

**The NewsRoom**

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**2005 Energy Policy Act Grants MMS New Authority and Includes Incentives for Increased Domestic Energy Production**

WASHINGTON, D.C. – The [2005 Energy Policy Act](#) (2.525 KB PDF file) signed by President George Bush today will encourage increased domestic production of oil and natural gas, grant the Mineral Management Service new authority for federal offshore alternate energy uses, and requires a comprehensive inventory of oil and gas resources on the Outer Continental Shelf.

The legislation calls for MMS to conduct a comprehensive inventory of the estimated oil and natural gas resources on the OCS, including moratoria areas. The bill requires the use of “any available technology, except drilling, but including 3-D seismic surveys.” The first report to Congress is required to be submitted within six months of enactment. Given the six month time frame, additional significant 3-D seismic surveying is not plausible. MMS will use existing data and provide qualitative assessments. MMS encourages the industry to provide data to MMS that may not have been previously shared. The report will be publicly available and updated at least every 5 years.

Provisions in the legislation will increase incentives for domestic energy production including royalty relief on existing non-producing OCS leases offshore Alaska, and additional royalty relief for deep water and ultra deep gas production in the Gulf of Mexico.

New coastal impact assistance provides \$250 million from OCS revenues to be shared annually among the eligible states from 2007 through 2010. Alaska, Alabama, California, Louisiana, Mississippi and Texas are eligible for this new coastal impact assistance. The annual allocation for each state will be based on the ratio of OCS revenues generated off the state’s coastline to total OCS revenues from leases lying beyond the three miles past State waters (the 8(g) zone) and within a distance of 200 nautical miles off that state.

The legislation also grants MMS new authority to regulate alternative energy uses of the OCS, including wind, wave, and solar energy. The States will share in 27% of the revenues generated from alternative energy activities within the 8(g) zone.

The legislation also requires changes to the valuation and fee structure for geothermal energy whether used directly as in a greenhouse heating system or to produce electricity. The provisions provide for a streamlined process and provide for a fair return on the use of our national resource.

MMS, part of the U.S. Department of the Interior, oversees 1.76 billion acres of the OCS, managing offshore energy and minerals while protecting the human, marine, and coastal environments. The OCS provides 30 percent of oil and 21 percent of natural gas produced domestically, and sand used for coastal restoration. MMS collects, accounts for, and disburses mineral revenues from Federal and American Indian lands, and contributes to the Land and Water Conservation Fund and other special use funds, with Fiscal Year 2004 disbursements of approximately \$8 billion and more than \$143 billion since 1982.

**Relevant Web Sites:**

[MMS Main Website](#)

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[MMS: Securing Ocean Energy & Economic Value for America](#)  
**U.S. Department of the Interior**