

## **REFORMING MMS**

### **January 2009 -- present**

Since taking office, Secretary Salazar has launched an agenda to reform the Minerals Management Service (MMS) by strengthening ethics standards, royalty policies and program oversight issues raised by GAO and IG reviews to ensure a fair return to taxpayers, and balancing the agency's mission to include an aggressive offshore renewable energy component.

#### **Ethics**

- Salazar issued new ethics guidelines for MMS 1/2009.
- All MMS employees are required to receive ethics training and to certify compliance to Code of Ethics 3/2009 (exceeds general government requirements for which employees must receive ethics training).
- Implemented a performance requirement for managers and supervisors that evaluates effectiveness in management, conduct, and disciplinary issues.
- MMS Ethics Office now reports directly to the Associate Director for Administration and Budget and is a key executive level position within MMS.
- A more robust ethics program that includes a new MMS ethics website, employee letters, posters, emails and regular meetings.
- Personnel actions up to and including termination for those employees identified in the IG Royalty-in-Kind reports.

#### **Reforming MMS Programs**

- **Eliminating the Royalty-in-Kind Program.** Ethical lapses and criminal behavior were uncovered during the prior Administration in connection with the administration of the MMS's Royalty-in-Kind program. Secretary Salazar took aggressive steps in response to the investigation, including:
  - Mandating comprehensive new ethics requirements, as noted above.
  - Announcing elimination of the Royalty-in-Kind program, calling it an outdated and flawed royalty collection system. Royalties will be paid via cash, and not via "in kind" payments of oil and gas.
- **Auditing the Geothermal Program.** MMS responded aggressively to the Inspector General's concern regarding the adequacy of audits conducted for its geothermal program by arranging for audits of all affected companies.
- **Implementing Royalty Policy Committee Recommendations.** Secretary Salazar directed the aggressive response to the recommendations of the Royalty Policy Committee; sub chaired by former Senators Bob Kerrey and Jake Garn. Seventy-two of 110 recommendations have been implemented.
- **Marine Board Review of MMS Inspection Program.** Secretary Salazar directed MMS to contract with the Marine Board, part of the Transportation Research Board of the National

Academies, to review the MMS Inspection Program for offshore facilities to assess its effectiveness in protecting human safety and the environment. The study began in September 2009. The committee visited MMS's Pacific OCS region in April 2010 and was scheduled to conduct interviews in the MMS GOM region the week of May 6 2010 (postponed). The study committee appointed to conduct the review will:

- Examine changes in the inspection program and process since the Marine Board's 1990 study;
- Review available trend data on inspections, safety, and environmental damage;
- Examine analogous safety inspection programs in other regulatory agencies and other nations for lessons that could be applied to MMS inspections;
- Consider changes in industry's safety management practices since the 1990 report; and
- Recommend changes to the inspection program to enhance effectiveness.

### **Dynamic Regulation**

- Finalized rule on subservice safety valves that incorporated but went beyond industry standards on high pressure and high temperature valves. (1/2010)
- Proposed rule (soon to be finalized) that will establish safety systems and audit requirements to address two-thirds of all offshore accidents and spills analyzed by MMS. (6/2009)

Proposed rule that will be imminently published in the FR to address casing pressure, a major safety issue on oil and gas wells. (7/2009)

### **Balancing the Agency's Mission by Promoting Development of Offshore Renewable Energy**

- Secretary Salazar broadened and balanced the mission of the MMS by establishing the first ever framework for offshore wind energy development.
  - Formed an Atlantic Wind Consortium with the governors of eight Atlantic states.
  - Approved the Cape Wind project in Nantucket Sound, Massachusetts.
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