



BUREAU OF SAFETY AND ENVIRONMENTAL ENFORCEMENT

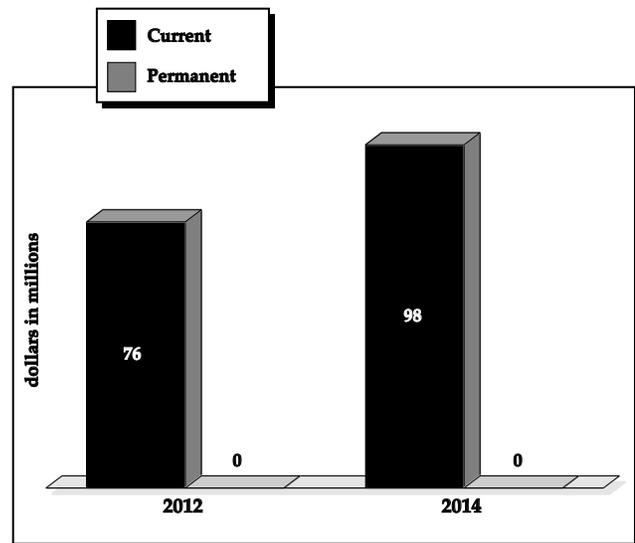
Mission – The Bureau of Safety and Environmental Enforcement works to promote safety, protect the environment, and conserve resources offshore through vigorous regulatory oversight and enforcement.

Budget Overview – The 2014 budget request for the Bureau of Safety and Environmental Enforcement is \$222.1 million, including \$98.2 million in current appropriations and \$124.0 million in offsetting collections from rental receipts, cost recoveries, and inspection fees. The BSEE estimates staffing will equal 763 full time equivalents in 2014. The 2014 budget request is a \$24.8 million increase above the 2012 enacted level, including an increase of \$21.9 million in current appropriations. All increases support the New Energy Frontier initiative.

The total 2014 estimate of \$124.0 million in offsetting collections assumes a decrease of \$2.0 million from the 2012 estimate for rental receipts, an increase of \$1.9 million from the 2012 estimate for cost recoveries, and an increase of \$3.0 million for inspection fee collections. The net result is additional revenue of \$2.9 million from the 2012 estimate.

Progress through Reform – Secretary Ken Salazar issued a Secretarial Order in 2010 to reorganize the former Minerals Management Service into three independent entities to institute strong internal controls over the development, regulation, and revenue collection activities in the Federal offshore energy regulatory system. The three agencies, the Bureau of Ocean Energy Management, Bureau of Safety and Environmental Enforcement, and Office of Natural Resources Revenue within the Office of the Secretary, were subsequently established to correct prior oversight weaknesses in the Federal offshore energy regulatory system. The reorganization was implemented on October 1, 2011. The Bureau is responsible for oil and gas permitting, facility inspections, regulations and standards development, safety research, field operations, environmental compliance and enforcement, review of operator oil spill response plans, production and development oversight, and resource conservation efforts. The BSEE promotes safety at all levels, at all times.

BSEE Funding



Building on recent progress, BSEE continues to recruit professionals into the workforce and train all personnel to better compare, assess, and identify risks and mitigation strategies to promote safety, protect the environment, and conserve resources offshore through vigorous regulatory oversight and enforcement. These professionals review permits and response plans, and conduct inspections, investigations, and enforcement activities to properly define, assess, and mitigate risks. The BSEE training activities will provide newly hired technical staff with a base-level competency that they will use and build on throughout their careers. All BSEE technical personnel will continue to engage in formal classroom training, on-the-job training and mentoring, and field-based classes when applicable to ensure they are current on the latest offshore oil and gas technologies and practices.

In 2012, BSEE continued working to refine internal controls and processes and expand the use of information and data management systems to enhance continuous offshore safety and an environmental enforcement presence. The Bureau is further advancing new protocols that emphasize risk-based inspections with the intent of identifying and focusing inspections on the highest risk

BUREAU OF SAFETY AND ENVIRONMENTAL ENFORCEMENT FACTS

- Established October 1, 2011.
- Conducts more than 21,000 inspections per year to ensure the safe and environmentally responsible operation of nearly 3,400 offshore oil and gas drilling and production facilities and pipelines.
- Operates the largest facility in the United States that can test oil spill response equipment with a variety of crude oils and refined petroleum products under reproducible marine conditions.
- Conducts studies to continuously improve operational safety and pollution prevention related to offshore oil and natural gas exploration and development and renewable energy facilities, including Best Available and Safest Technologies.

activities and facilities. The BSEE is currently working to implement a real time monitoring program to improve and increase the regulatory oversight of critical offshore operations and equipment. The BSEE is also strengthening the Inspection and Enforcement program through the development of new enforcement and investigative tools and the enhancement of existing capabilities.

New Energy Frontier Initiative – In March 2011, President Obama released his Blueprint for a Secure Energy Future that includes a three-part strategy to produce more energy with domestic resources, reduce reliance on foreign energy sources, lead the development of clean alternative fuels, and improve efficiency.

The 2014 BSEE budget fully supports the President's Blueprint by ensuring development of the Nation's vast offshore energy resources is conducted in a safe and environmentally responsible manner. Funds will be used to recruit expert engineers, scientists, and oil spill response specialists to support the development of strong scientific information and the timely and thorough review of permits. The 2014 budget request includes increases of \$2.5 million to support growth in the Alaska Region for activities such as oversight of exploration, development, and production activities, and \$1.0 million for development of a modern ePermitting electronic system that will increase efficiency and effectiveness of the permitting process.

Offshore Safety and Environmental Enforcement – The 2014 budget request includes \$207.2 million for offshore safety and environmental enforcement programs, primarily for conventional energy activities, an increase of \$24.8 million over the 2012 level.

The request increases programmatic funding for Operational Safety and Regulation by \$14.2 million. This will strengthen regulatory and oversight capability on the U.S. Outer Continental Shelf and increase the capacity in multiple disciplines to adequately staff regulatory,

safety management, structural and technical support, and oil spill response programs. Continued outreach and dialogue with stakeholders from academia, industry, non-governmental organizations, and other governmental agencies will enhance the knowledge base of technical personnel related to innovative technologies, regulatory gaps, real-time monitoring capabilities, and risk-based decisionmaking for safety and environmental enforcement.

Specific program increases of \$1.4 million are proposed to support research requirements for well structure integrity and \$2.0 million for offshore safety systems and operations. An increase of \$3.7 million for inspection activities will be used to support the National Offshore Training program to provide contemporary learning and development opportunities for BSEE's inspectors and engineers. Courses are designed to enhance safety and environmental stewardship using the best science and technology to evaluate, protect, and preserve the human, marine, and coastal environments. An additional request of \$4.5 million will support ongoing reorganization efforts identified as critical to the success of BSEE in strengthening post Deepwater Horizon regulatory and oversight capabilities. This increase supports a cross section of staffing for newly identified efforts and increased activities such as development of regulations, safety management, structural and technical support, and oil spill response.

An increase of \$2.5 million will support the growth in exploration, development, and production activities on the Alaska OCS, including building dependable inspection capabilities for significantly expanded drilling activity, providing basic engineering support for platform and pipeline functions, and building basic engineering and geoscience support for unitization, reservoir, and resource conservation functions. As the Bureau continues to implement reforms to increase efficiency and demonstrate effectiveness, a program increase of \$1.0 million will be used to streamline the permitting process to support the development of a modern electronic system to manage the

permitting process. These funds will be used to improve the availability and reliability of information needed to make management decisions to ensure compliance with safety and environmental regulations.

The Environmental Enforcement program fosters environmental compliance, inspection, investigation, and enforcement programs to maintain the highest level of environmental standards for all offshore energy activities. The 2014 budget request will provide \$4.2 million for the further development of this important function and be used to hire, train, equip, and support personnel to conduct environmental inspections and investigations; take enforcement actions; and evaluate the effectiveness of environmental mitigation activities.

Each of these functions and the Bureau’s existing activities will be supported by a program increase of \$4.0 million for administrative support for new engineers, inspectors, scientists, and other professionals in the reorganized and expanded program. Savings from management efficiencies of \$2.8 million have been identified across all BSEE programs. This reduction will be achieved through leveraging efficiencies across programs, cost savings, and administrative adjustments.

Oil Spill Research – This program supports oil pollution research and other activities related to oil spill prevention, as authorized by the Oil Pollution Act of 1990. The Oil Spill Research program plays a pivotal role in initiating applied research used to support decisionmaking pertaining to offshore energy development. This is especially true regarding the program’s long history of research in oil spill containment and response in the field, as well as training at its large test tank facility, Ohmsett, located in Leonardo, New Jersey. The test facility is the only one of its type in the world providing full-scale equipment and methodology testing for offshore spills in a safe, controlled environment.

The 2014 budget proposes \$14.9 million for Oil Spill Research, equal to the 2012 enacted level. The request will address key knowledge and technology gaps in oil spill response, focusing on deepwater and arctic environments. The studies will leverage other funds through cooperative efforts with the National Oceanic and Atmospheric Administration, Department of the Navy, and U.S. Coast Guard.

Fixed Costs – Fixed costs of \$4.3 million are fully funded.

SUMMARY OF BUREAU APPROPRIATIONS
(all dollar amounts in thousands)

Comparison of 2014 Request with 2012 Enacted

	2012 Enacted		2014 Request		Change	
	FTE	Amount	FTE	Amount	FTE	Amount
Current						
Offshore Safety / Environmental Enforcement.....	617	61,375	675	83,263	+58	+21,888
Oil Spill Research	20	14,899	22	14,899	+2	0
Subtotal, Current.....	637	76,274	697	98,162	+60	+21,888
Offsetting Collections	66	121,081	66	123,970	0	+2,889
TOTAL, BUREAU OF SAFETY AND ENVIRONMENTAL ENFORCEMENT (w/ OC)	703	197,355	763	222,132	+60	+24,777

HIGHLIGHTS OF BUDGET CHANGES

By Appropriation Activity/Subactivity

APPROPRIATION: Offshore Safety and Environmental Enforcement

	2013 Full Year CR	2012 Enacted	2014 Request	Change from 2012
Environmental Enforcement				
Appropriation.....	1,507	1,498	5,586	+4,088
Offsetting Collections	2,610	2,610	2,728	+118
Subtotal, Environmental Enforce.....	4,117	4,108	8,314	+4,206
Operations, Safety and Regulation				
Appropriation.....	37,140	36,913	49,842	+12,929
Offsetting Collections	95,166	95,166	97,440	+2,274
Subtotal, Ops, Safety, Regulation.....	132,306	132,079	147,282	+15,203
Administrative Operations				
Appropriation.....	5,023	4,992	8,820	+3,828
Offsetting Collections	10,553	10,553	10,785	+232
Subtotal, Administrative Operations	15,576	15,545	19,605	+4,060
General Support Services				
Appropriation.....	4,018	3,994	5,109	+1,115
Offsetting Collections	8,613	8,613	8,802	+189
Subtotal, General Support Services..	12,631	12,607	13,911	+1,304
Executive Direction				
Appropriation.....	14,063	13,978	13,906	-72
Offsetting Collections	4,139	4,139	4,215	+76
Subtotal, Executive Direction	18,202	18,117	18,121	+4
Total Appropriation	61,751	61,375	83,263	+21,888
Total Offsetting Collections	121,081	121,081	123,970	+2,889
TOTAL APPROPRIATION	182,832	182,456	207,233	+24,777

Detail of Budget Changes

	2014 Change from <u>2012 Enacted</u>		2014 Change from <u>2012 Enacted</u>
TOTAL APPROPRIATION	+24,777		
Environmental Enforcement.....	+4,206	Administrative Operations.....	+4,060
Environmental Enforcement Program	+4,177	Sustain Administrative Operations	+4,045
Management Efficiencies.....	-21	Management Efficiencies.....	-456
Fixed Costs	+50	Fixed Costs	+471
Operations, Safety and Regulation.....	+15,203	General Support Services.....	+1,304
R&D for Offshore Drilling.....	+2,000	Management Efficiencies.....	-1,386
Operational Safety.....	+4,495	Fixed Costs	+2,690
National Offshore Training Program.....	+3,685	Executive Direction.....	+4
Wellbore Integrity.....	+1,395	Management Efficiencies.....	-114
Alaska Program Growth	+2,500	Fixed Costs	+118
ePermit for Regulatory Enforcement.....	+1,000	Subtotals for Changes Across Multiple Subactivities	
Management Efficiencies.....	-838	Management Efficiencies.....	[-2,815]
Fixed Costs	+966	Fixed Costs	[+4,295]

APPROPRIATION: Oil Spill Research

	2013 Full Year CR	2012 Enacted	2014 Request	Change from 2012
TOTAL APPROPRIATION	14,990	14,899	14,899	0
Supplemental.....	+3,000	0	0	0
TOTAL APPROPRIATION (<i>w/ supp</i>).....	17,990	14,899	14,899	0