

**STATEMENT OF  
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UNITED STATES DEPARTMENT OF THE INTERIOR  
BEFORE THE  
COMMITTEE ON NATURAL RESOURCES  
SUBCOMMITTEE ON ENERGY AND MINERAL RESOURCES  
U.S. HOUSE OF REPRESENTATIVES**

***Hearing on “Examining the Policies and Priorities of the Bureau of Ocean Energy Management, the Bureau of Safety and Environmental Enforcement, and the U.S. Geological Survey”***

**March 6, 2019**

Chairman Lowenthal, Ranking Member Gosar, and Members of the Subcommittee, I am pleased to join you today to discuss the policies and priorities of the Bureau of Safety and Environmental Enforcement (BSEE), a bureau of the Department of the Interior. We welcome the Subcommittee’s interest in our efforts to promote offshore safety and environmental protection. It is our firm belief that our nation’s demand for the energy resources it needs today should be met by a supply that is developed safely, sustainably, and domestically.

The Outer Continental Shelf (OCS) is a vital component of our nation’s energy economy. In 2018, oil production from the federal OCS exceeded 644 million barrels and natural gas production topped 986 billion cubic feet.<sup>1</sup> It accounts for approximately 18% of domestic oil production, 4% of domestic natural gas production, billions of dollars in annual revenue for the Treasury, states, and conservation programs, and supports an estimated 300,000 jobs. As the agency charged with the mission of ensuring that the offshore oil and gas industry extracts these resources in a safe and environmentally sustainable manner, I believe that we have made significant progress towards reducing the risks of offshore oil and gas exploration and production so that we may continue to realize these important national benefits.

**Background**

BSEE has jurisdiction over offshore energy development on the OCS, with operations permitted in three regions – the Gulf of Mexico, Pacific, and the Alaskan OCS. The Bureau was established to protect life, property, and the environment by ensuring the safe and responsible exploration, development, and production of offshore energy resources. Currently, areas within our jurisdiction are home to approximately 40 active drilling rigs and almost 2,000 offshore facilities steadily pumping hundreds of millions of barrels of oil through more than 25,000 miles of pipelines, predominantly in the Gulf of Mexico.

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<sup>1</sup> <https://www.data.bsee.gov/Production/OCSProduction/Default.aspx>

BSEE actively works to promote the efficient and responsible production of offshore energy resources through a comprehensive program of permitting, regulations, compliance monitoring and enforcement, technical assessments, inspections, preparedness activities, and incident investigations. As a steward of our nation's natural resources, resource conservation is also central to BSEE's mission: the Bureau protects federal royalty interests by ensuring that offshore oil and gas are conserved and leaseholders maximize recovery from OCS reservoirs. To carry out its diverse array of policies and programs, the Bureau employs highly skilled engineers, geoscientists, geologists, environmental specialists, inspectors, and preparedness analysts. Our people have the breadth of expertise and experience needed to oversee offshore energy projects from the planning of exploratory drilling operations through the decommissioning of offshore production platforms.

The Administration's work to improve our oversight of oil and natural gas development on the OCS reflects a careful balance among resource development, production goals, worker safety, and environmental protection. In overseeing an industry with such complex and expansive operations, BSEE is continually looking for opportunities to strengthen environmental safeguards and to take a smarter, more strategic approach to safety.

### **Offshore Safety Innovation and Improvement**

In recent years America has seen ever increasing levels of production offshore, with production levels reaching 10-year highs in 2018.<sup>2</sup> Over that same year, BSEE inspected every platform, drilling rig, and non-rig unit on the OCS, which, in 2018, represented a six percent increase in inspections from 2016. In doing so, BSEE satisfied its statutory inspection obligation and played a critical role in ensuring that the record-level of offshore production in 2018 was carried out safely. While production levels have increased over the past two years, the number of injuries and incidents, such as fires, have shown steady decreases when normalized to levels of activity.

Beginning in 2017, the Bureau engaged in an effort to determine how it might carry out its mission in a more efficient and more effective manner. Subsequently, BSEE developed initiatives focused on creating an organization that has strong, smart programs and processes moving forward. These initiatives are aimed towards improving and streamlining processes; ensuring the efficient use of bureau resources; developing an accountable, competent, and engaged workforce; and integrating effective stakeholder engagement. Among these initiatives are efforts to implement risk-based inspections as a part of our overall inspection strategy; use offshore near-miss data to identify incident precursors; and increase physical inspection time on offshore facilities by using technology to increase inspection efficiency.

#### *Risk-Based Inspections*

BSEE has launched a risk-based inspection program to focus more oversight and resources on higher-risk offshore facilities. The Bureau is now using findings from the analysis of offshore safety data to focus inspections on operations and facilities whose characteristics and records of safety indicate a greater risk of a safety or environmental incident. Through this effort, we are able to stay ahead of potential issues. This program supplements our

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<sup>2</sup> <https://www.data.bsee.gov/Production/OCSProduction/Default.aspx>

statutory responsibility to inspect every drilling rig, non-rig unit, and production facility on the OCS that is subject to any environmental or safety regulation promulgated pursuant to the Outer Continental Shelf Lands Act at least once per year.<sup>3</sup> These more intense, targeted inspections focus on the highest-risk operations and equipment such as crane safety and operations involving fired vessels.

### *Offshore Near-Miss Reporting Program*

Our bureau's mission of protecting offshore workers and the environment is strengthened by collaboration with industry to build data sets that can be used to identify the greatest risks to safety and the environment offshore and to draw insights from that data that can help minimize those risks. The collection and analysis of near-miss data are helping identify problems before they manifest into serious incidents. BSEE, in collaboration with the Bureau of Transportation Statistics, has developed an internet-based near-miss reporting system – called SafeOCS – through which offshore operators can report data that can be used to identify and address the causes of offshore incidents. This program places BSEE in a position to identify problems before they manifest as serious incidents. The program consists of two parts: mandatory and voluntary reporting. The mandatory reporting requirement for safety critical equipment went into effect in 2016, and reports are available to the public on the website at [www.safeocs.gov](http://www.safeocs.gov). The broader voluntary program has been the focus since 2016. Initially, participants in the program represented only three percent of OCS production. Under this Administration, participation has dramatically increased, with current operator participation representing more than 80 percent of OCS production.

### *Making Inspection Operations More Efficient*

BSEE has also undertaken a comprehensive review of our inspection program operations in an effort to improve efficiency and more efficiently deploy our limited resources. One way that the Bureau has sought to improve efficiency is by limiting the amount of time spent reviewing records on offshore facilities. By using technology to conduct records review remotely, our inspection staff is able to dedicate more of the time they spend offshore on physical inspections of equipment and facilities. Since implementing this initiative, the Bureau has increased physical inspection time by approximately ten percent. BSEE inspectors now complete more inspections in fewer trips offshore. In 2016, 4,660 offshore inspection trips were required to conduct 8,508 inspections, for an average of 1.83 inspections per offshore trip. In 2018, 4,216 offshore inspection trips were required to conduct 10,282 inspections, for an average of 2.44 inspections per offshore trip. Reduction in flight time also decreases our inspector transportation costs and, more importantly, reduces the risk to our personnel who fly offshore.

### *Other Safety Initiatives*

BSEE has launched a program to perform an annual, comprehensive review of regulations and standards related to safety critical equipment to ensure that the requirements contained in these documents reflect best practices and that these requirements are being used across all

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<sup>3</sup> 43 U.S.C. § 1348(c).

offshore operations. In addition, we have implemented an initiative to assess risks inherent in offshore development on an annual basis. This program will identify risks, especially those related to new technology needed to develop deepwater and High Pressure/High Temperature (HP/HT) resources. The goal of this effort is to address any gaps in regulations, standards, or data needed to mitigate those risks, and to verify that offshore operations are using appropriate mitigation measures. We believe that both of these initiatives will assist BSEE's oversight program in keeping pace with the rapidly evolving offshore energy industry, will contribute to reducing risk, and will foster continuous improvement in safety on the OCS.

### **Secretary's Orders 3349 and 3350 and Major Regulatory Actions**

In addition to the implementation of advanced safety initiatives and efforts to increase operational efficiency, BSEE has also undertaken a series of regulatory reforms to maintain safety and environmental protection offshore while decreasing regulatory compliance burdens. Secretary's Order 3349, issued in May 2017, directs Interior agencies to conduct a thorough review of their regulations in accordance with Executive Order 13783, entitled "Promoting Energy Independence and Economic Growth."<sup>4</sup> As part of this process, the Department requested public input on how each of the Department's bureaus can improve implementation of regulatory reform initiatives and policies and identify regulations for repeal, replacement, or modification.

BSEE has also undertaken the process of instituting the reforms called for in Secretary's Order 3350, which implements Executive Order 13795 entitled "Implementing an America-First Offshore Energy Strategy."<sup>5</sup> With respect to BSEE, the Secretary issued Order 3350 to increase regulatory certainty for OCS activities; enhance conservation stewardship; and promote job creation, energy security, and revenue generation for the American people. As required by this order, BSEE reviewed and proposed revisions to the Blowout Preventer Systems and Well Control rule (the "Well Control rule"). In collaboration with the Bureau of Ocean Energy Management (BOEM), BSEE has begun the process of review of the Arctic Exploratory Drilling Rule (the "Arctic rule"). Additionally, BSEE finalized its revision of the Production Safety Systems rule, which clarifies and updates the regulations previously issued under Subpart H of BSEE's regulations.<sup>6</sup>

BSEE has made substantial efforts to engage stakeholders and solicit public input during consideration of each of its regulatory reforms. Based on feedback from stakeholders and the general public, BSEE has identified potential modifications to the regulations identified in the Executive and Secretary's Orders. Internal review of regulations for which BSEE has not yet issued a final rule are ongoing.

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<sup>4</sup> E.O. 13783 of Mar. 28, 2017. 82 Fed. Reg. 16093 *et seq.* (Mar. 31, 2017).

<https://www.federalregister.gov/documents/2017/03/31/2017-06576/promoting-energy-independence-and-economic-growth>.

<sup>5</sup> E.O. 13795 of Apr. 28, 2017. 82 Fed. Reg. 120815 *et seq.* (May 3, 2017).

<https://www.federalregister.gov/documents/2017/05/03/2017-09087/implementing-an-america-first-offshore-energy-strategy>.

<sup>6</sup> 30 C.F.R. § 250.800 *et seq.* (2018).

## **Preparing for a New Role in Offshore Renewable Energy**

The Department is moving forward on all energy fronts – conventional and renewable – and that includes offshore wind. The high level of interest in offshore wind development evidenced by the record-breaking dollar amount of bids submitted during the BOEM offshore wind lease sale in December has prompted BSEE to consider its potential role in overseeing offshore wind farm safety and environmental compliance. We are currently contributing our experience and expertise in offshore safety and environmental protection by reviewing industry submissions. In 2018, BSEE reviewed 43 submissions, an increase of 187 percent from 2016. In anticipation of our larger role in the oversight of the development and operation of offshore wind facilities, BSEE has also initiated talks with the Occupational Safety and Health Administration to delineate responsibilities for offshore wind workplace safety.

### **Conclusion**

America's offshore provides hydrocarbons that not only fuel our cars, trucks, and homes, but also enhance our ability to provide healthcare, national defense, and the general standard of living to which we have become accustomed today. American offshore energy resources also create hundreds of thousands of jobs and generate significant revenue that accrues to both the U.S. Treasury and the states. As important as these resources are to America's economy, federal and state governments, and our way of life, this Administration recognizes that it is equally important that the offshore oil and gas industry extract these resources in a safe and environmentally responsible manner.

Accordingly, BSEE is committed to driving performance, for both industry and the Bureau, in safety and environmental sustainability, and is committed to maximizing the benefits of our offshore energy resources for the nation through responsible development. Under this Administration, BSEE has maintained a safe and environmentally responsible operation of America's offshore oil and natural gas development across all metrics while production levels have reached record highs. BSEE is taking steps to ensure that this trend continues by focusing its resources on reducing the greatest risks to human life and the environment and finding new ways to strengthen the culture of safety industrywide through collaboration and innovation.

I thank the Chairman and Ranking Member for inviting me here today and would be happy to answer the Subcommittee's questions.