

PUTTING THE GULF OF MEXICO BACK TO WORK ACT

MAY 2, 2011.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. HASTINGS of Washington, from the Committee on Natural Resources, submitted the following

R E P O R T

together with

DISSENTING VIEWS

[To accompany H.R. 1229]

[Including cost estimate of the Congressional Budget Office]

The Committee on Natural Resources, to whom was referred the bill (H.R. 1229) to amend the Outer Continental Shelf Lands Act to facilitate the safe and timely production of American energy resources from the Gulf of Mexico, having considered the same, report favorably thereon with an amendment and recommend that the bill as amended do pass.

The amendment is as follows:

At the end of title I add the following:

SEC. 102. EXTENSION OF CERTAIN OUTER CONTINENTAL SHELF LEASES.

(a) DEFINITION OF COVERED LEASE.—In this section, the term “covered lease” means each oil and gas lease for the Gulf of Mexico outer Continental Shelf region issued under section 8 of the Outer Continental Shelf Lands Act (43 U.S.C. 1337) that—

(1)(A) was not producing as of April 30, 2010; or

(B) was suspended from operations, permit processing, or consideration, in accordance with the moratorium set forth in the Minerals Management Service Notice to Lessees and Operators No. 2010–N04, dated May 30, 2010, or the decision memorandum of the Secretary of the Interior entitled “Decision memorandum regarding the suspension of certain offshore per-

mitting and drilling activities on the Outer Continental Shelf” and dated July 12, 2010; and

(2) by its terms would expire on or before December 31, 2011.

(b) EXTENSION OF COVERED LEASES.—The Secretary of the Interior shall extend the term of a covered lease by 1 year.

(c) EFFECT ON SUSPENSIONS OF OPERATIONS OR PRODUCTION.—The extension of covered leases under this section is in addition to any suspension of operations or suspension of production granted by the Minerals Management Service or Bureau of Ocean Energy Management, Regulation and Enforcement after May 1, 2010.

PURPOSE OF THE BILL

The purpose of H.R. 1229 is to amend the Outer Continental Shelf Lands Act to facilitate the safe and timely production of American energy resources from the Gulf of Mexico.

BACKGROUND AND NEED FOR LEGISLATION

Following the Deepwater Horizon explosion, in May 2010 the Obama Administration placed a moratorium on all shallow-water and deepwater drilling in the Gulf of Mexico (GOM). Despite officially lifting the moratorium in October 2010, the Obama Administration continued to slow-walk the permitting process, imposing a *de facto* moratorium, and keeping thousands of Americans out of work in the process.

Prior to the Deepwater Horizon incident, there were 52 approved and pending permits for drilling in the GOM. Since the time the Administration officially lifted the moratorium in October, there only 10 permits for deepwater drilling in the GOM had been issued by the middle of April 2011. Of these 10, only two were a permit for new deepwater exploration; seven permits were simply reissued for projects that had previously been approved prior to the Deepwater Horizon incident. This means that 10 months later, over 40 projects that were approved and underway remain stalled.

Furthermore, prior to the Deepwater Horizon incident, there were 33 deepwater exploration rigs in the GOM. Since the Administration’s actions in 2010, 12 rigs (seven deepwater, five shallow) have moved out of the GOM, bound for other regions, each taking with it hundreds, and potentially thousands, of jobs.

In February 2011, Seahawk Drilling, which owned and operated 20 rigs in the GOM, declared Chapter 11 bankruptcy due to the Obama Administrations *de facto* moratorium. According to the company’s president:

The government’s drastic slowdown in the issuance of permits for shallow-water drilling operations—in which companies work in familiar geological formations, typically in less than 500 feet of water, mostly seeking to produce natural gas—has all but crippled the industry . . . Seahawk’s bankruptcy risks the jobs of more than 500 loyal employees, a number already diminished 50 percent from pre-spill levels because of attempts to save the company by cutting payrolls since last April.

According to the Obama Administration's own estimates, the six-month "official moratorium" (May-October 2010) on drilling cost up to 12,000 American jobs. However, the long-term impacts of the *de facto* moratorium could be significantly higher. A study by Dr. Joseph Mason of Louisiana State University predicts that if the *de facto* moratorium were sustained for 18 months, there could be a loss of 36,137 jobs nationwide, with 24,532 jobs lost in the Gulf Coast region alone.

According to the Louisiana Mid-Continent Oil and Gas Association, each drilling platform averages 90–140 employees at any one time (two shifts per day), and 180–280 for two two-week shifts. Additionally, each exploration and production job supports four other positions; therefore, 800–1,400 jobs per idle rig platform are at risk if production does not resume as soon as possible. Wages for those jobs average \$1,804 weekly, making potential lost wages more than \$5–10 million per month, per platform.

The Obama Administration's glacial pace in issuing permits is crippling the offshore industry and causing thousands of Americans to remain out of work. The 30 and 60 day timelines in H.R. 1229 are absolutely necessary to prevent the Administration from continuing to slow-walk the permitting process and to prevent future *de facto* moratoria. The Administration's permitting pace has even been challenged in the courts. In February, a New Orleans judge gave the Administration 30 days to act on five GOM drilling permits, calling the delays "increasingly inexcusable," and stating, "The government is under a duty to act by either granting or denying a permit application within a reasonable time . . . [N]ot acting at all is not a lawful option."

This legislation does not require the Administration to automatically reissue permits. Rather it simply requires the Secretary of the Interior to review existing and new permit applications in a timely manner. Prior to April 2010, the Administration typically approved permits, certifying that all environmental and safety applications had been demonstrated, in five to 15 days. Therefore, the up to 60 days provided in H.R. 1229 to make a decision is sufficient and prevents the imposition of a *de facto* moratorium. The 60-day deadline ensures timely answers will be provided on permit applications—either yes or no. As requested by the Administration, Congress voted to increase the Department of the Interior's budget for Fiscal Year 2011 to ensure the agency has the resources to ensure a continuous, reliable permitting process.

By writing two safety reforms into law, H.R. 1229 will make drilling safer and requires more rigorous oversight by amending the Outer Continental Shelf Lands Act to require, for the first time in law, that oil and gas lease holders receive an approved permit to drill before drilling an offshore well in all federal waters. Moreover, it specifically requires the Secretary of the Interior to conduct a "safety review" to ensure proposed drilling operations "meet all critical safety system requirements, including blowout prevention, and oil spill response and containment requirements."

To prevent costly and time-consuming lawsuits from delaying progress in offshore energy production, the legislation provides for an expedited hearing process in the legal system. Legal rights are protected and any concerned citizen or group will be able to have his or her day in court. H.R. 1229 will simply expedite the legal

process so that the issue can be resolved and offshore production, which is critical to keeping Americans employed and ensuring a reliable domestic supply of oil and natural gas, can steadily continue. It is important too that the Obama Administration's official and *de facto* moratoria are not replaced by never-ending lawsuits aimed at stalling or blocking American offshore energy production.

As a result of an amendment adopted during Committee consideration of this bill, H.R. 1229 also extends the terms of leases expiring in 2011 by one additional year. This extension is in addition to any suspension of operations or production granted by the Secretary of the Interior after May 1, 2010. After the Obama Administration imposed the moratorium and would no longer issue permits, the Secretary should have directly suspended oil and gas leases already existing in the GOM. If no permits were to be issued for GOM leases, the lease terms should have been extended to ensure fair treatment and prevent companies from investing millions of dollars for no return. Furthermore, with the uncertainty of future lease sales, if these leases expire, it is unclear when, if ever, those areas will come back up for leasing. The Obama Administration has refused to give fair treatment to leaseholders whose production and permits were unilaterally and completely halted or blocked during the moratorium.

COMMITTEE ACTION

H.R. 1229, the Putting the Gulf of Mexico Back to Work Act, was introduced on March 29, 2011, by Natural Resources Committee Chairman Doc Hastings (R-WA). The bill was referred primarily to the Committee on Natural Resources, and additionally to the Committee on the Judiciary. Within the Committee on Natural Resources, the bill was referred to the Subcommittee on Energy and Mineral Resources. On April 6, 2011, that Subcommittee held a hearing on the bill. On April 13, 2011, the Full Natural Resources Committee met to consider the bill. The Subcommittee on Energy and Mineral Resources was discharged by unanimous consent. Congressman Rush Holt (D-NJ) offered amendment designated 003 to the bill; the amendment was not adopted by a roll call vote of 15–25, as follows:

Committee on Natural Resources
U.S. House of Representatives
112th Congress

Date: April 13, 2011

Recorded Vote #: 1

Meeting on / Amendment: **HR 1229** – Amendment offered by **Mr. Holt.003** was NOT AGREED TO by a roll call vote of 15 yeas and 25 nays.

MEMBERS	Yea	Nay	Pres	MEMBERS	Yea	Nay	Pres
Mr. Hastings, WA Chairman		X		<i>Mr. Heinrich, NM</i>	X		
<i>Mr. Markey, MA Ranking</i>	X			Mr. Benishek, MI		X	
Mr. Young, AK				<i>Mr. Lujan, NM</i>	X		
<i>Mr. Kildee, MI</i>	X			Mr. Rivera, FL			
Mr. Duncan of TN		X		<i>Mr. Sarbanes, MD</i>	X		
<i>Mr. Defazio, OR</i>	X			Mr. Duncan of SD		X	
Mr. Gohmert, TX		X		<i>Ms. Sutton, OH</i>	X		
<i>Mr. Faleomavaega, AS</i>				Mr. Tipton, CO		X	
Mr. Bishop, UT		X		<i>Ms. Tsongas</i>			
<i>Mr. Pallone, NJ</i>	X			Mr. Gosar, AZ		X	
Mr. Lamborn, CO		X		<i>Mr. Pierluisi, PR</i>			
<i>Mr. Napolitano, CA</i>	X			Mr. Labrador, ID		X	
Mr. Wittman, VA		X		<i>Mr. Garamendi, CA</i>	X		
<i>Mr. Holt, NJ</i>	X			Ms. Noem		X	
Mr. Broun, GA		X		<i>Ms. Hanabusa, HI</i>	X		
<i>Mr. Grijalva, AZ</i>	X			Mr. Southerland		X	
Mr. Fleming, LA				Mr. Flores, TX		X	
<i>Ms. Bordallo, GU</i>	X			Mr. Harris, TX		X	
Mr. Coffman, CO		X		Mr. Landry, LA		X	
<i>Mr. Costa, CA</i>				Mr. Fleischmann, TX		X	
Mr. McClintock, CA		X		Mr. Runyan, NJ		X	
<i>Mr. Boren, OK</i>		X		Mr. Johnson, OH		X	
Mr. Thompson, PA		X					
<i>Mr. Sablan, CNMI</i>	X						
Mr. Denham, CA		X					
				TOTALS	15	25	

Congressman Bill Flores (R-TX) offered amendment designated 016, which was adopted by voice vote. Congressman John Garamendi (D-CA) offered amendment designated 004, which was not adopted by a roll call vote of 15 to 27, as follows:

Committee on Natural Resources
U.S. House of Representatives
112th Congress

Date: April 13, 2011

Recorded Vote #: 2

Meeting on / Amendment: **HR 1229** – Amendment offered by **Mr. Garamendi.004** was NOT AGREED TO
by a roll call vote of 15 yeas and 27 nays.

MEMBERS	Yea	Nay	Pres	MEMBERS	Yea	Nay	Pres
Mr. Hastings, WA Chairman		X		<i>Mr. Heinrich, NM</i>	X		
<i>Mr. Markey, MA Ranking</i>	X			Mr. Benishek, MI		X	
Mr. Young, AK				<i>Mr. Lujan, NM</i>	X		
<i>Mr. Kildee, MI</i>	X			Mr. Rivera, FL			
Mr. Duncan of TN		X		<i>Mr. Sarbanes, MD</i>	X		
<i>Mr. Defazio, OR</i>	X			Mr. Duncan of SD		X	
Mr. Gohmert, TX		X		<i>Ms. Sutton, OH</i>	X		
<i>Mr. Faleomavaega, AS</i>				Mr. Tipton, CO		X	
Mr. Bishop, UT		X		<i>Ms. Tsongas</i>			
<i>Mr. Pallone, NJ</i>	X			Mr. Gosar, AZ		X	
Mr. Lamborn, CO		X		<i>Mr. Pierluisi, PR</i>			
<i>Mr. Napolitano, CA</i>	X			Mr. Labrador, ID		X	
Mr. Wittman, VA		X		<i>Mr. Garamendi, CA</i>	X		
<i>Mr. Holt, NJ</i>	X			Ms. Noem		X	
Mr. Broun, GA		X		<i>Ms. Hanabusa, HI</i>	X		
<i>Mr. Grijalva, AZ</i>	X			Mr. Southerland		X	
Mr. Fleming, LA		X		Mr. Flores, TX		X	
<i>Ms. Bordallo, GU</i>	X			Mr. Harris, TX		X	
Mr. Coffman, CO		X		Mr. Landry, LA		X	
<i>Mr. Costa, CA</i>		X		Mr. Fleischmann, TX		X	
Mr. McClintock, CA		X		Mr. Runyan, NJ		X	
<i>Mr. Boren, OK</i>		X		Mr. Johnson, OH		X	
Mr. Thompson, PA		X					
<i>Mr. Sablan, CNMI</i>	X						
Mr. Denham, CA		X					
				TOTALS	15	27	

Committee Ranking Member Edward J. Markey (D–MA) offered an amendment designated 002, which was not adopted by a roll call vote of 16 to 27, as follows:

Committee on Natural Resources
U.S. House of Representatives
112th Congress

Date: April 13, 2011

Recorded Vote #: 3

Meeting on / Amendment: **HR 1229** – Amendment offered by **Mr. Markey.002** was NOT AGREED TO by a roll call vote of 16 yeas and 27 nays.

MEMBERS	Yea	Nay	Pres	MEMBERS	Yea	Nay	Pres
Mr. Hastings, WA Chairman		X		<i>Mr. Heinrich, NM</i>	X		
<i>Mr. Markey, MA Ranking</i>	X			Mr. Benishek, MI		X	
Mr. Young, AK				<i>Mr. Lujan, NM</i>	X		
<i>Mr. Kildee, MI</i>	X			Mr. Rivera, FL			
Mr. Duncan of TN		X		<i>Mr. Sarbanes, MD</i>	X		
<i>Mr. Defazio, OR</i>	X			Mr. Duncan of SD		X	
Mr. Gohmert, TX		X		<i>Ms. Sutton, OH</i>	X		
<i>Mr. Faleomavaega, AS</i>				Mr. Tipton, CO		X	
Mr. Bishop, UT		X		<i>Ms. Tsongas</i>	X		
<i>Mr. Pallone, NJ</i>	X			Mr. Gosar, AZ		X	
Mr. Lamborn, CO		X		<i>Mr. Pierluisi, PR</i>			
<i>Mr. Napolitano, CA</i>	X			Mr. Labrador, ID		X	
Mr. Wittman, VA		X		<i>Mr. Garamendi, CA</i>	X		
<i>Mr. Holt, NJ</i>	X			Ms. Noem		X	
Mr. Broun, GA		X		<i>Ms. Hanabusa, HI</i>	X		
<i>Mr. Grijalva, AZ</i>	X			Mr. Southerland		X	
Mr. Fleming, LA		X		Mr. Flores, TX		X	
<i>Ms. Bordallo, GU</i>	X			Mr. Harris, TX		X	
Mr. Coffman, CO		X		Mr. Landry, LA		X	
<i>Mr. Costa, CA</i>		X		Mr. Fleischmann, TX		X	
Mr. McClintock, CA		X		Mr. Runyan, NJ		X	
<i>Mr. Boren, OK</i>		X		Mr. Johnson, OH		X	
Mr. Thompson, PA		X					
<i>Mr. Sablan, CNMI</i>	X						
Mr. Denham, CA		X					
				TOTALS	16	27	

Congressman John Garamendi (D-CA) offered and withdrew amendment designated 020. The bill was then favorably reported, as amended, to the House of Representatives, by a roll call vote of 27 to 16, as follows:

Committee on Natural Resources
U.S. House of Representatives
112th Congress

Date: April 13, 2011

Recorded Vote #: 4

Meeting on / Amendment: **HR 1229** – Ordered favorably reported, as amended, by a roll call vote of 27 yeas and 16 nays.

MEMBERS	Yea	Nay	Pres	MEMBERS	Yea	Nay	Pres
Mr. Hastings, WA Chairman	X			<i>Mr. Heinrich, NM</i>		X	
<i>Mr. Markey, MA Ranking</i>		X		Mr. Benishek, MI	X		
Mr. Young, AK				<i>Mr. Lujan, NM</i>		X	
<i>Mr. Kildee, MI</i>		X		Mr. Rivera, FL			
Mr. Duncan of TN	X			<i>Mr. Sarbanes, MD</i>		X	
<i>Mr. Defazio, OR</i>		X		Mr. Duncan of SD	X		
Mr. Gohmert, TX	X			<i>Ms. Sutton, OH</i>		X	
<i>Mr. Faleomavaega, AS</i>				Mr. Tipton, CO	X		
Mr. Bishop, UT	X			<i>Ms. Tsongas</i>		X	
<i>Mr. Pallone, NJ</i>		X		Mr. Gosar, AZ	X		
Mr. Lamborn, CO	X			<i>Mr. Pierluisi, PR</i>			
<i>Mr. Napolitano, CA</i>		X		Mr. Labrador, ID	X		
Mr. Wittman, VA	X			<i>Mr. Garamendi, CA</i>		X	
<i>Mr. Holt, NJ</i>		X		Ms. Noem	X		
Mr. Broun, GA	X			<i>Ms. Hanabusa, HI</i>		X	
<i>Mr. Grijalva, AZ</i>		X		Mr. Southerland	X		
Mr. Fleming, LA	X			Mr. Flores, TX	X		
<i>Ms. Bordallo, GU</i>		X		Mr. Harris, TX	X		
Mr. Coffman, CO	X			Mr. Landry, LA	X		
<i>Mr. Costa, CA</i>	X			Mr. Fleischmann, TX	X		
Mr. McClintock, CA	X			Mr. Runyan, NJ	X		
<i>Mr. Boren, OK</i>	X			Mr. Johnson, OH	X		
Mr. Thompson, PA	X						
<i>Mr. Sablan, CNMI</i>		X					
Mr. Denham, CA	X						
				TOTALS	27	16	

COMMITTEE OVERSIGHT FINDINGS AND RECOMMENDATIONS

Regarding clause 2(b)(1) of rule X and clause 3(c)(1) of rule XIII of the Rules of the House of Representatives, the Committee on Natural Resources' oversight findings and recommendations are reflected in the body of this report.

COMPLIANCE WITH HOUSE RULE XIII

1. Cost of Legislation. Clause 3(d)(1) of rule XIII of the Rules of the House of Representatives requires an estimate and a comparison by the Committee of the costs which would be incurred in carrying out this bill. However, clause 3(d)(2)(B) of that rule provides that this requirement does not apply when the Committee has included in its report a timely submitted cost estimate of the bill prepared by the Director of the Congressional Budget Office under section 402 of the Congressional Budget Act of 1974. Under clause 3(c)(3) of Rule XIII of the Rules of the House of Representatives and section 403 of the Congressional Budget Act of 1974, the Committee has received the following cost estimate for this bill from the Director of the Congressional Budget Office:

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, April 27, 2011.

Hon. DOC HASTINGS,
*Chairman, Committee on Natural Resources,
House of Representatives, Washington, DC.*

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the enclosed cost estimate for H.R. 1229, the Putting the Gulf of Mexico Back to Work Act.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contact is Kathleen Gramp.

Sincerely,

Douglas W. Elmendorf.

Enclosure.

H.R. 1229—Putting the Gulf of Mexico Back to Work Act

Summary: H.R. 1229 would modify the standards and procedures governing federal leases and permits for private companies to develop oil and gas resources on the Outer Continental Shelf (OCS). It would extend the duration of certain leases set to expire by December 31, 2011, as well as other leases affected by specified procedural matters. The bill also would establish deadlines for administrative actions on permit applications and establish procedural and other limits on judicial review of civil actions involving energy projects in the Gulf of Mexico.

Pay-as-you-go procedures apply to H.R. 1229 because enacting the legislation would affect direct spending. CBO estimates that enacting this bill would reduce offsetting receipts from OCS leases by \$10 million in 2013 (such reductions would have the effect of increasing direct spending). We estimate that enacting the bill would increase direct spending by \$6 million over the 2012–2016 period but would have no significant net effect over the 2012–2021 period. Enacting H.R. 1229 would not affect revenues.

H.R. 1229 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would impose no costs on state, local or tribal governments.

Estimated cost to the Federal Government: The estimated budgetary impact of H.R. 1229 is shown in the following table. The costs of this legislation fall within budget function 950 (undistributed offsetting receipts).

	By fiscal year, in millions of dollars—											
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2012– 2016	2012– 2021
CHANGES IN DIRECT SPENDING												
Estimated Budget Authority	0	10	–1	–1	–2	–2	–2	–2	0	0	6	0
Estimated Outlays	0	10	–1	–1	–2	–2	–2	–2	0	0	6	0

Basis of estimate: For this estimate, CBO assumes that H.R. 1229 will be enacted before the end of fiscal year 2011 and that the Department of the Interior (DOI) will conduct federal lease sales in the Gulf of Mexico according to the schedule included in the President's budget request for fiscal year 2012. Bonus bids, rental fees, and royalty payments for OCS leases are recorded in the budget as offsetting receipts, which are an offset to direct spending.

Under current law, OCS leases expire within a specified period of time unless the lessee has begun to produce oil or gas or has met certain production-related standards. After a lease expires, it is re-auctioned as part of the next lease sale. Typically, some of the expired leases are acquired in the subsequent sales; in recent years, the uptake rate for newly available leases has ranged from 13 percent to 46 percent. Thus, provisions extending the duration of certain OCS leases would affect the timing of projected bonus bids for those expired leases.

Based on information from DOI, CBO estimates that H.R. 1229 would extend the term of approximately 100 leases. Over half of those leases are in the Western and Eastern Gulf of Mexico that will expire by December 31, 2011, and be re-auctioned later in fiscal year 2012. Relative to CBO's baseline projections of OCS bonus bids, changes in existing lease terms would reduce offsetting receipts (an increase in direct spending) in 2013 by about \$10 million. Such costs would be offset by higher sales proceeds in subsequent years, resulting in no significant net effect over the 2012–2021 period.

Finally, based on information from DOI, CBO estimates that implementing the bill would have no significant effect on spending subject to appropriation.

Pay-as-you-go considerations: The Statutory Pay-As-You-Go Act of 2010 establishes budget reporting and enforcement procedures for legislation affecting direct spending or revenues. The net changes in outlays that are subject to those pay-as-you-go procedures are shown in the following table.

	By fiscal year, in millions of dollars—												
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2011– 2016	2011– 2021
NET INCREASE OR DECREASE (-) IN THE DEFICIT													
Statutory Pay-As-You-Go Impact ...	0	0	10	1	-1	-2	-2	-2	-2	0	0	6	0

Intergovernmental and private-sector impact: H.R. 1229 contains no intergovernmental or private-sector mandates as defined in UMRA and would impose no costs on state, local, or tribal governments.

Estimate prepared by: Federal Costs: Kathleen Gramp; Impact on State, Local, and Tribal Governments: Melissa Merrell; Impact on the Private Sector: Amy Petz

Estimate approved by: Theresa Gullo, Deputy Assistant Director for Budget Analysis.

2. Section 308(a) of Congressional Budget Act. As required by clause 3(c)(2) of Rule XIII of the Rules of the House of Representatives and section 308(a) of the Congressional Budget Act of 1974, this bill does not contain any new budget authority, credit authority, or an increase or decrease in revenues or tax expenditures. According to the Congressional Budget Office, enactment of this bill would reduce offsetting receipts by \$10 million in 2013 and such reductions would have the effect of increasing direct spending, in this case by \$6 million over the 2012–16 time period.

3. General Performance Goals and Objectives. This bill does not authorize funding, and therefore clause 3(c)(4) of rule XIII of the Rules of the House of Representatives does not apply.

EARMARK STATEMENT

This bill does not contain any Congressional earmarks, limited tax benefits, or limited tariff benefits as defined under clause 9(e), 9(f), and 9(g) of rule XXI of the Rules of the House of Representatives.

COMPLIANCE WITH PUBLIC LAW 104–4

This bill contains no unfunded mandates.

PREEMPTION OF STATE, LOCAL OR TRIBAL LAW

This bill is not intended to preempt any State, local or tribal law.

CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3(e) of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

OUTER CONTINENTAL SHELF LANDS ACT

*	*	*	*	*	*	*
SEC. 11. GEOLOGICAL AND GEOPHYSICAL EXPLORATIONS.—(a)						
* * *						
	*	*	*	*	*	*

[(d) The Secretary may, by regulation, require any lessee operating under an approved exploration plan to obtain a permit prior to drilling any well in accordance with such plan.]

(d) *DRILLING PERMITS.*—

(1) *IN GENERAL.*—*The Secretary shall by regulation require that any lessee operating under an approved exploration plan—*

(A) must obtain a permit before drilling any well in accordance with such plan; and

(B) must obtain a new permit before drilling any well of a design that is significantly different than the design for which an existing permit was issued.

(2) *SAFETY REVIEW REQUIRED.*—*The Secretary shall not issue a permit under paragraph (1) without ensuring that the proposed drilling operations meet all—*

(A) critical safety system requirements, including blowout prevention; and

(B) oil spill response and containment requirements.

(3) *TIMELINE.*—

(A) The Secretary shall decide whether to issue a permit under paragraph (1) within 30 days after receiving an application for the permit. The Secretary may extend such period for up to two periods of 15 days each, if the Secretary has given written notice of the delay to the applicant. The notice shall be in the form of a letter from the Secretary or a designee of the Secretary, and shall include the names and titles of the persons processing the application, the specific reasons for the delay, and a specific date a final decision on the application is expected.

(B) If the application is denied, the Secretary shall provide the applicant—

(i) in writing, clear and comprehensive reasons why the application was not accepted and detailed information concerning any deficiencies, and

(ii) an opportunity to remedy any deficiencies.

(C) If the Secretary has not made a decision on the application by the end of the 60-day period beginning on the date the application is received by the Secretary, the application is deemed approved.

* * * * *

APPENDIX

DOC HASTINGS OF WASHINGTON
CHAIRMAN

U.S. House of Representatives
Committee on Natural Resources
Washington, DC 20515

14 April 2011

The Honorable Lamar Smith
Chairman
Committee on the Judiciary
2138 Rayburn House Office Building
Washington, D.C. 20515

Dear Mr. Chairman:

Yesterday, the Committee on Natural Resources ordered favorably reported H.R. 1229, the Putting the Gulf of Mexico Back to Work Act. While the Natural Resources Committee received the primary referral of this bill, the Committee on the Judiciary also received an original referral based on Title II of the bill, Judicial Review of Agency Actions Relating to Outer Continental Shelf Activities in the Gulf of Mexico. The text of this title remains unchanged since introduction.

To expedite consideration of this measure by the House of Representatives, I respectfully request that you allow the Committee on the Judiciary to be discharged from further consideration of H.R. 1229. I agree that allowing this bill to go forward in no way impairs your jurisdiction over this or any similar provisions, and I would be pleased to place this letter and your response in the Committee bill report or in the Congressional Record during our deliberations on this bill. In addition, if a conference is necessary on this bill, I would support any request to have the Committee on the Judiciary be represented on the conference. Finally, I would support your request before the Committee on Rules for an allocation of part of the general debate time when this bill is considered on the House Floor.

H.R. 1229 is vitally important to the American people who want both the jobs and the lower gas prices this bill is designed to facilitate. I look forward to passing this bill on the Floor soon, and thank you for your consideration of my request.

Sincerely,



Doc Hastings
Chairman

Cc: The Honorable Eric Cantor, Majority Leader
The Honorable John V. Sullivan, Parliamentarian

LAMAR S. SMITH, Texas
CHAIRMAN

F. JAMES SENSENBRENNER, JR., Wisconsin
HOWARD COBLE, North Carolina
ELTON GALLEGLY, California
BOB GOODLATTE, Virginia
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April 14, 2011

The Honorable Doc Hastings
Chairman
House Committee on Natural Resources
1324 Longworth HOB
Washington, DC 20515

Dear Chairman Hastings,

I am writing in response to your letter concerning H.R. 1229, the "Putting the Gulf of Mexico Back to Work Act," which the Committee on Natural Resources reported favorably. As a result of your having consulted with us on provisions in H.R. 1229 that fall within the Rule X jurisdiction of the Committee on the Judiciary, we are able to agree to discharging our Committee from further consideration of this bill in order that it may proceed expeditiously to the House floor for consideration.

The Judiciary Committee takes this action with our mutual understanding that by foregoing consideration of H.R. 1229 at this time, we do not waive any jurisdiction over subject matter contained in this or similar legislation, and that our Committee will be appropriately consulted and involved as the bill or similar legislation moves forward so that we may address any remaining issues in our jurisdiction. Our Committee also reserves the right to seek appointment of an appropriate number of conferees to any House-Senate conference involving this or similar legislation, and requests your support for any such request.

I appreciate your including our exchange of letters on this matter in your committee report, or in the *Congressional Record* during floor consideration of H.R. 1229.

Sincerely,



Lamar Smith
Chairman

cc: The Honorable John Conyers, Jr.
The Honorable Edward Markey
The Honorable John Boehner, Speaker
The Honorable John V. Sullivan, Parliamentarian

DISSENTING VIEWS

We oppose H.R. 1229 because it would impose artificial and arbitrary deadlines on the Department of the Interior to approve permits to drill. One year after the BP Deepwater Horizon spill, this legislation could actually make offshore drilling less, rather than more, safe by potentially limiting the review of drilling permits by the agency charged with overseeing the industry.

On April 20, 2010, at about 10 p.m., an explosion occurred on the Deepwater Horizon oil drilling rig in the Gulf of Mexico. There were 126 people on board at the time. Fifteen people were injured and eleven workers were killed. The Deepwater Horizon, owned by Transocean Ltd., was under a contract with BP to drill an exploratory well. BP was the lessee of the area in which the rig was operating. At the time of the explosion, BP and Transocean were in the process of temporarily closing the well, in anticipation of future, commercial production. Halliburton had completed some cementing of casings in the well less than 24 hours prior to the accident.

On April 22, 2010, the Deepwater Horizon rig sank and two days later, remotely operated vehicles (ROVs) found oil leaking from the broken riser pipe. Ultimately, oil would continue leaking from the Macondo well for 87 days before being capped on July 15, 2010. The government's Flow Rate Technical Group (FRTG) concluded that during that period, oil had been leaking into the Gulf of Mexico at a rate beginning at 62,000 barrels per day and ending at 53,000 barrels per day prior to the well being capped. According to the FRTG, a total of 4.1 million barrels of oil were spilled into the Gulf of Mexico, with an additional 800,000 barrels having been captured aboard containment ships responding to the crisis. The BP Deepwater Horizon oil spill ultimately became the largest offshore oil spill in the history of the United States.

The majority has refused to consider legislation to implement the recommendations of the Independent National Commission on the BP Deepwater Horizon Oil Spill and Offshore Drilling or to improve the safety of offshore drilling. Representatives Markey, Holt, along with other House Democrats introduced H.R. 501, to implement the recommendations of the BP Commission, on January 26, 2011. The majority has also refused Ranking Member Markey's request to hold hearings with the companies involved in the spill—BP, Transocean, Halliburton and Cameron—or with the largest oil companies that are the industry leaders—ExxonMobil, BP, Shell, Chevron and ConocoPhillips.

H.R. 1229 would require the Secretary of the Interior to act on a drilling permit request within 30 days. While the legislation would allow the Secretary to twice extend the time period for 15 days, the Secretary would have to provide written notice to the company, which would include “the names and titles of the persons

processing the application, the specific reasons for the delay, and a specific date a final decision on the application is expected.”

More troubling, under the legislation, if the Secretary has not made a decision on a drilling permit within 60 days it would be “deemed approved,” whether or not safety or environmental review had been completed. As we learned with the BP Deepwater Horizon disaster, the oversight and regulation of offshore drilling needs to be more robust. Reducing the safety review done by the Interior Department prior to drilling, as the legislation could do, would make offshore drilling less safe and is the completely wrong legislative response in the wake of the BP spill. Moreover, the majority’s legislation could result in more drilling permits being rejected, as the Interior Department may be forced to reject permits if the safety and environmental review has not been completed, rather than allowing them to be deemed approved.

While this legislation contains some vague language on safety, requiring the Secretary to ensure that the proposed drilling operations “meet all critical safety system requirements, including blowout prevention and oil spill response and containment requirements,” it would not require anything more than what the Interior Department is already doing.

In addition, the problem the majority purports to be addressing with this legislation—the speed of permitting in the Gulf—is one that does not even exist. Following the temporary pause on deepwater drilling last year, which Secretary Salazar lifted on October 12, 2010, the oil industry was not able to demonstrate that it possessed the capacity to contain a deepwater blowout until February 2011. Once oil companies demonstrated they had the capability to contain a blowout, the first deepwater drilling permit was issued 11 days later, on February 28, 2011. There have now been a total of 10 deepwater drilling permits issued since that time. In addition, the Bureau of Ocean Energy Management, Regulation, and Enforcement (BOEMRE) has also approved 39 shallow-water permits since last October, nearly matching the average from before the spill.

This legislation also includes provisions that would limit judicial review of all energy projects in the Gulf of Mexico. Title II would require all litigation to be held in the 5th circuit court, require that any challenge be filed within 60 days, and prohibit the awarding of any attorneys’ fees, expenses or other court costs. These provisions represent a massive overreach by the majority on the Natural Resources Committee and are not even within the jurisdiction of the Committee.

Democrats offered a number of amendments to this legislation designed to improve the safety of offshore drilling. Each amendment was rejected with all Republican Members of the Committee voting no. Representative Holt offered an amendment that would have struck the language in H.R. 1229 deeming drilling permits approved after 60 days. This amendment would have improved the safety of offshore drilling by ensuring that permits are not issued without environmental review. Representative Garamendi offered an amendment that would have implemented a recommendation of the National Commission on the BP Deepwater Horizon Disaster and Offshore Drilling, that any industry safety organization be sep-

arate and apart from the American Petroleum Institute (API), which is the trade association that advocates for the oil industry.

Finally, Ranking Member Markey offered an amendment that would have inserted specific safety requirements for blowout preventers, well design, casing and cementing. This amendment would have improved the safety requirements for offshore drilling based on what we have learned from the BP spill. Similar language passed the Energy and Commerce Committee in the last Congress in a unanimous, bipartisan vote of 48–0. However, all of the Majority members of the Natural Resources Committee voted against this same language.

H.R. 1229 is the exactly wrong legislative response to the BP disaster. Rather than acting to make off-shore drilling safer and smarter, the Majority is moving to make drilling faster and looser. We oppose this effort.

EDWARD J. MARKEY.
 PETER A. DEFazio.
 BETTY SUTTON.
 JOHN P. SARBANES.
 RAÚL M. GRIJALVA.
 GREGORIO KILILI CAMACHO
 SABLÁN.
 MICHAEL M. HONDA.
 ENI F.H. FALEOMAVAEGA.
 DALE E. KILDEE.
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 BEN RAY LUJÁN.
 FRANK PALLONE, Jr.
 COLLEEN W. HANABUSA.
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 RUSH D. HOLT.

