

proceeds of sale from Naval Petroleum Reserve Numbered 1 are—

“(1) settled by agreement with the United States under subsection (c); or

“(2) finally resolved in favor of the State by a court of competent jurisdiction, if a settlement agreement is not reached.

“(b) DISPOSITION OF FUNDS.—In such amounts as may be provided in appropriation Acts, amounts in the contingent fund shall be available for paying a claim described in subsection (a). After final disposition of the claims, any unobligated balance in the contingent fund shall be credited to the general fund of the Treasury. If no payment is made from the contingent fund within 10 years after the effective date, amounts in the contingent fund shall be credited to the general fund of the Treasury.

“(c) SETTLEMENT OFFER.—Not later than 30 days after the date of the sale of Naval Petroleum Reserve Numbered 1 under section 3412, the Secretary shall offer to settle all claims of the State of California against the United States with respect to lands in the reserve located in sections 16 and 36 of township 30 south, range 23 east, Mount Diablo Principal Meridian, California, and production or proceeds of sale from the reserve, in order to provide proper compensation for the State’s claims. The Secretary shall base the amount of the offered settlement payment from the contingent fund on the fair value for the State’s claims, including the mineral estate, not to exceed the amount reserved in the contingent fund.

“(d) RELEASE OF CLAIMS.—Acceptance of the settlement offer made under subsection (c) shall be subject to the condition that all claims against the United States by the State of California for the Teachers’ Retirement Fund of the State be released with respect to lands in Naval Petroleum Reserve Numbered 1, including sections 16 and 36 of township 30 south, range 23 east, Mount Diablo Principal Meridian, California, or production or proceeds of sale from the reserve.

“SEC. 3416. STUDY OF FUTURE OF OTHER NAVAL PETROLEUM RESERVES.

“(a) STUDY REQUIRED.—The Secretary of Energy shall conduct a study to determine which of the following options, or combinations of options, regarding the naval petroleum reserves (other than Naval Petroleum Reserve Numbered 1) would maximize the value of the reserves to the United States:

“(1) Retention and operation of the naval petroleum reserves by the Secretary under chapter 641 of title 10, United States Code.

“(2) Transfer of all or a part of the naval petroleum reserves to the jurisdiction of another Federal agency for administration under chapter 641 of title 10, United States Code.

“(3) Transfer of all or a part of the naval petroleum reserves to the Department of the Interior for leasing in accordance with the Mineral Leasing Act (30 U.S.C. 181 et seq.) and surface management in accordance with the Federal Land Policy and Management Act [of 1976] (43 U.S.C. 1701 et seq.).

“(4) Sale of the interest of the United States in the naval petroleum reserves.

“(b) CONDUCT OF STUDY.—The Secretary shall retain an independent petroleum consultant to conduct the study.

“(c) CONSIDERATIONS UNDER STUDY.—An examination of the value to be derived by the United States from the transfer or sale of the naval petroleum reserves shall include an assessment and estimate of the fair market value of the interest of the United States in the naval petroleum reserves. The assessment and estimate shall be made in a manner consistent with customary property valuation practices in the oil and gas industry.

“(d) REPORT AND RECOMMENDATIONS REGARDING STUDY.—Not later than June 1, 1996, the Secretary shall submit to Congress a report describing the results of the study and containing such recommendations (in-

cluding proposed legislation) as the Secretary considers necessary to implement the option, or combination of options, identified in the study that would maximize the value of the naval petroleum reserves to the United States.”

§ 7421. Jurisdiction and control

(a) The Secretary shall take possession of all properties inside the naval petroleum reserves that are or may become subject to the control of and use by the United States for national defense purposes, except as otherwise provided in this chapter.

(b) The Secretary has exclusive jurisdiction and control over those lands inside Naval Petroleum Reserves Numbered 1 and 2 that are covered by leases granted under sections 181–184, 185–188, 189–194, 201, 202–209, 211–214, 223, 224–226, 226d, 226e, 227–229a, 241, 251, and 261–263 of title 30, and shall administer those leases.

(Aug. 10, 1956, ch. 1041, 70A Stat. 457; Pub. L. 87–796, §1(1), Oct. 11, 1962, 76 Stat. 904; Pub. L. 94–258, title II, §201(2), Apr. 5, 1976, 90 Stat. 307; Pub. L. 98–525, title XIV, §1405(50), Oct. 19, 1984, 98 Stat. 2625.)

HISTORICAL AND REVISION NOTES

Revised section	Source (U.S. Code)	Source (Statutes at Large)
7421(a)	34 U.S.C. 524 (1st 36 words of 1st par.).	June 4, 1920, ch. 228 (1st par., 1st 36 words, of amended 3d and 4th provisos), 41 Stat. 813; June 30, 1938, ch. 851, §1, 52 Stat. 1253; June 17, 1944, ch. 262, 58 Stat. 280.
7421(b)	34 U.S.C. 524 (293d word to end of 1st par.).	June 4, 1920, ch. 228 (1st par., 294th word to end, of amended 3d and 4th provisos), 41 Stat. 813; June 30, 1938, ch. 851, §1, 52 Stat. 1252; June 17, 1944, ch. 262, 58 Stat. 280.
	34 U.S.C. 524a.	Feb. 25, 1928, ch. 104, 45 Stat. 148.

In subsection (b) the reference to the transfer of jurisdiction and administration is omitted as executed.

REFERENCES IN TEXT

Section 194 of title 30, referred to in subsec. (b), was repealed by Pub. L. 89–554, §8(a), Sept. 6, 1966, 80 Stat. 644.

Section 204 of title 30, included within the reference to sections 202–209 in subsec. (b), was repealed by Pub. L. 94–377, §13(a), Aug. 4, 1976, 90 Stat. 1090, subject to valid existing rights.

Sections 226d and 226e of title 30, referred to in subsec. (b), were omitted from the Code. See section 226 of Title 30, Mineral Lands and Mining.

Section 227 of title 30, referred to in subsec. (b), was omitted from the Code.

AMENDMENTS

1984—Subsec. (b). Pub. L. 98–525 substituted “Naval Petroleum Reserves Numbered” for “naval petroleum reserves numbered”.

1976—Subsec. (a). Pub. L. 94–258 struck out “of the Navy” after “Secretary”, “and oil shale” after “naval petroleum”, and substituted “for national defense purposes” for “for naval purposes”, and “this chapter” for “section 7438 hereof”.

1962—Subsec. (a). Pub. L. 87–796 empowered the Secretary to take possession of all properties inside the oil shale reserves, and inserted the exception clause.

§ 7422. Administration

(a) The Secretary, directly or by contract, lease, or otherwise, shall explore, prospect, con-

serve, develop, use, and operate the naval petroleum reserves in his discretion, subject to the provisions of subsection (c) and the other provisions of this chapter; except that no petroleum leases shall be granted at Naval Petroleum Reserves Numbered 1 and 3.

(b) Except as otherwise provided in this chapter, particularly subsection (c), the naval petroleum reserves shall be used and operated for—

- (1) the protection, conservation, maintenance, and testing of those reserves; or
- (2) the production of petroleum whenever and to the extent that the Secretary, with the approval of the President, finds that such production is needed for national defense purposes and the production is authorized by a joint resolution of Congress.

(c)(1) In administering Naval Petroleum Reserves Numbered 1, 2, and 3, the Secretary is authorized and directed—

(A) to further explore, develop, and operate such reserves;

(B) to produce, during any extension of a period under paragraph (2), such reserves—

- (i) at the maximum efficient rate consistent with sound engineering practices; or
- (ii) at a lesser rate consistent with sound engineering practices and the protection, conservation, maintenance, and testing of such reserves if the Secretary determines that the minimum price described in section 7430(b)(2) of this title cannot be attained for the United States share of petroleum (other than natural gas liquids) produced from such Reserves;

(C) during such production period or any extension thereof to sell or otherwise dispose of the United States share of such petroleum produced from such reserves as provided in section 7430 of this title; and

(D) to construct, acquire, or contract for the use of storage and shipping facilities on and off the reserves and pipelines and associated facilities on and off the reserves for transporting petroleum from such reserves to the points where the production from such reserves will be refined or shipped.

Any pipeline in the vicinity of a naval petroleum reserve not otherwise operated as a common carrier may be acquired by the Secretary by condemnation, if necessary, if the owner thereof refuses to accept, convey, and transport without discrimination and at reasonable rates any petroleum produced at such reserve. With the approval of the Secretary, rights-of-way for new pipelines and associated facilities may be acquired by the exercise of the right of eminent domain in the appropriate United States district court. Such rights-of-way may be acquired in the manner set forth in sections 3114-3116 and 3118 of title 40, and the prospective holder of the right-of-way is “the authority empowered by law to acquire the land” within the meaning of those sections. Such new pipelines shall accept, convey, and transport without discrimination and at reasonable rates any petroleum produced at such reserves as a common carrier.

(2) After April 5, 1982, the President may extend the period of production in the case of any naval petroleum reserve for additional periods of not to exceed three years each—

(A) after the President requires an investigation to be made, in the case of each extension, to determine the necessity for continued production from such naval petroleum reserve;

(B) after the President submits to the Congress, at least 180 days before the expiration of the current production period prescribed by this section, or any extension thereof, a copy of the report made to him on such investigation together with a certification by him that continued production from such naval petroleum reserve is in the national interest; and

(C) if neither House of Congress within ninety days after receipt of such report and certification adopts a resolution disapproving further production from such naval petroleum reserve.

(Aug. 10, 1956, ch. 1041, 70A Stat. 458; Pub. L. 87-599, §1, Aug. 24, 1962, 76 Stat. 401; Pub. L. 87-796, §1(2), Oct. 11, 1962, 76 Stat. 904; Pub. L. 94-258, title II, §201(3), Apr. 5, 1976, 90 Stat. 307; Pub. L. 96-137, §3(a), Dec. 12, 1979, 93 Stat. 1061; Pub. L. 96-513, title V, §513(31), Dec. 12, 1980, 94 Stat. 2933; Pub. L. 98-525, title XIV, §1405(51), Oct. 19, 1984, 98 Stat. 2625; Pub. L. 99-413, §1(a), Aug. 29, 1986, 100 Stat. 944; Pub. L. 100-202, §101(g) [title II, §201], Dec. 22, 1987, 101 Stat. 1329-213, 1329-242; Pub. L. 101-189, div. A, title XVI, §1622(f)(2), Nov. 29, 1989, 103 Stat. 1605; Pub. L. 107-217, §3(b)(30), Aug. 21, 2002, 116 Stat. 1297; Pub. L. 108-178, §4(b)(6), Dec. 15, 2003, 117 Stat. 2641.)

HISTORICAL AND REVISION NOTES

Revised section	Source (U.S. Code)	Source (Statutes at Large)
7422	34 U.S.C. 524 (1st par., 37th through 62d words, and 123d through 185th words).	June 4, 1920, ch. 228 (1st par., 37th through 62d words, and 123d through 185th words, of amended 3d and 4th provisos), 41 Stat. 813; June 30, 1938, ch. 851, §1, 52 Stat. 1252; June 17, 1944, ch. 262, 58 Stat. 280.

AMENDMENTS

2003—Subsec. (c)(1). Pub. L. 108-178 substituted “land” within the meaning of those sections” for “lands” within the meaning of that Act” in concluding provisions.

2002—Subsec. (c)(1). Pub. L. 107-217 substituted “sections 3114-3116 and 3118 of title 40” for “the Act of February 26, 1931 (40 U.S.C. 258a-258e)” in concluding provisions.

1989—Subsec. (c)(2)(B). Pub. L. 101-189 substituted “180 days before” for “one hundred eighty days prior to”.

1987—Subsec. (c)(1)(B)(ii). Pub. L. 100-202 inserted “(other than natural gas liquids)” after “petroleum”.

1986—Subsec. (c)(1)(B). Pub. L. 99-413, §1(a)(1), added subpar. (B) and struck out former subpar. (B) which read as follows: “to produce such reserves at the maximum efficient rate consistent with sound engineering practices for a period ending not later than April 5, 1982;”.

Subsec. (c)(3). Pub. L. 99-413, §1(a)(2), struck out par. (3) which conditioned the production authorization for Naval Petroleum Reserve Numbered 1 upon private owners’ agreements with the Secretary to continue operations of such reserve under a unitized plan contract that protected the public interest.

1984—Subsec. (b). Pub. L. 98-525 struck out “of this section” after “subsection (c)” in provisions preceding par. (1).

1980—Subsec. (c)(1). Pub. L. 96-513, §513(31)(A)-(D), in cl. (B) substituted provisions respecting termination on

April 5, 1982, for provisions respecting commencement and termination, respectively, ninety days after date of enactment of the Naval Petroleum Reserves Production Act of 1976, and not to exceed six years after such date, in cl. (C) substituted “provided in section 7430 of this title” for “hereinafter provided”, and in text following cl. (D) substituted “discrimination” for “discrimination”, and “(40 U.S.C. 258a–258e)” for “, chapter 307 (46 Stat. 1421; 40 U.S.C. 258(a))”.

Subsec. (c)(2). Pub. L. 96–513, §513(31)(E), substituted “After April 5, 1982,” for “At the conclusion of the six-year production period authorized by paragraph (1)(B) of this subsection”.

Subsec. (c)(3). Pub. L. 96–513, §513(31)(F), substituted “by July 4, 1976” for “within ninety days after the date of enactment of the Naval Petroleum Reserves Production Act of 1976”.

1979—Subsec. (c)(1). Pub. L. 96–137 struck out in text following subpar. (D), provision requiring that pipelines and associated facilities constructed at or procured for Naval Petroleum Reserve Numbered 1 pursuant to this subsection have adequate capacity to accommodate not less than three hundred fifty thousand barrels of oil per day and be fully operable as soon as possible, but not later than three years after the date of enactment of the Naval Petroleum Reserves Production Act of 1976.

1976—Subsec. (a). Pub. L. 94–258 substituted provisions authorizing the Secretary to explore, etc., the naval petroleum reserves in his discretion, subject to subsec. (c) of this section and this chapter and excepting specified Reserves from leasing arrangements, for provisions authorizing the Secretary of the Navy, except as provided in section 7438 hereof, to explore, etc., the naval petroleum preserves and oil shale reserves in his discretion, subject to Presidential approval.

Subsec. (b). Pub. L. 94–258 in introductory cl. substituted provisions authorizing use and operation of naval petroleum reserves except as otherwise provided in this chapter and in particular subsec. (c) of this section, for provisions authorizing use and operation of naval petroleum and oil shale reserves and lands outside naval petroleum reserve numbered 1 covered by contracts under section 7426 of this title and in cl. (2) struck out reference to gas, oil shale and products thereof.

Subsec. (c). Pub. L. 94–258 substituted provisions setting forth manner of administration by Secretary of Naval Petroleum Reserves Numbered 1, 2, and 3, authorizing President to extend period of production of any naval petroleum reserve, and conditioning production authorization for Reserve Numbered 1, for provisions authorizing the Secretary to develop naval petroleum reserve numbered 4, South Barrow gas field, and to supply gas to government installations at or near Point Barrow and to the native village of Barrow.

1962—Subsec. (a). Pub. L. 87–796 substituted “Except as otherwise provided in section 7438 hereof, the Secretary” for “The Secretary”, and included oil shale reserves.

Subsec. (b). Pub. L. 87–796 included oil shale reserves in the opening provisions, and substituted “petroleum, gas, oil shale and products thereof whenever” for “petroleum whenever” in cl. (2).

Subsec. (c). Pub. L. 87–599 added subsec. (c).

EFFECTIVE DATE OF 2003 AMENDMENT

Amendment by Pub. L. 108–178 effective Aug. 21, 2002, see section 5 of Pub. L. 108–178, set out as a note under section 5334 of Title 5, Government Organization and Employees.

EFFECTIVE DATE OF 1980 AMENDMENT

Amendment by Pub. L. 96–513 effective Dec. 12, 1980, see section 701(b)(3) of Pub. L. 96–513, set out as a note under section 101 of this title.

AVAILABILITY OF REVENUES FROM SALE OF NATURAL GAS FOR USE IN GAS PROTECTION ACTIVITY

Pub. L. 101–512, title II, Nov. 5, 1990, 104 Stat. 1947, provided in part: “That, notwithstanding any other

provision of law, revenues received from the sale of natural gas after the date of enactment of this Act [Nov. 5, 1990] from wells drilled or communitized in fiscal year 1990 and thereafter as part of gas protection activity at the Naval Oil Shale Reserves shall be deposited in this account, to remain available until expended, for use in further gas protection activity”.

CONNECTIONS TO PIPELINE IN SOUTH BARROW GAS FIELD

Pub. L. 87–599, §3, Aug. 24, 1962, 76 Stat. 401, provided that: “The Federal agency or agencies in control of any pipeline between gas wells in the South Barrow gas field and the town of Barrow may authorize purchasers of the gas or carriers of the gas to install connections to such pipeline.”

§ 7423. Periodic re-examination of production requirements

The Secretary shall from time to time reexamine the need for the production of petroleum from oil shale for national defense when that production is authorized under section 7422 of this title. If he finds that the authorized quantity is no longer needed, he shall reduce production to the amount currently needed for national defense.

(Aug. 10, 1956, ch. 1041, 70A Stat. 458; Pub. L. 87–796, §1(3), Oct. 11, 1962, 76 Stat. 904; Pub. L. 94–258, title II, §201(4), Apr. 5, 1976, 90 Stat. 309.)

HISTORICAL AND REVISION NOTES

Revised section	Source (U.S. Code)	Source (Statutes at Large)
7423	34 U.S.C. 524 (186th through 243d words of 1st par.).	June 4, 1920, ch. 228 (1st par., 186th through 243d words, of amended 3d and 4th provisos), 41 Stat. 813; June 30, 1938, ch. 851, §1, 52 Stat. 1252; June 17, 1944, ch. 262, 58 Stat. 280.

AMENDMENTS

1976—Pub. L. 94–258 struck out “of the Navy” after “Secretary” and “or products” after “petroleum”.

1962—Pub. L. 87–796 directed the Secretary to reexamine, from time to time, the need for production of products from oil shale.

§ 7424. Protection of oil reserves; contracts for conservation

(a) To consolidate and protect the oil lands owned by the United States, the Secretary may—

(1) contract with owners and lessees of land inside or adjoining naval petroleum reserves for—

- (A) conservation of oil and gas; and
- (B) compensation for estimated drainage in lieu of drilling or operating offset wells; and

(2) acquire privately owned lands or leases inside Naval Petroleum Reserve Numbered 1 by exchange of—

(A) lands of the United States inside Naval Petroleum Reserve Numbered 1;

(B) the right to royalty production from any of the naval petroleum reserves; and

(C) the right to any money due the United States as a result of the wrongful extraction of petroleum products from lands inside Naval Petroleum Reserve Numbered 1.