Strengthening Safety, Oversight, and Environmental Protection in U.S. Waters

— BY MICHAEL R. BROMWICH

INTRODUCTION

In June 2010, President Barack Obama and Secretary of the Interior Ken Salazar asked me to serve as director of the U.S. Bureau of Ocean Energy Management, Regulation and Enforcement (BOEMRE), the agency responsible for regulating offshore drilling and production in U.S. waters. BOEMRE was the institutional successor to the Minerals Management Service (MMS), which had been responsible for those functions since the early 1980s.

At the time of my appointment, our mandate was challenging, ambitious and above all urgent – to reform offshore energy development and the agency responsible for overseeing it. Two months earlier, the *Deepwater Horizon* drilling rig had exploded, taking the lives of 11 workers and unleashing nearly 5 million barrels of oil into the Gulf of Mexico. The tragic loss of life and the enormous environment damage resulting from the *Deepwater Horizon* tragedy transformed the unthinkable into the actual; it served as a wake-up call for industry and government alike.

Since that time, we have been working diligently and aggressively to make the changes necessary to restore confidence that offshore oil and gas drilling and production are being conducted safely and with appropriate protections for marine and coastal environments.

STRENGTHENING REGULATIONS

One of the initial challenges was to strengthen the rules and regulations governing offshore drilling in U.S. waters. Those rules and regulations had not been adequately revised and updated to address some of the challenges of offshore drilling, especially in deep water. We promptly recognized the need to identify and examine improvements to drilling and workplace safety and to enhance protection of the marine environment.

BOEMRE swiftly developed and implemented new rules to improve the effectiveness of government oversight of offshore energy drilling and production. The first rule, the Drilling Safety Rule, created tough new standards for well design, casing and cementing, and well control procedures and equipment, including blowout preventers. For the first time, operators are now required to obtain certification by a qualified engineer of their proposed drilling process. In addition, an engineer must certify that blowout preventers meet tough new standards for testing and maintenance and are capable of severing the drill pipe under anticipated well pressures.

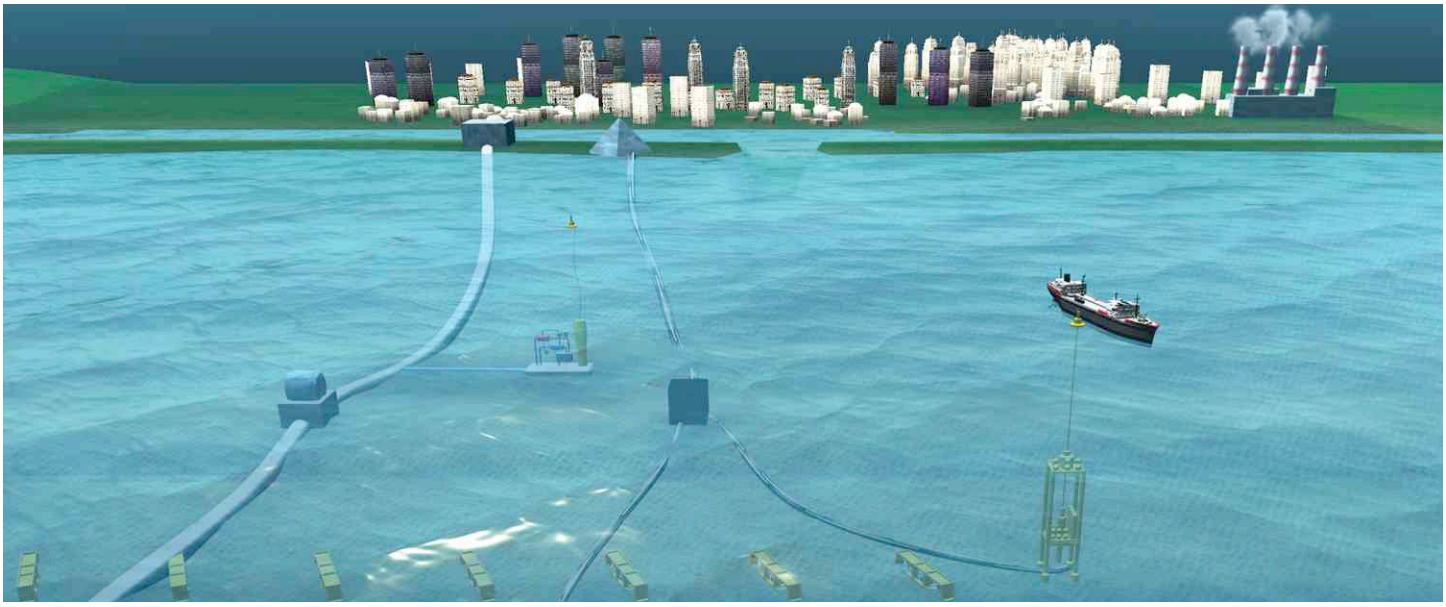
A second rule, known as the Safety and Environmental Management Systems (SEMS) Rule, requires operators to systematically identify risks and establish barriers to minimize those risks. It seeks to reduce the human and organizational errors that lie at the heart of many accidents and oil spills. The SEMS Rule, sometimes referred to as the Workplace Safety Rule, introduced, for the first time in the U.S. regulatory regime, performance-based standards similar to those used by regulators in the North Sea. U.S. operators are now required to develop a comprehensive safety and environmental management program that identifies the potential hazards and risk-reduction strategies for all phases of activity, from well design and construction, to operation and maintenance, and finally to the decommissioning of platforms.

A second proposed SEMS Rule will require third-party audits of operators' mandatory SEMS programs and addresses additional safety concerns that were not covered by the initial SEMS rule. The proposed rule, which will be announced this month, will enhance safety for offshore workers and provide greater protection of the marine environment through additional safety procedures, training programs, notification obligations and strengthened auditing procedures.

In addition to these important new rules, we have issued Notices to Lessees (or NTLs) that provide additional guidance to operators on how to comply with existing regulations. In June 2010, we issued NTL-06, which requires that operator's oil spill response plans include a well-specific blowout and worst-case discharge scenario – and that operators provide the assumptions and calculations behind these scenarios. Our engineers and geologists then independently verify these worst case discharge calculations to ensure that we have an accurate picture of the spill potential of each well.

Following the lifting of the deepwater drilling moratorium in October 2010, we issued NTL-10, a document that establishes various informational requirements, including a mandatory corporate statement from the operator confirming that it will conduct drilling operations in compliance with all applicable agency regulations, including the new Drilling Safety Rule. For the first time, this includes the submission of an operator's subsea blowout containment plan that identifies the equipment and resources that would be available in the event of a subsea blowout in deep water.

We have also identified the need for the thoughtful consideration, development and implementation of additional rules designed to further enhance offshore drilling safety. This process will be broad and inclusive, with the goal of increasing drilling safety and diminishing the risks of a major blowout. It will address improvements to blowout preventers, as well as many other issues.



STRUCTURAL REFORMS REDUCE CONFLICTS AND INCREASE EFFICIENCY

On October 1, 2011, we will complete our top-to-bottom, comprehensive reorganization of MMS. The reorganization and internal reforms that we have implemented were designed to recognize the diverse and sometimes conflicting responsibilities of the former MMS by thoughtfully separating these missions into three new agencies and providing each of the new agencies with clear definitions of their respective missions and – for the first time – needed new resources to adequately fulfill those missions.

These functions will now be carried out by three separate agencies within the Department of the Interior. The Bureau of Ocean Energy Management (BOEM) will manage the development of the nation's offshore resources in an environmentally and economically responsible way; the Bureau of Safety and Environmental Enforcement (BSEE) will enforce safety and environmental regulations offshore; and the Office of Natural Resources Revenue (ONRR), which has been operating separately from the rest of the agency since October 2010, will be responsible for collecting revenues from offshore leases.

Our guiding principles over the past 15 months have included a commitment to expand the scope of our scientific and environmental studies, to enlarge the universe of data that serves as the foundation for our decisions, and to rely on credible and unfiltered scientific data as the basis for those decisions. While important science has always been conducted in the agency, a number of internal and external reviews of our agency have suggested that our scientific community has not always had a strong enough voice. We are changing that.

As concrete reflections of that commitment, we have created top-level management positions for a Chief Environmental Officer in BOEM and a dedicated Environmental Compliance capacity both in Headquarters and in the regional offices in BSEE. The creation of these new positions will help ensure that decisions made by each bureau will appropriately balance the nation's need for energy security and economic development with enhanced safety and environmental protection. We are also hiring a large number of additional environmental scientists to perform work that includes environmental studies, *National Environmental Policy Act* review, and environmental compliance – all of which are critical to the balanced development of offshore resources.

Through this important institutional and organizational transition, our staff will work to ensure continuity for the science organizations that rely on our funding to conduct research that expands our knowledge and serves as the basis for our decisions. BOEM will continue to fund scientific studies in the Gulf of Mexico, the Atlantic, the Pacific, and the Arctic through our Environmental Studies Program. BSEE will carry on the mission of the Technology Assessment & Research Program, which supports research associated with operational safety and pollution prevention, as well as oil spill response and cleanup capabilities.

We will continue to support important research initiatives and to strengthen the knowledge base of coastal and marine environments through partnerships with federal agencies, including the U.S. Fish and Wildlife Service and the U.S. Geological Survey, and with respected academic institutions, including the National Academies of Science. We recently signed a Memorandum of Understanding with the National Oceanic and Atmospheric Administration (NOAA) to enhance our coordination and collaboration and to ensure we approach decisions with the best available information.

THE FUTURE OF OFFSHORE DRILLING IN U.S. WATERS

Offshore drilling in the United States, and indeed around the world, will never be the same as it was a year ago. That much is clear. The changes that we have put in place will endure because they were urgent, necessary and appropriate. And more change will surely come, although not at the rapid pace of the past year. The process of making offshore energy development both safe and sufficient to help meet the nation's and world's energy demands will never be complete. It is – and must be – a continuing, ongoing, dynamic enterprise.

There is an urgent need for upgrading safety rules and practices within the offshore oil and gas industry.

The central challenge that *Deepwater Horizon* highlighted is the need to establish the institutions and systems – and the processes of cultural change and improvement– necessary to ensure that neither government nor industry ever again becomes so complacent that no further change is considered necessary – because that sort of complacency set the stage for *Deepwater Horizon*.

Following *Deepwater Horizon*, a broad consensus quickly emerged – in government and industry – that there was an urgent need for upgrading safety rules and practices within the offshore oil and gas industry. As we move forward, we must do everything possible to keep the complacency from creeping back. We must have the discipline to continue pushing for improvements that will enhance the safety of offshore drilling. Both industry and government regulators must continue to use the memory of *Deepwater Horizon* as an ongoing reminder of the continued urgency of improving safety.

Michael R. Bromwich is the Director of the Bureau of Ocean Energy Management, Regulation and Enforcement in the U.S. Department of Interior.