SEC. 2805. PRODUCTION AND USE OF NATURAL GAS AT FORT KNOX, KENTUCKY.

(a) IN GENERAL.—Chapter 449 of title 10, United States Code, is amended by adding at the end the following new section:

"§ 4781. Natural gas: production, treatment, management, and use at Fort Knox, Kentucky

"(a) AUTHORITY.—The Secretary of the Army may provide, by contract or otherwise, for the production, treatment, management, and use of natural gas located under Fort Knox, Kentucky, without regard to section 3 of the Mineral Leasing Act for Acquired Lands (30 U.S.C. 352).

"(b) LIMITATION ON USES.—Any natural gas produced under the authority of subsection (a) may only be used to support activities and operations at Fort Knox and may not be sold for use elsewhere.

"(c) OWNERSHIP OF FACILITIES.—The Secretary of the Army may take ownership of any gas production and treatment equipment and facilities and associated infrastructure from a contractor in accordance with the terms of a contract or other agreement entered into pursuant to subsection (a).

"(d) NO APPLICATION ELSEWHERE.—The authority provided by this section applies only with respect to Fort Knox, Kentucky, and nothing in this section shall be construed as authorizing the production, treatment, management, or use of natural gas resources underlying any Department of Defense installation other than Fort Knox.

"(e) APPLICABILITY.—The authority of the Secretary of the Army under this section is effective as of August 2, 2007.".

(b) CLERICAL AMENDMENT.—The table of sections at the beginning of such chapter is amended by adding at the end the following new item:

"4781. Natural gas: production, treatment, management, and use at Fort Knox, Kentucky.".

Section-by-Section Analysis

This proposal would specifically authorize production, treatment, management, and use by the Secretary of the Army of natural gas underlying certain lands within Fort Knox, Kentucky. This proposal only applies to Fort Knox and does not extend to natural gas development at any other military installation. The development of natural gas resources underlying Federal lands is generally the responsibility of the Department of the Interior. This proposal provides an exception for previously existing natural gas development at Fort Knox.

Subsection (a) of the proposal would add a new section to chapter 449 of title 10, United States Code, relating to Real Property under the jurisdiction of the Secretary of the Army.

Subsection (a) of the new title 10 section would provide general authority and exempt the contracts or agreements from section 3 of the Mineral Leasing Act for Acquired Lands (30 U.S.C. 352).

Subsection (b) of the new title 10 section would provide certain restrictions concerning the use of the natural gas produced under subsection (a).

Subsection (c) of the new title 10 section would provide authority to the Secretary of the Army to take ownership of certain equipment, facilities, and infrastructure from a contractor in accordance with the terms of a contract or other agreement entered into under the authority provided by subsection (a).

Subsection (d) of the new title 10 section would state that the authority provided by the new section applies only with respect to Fort Know, Kentucky, and that nothing in the new section shall be construed as authorizing the production, treatment, management, or use of natural gas resources underlying any Department of Defense installation other than Ft. Knox.

Subsection (e) of the new title 10 section would provide that the authority under the new section is retroactive to 2007, clarifying the status of previous agreements entered into at Fort Knox since that time.

Budgetary Implications: This proposal would have no budgetary effects as it is legitimizing the authority for existing contracts. If this proposal is approved, these contracts will continue with no adjustments. The current contract will result in an estimated $1.3-3.775 million in savings over the next five years (the growth in anticipated savings results from the utility company approaching Ft. Knox since this proposal was initially submitted pricing natural gas at a significantly increased cost to deliver the same commodity currently supplied at a lower rate). However, if this proposal is not adopted, the Army will be forced to terminate the current functioning contract resulting in significant associated cancellation costs, in addition to higher

costs for replacement natural gas.

RESOURCE REQUIREMENTS									
	FY16	**FY17**	**FY18**	**FY19**	**FY20**	**Appropriation From**	**Budget Activity**	**Dash-1 Line Item**	**Program Element**
Army	0	0	0	0	0				
Total	0	0	0	0	0				

Changes to Existing Law: This proposal would add a new section to chapter 449 of title 10, United States Code, as shown above.