

S 3516

Outer Continental Shelf Reform Act of 2010

Congress: 111 (2009–2011, Ended)

Chamber: Senate

Policy Area: Energy

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Sponsor

Name: Sen. Bingaman, Jeff [D-NM]

Party: Democratic • **State:** NM • **Chamber:** Senate

Cosponsors (3 total)

Cosponsor	Party / State	Role	Date Joined
Sen. Dorgan, Byron L. [D-ND]	D · ND		Jun 21, 2010
Sen. Murkowski, Lisa [R-AK]	R · AK		Jun 21, 2010
Sen. Stabenow, Debbie [D-MI]	D · MI		Jun 23, 2010

Committee Activity

Committee	Chamber	Activity	Date
Energy and Natural Resources Committee	Senate	Reported By	Jul 28, 2010

Subjects & Policy Tags

Policy Area:

Energy

Related Bills

Bill	Relationship	Last Action
111 S 3663	Related bill	Jul 29, 2010: Read the second time. Placed on Senate Legislative Calendar under General Orders. Calendar No. 493.
111 S 3643	Related bill	Jul 26, 2010: Read the second time. Placed on Senate Legislative Calendar under General Orders. Calendar No. 483.
111 S 3509	Related bill	Jun 24, 2010: Committee on Energy and Natural Resources. Hearings held.

Outer Continental Shelf Reform Act of 2010 - (Sec. 5) Amends the Outer Continental Shelf Lands Act (OCSLA) to establish two bureaus to implement leasing, permitting, and safety and environmental regulatory functions.

Directs the Secretary of the Interior (Secretary in this section and Sec. 6) to establish: (1) an office to carry out royalty and revenue management functions; and (2) an Outer Continental Shelf Safety and Environmental Advisory Board.

Authorizes the Secretary to: (1) recruit and directly appoint highly qualified critical technical personnel upon a determination that there is a severe shortage of candidates or a critical hiring need for particular positions; and (2) approve re-employment of civilian retirees to carry out a critical functions under this Act.

Transfers to such bureaus and offices the duties and authorities of the Minerals Management Service.

(Sec. 6) Directs the Secretary to: (1) prescribe and amend rules and regulations addressing operational safety and protection of the marine and coastal environment; (2) review minimum financial responsibility requirements for mineral leases, adjusted for inflation, every five years; (3) review and report every four years on royalty and rental rates included in new offshore oil and gas leases and the rationale for such rates; and (4) review and report to certain congressional committees every four years regarding all components of the federal offshore oil and gas fiscal system (including requirements for bonus bids, rental rates, royalties, oil and gas taxes, income taxes and other significant financial elements, and oil and gas fees).

Revises due diligence requirements to prohibit submission of a bid for a lease by any entity that the Secretary finds: (1) is not meeting due diligence, safety, or environmental requirements on other leases; or (2) is a responsible party for a vessel or a facility from which oil is discharged and has failed to meet its obligations to provide compensation for covered removal costs and damages.

Sets forth minimum requirements for approval of an exploration plan, including: (1) a statement of the design and condition of major safety-related pieces of equipment, and that it meets the best available technology requirements; (2) a scenario for the potential blowout of the well involving the highest expected volume of liquid hydrocarbons; (3) a response plan to control the blowout and manage the accompanying discharge of hydrocarbons; and (4) the technology and timeline for regaining control of the well.

Cites requirements for a deepwater operations plan, including a technical systems analysis of: (1) the safety of the proposed exploration activity; (2) the blowout prevention technology; and (3) the blowout and spill response plans.

Prohibits the Secretary from granting a drilling permit unless certain conditions are met, including of a full review of the well system by at least two agency engineers and a written determination that: (1) critical safety systems (including blowout prevention) will use best available technology; and (2) blowout prevention systems will include redundancy and remote triggering capability. Requires as well approval of a safety and environmental management plan that includes designation of at least two environmental and safety managers who are employees of the operator, who would be present on the rig at all times, and have overall responsibility for the safety and environmental management of the well system and spill response plan.

Cites circumstances under which the Secretary shall disapprove an exploration plan.

Requires the schedule for an Outer Continental Shelf (OCS) oil and gas leasing program to include a location of leasing

activity which the Secretary determines best meets the need for the protection of the marine and coastal environment and resources.

Directs the Secretary to: (1) implement a program of research and development to ensure continued improvement of methodologies for characterizing OCS resources and conditions that may affect the ability to develop and use them in a safe, sound, and environmentally responsible manner; (2) carry out programs for the collection, evaluation, assembly, analysis, and dissemination of environmental and other resource data to implement this Act; (3) require, on all new and existing drilling and production operations, the use of the best available and safest technologies and practices, if the failure of equipment would have a significant effect on safety, health, or the environment; (4) publish periodically an updated list of best available technologies for key areas of well design and operation; and (5) promulgate regulations requiring a safety case be submitted along with each new application for a permit to drill on the OCS.

Requires the Secretary to promulgate regulations setting standards for training for all workers on offshore facilities (including mobile offshore drilling units) conducting OCS energy and mineral resource exploration, development, and production operations.

Directs the Secretary to carry out a program of research, development, and risk assessment to address technology and development issues associated with OCS energy and mineral resource activities with the primary purpose of informing the role of research, development, and risk assessment relating to safety, environmental protection, and spill response.

Directs the Secretary to investigate any allegation from any employee of the lessee or its subcontractor.

Authorizes the National Transportation Safety Board (NTSB) to conduct an independent investigation of any accident occurring in the OCS involving activities under OCSLA.

Requires all data and reports related to an incident investigated under this Act to be maintained in a public database.

Directs the Secretary to: (1) collect a non-refundable inspection fee for facilities inspections from OCS facilities operators; and (2) deposit such fee into the Ocean Energy Enforcement Fund (established under this Act).

Increases: (1) civil penalties for noncompliance with this Act from \$20,00 per day to \$75,000 per day, adjusted for inflation; and (2) criminal penalties from a total of \$100,000 to \$10 million, adjusted for inflation. Subjects corporate officers and agents to civil and criminal liability for reckless disregard in authorizing, ordering, or carrying out a proscribed activity.

Requires facilities operating in the Gulf of Mexico to comply with OCSLA requirements.

Expands conflicts of interest restrictions binding upon former Department of the Interior staff. Subjects violations of such restrictions to civil and criminal penalties.

(Sec. 7) Instructs the Secretary of Energy (DOE) to study and report to Congress regarding the effect of the moratoria resulting from the April 20, 2010, blowout and explosion of the mobile offshore drilling unit *Deepwater Horizon*.

(Sec. 9) Amends the Energy Policy Act of 2005 to direct the Secretary of Energy to implement: (1) a deepwater (in lieu of ultra-deepwater) technologies research and development program, which addresses technology challenges for well control and accident prevention; and (2) research to support such activities.

Revises the petroleum resources research and development program to: (1) replace ultra-deepwater activities with

deepwater architecture, well control and accident prevention, and deepwater technology, including drilling to deep formations in waters greater than 500 feet (currently, greater than 15,000 feet); and (2) replace complementary research performed by the National Energy Technology Laboratory with safety and environmental technology research and development for drilling activities aimed at well control and accident prevention performed by the DOE Office of Fossil Energy.

Transfers program review and oversight functions from the National Energy Technology Laboratory to the Office of Fossil Energy.

Directs the Secretary of Energy to ensure the safe and environmentally responsible production of domestic natural gas and other petroleum resources.

Revises requirements for focus areas for awards for research, development, and demonstration to include: (1) individual deepwater resources exploration and production technologies aimed at improving operational safety and reducing environmental impacts of exploration and production activities; (2) nontoxic materials for use in exploration and production activities; (3) accident prevention and environmental mitigation of unconventional natural gas and other petroleum resources exploration and production; and (4) safety and accident prevention technology research and development, with special attention to small producers.

Requires awards from certain allocations to be expended on areas including: (1) development of improved cementing and casing technologies; (2) best management practices for cementing, casing, and other well control activities and technologies; (3) development of integrity and stewardship guidelines for well-plugging and abandonment, development of wellbore sealant technologies, and improvement and standardization of blowout prevention devices.

Directs the Secretary of Energy to arrange with the National Academy of Sciences to study: (1) whether the benefits provided through each award during calendar 2011 have been maximized; and (2) new areas of research that could be implemented to meet program objectives.

Replaces the Ultra-Deepwater Advisory Committee and the Unconventional Resources Technology Advisory Committee with a Program Advisory Committee.

Renames the Ultra-Deepwater and Unconventional Natural Gas and Other Petroleum Research Fund as the Safe Oil and Gas Production and Accident Prevention Research Fund. Revises the allocation formula for amounts obligated from the Fund to increase the allocation for safety technology research and development.

(Sec. 10) Establishes in the legislative branch the National Commission on Outer Continental Shelf Oil Spill Prevention to report to the President and Congress regarding the *Deepwater Horizon* explosion and oil spill of 2010, including recommendations for corrective measures. Authorizes appropriations.

(Sec. 11) Directs the Secretary and the Secretary of the Department in which the Coast Guard is operating to issue joint regulations that require OCS exploration and production systems (including mobile offshore drilling units, fixed and floating drilling or production facilities, and drilling systems, among other equipment) to meet standards that: (1) protect the health and safety of workers; and (2) prevent environmental degradation.

Requires such standards to be verified through certification and classification by independent third parties which are preapproved by the two Secretaries and have no financial conflict of interest in conducting their duties.

Actions Timeline

- **Jul 28, 2010:** Committee on Energy and Natural Resources. Reported by Senator Bingaman with amendments. With written report No. 111-236.
- **Jul 28, 2010:** Placed on Senate Legislative Calendar under General Orders. Calendar No. 492.
- **Jun 30, 2010:** Committee on Energy and Natural Resources. Ordered to be reported with amendments favorably.
- **Jun 24, 2010:** Committee on Energy and Natural Resources. Hearings held.
- **Jun 21, 2010:** Introduced in Senate
- **Jun 21, 2010:** Sponsor introductory remarks on measure. (CR S5206-5207)
- **Jun 21, 2010:** Read twice and referred to the Committee on Energy and Natural Resources. (text of measure as introduced: CR S5207-5211)