



Moving Forward toward a Safer Energy Program

Lars Herbst, Gulf of Mexico Regional Director

Agenda



- Reorganization
- Regulations and NTLs
- Well Permitting
- Preparing for the future of offshore oil and gas

Reorganization



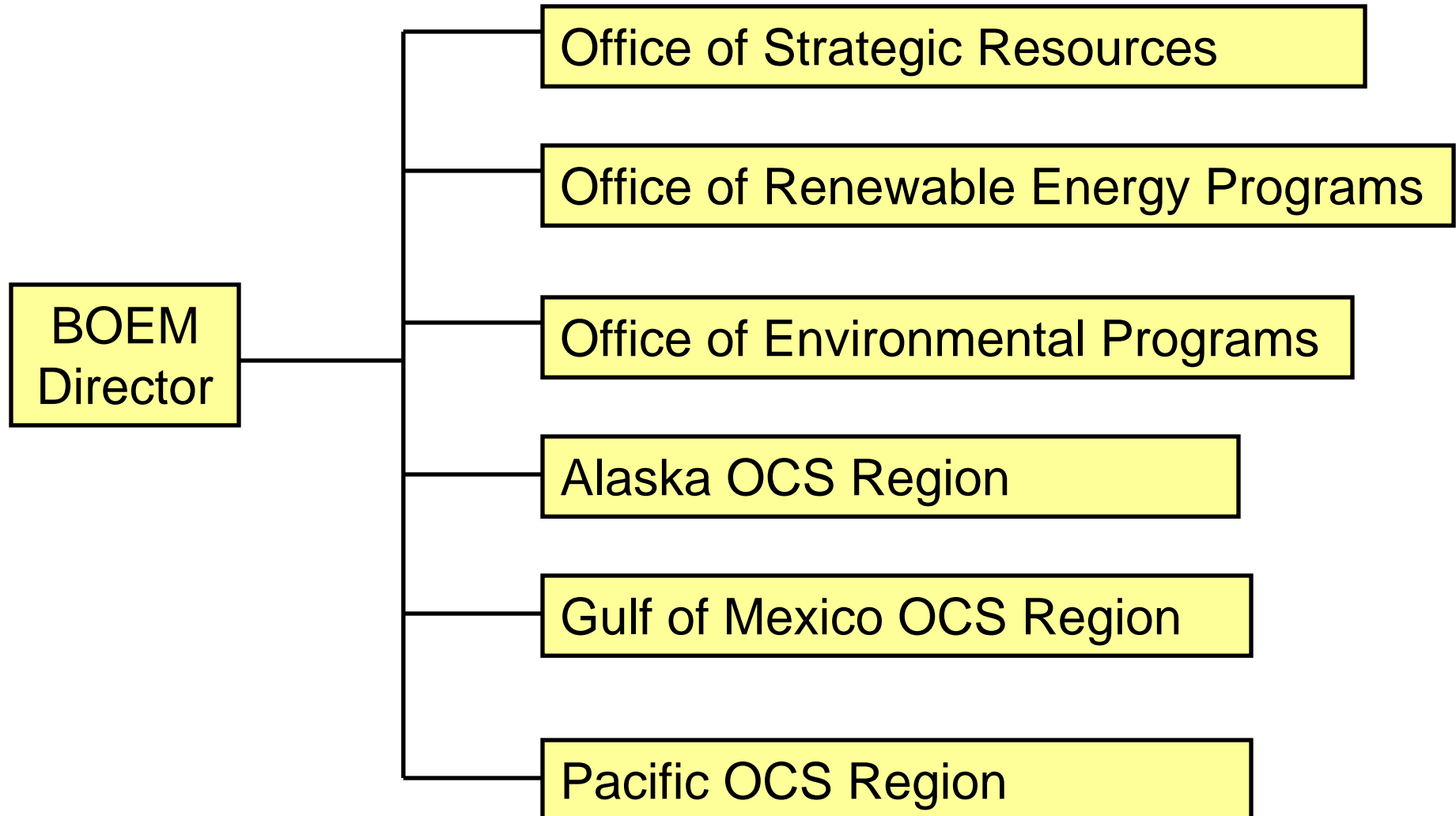
- June 2010 – Minerals Management Service renamed Bureau of Ocean Energy Management, Regulation and Enforcement
- October 2010 – Office of Natural Resources Revenue
- October 2011 – Bureau of Ocean Energy Management
- October 2011 – Bureau of Safety and Environmental Enforcement

Bureau of Ocean Energy Management

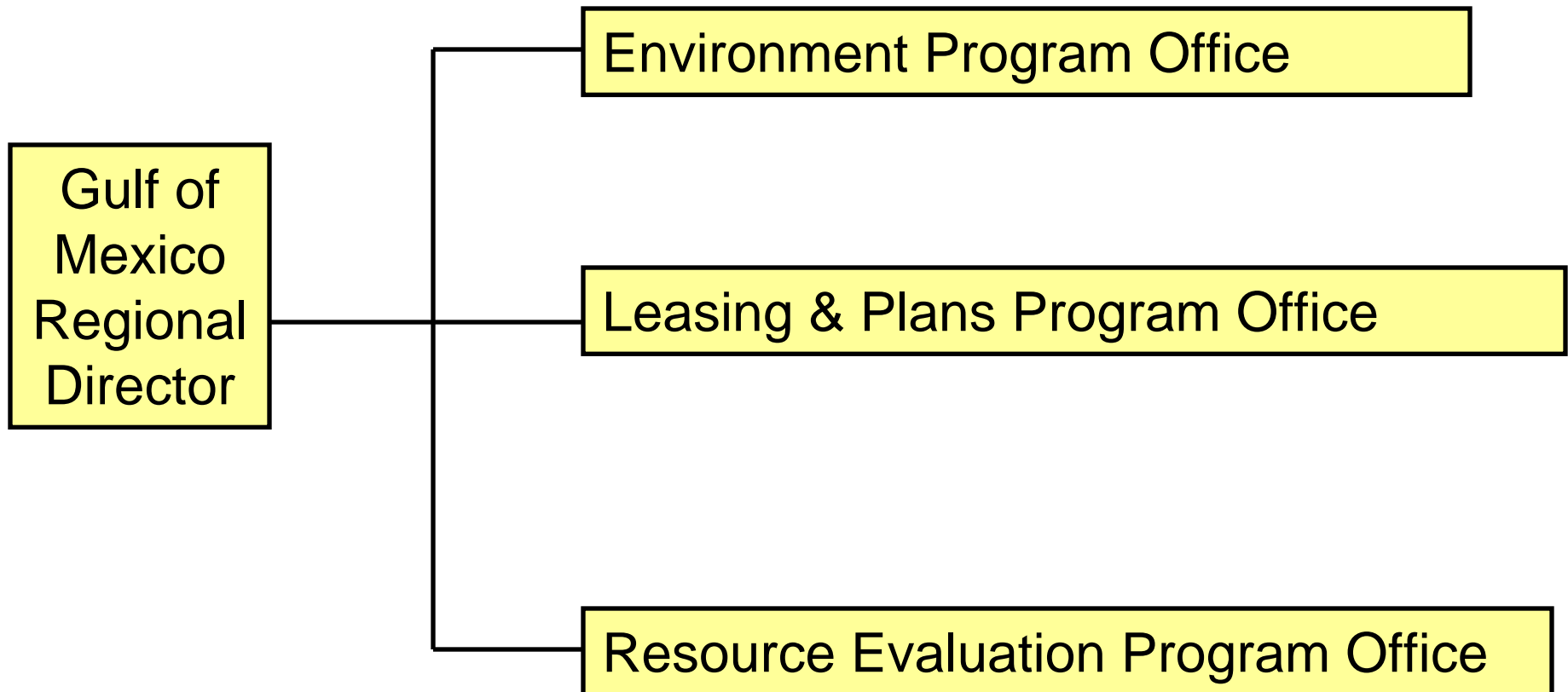


- BOEM is responsible for managing the development of the nation's offshore resources in an environmentally and economically responsible manner.
- Functions:
 - leasing – oil and gas & renewable
 - environmental science
 - environmental analysis and assessment,
 - resource evaluation,
 - economic analysis, and plan administration.

Bureau of Ocean Energy Management



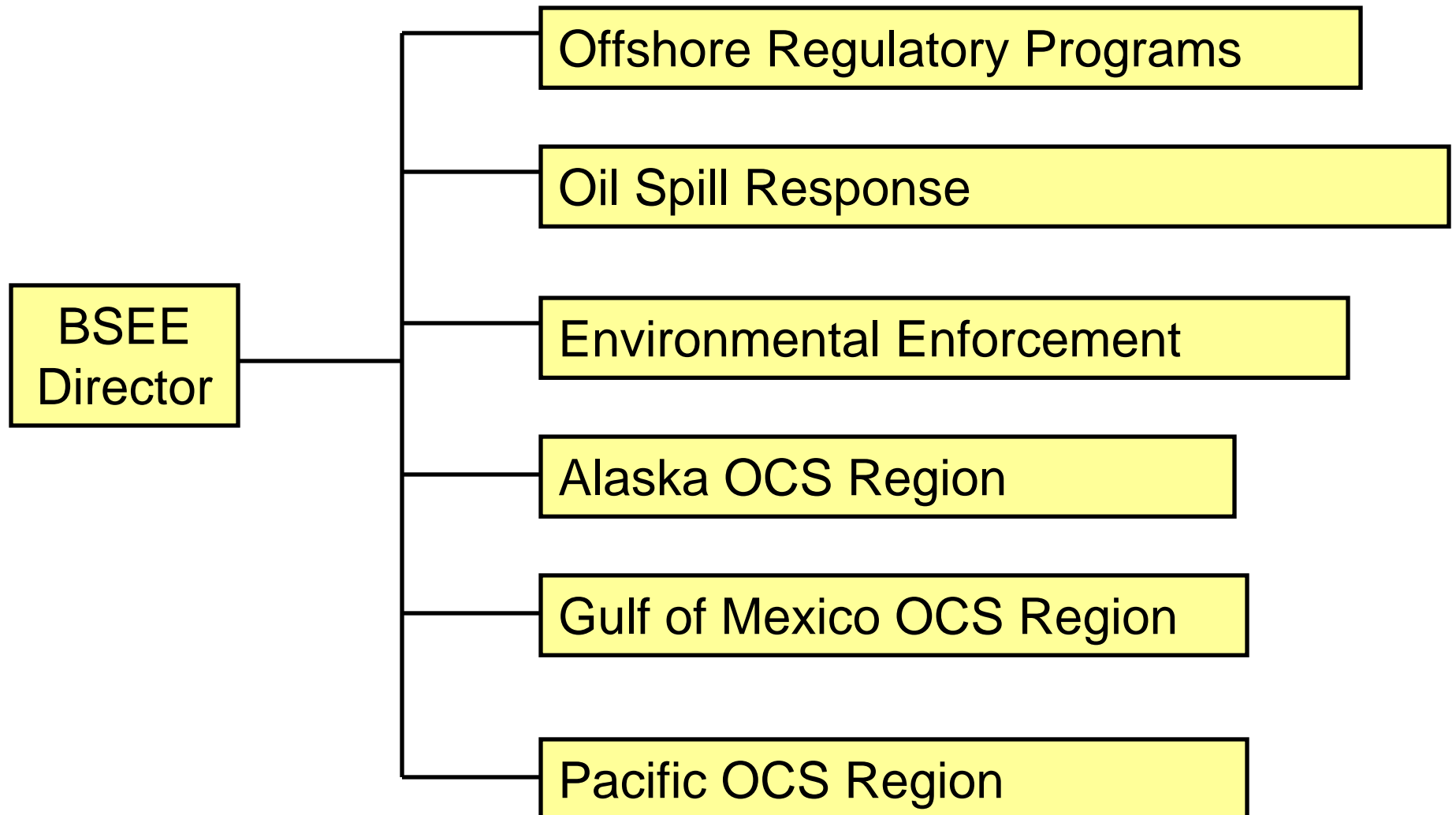
Bureau of Ocean Energy Management





- BSEE is responsible for regulatory, safety, environmental and conservation compliance for the development of the nation's offshore oil and gas and renewable energy resources.
- Functions:
 - regulations
 - inspection and enforcement program
 - permitting
 - safety management
 - environmental compliance and enforcement
 - oil spill response planning

Bureau of Safety and Environmental Enforcement



Bureau of Safety and Environmental Enforcement



****** reports to Headquarters Office

Gulf of Mexico
Regional
Director

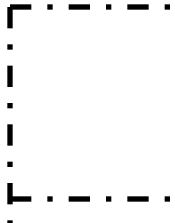
Environmental Enforcement**

Oil Spill Response**

District Field Operations

Regional Field Operations

Production & Development



District Offices Organization



- With establishment of BSEE, District Offices have separate sections
 - Well Operations
 - Production
- District Offices report to District Field Operations Office in the Region, separate from Regional Field Operations
- District Field Operations Office in the Region will have District Operations Unit to assist in permitting functions

Regulations and NTLs



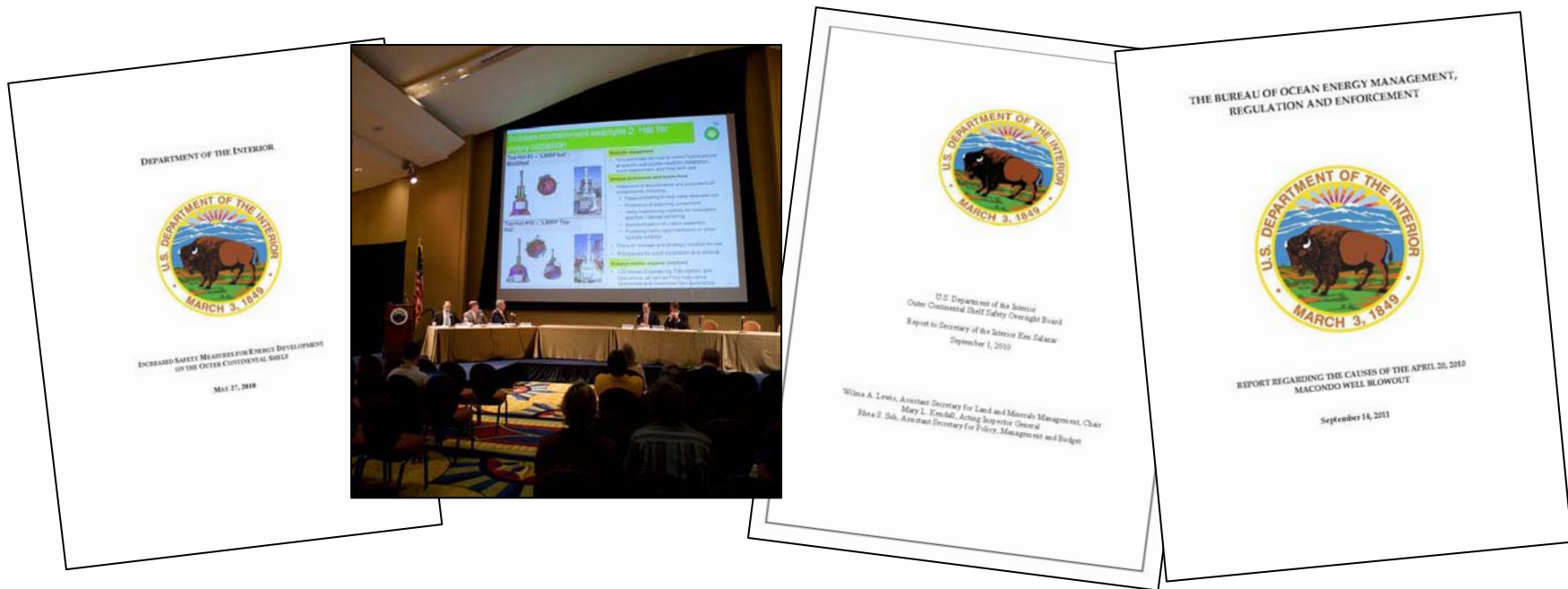
- The events of April 20, 2010 which took place in deepwater Gulf of Mexico have forever impacted the regulatory framework of deepwater oil and gas operations.



Regulatory Reviews



- May 27, 2010: 30-Day Safety Report
- BOEMRE Director's Forums on Offshore Drilling
- Sept. 1, 2010: OCS Safety Oversight Board Report
- Sept. 14, 2011: Joint Investigation Team Final Report



Interim Final Rule



- *also called **Drilling Safety Rule***
- Addresses both well bore integrity and well control equipment and procedures, including blowout preventers.
- Operators are now required to obtain independent third-party inspection and certification of the proposed drilling process.
- An engineer must certify that blowout preventers meet new standards for testing and maintenance and are capable of severing the drill pipe under anticipated well pressures.

NTL – N10 Subsea Containment



- NTL 2010-N10: *Statement of Compliance with Applicable Regulations and Evaluation of Information Demonstrating Adequate Spill Response and Well Containment Resources*, effective 11-8-10.
- Gulf Regional staff have worked with the containment organizations.
- Formats for regional aspects have been established.
- A well containment screening tool has been developed.
- One approved permit has been analyzed with cap and flowback. All other permits approved to date since Deepwater Horizon have been analyzed as cap only designs.

Safety & Environmental Management System



- All operators must be in compliance with the rule by November 15, 2011.
- Operators' upper management accountable for success of SEMS program
- Key to SEMS is Identification of hazards and their mitigation through hazards analysis and job safety analysis
- Operator personnel are responsible for the management and implementation on any facility regardless of whether that facility is totally operated by a contractor.
- BSEE will begin conducting audits to ensure that these SEMS plans are operative.

Drilling Permits Update (as of 11/2/11)



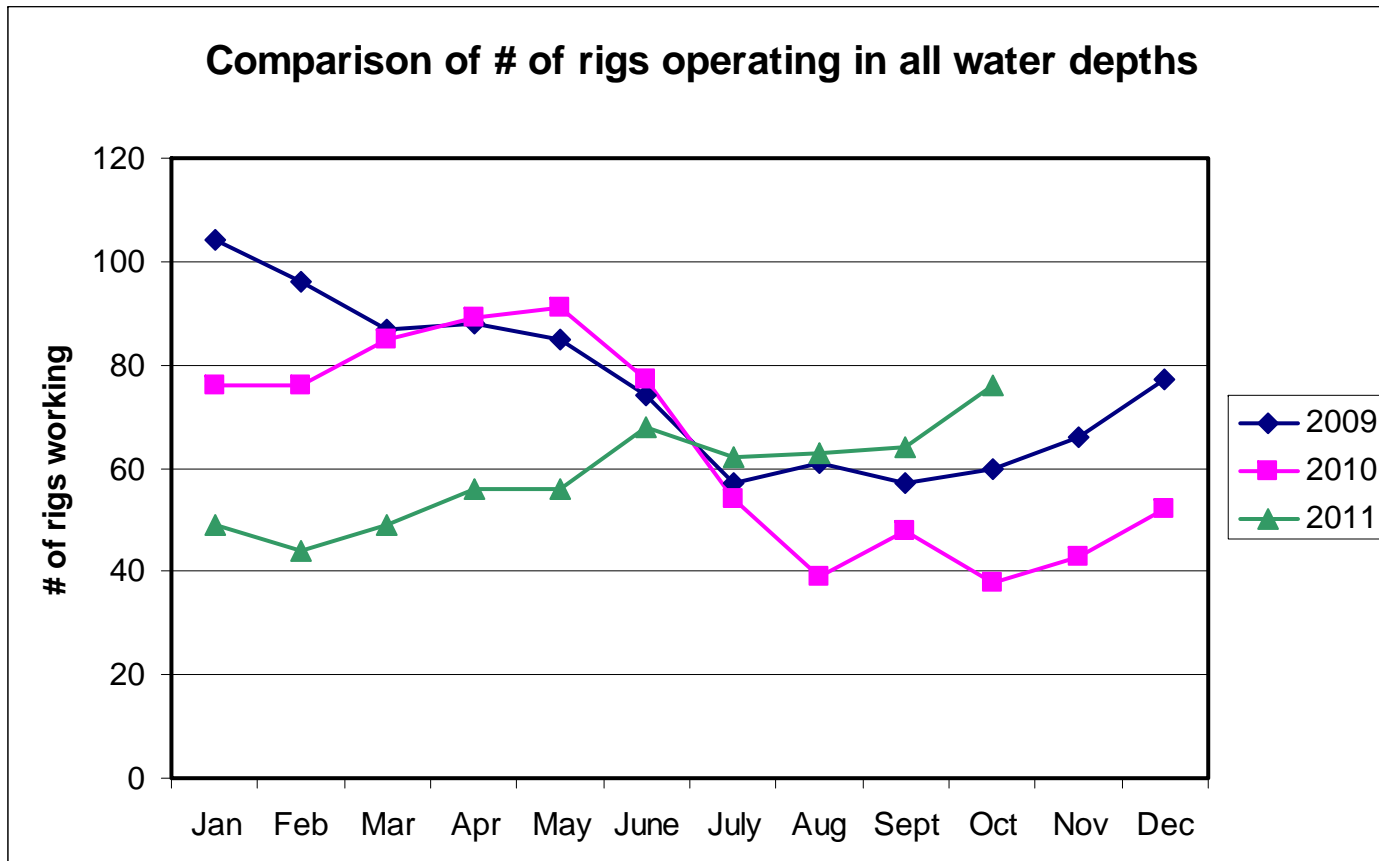
	All water depths	Water Depth Less 500ft. since 6/2010	Water Depth equal to or greater than 500 ft. since 10/2010	Deepwater that meet NTL-N10 req.
Permits Submitted	898	564	280	225
Permits Approved	789	564	225	176
Pending	49	22	27	26

Enhancing the Permitting Process

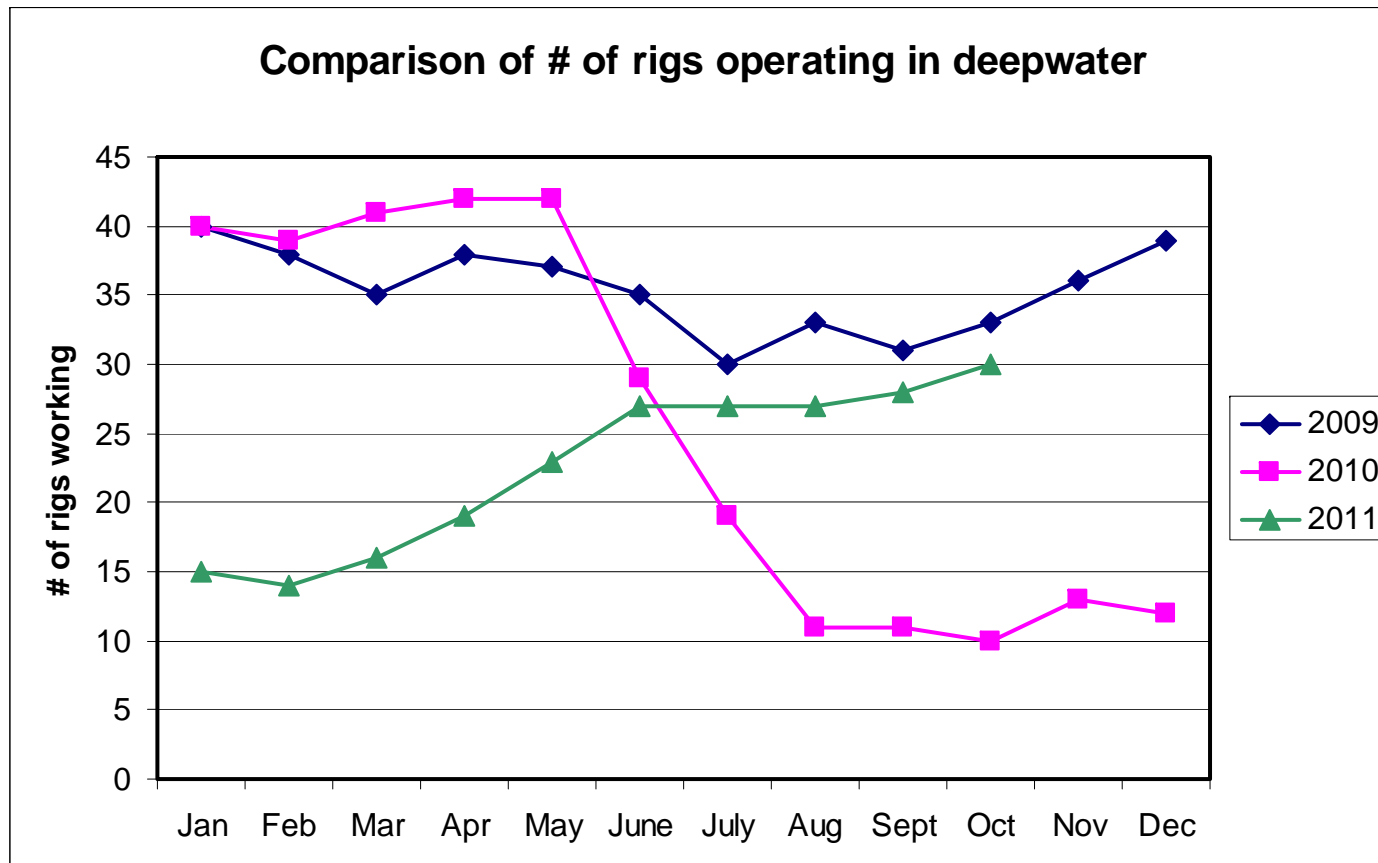


- Development of a *Completeness Review Checklist* for use by operators
- Established priorities for review using complete permits and considering stage of operations
- Development of status tool in eWells for viewing by operators
- Permitting Workshop held in August 2011

Rigs Operating in All Water Depths



Rigs Operating in Deepwater



Preparing for the Future



Utilizing knowledge & lessons learned from:

- Deepwater Operations Plans
- Accident Investigations
- Advisory committees
(Ocean Energy Safety Advisory Committee)
- Other efforts addressing recommendations from Deepwater Horizon investigations and reviews

Meeting the Enforcement Challenges



- Specialization of inspectors
 - Witnessing BOP and secondary control systems
- Environmental enforcement
- Enhanced aircraft capability
- Potential regulatory changes from accident investigations



Thank you for your attention.