

DEPARTMENT OF TRANSPORTATION  
UNITED STATES COAST GUARD  
WASHINGTON, DC 20593

STATEMENT OF REAR ADMIRAL HENRY H. BELL, CHIEF,  
OFFICE OF MERCHANT MARINE SAFETY, BEFORE THE  
AD HOC SELECT COMMITTEE ON THE OUTER CONTINENTAL  
SHELF OF THE HOUSE OF REPRESENTATIVES.  
APRIL 30, 1980

GOOD MORNING, MR. CHAIRMAN AND MEMBERS OF THE COMMITTEE. I AM REAR ADMIRAL HENRY H. BELL, CHIEF OF THE OFFICE OF MERCHANT MARINE SAFETY OF THE U. S. COAST GUARD. I AM PLEASED TO HAVE THIS OPPORTUNITY TO TESTIFY BEFORE THIS COMMITTEE CONCERNING THE STATUS OF IMPLEMENTATION OF TITLES II AND III OF THE OCS LANDS ACT AMENDMENTS OF 1978. I HAVE WITH ME THIS MORNING, CAPTAIN PETER CRONK, MANAGER OF OUR OCS SAFETY PROJECT WHO IS PRIMARILY RESPONSIBLE FOR TITLE II IMPLEMENTATION, AND CAPTAIN GILBERT SHERBURNE, CHIEF OF OUR POLLUTION LIABILITY FUNDS MANAGEMENT DIVISION. IN THIS CAPACITY, HE IS THE TITLE III FUND ADMINISTRATOR. I WILL FIRST DISCUSS TITLE II.

## REGULATORY REPORT

AS YOU REQUESTED, I HAVE ATTACHED AN UPDATE OF THE TITLE II OCSLA IMPLEMENTATION AND ADMINISTRATION SCHEDULE FOR THE REGULATORY AND OTHER REQUIREMENTS OF THE COAST GUARD (ATTACHMENT (1)). CONCERNING THE REVISION OF SUBCHAPTER N, PROPOSED RULES HAVE BEEN FILED WITH THE FEDERAL REGISTER AND I EXPECT THEM TO BE PUBLISHED TOMORROW. A COPY OF THE PROPOSED RULES IS ATTACHED FOR THE RECORD (ATTACHMENT (2)). CONCERNING THE REQUIRED STUDY UNDER SECTION 21(a), A PUBLIC NOTICE WAS PUBLISHED IN THE FEDERAL REGISTER ON FEBRUARY 28, 1980. WE ARE IN THE PROCESS OF EVALUATING COMMENTS THAT PERTAIN TO COAST GUARD AREAS OF RESPONSIBILITY. ALSO, IN COOPERATION WITH THE NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION'S ASSIGNED TASK UNDER SECTION 21(e) OF THE OCS LANDS ACT AMENDMENTS, THE COAST GUARD AND THE NATIONAL INSTITUTE OF OCCUPATIONAL SAFETY AND HEALTH ARE CO-SPONSORING THE NATIONAL DIVING COUNCIL. THE PURPOSE OF THE COUNCIL IS TO ASSIST IN THE ACCOMPLISHMENT OF THE LEGISLATION'S GOALS. A SINGLE STUDY OF THE OCS, PER SE, IS NOT ANTICIPATED. THERE ARE NUMEROUS PROGRAMS ALREADY IN PROGRESS WHICH, IF PROPERLY ADMINISTERED, WOULD RESPOND TO THE REQUIREMENT IN THE ACT. THE COUNCIL IS A FORUM WHEREBY THE VARIOUS STUDIES, THEIR MERITS AND THEIR ORGANIZATIONS CAN BE DISCUSSED TO ASSURE ALL PERTINENT VIEWS ARE AIRED AND DONE IN TIMELY FASHION. THE COUNCIL DOES NOT IN ITSELF, OR IN ITS PROGRAM DEVELOPMENT PLAN, REPRESENT THE REQUIRED STUDY. RATHER IT IS THE MEANS TO HELP DETERMINE WHICH STUDIES TO UNDERTAKE, PROBLEMS IN DIVING, AND THEIR PRIORITIES. YOU SPECIFICALLY

REQUESTED INFORMATION ON THE REQUIREMENTS FOR BEST AVAILABLE AND SAFEST TECHNOLOGIES (BAST). FOR THE MOST PART, THE COAST GUARD'S PRESENT REGULATORY PROGRAM INCORPORATES THE PRINCIPLES OF BAST. FULL IMPLEMENTATION WILL DEPEND ON THE RESULTS OF THE SECTION 21(a) STUDIES, ONGOING REGULATIONS DEVELOPMENT AND OBTAINING ADDITIONAL RESOURCES TO IMPLEMENT OUR OCS PROGRAM.

#### INTERAGENCY COOPERATION

SINCE THE PASSAGE OF THE AMENDMENTS, WE HAVE HAD EXCELLENT RELATIONS WITH THE OTHER AGENCIES INVOLVED ON THE OCS. SOME OF THE MOST PRODUCTIVE COOPERATION INVOLVES ELIMINATING OVERLAPPING REGULATIONS AND DUPLICATION OF EFFORT. THROUGH MEMORANDA OF UNDERSTANDING, WE ARE ELIMINATING THESE PROBLEMS AND ENHANCING COORDINATION WITH THESE AGENCIES. ATTACHMENT (2) INCLUDES AN UPDATE OF OUR ACTIVITIES IN THIS AREA.

#### INSPECTION PROGRAM

WITH THE INSPECTION FORCE ON HAND IN FISCAL YEAR 1979, 56 OF 129 U. S. FLAG MOBILE OFFSHORE DRILLING UNITS (MODU'S) ON THE OCS WERE INSPECTED UNDER NEW AND COMPREHENSIVE REGULATIONS PUBLISHED IN DECEMBER 1978. ALSO, OVER 1900 OF THE 2400 PRODUCING PLATFORMS WERE INSPECTED. HOWEVER, THESE PLATFORM INSPECTIONS WERE UNDER THE EXISTING SUBCHAPTER N REGULATIONS WHICH ARE INADEQUATE UNDER TITLE II AND ARE BEING REVISED. THE NUMBER OF MANNED PLATFORMS ON THE OCS HAS INCREASED TO 560 AND IS INCREASING BY 50 EVERY YEAR. CURRENTLY, MODU'S ARE INCREASING AT THE RATE OF 20 PER YEAR. WHEN SUBCHAPTER N HAS BEEN REVISED AND OTHER NEW REGULATIONS REQUIRED UNDER THE STATUTE HAVE BEEN PROMULGATED,

OCS INSPECTIONS AND THE WORK OF SUPPORTING ADMINISTRATIVE STAFF WILL BE CONSIDERABLY MORE COMPREHENSIVE AND TIME CONSUMING. FOR EXAMPLE, THE 20 FOREIGN FLAG MODU'S OPERATING ON THE OCS, PRESENTLY INSPECTED AS MANNED PLATFORMS, WILL RECEIVE INSPECTIONS AS EXTENSIVE AS THOSE REQUIRED OF U. S. FLAG UNITS. ALTOGETHER, THE MAN-YEAR WORKLOAD OF THE COAST GUARD ON THE OCS IS EXPECTED TO INCREASE AT LEAST FIVE FOLD. ALSO, WE HAVE ESTABLISHED A PROGRAM TO INVESTIGATE OCS SAFETY AND HEALTH COMPLAINTS, INCLUDING THOSE REFERRED TO THE COAST GUARD BY OSHA.

LEGISLATIVE CHANGES - TITLE II

YOU SPECIFICALLY REQUESTED RECOMMENDATIONS ON ANY LEGISLATIVE CHANGES WE MIGHT SUGGEST. CONCERNING TITLE II, WE DO NOT HAVE OR FORESEE ANY PROBLEMS IN IMPLEMENTATION BECAUSE OF DIFFICULTIES WITH LEGISLATIVE LANGUAGE. THOUGH THE MANNING AND CREWING PROVISIONS OF SECTION 30 HAVE BEEN CONTROVERSIAL, THEY WILL BE FULLY APPLIED IN THE COAST GUARD'S REGULATIONS, SUBCHAPTER N. CONTROVERSY ARISES OUT OF A RATHER LIMITED SITUATION WHERE SOME FOREIGN OWNED CONSTRUCTION VESSELS HAVE USED THEIR FOREIGN CREW MEMBERS TO WORK ON CONSTRUCTION OF PLATFORMS. THE COAST GUARD CONSIDERS THESE PERSONNEL TO BE CREWMEMBERS OF THEIR VESSELS WHO MAY TEMPORARILY WORK ON PLATFORMS. HOWEVER, THE IMMIGRATION AND NATURALIZATION LAWS DO NOT APPLY TO THEM ACCORDING TO THE DEPARTMENT OF JUSTICE OPINION OF SEPTEMBER 21, 1979.

TITLE III - OFFSHORE OIL POLLUTION COMPENSATION FUND

CAPTAIN SHERBURNE HAS BEEN THE KEY COAST GUARD POLICY AND PLANNING OFFICER RESPONSIBLE SINCE PASSAGE OF TITLE III FOR THE OVERALL IMPLEMENTATION AND ADMINISTRATION OF THE FUND. BASED ON HIS OPERATING EXPERIENCE AND CLOSE WORK OVER THE LAST 18 MONTHS WITH OTHER INVOLVED FEDERAL AGENCIES, THE OFFSHORE INDUSTRY, CONTRACT CLAIMS ADJUSTORS, AND POLLUTION LIABILITY INSURANCE BROKERS AND UNDERWRITERS, I WOULD LIKE TO ADDRESS SEVERAL TITLE III FUND MANAGEMENT ISSUES.

TO UPDATE THE COMMITTEE ON THE FUND ITSELF:

1. BARREL FEE COLLECTIONS ON OCS OIL PRODUCTION ARE CURRENTLY GENERATING APPROXIMATELY \$750,000 PER MONTH IN FUND REVENUE.

2. FUND BALANCE AS OF 31 MARCH 1980 WAS APPROXIMATELY \$5.1 MILLION, MOST OF WHICH IS INVESTED IN SIX MONTH TREASURY BILLS; INTEREST EARNED WILL BE ADDED TO THE FUND BALANCE.

3. NO OCS POLLUTION INCIDENTS HAVE YET OCCURRED THAT HAVE RESULTED IN CLAIMS AGAINST THE FUND.

4. THE STATUS OF TITLE III IMPLEMENTING REGULATIONS IS INCLUDED IN ATTACHMENT (2).

5. THE FIRST ANNUAL REPORT TO CONGRESS REQUIRED UNDER SECTION 314 OF TITLE III HAS BEEN PREPARED. THIS REPORT DETAILS THE FULL RANGE OF FUND MANAGEMENT AND ADMINISTRATION ACTIVITIES BY THE EXECUTIVE BRANCH AGENCIES HAVING INVOLVEMENTS WITH THE TITLE III LEGISLATION AND WILL BE PROVIDED FOR THE RECORD AS SOON AS SUBMITTED BY THE SECRETARY OF TRANSPORTATION TO THE PRESIDENT OF THE SENATE AND SPEAKER OF THE HOUSE.

MR. CHAIRMAN, WE ARE AWARE OF CERTAIN PROBLEMS WITH TITLE III OF THE OUTER CONTINENTAL SHELF LANDS ACT AMENDMENTS. HOWEVER, WE BELIEVE THAT THE PASSAGE OF SUPERFUND WILL SOLVE THESE PROBLEMS AND WE LOOK FORWARD TO THAT LEGISLATION BECOMING LAW.

MR. CHAIRMAN, THIS CONCLUDES MY STATEMENT. I WOULD LIKE TO THANK THE OCS OVERSIGHT COMMITTEE FOR THIS OPPORTUNITY TO DISCUSS THE COAST GUARD'S VIEWS ON THE OCSLA AMENDMENTS OF 1978. CAPT SHERBURNE, CAPT CRONK AND I WILL BE GLAD TO ADDRESS ANY QUESTIONS THAT YOU, OR MEMBERS OF THE COMMITTEE, MAY HAVE.