

June 21, 2010

Chairman Jeff Bingaman on Introduction of the
Outer Continental Shelf Reform Act of 2010

“Mr. President, today I am pleased to introduce the Outer Continental Shelf Reform Act of 2010. This Act takes a number of important steps to ensure that the Outer Continental Shelf will be managed in a balanced, prudent and vigilant way, to ensure energy production, safety and protection of the environment. Its goal is to create a culture of excellence in this endeavor that benefits those who work in the oil industry, those who depend on other marine resources, and all Americans who care deeply about our oceans and coastal environment.

“This legislation is being introduced against the backdrop of oil still gushing into the Gulf of Mexico more than 60 days after the initial explosion of the Deepwater Horizon rig. As the Congress formulates its overall response to this disaster, its first order of business must be to continue to care for the families of those who lost their lives in the rig explosion and those Gulf residents who are suffering every day through loss of livelihood and of places and wildlife that they love. Several Senate committees have important roles to play in formulating legislation in that regard.

“At the same time, it also is essential that we look to the future, and to creating a better structure and system within the regulatory agency. That is a particular responsibility of the Committee on Energy and Natural Resources. One goal must be, of course, to prevent future disasters. But we can and must do more than that.

“Congress should create organizational resources and a set of principles and requirements that will have safety, environmental protection and innovation at its core. We should require that both industry and agency employees have the expertise, experience and commitment to quality necessary to handle the complex issues involved. If we do this right, it is my hope that we can see tangible results on all fronts, and a shift away from the cascade of failures that led to the Deepwater Horizon accident and towards work of the highest quality.

“Thus, this bill clarifies the multiple responsibilities of the Department of the Interior in managing the Outer Continental Shelf – appropriate energy and other economic development and the protection of human health and safety and the marine and coastal environment. It reforms the structure of the regulatory apparatus of the Department consistent with these responsibilities. The new organizational structure requires that the Department avoid organizational conflicts of interest between its revenue-raising missions and its planning, permitting and regulatory missions.

“The bill increases the safety requirements for drilling wells, focusing on best available technology, a systems analysis, risk assessment, an evidentiary safety case and a full engineering review. In furtherance of the development of these standards and the evolution of new and better technology, it requires new research programs within the Department, independent of the leasing program, whose data must be considered by the regulators. And it provides dedicated funding for the highest priority research, including in the areas of well control and spill response, and an independent science advisory board outside the agency to provide oversight.

“It establishes new requirements for investigation of all accidents and the public sharing of data from those reviews so that all can learn from mistakes before they become major problems. It allows the National Transportation Safety Board to provide an independent and highly skilled investigation of any accident at the request of the Secretary.

“In order to fully enforce the safety requirements, the bill imposes an inspection fee on industry participants to fully fund enough well-trained inspectors to perform real and meaningful inspections more often. It also increases the sanctions on poor operators, including increased civil and criminal penalties applicable to those who violate the law, and the financial responsibility requirements to ensure that those who participate in development of the Outer Continental Shelf can afford to pay for any damage they cause.

“The bill provides the Department of the Interior with adequate time to carry out necessary reviews, clarifies the issues that need to be addressed, and makes the input of other Federal agencies occur in a transparent way. In this way, the process will have more predictability, and all stakeholders will have greater understanding of what is under consideration. The result will be better decisions that will be capable of being implemented with greater certainty.

“Finally, the bill takes steps to ensure that the taxpayers will get a fair return for development of energy resources. The Secretary will be required to regularly review the amounts of royalties and other charges applicable to those developing the Outer Continental Shelf, compare them to charges levied by states and other countries, and consider whether adjustments are necessary to achieve fair fiscal policies.

“I believe these policies and resources can set us on a new and constructive path toward managing the incredible natural resources of the Outer Continental Shelf. I welcome ideas from others that may enhance our ability in this regard. We must commit ourselves to the goal of excellence in this important endeavor. We start today.”