

Fact Sheet: The Reorganization of the Former Minerals Management Service

In response to the *Deepwater Horizon* explosion and resulting oil spill in the Gulf of Mexico, the Obama Administration accelerated the most aggressive and comprehensive reforms to offshore oil and gas regulation and oversight in U.S. history. These reforms, which began with new ethics standards and the elimination of the Royalty-in-Kind program in 2009, strengthen requirements for everything from well design and workplace safety to corporate accountability, are helping to ensure that the United States can safely and responsibly expand development of its energy resources.

Under the leadership of Secretary of the Interior Ken Salazar and Director Michael R. Bromwich, the Department of the Interior (DOI) and Bureau of Ocean Energy Management, Regulation and Enforcement (BOEMRE) have made fundamental changes necessary to reform the government's regulation of offshore energy development and the agency responsible for it – while ensuring that responsible oil and gas drilling and production continues on the U.S. Outer Continental Shelf.

On Oct. 1, 2011, the reorganization of the former Minerals Management Service (MMS) will be complete with the establishment of two new, independent bureaus – the **Bureau of Safety and Environmental Enforcement (BSEE)** and the **Bureau of Ocean Energy Management (BOEM)**. On Oct 1, 2010, the revenue management arm of the former MMS was successfully separated into a new office – the **Office of Natural Resource Revenue (ONRR)** – under the Assistant Secretary for Policy, Management, and Budget. The reorganization is designed to remove the complex and sometimes conflicting missions of the former MMS by providing each of the new agencies with clear areas of focus and the resources necessary to fulfill those missions. It reflects more than a year of analysis, review and consideration of various recommendations received from multiple investigations and analyses including the National Commission on the BP Deepwater Horizon Oil Spill, Safety Oversight Board, and National Academy of Engineering.

Improving the Safety of Offshore Drilling

Enhanced Drilling Safety

- Operators must demonstrate that they are prepared to deal with the potential for a blowout and worst-case discharge per **NTL-06**.
- Permit applications for drilling projects must meet new standards for well-design, casing, and cementing, and be independently certified by a professional engineer per the new **Drilling Safety Rule**. We are strengthening drilling standards in the exploration and development stages, for equipment, safety practices, environmental safeguards, and oversight.
- Guidance, through **NTL-10**, requires a corporate compliance statement and review of subsea blowout containment resources for deepwater drilling, a key lesson of the *Deepwater Horizon* oil spill.

Enhanced Workplace Safety

- We have imposed, for the first time, requirements that offshore operators maintain comprehensive safety and environmental programs. This includes performance-based standards for offshore drilling and production operations, including equipment, safety practices, environmental safeguards, and management oversight of operations and contractors. Companies will now have to develop and maintain a Safety and Environmental Management System (SEMS) per the new **Workplace Safety Rule**.
- We have proposed a follow-up to the Workplace Safety Rule that includes procedures that authorize any employee on a facility to cause the stoppage of work – frequently called Stop Work Authority – in the face of an activity or event that poses a threat to an individual, to property or to the environment; 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 BOEMRE investigation of the facility; and requires third-party, independent audits of operators SEMS programs.

Strengthening Ongoing Improvements to the Offshore Regulatory Process

BOEM and BSEE will continue the reforms that have been implemented throughout the past 15 months, and make improvements as necessary for the environmental protection of the OCS and the safety of the oil and gas industry.

- In his first week, Director Bromwich established an **Investigations and Review Unit** to root out internal problems and target companies that aim to game the system. IRUs will be established in BSEE and BOEM to ensure adherence to internal policies. This includes a **recusal policy** for employees to deal with real and perceived conflicts of interest, which was originally established for district personnel in Fall 2010.
- BOEMRE staff worked very hard, following the implementation of new rules and requirements, to ensure that operators understood the process for exploration and development plans and permits. Staff met regularly with operators, both individually and in groups, to respond to requests for additional information and clarity. The bureau has also established **process improvements** that will be carried on by the successor agencies:
 - In BOEM, personnel will continue ongoing consultations with operators on the exploration and development plan review process. Following up on several individual and group meetings and workshops, an online resource has been created to help operators submit complete plans, which includes a checklist of required information for plans and frequently asked questions.
 - In BSEE, permitting staff will continue to process permits to drill as efficiently as is safely possible. Operators have been provided a completeness checklist to help ensure accurate applications, and now have access to an online tracking system to track the status of individual permits as they move through the review and approval process.
- Both bureaus will continue to place a renewed **emphasis on science and the environment** within the organization and within its decision making.
 - A **Chief Environmental Officer** in BOEM is empowered, at the national level, to make decisions and final recommendations when leasing and environmental program directors cannot reach agreement. This individual will also be a major participant in setting the scientific agenda for the nation's oceans.
 - The agency is refocusing efforts to showcase the **world-class research** being conducted and directed by bureau scientists, and taking institutional steps to ensure that their research is given appropriate weight in the decision-making process.
 - A new **Environmental Enforcement Division** in BSEE will provide sustained regulatory oversight that is focused on compliance by operators with all applicable 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.
- For the first time, BSEE will operate a **National Training Center** whose initial focus will be on keeping 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.
- The **Ocean Energy Safety Advisory Committee**, established by Secretary Salazar and Director Bromwich as a permanent advisory body of the nation's leading scientific, engineering, and technical experts, will provide critical guidance on improving offshore drilling safety, well containment, and spill response to BSEE.
- BOEMRE made significant strides in increasing **collaboration with international counterparts** to share experiences across different international systems and continue working towards establishing global standards and best practices. BSEE will continue these critical relationships and ensure that the department's commitments to our partners across the globe are met.