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(Original Signature of Member)

114TH CONGRESS
1ST SESSION

H. R. _____

To direct the Secretary of the Interior to conduct an oil and gas lease sale for areas off the coast of North Carolina determined by the Secretary to have the most geologically promising hydrocarbon resources, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

Mr. HUDSON introduced the following bill; which was referred to the Committee on _____

A BILL

To direct the Secretary of the Interior to conduct an oil and gas lease sale for areas off the coast of North Carolina determined by the Secretary to have the most geologically promising hydrocarbon resources, 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 “North Carolina Open-
5 ing Fossil Fuels Safely and Harnessing Opportunities for
6 Robust Employment Act” or the “NC OFFSHORE Act”.

1 **SEC. 2. NORTH CAROLINA LEASE SALE.**

2 Notwithstanding inclusion of the Mid-Atlantic Outer
3 Continental Shelf Planning Area in the Final Outer Conti-
4 nental Shelf Oil & Gas Leasing Program 2017–2022,” the
5 Secretary of the Interior—

6 (1) not later than 2 years after the date of the
7 enactment of this Act, shall conduct an oil and gas
8 lease sale for areas off the coast of North Carolina
9 determined by the Secretary to have the most geo-
10 logically promising hydrocarbon resources and con-
11 stituting not less than 25 percent of the leasable
12 area within the North Carolina offshore administra-
13 tive boundaries depicted in the notice entitled “Fed-
14 eral Outer Continental Shelf (OCS) Administrative
15 Boundaries Extending from the Submerged Lands
16 Act Boundary seaward to the Limit of the United
17 States Outer Continental Shelf”, published January
18 3, 2006 (71 Fed. Reg. 127); and

19 (2) shall conduct one such lease sale each year
20 during the 5-year period beginning 2 years after the
21 date of the enactment of this Act.

22 **SEC. 3. PROTECTION OF MILITARY OPERATIONS.**

23 (a) PROHIBITION.—No person may engage in any ex-
24 ploration, development, or production of oil or natural gas
25 off the coast of North Carolina that would conflict with
26 any military operation, as determined in accordance with

1 the Memorandum of Agreement between the Department
2 of Defense and the Department of the Interior on Mutual
3 Concerns on the Outer Continental Shelf signed July 20,
4 1983, and any revision or replacement for that agreement
5 that is agreed to by the Secretary of Defense and the Sec-
6 retary of the Interior after that date but before the date
7 of issuance of the lease under which such exploration, de-
8 velopment, or production is conducted.

9 (b) REVIEW AND UPDATING OF MOA.—The Sec-
10 retary of the Interior and the Secretary of Defense shall
11 periodically review and revise such memorandum of agree-
12 ment to account for new offshore energy production tech-
13 nologies, including those that use wind energy.

14 **SEC. 4. DISPOSITION OF OUTER CONTINENTAL SHELF REV-**
15 **ENUES TO COASTAL STATES.**

16 (a) IN GENERAL.—Section 9 of the Outer Conti-
17 nental Shelf Lands Act (43 U.S.C. 1338) is amended—

18 (1) in the existing text—

19 (A) in the first sentence, by striking “All
20 rentals,” and inserting the following:

21 “(c) DISPOSITION OF REVENUE UNDER OLD
22 LEASES.—All rentals,”; and

23 (B) in subsection (c) (as designated by the
24 amendment made by subparagraph (A) of this
25 paragraph), by striking “for the period from

1 June 5, 1950, to date, and thereafter” and in-
2 serting “in the period beginning June 5, 1950,
3 and ending on the date of enactment of the NC
4 OFFSHORE Act”;

5 (2) by adding after subsection (c) (as so des-
6 ignated) the following:

7 “(d) DEFINITIONS.—In this section:

8 “(1) COASTAL STATE.—The term ‘coastal
9 State’ means North Carolina, Virginia, South Caro-
10 lina, and Georgia.

11 “(2) NEW LEASING REVENUES.—The term ‘new
12 leasing revenues’ means amounts received by the
13 United States as bonuses, rents, and royalties under
14 leases for oil and gas, wind, tidal, or other energy
15 exploration, development, and production on new
16 areas of the outer Continental Shelf that are author-
17 ized to be made available for leasing as a result of
18 enactment of the NC OFFSHORE Act and leasing
19 under that Act.”; and

20 (3) by inserting before subsection (c) (as so
21 designated) the following:

22 “(a) PAYMENT OF NEW LEASING REVENUES TO
23 COASTAL STATES.—Of the amount of new leasing reve-
24 nues received by the United States each fiscal year, 37.5
25 percent shall be allocated and paid in accordance with sub-

1 section (b) to coastal States that are affected States with
2 respect to the leases under which those revenues are re-
3 ceived by the United States.

4 “(b) ALLOCATION OF PAYMENTS.—

5 “(1) IN GENERAL.—The amount of new leasing
6 revenues received by the United States with respect
7 to a leased tract that are required to be paid to
8 coastal States in accordance with this subsection
9 each fiscal year shall be allocated among and paid
10 to coastal States that are within 200 miles of the
11 leased tract, in amounts that are inversely propor-
12 tional to the respective distances between the point
13 on the coastline of each such State that is closest to
14 the geographic center of the lease tract, as deter-
15 mined by the Secretary.

16 “(2) MINIMUM AND MAXIMUM ALLOCATION.—

17 The amount allocated to a coastal State under para-
18 graph (1) each fiscal year with respect to a leased
19 tract shall be—

20 “(A) in the case of a coastal State that is
21 the nearest State to the geographic center of
22 the leased tract, not less than 25 percent of the
23 total amounts allocated with respect to the
24 leased tract;

1 “(B) in the case of any other coastal State,
2 not less than 10 percent, and not more than 15
3 percent, of the total amounts allocated with re-
4 spect to the leased tract; and

5 “(C) in the case of a coastal State that is
6 the only coastal State within 200 miles of a
7 leased tract, 100 percent of the total amounts
8 allocated with respect to the leased tract.

9 “(3) ADMINISTRATION.—Amounts allocated to
10 a coastal State under this subsection—

11 “(A) shall be available to the coastal State
12 without further appropriation;

13 “(B) shall remain available until expended;

14 “(C) shall be in addition to any other
15 amounts available to the coastal State under
16 this Act; and

17 “(D) shall be distributed in the fiscal year
18 following receipt.

19 “(4) USE OF FUNDS.—

20 “(A) IN GENERAL.—Except as provided in
21 subparagraph (B), a coastal State may use
22 funds allocated and paid to it under this sub-
23 section for any purpose as determined by the
24 laws of that State.

1 “(B) RESTRICTION ON USE FOR MATCH-
2 ING.—Funds allocated and paid to a coastal
3 State under this subsection may not be used as
4 matching funds for any other Federal pro-
5 gram.”.

6 (b) LIMITATION ON APPLICATION.—This section and
7 the amendments made by this section shall not affect the
8 application of section 105 of the Gulf of Mexico Energy
9 Security Act of 2006 (title I of division C of Public Law
10 109–432; (43 U.S.C. 1331 note)), as in effect before the
11 enactment of this Act, with respect to revenues received
12 by the United States under oil and gas leases issued for
13 tracts located in the Western and Central Gulf of Mexico
14 Outer Continental Shelf Planning Areas, including such
15 leases issued on or after the date of the enactment of this
16 Act.