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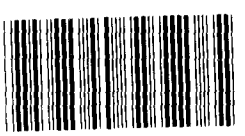
Report to the Chairman, Environment, Energy, and Natural Resources Subcommittee, Committee on Government Operations, House of Representatives

May 1988

OFFSHORE OIL AND GAS

Reorganization of Interior's Minerals Management Service Regional Office



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Resources, Community, and
Economic Development Division

B-207556

May 3, 1988

The Honorable Mike Synar
Chairman, Environment, Energy,
and Natural Resources Subcommittee
Committee on Government Operations
House of Representatives

Dear Mr. Chairman:

This report is in response to your March 24, 1987, request that we review the Department of the Interior's Minerals Management Service (MMS) plan to reorganize the office of field operations in its Gulf of Mexico Regional Office. The reorganization plan was approved by the Director, MMS, on January 21, 1987. As requested, we reviewed the development and implementation of the reorganization plan and its projected impact on the region's ability to carry out its responsibilities.

Companies lease offshore federal lands in the Gulf of Mexico to explore for new sources of oil and gas. MMS' regional office of field operations, together with the region's district offices, are responsible for regulating post-leasing activities—exploration, drilling, and production—on the federal outer continental shelf (OCS), including the inspection of drilling and production platforms.

The stated purposes of the approved reorganization plan were to (1) distribute the production inspection workload more equitably,[1] (2) utilize personnel better, and (3) use helicopters more efficiently.[2] The reorganization plan called for changing the geographic boundaries of the district offices, converting two of the six district offices to subdistrict offices, and relocating the district office geoscientists (geologists and geophysicists) to the regional office in New Orleans, Louisiana. MMS estimates that it will cost about $922,000 to implement the reorganization over a 2-year period, which will be offset by annual savings of about $748,000 within 2 to 3 years after full implementation.

We could not determine to what extent the reorganization would affect MMS' performance of its legislative requirement to annually inspect all

[1]According to its report, the MMS task group that studied and recommended the reorganization considered drilling inspections, but did not make recommendations regarding the drilling inspection program because it believed that the district offices could far exceed the required drilling inspection frequency with currently available resources.

[2]Helicopters transport inspectors to offshore production platforms.

production platforms because variables other than the number of production inspectors and their location affect MMS' satisfaction of this requirement. For example, vacancies, sickness, weather, and helicopter repairs, all of which cannot be accurately predicted, can affect MMS' ability to perform inspections. MMS told us that the region inspected over 96 percent of its production platforms during each of the fiscal years, 1984 through 1987, and that this is the best rate the region will be able to achieve, given current conditions. MMS expects, as a result of the reorganization, that the production inspection workload will be better balanced among the district offices, resulting in a more efficient and better managed inspection program. We found that the inspection workload of three of the district offices will generally be balanced after the reorganization, whereas the workload of the other district office and its two subdistrict offices will not.

We found that MMS did not analyze or study the current or proposed duties and responsibilities of the geoscientists to determine what, if any, impact the reorganization would have. MMS believed that the geoscientists were not fully utilized in the district offices and by centralizing them in the regional office, they could be more fully utilized and their number could be reduced from 11 to 6. The geoscientists that we talked to said that their functions could be performed at either the district or regional office. We also found that the approved reorganization plan did not address how helicopters could be utilized better.

Although we believe the reorganization, once implemented, could result in some annual savings from reduced personnel costs, we believe that MMS' projected savings are overstated by a minimum of $392,000, attributable to changes in helicopter use and the cost of two positions.

Development and Implementation of the Reorganization Plan

The approved reorganization plan was based on recommendations made in a December 6, 1985, report prepared by a task group in MMS' Gulf of Mexico Region. The task group analyzed data on production facilities, district office personnel, and helicopters. MMS developed a two-phased approach to implement the reorganization. Phase I, completed in fiscal year 1987, involved relocating the geoscientists from the district offices to the regional office. Phase II, scheduled for completion by September 30, 1988, includes changing district office boundaries, converting two district offices to subdistrict offices, and relocating certain district office personnel.

Impact of the Reorganization on the Region's Ability to Carry Out Its Responsibilities

MMS is required by the Outer Continental Shelf Lands Act, as amended, to annually inspect all production operations to ensure compliance with OCS safety and environmental rules and regulations. Production technicians located in the district offices fly to the offshore production platforms in leased helicopters to perform these inspections. MMS anticipated that the production inspection workload would be more evenly distributed among the individual offices by reducing the number of district offices from six to four, by changing the district office boundaries, and by relocating some production inspectors.

Using historical data, the task group established criteria for the availability of inspectors and helicopters and the amount of time needed to inspect the two types of production platforms—major and minor.[3] When the reorganization was approved, MMS' Gulf of Mexico Region had 3,434 production platforms (1,693 major and 1,741 minor platforms). In order to evaluate workload, we used MMS' criteria that, on average, 2.7 minor platforms can be inspected in the same time it takes to inspect one major platform and converted the minor platforms to equivalent major platforms. We calculated that 2,338 equivalent major platforms were to be inspected by the 29 production inspectors—an average workload in the region of 81 platforms per inspector. The number of platforms per inspector among the individual offices ranged from 21 to 106.

Using the same number of equivalent major platforms, we calculated what the average inspector workload will be after the reorganization is completed—when inspectors have been relocated and district boundaries realigned. While the average workload in the region will still be 81 platforms per inspector, the average workload in the Lake Jackson District Office will be 47, and the average workloads in its Corpus Christi and Lake Charles Subdistrict Offices will be 21 and 134, respectively. The production inspector workload for the three remaining district offices—New Orleans, Houma, and Lafayette—will generally be balanced after the reorganization (ranging from 82 to 93 equivalent platforms per inspector).

Lessees or operators wishing to drill wells on OCS leases must submit their plans to the appropriate MMS district office for review and approval. Before the reorganization, geoscientists located in district offices participated in the review and approval process. As part of the reorganization, these geoscientists were to be relocated to the regional

[3]An MMS official defined a major platform as one having at least six separate producing oil and/or gas accumulations and two pieces of production equipment; all others are minor platforms.

office in New Orleans, where they would still participate in the review process. MMS believed that there was not sufficient work to fully utilize two geoscientists in each district office. MMS also believed that by centralizing the geoscientists in the regional office, they would be more fully utilized and their number could be reduced from 11 to 6.

The task group report that recommended the reorganization did not identify or analyze the current or proposed responsibilities or workload of the geoscientists, nor did we. However, we asked them if they would be able to carry out their responsibilities as well after the reorganization as they have in the past. The geoscientists that we talked to said that their functions could be performed at either the district or regional office.

Projected and Actual Costs and Savings of the Reorganization

MMS estimated in December 1986 that it would incur one-time costs of about $929,000 to implement the reorganization over a 2-year period by relocating personnel, moving files and furniture, and remodeling the regional office. We found that as of February 1, 1988, MMS had spent $191,875 to relocate personnel and to move the furniture and files of the geoscientists from the district offices to the regional office. Additional funds will be spent to relocate other personnel and to move additional files to the regional office. MMS told us it will not incur costs to remodel the regional office to accommodate the relocated staff, which was originally estimated to cost $6,623. Therefore, MMS' current estimated cost is about $922,000.

MMS estimated that costs would be offset by annual savings of about $748,000 (within 2 to 3 years after full implementation of the reorganization) from reductions in personnel, helicopters, and office space. The savings in personnel would result from a decrease of 11 positions, including 5 geoscientist positions, as a result of centralizing their functions in the regional office. Savings realized to date are the salaries of four staff (three geoscientists and one district supervisor) who retired between July 1987 and March 1988. Additional personnel savings, according to MMS, will be realized when other personnel retire.

MMS said that its projected savings included two radio operator positions that were abolished as a result of the reorganization. We believe that the estimated $67,200 for these two positions should not be counted as a savings because MMS created two new positions for these individuals when their radio operator positions were abolished.

In addition, MMS' projected annual savings included $325,000 in helicopter savings. We found, however, that the number and type of helicopters contracted for were not the same as called for in the reorganization study and MMS signed the contract for leasing helicopters prior to the reorganization's approval date. Therefore, we believe that MMS should not attribute savings from changes in the helicopter contract to the reorganization.

Our work was performed between May 1987 and February 1988. We interviewed MMS officials at the regional office in New Orleans, Louisiana, and at the six district offices in Houma, Lafayette, Lake Charles, and New Orleans, Louisiana; and Corpus Christi and Lake Jackson, Texas. We asked these officials about their roles and responsibilities, and their participation in preparing the reorganization and implementation plans. We also reviewed MMS files and documents pertaining to costs and savings of the reorganization, office staffing levels, and inspections. Further, we calculated average inspector workloads using MMS criteria.

We discussed the facts in this report with cognizant officials at MMS headquarters and the Gulf of Mexico Regional Office. They generally agreed with the facts we presented, and we considered their comments in preparing the final report. As requested by your office, we did not obtain official agency comments on a draft of this report.

As arranged with your office, unless you publicly announce its contents earlier, we do not plan to distribute this report until 30 days from the date of this letter. At that time, we will send copies of the report to the Secretary of the Interior and the Director, Office of Management and Budget, and make copies available to others upon request. If you care to discuss this report further, please contact me on (202) 275-7756. Major contributors to this report are listed in appendix IV.

Sincerely yours,

James Duffus III
Associate Director

Contents

Abbreviations

GAO	General Accounting Office
MMS	Minerals Management Service
OCS	Outer Continental Shelf

Development and Implementation of the Reorganization Plan

Background

The Gulf of Mexico Regional Office of the Department of the Interior's Minerals Management Service (MMS) is located in New Orleans, Louisiana. The regional office, headed by a regional director, is responsible for (1) leasing federal outer continental shelf (OCS) lands in the Gulf of Mexico and (2) regulating all post-leasing activities—exploration, drilling, and production—in the region to ensure compliance with environmental and safety requirements. The region carries out its responsibilities through four offices, one of which is field operations. That office, headed by a regional supervisor, is responsible for regulating post-leasing operations on the OCS, including the inspection of these operations. The work of that office is carried out through a professional and technical staff located at the regional office and at district offices. The six district offices prior to full implementation of the reorganization are located in Houma, Lafayette, Lake Charles, and New Orleans, Louisiana; and in Corpus Christi and Lake Jackson, Texas.

The district offices report to the regional director through the regional supervisor for field operations. Each district office generally has a district supervisor, petroleum engineers, a geologist, a geophysicist, supervisory technicians, a team of drilling technicians, a team of production technicians, and administrative support personnel.

The district offices have two principal responsibilities which are divided between the professional and technical staff. The professional staff of engineers and geoscientists (geologists and geophysicists) review lessees' and operators' requests for permits to drill wells and to install production facilities. The drilling and production technicians inspect drilling and production facilities by flying in leased helicopters from district office locations to offshore drilling and production facilities to determine operators' compliance with OCS safety and environmental rules and regulations. Federal law requires that MMS annually inspect all drilling and production facilities.

The inspection program is under the general supervision of the district supervisor, but is managed on a day-to-day basis by supervisory drilling and production technicians. As of January 15, 1988, the region had 55 technician positions, including 10 supervisory drilling and production technician positions, assigned to the district offices.

Development of the Reorganization Plan

The reorganization plan was based on recommendations made in a report issued on December 6, 1985, by a District Study Task Group comprised of the supervisors of the New Orleans and Lafayette District

Offices and a staff engineer from the regional office of field operations. According to a member of the task group, the regional supervisor for field operations verbally requested that the task group examine the conditions existing at the six district offices with respect to

- an equitable production inspection workload among the district offices;
- better utilization of personnel; and
- more efficient use of helicopters in inspecting offshore facilities, coupled with ways for decreasing costs.

The task group obtained statistical data for 1985 from the regional office on the number and classification of personnel in each district office; the number and type of production platforms[1] each district office was responsible for inspecting;[2] and the number, type, and estimated cost of helicopters assigned to each district office. The task group verified these data with the district offices. After analyzing the verified statistical data and considering their own professional experience, the task group concluded that improvements in the region's operations could be achieved by

- centralizing geoscientists in the region's office of field operations;
- changing the boundaries of the district offices;
- reducing the number of district offices from six to either four or five;[3]
- relocating various district office personnel, including production and drilling inspectors; and
- changing the number and type of helicopters used.

Implementation of the Reorganization Plan

On January 21, 1987, the Director, MMS, approved a plan to reorganize the region's office of field operations. Another task group, consisting of two district office supervisors and two regional office officials, developed a two-phased approach to implement the plan. Phase I was completed by September 30, 1987, and Phase II is to be completed by

[1]Includes major and minor platforms. An MMS official defined a major platform as having at least six separate producing oil and/or gas accumulations and more than two pieces of production equipment; all others are minor platforms.

[2]Although the task group considered drilling inspections in its study, it did not make recommendations regarding the drilling inspection program because, according to its report, the district offices can far exceed the required drilling inspection frequency with currently available resources.

[3]MMS elected, without written justification, to reduce the number of district offices to four. A task group member told us that this option was more desirable since it would be less disruptive to personnel. The other option would require relocating the Lake Jackson District Office to Beaumont, Texas, and making the Corpus Christi District Office a subdistrict.

September 30, 1988. Phase I involved relocating geoscientists from the district offices to the regional office. Phase II started on October 1, 1987, is currently underway, and includes changing some district office boundaries, converting two district offices to subdistrict offices, and relocating selected personnel. Changes were made in the mix and number of helicopters, but they were different from that proposed in the reorganization plan, and the changes were implemented prior to the plan's approval.

Impact of the Reorganization on the Region's Ability to Carry Out Its Responsibilities

We could not determine to what extent the reorganization, if implemented as planned, would affect MMS' performance of its legislative requirement to annually inspect all production platforms because variables other than the number of production inspectors and their location affect MMS' satisfaction of this requirement. For example, vacancies, sickness, weather, and helicopter repairs, all of which cannot be accurately predicted, can affect MMS' ability to perform inspections. MMS expects the reorganization to result in a better balanced production inspection workload. We found that, after the reorganization, the production inspection workload will generally be balanced in three of the district offices, whereas in the other district office and its two subdistricts, it will not.

Balancing the Workload of Production Inspectors

MMS is required to inspect all platforms annually. Regional officials told us that the region inspected over 96 percent of its production platforms during each of the fiscal years, 1984 through 1987. The remaining platforms were not inspected annually because of helicopter repairs, inclement weather, and other circumstances. Regional officials said they expect that this rate is the best the region will be able to achieve, given the current workload, number of technicians, number of helicopters, and weather conditions.

The task group made several recommendations affecting the inspection program. The task group recommended (1) changing some district office boundaries, which would change the number of production facilities to be inspected by each district office, (2) converting the Corpus Christi and Lake Charles District Offices to subdistrict offices under the purview of the Lake Jackson District Office, (3) increasing the number of production inspectors, and (4) shifting some production inspectors to other district offices.

The changes in the location of inspectors, together with the change in the number of district offices and changes in the district office boundaries would, according to the approved reorganization plan, more evenly balance the inspection workload between the district offices. Using historical data, the task group established criteria for the availability of inspectors and helicopters and the amount of time needed to inspect the two types of platforms—major and minor. Although the task group report contained data on the number of platforms each district office was responsible for inspecting both before and after the reorganization, the report did not contain any computations of what the average inspector workload was before and after the reorganization. The task group

report, therefore, did not demonstrate how the workload would be more evenly distributed as a result of the reorganization. Accordingly, we computed the average production inspector workload using MMS' criteria and data.

As of December 31, 1986, immediately prior to the time that the reorganization was approved, the MMS Gulf of Mexico Region had 3,434 production platforms, consisting of 1,693 major platforms and 1,741 minor platforms. In order to evaluate workload, we used the task group's criteria that 2.7 minor platforms can be inspected in the same time it takes to inspect 1 major platform, and converted the minor platforms to equivalent major platforms. We calculated that 2,338 equivalent major platforms were to be inspected by 29 production inspectors—an average workload in the region of 81 platforms per inspector. However, at the time of plan approval, the average workload per production inspector varied between the district offices, ranging from 21 platforms per inspector in the Corpus Christi Office to 106 platforms per inspector in the Lake Charles Office. (See table II.1.)

Table II.1: Production Inspector Workload Before and After the Reorganization

	Equivalent platforms[a]		Production inspectors		Equivalent platforms per inspector	
Office	Before	After	Before	After	Before	After
New Orleans	323	658	5	8	65	82
Houma	643	626	7	7	92	89
Lafayette	506	558	5	6	101	93
Lake Jackson[b]	191	187	4	4	48	47
Lake Charles[b]	634	268	6	2	106	134
Corpus Christi[b]	41	41	2	2	21	21
Total	2,338	2,338	29	29	81	81

[a]Includes major platforms and minor platforms converted to equivalent major platforms using the task group's criteria that MMS can inspect 2.7 minor platforms in the same time it takes to inspect 1 major platform.

[b]After the reorganization, MMS believes that these 3 offices should be viewed collectively, which would result in an average production inspection workload of 62 platforms per inspector. (See the following pages for details.)

After the reorganization is fully implemented, the workload for three of the district offices will generally be balanced, whereas the workload for the other district office and its two subdistrict offices will not. Using the same number of equivalent major platforms, we calculated what the average inspector workload will be after the inspectors are relocated and district boundaries realigned. We found that the inspector workload

in New Orleans, Houma, and Lafayette will generally be balanced, ranging from 82 to 93 equivalent platforms, whereas the workload in the Lake Jackson District Office and its two subdistrict offices will range from 21 platforms per inspector in the Corpus Christi Office to 134 platforms per inspector in the Lake Charles Office. (See fig. II.1.)

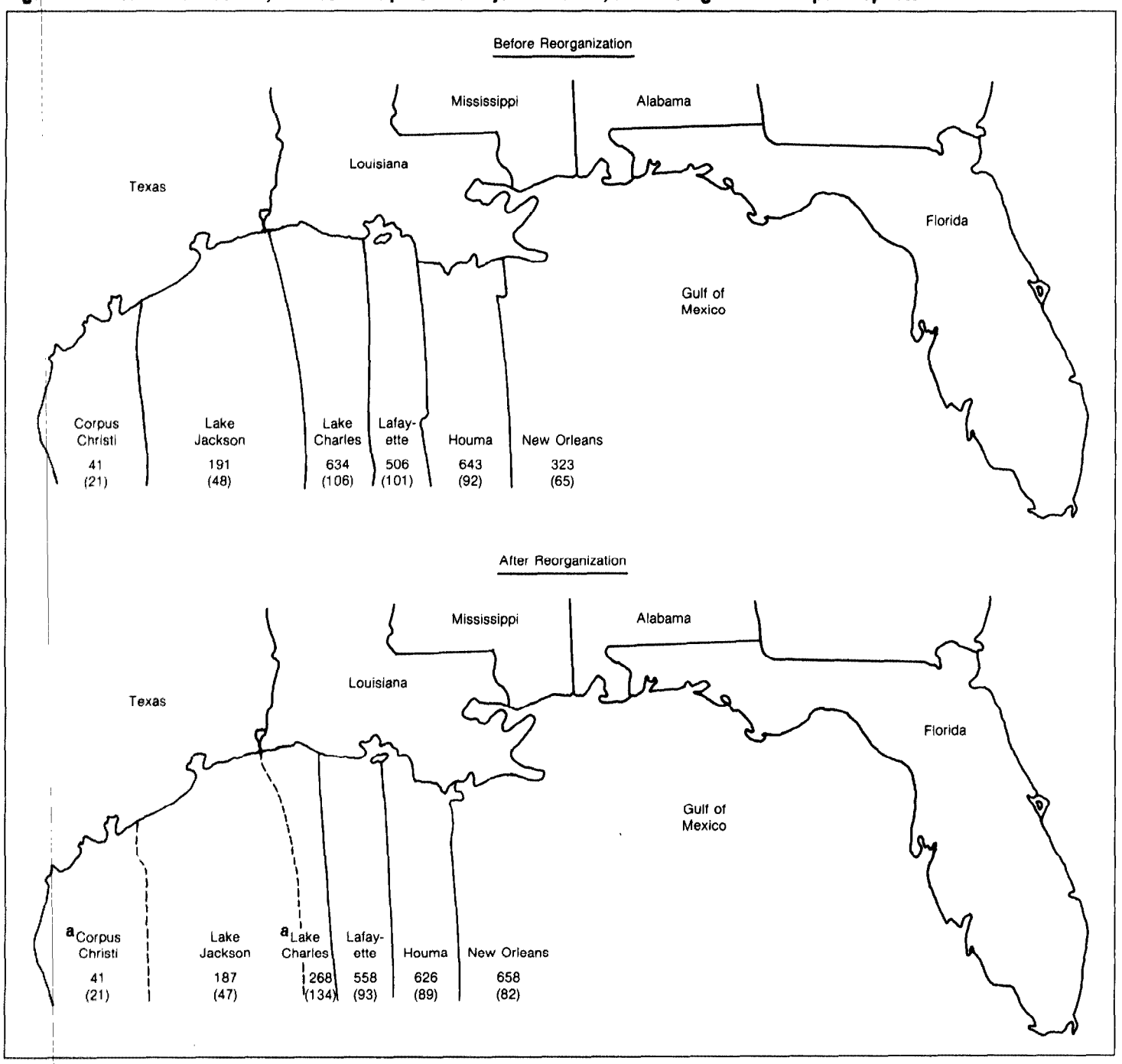
The regional director informed us that the Corpus Christi and Lake Charles Offices' workload statistics after the reorganization is fully implemented should not be viewed individually but should be incorporated with the entire Lake Jackson workload statistics. This official told us that after the reorganization is implemented, the district supervisor in Lake Jackson would direct the inspection workload in all three areas—Corpus Christi, Lake Charles, and Lake Jackson—and would have the flexibility to send production technicians where needed in his district to accomplish inspections. Hence, under those assumptions, the new Lake Jackson District would have an average inspection workload of 62 equivalent platforms per inspector (496 equivalent platforms divided by 8 inspectors) after the reorganization is fully implemented. However, neither the study nor the regional director provided an analysis of the costs or feasibility (i.e., time and availability of helicopters to fly to platforms) of using the inspectors in such a manner. While MMS' approach may be workable, we believe that, since MMS knows the number and location of platforms to be inspected, inspectors should be located where the workload exists, thus reducing the time needed to transport inspectors to the production platforms and thereby increasing the time available to perform inspections.

Centralizing Geoscientist Positions and Responsibilities in the Regional Office

The task group recommended relocating the geoscientists from the district offices to the regional office but did not identify or analyze the geoscientists' current or proposed responsibilities or workload. Likewise, we did not analyze current or proposed duties and responsibilities of the geoscientists to determine if the relocation would affect their ability to perform their responsibilities. However, the geoscientists told us that they can perform their duties and responsibilities from either the regional or district offices.

Lessees or operators wishing to drill wells on federal OCS leases must submit plans for the proposed activity to the appropriate MMS district office for review and approval. The review, performed by petroleum

Figure II.1: District Boundaries, Number of Equivalent Major Platforms, and Average Workload per Inspector



Note: Numbers in parentheses denote equivalent platforms per inspector.

[a]Subdistrict of Lake Jackson District Office.

engineers and geoscientists, assesses mechanical, geophysical, and geological aspects of the proposal to ensure that the drilling would be performed in a safe manner. The district supervisor evaluates the review and either issues a permit to drill or disapproves the request.

The approved reorganization plan authorized the transfer of the geoscientist positions from the district offices to the regional office and a reduction in the number of positions from 12 to 6.[1] The relocated geoscientists would be centralized in a newly created regional support unit within the office of field operations and would still provide the geological and geophysical analyses needed by the district offices. MMS believed that the geoscientists were not being fully utilized in the district offices and anticipated that by centralizing the geological and geophysical functions, they would be more fully utilized and the region could reduce its number of geoscientists to six through attrition. By the end of March 1988, eight geoscientists had relocated to the regional office, and three had retired.

After the reorganization, requests to drill wells must still be reviewed by petroleum engineers and geoscientists and approved by the appropriate district supervisor. However, the geoscientists will perform their review at the regional office, whereas the petroleum engineers will conduct their review at the district office.

Eight geoscientists told us that their functions could be performed in either the district or regional office. However, seven of them said that remaining in the district office would allow for better communication with the petroleum engineers. Three geoscientists were concerned that the time for the district office to perform its review might increase by moving the geoscientists to the regional office, and four geoscientists felt the quality of the reviews might be affected.

When the geoscientists were still located at the district offices, we asked the six district supervisors if the proposed relocation of the geoscientists to the regional office would delay their process for approving applications to drill. All six told us that moving the geoscientists to the regional office would not delay the approval process. Regional officials stated that the workload of the geoscientists is directly tied to the level of drilling activities in the OCS. However, because of the unpredictable number of applications for permits to drill, MMS felt that the geoscientists would

[1]At the time the reorganization was approved, 12 geoscientist positions were authorized, but only 11 of the positions were filled.

be better utilized in the regional office, where they could support all of the district offices and provide assistance to other offices within the region. Regional officials conceded that some coordination and communication problems might surface during the phase-in period after the reorganization; however, they expected that these problems would be temporary and easily resolvable.

Another task the geoscientists participate in is the review and approval of requests to install production facilities. However, since this work is primarily done by petroleum engineers rather than geoscientists, MMS does not anticipate the relocation of the geoscientists will affect the district offices' ability to perform this function.

Projected and Actual Costs and Savings of the Reorganization

MMS estimated in December 1986 that it would incur one-time costs of about $929,000 to implement the reorganization over a 2-year period. MMS estimated that these costs would be offset by annual savings of about $748,000 (within 2 to 3 years after full implementation of the reorganization) from reductions in personnel, helicopters, and office space. Although we believe the reorganization, once implemented, will result in some annual savings, we believe that MMS' projected savings are overstated by a minimum of $392,000, attributable to changes in helicopter use and the cost of two positions.

Projected Costs

MMS estimated that it could cost as much as $928,617 during fiscal years 1987 and 1988 to implement the reorganization plan. The majority of these costs are for the relocation of district office personnel to the regional office or to other district offices. Other costs are for moving files and furniture and modifying the office space at the regional office to accommodate the relocated geoscientists.

According to regional officials, all employees displaced by the reorganization will be offered vacant positions, comparable to their current positions, elsewhere in the region. Because it is not known how many district office employees will agree to relocate and the costs that each may experience, MMS developed maximum reorganization costs, as shown in table III.1. As of February 1, 1988, total cost outlays amounted to $191,875.

Table III.1: MMS' Projected Maximum Costs for the Reorganization

Category	Cost
Personnel relocation	$910,000[a]
File and furniture relocation	11,994
Regional office modification	6,623
Total	**$928,617**

[a]Assumes relocation expenses of $35,000 each for 26 employees.

Source: MMS Gulf of Mexico Regional Office.

Regional officials informed us that Phase I of the reorganization was completed on schedule, with eight district geoscientists reporting to their new duty station in the regional office by September 30, 1987. Costs for Phase I of the reorganization are not complete but as of February 1, 1988, MMS had incurred relocation costs of $150,449, which includes final costs for three geoscientists, partial costs for three geoscientists, and no costs for the other two geoscientists. The region also spent $5,886 to move files and furniture to the regional office for these

geoscientists and will spend additional funds to move the files of the geoscientists who retired in March 1988. Regional officials told us in December 1987 that no costs will be incurred to modify regional office space to accommodate the relocated geoscientists, as previously planned, since suitable office and file space has been found. Consequently, MMS' current projected cost is about $922,000.

Regional officials told us that Phase II of the reorganization is on schedule; they expect 16 employees to relocate under this phase, 12 from Lake Charles, 3 from Corpus Christi, and 1 from Lake Jackson. As of February 1, 1988, three employees had relocated. MMS has incurred $35,540 in relocation costs for two of these individuals and no costs for the third employee. Although the number of employees expected to relocate has been reduced from 26 to 24, an MMS regional official told us that the $910,000 cost to relocate personnel is still a good estimate.

Projected Savings

MMS expects to realize annual savings of $747,553 within 2 to 3 years after full implementation of the reorganization. The savings, as indicated in table III.2, will be achieved by the eventual attrition of 11 district office positions, by the reduction of 1 helicopter, and by the reduction of office space for the 2 subdistrict offices.

Table III.2: MMS' Projected Savings From the Reorganization

Category	Savings
Personnel	$369,600[a]
Helicopter	325,000[b]
Office space	52,953
Total	**$747,553**

[a]MMS assumed an average salary of $30,000 plus 12 percent benefits for each of 11 positions (5 geoscientists and 6 other positions from district offices) to be deleted.

[b]MMS' original projection for helicopter savings was $500,000, but it was revised several times to its most recent estimate of $325,000.

Personnel

As stated previously, MMS will offer all displaced employees vacant positions, comparable to their current positions, elsewhere in the region. MMS officials told us that they expect some of these employees to retire within 2 to 3 years of full implementation of the reorganization. At that time, the positions they vacate will not be filled, resulting in personnel savings. Some of these positions will be deleted, whereas others will remain vacant. The regional office expects to achieve personnel savings for the positions shown in table III.3.

Table III.3: Positions MMS Plans to Delete or Not Fill

Position	Number
District supervisor	2
Geoscientist	5
Radio operator	2
Clerk	2
Total	**11**

MMS will be able to achieve savings for some of the 11 positions, but not all of them. Personnel savings occur when an employee resigns or retires and the position is deleted. For example, the Lake Charles District Supervisor retired in March 1988 and his position is being deleted, resulting in personnel savings. Savings can also occur if the agency does not fill (does not request funds for) a vacant position. For example, savings are being realized for the three geoscientists who retired between July 1987 and March 1988. Although MMS has not deleted these positions, MMS does not plan to fill these positions and will continue to realize savings by not funding these positions in the future. MMS does not plan to delete any of the geoscientist positions because it may become necessary at some later date to add more geoscientists somewhere in the region.

Savings can also occur if the employee transfers to a vacant position elsewhere in the organization and the old position is deleted. The Corpus Christi District Supervisor will be reassigned to a vacant position elsewhere in the region on October 1, 1988, and his old position will be deleted, resulting in a savings of one position.

MMS said that its projected savings includes two radio operator positions which were abolished as a result of the reorganization. We believe that no savings can be claimed for these positions because MMS created two new positions (clerk and data transcriber) for these individuals when their radio operator positions were abolished. We also believe that MMS should not be claiming savings of $67,200 for these two positions because the change took place prior to approval of the reorganization.[1] Savings will occur for these two positions only if MMS abolishes the new positions when these two employees retire, resign, or take some other vacant position within MMS.

[1]Two positions at MMS' estimated average annual salary of $30,000 each plus 12 percent benefits.

Helicopters

The 1985 reorganization study proposed that the region could make more efficient use of its helicopters by changing the number and type of helicopters assigned to the district offices for the inspection program. The reorganization study projected that the regional office could reduce helicopter costs by $500,000 annually by using more economical single-turbine helicopters and fewer twin-turbine helicopters, while increasing the number of helicopters from 12 to 13.[2] On April 17, 1986, about 9 months before the reorganization plan was approved, the Department of the Interior signed a contract, effective October 1, 1986, to lease 11 helicopters for the district offices. The new contract was $775,000 less per year than what the reorganization study showed MMS was paying prior to the reorganization while providing the same number of helicopter seats.

While MMS may be achieving efficiencies in helicopter utilization, the projected savings should not be attributed to the reorganization, since the changes made were not what the task group recommended in its report and the change in helicopter mix took place before the reorganization was approved.

Office Space

The reorganization study estimated that converting the Lake Charles and Corpus Christi District Offices to subdistrict offices would reduce the need for office space, resulting in annual savings of $57,187. MMS subsequently lowered its estimate to $52,953 since Corpus Christi essentially obtained rent-free space after the study was done.

[2]MMS subsequently reduced this estimate to $325,000.

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