

**AMENDMENT TO THE AMENDMENT IN THE  
NATURE OF A SUBSTITUTE TO H.R. 3407  
OFFERED BY MR. MARKEY OF MASSACHUSETTS**

At the end of the bill add the following:

1 **SEC. \_\_\_\_ . ELIGIBILITY FOR NEW LEASES AND THE TRANS-**  
2 **FER OF LEASES.**

3 (a) ISSUANCE OF NEW LEASES.—

4 (1) IN GENERAL.—The Secretary of the Inte-  
5 rior shall not accept bids on any new leases offered  
6 pursuant to this Act from a person described in  
7 paragraph (2) unless the person has renegotiated  
8 each covered lease with respect to which the person  
9 is a lessee, to modify the payment responsibilities of  
10 the person to require the payment of royalties if the  
11 price of oil and natural gas is greater than or equal  
12 to the price thresholds described in clauses (v)  
13 through (vii) of section 8(a)(3)(C) of the Outer Con-  
14 tinental Shelf Lands Act (43 U.S.C. 1337(a)(3)(C)).

15 (2) PERSONS DESCRIBED.—A person referred  
16 to in paragraph (1) is a person that—

17 (A) is a lessee that—

1 (i) holds a covered lease on the date  
2 on which the Secretary considers the  
3 issuance of the new lease; or

4 (ii) was issued a covered lease before  
5 the date of enactment of this Act, but  
6 transferred the covered lease to another  
7 person or entity (including a subsidiary or  
8 affiliate of the lessee) after the date of en-  
9 actment of this Act; or

10 (B) any other person that has any direct  
11 or indirect interest in, or that derives any ben-  
12 efit from, a covered lease.

13 (3) MULTIPLE LESSEES.—

14 (A) IN GENERAL.—For purposes of para-  
15 graph (1), if there are multiple lessees that own  
16 a share of a covered lease, the Secretary may  
17 implement separate agreements with any lessee  
18 with a share of the covered lease that modifies  
19 the payment responsibilities with respect to the  
20 share of the lessee to include price thresholds  
21 that are equal to or less than the price thresh-  
22 olds described in clauses (v) through (vii) of  
23 section 8(a)(3)(C) of the Outer Continental  
24 Shelf Lands Act (43 U.S.C. 1337(a)(3)(C)).

1 (B) TREATMENT OF SHARE AS COVERED  
2 LEASE.—Beginning on the effective date of an  
3 agreement under subparagraph (A), any share  
4 subject to the agreement shall not constitute a  
5 covered lease with respect to any lessees that  
6 entered into the agreement.

7 (b) TRANSFERS.—A lessee or any other person who  
8 has any direct or indirect interest in, or who derives a  
9 benefit from, a covered lease shall not be eligible to obtain  
10 by sale or other transfer (including through a swap, spin-  
11 off, servicing, or other agreement) any new lease or the  
12 economic benefit of any new lease, unless the lessee or  
13 other person has—

14 (1) renegotiated each covered lease with respect  
15 to which the lessee or person is a lessee, to modify  
16 the payment responsibilities of the lessee or person  
17 to include price thresholds that are equal to or less  
18 than the price thresholds described in clauses (v)  
19 through (vii) of section 8(a)(3)(C) of the Outer Con-  
20 tinental Shelf Lands Act (43 U.S.C. 1337(a)(3)(C));  
21 or

22 (2) entered into an agreement with the Sec-  
23 retary to modify the terms of all covered leases of  
24 the lessee or other person to include limitations on  
25 royalty relief based on market prices that are equal

1 to or less than the price thresholds described in  
2 clauses (v) through (vii) of section 8(a)(3)(C) of the  
3 Outer Continental Shelf Lands Act (43 U.S.C.  
4 1337(a)(3)(C)).

5 (c) DEFINITIONS.—In this section—

6 (1) COVERED LEASE.—The term “covered  
7 lease” means a lease for oil or gas production in the  
8 Gulf of Mexico that is—

9 (A) in existence on the date of enactment  
10 of this Act;

11 (B) issued by the Department of the Inte-  
12 rior under section 304 of the Outer Continental  
13 Shelf Deep Water Royalty Relief Act (43  
14 U.S.C. 1337 note; Public Law 104–58); and

15 (C) not subject to limitations on royalty re-  
16 lief based on market price that are equal to or  
17 less than the price thresholds described in  
18 clauses (v) through (vii) of section 8(a)(3)(C) of  
19 the Outer Continental Shelf Lands Act (43  
20 U.S.C. 1337(a)(3)(C)).

21 (2) LESSEE.—The term “lessee” includes any  
22 person or other entity that controls, is controlled by,  
23 or is in or under common control with, a lessee.

1           (3) NEW LEASE.—The term “new lease” means  
2           a lease issued in a lease sale under this Act.

