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CHAPTER REFERRED TO IN OTHER SECTIONS

This chapter is referred to in sections 717x, 717y of this title; title 26 section 29; title 42 section 7255.

§ 3301. Definitions

For purposes of this chapter—

(1) Natural gas

The term “natural gas” means either natural gas unmixed, or any mixture of natural and artificial gas.

(2) Well

The term “well” means any well for the discovery or production of natural gas, crude oil, or both.

(3) New well

The term “new well” means any well—

- (A) the surface drilling of which began on or after February 19, 1977; or

(B) the depth of which was increased, by means of drilling on or after February 19, 1977, to a completion location which is located at least 1,000 feet below the depth of the deepest completion location of such well attained before February 19, 1977.

(4) Old well

The term “old well” means any well other than a new well.

(5) Marker well

(A) General rule

The term “marker well” means any well from which natural gas was produced in commercial quantities at any time after January 1, 1970, and before April 20, 1977.

(B) New wells

The term “marker well” does not include any new well under paragraph (3)(A) but includes any new well under paragraph (3)(B) if such well qualifies as a marker well under subparagraph (A) of this paragraph.

(6) Reservoir

The term “reservoir” means any producible natural accumulation of natural gas, crude oil, or both, confined—

(A) by impermeable rock or water barriers and characterized by a single natural pressure system; or

(B) by lithologic or structural barriers which prevent pressure communication.

(7) Completion location

(A) General rule

The term “completion location” means any subsurface location from which natural gas is being or has been produced in commercial quantities.

(B) Marker well

The term “completion location”, when used with reference to any marker well, means any subsurface location from which natural gas was produced from such well in commercial quantities after January 1, 1970, and before April 20, 1977.

(8) Proration unit

The term “proration unit” means—

(A) any portion of a reservoir, as designated by the State or Federal agency having regulatory jurisdiction with respect to production from such reservoir, which will be effectively and efficiently drained by a single well;

(B) any drilling unit, production unit, or comparable arrangement, designated or recognized by the State or Federal agency having jurisdiction with respect to production from the reservoir, to describe that portion of such reservoir which will be effectively and efficiently drained by a single well; or

(C) if such portion of a reservoir, unit, or comparable arrangement is not specifically provided for by State law or by any action of any State or Federal agency having regulatory jurisdiction with respect to production from such reservoir, any voluntary unit agreement or other comparable arrangement applied, under local custom or practice with—

in the locale in which such reservoir is situated, for the purpose of describing the portion of a reservoir which may be effectively and efficiently drained by a single well.

(9) New lease

The term “new lease”, when used with respect to the Outer Continental Shelf, means a lease, entered into on or after April 20, 1977, of submerged acreage.

(10) Old lease

The term “old lease”, when used with respect to the Outer Continental Shelf, means any lease other than a new lease.

(11) New contract

The term “new contract” means any contract, entered into on or after November 9, 1978, for the first sale of natural gas which was not previously subject to an existing contract.

(12) Rollover contract

The term “rollover contract” means any contract, entered into on or after November 9, 1978, for the first sale of natural gas that was previously subject to an existing contract which expired at the end of a fixed term (not including any extension thereof taking effect on or after November 9, 1978) specified by the provisions of such existing contract, as such contract was in effect on November 9, 1978, whether or not there is an identity of parties or terms with those of such existing contract.

(13) Existing contract

The term “existing contract” means any contract for the first sale of natural gas in effect on November 8, 1978.

(14) Successor to an existing contract

The term “successor to an existing contract” means any contract, other than a rollover contract, entered into on or after November 9, 1978, for the first sale of natural gas which was previously subject to an existing contract, whether or not there is an identity of parties or terms with those of such existing contract.

(15) Interstate pipeline

The term “interstate pipeline” means any person engaged in natural gas transportation subject to the jurisdiction of the Commission under the Natural Gas Act [15 U.S.C. 717 et seq.].

(16) Intrastate pipeline

The term “intrastate pipeline” means any person engaged in natural gas transportation (not including gathering) which is not subject to the jurisdiction of the Commission under the Natural Gas Act [15 U.S.C. 717 et seq.] (other than any such pipeline which is not subject to the jurisdiction of the Commission solely by reason of section 1(c) of the Natural Gas Act [15 U.S.C. 717(c)]).

(17) Local distribution company

The term “local distribution company” means any person, other than any interstate pipeline or any intrastate pipeline, engaged in the transportation, or local distribution, of natural gas and the sale of natural gas for ultimate consumption.

(18) Committed or dedicated to interstate commerce

(A) General rule

The term “committed or dedicated to interstate commerce”, when used with respect to natural gas, means—

- (i) natural gas which is from the Outer Continental Shelf; and
- (ii) natural gas which, if sold, would be required to be sold in interstate commerce (within the meaning of the Natural Gas Act [15 U.S.C. 717 et seq.]) under the terms of any contract, any certificate under the Natural Gas Act, or any provision of such Act.

(B) Exclusion

Such term does not apply with respect to—

- (i) natural gas sold in interstate commerce (within the meaning of the Natural Gas Act [15 U.S.C. 717 et seq.]—

(I) under section 6 of the Emergency Natural Gas Act of 1977;

(II) under any limited term certificate, granted pursuant to section 7 of the Natural Gas Act [15 U.S.C. 717f], which contains a pregrant of abandonment of service for such natural gas;

(III) under any emergency regulation under the second proviso of section 7(c) of the Natural Gas Act [15 U.S.C. 717f(c)]; or

(IV) to the user by the producer and transported under any certificate, granted pursuant to section 7(c) of the Natural Gas Act [15 U.S.C. 717f(c)], if such certificate was specifically granted for the transportation of that natural gas for such user;

- (ii) natural gas for which abandonment of service was granted before November 9, 1978, under section 7 of the Natural Gas Act [15 U.S.C. 717f]; and

(iii) natural gas which, but for this clause, would be committed or dedicated to interstate commerce under subparagraph (A)(ii) by reason of the action of any person (including any successor in interest thereof, other than by means of any reversion of a leasehold interest), if on May 31, 1978—

(I) neither that person, nor any affiliate thereof, had any right to explore for, develop, produce, or sell such natural gas; and

(II) such natural gas was not being sold in interstate commerce (within the meaning of the Natural Gas Act [15 U.S.C. 717 et seq.]) for resale (other than any sale described in clause (i)(I), (II), or (III)).

(19) Certificated natural gas

The term “certificated natural gas” means natural gas transported by any interstate pipeline in a facility for which there is in effect a certificate issued under section 7(c) of the Natural Gas Act [15 U.S.C. 717f(c)]. Such term does not include natural gas sold to the user by the producer and transported pursuant to a certificate which is specifically issued

under section 7(c) of the Natural Gas Act for the transportation of that natural gas, for such user unless such natural gas is used for the generation of electricity.

(20) Sale

The term “sale” means any sale, exchange, or other transfer for value.

(21) First sale

(A) General rule

The term “first sale” means any sale of any volume of natural gas—

(i) to any interstate pipeline or intrastate pipeline;

(ii) to any local distribution company;

(iii) to any person for use by such person;

(iv) which precedes any sale described in clauses (i), (ii), or (iii); and

(v) which precedes or follows any sale described in clauses (i), (ii), (iii), or (iv) and is defined by the Commission as a first sale in order to prevent circumvention of any maximum lawful price established under this chapter.

(B) Certain sales not included

Clauses (i), (ii), (iii), or (iv) of subparagraph (A) shall not include the sale of any volume of natural gas by any interstate pipeline, intrastate pipeline, or local distribution company, or any affiliate thereof, unless such sale is attributable to volumes of natural gas produced by such interstate pipeline, intrastate pipeline, or local distribution company, or any affiliate thereof.

(22) Deliver

The term “deliver”, when used with respect to any first sale of natural gas, means the physical delivery from the seller; except that in the case of the sale of proven reserves in place to any interstate pipeline, any intrastate pipeline, any local distribution company, or any user of such natural gas, such term means the transfer of title to such reserves.

(23) Certificate

The term “certificate”, when used with respect to the Natural Gas Act [15 U.S.C. 717 et seq.], means a certificate of public convenience and necessity issued under such Act.

(24) Commission

The term “Commission” means the Federal Energy Regulatory Commission.

(25) Federal agency

The term “Federal agency” has the same meaning as given such term in section 105 of title 5.

(26) Person

The term “person” includes the United States, any State, and any political subdivision, agency, or instrumentality of the foregoing.

(27) Affiliate

The term “affiliate”, when used in relation to any person, means another person which controls, is controlled by, or is under common control with, such person.

(28) Electric utility

The term “electric utility” means any person to the extent such person is engaged in the

business of the generation of electricity and sale, directly or indirectly, of electricity to the public.

(29) Mcf

The term “Mcf”, when used with respect to natural gas, means 1,000 cubic feet of natural gas measured at a pressure of 14.73 pounds per square inch (absolute) and a temperature of 60 degrees Fahrenheit.

(30) Btu

The term “Btu” means British thermal unit.

(31) Month

The term “month” means a calendar month.

(32) Mile

The term “mile” means a statute mile of 5,280 feet.

(33) United States

The term “United States” means the several States and includes the Outer Continental Shelf.

(34) State

The term “State” means each of the several States and the District of Columbia.

(35) Outer Continental Shelf

The term “Outer Continental Shelf” has the same meaning as such term has under section 1331(a) of title 43.

(36) Prudhoe Bay Unit of Alaska

The term “Prudhoe Bay Unit of Alaska” means the geographic area subject to the voluntary unit agreement approved by the Commissioner of the Department of Natural Resources of the State of Alaska on June 2, 1977, and referred to as the “affected area” in Conservation Order No. 145 of the Alaska Oil and Gas Conservation Committee, Division of Oil and Gas Conservation, Department of Natural Resources of the State of Alaska, as such order was in effect on June 1, 1977, and determined without regard to any adjustments in the description of the affected area permitted to be made under such order.

(37) Antitrust laws

The term “Federal antitrust laws” means the Sherman Act (15 U.S.C. 1 et seq.), the Clayton Act (15 U.S.C. 12, 13, 14–19, 20, 21, 22–27), the Federal Trade Commission Act (15 U.S.C. 41 et seq.), sections 73 and 74 of the Wilson Tariff Act (15 U.S.C. 8–9), and the Act of June 19, 1936, chapter 592 (15 U.S.C. 13, 13a, 13b, and 21a).

(Pub. L. 95–621, § 2, Nov. 9, 1978, 92 Stat. 3352.)

REFERENCES IN TEXT

The Natural Gas Act, and such Act, referred to in pars. (15), (16), (18)(A)(ii), (B)(i), (iii)(II), (23), is act June 21, 1938, ch. 556, 52 Stat. 821, as amended, which is classified generally to chapter 15B (§717 et seq.) of this title. For complete classification of this Act to the Code, see section 717w of this title and Tables.

Section 6 of the Emergency Natural Gas Act of 1977, referred to in par. (18)(B)(i)(I), is Pub. L. 95–2, § 6, Feb. 2, 1977, 91 Stat. 7, which was formerly set out in a note under section 717 of this title.

The Sherman Act (15 U.S.C. 1 et seq.), referred to in par. (37), is act July 2, 1890, ch. 647, 26 Stat. 209, as amended, which is classified to sections 1 to 7 of this

title. For complete classification of this Act to the Code, see Short Title note set out under section 1 of this title and Tables.

The Clayton Act (15 U.S.C. 12, 13, 14–19, 20, 21, 22–27), referred to in par. (37), is act Oct. 15, 1914, ch. 323, 38 Stat. 730, as amended, which is classified generally to sections 12, 13, 14 to 19, 20, 21, and 22 to 27 of this title, and sections 52 and 53 of Title 29, Labor. For further details and complete classification of this Act to the Code, see References in Text note set out under section 12 of this title and Tables.

The Federal Trade Commission Act (15 U.S.C. 41 et seq.), referred to in par. (37), is act Sept. 26, 1914, ch. 311, 38 Stat. 717, as amended, which is classified generally to subchapter I (§41 et seq.) of chapter 2 of this title. For complete classification of this Act to the Code, see section 58 of this title and Tables.

Act of June 19, 1936, chapter 592, referred to in par. (37), means act June 19, 1936, ch. 592, 49 Stat. 1526, popularly known as the Robinson-Patman Antidiscrimination Act and also as the Robinson-Patman Price Discrimination Act, which enacted sections 13a, 13b, and 21a of this title and amended section 13 of this title. For complete classification of this Act to the Code, see Short Title note set out under section 13 of this title and Tables.

SHORT TITLE OF 1989 AMENDMENT

Pub. L. 101–60, §1, July 26, 1989, 103 Stat. 157, provided that: “This Act [amending sections 3331, 3372, 3373, 3375, 3411, 3412, 3414, 3416, 3431, and 3432 of this title, repealing sections 3311 to 3320, 3331 to 3333, 3413, and 3417 of this title, and enacting provisions set out as notes under sections 3311 and 3372 of this title] may be cited as the ‘Natural Gas Wellhead Decontrol Act of 1989’.”

SHORT TITLE

Section 1 of Pub. L. 95–621 provided that: “This Act [enacting this chapter and amending section 7255 of Title 42, The Public Health and Welfare] may be cited as the ‘Natural Gas Policy Act of 1978’.”

SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in sections 717b, 3312, 3363, 3802 of this title; title 26 section 29.

SUBCHAPTER I—WELLHEAD PRICING

§§ 3311 to 3320, 3331 to 3333. Repealed. Pub. L. 101–60, §2(b), July 26, 1989, 103 Stat. 158

Section 3311, Pub. L. 95–621, title I, §101, Nov. 9, 1978, 92 Stat. 3356, related to inflation adjustments and other general price ceiling rules to be applied in establishing wellhead price controls.

Section 3312, Pub. L. 95–621, title I, §102, Nov. 9, 1978, 92 Stat. 3358; Pub. L. 102–154, title I, Nov. 13, 1991, 105 Stat. 1000, related to ceiling price for new natural gas and certain gas produced from Outer Continental Shelf.

Section 3313, Pub. L. 95–621, title I, §103, Nov. 9, 1978, 92 Stat. 3361, related to ceiling price for new, onshore production wells.

Section 3314, Pub. L. 95–621, title I, §104, Nov. 9, 1978, 92 Stat. 3362, related to a ceiling price for sales of natural gas dedicated to interstate commerce.

Section 3315, Pub. L. 95–621, title I, §105, Nov. 9, 1978, 92 Stat. 3363, related to ceiling price for sales under intrastate contracts existing on Nov. 8, 1978.

Section 3316, Pub. L. 95–621, title I, §106, Nov. 9, 1978, 92 Stat. 3365, related to ceiling price for sales under rollover contracts.

Section 3317, Pub. L. 95–621, title I, §107, Nov. 9, 1978, 92 Stat. 3366, related to ceiling price for high-cost natural gas.

Section 3318, Pub. L. 95–621, title I, §108, Nov. 9, 1978, 92 Stat. 3367, related to ceiling price for stripper well natural gas.

Section 3319, Pub. L. 95–621, title I, §109, Nov. 9, 1978, 92 Stat. 3368, related to ceiling price for other categories of natural gas.

Section 3320, Pub. L. 95–621, title I, §110, Nov. 9, 1978, 92 Stat. 3368, related to treatment of State severance taxes and certain production-related costs.

Section 3331, Pub. L. 95–621, title I, §121, Nov. 9, 1978, 92 Stat. 3369; Pub. L. 101–60, §2(a), July 26, 1989, 103 Stat. 157, provided for elimination of price controls for certain natural gas sales.

Section 3332, Pub. L. 95–621, title I, §122, Nov. 9, 1978, 92 Stat. 3370, related to standby price control authority.

Section 3333, Pub. L. 95–621, title I, §123, Nov. 9, 1978, 92 Stat. 3371, related to reports to Congress by Department of Energy.

EFFECTIVE DATE OF REPEAL

Section 2(b) of Pub. L. 101–60 provided that the repeal of sections 3311 to 3320 and 3331 to 3333 is effective Jan. 1, 1993.

SUBCHAPTER II—INCREMENTAL PRICING

§§ 3341 to 3348. Repealed. Pub. L. 100–42, §2(a), May 21, 1987, 101 Stat. 314

Section 3341, Pub. L. 95–621, title II, §201, Nov. 9, 1978, 92 Stat. 3371, required Commission to prescribe and make effective a rule designed to provide for pass-through of costs of natural gas, with respect to boiler fuel use of natural gas by industrial boiler fuel facilities, not later than 12 months after Nov. 9, 1978.

Section 3342, Pub. L. 95–621, title II, §202, Nov. 9, 1978, 92 Stat. 3372, required Commission to prescribe an amendment to rule required under section 3341 of this title, which would expand its application to other industrial uses, not later than 18 months after Nov. 9, 1978.

Section 3343, Pub. L. 95–621, title II, §203, Nov. 9, 1978, 92 Stat. 3373, enumerated acquisition costs subject to passthrough requirements of rule prescribed under section 3341 of this title.

Section 3344, Pub. L. 95–621, title II, §204, Nov. 9, 1978, 92 Stat. 3375, related to method of passthrough.

Section 3345, Pub. L. 95–621, title II, §205, Nov. 9, 1978, 92 Stat. 3376, related to direct passthrough of surcharges paid by local distributors on natural gas delivered by interstate pipelines to industrial facilities served by such local distributors.

Section 3346, Pub. L. 95–621, title II, §206, Nov. 9, 1978, 92 Stat. 3379, enumerated exemptions from application of rule required under section 3341 of this title.

Section 3347, Pub. L. 95–621, title II, §207, Nov. 9, 1978, 92 Stat. 3380, related to application of section 3343 to certain natural gas and liquefied natural gas imports.

Section 3348, Pub. L. 95–621, title II, §208, Nov. 9, 1978, 92 Stat. 3381, directed that Alaska natural gas be allocated to rates and charges of interstate pipelines in accordance with certain general principles applicable on Nov. 9, 1978, for establishing rates.

REPEAL OF INCREMENTAL PRICING REQUIREMENTS

Section 2 of Pub. L. 100–42 provided that:

“(a) REPEAL.—Subject to subsections (b) and (c) of this section, title II of the Natural Gas Policy Act of 1978 (15 U.S.C. 3341–3348) is repealed, and the items relating to title II are stricken from the table of contents of that Act.

“(b) LIMITED CONTINUING EFFECT OF RULES.—A rule promulgated by the Federal Energy Regulatory Commission, under title II of the Natural Gas Policy Act of 1978 shall continue in effect only with respect to the flowthrough of costs incurred before the enactment of this section [May 21, 1987], including any surcharges based on such costs.

“(c) IMPLEMENTATION.—The Federal Energy Regulatory Commission may take appropriate action to implement this section.”

SUBCHAPTER III—ADDITIONAL AUTHORITIES AND REQUIREMENTS

SUBCHAPTER REFERRED TO IN OTHER SECTIONS

This subchapter is referred to in title 42 section 7511a.