1972, which authorized the Secretary of Commerce to provide grants-in-aid to coastal States to encourage the establishment of management programs for uses of land and water in coastal areas, and required consistency of Federal programs with approved State plans. This act was amended in 1976 to establish the Coastal Energy Impact Fund for the purpose of ameliorating adverse impacts from OCS developments and making exploration and development activities which require Federal permits subject to a coastal state's certification of consistency with its approved coastal zone management program.

- The Marine Protection, Research, and Sanctuaries Act of 1972, which authorized the Secretary of Commerce, after consultation with other appropriate agencies/departments of the Government and with the approval of the President, to designate areas extending seaward as far as the outer edges of the OCS as marine sanctuaries for preservation or restoration due to their conservation, recreational, ecological, or esthetic values. The Secretary of Commerce is a participant in the OCS advisory process and can issue regulations which prohibit or control activities within sanctuaries.
  
- The Marine Mammal Protection Act of 1972, which established the Marine Mammal Commission and assigned to the Secretaries of Commerce and the DOI responsibilities for protecting the international, esthetic, recreational and economic significance of marine mammals in danger of extinction or depletion as a result of man's activities. The legislation encourages the development of marine mammals and provides for maintaining the health and stability of the marine ecosystems of which they are a part.
  
- The Endangered Species Act of 1973, which required all Federal departments and agencies to utilize their authorities to conserve endangered species of fish, wildlife and plants facing extinction.

#### OCS Responsibilities in the Federal Government

Within the Federal Government, the DOI has primary responsibility for OCS activities. Within the DOI, the Minerals Management Service (MMS), assisted by the U.S. Geological Survey (USGS) is responsible for day-to-day OCS matters. The Fish and Wildlife Service and the National Park Service are responsible for assisting in areas of expertise. The responsibilities of the Secretary of Commerce, as enumerated in the discussion of pertinent legislation above, are discharged by the National Oceanic and Atmospheric Administration (NOAA). The Department of Transportation is involved by virtue of the Coast Guard's responsibilities for safety and oil spill clean-up. Other Federal agencies involved include the Department of Energy, the State Department, the Justice Department, the Environmental Protection Agency, and the U.S. Army Corp of Engineers, all of which have mission-specific OCS responsibilities. The Secretary of the DOI is responsible for coordinating the OCS of all Federal agencies.

#### Oil and Natural Gas Resources on the U.S. OCS

Large portions of the OCS lands have been designated as having hydrocarbon (oil and gas) potential, but there is much uncertainty as to the quantities of gas and oil and their locations on these lands. According to a report prepared by the USGS and released by the DOI in February 1981, it is estimated that submerged lands, both Federal and State, out to the 2,500 meter depth contour contain undiscovered recoverable resources in the amount of 17 to 44 billion barrels of oil and 117 to 231 trillion cubic feet of natural gas. Of all the OCS regions, Alaska appears to be the most promising in that it comprises more than 56% of the total U.S. OCS acreage and is

estimated to contain almost 44% of the U.S. offshore undiscovered recoverable oil resources and about 39% of the undiscovered natural gas.

At the present time, the Gulf of Mexico and Southern California are the only OCS areas with commercial oil and gas production. Gulf of Mexico leases contributed 95% of the 278.4 million barrels of oil and 99% of the 40 trillion cubic feet of gas produced on the OCS in 1980. In 1980, OCS gas production was about 23% of domestic production and OCS oil was about 9% of domestic oil production.

Leasing Policy Under the Outer Continental Shelf Lands Act of 1953 (P.L. 83-212)

During the first 16-year period (1954-69) following the enactment of the OCS Lands Act of 1953, leasing was concentrated in the Gulf of Mexico. During this period, there were 17 sales in the Gulf of Mexico resulting in the leasing of 5.27 million acres out of 9.64 million offered. In the Pacific during the same period, there were 4 sales: 2 sales off the coast of Southern California, 1 sale off northern California, and 1 sale off the coast of Washington/Oregon. The result of these 4 Pacific sales was the leasing of 1.26 million acres out of 2.3 million acres offered. According to the GAO Report to the Congress on issues in leasing offshore lands for oil and gas development (EMD 81-59 of Mar. 26, 1981), there were no formal lease schedules, and for the most part, there was little orderly planned development of the OCS during this period.

Beginning in the late 1960s, the DOI began to take steps to increase the number of leases and thereby increase Federal returns from the sale of OCS leases. Additional emphasis was forthcoming in 1973 and 1974 in response to the national need to offset the impact of the nation's growing energy crisis. During the period from June 1971 through June 1979, OCS leasing goals and schedules changed frequently. The goals for the average number of sales per year ranged from 2.7 in June of 1971 to 5.6 in June of 1979. In terms of the amount of OCS land expected to be leased, the 1971 goal was 1 million acres per year. By 1975, interest in the OCS as a source of energy had grown to the extent that a leasing goal of 10 million acres per year was set. Lease sales in this latter amount per year have not yet been achieved. During the 1970s, the focus on leasing began to shift somewhat to a more inclusive concept of including frontier areas of the Atlantic and Alaskan waters in addition to areas of the Gulf of Mexico and the Pacific.

Leasing Policy Under the Outer Continental Shelf Lands Act as amended by the Outer Continental Shelf Lands Act Amendments (OCSLAA) of 1978

In June 1979, the first proposed 5-year leasing program, including leasing schedule, was issued in response to the OCSLAA of September 1978. After a year of review by the Congress, the Executive Departments of the Federal Government, and State and local governments, the plan was issued in June 1980 (see Appendix III for a copy of the final June 1980 lease sale schedule). Lease sales in 1981 and 1982 have been conducted along the lines of the schedule proposed in this plan.

A news release by the Office of the Secretary of the Interior on Jan. 11, 1982, summarized the accomplishments in leasing lands in the OCS during calendar year 1981. These accomplishments are tabulated below.

## 1981 Calendar Year OCS Statistics

<u>Sale</u>		<u>Area Offered</u>		<u>Area Leased</u>		<u>Bonus Accepted</u>
		Acres	Tracts	Acres	Tracts	
53	California	603,611	111	292,099	55	\$2,036,954,548
RS-1	Gulf of Alaska	996,308	175	5,694	1	170,496
A66	Gulf of Mexico	1,077,931	212	799,912	156	2,649,628,752
56	So. Atlantic	1,621,901	285	267,471	47	342,766,174
60	Cook Inlet	858,247	153	73,158	13	4,405,899
66	Gulf of Mexico	1,081,364	209	508,301	102	1,243,468,752
59	Mid-Atlantic	1,440,375	253	284,659	50	321,981,000
Totals		7,679,737	1,398	2,231,289	424	\$6,599,375,621

The same news release by the Office of the Interior on Jan. 11, 1982, included a summary of lease sales activity, production, and receipts from OCS oil and gas production from the year 1970 through 1981. This information is tabulated below.



OCS Program Statistics  
1970-1981

<u>Year</u>	<u>No. of Sales</u>	<u>Acreage Offered</u>	<u>Acreage Leased</u>	<u>Tracts Leased</u>
1970	2	666,845	598,540	138
1971	1	55,872	37,222	11
1972	2	970,711	826,195	178
1973	2	1,504,940	1,032,570	187
1974	4	5,006,881	1,762,158	356
1975	4	7,247,327	1,679,877	321
1976	4	2,827,342	1,277,936	246
1977	2	1,843,116	1,100,741	211
1978	4	3,140,696	1,297,280	249
1979	6	3,412,249	1,767,512	351
1980	3	2,563,452	1,134,238	218
1981	7	7,679,737	2,231,289	424

OCS Program Statistics  
1970-1981  
(continued)

<u>Year</u>	<u>Oil &amp; Condensate Produced</u> (mdbl.)	<u>Gas Produced</u> (tcf)	<u>Bonus Received</u> (bil. \$)	<u>Royalty Paid</u> (bil. \$)
1970	361	2.419	.945	.283
1971	419	2.777	.096	.350
1972	412	3.039	2.251	.364
1973	395	3.212	3.082	.401
1974	361	3.515	5.023	.560
1975	330	3.459	1.088	.616
1976	317	3.596	2.243	.699
1977	304	3.738	1.569	.920
1978	292	4.386	1.767	1.150
1979	286	4.673	5.079	1.515
1980	277	4.641	4.205	2.137
1981	283e	4.800e	6.599	3.228e

Notes

e = estimated

USGS estimate (12/11/81) of oil and gas production as well as royalties is based on 6 months' actual production of oil and 9 months' of gas.

Note that the summary of OCS leasing activity for 1970 through 1981 does not include rental receipts. According to the MMS of the DOI, total rental receipts for OCS oil and gas lands were between \$0.19 billion and \$0.23 billion for each year from 1976 through 1981. The total rental receipts for 1981 were \$0.22 billion, and when added to \$6.60 billion in bonuses and \$3.23 billion in royalties, the total receipts for the year 1981 were about \$10 billion.

The Annual Report for fiscal year 1981, Outer Continental Shelf Oil and Gas Leasing and Production Program, issued by the Secretary of the Interior in April 1982, includes information on the number of acres in the OCS presently under lease and the number of active leases in the 4 OCS regions. This information is tabulated below.

<u>OCS Region</u>	<u>Total Acres Under Lease</u>	<u>Active Leases</u>
Atlantic	1,491,604	262
Gulf of Mexico	9,062,030	1,969
Offshore California	800,353	151
Offshore Alaska	<u>683,627</u>	<u>129</u>
Total	12,037,614	2,511

According to the Secretary of the Interior's report of April 1982, 59 oil and gas lease sales and one re-offering sale have been held on the OCS since the beginning of the program in 1954.

Production of oil and gas in the 4 OCS regions during 1981, as reported in the Secretary's report, are tabulated below.

OCS Production  
Fiscal Year 1981

	<u>Alaska</u>	<u>Atlantic</u>	<u>Gulf of Mexico</u>	<u>Pacific</u>	<u>Total</u>
Oil and condensate (thousands of bbls.)	0	0	263,863	15,563	278,42
Gas (million cu. ft.)	0	0	4,890,451	10,360	4,960,81
Number of producing oil wells	0	0	3,251	241	3,49
Number of producing gas wells	0	0	2,988	0	2,98

The latest issue of "Outer Continental Shelf Statistics" (June 1981) -- a compilation of statistics on OCS oil, gas, sulphur, and salt leasing, drilling, production, and income -- stated that about 5.4 billion barrels of oil and condensate, and 48.6 trillion cubic feet of gas have been produced in the OCS from 1954 through 1980. Revenue from this production amounted to about \$41.3 billion. When this amount of \$41.3 billion from previous years is added to the approximately \$10 billion realized in 1981, total revenue from oil and gas production in the OCS is about \$51.3 billion over the period from 1954 through 1981.

#### CURRENT ISSUES

##### Leasing policy

Section 18 of the OCSLAA requires the Secretary of the Interior to prepare and periodically revise and to maintain an oil and gas leasing program to implement the policies of the Act. The leasing program is required to consist of a schedule of proposed lease sales indicating, as precisely as possible, the size, timing, and location of leasing activity which the Secretary determines will best meet national energy needs for the 5-year period following approval or reapproval of the plan. The Secretary is required to review the existing plan at least annually.

The required annual review of the 5-year program of June 1980 was completed and a proposed new 5-year leasing program, including a leasing schedule, was announced in late July 1981. The proposed new 5-year leasing program called for 42 lease sales in a 5-year period (1982-86) for an average of 8 offerings a year. is considered a substantial increase in leasing rate.

In testimony before the Subcommittee on Panama Canal/Outer Continental Shelf of the House Merchant Marine and Fisheries Committee on Oct. 28, 1981, a representative of the DOI summarized the process by which the rate of leasing would be increased. According to the testimony, the increased pace of leasing is considered possible mainly on the basis of plans to streamline two component of the pre-sale planning process. One element of the streamlining process involves issuing the proposed notice of sale and asking State governors for their comments on the size, timing, and location of the proposal during the same month in which the final Environmental Impact Statement (EIS) is issued. The practice has been to issue the proposed notice of sale two months after the EIS for the final sale has been prepared. Additionally, the Department of Energy (DOE) would be requested to conduct its required review of the lease terms and other conditions at the same time the State officials are preparing their comments. These steps are expected to result in a time saving of approximately three months. The second element of the streamlining effort involves substantive changes in preparation for sales and composition of sales. Instead of studying the offering of a relatively small number of tracts, entire planning areas will be considered. The approach is delineated below.

1. Instead of the previously used call for nomination of tracts by potential bidders, there will be a call for information. In response to the call for information, potential bidders will be expected to outline broad areas where they believe hydrocarbons may occur and where they have interest in leasing instead of nominating specific tracts. States, environmental organizations, and others will have the same opportunities to comment.

2. The "Tentative Tract Selection," currently used to determine the specific tracts to be studied in the EIS, will be eliminated in favor of "Area Identification." The "Area Identifications" designated by potential bidders will be used as a basis for eliminating portions of the planning area considered incompatible with oil and gas development -- such as military operational areas -- and for identifying favorable geologic areas. This will take into account the collective judgement of the oil and gas industry and the U.S. Geological Survey (USGS). The EIS will be prepared on the entire planning area.

3. The EIS prepared for the first offering in a planning area under the new concept will emphasize analysis, rather than description, and the aggregate of exploration and development activity that might occur within the entire planning area, if all the resources in the planning area are developed. This analysis can begin, in some instances, a year before the "Call for Information" is issued. The document required by the National Environmental Policy Act (NEPA) prepared for the second area-wide offering in an area will update the EIS for the first offering with information that has become available since the first document was prepared. It is expected that the second document will be shorter and take less time to prepare than the initial planning-area EIS.

4. The environmental studies program of the Bureau of Land Management (BLM) and the regional geohazards investigations of the USGS will be phased to provide a level of detail in environmental information appropriate to decisions at each step in the process. These programs will stress large-scale reconnaissance studies and will emphasize greater use of existing information.

5. Geohazard information on specific tracts, formerly collected before lease sales, will no longer be gathered by the Federal Government for use in tract selection decisions. Instead, regional geohazard studies will be used in making sale decisions. The more detailed geohazard information on specific tracts required of lessees prior to approval of exploration, development, and production plans together with regional information from the USGS and/or MMS will be used to make sure that proposed operations are properly designed and safe.

6. Existing and updated hydrocarbon resource estimates will be used in the analysis in the EIS for the broad planning areas instead of preparing new estimates for specific tracts scattered over an area as has been the past practice. The use of existing hydrocarbon resource assessments will permit the commencement of analytical work immediately following adoption to the proposed leasing plan.

7. The estimates of individual tract values will be completed after the sale rather than before it. This will allow evaluation of only those tracts receiving bids instead of all tracts offered for lease. While the USGS will continue to evaluate all proven development and drainage tracts, techniques are under development which will allow assurance of receipt of fair market value for OCS lease rights without evaluating every tract receiving a bid. According to the testimony of the witness from the Department of the Interior, these techniques are based on a recognition of the fundamental soundness of the sealed, competitive bidding process established by the Congress and on the potential gains in government efficiency that can be realized if a carefully selected portion of tracts drawing bids is reviewed. The Department of the Interior representative noted that the evaluation of a sample of the bids will be adequate backup for the competitive bidding

process, just as the IRS audit of only a portion of tax returns is efficient and adequate in assuring proper payment of taxes. The Department expects that the indicated changes will make the evaluation much more efficient.

The period for public comment on the proposed new 5-year plan closed on Oct. 22, 1981, with 96 comments filed by that date. The States of Rhode Island, Pennsylvania, Maryland, North Carolina, Alabama, Louisiana, and Texas supported the proposed new schedule. The States of Maine, California, and Alaska responded with strong opposition to the proposed plan. Most coastal States complained that the streamlining discussed above would reduce their roles in planning OCS sales. One governor of an east coast State said that it is difficult to see how an adequate evaluation of the issues will be possible if the Federal EIS is published at the same time as the proposed notice of sale. The same governor also questioned the wisdom of a program that promotes basinwide oil and gas leasing of tracts near fishing and recreation areas. Local governments raised questions about the effects of OCS activities on subsistence lifestyles and about proposed budget reduction in the environmental studies program.

Comments from the oil and gas industry gave qualified support to the proposed new 5-year plan. There was a concern that many small and medium-sized companies will not have the resources to gather and evaluate the information necessary to bid on vast tracts. Industry members also feared that the supply of capital, machinery, and manpower was insufficient to develop the huge acreage that was planned to be offered. The proposed plan envisioned offering about 200 million acres of the OCS per year for a total of 1 billion acres during the 5-year span of the plan. Further, industry felt that because manpower and capital resources would be spread over such large areas, tracts would not be well evaluated and prospective areas might be glossed over.

Among the departments and agencies of the Federal Government, the Department of Energy and the Department of Defense support the proposed new plan of leasing. The National Oceanic and Atmospheric Administration objected to the elimination of tract selection because of the need for specific information on tracts for environmental assessment work.

The State of California and the Natural Resources Defense Council (NRDC), both of which opposed the new proposed leasing plan, were successful in a lawsuit brought against the OCS leasing plan which had been approved in 1980. On Oct. 6, 1981, the U.S. Court of Appeals for the District of Columbia ruled that the previous OCS leasing plan of 1980 did not comply with the OCS Lands Act and ordered the plan returned to the DOI for revision. The court noted that the plan failed to: identify 2 offshore California sales with adequate specificity; consider the need to share benefits and risks of the plan among all OCS regions; consider the relative environmental sensitivities of different OCS areas; strike a proper balance between environmental factors and economic factors such as oil and gas potential. In returning the 1980 plan for revision, the court noted that the Secretary of the Interior is revising the program plan (i.e., preparing a revised 5-year plan of leasing).

In the process of modifying its proposed new 5-year leasing plan to meet the Appeals Court order, the DOI asked the court to allow sharply limited review of the plan.

The Court ruled on the DOI's request on Jan. 19, 1982. The court order required the Department of the Interior to announce on or about Mar. 15, 1982, a tentative proposed final program based on consideration of all

factors in sections 18(a)(C) and (a)(3) of the OCS Lands Act. These sections of the OCS Lands Act govern the balancing of OCS development risks and benefits. The Court required the showing of new data which have been considered in preparing the proposed leasing plan and the method of analyzing these data. Following a public comment period, the DOI announced a proposed final leasing program on May 7, 1982, and submitted the program to the President and the Congress. The final 5-year plan was announced on July 21, 1982, and is shown in Appendix III.

The new plan calls for 41 sales during the period of time from August 1982 through June 1987, the same number of sales proposed in the plan when it was submitted to the Congress in May 1982. However, changes were made in the timing of individual sales. The plan emphasizes frontier and high-potential areas offshore Alaska -- 16 of the 41 sales are on the Alaskan OCS.

The American Petroleum Institute is reported to have welcomed the new 5-year plan as "the most progressive program ever adopted in the 28-year history of federal leasing" of the OCS. The industry group feels that the program achieves a balance between environmental protection and resource development and will strengthen the U.S. national and economic security.

However, the new 5-year plan has been challenged in the Congress and elsewhere. House and Senate resolutions (H.J.Res. 545 and S.J.Res. 216) have been introduced to prohibit the Department of the Interior from implementing the plan until the Secretary has taken certain actions to conform the plan to the purposes of the OCS Lands Act. The States of Alaska and California filed suits against the leasing schedule in the U.S. Court of Appeals of the District of Columbia on July 22, 1982. The latter action essentially continues a lawsuit of 1981 in which adjustments were sought to certain environmental deficiencies. Plaintiffs also include the National Resources Defense Council, the Sierra Club, and the North Slope Borough (Alaska).

### Revenue Sharing

As noted above, oil and gas produced on the OCS have been the source of some \$41 billion from the time of the inception of the leasing program in the early 1950s through 1981. Revenue from this source in 1981 was about \$10 billion and projections by the Department of Interior for FY83, FY84, and FY85 are \$15.7, \$16.8 and \$17.2 billion, respectively. The OCSDA Act as amended by the OCSLAA of 1978 require that revenues from all rentals, royalties, and other sums derived from activities in the OCS be deposited in the Treasury and credited to miscellaneous receipts. However, other laws designate certain specific uses of revenues derived from oil and gas produced in the OCS. Still other legislative proposals have been introduced which would designate allocations of revenues from the OCS to coastal States and for other purposes. These proposals include S. 2129, H.R. 4597, H.R. 5063, H.R. 5134, and H.R. 5543, which are summarized under the "legislation" section of this issue brief. The laws which currently designate uses of OCS revenues are discussed below.

The Land and Water Conservation Fund Act of 1965 as amended (79 Stat. 213, 82 Stat. 354, 86 Stat. 459, 90 Stat. 375, 1313, 91 Stat. 210) was enacted for the purposes of assisting in developing and preserving outdoor recreation resources. These purposes are accomplished by providing funds to assist the States in planning, acquiring, and developing needed land and water areas and facilities, and by providing funds for Federal acquisition and development of certain lands and other areas. Sums realized from the sale of surplus



government property and from motor boat fuel taxes were designated as two sources of monies for the fund. In addition, the law authorized annual appropriations out of any money in the Treasury, not otherwise appropriated, as amounts to make the income of the fund not less than \$300 million for fiscal year 1977, and \$900 million for fiscal year 1978 and for each fiscal year thereafter through Sept. 30, 1989. To the extent that the sums appropriated are insufficient to make the total income of the fund equivalent to the amounts indicated, the Land and Water Conservation Fund Act requires an amount sufficient to cover the remainder to be credited to the fund from the revenues due and payable to the Treasury as miscellaneous receipts under the OCS Lands Act. The amounts contributed to the Land and Water Conservation Fund from fiscal year 1971 through 1981 are tabulated below.

OCS revenues in millions transferred to the Land and Water  
Conservation Fund FY71-81\*  
(millions)

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount=</u>
1971	210	1977	232
1972	223	1978	833
1973	224	1979	741
1974	243	1980	900
1975	247	1981	867
1976	276		
1976 (Transition year)	41		

\*Source: Office of Budget, Department of the Interior, April 1982.

The Historical Preservation Act (80 Stat. 915, 84 Stat. 204, 87 Stat. 139, 90 Stat. 1313, 1939, 92 Stat. 34, 67, 94 Stat. 458) authorized the Secretary of the Interior to maintain a national register of districts, sites, buildings, and objects significant in American history, architecture, archeology, and culture, and to establish a program of matching grant-in-aid to the National Trust for Historic Preservation in the United States. The National Trust for Historic Preservation was chartered by an Act of Congress on Oct. 26, 1949 (63 Stat. 927).

The National Historic Preservation Act also established the Historic Preservation Fund to carry out its provisions. The Act provided that the fund should have \$24.4 million for fiscal year 1977, \$100 million for fiscal year 1978, \$100 million for fiscal year 1979, \$150 million for fiscal year 1980, and \$150 million for fiscal 1981, from revenues payable to the U.S. Treasury under the OCS Lands Act. The amounts of OCS revenues transferred to the Historic Preservation Fund each year from 1977 through 1981 are tabulated below.

OCS revenues in millions transferred to the Historical  
Preservation Fund 1977 through 1981\*  
(millions)

<u>Year</u>	<u>Amount</u>
1977	24
1978	100
1979	110
1980	0
1981	300

\*Source: Office of Budget, Department of the Interior, April 1982.

LEGISLATION

H.J.Res. 300 (Forsythe et al.)

Provides for the removal of restrictions that impede or constrain leasing and development of energy resources and strategic and critical material resources on public lands, the Outer Continental Shelf, and other lands that contain resources under the control of the Federal Government. Introduced June 25, 1981; referred jointly to Committees on Agriculture, on Armed Services, on Energy and Commerce, on Interior and Insular Affairs, and on Merchant Marine and Fisheries.

H.J.Res. 545 (Studds et al.)

The resolution is identical to S.J.Res. 216. Introduced July 22, 1982; referred jointly to Committees on Interior and Insular Affairs and on Merchant Marine and Fisheries.

H.R. 85 (Biaggi et al.)

Provides a comprehensive system of liability and compensation for oil spill damage and removal costs. Introduced Jan. 5, 1981; referred to Committees on Merchant Marine and Fisheries, on Public Works and Transportation, and on Ways and Means.

H.R. 164 (Clausen)/H.R. 1267 (Panetta et al.)

Directs the Secretary of the DOI to retain specified lands within the OCS extending from Point Concepcion in the south to the California-Oregon border in the north and extending seaward as a national reserve for oil and gas production. H.R. 164 introduced Jan. 5, 1981; H.R. 1267 introduced Jan. 23, 1981. Both bills were referred to Committee on Interior and Insular Affairs.

H.R. 2792, (Forsythe et al.)

Amends title IV of the OCSLAA, the Fisherman's Contingency Fund provisions. Introduced Mar. 24, 1981.

H.R. 4597 (Jones)

Titles I and II amend the 1953 Outer Continental Shelf Lands Act and the 1978 Outer Continental Shelf Lands Act Amendments to revise permits and oil and gas leases for exploration. Title III amends the Federal/State coordination for the permitting procedures outlined in section 307(c)(3) of the 1972 Coastal Zone Management Act. Title IV would establish an Ocean and Coastal Resource Management Fund to provide coastal States with block grants for use in coastal zone management activities, coastal energy impact programs, sea grant activities, and fishery programs. The Fund would be financed by 5% of the revenues (from rents, royalties, and other sources) from the OCS leasing program, and the limit of revenues going into the Fund would be \$300 million annually. The Commerce Secretary would administer the Fund, and may require matching State shares not to exceed 25% for the block grant program. The Commerce Secretary would develop a formula for the allocation of the block grants to the coastal States. The Secretary will make available 30% of the amount of the block grants for activities,

including the coastal energy impact program, authorized by CZMA, 10% for the Sea Grant program, and 10% for fishery programs. Introduced Sept. 25, 1981. Referred to House Committees on Interior and Insular Affairs, and on Merchant Marine and Fisheries.

H.R. 5063 (Patman)

The proposed legislation would provide that a certain amount of revenues received by the United States under leases on the OCS would be used to acquire petroleum products for the strategic petroleum reserve and strategic and critical materials for the national defense stockpile. This would be achieved by amending section 9 of the OCS Lands Act (43 USC 1338 et seq.) The proposed amendment would provide that for each fiscal year an amount equal to the difference between the aggregate revenues from the OCS paid to the Treasury as required by other laws shall be deposited in the Treasury. Of the amount, 80% shall be deposited in the Strategic Petroleum Reserve Petroleum account, and 20% in the National Defense Stockpile Transaction Fund. Introduced Nov. 20, 1981; referred to Committees on Interior and Insular Affairs, Energy and Commerce, Armed Services, and Rules.

H.R. 5134 (Patman)

The proposed legislation would provide that a certain amount of revenues received by the United States under leases on the OCS would be used to acquire strategic and critical materials for the national defense stockpile. This would be achieved by amending section 9 of the OCS Lands Act (43 USC 1338). The proposed amendment would provide that for each fiscal year, an amount equal to the difference between the aggregate revenues from the OCS paid to the Secretary of the Interior or the Secretary of the Navy under any lease on the OCS and the aggregate amounts of such revenues deposited in other accounts of the Treasury as required by other laws shall be deposited in the Treasury. Of the amount, 20% shall be deposited in the national defense stockpile transaction fund, and 80% shall be deposited in miscellaneous receipts account. Introduced Dec. 8, 1981; referred to Committees on Interior and Insular Affairs, Armed Services, and Rules.

H.R. 5543 (Jones et al.)

Establishes the Ocean and Coastal Resources Management and Development Fund in order to provide coastal States with block grants for ocean and coastal resources management and development. The block grant program would be financed by 10% of OCS oil and gas revenues, with an annual financing ceiling of \$300 million. The block grant program would be used to fund coastal zone management programs, the coastal zone energy impact program, and the national sea grant college program. The Commerce Secretary would administer the program and would be required to use at least 40% of the block grants for activities under the 1972 Coastal Zone Management Act. Measure introduced Feb. 22, 1982; reported to House (H.Rept. 97-628) from Committee on Merchant Marine and Fisheries on June 29. House debated measure September 22. Measure passed House September 29.

H.R. 5906 (Studds)

Amends the Outer Continental Shelf Lands Act of 1978, Title III, to increase the scope of liability of owners and operators of offshore facilities. Measure introduced Mar. 18, 1982. Reported to House (H.Rept. 97-861) from the Committee on Merchant Marine and Fisheries on Sept. 23, 1982. Measure passed House Dec. 12, 1982.

H.R. 6365 (Panetta et al.)

The proposed legislation would not allow the Secretary of the Interior to issue oil and gas leases, grant certain licenses and permits, approve certain plans with respect to a geographical area located in the Pacific Ocean off the coastline of the State of California, until Jan. 1, 2000. Introduced May 12, 1982; referred to Committee on Interior and Insular Affairs.

H.R. 7356 (Yates)

Interior Department FY83 appropriations bill. Measure introduced Dec. 2, 1982. Measure reported (H.Rept. 97-942) December 2. Measure passed House, amended, December 3 and passed Senate, amended, December 14. The House-passed version of the bill prohibited the use of Interior Department funds for the leasing and development of the OCS off the central and northern coasts of California, and 60 mid-Atlantic OCS canyon head tracts. The Senate-passed bill would ban drilling in four OCS basins off California -- Point Arena, Bodega, Santa Cruz, and Eel River.

S.J.Res. 216 (Kennedy)

The resolution would prohibit the Secretary of the Interior from implementing the 5-year OCS oil and gas leasing plan until the Secretary has taken certain actions to conform the plan to the purposes and requirements of applicable law. Introduced July 22, 1982; referred to Committee on Energy and Natural Resources.

S. 2129 (Mitchell)

Establishes an Ocean and Coastal Resources Management and Development Fund to provide coastal States with block grants for use in coastal zone management activities, coastal energy impact programs, living marine resource programs, and natural resources enhancement and management. The Fund would be financed by 10% of revenues from OCS oil and gas leasing, and the limit of funds going into the Fund would be \$300 million annually. The Commerce Secretary would administer the Fund, and would allocate monies to the coastal States according to a formula. The Secretary would make available 40% of each State block grant for activities, including the coastal energy impact program, authorized by CZMA. The Secretary would make available 20% of each State block grant for the enhancement and management of living marine resources. The Secretary would use 10-20% of the funds for carrying out the National Sea Grant College Program. In order to receive a block grant, a State must submit an annual report to the Commerce Secretary. Measure introduced Feb. 23, 1982; referred to Senate Committee on Commerce, Science, and Transportation.

## HEARINGS

U.S. Congress. House. Committee on Government Operations. Subcommittee on Offshore Leasing: Department of the Interior Oversight. Hearings, 97th Congress, 1st session. Apr. 1 and 28, 1981. Washington. U.S. Govt. Print. Off., 1982.

U.S. Congress. House. Committee on Merchant Marine and Fisheries. Subcommittee on Oceanography. Oceanography miscellaneous -- part 2 -- outer continental shelf drilling

activities oversight. Hearings, 96th Congress, 1st session. Aug. 26, 1980. Washington, U.S. Govt. Print. Off. 1980.

----- Oceanography miscellaneous -- part 1, drilling mud research oversight. Hearings, 96th Congress, 1st session. Mar. 3, 1980. Washington. U.S. Govt. Print. Off., 1980.

U.S. Congress. House. Committee on Merchant Marine and Fisheries. Subcommittee on the Panama Canal/Outer Continental Shelf. Provisions of the OCSLA concerning interrelationships of Federal and State Governments in the decisionmaking process and the importance of the OCS on the Coastal Zone. Hearings, 97th Congress, 1st session. Mar. 26, 31, and May 5, 1981. Washington, U.S. Govt. Print. Off., 1981.

"Serial no. 97-6"

U.S. Congress. House. Select Committee on the Outer Continental Shelf. OCS oversight of 1978 amendments -- part 1, Oversight on the Outer Continental Shelf Lands Act amendments of 1978. Hearings held Mar. 8, 14, 20, May 7, 14, 1979.

----- OCS Oversight of 1978 Amendments -- part 2, Oversight on the Outer Continental Shelf Lands Act amendments of 1978. Hearings, 96th Congress, 1st session. Washington, U.S. Govt., Print. Off. 1979.

Hearings held July 9, 23, Aug. 1, Sept. 17, 1979, Washington, D.C.; Aug. 29, 30, 1979, San Francisco, California.

----- OCS oversight of the 1978 amendments -- part 4, Oversight on the Outer Continental Shelf Lands Act Amendments of 1978. Hearings, 96th Congress, 2d session. Washington, U.S. Govt. Print. Off., 1980. 604 p.

Hearings held Oct. 19, Nov. 14, 15, Dec. 4, 1979; Feb. 6, Apr. 15, 29, 30, May 15, 1980.

U.S. Congress. Senate. Committee on Commerce, Science and Transportation. Subcommittee on Energy and Natural Resources. S. 2119, a bill to protect the fisheries resources on the Georges Bank and for other purposes. Hearings, 96th Congress, 2d session. Mar. 25, 1980. Washington, U.S. Govt. Print. Off., 1980. (Energy Committee Publication No. 96-96)

U.S. Congress. Senate. Committee on Energy and Natural Resources. Subcommittee on Energy Conservation and Supply. Proposed 5-year plan for oil and gas development in the outer continental shelf. (Review the Secretary of the Interior's proposed 5-year plan for oil and gas development in the Outer Continental Shelf pursuant to the Outer Continental Shelf Lands Act Amendments of 1978, Public Law 95-372 (43 U.S. L801). Hearings, 97th Congress, 1st session, Oct. 6, 1981. Washington, U.S. Govt. Print. Off., 1981.

U.S. Congress. Senate. Committee on Energy and Natural Resources. Subcommittee on Energy Resources and Material.



Outer Continental Shelf and Gas Leasing program -- proposed 5-year OCS Oil and Gas Leasing program. Hearings, 96th Congress, 2d session. Washington, U.S. Govt. Print. Off., 1980. Mar. 18 and 19, 1980.

U.S. Congress. Senate. Select Committee on Small Business, Committee on Commerce, Science and Transportation, Subcommittee on Energy Resources. Impact of the offshore oil and gas development on the Georges Bank. Hearings, 96th Congress, 2d session. Feb. 29, 1980. Washington, U.S. Govt. Print. Off., 1980.

#### REPORTS AND CONGRESSIONAL DOCUMENTS

U.S. Congress. House. Committee on Merchant Marines and Fisheries. Ocean and Coastal Resources Management and Development Block Grant Act. Report to accompany H.R. 5543. Washington, U.S. Govt. Print. Off., 1982. 80 p. (97th Congress, 2d session. House. Report no. 97-628)

U.S. Congress. House. Select Committee on the Outer Continental Shelf. Offshore oil and gas: the five-year leasing program and implementation of the Outer Continental Shelf Lands Act Amendments of 1978. Washington, U.S. Govt. Print. Off., 1980.

At head of title: 96th Congress, House Report no. 96-1214, Union Calendar no. 755.

U.S. General Accounting Office. Issues in Leasing Offshore Lands for Oil and Gas Development; Report to the Congress by the Comptroller General of the United States. Washington Mar. 26, 1981. (EMD 81-59)

U.S. Library of Congress. Congressional Research Service. Onshore and Outer Continental Shelf Oil and Gas Leasing and Operations. Report no. 82-111 by William H. Hymes, Washington, 1982. 57 p.

#### CHRONOLOGY OF EVENTS

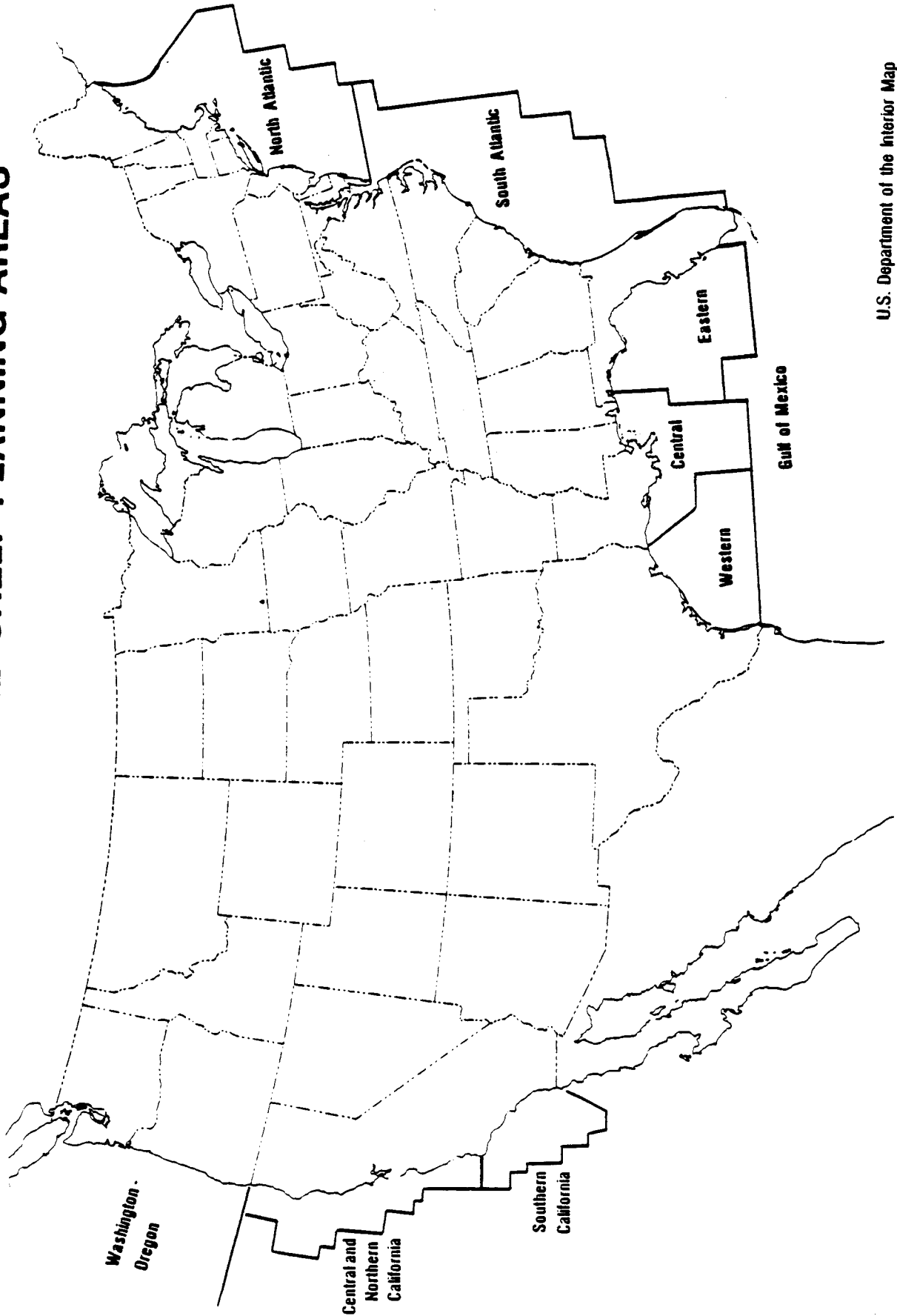
- 07/22/82 -- States of Alaska, California, and several environmental groups filed suit against the OCS leasing plan which was announced by the Secretary of the Interior on July 21.
- 07/21/82 -- Secretary of the Interior announced approval of a new 5-year leasing plan for OCS oil and gas.
- 05/20/82 -- H.R. 5543, a bill to share OCS revenues with coastal States, was voted out by the House Committee on Merchant Marines and Fisheries.
- 05/06/82 -- The Secretary of the Interior submitted a proposed final 5-year leasing program to the Congress and the President.

- 03/15/82 -- The Secretary of the Interior issued a proposed revised 5-year plan on leasing OCS lands for comments.
- 01/19/82 -- U.S. Court of Appeals for the District of Columbia, in a second ruling on the proposed five-year OCS leasing plan, approved an alternative schedule that allows the Department of the Interior to approve a plan by the middle of July, 1982.
- 11/13/81 -- Department of Justice, on behalf of the Department of the Interior, requested the U.S. Court of Appeals of the District of Columbia to clarify its ruling of Oct. 6, 1981, on the 1980 approved OCS leasing plan in order that the Department of the Interior will be able to effect appropriate changes in the proposed new plan.
- 10/06/81 -- U.S. Court of Appeals of the District of Columbia ruled that the OCS leasing plan approved in 1980 did not comply with the OCS Lands Act and ordered that the plan be returned to the Department of the Interior for revision.
- 10/22/81 -- Comments on the proposed new OCS leasing plan were received by the Department of the Interior from State and local governments, environmental groups, other Departments of the Federal Government, and the oil and gas industry.
- 07/28/81 -- The Office of the Secretary of the Department of the Interior announced publication of the proposed 5-year OCS Oil and Gas Leasing Program (Federal Register, July 31, 1981: 39226).
- 07/24/81 -- Proposed 5-year OCS Oil and Gas Leasing Program submitted to the Congress and the Attorney General.
- 07/15/81 -- Proposed 5-year OCS Leasing Program announced via news media.
- 04/16/81 -- The Office of the Secretary of the Department of the Interior issued news release on proposed new initiative to speed leasing in high potential offshore areas. (News release included proposed 5-year leasing schedule covering the period from January 1982 through November 1986.
- 04/04/80 -- The Secretary of the Interior submitted the proposed final 5-year leasing program to the President and the Congress.
- 05/06/79 -- The Secretary of the Interior submitted a proposed leasing program to the Congress, the Attorney General, and the Governors of the affected States for review and comment.

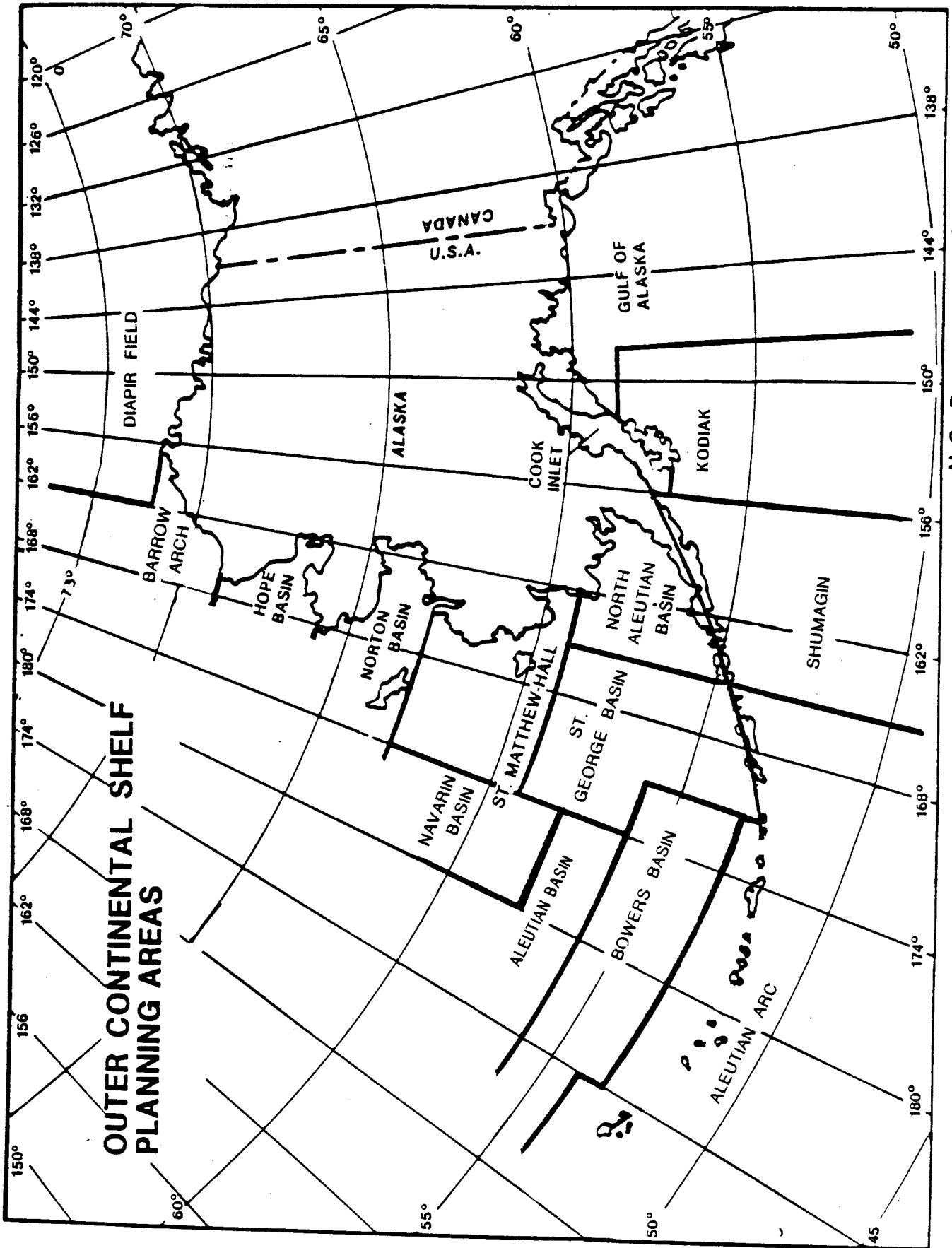
ADDITIONAL REFERENCE SOURCES

- U.S. Department of the Interior. Letter of Apr. 4, 1980, enclosing the proposed June 1980 5-year leasing program for offshore oil and gas.
- U.S. Library of Congress. Congressional Research Service. Environment and Natural Resources Policy Division. Onshore and Outer Continental Shelf oil and gas leasing and operations by William H. Hymes. Washington, 1982. 57 p. (Report no. 82-111)
- U.S. Library of Congress. Congressional Research Service. Outer Continental Shelf oil and gas leasing: issue of split responsibility by William H. Hymes. Washington 1980. (Issue brief IB80051)
- Oil and gas development on the Outer Continental Shelf by James E. Mielke. Washington 1974. (Issue brief IB74061) Regularly updated.

# OUTER CONTINENTAL SHELF PLANNING AREAS



U.S. Department of the Interior Map



U.S. Department of the Interior Map


FINAL 5-YEAR OCS OIL & GAS LEASING SCHEDULE

U.S. Department of the Interior  
Minerals Management Service

Proposed Sale Dates

July 1982

1982	1983	1984
RS-2 ..... August	*70 St. George Basin ..... February	80 S. California ..... January
71 Diapir Field ..... September	76 Mid Atlantic ..... April	82 N. Atlantic ..... February
52 North Atlantic ..... October	72 C. Gulf of Mexico ..... May	83 Navarin Basin ..... March
69 Gulf of Mexico ..... October	78 St. Atlantic ..... July	81 C. Gulf of Mexico ..... April
57 Norton Basin ..... November	74 W. Gulf of Mexico ..... August	87 Diapir Field ..... June
	73 C. & N. California ..... September	84 W. Gulf of Mexico ..... July
	79 E. Gulf of Mexico ..... November	88 Gulf of Alaska/Cook Inlet ..... October
		89 St. George Basin ..... December
1985	1986	1987
90 S. Atlantic ..... January	95 S. California ..... January	108 S. Atlantic ..... January
85 Barrow Arch ..... February	96 N. Atlantic ..... February	109 Barrow Arch ..... February
92 N. Aleutian Basin ..... April	107 Navarin Basin ..... March	110 C. Gulf of Mexico ..... April
98 C. Gulf of Mexico ..... May	104 C. Gulf of Mexico ..... April	86 Shumagin ..... June
111 Mid-Atlantic ..... June	97 Diapir Field ..... June	
102 W. Gulf of Mexico ..... August	105 W. Gulf of Mexico ..... July	
91 C. & N. California ..... September	99 Kodiak ..... October	
100 Norton Basin ..... October	101 St. George Basin ..... December	
94 E. Gulf of Mexico ..... November		



*Jim Watt*

Secretary of the Interior

\* The Department will consult with the Alaska Land Use Council following issuance of the Proposed Notice of Sale

