

114TH CONGRESS  
1ST SESSION

# H. R. 3289

To prevent the waste of gas produced under oil and gas leases on Federal land and to collect royalty on all gas production.

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## IN THE HOUSE OF REPRESENTATIVES

JULY 29, 2015

Mr. LOWENTHAL (for himself, Mr. GRIJALVA, Ms. NORTON, Mr. GALLEGO, Mr. BEYER, Mr. POCAN, Mr. POLIS, Mr. CARTWRIGHT, Mr. TONKO, Ms. CASTOR of Florida, Mr. HONDA, Mr. VAN HOLLEN, and Ms. MCCOLLUM) introduced the following bill; which was referred to the Committee on Natural Resources

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## A BILL

To prevent the waste of gas produced under oil and gas leases on Federal land and to collect royalty on all gas production.

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 “Natural Gas Environ-  
5 mental and Economic Security Act”.

1 **SEC. 2. GAS WASTE REDUCTION AND ENHANCEMENT OF**  
2 **GAS MEASURING AND REPORTING.**

3 (a) IN GENERAL.—Title I of the Federal Oil and Gas  
4 Royalty Management Act of 1982 (30 U.S.C. 1711 et  
5 seq.) is amended by adding at the end the following:

6 **“SEC. 118. GAS WASTE REDUCTION AND ENHANCEMENT OF**  
7 **GAS MEASURING AND REPORTING.**

8 “(a) RULES FOR PREVENTING AND REDUCING  
9 WASTE OF GAS VIA VENTING, FLARING, AND FUGITIVE  
10 RELEASES.—

11 “(1) REQUIREMENT TO ISSUE RULES.—The  
12 Secretary shall issue rules that establish require-  
13 ments for reducing and preventing the waste of gas,  
14 including by venting, flaring, and fugitive releases,  
15 from covered operations.

16 “(2) CONTENT OF RULES.—The rules shall—

17 “(A) require that 99 percent of all gas pro-  
18 duced that is subject to a mineral leasing law  
19 be captured annually within 5 years of enact-  
20 ment of the Natural Gas Environmental and  
21 Economic Security Act;

22 “(B) require flaring of gas, rather than  
23 venting, in all instances in which gas capture is  
24 not viable;

25 “(C) require that every application for a  
26 permit to drill a production well—

1                   “(i) demonstrate sufficient infrastruc-  
2                   ture is in place to capture produced gas;  
3                   and

4                   “(ii) be subject to public comments  
5                   for a period of 30 days;

6                   “(D) prohibit all new wells from flaring,  
7                   within 2 years after the date of the enactment  
8                   of the Natural Gas Environmental and Eco-  
9                   nomic Security Act;

10                  “(E) require the operator of any covered  
11                  operation that routinely flares gas before the ef-  
12                  fective date of the prohibition under subpara-  
13                  graph (D) to submit a gas capture plan to the  
14                  Secretary no later than 6 months after such ef-  
15                  fective date that ensures the requirement in  
16                  subparagraph (A) will be met;

17                  “(F) require the operator of any covered  
18                  operation that routinely flares gas before the ef-  
19                  fective date of the prohibition under subpara-  
20                  graph (D) to demonstrate a yearly decrease in  
21                  the amount of gas flared, as a fraction of gas  
22                  produced, to meet the requirement under sub-  
23                  paragraph (A);

1           “(G) set performance standards based on  
2 modern equipment, to be updated every 5 years,  
3 that minimize gas loss from—

4                   “(i) storage tanks;

5                   “(ii) dehydrators;

6                   “(iii) compressors;

7                   “(iv) open-ended valves or lines;

8                   “(v) pumps; and

9                   “(vi) other equipment for which the  
10 Secretary considers such standards are  
11 necessary;

12           “(H) require the replacement of all high-  
13 bleed gas-actuated pneumatic devices with low-  
14 bleed or no-bleed devices;

15           “(I) set performance standards based on  
16 modern procedures and equipment, to be up-  
17 dated every 5 years, that minimize gas loss  
18 from—

19                   “(i) downhole maintenance;

20                   “(ii) liquids unloading;

21                   “(iii) well completion; and

22                   “(iv) other procedures for which the  
23 Secretary considers such standards are  
24 necessary;

1           “(J) require all operators to have regularly  
2           scheduled leak detection programs that assess  
3           the entire covered operation using an infrared  
4           camera or other equipment with equivalent sen-  
5           sitivity and the ability to survey similarly large  
6           areas;

7           “(K) require any leaks found during leak  
8           detection programs required under subpara-  
9           graph (J), or otherwise, to be repaired within 2  
10          weeks; and

11          “(L) require recordkeeping for—

12                 “(i) equipment maintenance;

13                 “(ii) leak detection and repair;

14                 “(iii) venting events;

15                 “(iv) flaring events; and

16                 “(v) other operations for which the  
17                 Secretary considers such requirements are  
18                 necessary.

19          “(b) GAS MEASURING, REPORTING, AND TRANS-  
20          PARENCY REQUIREMENTS.—

21                 “(1) IN GENERAL.—The Secretary shall, in ac-  
22                 cordance with this subsection, establish new require-  
23                 ments for measuring and reporting the production  
24                 and disposition of all gas subject to the mineral leas-  
25                 ing laws to allow for more accurate accounting of all

1 such gas that is consumed or lost by venting and  
2 flaring, and of fugitive releases of such gas.

3 “(2) MEASURING AND REPORTING REQUIRE-  
4 MENTS.—To account for all gas referred to in para-  
5 graph (1), the Secretary shall issue rules requiring  
6 oil or gas operators to—

7 “(A) measure all production and disposi-  
8 tion of gas with such accuracy that fugitive gas  
9 releases can be calculated;

10 “(B) install metering devices to measure  
11 all vented and flared gas; and

12 “(C) report to the Secretary the volumes of  
13 gas measured under the requirements under  
14 subparagraph (A), including—

15 “(i) all new measured values for pro-  
16 duction and disposition, including vented  
17 and flared volumes; and

18 “(ii) fugitive releases based on guide-  
19 lines for their calculation established by  
20 the Secretary in the rule.

21 “(3) TRANSPARENCY.—The Secretary shall  
22 make all new data produced under the requirements  
23 established by the Secretary under this subsection,  
24 including calculated fugitive releases and volumes of

1 gas lost to venting and flaring, publicly available  
2 through the Internet—

3 “(A) without a fee or other access charge;

4 “(B) in a searchable, sortable, and  
5 downloadable manner, to the extent technically  
6 possible; and

7 “(C) as soon as technically practicable  
8 after the report by the operator is filed.

9 “(c) APPLICATION.—Except as otherwise specified in  
10 this section, the requirements established by the Secretary  
11 under this section shall apply to—

12 “(1) the construction and operation of any cov-  
13 ered operation initiated after the date of the  
14 issuance of rules under this section; and

15 “(2) after the end of the 1-year period begin-  
16 ning on the date of the issuance of such rules, any  
17 covered operation initiated before the date of the  
18 issuance of such rules.

19 “(d) ENFORCEMENT MECHANISMS.—

20 “(1) IN GENERAL.—The Secretary shall include  
21 in the rules issued under this section consistent en-  
22 forcement mechanisms for covered operations that  
23 are not in compliance with the requirements estab-  
24 lished by the rules.

1           “(2) REQUIREMENTS.—The enforcement mech-  
2           anisms under paragraph (1) shall include—

3                   “(A) civil penalties for unauthorized vent-  
4                   ing and flaring, which shall—

5                           “(i) apply in lieu of the penalties  
6                           under section 109; and

7                           “(ii) include production restrictions  
8                           and civil monetary penalties equivalent to  
9                           3 times the market value of the vented or  
10                          flared gas; and

11                   “(B) civil penalties that apply to non-  
12                   compliance with other new or existing proce-  
13                   dures, which shall—

14                           “(i) apply in addition to or in lieu of  
15                           the penalties under section 109;

16                           “(ii) include production restrictions or  
17                           monetary penalties, or both; and

18                           “(iii) in the case of monetary pen-  
19                           alties, be proportional to market condi-  
20                           tions.

21           “(e) DEFINITIONS.—In this section:

22                   “(1) COVERED OPERATIONS.—The term ‘cov-  
23                   ered operations’ means all oil and gas operations  
24                   that are subject to mineral leasing law or title V of  
25                   the Federal Land Policy and Management Act of



1 1976 (30 U.S.C. 1761 et seq.), regardless of size, in-  
2 cluding production, storage, gathering, processing,  
3 and handling operations.

4 “(2) FLARE AND FLARING.—The term ‘flaring’  
5 means the intentional and controlled burning of gas  
6 that occurs in the course of oil and gas operations  
7 to limit release of gas to the atmosphere.

8 “(3) FUGITIVE RELEASE.—The term ‘fugitive  
9 release’ means the unintentional and uncontrolled  
10 release of gas into the atmosphere in the course of  
11 oil and gas operations.

12 “(4) GAS CAPTURE PLAN.—The term ‘gas cap-  
13 ture plan’ means a plan that includes specific goals,  
14 including equipment and timelines, for capturing,  
15 gathering, and processing gas produced under an oil  
16 or gas lease.

17 “(5) GAS RELEASE.—The term ‘gas release’ in-  
18 cludes all gas that is discharged to the atmosphere  
19 via venting or fugitive release.

20 “(6) VENT AND VENTING.—The term ‘venting’  
21 means the intentional and controlled release of gas  
22 into the atmosphere in the course of oil and gas op-  
23 erations.”.

1           (b) CLERICAL AMENDMENT.—The table of contents  
2 in section 1 of that Act is amended by adding at the end  
3 of the items relating to title I the following:

“Sec. 118. Gas waste reduction and enhancement of gas measuring and report-  
ing.”.

4           (c) DEADLINE.—The Secretary of the Interior shall  
5 issue rules required by the amendments made by this sec-  
6 tion by not later than 1 year after the date of the enact-  
7 ment of this Act.

8           (d) ASSESSMENT OF VENTING, FLARING, AND FUGI-  
9 TIVE RELEASES.—Not later than 6 months after the end  
10 of the 1-year period beginning on the date the Secretary  
11 of the Interior first receives data submitted under the re-  
12 quirements established under subsection (b) of section 118  
13 of the Federal Oil and Gas Royalty Management Act of  
14 1982, as amended by this section, the Secretary shall—

15               (1) submit a report to Congress describing—

16                       (A) the volume of fugitive releases, and gas  
17 consumed or lost by venting and flaring, from  
18 covered operations (as those terms are used in  
19 such section);

20                       (B) additional rules the Secretary con-  
21 siders necessary to further curtail venting, flar-  
22 ing, and fugitive releases, or the rational basis  
23 for not issuing new rules if the Secretary con-  
24 siders new rules are not necessary; and

1 (C) recommendations for new statutory au-  
2 thority necessary to limit venting, flaring, or fu-  
3 gitive releases; and

4 (2) issue rules described in the report under  
5 paragraph (1)(B) within 1 year after the date of the  
6 submission of the report.

7 **SEC. 3. ROYALTY COLLECTION FOR ALL GAS PRODUCED**  
8 **ON FEDERAL LANDS.**

9 (a) ASSESSMENT ON ALL PRODUCTION.—

10 (1) IN GENERAL.—Except as provided in para-  
11 graph (2), royalties otherwise authorized or required  
12 under the mineral leasing laws (as that term is de-  
13 fined in the Federal Oil and Gas Royalty Manage-  
14 ment Act of 1982 (30 U.S.C. 1701 et seq.)) to be  
15 paid for gas shall be assessed on all gas produced  
16 under the mineral leasing laws, including—

17 (A) gas used or consumed within the area  
18 of the lease tract for the benefit of the lease  
19 (commonly referred to as “beneficial use gas”);  
20 and

21 (B) all gas that is consumed or lost by  
22 venting, flaring, or fugitive releases through any  
23 equipment during upstream operations.

24 (2) EXCEPTION.—Paragraph (1) shall not  
25 apply with respect to—

1 (A) gas vented or flared in an acute emer-  
2 gency situation that poses danger to human  
3 health that occurs for no longer than 48 hours;  
4 and

5 (B) gas injected into the ground on a lease  
6 tract in order to enhance production of an oil  
7 or gas well or for some other purpose.

8 (b) CONFORMING AMENDMENTS.—

9 (1) MINERAL LEASING ACT.—The Mineral  
10 Leasing Act is amended—

11 (A) in section 14 (30 U.S.C. 223), by add-  
12 ing at the end the following: “Notwithstanding  
13 any other provision of this Act (including this  
14 section), royalty shall be assessed with respect  
15 to oil and gas, other than gas described in sec-  
16 tion 3(a)(2) of the Natural Gas Environmental  
17 and Economic Security Act, without regard to  
18 whether oil or gas is removed or sold from the  
19 leased land.”;

20 (B) in section 17 (30 U.S.C. 226), by  
21 striking “removed or sold” each place it ap-  
22 pears;

23 (C) in section 18 (30 U.S.C. 226), by  
24 striking “except oil or gas used for production

1 purposes on the claim, or unavoidably lost”  
2 each place it appears;

3 (D) in section 19 (30 U.S.C. 226), by  
4 striking “except oil or gas used for production  
5 purposes on the claim, or unavoidably lost”  
6 each place it appears;

7 (E) in section 22 (30 U.S.C. 251), by  
8 striking “sold or removed”; and

9 (F) in section 31 (30 U.S.C. 188), by  
10 striking “removed or sold” each place it ap-  
11 pears.

12 (2) OUTER CONTINENTAL SHELF LANDS ACT.—  
13 The Outer Continental Shelf Lands Act is amend-  
14 ed—

15 (A) in section 6(a)(8) (43 U.S.C.  
16 1335(a)(8)), by striking “saved, removed, or  
17 sold” each place it appears; and

18 (B) in section 8(a) (43 U.S.C. 1337(a))—

19 (i) in paragraph (1), by striking  
20 “saved, removed, or sold” each place it ap-  
21 pears; and

22 (ii) by adding at the end the fol-  
23 lowing:

24 “(9) Notwithstanding any other provision of  
25 this Act (including this section), royalty under this

1 Act shall be assessed with respect to oil and gas,  
2 other than gas described in section 3(a)(2) of the  
3 Natural Gas Environmental and Economic Security  
4 Act, without regard to whether oil or gas is removed  
5 or sold from the leased land.”.

6 (c) APPLICATION.—The amendments made by this  
7 section shall apply only with respect to leases issued on  
8 or after the date of the enactment of this Act.

○