To amend the Mineral Leasing Act to ensure market competition in onshore oil and gas leasing, and for other purposes.

IN THE SENATE OF THE UNITED STATES

Mr. Tester introduced the following bill; which was read twice and referred to the Committee on __________________

A BILL

To amend the Mineral Leasing Act to ensure market competition in onshore oil and gas leasing, 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 “Leasing Market Effi-
5 ciency Act”.

6 SEC. 2. FINDINGS.

7 Congress finds that—

8 (1) pursuant to the Federal Land Policy and
9 Management Act of 1976 (43 U.S.C. 1701 et seq.)
10 and the Forest and Rangeland Renewable Resources
Planning Act of 1974 (16 U.S.C. 1600 et seq.), public land and National Forest System land are to be managed for multiple uses, including recreation, range, timber, minerals, watershed, wildlife and fish, and natural scenic, scientific, and historical values;

(2) existing oil and gas leases, even if undeveloped, can and do prevent the Bureau of Land Management from managing tracts of land for other multiple uses;

(3) oil and gas lease parcels that do not receive bids at competitive auction have been tested by the competitive market and found to have minimal or no present value for oil and gas development;

(4) noncompetitive leasing does not provide a fair return to taxpayers since noncompetitive leasing allows companies and individuals to pay less than the minimum $2 bid for the use of public land;

(5) noncompetitively issued leases are usually not developed and account for only a small fraction of royalty-generating production;

(6) companies and individuals frequently purchase oil and gas leases noncompetitively, despite lacking the intent or capability to develop them, as a form of speculation;
(7) relative to leases issued competitively, leases issued noncompetitively are significantly more likely to be terminated for failure to pay rent;

(8) the noncompetitive leasing program drains administrative resources from the Bureau of Land Management, in the form of personnel time and effort to issue, monitor, and frequently terminate and reinstate noncompetitive leases;

(9) noncompetitive leasing has increased in recent years, with the number of leases issued noncompetitively in calendar year 2018 marking a 10-year high;

(10) several States, including Colorado and portions of New Mexico, do not regularly issue leases noncompetitively, and yet maintain a robust and profitable oil and gas program; and

(11) the Federal onshore oil and gas leasing program is best served by—

(A) issuing oil and gas leases only through a competitive process; and

(B) leaving land that does not receive bids at competitive auction to be managed for other uses.
SEC. 3. POLICY OF THE UNITED STATES; SENSE OF CONGRESS.

(a) Policy of the United States.—It is the policy of the United States that the Secretary of the Interior shall not issue onshore oil and gas leases except through a competitive bidding process.

(b) Sense of Congress.—It is the sense of Congress that the policy of the United States described in subsection (a)—

(1) will discourage speculation in the Federal onshore oil and gas leasing program;

(2) will conserve limited Federal resources that can be better applied elsewhere;

(3) will avoid opportunity costs that impact the management of other resources, such as wildlife habitat management;

(4) will benefit taxpayers from the receipt by the Secretary of the Interior of at least the minimum bid value for onshore oil and gas leases issued by the Secretary of the Interior;

(5) is in keeping with the goals of multiple use land management; and

(6) is not to the detriment of the fiscal interests or energy security of the United States.
SEC. 4. ELIMINATION OF NONCOMPETITIVE LEASING.

(a) OIL AND GAS LEASING.—Section 17 of the Mineral Leasing Act (30 U.S.C. 226) is amended—

(1) by striking subsection (a) and inserting the following:

“(a) LEASING AUTHORITY.—

“(1) IN GENERAL.—All land subject to disposition under this Act that is known or believed to contain oil or gas deposits may be leased by the Secretary.

“(2) RECEIPT OF FAIR MARKET VALUE.—In conducting leasing activities under this Act, the Secretary shall ensure the receipt by the United States of fair market value for—

“(A) any land or resources leased by the United States; and

“(B) any rights conveyed by the United States.”;

(2) in subsection (b)—

(A) in paragraph (1)(A)—

(i) in the first sentence, by striking paragraphs (2) and (3) of this subsection” and inserting “paragraph (2)”;

and

(ii) by striking the last sentence; and

(B) by striking paragraph (3);
(3) by striking subsection (c) and inserting the following:

“(c) ADDITIONAL ROUNDS OF COMPETITIVE BIDDING.—Land made available for leasing under subsection (b)(1) for which no bid is accepted or received may be made available by the Secretary for a new round of competitive bidding under that subsection.”; and

(4) in subsection (e)—

(A) in the third sentence, by striking “Any lease” and inserting the following:

“(3) ADDITIONAL EXTENSIONS.—Any lease”;

(B) in the second sentence, by striking “Each such lease” and inserting the following:

“(2) EXTENSION OF LEASE AFTER PRIMARY TERM.—A lease described in paragraph (1)”; and

(C) by striking the subsection designation and all that follows through the period at the end of the first sentence and inserting the following:

“(e) TERM OF LEASE.—

“(1) IN GENERAL.—Any lease issued under this section, including a lease for tar sand areas, shall be for a primary term of 10 years.”.
(b) Failure to Comply with Provisions of Lease.—Section 31 of the Mineral Leasing Act (30 U.S.C. 188) is amended—

(1) in subsection (d)(1), in the first sentence, by striking “or section 17(c) of this Act”;

(2) in subsection (c)—

(A) in paragraph (2)—

(i) by striking “either”; and

(ii) by striking “or the inclusion” and all that follows through “, all”; and

(B) in paragraph (3)—

(i) in subparagraph (A), by adding “and” after the semicolon;

(ii) by striking subparagraph (B); and

(iii) by striking “(3)(A) payment” and inserting the following:

“(3) payment”;

(3) in subsection (g)—

(A) in paragraph (1), by striking “as a competitive” and all that follows through “of this Act” and inserting “in the same manner as the original lease issued pursuant to section 17”; 

(B) by striking paragraph (2);
(C) by redesignating paragraphs (3) and
(4) as paragraphs (2) and (3), respectively; and

(D) in paragraph (2) (as so redesignated),
by striking “applicable to leases issued under
subsection 17(c) of this Act (30 U.S.C. 226(c))
except,” and inserting “except”;

(4) in subsection (h), by striking “subsections
(d) and (f) of this section” and inserting “subsection
(d)”;

(5) in subsection (i), by striking “(i)(1) In act-
ing” and all that follows through “of this section”
in paragraph (2) and inserting the following:
“(i) ROYALTY REDUCTION IN REINSTATED
LEASES.—In acting on a petition for reinstatement pursu-
ant to subsection (d)”;

(6) by striking subsection (f); and

(7) by redesignating subsections (g) through (j)
as subsections (f) through (i), respectively.