

Section by Section Description

Energy Consumer Relief Act of 20005

Repeals Certain Tax Subsidies for the Oil and Gas Industry of the Energy Policy Act of 2005 (Public Law 109-58)

Sec. 2 (a) Repeal of Election to Expense Certain Refineries (Savings: \$406 million over 10 years) The provision repeals a tax break that enables refineries to expense (deduct) 50 percent of the cost of upgrading an existing refinery or building a new one.

Sec. 2 (b) Repeal of Treatment of Natural Gas Distribution Lines as 15-Year Property (Savings: \$1,019 million over 10 years) The provision repeals a tax break that enables the cost of a natural gas distribution line to be recovered over 15 years instead of 20 years. Under the provision passed in the energy bill the industry can recover their costs quicker.

Sec. 2 (c) Repeal of Treatment of Natural Gas Gathering Lines as 7-Year Property (Savings: \$16 million over 10 years) The provision repeals a tax break that enables the cost of a natural gas gathering line to be depreciated over 7 years instead of 15 years as was required of certain pipelines. Under the provision passed in the energy bill the industry can recover their costs quicker.

Sec. 2 (d) Repeal of New Rule for Determining Small Refiner (Savings: \$158 million over 10 years) The provision repeals a rule change that enabled companies that refined 75,000 barrels per day to still qualify as "independent producers"--and thereby pay lower taxes for production. The provision re-establish the old definition of an independent producer as anyone producing less than 50,000 barrels per day

Sec. 2 (e) Repeal of Amortization of Geological and Geophysical Expenditures (Savings: 974 million over 10 years) The provision repeals a tax break that enables the oil and gas industry to deduct (expense) the cost of search for deposits. Previously, all geological and geophysical expenses were treated as a capital investment if the company kept the property (i.e. they found oil and gas). The energy bill allowed the industry to deduct these geological and geophysical expenses even in instances where they found oil and gas.

Repeals Particular Sections of the Energy Policy Act of 2005 (Public Law 109-58):

Sec. 3 (1) Repeal Section 349 (Savings: 125 million/5 years) Repeals funding for a federal program that will assess the status of orphaned, abandoned and idle wells, and help facilitate closure of these wells and mitigate the impacts.

Sec. 3 (2) Repeal Section 351 (Savings: 150 million/5 years) Repeals funding to establish a national geological and geophysical data preservation program that will archive geologic, geophysical and engineering data, maps, well logs and samples.

Sec. 3 (3) Repeal Section 357 (Savings: \$3 billion???) Repeals funding to conduct an inventory of oil and natural gas resources on the Outer Continental Shelf by using 3-D seismic testing and other methods.

Sec. 3 (4) Repeal Section 362 (Savings: \$350 million/5 years) Repeals funding to expedite oil and gas leases and drilling permit applications, including establishing best management practices for expediting the process.

Sec 3 (5) Repeal Section 365 Repeals federal research and development program that subsidizes the oil and gas R&D in exploration and production

Sec 3(6) Repeals Section 366 : Repeals research and development program that funds research and development on productive capacity of marginal wells.

Limitation language: **(Savings: as much as \$666 million 3 years:** Note - includes savings from repeal of Sections 365 and 366) provision limits any funding in the fossil energy section of the energy bill from being used for oil and gas

Sec. 3 (5) Repeal Subtitle J of Title IX (Savings: \$1,550 million/11 years) Repeals funding for a new federal program to undertake research and development into ultra-deepwater and unconventional natural gas exploration and development.

Sec. 4 Requirement to Suspend Royalty Relief: Repeals provisions that exempt oil and gas companies from paying a fee for drilling on public lands or that enables them to pay a reduced fee for such activities.

Expenditure of Additional Revenues

Provides that funding made available through provisions of the bill shall be made available to the Low Income Home Energy Assistance Program