



July 27, 2010

H.R. 3534, the Consolidated Land, Energy, and Aquatic Resources (CLEAR) Act

SUMMARY OF PROVISIONS FROM THE COMMITTEE ON ENERGY AND COMMERCE

The Committee on Energy and Commerce has held nine hearings into the chain of events that caused the blowout of BP's Macondo well and its impacts on the Gulf Coast. The hearings revealed that BP and its partners made a series of risky decisions that undermined well safety and led to the catastrophic loss of well control. As a legislative response to the disclosures, the Committee crafted the Blowout Prevention Act of 2010 (H.R. 5626) to establish new federal regulatory requirements to prevent future spills from oil and gas wells. This bill was reported by the Committee on Energy and Commerce by a bipartisan vote of 48 to 0, with one abstention, on July 15, 2010.

Key elements of H.R. 5626 have now been incorporated into the Consolidated Land, Energy, and Aquatic Resources (CLEAR) Act (H.R. 3534).

Increased CEO Accountability. The Committee's investigation into the Gulf oil spill showed that BP CEO Tony Hayward and other top BP officials paid virtually no attention to the risks the company was taking. To ensure greater accountability, section 212 of H.R. 3534 requires oil company CEOs to certify that their well designs are safe, that their blowout preventers have redundant systems for all foreseeable blowout scenarios and failure modes, and that the company can promptly control and stop a blowout if the blowout preventer and other well control measures fail.

Blowout Preventer Requirements. The Committee's investigation revealed multiple flaws in the blowout preventer, including emergency controls that did not activate, dead batteries, leaking hydraulic systems, and disconnected rams. To increase the reliability of this essential safety device, section 205 of H.R. 3534 sets minimum standards for blowout preventers, including the requirement that blowout preventers have two sets of blind shear rams and redundant emergency backup control systems that can activate when communications from the rig are severed.

Well Design and Cementing Requirements. The Committee's investigation disclosed that BP made a series of risky well design and cementing decisions. To ensure that future wells are drilled with the highest possible safety standards, section 205 of H.R. 3534 requires the installation of at least three barriers across each hydrocarbon flow path, the installation and pressure testing of lockdown devices, adequate centralization of casing, the circulation of drilling fluids prior to cementing, and cement bond logs for all cementing programs intended to provide a barrier to hydrocarbon flow. New standards will also require steps to minimize the risk of ignition of hydrocarbons during a blowout or well control event.

Independent Third-Party Certification. To ensure compliance with these new requirements, section 205 of H.R. 3534 requires that blowout preventers, well designs, and cementing programs and procedures be certified as safe by independent, third-party inspectors selected by the federal regulator, not the oil company. The costs of these independent certifications will be paid for by the oil companies.

Ensuring Safety in State Waters. Under section 205 of H.R. 3534, states have the responsibility to enforce the federal safety requirements or comparable state provisions for high-risk wells drilled in near-shore waters. If the state lacks an adequate regulatory regime, the Department of the Interior can enforce the federal requirements.

Independent Technical Advice. Section 108 of H.R. 3534 establishes an independent advisory board to provide the Secretary of the Interior with independent scientific and technical advice. Subsection (e) specifies the advisory board’s ongoing role in periodically assessing well control technologies and practices, evaluating the Department of the Interior’s regulations, and recommending modifications to those regulations.