Fact Sheet: Offshore Energy Reform in the Wake of Deepwater Horizon

In response to the *Deepwater Horizon* explosion and resulting oil spill in the Gulf of Mexico, the Obama Administration launched the most aggressive and comprehensive reforms to offshore oil and gas regulation and oversight in U.S. history. The reforms, which strengthen requirements for everything from well design and workplace safety to corporate accountability, are helping ensure that the United States can safely and responsibly expand development of its energy resources.

In selecting Michael R. Bromwich to lead the newly-established Bureau of Ocean Energy Management, Regulation and Enforcement (BOEMRE) in June 2010, President Barack Obama and Department of the Interior (DOI) Secretary Ken Salazar issued a mandate: to reform the government's regulation of offshore energy development and the agency responsible for it.

To ensure that the new agency has the resources to implement needed reforms, President Obama requested a supplemental $100 million for FY 2011 to strengthen oversight of offshore oil and gas operations, increase offshore facility inspections in the Gulf of Mexico and facilitate the reorganization and reform of BOEMRE.

Under the leadership of Secretary Salazar and Director Bromwich, the Department of the Interior (DOI) and BOEMRE are making the fundamental changes necessary to restore the American people's confidence in the safety and environmental protection of oil and gas drilling and production on the U.S. Outer Continental Shelf, ensuring that responsible oil and gas development continues.

Improving the Safety of Offshore Drilling

We have launched **aggressive, comprehensive reforms** to offshore oil and gas regulation and oversight:

- **Enhanced Drilling Safety**
    - Deepwater drilling operators must demonstrate that they are prepared to deal with the potential for a blowout and worst-case discharge per **NTL-06**.
    - Permit applications for drilling projects must meet new standards for well-design, casing, and cementing, and be independently certified by a professional engineer per the new **Drilling Safety Rule**. We are strengthening drilling standards in the exploration and development stages, for equipment, safety practices, environmental safeguards, and oversight.
    - New guidance, through **NTL-10**, requires a corporate compliance statement and review of subsea blowout containment resources for deepwater drilling, a key lesson of the Deepwater Horizon oil spill.
- **Enhanced Workplace Safety**
    - We have imposed, for the first time, requirements that offshore operators maintain comprehensive safety and environmental programs. This includes performance-based standards for offshore drilling and production operations, including equipment, safety practices, environmental safeguards, and management oversight of operations and contractors. Companies will now have to develop and maintain a Safety and Environmental Management System (SEMS) per the new **Workplace Safety Rule.**

Ongoing Improvements to the Offshore Regulator

The reorganization and internal reforms that BOEMRE is implementing are designed to remove the complex and sometimes conflicting missions of the former Minerals Management Service by clarifying and separating these missions across three agencies and providing each of the new agencies with clear areas of focus and new resources necessary to fulfill those missions:

- In his first week, Director Bromwich established an **Investigations and Review Unit** to root out problems within the regulatory agency and target companies that aim to game the system.

- The bureau has implemented a **new recusal policy** for BOEMRE employees to deal with real and perceived conflicts of interest.

- Secretary Salazar and Director Bromwich launched a **full review of the use of National Environmental Policy Act (NEPA) categorical exclusions**, during which they are not being used to approve proposed deepwater drilling projects.

- We have launched an aggressive **re-organization program**:

    - The bureau completed the transfer of the revenue collection function on October 1, 2010.

    - Initiated the forthcoming split of the offshore resource management and the safety and environmental enforcement roles into separate, independent organizations:

        - **Bureau of Ocean Energy Management (BOEM)** will be responsible for managing development of the nation's offshore resources, including oil, gas and renewable resources

        - **Bureau of Safety and Environmental Enforcement (BSEE)** will independently and rigorously enforce safety and environmental regulations

- As part of the reorganization, BOEMRE has created **multiple Implementation Teams**, tasked with analyzing various aspects of bureau's regulatory structure and helping to implement the reform agenda.

    - Teams are considering the various recommendations for improvement received from multiple investigations and analyses including the **Safety Oversight Board, National Commission on the BP Deepwater Horizon Oil Spill and National Academy of Engineering.**

- Director Bromwich launched a **recruitment campaign** to expand the bureau's field of inspectors and engineers – receiving more than 500 applications in two weeks. The bureau is working to **expand and enhance its inspection program** to ensure that operators are following all laws and regulations; planning to hire training professionals and developing programs to expand capacity. Director Bromwich also embarked on an April 2011 **recruitment campaign** to expand our field of environmental scientists, with visits to more than 10 top universities across the country.

- Secretary Salazar and Director Bromwich established the **Ocean Energy Safety Advisory Committee**, a permanent advisory body of the nation's leading scientific, engineering, and technical experts who provide critical guidance on improving offshore drilling safety, well containment, and spill response.