

FROM CRISIS TO REFORM: RAISING THE BAR FOR SAFETY AND ENVIRONMENTAL PROTECTION ON OFFSHORE OIL AND GAS OPERATIONS

In response to the *Deepwater Horizon* oil spill in the Gulf of Mexico, the Obama Administration has launched the most aggressive and comprehensive reforms to offshore oil and gas regulation and oversight in U.S. history. Those reforms, being carried out by Interior Secretary Ken Salazar and Director of the Bureau of Ocean Energy Management, Regulation, and Enforcement (BOEM) Michael R. Bromwich, are raising the bar for safety, oversight, and environmental protection at every stage of the review, permitting, drilling, and development process for offshore oil and gas operations.

The Environmental Review Stage: Conducting Strong Environmental Reviews of Proposed Lease Sales and Drilling Projects Based on Sound Science

- **Out:** Director Bromwich has ordered a full review of the agency's use of 'categorical exclusions' under the National Environmental Policy Act (NEPA) and has [limited their use](#) in proposed deepwater drilling projects.
- **In:** BOEM, with the collaboration of federal agencies like the Fish and Wildlife Service (FWS) and the National Oceanic and Atmospheric Administration (NOAA), is conducting comprehensive new [environmental analyses of the Gulf of Mexico](#) and the Arctic to help inform future leasing and development decisions.
- **In:** Proposed lease sales and drilling projects must undergo thorough [environmental reviews](#) in accordance with NEPA.

The Permitting Stage: Raising the Bar for Safety and Environmental Protections in Proposed Drilling Projects

- **Out:** Interior [closed the loophole](#), established in 2003, that exempted operators in the Gulf of Mexico from submitting plans for worst-case discharge scenarios.
- **Out:** The Administration has submitted legislation to remove the requirement that hamstring BOEM by requiring review and approval of exploration plans within 30-days.
- **In:** Permit applications for drilling projects must meet [new standards](#) for well-design, casing, and cementing, which must be independently certified by a professional engineer.
- **In:** Proposed exploration plans must meet [new requirements](#) to show the operator is prepared to deal with a potential blowout and the potential worst-case discharge scenario and the operator's ability to respond to such a discharge.

Drilling and Production Stages: Strengthening Standards for Equipment, Safety Practices, Environmental Safeguards, and Oversight of Offshore Drilling and Production

- **Out:** Over the last three decades, safety equipment and regulatory requirements fell behind the technology that allowed companies to reach new oil and gas reserves in deeper waters.
- **In:** Operators must adhere to the new Drilling Safety Rule, implemented through emergency rulemaking, that raises the standards for blowout preventers, well design, casing, cementing, and safety equipment. Blowout preventers must also meet [new standards for testing](#) and must be independently certified.
- **In:** Under the new Workplace Safety Rule, operators will be required to develop a comprehensive management program for identifying, addressing and managing operational safety and environmental hazards and impacts, with the goal of reducing the risk of human error and improving workplace safety and environmental protection.
- **In:** The CEOs of drilling companies must – for the first time ever – [put their signature on the line](#) to certify that their rigs comply with all safety and environmental laws and regulations.

- **In:** BOEM is significantly expanding its team of inspectors, engineers, and other specialists to ensure that operators are following all laws and regulations.

Blowout Containment and Spill Response: Ensuring that Industry is Prepared to Respond to Deepwater Blowouts and Oil Spills

- **Out:** The *Deepwater Horizon* spill laid bare the gap between the oil and gas industry's drilling technology and the technology available to contain and control blowouts in deepwater.
- **Out:** Until the *Deepwater Horizon* disaster, oil spill response planning had not anticipated a spill of such a scale and duration.
- **In:** BOEM Director Bromwich held [eight public forums](#) around the country to gather information about how to strengthen safety, blowout prevention, and spill response in deepwater. Director Bromwich will be developing recommendations for Secretary Salazar based on these meetings.
- **In:** Federal agencies, led by [the Department of the Interior and the Department of Energy](#), are collaborating to institutionalize the experience, expertise, and leadership developed through the *Deepwater Horizon* source containment and spill response efforts.

Enforcement and Oversight: Building a Strong, Independent Agency to Police Offshore Oil and Gas Operations

- **Out:** Secretary Salazar has divided the former Minerals Management Service – which held conflicting missions of promoting energy development, regulating the industry, and collecting revenues - [into three independent entities](#).
- **Out:** The Royalty in Kind (RIK) Program, which accepted oil and gas in lieu of cash as royalty payments on federal energy resources.
- **In:** Secretary Salazar appointed former DOJ Inspector General [Michael R. Bromwich](#) to lead the newly established BOEM and to oversee offshore oil and gas reforms.
- **In:** To ensure that BOEM has the resources, authorities, and tools needed to be a strong and independent agency, the Administration requested and Congress provided \$29 million in supplemental funds in FY 2010 to address immediate priorities. The Administration has also requested an additional \$100 million, as part of an FY 2011 budget amendment, for the Department to increase offshore oil and gas inspections, hire new inspectors, draft enforcement and safety regulations, and carry out environmental and other studies.
- **In:** Director Bromwich stood up a [new internal investigations and review unit](#) within BOEM that will root out problems within the regulatory agency and target companies that aim to game the system.
- **In:** Director Bromwich has established a new [recusal policy](#) for BOEM employees which will reduce the potential for real or perceived conflicts of interest.
- **In:** As part of his internal reforms of BOEM, Director Bromwich is implementing the [recommendations of the OCS Safety Oversight Board](#), which Secretary Salazar established to evaluate how to strengthen oversight and management of energy development on the Outer Continental Shelf.