

**FLOOR STATEMENT OF  
THE HONORABLE JAMES L. OBERSTAR  
THE AMENDMENT IN THE NATURE OF A SUBSTITUTE TO H.R. 3534,  
THE “CONSOLIDATED LAND, ENERGY, AND AQUATIC RESOURCES ACT OF 2010”  
JULY 30, 2010**

Madam Speaker, I rise today in strong support of the amendment in the nature of a substitute to H.R. 3534, the “Consolidated Land, Energy, and Aquatic Resources Act of 2010”. The amendment to H.R. 3534 is a joint product of several committees dealing with issues within their jurisdiction. I commend Chairman Rahall of the Committee on Natural Resources and Chairman Waxman of the Committee on Energy and Commerce, for their significant contributions to this legislation, which substantially strengthens the laws and agencies responsible. Title VII of the bill incorporates H.R. 5629, the “Oil Spill Accountability and Environmental Protection Act of 2010”, which the Committee on Transportation and Infrastructure reported on a bipartisan basis on July 1, 2010.

On April 20, 2010, a blowout from the mobile offshore drilling unit (MODU), the *Deepwater Horizon*, led to an explosion in the Gulf of Mexico that left 11 crew members missing and presumed dead. In light of the April 20 explosion and the subsequent release of several million gallons of oil into the Gulf of Mexico, the Committee on Transportation and Infrastructure has held three hearings investigating the potential causes of this disaster, and exploring potential changes to the laws and

agencies under the Committee's jurisdiction to ensure that a similar event cannot happen in the future.

While the causes of the explosion aboard the *Deepwater Horizon*, and its eventual sinking, remain under investigation, the hearings that the Committee on Transportation and Infrastructure held uncovered numerous shortcomings in current law that may have allowed the causes of this disaster to be set in motion.

For example, the Committee received testimony on how the MODU, *Deepwater Horizon*, was registered in the Marshall Islands and, therefore, was not subjected to as rigorous of a vessel safety inspection by the Coast Guard as a similar U.S.-flag vessel. The Committee also learned that apparent shortcuts were taken in the development, approval, and implementation of oil spill response plans for the *Deepwater Horizon* drilling operation, and, in hindsight, these response plans were wholly inadequate to address a worst-case scenario involving a blowout from the well head.

The *Deepwater Horizon* disaster has also demonstrated that the current limits of liability, including the levels of financial responsibility for responsible parties, are insufficient to address a potential worst-case scenario on the release of oil for offshore facilities, and has called into question the current limits of liability for other vessels as well. With the costs of the *Deepwater Horizon* disaster expected to be in the tens of

billions, and the agreement by BP to set aside \$20 billion in escrow to cover potential costs related to the spill, it is clear that the \$75 million liability cap for offshore facilities needs to be eliminated.

The Committee on Transportation and Infrastructure has also investigated the unprecedented use of more than 1.8 million gallons of chemical dispersants in relation to the *Deepwater Horizon* disaster, and we have called into question the potential short- and long-term impacts that increased use of these dispersants may have on the Gulf of Mexico and the natural resources that utilize this area.

Title VII includes several provisions to address liability and financial responsibility; improvements in safety; increased oversight of oil spill responses; and improvements in environmental protection.

On liability and financial responsibility, Title VII repeals or adjusts the existing limitations on liability for offshore facilities (such as the *Deepwater Horizon* rig) and vessels to ensure that the responsible party or parties (e.g., BP) will be responsible for 100 percent of the cleanup costs and damages to third parties. This provision applies to claims brought before the date of enactment provided that such claims are brought within the limitation period applicable to the claim.

This legislation also increases the minimum level of financial responsibility for an offshore facility (such as the *Deepwater Horizon* rig) to \$300 million. However, under this provision, the President is allowed to require a responsible party to provide evidence of financial responsibility that is less than \$300 million under certain circumstances, as long as those limits are not less than \$105 million for a deepwater facility, or \$30 million for a shallow water facility. The President is also tasked with reviewing the minimum level of financial responsibility for an offshore facility every three years, and revising the level upward to reflect the potential risk of a release to human health and the environment.

With respect to improving maritime safety, Title VII requires that all vessels (including MODUs) engaged in oil drilling activities in the U.S. Exclusive Economic Zone (EEZ) (200-mile zone) be U.S.-flag vessels owned by U.S. citizens. This “Americanization” of the EEZ fleet ensures that the vessels are subject to U.S. safety regulations and that all of these vessels employ U.S. citizens (who, thus, pay U.S. taxes). Title VII also requires all offshore facilities to be built in the United States. The bill mandates that the safety management plan for a MODU address all activities on the vessel that may affect the seaworthiness of the vessel in a worst-case event, and increases the knowledge requirements for licensed masters of a MODU. Finally, this legislation addresses my concern about accountability for drilling-vessel operational

safety by requiring the Coast Guard to concur in the oil spill response plan for an offshore facility (the well).

On the issue of increased oversight of oil spill responses, Title VII requires that the Environmental Protection Agency (EPA), the Coast Guard, the Department of the Interior, and the Department of Transportation (DOT) have the authority to require owners and operators of vessels and facilities engaged in oil-related activities to submit their oil response plans for approval, and make the plans publicly available. This legislation also directs the respective agencies to critically evaluate individual response plans, and to reject or require revisions to those plans that are found to be deficient in preventing or addressing potential discharges of oil or hazardous substances.

On the issue of improvements in environmental protections, Title VII requires EPA to take a more rigorous review of the chemical dispersants that might be used in a future oil spill. The bill also provides for a temporary moratorium on the use of dispersants, except that, while the review is underway, the EPA may conditionally approve the use of dispersant under certain circumstances.

Today marks the 102<sup>nd</sup> day since the *Deepwater Horizon* exploded and sank into the Gulf of Mexico. In that time, an estimated more than **five million barrels** (or

**210 million gallons**) of oil have been released from the well head, making the *Deepwater Horizon* disaster the single largest domestic release of oil in our nation's history – over five times larger than the *Exxon Valdez* release that predicated the enactment of the Oil Pollution Act of 1990.

In 1990, the House of Representatives voted overwhelmingly (375-5) to put in place the protections of the Oil Pollution Act to prevent similar massive releases of oil from tankers from occurring again. Fortunately, this nation has been successful in this effort. However, the events of the *Deepwater Horizon* have demonstrated that Federal laws are inadequate to prevent or to adequately respond to a massive release from the sea floor.

The American people demand that we come together, again, to address this emerging challenge to our nation's future.

I strongly urge my colleagues to join me in supporting this bill.