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**BSEE Director Delivers Remarks at the International
Regulators
Forum 2011 Global Offshore Safety Summit Conference**

Stavanger, Norway — Bureau of Safety and Environmental Enforcement (BSEE) Director Michael R. Bromwich delivered remarks today at the International Regulators Forum (IRF) 2011 Global Offshore Safety Summit Conference in Stavanger, Norway. The IRF is a group of nine offshore upstream health and safety regulators from eight countries, including BSEE. It exists to drive forward improvements in health and safety in the sector through collaboration in joint programs and through sharing information. During his visit, Director Bromwich met individually with his counterparts from offshore regulating agencies from around the world to discuss issues of mutual interest.

Director Bromwich's remarks, as prepared for delivery, are below:

Thank you for the opportunity to speak to you here today. I would also like to thank our colleagues from Norway for hosting us in their beautiful country and the conference organizers for preparing a very timely and interesting agenda.

When we met in Vancouver a year ago, I discussed the reforms that the Bureau of Ocean Energy Management, Regulation and Enforcement (BOEMRE) was implementing in the aftermath of the *Deepwater Horizon* blowout and oil spill. Today, I would like to share with you our progress over the past year.

The Deepwater Horizon accident was a watershed for the regulation of oil and gas drilling on the US Outer Continental Shelf. The blowout and its aftermath highlighted the inadequacy of existing regulations and the fact that the offshore regulator was charged with multiple important and conflicting missions – and historically suffered from an enormous shortage of resources.

Over the past 15 months, my staff and I have worked hard to remedy these deficiencies. We have undertaken a comprehensive reorganization and implemented tough new regulations. I am extremely proud of what we have accomplished to date. I have been impressed by the dedication and commitment demonstrated by BOEMRE employees who have had to shoulder their regular responsibilities, as well as the extraordinary amount of work required to reform the way our agency does business.

As you know, just three days ago, we reached an important milestone in our remaking of US offshore agenda. BOEMRE was replaced by two new organizations – the Bureau of Ocean Energy Management (BOEM) and the Bureau of Safety and

Environmental Enforcement (BSEE). Today, I will briefly outline how these two new agencies will function. I will also provide an update on the new safety regulations we have put in place, as well as our efforts to keep offshore safety on the agendas of leaders from industry, the academic community, and government, both in our country and around the world.

I. Reorganization

Let me begin by saying a few words about the new organizational structure that became effective on October 1, this past weekend. One of the fundamental weaknesses highlighted by the *Deepwater Horizon* tragedy was the fact that the agency charged with enforcing federal regulations had three competing missions – revenue generation, responsible energy development, and safety and environmental enforcement.

On May 19, 2010, a month before I was asked to serve in the government, Interior Secretary Ken Salazar signed a Secretarial Order announcing his intention to separate the former Minerals Management Service (MMS) into three separate organizations. The central goal was to separate these functions and enhance the ability of our personnel to accomplish these important but quite different missions. My job, then, was to lead this reorganization and make real the creation of three new entities, each with specific and independent missions, and each with the authority and resources necessary to effectively carry them out.

Last summer, we began a thorough review of all of our programs and processes. We took a very close look at the organizational structure and culture of the former MMS. We took prompt action to address conflicts of interest, real and perceived, by implementing a strict recusal policy and setting up an internal Investigation and Review Unit. We reinvigorated ethics training and made that training specific to the situations our employees encounter in their day-to-day jobs. We issued updated and more stringent guidance on the acceptance of gifts.

We also addressed the lack of resources that had plagued the agency for decades. The President submitted a substantial supplemental budget request in the summer of 2010, which was partially funded, and that enabled us to begin hiring additional staff. We launched an aggressive nationwide recruitment campaign, and I personally visited college campuses across the country to talk about the rewarding and challenging careers awaiting engineers and scientists in BOEMRE. We have since hired 122 new employees across various disciplines and specialties, but we need many more.

The creation of BOEM and BSEE, initially announced more than a year ago, separates offshore resource management from safety, environmental oversight, and enforcement. This allows our permitting engineers and inspectors, who are central to overseeing safe offshore operations, greater independence and clearer focus. Our goal has been to create an aggressive but fair regulator that can effectively keep pace with the risks of offshore drilling and will work to promote the development of safety cultures in offshore operations.

In BOEM, we have created a structure that ensures that sound environmental reviews are conducted and that the potential environmental effects of proposed operations are given appropriate weight during decision-making related to the management of offshore resources. This is to ensure that leasing and plan approval decisions take all relevant considerations into account and are properly balanced. These processes must be rigorous and efficient so that decisions can be made without undue delays and based on a thorough understanding of the potential environmental impacts of operations and the confidence that appropriate mitigation against those potential environmental effects are in place before they can proceed.

We have renewed and reaffirmed our commitment to develop thorough, credible and unfiltered scientific data to serve as the basis for our resource development decisions. To that end, we have established the position of a Chief Environmental Officer in BOEM. This person will be empowered, at the national level, to make decisions and final recommendations when leasing and environmental program heads cannot reach agreement. This individual will also be a major participant in setting the scientific agenda for the United States' oceans. I have selected this first-ever Chief Environmental Officer and we hope to be able to announce it in the very near future.

The offshore regulator in the US has long maintained a robust scientific studies program. However, in the past, there was little effort to disseminate and promote the important work that was being performed. Further, there was insufficient attention paid to the program by senior leadership – because of the emphasis given to revenue generation among the agency's multiple missions. We are refocusing our efforts to showcase the world-class research being conducted and directed by our scientists, and we are taking institutional steps to ensure that their research is given appropriate weight in the decision-making process.

To ensure adequate environmental reviews, we have launched a review of our historical policies on the use of Categorical Exclusions, as suggested by the Council on Environmental Quality. During the duration of that review, we have been conducting site-specific environmental reviews for Exploration Plans submitted by operators. And even though we are doing more rigorous and more extensive environmental reviews, so far we have managed to make decisions on those plans within the 30-day timeframe set by Congress.

In shaping BSEE, we took a broad look at the best practices of domestic and international regulators to create strong enforcement mechanisms across the bureau. We have established for the first time an Environmental Enforcement Division. This Division will provide sustained regulatory oversight that is focused on compliance by operators with environmental regulations, as well as making sure that operators keep the promises they have made at the time they obtain their leases, submit their plans, and apply for their permits. Our new Chief of this Division, recruited from outside the agency, started work last month.

In BSEE, we have already established multi-person inspection teams that are being equipped with better and more advanced tools than ever before to do their jobs. Our new inspections process and protocols will allow teams to inspect multiple operations simultaneously and will enhance the quality of our inspections, especially of larger facilities.

We have established a National Training and Learning Center in BSEE whose initial focus will be on keeping our experienced inspectors current on new technologies and processes, and ensuring that our new inspectors are given the proper foundation for carrying out their duties rigorously and effectively. We have already run two sets of our newest inspectors through the initial inspector training curriculum. I have selected the first Director of our National Training and Learning Center from outside the agency and he too came on board last month.

As I have discussed on several occasions over the past several months, we will be extending our regulatory reach to include contractors as well as operators. Although I know that many of you have always done so, we have not regulated contractors in the past – but we clearly have the legal basis to exercise such regulatory authority. And there is no compelling reason in law or logic not to do so. In my judgment, it is simply inappropriate to voluntarily limit our regulatory actions to operators if in fact we have authority that reaches more broadly to the activities of all entities involved in developing offshore leases. I am convinced that we can fully preserve the principle of

holding operators fully responsible, and in most cases, solely responsible, without sacrificing the ability to pursue regulatory actions against contractors for serious violations. We will be careful and measured in applying our regulatory authority to contractors.

Throughout this process of reorganization and reform, we have been open and transparent about our intentions. Our goal has been to do everything possible not to disturb the day-to-day operations of the bureau. We have worked very hard to ensure those in industry and all interested parties are aware of the changes being considered and made, that they have a voice in the discussion, and that the reforms we have implemented make sense and are appropriate to the goals we wish to achieve.

II. Regulatory Reform

The reorganization of the former MMS was only part of our reform agenda. In the immediate aftermath of the spill, we found that existing regulations had not kept up with the advancements in technology used in deepwater drilling. Last time I spoke before this body, I discussed the new, rigorous prescriptive regulations we issued to bolster offshore drilling safety as well as our expanded efforts to evaluate and mitigate environmental risks from offshore drilling operations. As I discussed last time, we also have introduced – for the first time – performance-based standards similar to those used by regulators in the North Sea, to make operators responsible for identifying and minimizing the risks associated with drilling operations.

We did this through the development and implementation of two new rules that raised standards for the oil and gas industry's operations on the Outer Continental Shelf (OCS). The Drilling Safety rule created tough new standards for well design, casing and cementing – and well control procedures and equipment, including blowout preventers. The Workplace Safety or SEMS rule requires operators to systematically identify risks and establish barriers to those risks through a comprehensive safety and environmental management program. Because the SEMS rule required substantial work by many operators, we delayed enforcement of the rule for a year. Starting in November, we will begin to enforce compliance. Based on my discussions with our own personnel who have been gearing up to ensure compliance with the SEMS rules, and my meetings with individual operators, I am confident that the vast majority of operators will be ready with their SEMS programs by that date.

Over the past year, we have also put in place a number of additional safety regulations. Last month, we proposed a follow-up rule that further advances the purposes of the SEMS rule. It addresses additional safety concerns not covered by the original rule and applies to all oil and natural gas activities and facilities on the OCS. We first announced that this rule would be forthcoming at the time we announced the original SEMS rule, so it came as no surprise to anyone. The proposed SEMS II rule includes procedures that authorize any employee on a facility to exercise Stop Work Authority in the face of an activity or event that poses a threat to an individual, to property or to the environment. The proposed rule also establishes requirements relating to the clear delineation of who possesses ultimate authority on each facility for operational safety; establishes guidelines for reporting unsafe work conditions that give all employees the right to report a possible safety or environmental violation and to request a government investigation of the facility; and requires third-party, independent audits of operators SEMS programs. We believe these are reasonable, appropriate, and logical extensions of our original SEMS rule. We look forward to the comments and suggestions of operators and other interested stakeholders as this proposed rule moves through the rulemaking process.

Finally, we expect to make available for public comment additional proposed regulations to address the recommendations contained in our report of the investigation into the *Deepwater Horizon* blowout. That report, issued last month, is the

result of a collaborative effort between BOEMRE and the Coast Guard. In order to ensure that we incorporate the very best ideas and best practices of the offshore industry and other interested stakeholders in offshore exploration, development and production, we will proceed through a notice and comment rulemaking process that will begin with an Advance Notice of Proposed Rulemaking. It is our hope and expectation that at the end of this process, we will develop consensus proposals that will significantly enhance safety and environmental protection. Again, this is not a new announcement. We have been discussing our intention to further enhance offshore safety regulation for the past year. We have waited this long because we thought it was important to wait until we were in a position to benefit from the insights and lessons learned from the joint investigation.

On previous occasions, I have mentioned other steps that we have taken to enhance offshore safety and environmental protections. These include elaborating on requirements that oil spill response plans include a well-specific blowout and worst-case discharge scenario, and that operators demonstrate that they have access to, and can deploy, subsea containment resources that would be sufficient to promptly respond to a deepwater blowout or other loss of well control.

These enhanced requirements are substantial and necessary – and many of them were long overdue. They have made the important enterprise of offshore exploration, development and production safer and more environmentally responsible than ever before. And the new regulations we are proposing and will propose are limited and common-sense elaborations of the rules we have already put in place. We believe they will have the support of the operator community, which shares our interest in promoting safe and responsible operations.

III. Maintaining Focus on Offshore Safety

We have accomplished a lot over the past 15 months – both in terms of structural and regulatory reforms. Going forward, our challenge will be to ensure that our efforts to enhance safety will not languish as the memory of the *Deepwater Horizon* accident fades into the past. To this end, in January, Secretary Salazar established the Ocean Energy Safety Advisory Committee to advise us on a broad range of issues related to offshore energy safety. This committee consists of some of the brightest minds from industry, the academic community and government in the United States. I have met with the committee, led by former Sandia Labs Director Tom Hunter, on two occasions and am very pleased and impressed with their commitment to helping us address these challenges. The Advisory Committee will assist BSEE, and we hope to receive a set of preliminary recommendations from it in the near future. The Committee will hold a public meeting next month to discuss these preliminary recommendations.

We are also working to strengthen our collaboration with our international counterparts. Offshore regulators and senior policy officials around the world have much to learn from each other to improve safety and environmental protection. Over the past 15 months, we have taken a close look at the regulatory approaches of our counterparts around the world and that exchange of information has proven invaluable.

The International Regulators' Forum has played a key role in fostering this type of mutual learning on a multi-lateral scale. Since its founding in 1994, the IRF has been an effective and necessary mechanism for building relationships and sharing information among its member countries. Events like this conference are an extremely valuable tool for regulators and industry to share information and learn from each other. The United States has been a key participant in the IRF since its founding and will continue to do so through the Bureau of Safety and Environmental Enforcement.

We also hope that we can keep the issue of offshore safety on the minds and agendas of cabinet-level officials responsible for managing offshore resources in a safe and

responsible manner. In this spirit, last April, the Department of the Interior hosted ministers and senior energy officials from twelve countries and the European Union for the Ministerial Forum on Offshore Drilling Containment. This historic meeting led to fruitful dialogue about cutting-edge, effective safety and containment technologies. At the conclusion of the April meeting, delegates acknowledged the valuable insights generated by the discussion and reaffirmed the importance of continued international cooperation on issues related to offshore safety. They also discussed the need to continue a dialogue about these issues at the highest levels of government. As events from the recent past have shown, there is a compelling need for such a dialogue and for keeping high-level officials informed about developments related to offshore safety. To this end, we are working with our counterparts from a number of countries to create an ongoing Ministerial Forum on Offshore Energy Safety. The hosts of this IRF conference, our Norwegian friends, have agreed to host the next Ministerial Forum, which we hope will take place next summer.

IV. Conclusion

All of us involved in reforming offshore safety regulations in the US and creating our two new regulatory agencies – BOEM and BSEE – have worked to create the structure, select the leadership, and work to obtain the resources needed to fulfill our responsibilities to the American public. We need our people to approach environmental reviews and regulatory enforcement in a way that is tough, but fair, which places safety above all else, which promotes the responsible development of our nation's energy resources, and ensures all reasonable steps are taken to protect the fragile coastal and marine environment.

We need everyone to embrace those goals and to recognize their importance. We cannot afford to have critics take liberties with the facts and act as though the only things that matter are the rapid approval of plans and permits, whether or not they comply with the standards and requirements that help ensure safety and environmental protection. Some may have forgotten *Deepwater Horizon* or wish to pretend it either did not happen or that it was a singular event that should not have a lasting impact on the way we do business. We recognize it as a seminal event in the history of offshore drilling. It has driven much of what we have done over the past fifteen months, and much of the agenda we will be pursuing in BOEM and BSEE as we move forward.

It has been a difficult and challenging year-and-a-half, for everyone involved with offshore energy development in the United States. As I look back, I am extremely proud of what we have accomplished, and I am very optimistic about what lies ahead. I firmly believe we can move forward, safely and responsibly, and continue to work toward energy independence for our nation.

Thank you for your time and your attention. I am happy to take any questions you might have in the time we have remaining.

Contact: [BOEMRE Public Affairs](#)