

AMENDMENT TO THE COMMITTEE PRINT
OFFERED BY MR. PEARCE OF NEW MEXICO

At the end of subtitle D of title VI (page 43, after line 2) add the following:

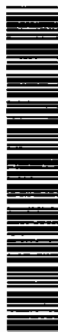
1 **SEC. ____ . ONSHORE DEEP GAS PRODUCTION INCENTIVE.**

2 (a) **PURPOSE.**—The purpose of this section is to pro-
3 mote natural gas production from the abundant onshore
4 deep gas resources on Federal lands by providing royalty
5 incentives.

6 (b) **SUSPENSION OF ROYALTIES.**—

7 (1) **IN GENERAL.**—The Secretary of the Inte-
8 rior shall grant royalty relief in accordance with this
9 section for natural gas produced from deep wells
10 spudded after the date of enactment of this Act
11 under any onshore Federal oil and gas lease.

12 (2) **AMOUNT OF RELIEF.**—The Secretary shall
13 grant royalty relief under this section as a suspen-
14 sion volume determined by the Secretary in an
15 amount necessary to maximize production of natural
16 gas volumes. The maximum suspension volume shall
17 be 50 billion cubic feet of natural gas per lease.
18 Such royalty suspension volume shall be applied be-
19 ginning with the first dollar of royalty obligation for



1 production on or after the date of enactment of this
2 Act.

3 (3) LIMITATION.—The Secretary may place lim-
4 itations on the suspension of royalty relief granted
5 based on market price.

6 (c) APPLICATION.—This section shall apply to any
7 onshore Federal oil and gas lease issued before, on, or
8 after the date of enactment of this Act.

9 (d) RULEMAKINGS.—

10 (1) REQUIREMENT.—The Secretary shall com-
11 plete any rulemakings implementing this section
12 within 1 year after the date of enactment of this
13 Act.

14 (2) DEFINITION OF DEEP WELL.—Such regula-
15 tions shall include a definition of the term “deep
16 well” for purposes of this section.

