

BUDGET The United States Department of the Interior **JUSTIFICATIONS**

and Performance Information
Fiscal Year 2013

BUREAU OF SAFETY AND ENVIRONMENTAL ENFORCEMENT

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**BUREAU OF SAFETY AND ENVIRONMENTAL ENFORCEMENT
FY 2013 PERFORMANCE BUDGET**

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FY 2013 BSEE PERFORMANCE BUDGET JUSTIFICATIONS

Director's Preface

“We have worked tirelessly to strengthen safety and oversight of offshore energy development and to ensure that the lessons learned from the Deepwater Horizon guide safe and responsible development...”

- Secretary of the Interior Ken Salazar

The newly created Bureau of Safety and Environmental Enforcement (BSEE) continues to aggressively promote safety, protect the environment, and conserve resources offshore. The budget request for fiscal year (FY) 2013 supports those efforts as we institutionalize the comprehensive regulatory reforms implemented in the aftermath of the Deepwater Horizon explosion and oil spill.

The FY 2011 Continuing Appropriations Act and the President's FY 2012 request set forth a plan for the completion of the reorganization of the former Minerals Management Service (MMS) culminating with the creation of BSEE and its sister agency, the Bureau of Ocean Energy Management (BOEM). The FY 2013 request is a continuation of that plan to complete the build-out of this new organization and establish a base operating level consistent with the recommendations from the National Commission on the Deepwater Horizon Oil Spill and Offshore Drilling and those from the National Academy of Engineering's reviews of the tragedy.

The FY 2013 request supports environmental enforcement activities as well as offshore operations, safety, regulation, and research and administrative support for those activities. These critical functions were shown to be significantly under-resourced in the former MMS, and inadequate for the effective oversight of offshore oil and gas exploration and development activities. The FY 2012 request allowed BSEE to initiate important standards and compliance and staffing activities. The FY 2013 request provides continued support for these activities with important additions.

Without the development and implementation of environmental compliance, inspection, enforcement, and monitoring programs, the Bureau cannot meet its obligations to the American public for safety oversight and environmental protection. Industry must have clearly defined regulations and efficient permitting to move forward with the responsible development of our Nation's offshore oil and gas resources. The FY 2013 request provides funding for the newly created National Offshore Training and Learning Center, a key recommendation out of the Deepwater Horizon reviews and investigations. The request also provides tools such as technology for “e-Inspections,” which will enhance the inspection process and improve efficiency. Technology Assessment and Research is also supported by the FY 2013 request to ensure BSEE's independence and that the regulatory system can keep pace with the rapidly advancing technologies employed by the oil and gas industry, especially as wells are being drilled to record depths with extreme pressures not previously encountered.

BSEE will continue to advance oil spill response research in FY 2013 through the Oil Spill Research account, funded by the Oil Spill Liability Trust Fund. The funding will be used to find new and more efficient ways to respond to oil spills with the least impact to the environment and human safety.

The FY 2013 request includes an estimated 63 additional personnel to ensure the continued effective and efficient oversight of oil and gas exploration and development on the U.S. Outer Continental Shelf.

FY 2013 PERFORMANCE BUDGET
 Bureau of Safety and Environmental Enforcement
General Statement

Table 1 : Summary of BSEE Budget Request

	2011 Actual *	2012 Enacted	2013 Request	2013 Change from 2012
Total, Offshore Safety and Environmental Enforcement (OSEE)	133,512	182,456	207,280	24,824
Offsetting Collections				
Rental Receipts	-38,391	-52,587	-52,479	108
Cost Recovery Fees	-8,713	-6,494	-8,402	-1,908
Inspection Fees	-10,000	-62,000	-65,000	-3,000
Total, Offsetting Collections	-57,104	-121,081	-125,881	-4,800
Rescission of Prior Balance	-12,500			
Net OSEE	63,908	61,375	81,399	+20,024
Oil Spill Research	11,744	14,899	14,899	0
Net Appropriations	75,652	76,274	96,298	+20,024
Full Time Equivalents (FTE) **				
Total Direct FTE	619	512	575	63
Total Reimbursable FTE (Offsetting Collection and Reimbursable Agreements)	19	191	191	0
Total FTE	638	703	766	63

* The FY 2011 Column represents estimates based on the 2011 Operating Plan because the funding was combined with what is now BOEM funding under the former BOEMRE.

** BSEE has changed the manner in which it is reporting FTE funded by offsetting collection to show them in the reimbursable category as that is where the charges accrue in the financial systems.

The Outer Continental Shelf (OCS) is a major source of energy for the United States. In calendar year 2010, OCS leases offshore California, Alaska, and in the Gulf of Mexico provided about 589 million barrels of oil and 2,300 billion cubic feet of natural gas, accounting for almost 30 percent of the Nation's oil production and over 10 percent of domestic natural gas production.

The Bureau of Safety and Environmental Enforcement (BSEE) is responsible for managing exploration, development, and production operations for oil and natural gas on the OCS. BSEE's regulation and oversight of Federal offshore resources is intended to ensure that the OCS remains a solid contributor to the Nation's energy needs through facilitation of safe, environmentally-responsible oil and gas development and the conservation of resources.

The functions of BSEE include oil and gas permitting, facility inspections, regulations and standards development, safety research, field operations, environmental compliance and enforcement, review of operator oil spill response plans, production and development, conservation, and operation of a national training center for inspectors.

FY 2013 PERFORMANCE BUDGET REQUEST



BSEE works to promote safety, protect the environment, and conserve resources offshore through vigorous regulatory oversight and enforcement.

On May 19, 2010, Secretary of the Interior Ken Salazar signed Secretarial Order 3329, dividing the Minerals Management Service (MMS) into three independent entities to better carry out its three core missions: ensuring the balanced and responsible development of energy resources on the OCS; ensuring safe and environmentally responsible exploration and production and enforcing applicable rules and regulations; and ensuring a fair return to the taxpayer from royalty and revenue collection and disbursement activities.

In the place of the former MMS, three strong, independent agencies with clearly defined roles and missions were created. The Office of Natural Resources Revenue began operations on October 1, 2010, with the mission of collecting and disbursing revenues from domestic energy production while ensuring a fair return to the taxpayer from that production. An interim agency, the Bureau of Ocean Energy Management, Regulation and Enforcement (BOEMRE), was responsible for the remaining MMS functions during FY 2011. On October 1, 2011, BOEMRE was split into two new organizations with distinct missions, and the Bureau of Safety and Environmental Enforcement (BSEE) and Bureau of Ocean Energy Management (BOEM) formally began independent operations.

Ongoing Change and Reforms

FY 2013 will represent the second year of operations for BSEE. This budget requests the funds needed to complete the goals of the reorganization and sustain the important changes made in FY 2011 and FY 2012, including essential reforms in the management and oversight of offshore drilling. These include implementation of a new inspection strategy and new requirements related to approval of drilling permits.

Compliance and Inspections

A key component of the reorganization and reform efforts begun in FY 2011 is the identification of how BSEE can improve its regulatory, inspection, and compliance programs. Based on recommendations from investigatory and oversight reports, internal and external review of operations, and reorganization studies, BSEE has already implemented a number of improvements to its inspection regime and will continually look for improvements to enhance its programs. Some accomplishments to date include:

- Implemented new safety regulations (October 2010) which require witnessing of initial on-bottom tests and stump tests for subsea blowout preventer (BOP) stacks.
- Implemented review of wellbore designs and wellbore integrity to determine whether appropriate containment equipment is accessible or whether additional containment systems are required.
- Developed a Well Containment Screening Tool (WCST) to demonstrate if a well design and equipment is adequate for well containment.
- Implemented review of BOP system schematic drawings to ensure compliance with requirements of new interim safety regulations.
- Restructured District offices to create separate specialization in well operations (Drilling, Workover, Completion, Abandonment) versus production operations (Surface Safety System, Production Process Systems, Personnel Safety Equipment).
- Recruitment of additional inspection team members.
- Analyzed ways to perform inspection activities more efficiently by using current technological tools, such as online review of reports and records, and by using mobile technology in the field

BSEE will continue to explore new regulatory, inspection, monitoring and compliance strategies. This includes:

Risk Based Inspections:

- BSEE is exploring the use of different methodologies in order to identify both high and low risk facilities. The common approach is to identify those facilities and operators that display the greatest potential of serious environmental safety consequences should an event occur and to increase oversight of those facilities and operators. In addition, BSEE began Safety and Environmental Management System (SEMS) audits and will expand these compliance audits through regulations that are currently under development.
- In addition, BSEE has begun to undertake SEMS audits and will expand these compliance audits as the SEMS II rule is finalized.

Additional Reporting of Compliance Data and/or Real-time Data – In FY 2012, BSEE will be examining the opportunities to collect key compliance indicator data, equipment performance data and/or to use real time operational data flows to complement our inspection programs, enhance compliance, and address regulatory gaps. This work will include the reviews necessary to determine the costs and benefits of obtaining electronic access to real-time data transmitted from offshore platforms/drilling rigs, such as operators’ surveillance cameras and BOP monitoring systems, and/or other automated control and monitoring systems to provide BSEE with additional oversight tools that can assist the agency in the inspection and oversight process. BSEE will also designate research funds to examine the availability and efficacy of analytic tools that could be used to mine these data flows.

Improving the Efficiency of the Offshore Oil & Gas Permit Review Process - BSEE has and will continue to permit oil and gas drilling activity that is essential to the national and regional economies and central to the country's energy policy. In addition, BSEE is working with industry to ensure applications are complete and fully address today's regulations in order to reduce the time required for industry to develop and the Bureau to thoroughly review permit applications. Key improvements that have been implemented and will continue to be refined include an early review of permit applications for completeness to improve the efficiency of the review process and reduce the number of permits returned to operators because of incomplete information. BSEE will continue to look for opportunities to prioritize permits and streamline reviews without compromising safety and environmental consideration, and enhance tools for operators to track the progress of permit applications. BSEE will continue making necessary improvements, including hiring and training additional permitting personnel, and providing after-hours assistance for operator inquiries.

FY 2013 BUDGET HIGHLIGHTS

BSEE receives funding through the Offshore Safety and Environmental Enforcement (OSEE) and Oil Spill Research (OSR) appropriations. The OSEE appropriation is partially offset by a portion of OCS rental collections, cost recovery fees, and inspection fees. The OSR appropriation is funded through the Oil Spill Liability Trust Fund.

In FY 2013, BSEE is requesting \$207.3 million for the OSEE account to be offset by \$52.5 million from offsetting rental collections, \$8.4 million from cost recovery fees, and \$65.0 million from inspection fees.

The budget for BSEE in the OSEE account funds the following activities:

- The ***Environmental Enforcement*** activity funds: environmental compliance activities related to issuing permits associated with plans; inspections of environmental measures and enforcement of incidences of noncompliance; and monitoring industry compliance with mitigation and other environmental requirements through office and field inspections.
- The ***Operations, Safety and Regulation*** activity funds: OCS permit application reviews; inspections of OCS facilities including critical high-risk activities; offshore operator oil spill planning and preparedness compliance; accident investigations; civil penalties and operator disqualification; operator training and audit programs; annual operator performance reviews; verification of oil and gas production levels to help ensure the public receives a fair return; and the Technology Assessment and Research Program (TA&R).
- The ***Administrative Operations*** activity funds: general administration and ethics; equal employment opportunity services; emergency management; finance; human resources; procurement; and information management. BSEE provides administrative services, such as human resources, procurement, and finance to BOEM and other entities within the Department.

- The **General Support Services** activity funds: shared activities and related support services for the Bureau. These include expenses such as: rental and security of office space; workers' compensation and unemployment compensation; voice and data communications; centrally provided services funded by the Department's Working Capital Fund; annual building maintenance contracts; mail services; and printing costs. BSEE will continue to provide some of these services to BOEM through a reimbursable service agreement.
- The **Executive Direction** activity funds: Bureau-wide leadership, direction, management, coordination, communications strategies, and outreach. It includes functions such as budget; congressional and public affairs; and policy and analysis. The Office of the Director is also funded within this activity.

The budget for BSEE also includes the Oil Spill Research account which supports oil spill response research, the Ohmsett facility, oil spill response and planning, and oil spill financial responsibility activities.

Table 2: FY 2013 Analysis of Budgetary Changes

Bureau of Safety and Environmental Enforcement FY 2013 Budget Initiatives (\$000)			
Organization/Category	Initiative	(\$000)	FTE
BSEE FY 2012 ENACTED -- DIRECT APPROPRIATION		76,274	703
Environmental Enforcement	Critical Base Funding Needs for the Environmental Enforcement Division	+4,177	+14
Operations, Safety, and Regulation	Research and Development for Offshore Drilling Safety	+2,000	0
	Operational Safety	+4,495	+29
	National Offshore Training and Learning Center for Inspection Program	+3,685	+11
	e-Inspections for the Enforcement Program	+2,300	0
	Wellbore Integrity	+1,395	+9
Administrative Operations	Sustain Administrative Operations	+5,000	0
	Fixed Costs	+1,772	0
	Less Offsetting Collection increases	-4,800	-
FY 2013 Requested Increase		+20,024	+63
BSEE FY 2013 PROPOSAL -- DIRECT APPROPRIATION		96,298	766

The following budget changes are proposed in FY 2013:

Critical Funding Needs for the Environmental Enforcement Division (+\$4,177,000; +14 FTE):

With this funding support, BSEE will further develop and manage an expanded environmental oversight role arising out of efforts to reform offshore operations and regulations as recommended in the Deepwater Horizon Joint Investigation Team Report, Inspector General Report "A New Horizon", and various other national investigative reports that encouraged strengthened federal regulations following the Deepwater Horizon catastrophe.

Research and Development for Offshore Drilling Safety (+\$2,000,000; 0 FTE): BSEE will utilize this funding to perform additional, and more in-depth, research relating to safety systems and operations. As the industry pushes into deeper water and is drilling more high-pressure/high-temperature wells, current safety practices and technologies require continuous improvement to ensure the integrity of equipment and operations.

Operational Safety (+\$4,495,000; +29 FTE): Funds will support ongoing reorganization efforts identified as critical to the success of BSEE in strengthening post-Deepwater Horizon regulatory and oversight capabilities. It represents a cross section of staffing for newly identified efforts and increased activities such as development of regulations, safety management, structural and technical support, and oil spill response.

National Offshore Training and Learning Center (+\$3,685,000; +11 FTE): This will provide base funding for the National Offshore Training and Learning Center (NOTLC). The NOTLC supports the Bureau's goals by providing upfront and ongoing learning and development opportunities to Bureau staff. The NOTLC will provide a wide variety of credible and up-to-date training programs designed to enhance the abilities of BSEE staff and promote strong leadership skills. Courses are selected and developed with a focus on BSEE's mission and vision of advancing safety and environmental stewardship principles using the best science and technology available to evaluate, protect, and preserve the human, marine, and coastal environments.

e-Inspections for the Enforcement Program (+\$2,300,000; 0 FTE): This multi-faceted initiative would allow BSEE to replace the existing outdated paper-based process with a modern electronic system for conducting the inspections mandated by the OCS Lands Act. With this funding, BSEE would implement an e-Inspection system that would ensure more timely and accurate collection of inspection data and reduce costs associated with handwriting on paper forms and entering data manually into the BSEE database. The system will also allow inspectors to access critical data including drilling permits while conducting inspections and will improve the quality and efficiency of the overall program.

WellBore Integrity (+\$1,395,000; +9 FTE): The requested funding will provide resources needed for BSEE to meet current requirements to evaluate whether operators have submitted adequate information demonstrating access and deployment capabilities for surface and subsea containment.

Sustain Administrative Operations (+\$5,000,000; 0 FTE): Funding is needed to sustain the necessary level of support services for both BSEE and BOEM. The funding will be used to provide the expertise and personnel that will serve both Bureaus as they recruit new inspectors, engineers, scientists, and other disciplines needed to support the Bureaus' missions.

Fixed Cost and Related Changes (+\$1,772,000; 0 FTE): This request fully funds increased personnel-related costs and other fixed costs such as rent.

Inspection Fees (-\$3,000,000; 0 FTE): This request offsets other programmatic funding requests by increasing industry inspection fee revenue. The additional revenue will defray the cost of inspection activities.

Offsetting Collections (-\$1,800,000; 0 FTE): BSEE anticipates a net increase in offsetting collections including rental receipts and cost recoveries. These collections reduce the need for direct appropriations and offset the cost of other programmatic funding requests.

Campaign to Cut Waste. Over the last two years, the Administration has implemented a series of management reforms to curb uncontrolled growth in contract spending, terminate poorly performing information technology projects, deploy state-of-the-art fraud detection tools, focus agency leaders on achieving ambitious improvements in high-priority areas, and open government up to the public to increase accountability and accelerate innovation.

In November 2011, President Obama issued an Executive Order reinforcing these performance and management reforms and the achievement of efficiencies and cost-cutting across the government. This Executive Order identifies specific savings as part of the Administration's Campaign to Cut Waste to achieve a 20 percent reduction in administrative spending from 2010 to 2013. Each agency is directed to establish a plan to reduce the combined costs associated with travel, employee information technology devices, printing, executive fleet efficiencies, and extraneous promotional items and other areas.

The Department of the Interior's goal is to reduce administrative spending by \$207 million from 2010 levels by the end of 2013. To meet this goal, the Department is leading efforts to reduce waste and create efficiencies by reviewing projected and actual administrative spending to allocate efficiency targets for bureaus and Departmental offices to achieve the 20 percent target. Additional details on the Campaign to Cut Waste can be found at <http://www.whitehouse.gov/the-press-office/2011/11/09/executive-order-promoting-efficient-spending>.

New Energy Frontier Initiative. The President's *Blueprint* identifies the Nation's primary energy challenge as the need to achieve a balance between conventional and renewable energy sources. America's oil and natural gas supplies are critical components of the Nation's energy portfolio. Their development enhances energy security and fuels the Nation's economy. Recognizing that America's oil supplies are limited, the Nation must develop domestic resources safely, responsibly, and efficiently, while taking steps that will ultimately lessen America's reliance on oil and move towards a clean energy economy.

The Secretary's New Energy Frontier initiative is advancing the development of compliance, inspection, enforcement and monitoring resources on the OCS. The programmatic increases included in BSEE's 2013 budget supports this initiative.

- **Offshore Drilling Safety** – the increase of \$2.0 million for BSEE to perform additional, and more in-depth, research relating to safety systems and operations.
- **National Offshore Training and Learning Center** – the requested increase of \$3.7 million to support BSEE's mission and vision of advancing safety and environmental stewardship principles using the best science and technology available.

PERFORMANCE SUMMARY

BSEE aims to promote safety, protect the environment, and conserve resources offshore through vigorous regulatory oversight and enforcement.

Performance Management

BSEE's mission directly supports the Department of the Interior's Strategic Goal and Strategy to *Secure America's Energy Resources while ensuring environmental compliance and the safety of energy development.*

In FY 2012, BSEE commenced operations as a separate Bureau following the reorganization of BOEMRE and undertook the following key strategies to strengthen regulatory oversight and enforcement of offshore energy development activities:

- Continued to reform and implement an expanded inspection and operational oversight regime, including the witnessing of certain high-risk drilling activities and tests;
- Established and implemented a new environmental enforcement program to ensure compliance with relevant laws and minimize the risk of environmental accidents;
- Expanded capabilities and resources for reviewing and processing drilling, production, and decommissioning permits;
- Conducted audits of the newly required SEMS regulation to ensure compliance and increase offshore operational safety;
- Conducted targeted deepwater safety and containment research through the TA&R Program and disseminated research results to inform rule writers, investigators, and plan reviewers;
- Expanded oil spill research, risk analysis, and response planning capabilities;
- Utilized prescriptive safety and pollution-prevention standards to develop a new approach to risk assessment and management;
- Continued the development and implementation of an offshore training center and certification process for inspectors, engineers, and other compliance personnel; and
- Established the personnel necessary to develop, manage, and ensure that the NEPA process requirements were met in each of the three OCS regions necessary to responsibly issue permits to conduct various offshore activities.

Performance for Key Increases

BSEE's FY 2013 proposal continues to advance the Secretary's objectives for strengthening our energy security while ensuring operational safety and environmental compliance. The FY 2013 funding increases will be used to:

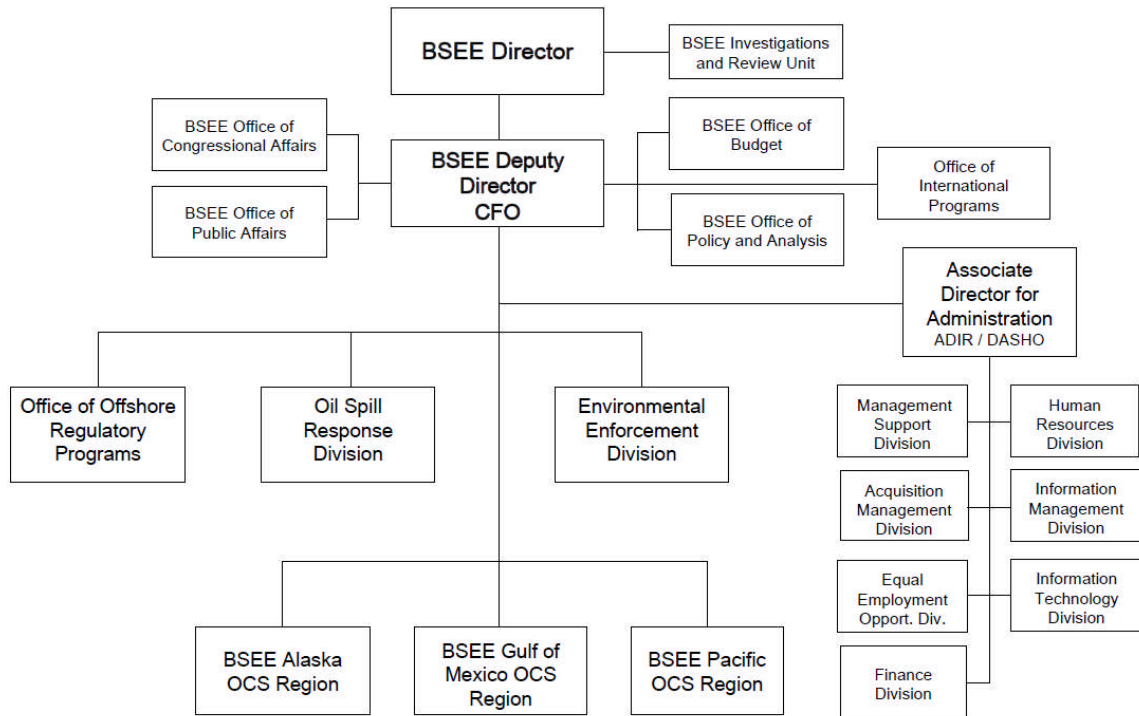
- Increase Federal oversight of environmental compliance by establishing and maintaining BSEE's field environmental compliance, inspections, SEMS audits, investigations and enforcement capabilities;

- Further strengthen regulatory oversight by hiring the personnel needed to maintain up-to-date drilling-safety requirements that stay current with industry's rapidly evolving deepwater technology;
- Improve the Nation's preparedness posture for offshore oil spills by continuing to implement an integrated oil spill program that encompasses all aspects of oil discharge research and spill prevention, planning, and preparedness;
- Further expand the new training organization that is aimed at ensuring BSEE staff has the knowledge and skills necessary to execute a more consistent and effective inspection and compliance program;
- Ensure more timely and accurate collection of inspection data by replacing the outdated paper-based inspection process with a modern electronic system, which will also give inspectors immediate access to tools such as online policy manuals, Federal Regulations, Notice to Lessees (NTLs), Safety Alerts, and approved permits; and
- Conduct additional wellbore integrity evaluations to determine if casing design is sufficient to minimize the likelihood that hydrocarbons could be released to the sea floor in the event of a blowout.

Related program performance metric information can be found within the Goal Performance Table.

Figure 1: BSEE Organizational Chart

BUREAU OF SAFETY AND ENVIRONMENTAL ENFORCEMENT (BSEE)



Approved: September 30, 2011

FY 2013 PERFORMANCE BUDGET
Bureau of Safety and Environmental Enforcement
Performance Summary and Goal Performance

The FY 2013 budget request provides the resources needed to carry out the core functions of the Bureau of Safety and Environmental Enforcement, including offshore regulatory programs; oil spill response planning; safety inspections, enforcement and investigations; environmental enforcement and compliance; well and production permitting; and production and development.

PERFORMANCE MANAGEMENT

The FY 2011 - FY 2016 DOI Strategic Plan, in compliance with the principles of the Government Performance and Results (GPRA) Modernization Act of 2010, provides a collection of mission objectives, goals, strategies and corresponding metrics that together constitute an integrated and focused approach for tracking performance across the wide range of DOI programs. While the DOI Strategic Plan for FY 2011 - FY 2016 is the foundational structure for the description of program performance measurement and planning for the FY 2013 President's Budget, further details for achieving the Strategic Plan's goals are presented in the DOI Annual Performance Plan and Report (APP&R). Bureau and program specific plans for FY 2013 are fully consistent with the goals, outcomes, and measures described in the FY 2011- FY 2016 version of the DOI Strategic Plan and related implementation information in the APP&R.

Within the DOI Strategic Plan for FY 2011 - FY 2016, BSEE is aligned under the second mission area: *Sustainably Manage Energy, Water, and Natural Resources*. Specifically, its functions are captured within Goal One: *Secure America's Energy Resources* and Strategy One: *Ensure environmental compliance and the safety of energy development*. BSEE has two GPRA measures that assess its support of this strategy:

- *The Amount (in barrels) of operational offshore oil spilled per million barrels produced (excluding Hurricane-related spills)*, is an annual environmental measure comparing the amount of oil spilled during operations to the amount of oil produced. This measure takes into account all crude oil, condensate, and refined petroleum product spills of one barrel or greater that occur in Federal offshore waters as a result of mineral development, production, and transportation activities on the OCS. Oil spills which occur from acts of nature (e.g., hurricanes and earthquakes), acts of terrorism, or activities other than those involved in Federal OCS oil and gas production and transportation are excluded from the measure (e.g. non-Federal OCS petroleum spills from marine transportation, fishing, recreational and other activities which occurred on the Federal OCS).
- *The Number of Recordable Injuries per 200,000 Offshore Man Hours Worked (100 man years)* is a safety incident rate of all recordable injuries (including fatalities) that are associated with BSEE-regulated activities. Recordable injuries are injuries that require medical treatment beyond first aid and fatalities, excluding those that are due to natural causes, illness, or that are self-inflicted. The Man Hours Worked count covers all operator and contractor hours worked for production, construction, and drilling

Goal Performance Table

operations on the OCS (200,000 man hours equates to approximately 100 full time workers).

BSEE's GPRA measures, supporting Bureau measures, and their respective results are included in the following Goal Performance table.

Table 3: Goal Performance Table

Goal Performance Table												
Note: FY2012 will be a baseline year for performance costs due to the establishment of BSEE as a separate bureau and the major changes anticipated for program operations. n/a - Data not available												
Target Codes: SP- Strategic Plan measures HPG- High Performance Goal BUR - Bureau specific measure UNK- Prior year data unavailable TBD- Targets have not yet been developed NA- Long-term targets are inappropriate to determine at this time												
Type Codes: C - Cumulative Measures A - Annual Measures F - Future Measures												
Mission Area 2: Sustainably Manage Energy, Water, and Natural Resources												
Goal 1: Secure America's Energy Resources												
Supporting Performance Measures	Type	2007 Actual	2008 Actual	2009 Actual	2010 Actual	2011 Plan	2011 Actual	2012 Plan	2013 President's Budget	Change from 2012 to 2013 Plan	Long-term Target 2016	
Strategy 1: Ensure environmental compliance and the safety of energy development												
Amount (in barrels) of operational offshore oil spilled per million barrels produced (excluding Hurricane-related spills) (SP)	C/F	2.7 (1,361/ 503.5 million)	0.52 (243,8/469.7 million)	3.9 (est.) (2,066/537 million)	7,610 (est.) (4,590,369/ 603.2 million)	<4.5	0.42 (est.) (243,45/ 581 million)	<4.5	<4.5	0	<4.5	
Total amount (in barrels) of offshore oil spilled per million barrels produced (including Hurricane-related spills)(BUR)	C/F	2.7 (1,361/ 503.5 million)	12.8 (6007/ 469.7 million)	3.9 (est.) (2,066/537 million)	7,610 (est.) (4,590,369/ 603.2 million)	--	0.42 (est.) (243,45/ 581 million)	--	--	0	--	
Contributing Programs												
Operations, Safety and Regulation												
In FY 2011, 15 spill events occurred that were greater than 1 barrel resulting in approximately 243 barrels of oil being spilled and an estimated ratio of 0.42 barrels of oil spilled per million barrels produced. The largest reported spill was 62 barrels. In FY2010, government scientists estimate that 4.9 million barrels of oil were spilled on the OCS following the explosion and sinking of the Deepwater Horizon drilling rig off the coast of Louisiana. The National Incident Command Report estimated that burning, skimming and direct recovery from the wellhead removed one quarter (25%) of the oil released from the wellhead; one quarter (25%) of the total oil naturally evaporated or dissolved, and just less than one quarter (24%) was dispersed (either naturally or as a result of operations) as microscopic droplets into Gulf waters. Although FY2010 results for the oil spill ratio greatly exceeded the planned target, future targets will remain at the annual target of less than 4.5 barrels spilled per million barrels produced.												
NOTE: Oil spill data are constantly updated as additional information becomes available through the completion of investigations and/or recovery operations; occasionally, a spill may be deleted or added a year or more later and result in historical data revisions. A final spill volume for the Deepwater Horizon accident has not been determined. Therefore the numerator for the FY2010 Operational Oil Spill ratio and the rate itself are both estimates.												
Comments												

Goal Performance Table

Goal Performance Table (continued)											
Supporting Performance Measures	Type	2007 Actual	2008 Actual	2009 Actual	2010 Actual	2011 Plan	2011 Actual	2012 Plan	2013 President's Budget	Change from 2012 to 2013 Plan	Long-term Target 2016
Number of Recordable Injuries per 200,000 Offshore Man Hours Worked (SP)		N/A	N/A	N/A	N/A	Baseline Year	0.34 (est.) (149/443)	0.625	0.60	-0.025	0.5
Contributing Programs Operations, Safety and Regulation											
<p><i>This new strategic plan measure is an incident rate of all Recordable Injuries (i.e., injuries that require medical treatment beyond first aid and fatalities) that occur in the fiscal year for every 200,000 man hours worked (which is the approximate equivalent of 100 full-time workers). Estimated FY 2011 results indicate that there was approximately 1 recordable injury for every 300 full-time offshore workers. Because safety levels are best evaluated as trends over multiple years, targets for FY 2012 and beyond are based on analysis of historical recordable injury rates against an extrapolation of voluntary man hour reporting from operators in previous years. The Safety and Environmental Management System (SEMS) regulation that went into effect in November 2010 requires all operators to report offshore man hours worked during the calendar year. FY 2011 results will be finalized after BSEE receives calendar year 2011 reporting from operators in March 2012.</i></p>											
Composite accident severity ratio (BUR)	C/F	0.050 (5,208/ 104,071) (revd)	0.122 (12,440/ 101,806) (revd)	0.097 (9,532/ 98,719) (revd)	0.184 (est.) (17,872/ 97,184)	<.093	0.085 (7,952/ 93,901)	<0.09	<0.09	0	Reduce
Contributing Programs Operations, Safety and Regulation											
<p><i>For the composite accident severity ratio, BSEE assigns a point value to each operator safety incident reported based on its severity, then divides total annual points by the number of components in service for all operators. This metric reflects both the number of incidents that occurred and their severity. In FY 2007, the point matrix used to assign accident severity values was updated to provide a better indication of the relative severity of the incidents (i.e., there is now a larger differential between the points assigned for major versus minor incidents). The FY 2011 ratio result of 0.85 is more in line with typical historical results versus FY 2010 that included the Deepwater Horizon event. The FY 2012 and FY 2013 targets are based on improving over a 5-year rolling average, excluding the Deepwater Horizon event that would have skewed the goal higher.</i></p>											
<p><i>Due to the severity and magnitude of the Deepwater Horizon explosion, the ratio results for FY 2010 far exceeded the target. The FY 2012 and FY 2013 targets are based on improving over a 5-year rolling average, excluding the Deepwater Horizon event that would have skewed the goal higher.</i></p>											
Maintain an annual composite operator performance index of 0.2 or less (BUR)	C/F	0.13 (revd)	0.19 (revd)	0.17 (revd)	0.24	<0.20	0.13	<0.20	<0.20	0	Reduce
Contributing Programs Operations, Safety and Regulation											
<p><i>The Composite Operator Performance Index is a consolidated measure of overall operator safety that combines incident severity with operator compliance to existing regulations. The operator performance index sums two ratios that are normalized for OCS operator activity based on the number of components operated. The first ratio measures operator compliance using a weighted INC (incident of non-compliance) value. The second ratio measures operator safety by assigning values for accidents (i.e., the composite accident severity ratio discussed above). As with the composite accident severity ratio, FY 2011 results were much lower than FY 2010 when the Deepwater Horizon event occurred.</i></p>											

Supporting Performance Measures	Type	2007 Actual	2008 Actual	2009 Actual	2010 Actual	2011 Plan	2011 Actual	2012 Plan	2013 President's Budget	Change from 2012 to 2013 Plan	Long-term Target 2016
Number of fatalities among workers in DOI permitted activities (BUR)	C/F	3	2	2	11	4	2	4	4	0	Reduce
Number of serious injuries among workers in DOI permitted activities (BUR)	C/F	32	31	25	75* (revd)	29	26	29	29	0	Reduce
<p>Contributing Program Operations, Safety and Regulation</p> <p><i>In FY 2011, there were 2 fatalities and 26 serious injuries among offshore workers in DOI permitted activities. The FY 2010 explosion and sinking of the Deepwater Horizon drilling rig off the coast of Louisiana resulted in 11 deaths and 46 lost-time injuries of greater than 3 days of lost time, restricted work, or job transfer. Although the detailed information necessary to determine the exact nature of each one of the injuries was not available, BSEE has revised its FY 2010 count for serious injuries to include these injuries based on the severity of the event.</i></p> <p><i>Future year targets for the fatalities and serious injury metrics are developed based on reducing a rolling 5-year average. Given the unprecedented magnitude of the Deepwater Horizon incident, and the negative skewing impact that including FY 2010 results would have on the serious injury average, FY 2012 and FY 2013 targets for serious injuries were established excluding the Deepwater Horizon event.</i></p> <p><i>* Revised to include 46 injuries from the Deepwater Horizon event that resulted in greater than 3 days of lost time, restricted work, or job transfer.</i></p>											
Less than X% of total gas produced is approved to be flared offshore (BUR) (Calendar Yr)	A	0.30% (8,492,684/ 2,810,979,902 MCF)	0.51% (11,998,145/ 2,368,336,009 MCF)	0.28% (est.) (5,771,545/ 1,985,369,034 MCF)	0.58% (est.) (9,940,316 / 1,726,885,112 MCF)	0.70%	0.57% (est.) (7,360,225/ 1,295,657,228 MCF)	0.70%	0.70%	0%	TBD
<p>Contributing Program Operations, Safety and Regulation</p> <p><i>The Offshore program has by far one of the best records in the world when it comes to minimizing flaring and venting. Recent industry statistics show worldwide rates ranging from 0.2% to 100%. In FY 2008, there was a slight increase due to pipeline repair activities that resulted from damage incurred during Hurricanes Gustav and Ike. Results in FY 2010 were higher than normal due to recovery operations related to the Deepwater Horizon spill. When oil from the spill was siphoned up to tanker vessels, the natural gas that was produced with it had to be flared because there was no means of transmission to shore (e.g., a pipeline). If the flaring/venting associated with that one lease were removed, the percent of gas flared would drop to 0.45%. Also in April 2010, BSEE published revised flaring and venting regulations. The new regulations require operators to install flare/vent meters on all OCS facilities that process more than 2,000 bbl of oil per day. Previously operators were allowed to estimate these flare/vent volumes. These revised regulations will improve the accuracy of flaring data but may increase reported volumes. Targets will remain at FY 2010 levels until enough data is collected under the new regulation to develop a new baseline level.</i></p>											
Conduct Technology Assessment and Research studies on X% of high-priority topics (BUR)	C/F	74% (25/ 34)	93% (14/15)	100% (18/18)	89% (16/18)	94%	94% (15/16)	94%	94%	0%	TBD
<p>Contributing Programs Operations, Safety and Regulation</p> <p><i>The Technology Assessment and Research (TA&R) Program is a research element encompassed within the BSEE Regulatory Program. The TA&R program addresses technological issues associated with energy and mineral operations, ranging from the drilling of oil and gas exploration wells in search of new reserves to the removal of platforms and related infrastructure once production operations have ceased. This metric looks at the percent of TA&R studies conducted on high-priority topics. BSEE plans a major expansion of the TA&R program following the Deepwater Horizon event that will allow for targeted deepwater safety and containment research and the transfer research results to inform rule writers, investigators and plan reviewers. This additional information will be critical to ensuring the effectiveness of BSEE regulations, Notices to Lessees (NLS), and industry standards.</i></p>											

Goal Performance Table

Goal Performance Table (continued)											
Supporting Performance Measures	Type	2007 Actual	2008 Actual	2009 Actual	2010 Actual	2011 Plan	2011 Actual	2012 Plan	2013 President's Budget	Change from 2012 to 2013 Plan	Long-term Target 2016
Achieve a utilization rate of X% at Ohmsett, the national oil spill response test facility (BUR)	A	62% (162/260)	90% (217/240)	86.2% (207/240)	91% (218/240)	85.0%	85% (204/240)	85.0%	85%	0%	TBD
Contributing Programs											
Oil Spill Research Appropriation											
<i>Ohmsett is the National Oil Spill Response Test Facility located in New Jersey. At Ohmsett, clients can test oil spill response equipment in realistic conditions and have training in the use of the equipment. This measure evaluates the utilization level of the facility. The increased focus on oil spill response, as well as expanded uses for the facility such as dispersant training and renewable energy wave tests, have sustained overall utilization rates at around 85%.</i>											
Total Number of Compliance Inspections Completed (BUR)	A	20,567	25,650	26,978	23,619	22,000	20,537	25,000	33,000	8,000	TBD
Contributing Programs											
Operations, Safety and Regulation											
<i>One of the key recommendations included in multiple reports following the Deepwater Horizon event was that the BSEE needed to evaluate and revise the manner in which it conducts its drilling and compliance inspections. Over the next few years the offshore inspection program and workforce will change dramatically. The workforce will substantially increase in size and the new inspection strategy will involve more structured training for inspectors, on-site witnessing of high risk activities (e.g., BOP testing and cement/casing activities), and the deployment of multi-disciplinary inspection teams instead of individual inspectors. While the number of inspections will increase gradually over time as these changes are implemented, increases cannot fully be realized until additional hiring is completed and the inspectors are adequately trained. Additionally, some planned improvements will expand the time it takes to conduct an inspection and thus would not increase the number of inspections completed.</i>											
Conduct full Coast Guard inspections on X% of manned offshore facilities annually (BUR)	A	20% (224/1,121)	14.7% (164/1112)	13.6% (141/1035) (revd)	16.5% (169/1021)	10.0%	14.3% (est.) (141/985)	10.0%	10.0%	0%	TBD
Contributing Programs											
Operations, Safety and Regulation											
<i>Inspection of U.S. Coast Guard regulated items is a function that was provided for by regulation but one for which BSEE is not reimbursed. Assumption of limited responsibilities by BSEE was pursued following a report by the Inspector General that the U.S. Coast Guard was not conducting inspections of safety items on fixed facilities, as required by law. At this time, BSEE inspectors conduct a limited FPSIP (fixed platform self inspection program) inspection on every platform that they visit and have an annual target of conducting full FPSIP inspections on 10 percent of manned facilities. Although more is done when the resources are available, the targeted percentage of full FPSIP inspections performed by BSEE inspectors has not increased because it would detract from performing inspections of equipment and operations under BSEE jurisdiction.</i>											

Bureau of Safety and Environmental Enforcement
Bureau Budget Tables
(Dollars in Thousands)

Tables provided here display 2011 dollar amounts that reflect estimates for the OSEE account and Oil Spill Appropriation under BOEMRE in the 2011 Operating Plan (before BOEM and BSEE were separated). Tables also present FTE levels from the Financial Business Management System (FBMS) that reflect actual paid hours for BSEE employees accrued during FY 2011, and FTE estimates for 2012 and 2013 build upon this information.

Table 4 : Account and Activity Detail

Account/Activity	FY 2011 Actual ¹	FY 2012 Enacted ²	FY 2013 Request ³
Offshore Safety and Environmental Enforcement (OSEE)			
Environmental Enforcement <i>Program Increase</i>	1,034	4,108	8,303 <i>[+4,195]</i>
Operations, Safety and Regulation <i>Program Increase</i>	82,523	132,079	146,740 <i>[+14,661]</i>
Administrative Operations <i>Program Increase</i>	18,264	15,545	20,975 <i>[+5,430]</i>
General Support Services	19,457	12,607	13,037
Executive Direction	12,234	18,117	18,225
Total, OSEE	133,512	182,456	207,280
Offsetting Rental Receipts	-38,391	-52,587	-52,479
Cost Recovery	-8,713	-6,494	-8,402
Inspection Fees	-10,000	-62,000	-65,000
Total, Offsetting Collections	-57,104	-121,081	-125,881
Rescission of Prior Balance ⁴	-12,500		
Net OSEE	63,908	61,375	81,399
Oil Spill Research	11,744	14,899	14,899
Net BSEE	75,652	76,274	96,298
Total BSEE Funding	145,256	197,355	222,179
Full Time Equivalents (FTE)⁵			
Total Direct FTE	619	512	575
Total Reimbursable FTE (Offsetting Collection and Reimbursable Agreements)	19	191	191
Total FTE	638	703	766

^{1/} The FY 2011 Column represents estimates based on the 2011 Operating Plan because the funding was combined with what is now BOEM funding under the former BOEMRE.

^{2/} The 2012 Omnibus, P.L. 112-74 included an across-the-board reduction of 0.16 percent, which is reflected in the activity amounts in the table.

^{3/} Changes in FY 2013 include +\$1.77 million in fixed costs and an additional \$4.8 million in offsetting collections.

^{4/} The rescission amount shown here reflects the BSEE portion of the \$25.0 million rescission of prior-year balances included in the first FY 2011 Continuing Resolution (P.L. 11-242, Sec. 128).

^{5/} BSEE has changed the manner in which it is reporting FTE funded by offsetting collections to show them in the reimbursable category as that is where the charges accrue in the financial systems.

Table 5 : Budget at a Glance

BSEE Budget-at-a-Glance (\$000)											
	2011 Actual*	2012 Enacted	Fixed Costs / IT Transformation	Research and Development for Offshore Drilling Safety	Operational Safety	Critical Funding Needs for Office of Environmental Enforcement	National Offshore Training and Learning Center for Inspection Program	Inspections for the Enforcement Program	Sustain Administrative Operations	Wellbore Integrity	FY 2013 Proposal
Offshore Safety & Environmental Enforcement											
Environmental Enforcement	1,034	4,108	+18			+4,177					8,303
Operations Safety and Regulation	82,523	132,079	+786	+2,000	+4,495		+3,685	+2,300		+1,395	146,740
Administrative Operations	18,264	15,545	+430						+5,000		20,975
General Support Services	19,457	12,607	+430								13,037
Executive Direction	12,234	18,117	+108								18,225
Total, OSEE	133,512	182,456	+1,772	+2,000	+4,495	+4,177	+3,685	+2,300	+5,000	+1,395	207,280
Offsetting Collections											
Rental Receipts	-38,391	-52,587									-52,479
Cost Recovery Fees	-8,713	-6,494									-8,402
Inspection Fee	-10,000	-62,000									-65,000
Total, Offsetting Collections	-57,104	-121,081	0	0	0	0	0	0	0	0	-125,881
OSEE Subtotal	76,408										
Reversion of Prior Balances	-12,500										
Net, OSEE	63,908	61,375	+1,772	+2,000	+4,495	+4,177	+3,685	+2,300	+5,000	+1,395	81,399
Oil Spill Research	11,744	14,899									14,899
Net Appropriations	75,652	76,274	+1,772	+2,000	+4,495	+4,177	+3,685	+2,300	+5,000	+1,395	96,298
Total BSEE Funding	145,256	197,355									222,179

* The FY 2011 Column represents estimates based on the 2011 Operating Plan because the funding was combined with what is now BOEM funding under the former BOEMRE.

Table 6 : Summary of Offsetting Collections

	2011 Actual *	2012 Enacted	2013 Request	2013 Change from 2012
Total, Offshore Safety and Environmental Enforcement (OSEE)	133,512	182,456	207,280	24,824
Offsetting Collections				
Rental Receipts	-38,391	-52,587	-52,479	108
Cost Recovery Fees	-8,713	-6,494	-8,402	-1,908
Inspection Fees	-10,000	-62,000	-65,000	-3,000
Total, Offsetting Collections	-57,104	-121,081	-125,881	-4,800
Rescission of Prior Balance	-12,500			
Net OSEE	63,908	61,375	81,399	+20,024
Oil Spill Research	11,744	14,899	14,899	0
Net Appropriations	75,652	76,274	96,298	+20,024
Full Time Equivalents (FTE) **				
Total Direct FTE	619	512	575	63
Total Reimbursable FTE (Offsetting Collections and Reimbursable Agreements)	19	191	191	0
Total FTE	638	703	766	63

* The FY 2011 Column represents estimates based on the 2011 Operating Plan because the funding was combined with what is now BOEM funding under the former BOEMRE.

** BSEE has changed the manner in which it is reporting FTE funded by offsetting collections to show them in the reimbursable category as that is where the charges accrue in the financial systems.

Table 7 : Summary of Requirements

	2012 Enacted		Fixed Costs & Related Changes		Program Changes		2013 Budget Request	
	FTE	(\$000)	FTE	(\$000)	FTE	(\$000)	FTE	(\$000)
Environmental Enforcement								
Direct Appropriation	9	1,498	0	+18	+14	+4,177	23	5,693
Offsetting Collections		2,610	0	0	0	0	0	2,610
Subtotal	9	4,108	0	+18	+14	+4,177	23	8,303
Operations, Safety and Regulation								
Direct Appropriation	394	36,913	0	+786	+49	+9,075	443	46,774
Offsetting Collections	6	95,166	0	0	0	4,800	6	99,966
Subtotal	400	132,079	0	+786	+49	+13,875	449	146,740
Administrative Operations								
Direct Appropriation	164	4,992	0	+430	0	+5,000	164	10,422
Offsetting Collections	55	10,553	0	0	0	0	55	10,553
Subtotal	219	15,545	0	+430	0	+5,000	219	20,975
General Support Services								
Direct Appropriation	0	3,994	0	+430	0	0	0	4,424
Offsetting Collections	0	8,613	0	0	0	0	0	8,613
Subtotal	0	12,607	0	+430	0	0	0	13,037
Executive Direction								
Direct Appropriation	50	13,978	0	+108	0	0	50	14,086
Offsetting Collections	5	4,139	0	0	0	0	5	4,139
Subtotal	55	18,117	0	+108	0	0	55	18,225
Total								
Direct Appropriation	617	61,375	0	+1,772	+63	+18,252	680	81,399
Offsetting Collections	66	121,081	0	0	0	+4,800	66	125,881
Total OSEE	683	182,456	0	+1,772	+63	+23,052	746	207,280
Oil Spill Research Appropriation								
Direct Appropriation	20	14,899	0	0	0	0	20	14,899
Total for OSEE and Oil Spill Research	703	197,355	0	+1,772	+63	+23,052	766	222,179

BSEE FY 2013 PERFORMANCE BUDGET REQUEST
Environmental Enforcement Activity

Table 8: Environmental Enforcement Activity Budget Summary

		2011 Actual*	2012 Enacted	Fixed Costs / IT Transformation (+/-)	Program Changes (+/-)	2013 Budget Request	Change from 2012 (+/-)
Environmental Enforcement	(\$000)	1,034	4,108	+18	+4,177	8,303	+4,195
	FTE	0	9	0	+14	23	+14

* The FY 2011 Column represents estimates based on the 2011 Operating Plan because the funding was combined with what is now BOEM funding under the former BOEMRE.

SUMMARY OF FY 2013 PROGRAM CHANGES

Request Component	Amount (\$000)	FTE
Critical Funding Needs for the Division of Environmental Enforcement	+4,177	+14
Fixed Costs	+18	0
Total:	4,195	+14

JUSTIFICATION OF FY 2013 PROGRAM CHANGES

The FY 2013 budget request for the Environmental Enforcement Activity is \$8.3 million and 23 FTE, an increase of \$4.2 million and 14 FTE over the FY 2012 Enacted.

Critical Funding Needs for the Environmental Enforcement Division (+\$4,177,000; +14 FTE)

The Environmental Enforcement Division (EED) was established in FY 2012 to foster environmental compliance, inspection, investigation and enforcement programs that will assure the highest level of environmental standards for all offshore energy activities.

Funding provided in FY 2012 enabled the hiring of initial personnel necessary to develop and manage the EED program, and ensure that the National Environmental Policy Act (NEPA) process requirements necessary to responsibly issue permits to conduct various offshore activities were met in each of the OCS regions. Personnel added in FY 2012 included the EED Chief at Headquarters, three Regional Environmental Officers, and Environmental Review Unit personnel in the Gulf of Mexico. In the Gulf of Mexico alone, an average of 1,250 NEPA tasks must be conducted each year.

As it enters its second year, EED is requesting additional base funding needed to continue implementation of the program, including ongoing efforts to hire additional personnel. Resources will be used to:

- Hire, train, equip, and support field personnel to conduct environmental field inspections; oversee Safety and Environmental Management System (SEMS) audits, investigations and enforcement actions; and evaluate the effectiveness of environmental mitigation; and
- Acquire enhanced data and technology for tracking, verifying and enforcing environmental compliance.

Impacts of Not Funding: This increase will allow BSEE to provide an appropriate level of Federal oversight of environmental compliance by owners and operators necessary to minimize the environmental impact of offshore oil and gas development and production operations.

PROGRAM OVERVIEW

The EED is responsible for both the Bureau's own compliance with requirements and the oversight and enforcement of activities by operators on the OCS. These activities include:

- Ensuring BSEE compliance with NEPA compliance and environmental requirements under other statutes and regulations;
- Conducting field inspections (including SEMS audits) to monitor industry compliance with mitigations and other environmental requirements; evaluate various environmental mitigation measures to determine their adequacy and appropriately distribute findings; and evaluate, prioritize, and investigate reports of potential non-compliance or apparent violations related to environmental requirements;
- Coordinating with the BOEM and other Federal, State and local agencies in matters involving environmental compliance and enforcement; and
- Conducting investigations related to environmental incidents.

PROGRAM PERFORMANCE

Resources provided by the FY 2012 appropriation allow for the timely completion of NEPA review necessary to issue BSEE permits. Based on 2011 data, there are approximately 1,270 NEPA actions, including determinations of NEPA adequacy (DNAs), categorical exclusion reviews (CERs), findings of no significant impact (FONSIIs), and environmental assessments (EAs), that the EED is responsible for conducting annually in order to process all of the various BSEE-issued permits without delay. As of December 19, 2011, the EED has processed almost 100 separate NEPA activities in support of BSEE permits.

Though the funding and FTEs so far have been largely dedicated to ensuring the timely processing of BSEE permits, the EED is also establishing procedures and pursuing a small number of environmental violation cases detected since October 1, 2011.

Beginning in FY 2012 and continuing into FY 2013, the EED will begin targeting and inspecting operators for statutory and regulatory compliance, as well as compliance with environmental requirements associated with leases, plans, and permits. These include but are not limited to NEPA, Outer Continental Shelf Lands Act, Clean Air Act, Clean Water Act, Endangered Species

Act, Marine Mammal Protection Act, Magnuson-Stevens Fishery Conservation and Management Act, and the National Historic Preservation Act.

As stated in the previous section, the environmental enforcement program was created on October 1, 2011, and there is no baseline performance data from which to draw. Performance measures will be developed for the environmental enforcement program once the program's activities, processes, and outcomes are more precisely defined.

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BSEE FY 2013 PERFORMANCE BUDGET REQUEST
Operations, Safety and Regulation Activity

Table 9: Operations, Safety and Regulation Activity Budget Summary

		2011 Actual*	2012 Enacted	Fixed Costs / IT Transformation (+/-)	Program Changes (+/-)	2013 Budget Request	Change from 2012 (+/-)
Operations, Safety and Regulation	(\$000)	82,523	132,079	+786	+13,875	146,740	+14,661
	FTE	379	400	0	+49	449	+49

* The FY 2011 Column represents estimates based on the 2011 Operating Plan because the funding was combined with what is now BOEM funding under the former BOEMRE.

SUMMARY OF FY 2013 PROGRAM CHANGES

Research and Development for Offshore Drilling Safety	+2,000	0
Operational Safety	+4,495	+29
National Offshore Training and Learning Center	+3,685	11
eInspections for the Enforcement Program	+2,300	0
Wellbore Integrity	+1,395	+9
Fixed Costs	+786	0
Total:	+14,661	+49

JUSTIFICATION OF FY 2013 PROGRAM CHANGES

The FY 2013 budget request for the Operations, Safety and Regulation Activity is \$146.7 million and 449 FTE, an increase of \$14.7 million and 49 FTE over the FY 2012 Enacted.

Research and Development for Offshore Drilling Safety (+2,000,000; 0 FTE)

BSEE would use the requested funds for research into important issues such as well cementing, blowout preventer (BOP) research, methods of shallow gas containment, and well control methods. The November 16, 2010, National Academy of Engineering report to Secretary Salazar as well as other reports of findings on the fate of the Deepwater Horizon have identified a number of procedural and equipment failures that are believed to have contributed to the tragic April 20th event. These include the lease operator's use of questionable cementing materials and procedures, flawed drilling and abandonment practices including questionable well-bore/cement integrity testing, lack of effective decision making despite indications of well-control hazards, the adequacy of operating knowledge on the part of operator/contractor personnel, the use (or lack of use) of emergency diverter systems and alarms and the adequacy and operability of the BOP system itself, the last line of defense against an uncontrolled blowout. Due to the immediate impacts and continued ripple effect in the aftermath of the Macondo well blowout, there is increased need to develop, identify, or assess operational procedures, technologies, methodologies, and materials used for deepwater well abandonment procedures,

the use of deepwater safety equipment (i.e., BOP, topside diverters, systems alarms), and the type, size, and capability of oil spill response and containment systems available for use during spills. Understanding and developing systems to safeguard human life and the environment are necessary for BSEE to promote the responsible development of resources on the OCS. Data and findings derived from BSEE funded research studies are needed now so that pertinent guidance can be immediately integrated into offshore operations as well as our regulatory decisions for permitting and plan approval, safety and pollution inspections, enforcement actions, and training requirements. These studies will also provide independent verification of spill control capabilities and reduce BSEE's reliance on data supplied by industry.

Impact of Not Funding: Without this funding, BSEE will experience delays in identifying, assessing, developing, and incorporating new drilling technologies and safety enhancements into agency regulations and operations oversight. Such delays in turn could delay the development of key technological solutions to safely find and develop oil and gas resources under more challenging conditions.

Operational Safety (+4,495,000; +29 FTE)

In the aftermath of the Macondo well explosion, a multitude of investigations were initiated and their findings discussed in several important reports, most of which came to the same conclusions: that there was an immediate need to improve the safety of offshore operations and to strengthen oil spill response and planning capacity. The Federal regulatory agency's rules and regulations have not been able to keep up with the industry's expansion into deepwater drilling—with its larger and more demanding technology, greater pressures and increasing distance from shore-based infrastructure and environmental and safety resources—the agency's ability to develop and maintain up-to-date technical drilling-safety requirements to keep up with industry's rapidly evolving deepwater technology requires staffing increases in key operational areas.

Concurrent with the post-Macondo investigations, the former BOEMRE, BSEE's predecessor Bureau, began in 2010 a three-year plan to identify the resources needed to support the reorganization of the former MMS into three separate agencies, and to implement reforms and increased capacity. The FTEs requested here are consistent with that plan and take into account subsequent recommendations based as presented in the investigatory reports and reorganization study. The requested resources will allow BSEE to:

- develop and implement new performance-based risk assessment and management regulatory programs;
- supplement risk-management programs with rigorous prescriptive safety and pollution-prevention regulations and standards;
- lead the development and adoption of international standards and best practices involving drilling and production;
- provide adequate funding to support safety and environmental oversight, inspection, and enforcement activities; and,
- provide a much better trained response community equipped with better response tools.

This expanded capacity is fundamental to the ability of the Federal government to implement a modern operational safety regime.

Impacts of Not Funding: Without these additional resources, the agency's ability to develop and incorporate new technical requirements, industry standards, and research findings into the regulatory program will be significantly impacted. Furthermore, the ability to ensure that permit applications are thoroughly and judiciously processed, inspections are conducted, incidents are thoroughly investigated, and enforcement actions are quickly assessed will be compromised. The implementation and enforcement of recently instituted safety initiatives such as the Safety and Environmental Management System (SEMS) regulation also will be inhibited. Lack of funding and personnel will also significantly impede needed progress on the oil spill program, limiting the Bureau's capacity to review and approve oil spill response plans thoroughly and in a timely manner and hindering the agency's ability to proactively support activities of the National Response System in this post Deepwater Horizon era in which BSEE must take a leadership role in offshore spill planning and preparedness.

National Offshore Training and Learning Center (NOTLC) (+3,685,000; +11 FTE)

In FY 2013, BSEE is requesting base funding to support and staff a National Offshore Training and Learning Center (NOTLC) to serve as the focal point for continuous learning and training of the Bureau's Safety Inspectors, Environmental Enforcement Officers, and Engineers.

The NOTLC supports the Bureau's goals by providing upfront and ongoing contemporary learning and development opportunities to Bureau staff. The NOTLC provides a wide variety of recognized and up-to-date training programs. The training will be selected and developed with a focus on the BSEE mission and vision of advancing safety and environmental stewardship principles using the best contemporary science and technology to evaluate, protect, and preserve the human, marine, and coastal environments.

The major goals of the NOTLC are as follows:

- To design and deliver programs to recognize and encourage the continued development of Safety Inspectors, Environmental Enforcement Officers, and Engineers;
- To develop a structured competency-based technical and professional development curricula to meet the needs of a diverse audience with an emphasis on BSEE's mission and a focus on safety; and,
- To build relationships with internal and external stakeholders to ensure the training and educational programs are viewed as a model of efficiency and effectiveness.

In FY 2013, BSEE will continue its efforts to support the expanded oversight role brought about through the reorganization and post-Deepwater Horizon reform measures. This expanded oversight role includes the addition of a new training organization aimed at creating consistency and ensuring compliance.

The benefits of a NOTLC are significant. It will allow the agency to develop a more measurable and consistent inspections and compliance program across the organization by increasing

employee skills and productivity; reducing attrition through improved job satisfaction; and aiding in the recruiting process. Faced with serious staffing challenges, the NOTLC serves as a recruiting tool for future employees looking to be developed and provided with career guidance and mapping.

Impacts of Not Funding: This request establishes initial base funding for the NOTLC. Without this funding, BSEE will not be able to enhance its training policy and programs to maintain and improve the technical and professional capabilities of those employees responsible for ensuring operational safety on offshore facilities. Funding is fundamental to the success of the Bureau and our continued commitment to ensuring safety, environmental protection, and offshore resource conservation through vigorous regulatory oversight and enforcement.

e-Inspections for the Enforcement Program (+2,300,000; 0 FTE)

This request will enable BSEE to address the implementation of recommendations from the Outer Continental Shelf Safety Oversight Board Report dated September 1, 2010. Specifically, it will:

- Ensure that inspectors have appropriate technology, resources and support to conduct inspections and identify areas of non-compliance with safety, operational and environmental requirements;
- Meet business requirements and address user performance concerns by leveraging more current, web-based, user-friendly technologies together with existing tools already within the Department;
- Replace the out-dated paper-based inspection process with a modern electronic system for conducting the inspections mandated by the Outer Continental Shelf (OCS) Lands Act;
- Ensure more timely and accurate collection of inspection data and reduce costs associated with hand-writing on paper forms and entering data into the corporate database;
- Provide electronic inspection forms and data to the inspectors on ruggedized tablet PCs and allow electronic capture of inspection results quickly and accurately into a database;
- Provide immediate access to tools such as on-line policy manuals, Federal Regulations, NTLs, Safety Alerts, approved permits from the BSEE engineers, and more, thereby making the inspector more informed; and,
- Eliminate duplication of effort by eliminating the office data entry of the paper inspection form and subsequently reduce data input error.

This initiative will be developed using the existing Technical Information Management System (TIMS) data model on the foundational architecture, and the TIMS portal for the web-based front end. This project was begun with a six-month Proof of Concept (POC) in Fiscal Year 2011 that uses MS Access to test the concepts for the use of ruggedized tablet PCs for conducting rig inspections; downloading permit data, and uploading rig inspection data. Statistics about the success of the use of the tablets will be used to determine the design details and specific hardware for the full proposed e-Inspection project .

No new positions are requested for this activity. In fact, when fully implemented, this initiative could provide a potential cost avoidance of \$1.5 million per year. Currently the agency uses five data entry technicians for about 60 inspectors. Based on the Bureau's plans to triple the number of inspectors in the GOM, this would require hiring five to 10 additional technicians to record the additional inspection data in TIMS if BSEE cannot provide another way to input the data.

Impacts of Not Funding: Without this funding, BSEE will be challenged in upgrading its electronic systems and moving toward a comprehensive, cost-saving paperless inspection system. The current out-dated paper inspection system does not ensure the timely and accurate collection of inspection data. The Bureau would otherwise also need to hire additional data entry technicians to record inspection data. Also, the proposed e-Inspection application will help to ensure that inspectors use the same common application, process, procedures, and business rules for conducting inspections and capturing data. This will help to reduce inconsistent gathering and application of data, which will in turn reduce uncertainty within industry regarding enforcement of policies. Failure to implement an e-Inspection system will constrain our growing inspection workforce and require continued use of outdated, inefficient and error-prone work processes.

Wellbore Integrity (+1,395,000; +9 FTE)

Increased safety regulations implemented in November 2010 give BSEE the responsibility to determine whether operators have submitted adequate information demonstrating access and deployment capabilities for surface and subsea containment. Staffing is needed to ensure that BSEE can meet this responsibility, which includes the ability to conduct two new types of evaluations related to wellbore integrity:

1. Determining reservoir fluid gradients - This is a review of all of the sands (gas/oil/water) in a given borehole interval to model the static reservoir fluid gradient for a single sand or a combination of sands. The fluid gradient is then used to determine if the well casing design is adequate or whether the casing will fail causing fluids to breach the borehole and enter the surrounding strata.
2. Determining the consequence of a collapse or burst of the well casing at multiple depths in the well. This second review will indicate the likelihood for the reservoir fluid to be released and reach the sea floor.

These two additional analyses are performed on all Applications for Permit to Drill (APDs) in the GOM that require well containment under the Oil Spill Response regulations. The resulting data will inform continuing regulatory reforms and preserve the Bureau's independence.

Impact of Not Funding: This is a new activity. If resources are not sufficient, we cannot ensure that these evaluations will receive an adequate level of review and it will diminish the ability of the existing staff that must absorb this activity to focus on reserves inventory activities and other permitting. BSEE will not be able to independently establish well structure requirements and will have to continue to rely on industry assurances in the absence of adequate funding.

PROGRAM OVERVIEW

BSEE works to assure that energy and mineral development activities are conducted in a safe and environmentally sound manner, with safety being a prerequisite of all activity on the OCS. BSEE continually seeks operational improvements that will reduce the risks to offshore personnel and to the environment, and continually evaluates procedures and regulations to stay abreast of technological advances that will ensure safe and clean operations and conserve the Nation's natural resources. Functions include:

- Oversight of Offshore Activities
- Review of OCS Permits
- Inspections and Investigations
- Oil Spill Response
- Safety and Environmental Management
- Operator Performance Reviews
- Civil and Criminal Penalties & Operator Disqualifications
- Conservation Management
- Regulatory Development
- Technology Assessment and Research

PERFORMANCE OVERVIEW

Offshore Activities

The goal of BSEE's comprehensive management program of energy and mineral operations on the OCS is to ensure that these operations are conducted in a safe and environmentally sound manner. The foundation of this program is a set of regulations that govern all aspects of offshore energy and mineral activities, from engineering specifications for offshore facilities to training requirements for OCS workers. BSEE will continually review these regulations to update and revise them as necessary so that they include the most effective requirements for safety and environmental protection on the OCS. BSEE is presently reviewing comments received on the interim final drilling safety rule that was put in place following the Deepwater Horizon disaster and preparing the final rule for publication in the Federal Register.

Review of OCS Permits: Reviews of permits help to ensure that all OCS operators comply with regulatory standards and specific lease stipulations. BSEE performs detailed technical and environmental reviews of plans and permits for exploration, development, and production on OCS lands, as well as permits for other activities such as the installation of pipelines. The ongoing effort by BSEE to develop performance-based operating regulations is expected to generate an increasing number of operator requests for approval of alternative compliance programs. Prior to making approval decisions on alternative compliance, BSEE must assess the alternatives to ensure they provide equal or greater protection than the regulatory requirements they would replace.

Inspections and Investigations: The Outer Continental Shelf Lands Act (OCSLA) amendments mandate that annual inspections be performed on each permanent structure and drilling rig that conducts drilling, completion, or workover operations. Safety is a priority for both BSEE staff and for the operations that occur under BSEE's jurisdiction, and onsite facility inspections and enforcement actions are important components of BSEE's safety program. The Bureau has established ambitious performance targets for the conduct of thousands of inspections of OCS facilities and operations, including coverage of tens of thousands of safety and pollution prevention components each year to prevent offshore accidents and spills, and to ensure a safe working environment. The Bureau's goal is to conduct annual inspections of all oil and gas operations on the OCS to examine safety equipment designed to prevent blowouts, fires, spills, and other major accidents.

Although BOEMRE was fully engaged in the response to the Deepwater Horizon event for much of 2010, we still managed to conduct over 23,000 compliance inspections throughout the year. Additionally, BSEE plans to conduct more onsite witnessing of critical device testing, such as BOP tests. The proposed increase in the inspection/oversight workforce will allow BSEE to focus more resources on higher risk activities, increase the rigor of inspections, and expand oversight of the entire industry to ensure safe and environmentally responsible operations.

BSEE inspects drilling and production facilities on the OCS using both scheduled and unannounced inspections. More frequent inspections may be conducted to focus on operators with a poor performance record, follow up on previous inspection findings, in environmentally sensitive areas, and to foster a climate of safe and pollution free operations.

In compliance with BSEE incident reporting requirements, operators must report the occurrence of major and minor incidents. BSEE conducts investigations and analyzes incident-related data to understand the causes of incidents. BSEE coordinates investigations as appropriate with other agencies such as the United States Coast Guard (USCG). A BSEE - USCG interagency Memorandum of Agreement (MOA) for incident investigation was signed March 27, 2009. This MOA provides for the effective use and coordination of our respective investigative resources.

During FY 2011, BSEE dedicated significant resources to investigate the causes of the Deepwater Horizon explosion, loss of life, and resulting oil spill, and to make recommendations for safe operations of future oil and gas activities on the OCS. The investigation was conducted over a period of 17 months by a Joint Investigation Team (JIT) formed on April 27, 2010, by a convening order of the Departments of the Interior and Homeland Security.

The JIT held seven sessions of public hearings, received testimony from more than 80 witnesses and experts, and reviewed a large number of documents and exhibits pertaining to all aspects of the investigation. In addition to the public hearings, BSEE investigators conducted interviews of more than 25 individuals throughout the investigation. The JIT collected and reviewed large volumes of electronic and written material, including data, emails and other records related to equipment, management systems, supervision of employees and contractors, communications, performance and training of personnel, relevant company policies and practices, and work environment. The JIT issued more than 90 subpoenas for documents and other information and collected over 400,000 pages of evidence. During the course of the investigation, the JIT

commissioned several entities and qualified individuals to conduct expert analyses of evidence.

The JIT investigation report was published in two volumes. Volume I addresses the areas of USCG responsibility. Volume II addresses the areas of BSEE responsibility and was published on September 14, 2011. Volume II includes findings on the causes, both direct and contributing, of the Macondo blowout and the resulting explosion and fire aboard the Deepwater Horizon. Volume II also includes recommendations for the continued improvement of the safety of offshore operations. A Safety Alert summarizing the investigative findings was issued shortly after Volume II was published.

Volume II recommendations include possible regulatory changes, technical research topics, and other activities related to regulatory oversight. Some regulatory changes have already been incorporated into BSEE regulations through the Interim Final Rule on Increased Safety Measures for Energy Development on the Outer Continental Shelf, published on October 14, 2010. A comprehensive plan to address all recommendations is underway.

However, based on recommendations from investigatory and oversight reports, internal and external review of operations, and reorganization studies, BSEE has already implemented a number of improvements to its inspection regime and will continually look for improvements to enhance its programs. Some accomplishments to date include:

- Implemented new safety regulations (October 2010) which require witnessing of initial on-bottom tests and stump tests for subsea blowout preventer (BOP) stacks.
- Implemented review of wellbore designs and wellbore integrity to determine whether appropriate containment equipment is accessible or whether additional containment systems are required.
- Developed a Well Containment Screening Tool (WCST) to demonstrate if a well design and equipment is adequate for well containment.
- Implemented review of BOP system schematic drawings to ensure compliance with requirements of new interim safety regulations.
- Restructured District offices to create separate specialization in well operations (Drilling, Workover, Completion, Abandonment) versus production operations (Surface Safety System, Production Process Systems, Personnel Safety Equipment).
- Recruitment of additional inspection team members.
- Analyzed ways to perform inspection activities more efficiently by using current technological tools, such as online review of reports and records, and by using mobile technology in the field.

Additionally, BSEE is exploring the use of different methodologies in order to identify both high and low risk facilities. The common approach is to identify those facilities and operators that display the greatest potential of serious environmental safety consequences should an event occur and to increase oversight of those facilities and operators.

In addition to the Deepwater Horizon investigation, BSEE investigated 34 incidents in FY 2011 to determine causes and analyze regulatory performance. The Investigation and Review Unit, established shortly after the Deepwater Horizon event, participated in one of these investigations

as well as providing a substantial role in the drafting of the Deepwater Horizon investigation report. Incident investigation reports are published on the BSEE website. As a result of incident investigations and other inspection and enforcement activities, BSEE also publishes Safety Alerts to inform the offshore oil and gas industry of the circumstances surrounding an accident or a near miss and to provide recommendations that should help prevent the recurrence of such an incident on the OCS.

Incident data are also an important part of evaluating the performance of individual companies and the industry as a whole and contribute to the development of new regulatory requirements. Where appropriate, Federal agencies including BSEE, pursue civil and criminal penalty actions against those in violation of Federal regulations, especially when such violations result in or have the potential to result in injuries, loss of life, or damage to environmental resources.

Additional Reporting of Compliance Data and/or Real-time Data – In FY 2012, BSEE will be examining the opportunities to collect key compliance indicator data, equipment performance data and/or to use real time operational data flows to complement our inspection programs, enhance compliance, and address regulatory gaps. This work will include the reviews necessary to determine the costs and benefits of obtaining electronic access to real-time data transmitted from offshore platforms/drilling rigs, such as operators’ surveillance cameras and BOP monitoring systems, and/or other automated control and monitoring systems to provide BSEE with additional oversight tools that can assist the agency in the inspection and oversight process. BSEE will also designate research funds to examine the availability and efficacy of analytic tools that could be used to mine these data flows.

Oil Spill Response Division: The Oil Spill Response Division (OSRD) has the responsibility of ensuring that the offshore operators and response community have the necessary equipment, resources, trained personnel, and established plans to carry out an effective, efficient response to a worst case discharge from an offshore source. Division staff will fully integrate activities of the National Response System through appointment to positions on the National Response Team Preparedness Subcommittee, and Scientific and Technical Committee, Regional Response Teams affecting policy for the Gulf of Mexico, Pacific, and Alaska Regions, and applicable Area Committees. Work will continue on revision of oil spill plan regulations following the completion of joint BSEE and USCG projects to develop new national response planning standards that will influence regulations of both agencies. Coordination with the USCG will continue through the Response Workgroup on projects involving the response resource inventory, the National Preparedness for Response and Exercise Program (NPREP), revision of Area Contingency Plans through chairing the offshore Worst Case Discharge (WCD) sub teams of each Area Committee, drill coordination, and other activities to enhance spill preparedness. Efforts will also continue to respond to recommendations from the Incident Specific Preparedness Review and similar response-focused reports to ensure that lessons learned are captured and actions are taken to fully implement those recommendations that will improve overall operations. Support of the Federal On-Scene Coordinator (FOSC) will also be a focus area by the OSRD through the addition of a source control subject matter expert to the Incident Command System structure. Activities during the Macondo well blowout revealed the critical skill sets that BSEE staff possess in well completion and design and their value in well containment and relief well operations. Should a significant well control event occur in the

future, OSRD staff will be part of mini-strike teams that will deploy to incident command posts to provide expert assistance to the FOSC on offshore operations and to coordinate the use of BSEE engineering, technical, and/or scientific staff to support spill abate and response activities for spills originating from facilities under the jurisdiction of BSEE.

Safety and Environmental Management: Most offshore oil and gas incidents can be traced to human error or poorly organized operations. BSEE now requires OCS operators to use a companywide SEMS to organize their activities to minimize risks to workers and the environment.

The SEMS is a performance-oriented approach for integrating and managing OCS operations to effectively address such important safety factors as:

- conducting safety and environmental reviews;
- assuring the quality and integrity of critical equipment;
- establishing safe work practices;
- training workers; and
- responding to emergencies.

On September 14, 2011, the former BOEMRE published a Notice of Proposed Rule in the Federal Register - Revisions to 30 CFR Part 250 Subpart S - Safety and Environmental Management System. The Proposed SEMS Rule II addresses safety concerns that were not covered in the SEMS I Rule issued last fall. It applies to all OCS oil and gas and sulphur operations and facilities under BSEE jurisdiction including drilling, production, construction, well workover, well completion, well servicing, lifting activities and the pipeline activities.

BSEE proposes to expand, revise and add several new requirements necessary for a more thorough SEMS program and to facilitate BSEE oversight. In addition to the current regulatory requirements, operators would be required to include the following in their SEMS program:

- (1) Additional requirements for conducting a Job Safety Analysis;
- (2) Procedures to authorize any and all employees on the facility to implement a Stop Work Authority when witnessing an activity that creates a threat of danger to an individual, property and/or the environment;
- (3) Clearly defined requirements establishing who has the ultimate work authority on the facility for operational safety and decision making at any given time;
- (4) An employee participation program that shows how operator employees are involved in the implementation of the American Petroleum Institute's Recommended Practice for Development of a SEMS Program for Offshore Operations and Facilities;
- (5) Guidelines for reporting unsafe work conditions that provide all employees the right to report a possible safety or environmental violation(s) and to request a BSEE investigation of the facility if they believe there is a serious threat of danger or their employer is not following BSEE regulations; and
- (6) Revisions requiring that only independent third party auditors conduct all audits of operators' SEMS programs and that the independent third party auditors must meet the specified criteria listed in this proposed rule.

The importance of this proposed rule is highlighted by the Deepwater Horizon event on April 20, 2010. The blowout of the Macondo well, and the resulting explosion on the Deepwater Horizon drilling rig, resulted in the deaths of 11 workers, the loss of the Deepwater Horizon and an oil spill of national significance.

BSEE is requiring a SEMS program to reduce the likelihood of accidents and incidents and raise the safety awareness of all personnel in requiring a comprehensive SEMS program. The changes proposed in the rule would affect lessees and operators of leases and pipeline right-of-way holders in the OCS. This group could include about 130 active Federal oil and gas lessees. An estimated 65 percent of these lessees are considered small operators.

Operator Performance Reviews: BSEE conducts Annual Performance Reviews (APR) of each operator. The APR process captures compliance and accident information gathered through the OCS Inspection Program and weighs that information to arrive at a final Operator Performance Index, as well as composite indices that are used as performance indicators for the OCS Regulatory and Compliance program. The Bureau meets with those operators performing at the highest levels to solicit ideas for best operating practices. With the operator's concurrence, BSEE shares these success stories with others through workshops, conferences, and other safety-related meetings. Additionally, BSEE focuses compliance efforts on those operators whose performance does not meet certain targets.

Civil and Criminal Penalties and Operator Disqualification: BSEE, where appropriate, will pursue civil and criminal penalty actions against those in violation of Federal regulations, especially when such violations result in, or have the potential to result in, injuries, loss of life, or damage to environmental resources. If an operator exhibits excessively poor, dangerous, or threatening performance, BSEE can assess a civil penalty. BSEE can also issue civil penalties to operators who fail to correct items identified by field inspectors. In FY 2011, 26 civil penalty assessments were paid for a total of \$1.9 million. BSEE OCS Civil Penalties Program encourages compliance with OCS statutes and regulations through the pursuit, assessment, and collection of civil penalties (and referrals for the consideration of criminal penalties where warranted). BSEE is committed to strengthening its enforcement programs; this may mean higher civil penalty assessments for poor operators in the future.

The cost of administering the Civil Penalties Program is monitored in the Bureau's activity-based costing (ABC) system. Though less than one percent of Regulatory spending, the Civil Penalties Program is an important tool for enforcing compliance on the OCS. However, should the operator continue to perform poorly, BSEE may place an operator on probation or disqualify a company from operating a specific facility, or all facilities, on the OCS. The disqualification process provides a structured means to remove operators that pose a threat to the safety of life and the OCS environment.

Conservation Management: As a steward of the Nation's OCS mineral resources, BSEE must provide for conservation of natural resources by preventing waste and ensuring ultimate recovery of the resources, as well as protecting the correlative rights of OCS lessees and the government. Conservation of oil and gas resources is an integral part of the Nation's energy policy and a primary objective for the BSEE Regulatory program. To promote conservation, BSEE monitors development and production activities on the OCS and enforces regulations that require operators to avoid waste and maximize the ultimate recovery of OCS minerals once access has been granted.

Regulatory Development: BSEE will continue to develop new regulations to ensure safety and environmental protection associated with offshore oil and gas operations. BSEE will focus on regulations related to drilling and production operations and the decommissioning of offshore facilities. These regulations will be based on priorities established from a comprehensive review of the existing oil and gas regulations. In addition, BSEE will continue to work with industry groups on standard development and assess those standards for possible incorporation into BSEE's regulations.

Technology Assessment and Research: The Technology and Assessment Research (TA&R) program addresses technological issues associated with energy and mineral operations, ranging from the drilling of oil and gas exploration wells in search of new reserves to the removal of platforms and related infrastructure once production operations have ceased. Although BSEE research efforts may involve any aspect of energy and mineral operations, particular attention is given to oil and gas drilling, workover, production, completions, structures, pipelines, decommissioning, human factors/risk assessment, and measurement operations. Under the TA&R and Oil Spill Response Programs, BSEE performs applied research in regulatory technologies to promote safe, pollution-free operations and conducts applied research in the prevention of oil pollution and the improvement of oil spill response and clean-up (see Oil Spill Research budget). Examples of how TA&R studies impact our regulatory program include:

In early 2010, during the investigation of a leaking well, it became apparent the existing regulation 30 CFR 250.1715(b) required re-evaluation to better serve our mission. This regulation allows operators the option to either pressure test or weight test cement plugs in permanently or temporarily abandoned wells. The question became which option is better, or whether BSEE should require both to be performed. To conduct this evaluation, a TA&R study titled "Cement Plug Testing: Weight vs. Pressure to Assess the Viability of a Wellbore Seal Between Zones" was initiated. During the BP/Deepwater Horizon investigation, the minimum requirements of the procedures described in 30 CFR 250.1715(b) were again questioned and the TA&R study was expanded slightly to not only compare the options, but examine the procedures to identify possible shortcomings and possibly develop new procedures. This TA&R study will include field data collection during abandonment operations on the OCS which will be compared with results found during laboratory tests.

Also prior to the Deepwater Horizon event in 2010, TA&R identified a need to improve our understanding and oversight of the types of deepwater drilling rig BOPs operating in the GOM. BSEE funded a study titled "Deepwater Blowout Preventer (BOP) Reliability & Well Kicks" to assess the performance of deepwater BOPs in use between 2006 and 2010 in order to determine

their reliability during testing and actual well kicks. The study is expected to provide BSEE with information to aid our current and future inspection workforce and regional engineers with the tools to improve the way we assess and approve the use of BOPs; devices considered to be the last operational line of defense for well containment.

We expect the aforementioned studies, and other 2012 and 2013 studies, to provide lasting impacts on BSEE regulations, Notices to Lessees (NTLs), and industry standards.

Revisions to BSEE Regulations and Industry Standards: The results of TA&R studies have also contributed to the development of a number of BSEE regulations, BSEE NTLs, Industry Standards (American Petroleum Institute (API), American Society for Testing and Materials (ASTM), and International Standards. The below offers one example of each:

- BSEE Regulations: Results from an initial shear ram capability study/information led to the requirement for shear ram capabilities found in 30 CFR 250.416(e);
- BSEE issued NTL No. 2009-G03: Synthetic Mooring System Materials for Floating Facilities intended to demonstrate that synthetic moorings meet or exceed the safety level necessary for chain/wire-rope mooring systems;
- Industry Standards:
 - API - Development of the draft API RP 2RD, Dynamic Risers for Floating Production Installations. In addition to providing the study's work to the API, these same results have been presented to the International Organizations for Standardizations (ISO) for possible incorporation in the equivalent international standard, ISO 13628-12; and,
 - ASTM Standards in Association with BSEE Ohmsett Test Facility: F1607-95 (2008) Standard for Oil Spill Response Pumps; and,
- International Standards: A TA&R study laid the groundwork for reviewing the International Electrotechnical Commission Standards for Offshore Wind Farms design standards for applicability on the U.S. OCS. Since then, an American Wind Energy Association (AWEA) effort has been established to 'roadmap' the use of this international standard by supplementing it with the appropriate U.S. standards where there is a variance, and identifying gaps that could potentially be augmented with other standards, and/or gaps that require that additional standards be drafted. Two subsequent TA&R studies will be valuable contributions to this effort.

Participation in joint projects is one of the most effective and efficient means to leverage available funds and disseminate research findings. Therefore, participation in jointly funded projects with industry, other Federal and state agencies, academia, and international regulatory organizations has become an important mechanism for TA&R. In 2011, the TA&R program co-funded six projects with other organizations. In 2012, the TA&R program expects to co-fund five projects with other organizations. Due to the many benefits that BSEE has experienced through co-funded research, the TA&R program will continue to seek opportunities to leverage research dollars through joint projects for new engineering studies and conservation research.

The expansion of industry operations into the deepwater areas of the Gulf of Mexico presents significant technological challenges to industry and BSEE. Industry is focused upon the

development of new concepts, operational procedures, production facilities, and transportation facilities to meet the physical and economic challenges created by the operating environments of water depths between 3,000 to more than 10,000 feet. In many cases, custom designs are being developed that employ new materials and unique operating characteristics, all of which need to be independently verified by BSEE to ensure safety of operations and protection of the environment. The first commercial development of oil discoveries on the Federal portions of the Beaufort Sea offshore Alaska also presents special challenges to the TA&R program – particularly the forces that sea ice applies to surface structures (i.e., drilling or production facilities) and pipelines.

Meanwhile, existing platforms and pipelines continue to age, and BSEE is increasingly concerned with ensuring the integrity of these older facilities. If not properly maintained, offshore facilities and components will age at an accelerated rate both externally, due to the corrosive salt-water environment, and internally, due to the acidic/caustic nature of some produced well fluids. In order to manage offshore infrastructure in a safe and fully functional condition, it is important to properly protect and maintain wells, platforms, and pipelines through sound engineering standards and rigorous inspection. BSEE sponsors research to identify and correct specific problems associated with aging infrastructure and is working closely with industry to ensure the continued safety of OCS facilities, workers, and the environment.

As platforms and associated production facilities reach the end of their useful lives – as is currently happening in the Gulf of Mexico and offshore Southern California – decommissioning and removal are required. BSEE is planning to fund a project to ensure that decommissioned wells will not leak production fluids.

Table 10 : Performance Overview Table- Operations, Safety and Regulation

Performance Overview - Operations, Safety and Regulation										
Note: Performance and Cost data may be attributable to multiple activities and subactivities. Therefore, measure costs may not equal totals shown in subactivity tables.										
Mission Area 2: Sustainably Manage Energy, Water, and Natural Resources										
Goal 1: Secure America's Energy Resources										
Supporting Performance Measures	2007 Actual	2008 Actual	2009 Actual	2010 Actual	2011 Plan	2011 Actual	2012 Plan	2013 President's Budget	Change from 2012 to 2013 Plan	Long-term Target 2016
Strategy 1: Ensure environmental compliance and the safety of energy development										
Number of Recordable Injuries per 200,000 Offshore Man Hours Worked (SP)	N/A	N/A	N/A	N/A	Baseline Year	0.34 (est.) (149/443)	0.625	0.60	-0.025	0.5
<i>Comments</i>	This new strategic plan measure is an incident rate of all Recordable Injuries (i.e., injuries that require medical treatment beyond first aid and fatalities) that occur in the fiscal year for every 200,000 man hours worked (which is the approximate equivalent of 100 full-time workers). Estimated FY 2011 results indicate that there was approximately 1 recordable injury for every 300 full-time offshore workers. Because safety levels are best evaluated as trends over multiple year, targets for FY 2012 and beyond are based on analysis of historical recordable injury rates against an extrapolation of voluntary man hour reporting from operators in previous years. The Safety and Environmental Management System (SEMS) regulation that went into effect in November 2010 requires all operators to report offshore man hours worked during the calendar year. FY 2011 results will be finalized after BSEE receives calendar year 2011 reporting from operators in March 2012.									
Composite accident severity ratio (BUR)	0.050 (5,208/104,071) (revd)	0.122 (12,440/101,806) (revd)	0.097 (9,532/98,719) (revd)	0.184 (est.) (17,872/97,184)	<0.093	0.085 (7,952/93,901)	<0.09	<0.09	0	Reduce
<i>Comments</i>	For the composite accident severity ratio, BSEE assigns a point value to each operator safety incident reported based on its severity, then divides total annual points by the number of components in service for all operators. This metric reflects both the number of incidents that occurred and their severity. In FY 2007, the point matrix used to assign accident severity values was updated to provide a better indication of the relative severity of the incidents (i.e., there is now a larger differential between the points assigned for major versus minor incidents). The FY 2011 ratio result of 0.85 is more in line with typical historical results versus FY 2010 that included the Deepwater Horizon event. The FY 2012 and FY 2013 targets are based on improving over a 5-year rolling average, excluding the Deepwater Horizon event that would have skewed the goal higher.									
Maintain an annual composite operator performance index of 0.2 or less (BUR)	0.13 (revd)	0.19 (revd)	0.17 (revd)	0.24	<0.20	0.13	<0.20	<0.20	0	Reduce
<i>Comments</i>	Due to the severity and magnitude of the Deepwater Horizon explosion, the ratio results for FY 2010 far exceeded the target. The FY 2012 and FY 2013 targets are based on improving over a 5-year rolling average, excluding the Deepwater Horizon event that would have skewed the goal higher.									
<i>Comments</i>	The Composite Operator Performance Index is a consolidated measure of overall operator safety that combines incident severity with operator compliance to existing regulations. The operator performance index sums two ratios that are normalized for OCS operator activity based on the number of components operated. The first ratio measures operator compliance using a weighted INC (incident of non-compliance) value. The second ratio measures operator safety by assigning values for accidents (i.e., the composite accident severity ratio discussed above). As with the composite accident severity ratio, FY 2011 results were much lower than FY 2010 when the Deepwater Horizon event occurred.									

Performance Overview - Operations, Safety and Regulation (continued)										
Supporting Performance Measures	2007 Actual	2008 Actual	2009 Actual	2010 Actual	2011 Plan	2011 Actual	2012 Plan	2013 President's Budget	Change from 2012 to 2013 Plan	Long-term Target 2016
Number of fatalities among workers in DOJ permitted activities (BUR)	3	2	2	11	4	2	4	4	0	Reduce
Number of serious injuries among workers in DOJ permitted activities (BUR)	32	31	25	75* (revd)	29	26	29	29	0	Reduce
<i>Comments</i>	<p>In FY 2011, there were 2 fatalities and 26 serious injuries among offshore workers in DOJ permitted activities. The FY 2010 explosion and sinking of the Deepwater Horizon drilling rig off the coast of Louisiana resulted in 11 deaths and 46 lost-time injuries of greater than 3 days of lost time, restricted work, or job transfer. Although the detailed information necessary to determine the exact nature of each one of the injuries was not available, BSEE has revised its FY 2010 count for serious injuries to include these injuries based on the severity of the event.</p> <p>Future year targets for the fatalities and serious injury metrics are developed based on reducing a rolling 5-year average. Given the unprecedented magnitude of the Deepwater Horizon incident, and the negative skewing impact that including FY 2010 results would have on the serious injury average, FY 2012 and FY 2013 targets for serious injuries were established excluding the Deepwater Horizon event.</p> <p>* Revised to include 46 injuries from the Deepwater Horizon event that resulted in greater than 3 days of lost time, restricted work, or job transfer.</p>									
Total Number of Compliance Inspections Completed (BUR)	20,567	25,650	26,978	23,619	22,000	20,537	25,000	33,000	8,000	TBD
<i>Comments</i>	<p>One of the key recommendations included in multiple reports following the Deepwater Horizon event is that the BSEE needed to evaluate and revise the manner in which it conducts its drilling and compliance inspections. Over the next few years, the inspection program and workforce will change dramatically. The workforce will substantially increase in size and the new inspection strategy will involve more structured training for inspectors, on-site witnessing of high risk activities (e.g., BOP testing and cement/casing activities), and the deployment of multi-disciplinary inspection teams instead of individual inspectors. While the number of inspections will increase gradually over time as these changes are implemented, increases cannot be fully realized until additional hiring is completed and the inspectors are adequately trained. Additionally, some planned improvements will expand the time it takes to conduct an inspection and thus would not increase the number of inspections completed.</p>									
Conduct full Coast Guard inspections on X% of manned offshore facilities annually (BUR)	20% (224/ 1,121)	14.7% (164/1112)	13.6% (141/1035) (revd)	16.5% (169/1021)	10%	14.3% (est.) (141/985)	10%	10%	0%	TBD
<i>Comments</i>	<p>Inspection of U.S. Coast Guard regulated items is a function that was provided for by regulation but one for which BSEE is not reimbursed. Assumption of limited responsibilities by BSEE was pursued following a report by the Inspector General that the U.S. Coast Guard was not conducting inspections of safety items on fixed facilities, as required by law. At this time, BSEE inspectors conduct a limited FPSIP (fixed platform self inspection program) inspection on every platform that they visit and have an annual target of conducting full FPSIP inspections on 10 percent of manned facilities. Although more is done when the resources are available, the targeted percentage of full FPSIP inspections performed by BSEE inspectors has not increased because it would detract from performing inspections of equipment and operations under BSEE jurisdiction.</p>									
Conduct Technology Assessment and Research studies on X% of high-priority topics (BUR)	74% (25/ 34)	93% (14/15)	100% (18/18)	89% (16/18)	94%	94% (15/16)	94%	94%	0%	TBD
<i>Comments</i>	<p>The Technology Assessment and Research (TA&R) Program is a research element encompassed within the BSEE Regulatory Program. The TA&R program addresses technological issues associated with energy and mineral operations, ranging from the drilling of oil and gas exploration wells in search of new reserves to the removal of platforms and related infrastructure once production operations have ceased. This metric looks at the percent of TA&R studies conducted on high-priority topics. BSEE plans a major expansion of the TA&R program following the Deepwater Horizon event that will allow for targeted deepwater safety and containment research and the transfer research results to inform rule writers, investigators and plan reviewers. This additional information will be critical to ensuring the effectiveness of BSEE regulations, Notices to Lessees (NTLS), and industry standards.</p>									

BSEE FY 2013 PERFORMANCE BUDGET REQUEST
Administrative Operations Activity

Table 11: Administrative Operations Activity Budget Summary

		2011 Actual*	2012 Enacted	Fixed Costs / IT Transformation (+/-)	Program Changes (+/-)	2013 Budget Request	Change from 2012 (+/-)
Administrative Operations	(\$000)	18,264	15,545	+430	+5,000	20,975	+5,430
	FTE	188	219	0	-	219	-

* The FY 2011 Column represents estimates based on the 2011 Operating Plan because the funding was combined with what is now BOEM funding under the former BOEMRE.

SUMMARY OF FY 2013 PROGRAM CHANGES

Request Component	Amount (\$000)	FTE
Sustain Administrative Operations	+5,000	0
Fixed Costs	+430	0
Total:	+5,430	0

JUSTIFICATION OF FY 2013 PROGRAM CHANGES

The FY 2013 budget request for the Administrative Operations Activity is \$20.9 million and 219 FTE, a net increase of \$5.4 million and 0 FTE compared with the FY 2012 Enacted.

Sustain Administrative Operations (+\$5,000,000; 0 FTE)

Prior to the reorganization of the former MMS, funding provided through the Administrative Operations activity supported more than 1,700 FTEs in three major program areas – Minerals Revenue Management, Offshore Energy Minerals Management, and General Administration.

This funding provided the ability to provide a full suite of services, including general administration, ethics, equal employment opportunity, emergency management, finance, human resources, procurement, and information management.

The reorganization and reform efforts begun in FY 2011, and continuing into FY 2012 and FY 2013, have successfully changed the organizational structure, its processes, and supporting financial practices. It has also required new budget structures with new appropriations and activities, and the need to develop new accounting nomenclatures. Although more than 600 positions were transferred, along with administrative support funding to ONNR, the projected FTEs for BOEM and BSEE FTEs are expected to increase to more than 1,300.

BSEE is requesting \$5.0 million to sustain the necessary level of support services for these organizations. This is a request to adjust the base to provide sufficient administrative services to

effectively support the BSEE and BOEM workforce. Before making this request we have looked for opportunities to be more efficient and to minimize costs. However, BSEE needs these additional funds to address the demands of servicing two organizations that are projected to grow.

The funding will be used to retain the expertise and personnel that will serve BOEM and BSEE as the Bureaus recruit new inspectors, engineers, and scientists and conduct additional environmental and technological studies. It will support BSEE's ability to advertise critical vacancies for inspectors, engineers, and other professionals in a timely manner. Many of these actions are time-consuming and involve multiple grade levels, and numerous personnel actions are needed when advertising both within and outside the Federal government. Similarly, in the acquisition services area, funding support will enable BSEE to continue the procurement of mission-critical environmental and engineering studies in a timely manner.

Impacts of Not Funding: Without a funding adjustment, both Bureaus are likely to encounter delays in filling critical vacancies and in supporting our program personnel appropriately. This often results in the best candidates finding other employment during the prolonged recruitment process. Procurement lead-time required for complex contracts could increase by 35 percent delaying the Bureaus' ability to perform mission critical work, while the lead-time for smaller procurement actions could increase by 50 – 100 percent.

Financial services could be compromised as well, increasing the processing time for financial transactions, including the processing of vouchers and invoices that will delay the completion of environmental and engineering studies, the performance of offshore facility inspections, and other mission critical functions. The requested funding for these administrative activities is imperative to support the mission of these new organizations.

PROGRAM OVERVIEW

The Administrative Operations Activity consists of the following functions: Administrative Direction and Coordination, Finance, Equal Employment Opportunity, Human Resources, Acquisition Management, and Information Management.

Acquisition Management Division: The Acquisition Management Division is responsible for the execution and administration of BSEE and BOEM contracts and financial assistance agreements. The Division provides acquisition and financial assistance policy guidance, cost and price analysis, and advice to procurement and program personnel. They conduct acquisition management and other internal control reviews of procurement activities. They also administer the purchase line of the BSEE and BOEM charge card programs as well as their competitive sourcing programs. In addition, they manage the Business and Economic Development Program to maximize opportunities for small, disadvantaged, and women-owned businesses, as well as historically black colleges and universities as both prime contractors and subcontractors. They also oversee all acquisition career management programs.

Equal Employment Opportunity Division (EEOD): The EEOD develops, monitors, and

operates the Equal Employment Opportunity (EEO) program for BSEE and BOEM in compliance with the Civil Rights Act of 1964, the Equal Employment Opportunity Act of 1972, Executive Order 11478, departmental directives, and other related statutes and orders. Its goal is to ensure that work force activities are inclusive and that they promote the full utilization and exchange of skills and talents.

In support of the EEO program, the Division provides: advice and guidance to managers, supervisors and employees regarding EEO policies and procedures; provides technical advice and consultation to managers on recruitment strategies for affirmative employment designed to improve low participation rates of various groups in BSEE and BOEM; and provides oversight of special initiative programs designed to involve more women, minorities, and people with disabilities throughout all levels of management. The division also provides an alternative dispute resolution program, counseling and mediation services, as well as formal EEO complaint processing.

Finance Division: The Finance Division (FD) provides a full range of accounting and financial management services to BSEE and BOEM. The FD manages and oversees the Bureau-level CFO related audit as conducted by an independent audit firm with oversight from the Department's Office of Inspector General (OIG). The FD develops Bureau financial policies, procedures, and guidelines. The Division maintains liaison with departmental policy offices, including the Office of Financial Management and the office of Acquisition and Property Management. It also coordinates with the Bureau Budget Division and with the Department's Office of Budget. Staff members may also represent the Bureau on a variety of departmental and government-wide teams dealing with financial issues.

This Division is responsible for the administrative accounting operations of both BSEE and BOEM. FD manages the administrative accounting system; audits and schedules bills for payments; collects debts; develops financial data; prepares financial reports; provides advice and guidance on financial matters; and maintains liaison with departmental offices and other federal agencies.

Human Resources Division: The Human Resources (HR) Division develops and implements policies, procedures, guidelines, and standards relating to general personnel management, recruitment and employment, position management and classification, and employee development. Work includes preparing appropriate reports, performing all operational personnel services for BSEE and client organizations, and providing assistance and guidance related to personnel matters for all regional and field installations. The Division focuses on employee relations and services, including personnel program evaluation, labor/management relations, advising employees about conflict of financial interest and standards of conduct, and administering incentive awards programs, family friendly programs, the Federal Equal Opportunity Recruitment Program, and Senior Executive Service program. In addition, the Division is responsible for the development of training policy and oversight of a Bureau-wide Learning Management System that will serve as a valuable workforce planning and management tool. The HR Division also coordinates all departmental mandated employee development initiatives for implementation in BSEE and BOEM.

The Human Resources Division also leads all BSEE and BOEM workforce-planning initiatives, which include analyzing the current workforce, identifying future workforce needs, and preparing plans for building the workforce needed in the future. The long-term benefits of workforce-planning initiatives include the ability of BSEE and BOEM to meet their mission and performance goals.

Information Management Division: The Information Management Division (IMD) ensures the efficient and effective planning, management and acquisition of information technology and information resources within BSEE, BOEM, and ONRR and ensuring compliance with all DOI and federal information resources management policies and guidelines.

The IMD is engaged in an ongoing effort to establish, maintain, and support an IT investment analysis and decision-making environment to ensure that all Bureau IT investments are well planned, implemented, cost effective, and aligned with the BSEE, BOEM, ONRR, and DOI enterprise architecture. This includes managing the capital asset planning program by performing IT investment portfolio analysis; managing the review and submission to OMB of BSEE's Business Cases (Exhibit 300s); developing the Exhibit 53 (IT portfolio); and maintaining liaisons with the DOI regarding BSEE and BOEM information technology investments.

The IMD also implements and supports the Bureau's IT security program. The IT Security Manager works collaboratively with the BSEE and BOEM offices as well as with the DOI's Office of the CIO to review and improve security plans, policies, procedures, and standards to reflect technological changes. The IT security efforts also include participating in risk assessments and management reviews of systems and networks, identifying security issues, and recommending mitigation.

Information Technology Division (ITD): The ITD provides a central foundation to manage the large volume of information and data used in the scientific, engineering, and management activities of the BSEE and BOEM programs. The Division has a sophisticated and valuable Information Technology (IT) infrastructure that supports data management and internal and external communications. At the core of the IT capabilities is the Technical Information Management System (TIMS). TIMS automates the business and regulatory functions of BSEE and BOEM and brings diverse information into a central database. This enables BSEE and BOEM Regions and Headquarters to share and combine data; to standardize processes, forms, reports, and maps; to promote the electronic submission of data; to reduce the costs of establishing and maintaining duplicate databases and information storage and retrieval systems; to enforce data integrity through relational database technology; and to release accurate, consistent information to the public sector. To satisfy the requirements of both internal and external stakeholders ITD has undertaken the TIMS Web Portal project. TIMS Web Portal will leverage the existing TIMS database and integrate state-of-the-art technologies to enhance current capabilities and provide business functionality to meet business needs.

The ITD also manages and maintains the Geological Interpretive Tools (GIT) system, which represents the basis of essentially all BOEM determinations requiring geoscience analysis. GIT allows BOEM to improve productivity by quantifying analyses, analyzing digital data in three-

dimensions (3-D), fully integrating geophysical and geological data analysis, and reducing risks and uncertainty in decision-making processes. In addition, ITD has developed an extensive Geographic Information System (GIS) capability for nearly all BSEE and BOEM offshore maps and leasing processes, providing us the means to define, describe, analyze, and account for every acre of Federal offshore-submerged lands. In order to effectively perform the missions of BOEM and BSEE, ITD must provide solutions to automate information exchange while reducing errors and maintaining data quality.

Management Support Division: Management Support Division: The Management Support Division (MSD) provides direct assistance to the Associate Director for Administration. In support of the BSEE and BOEM, MSD is responsible for delegations of authority, directive management, providing high-level administrative support, and management and organization analysis activities. It also is responsible for providing emergency management services and preparing continuity of operations plans for the BSEE and BOEM and has a process in place for reporting critical emergency incidents to the appropriate officials in a timely manner. MSD also plans, implements, and directs the physical and personnel security programs as well as the occupational safety and health program for the Bureaus.

The MSD also provides a full range of Support Services for all BSEE and BOEM locations throughout the country including services such as facilities management, space management, mail and courier activities, voice and data communications, printing and publications activity and program management. By utilizing a centralized space management approach, we are able to standardize space allocations and make better use of available space. The property management program maintains accountability records of all system-controlled property in the possession and control of custodial property officers and contractors and manages the vehicle fleet and the museum property, including an Arts and Artifacts program.

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FY 2013 BSEE PERFORMANCE BUDGET REQUEST

General Support Services Activity

Table 12: General Support Services Budget Summary

		2011 Actual*	2012 Enacted	Fixed Costs / IT Transformation (+/-)	Program Changes (+/-)	2013 Budget Request	Change from 2012 (+/-)
General Support Services	(\$000)	19,457	12,607	+430	-	13,037	+430
	FTE	0	0	0	-	0	-

* The FY 2011 Column represents estimates based on the 2011 Operating Plan because the funding was combined with what is now BOEM funding under the former BOEMRE.

SUMMARY OF FY 2013 PROGRAM CHANGES

Request Component	Amount (\$000)	FTE
Fixed Costs	+430	0
Total:	+430	0

The General Support Services function provides Bureau-wide infrastructure support to both the Bureau of Safety and Environmental Enforcement (BSEE) and the Bureau of Ocean Energy Management (BOEM). Infrastructure support includes programs such as office space, security, utilities, and voice/data communications that the entire organization needs to carry out its core mission responsibilities.

FY 2013 BUDGET REQUEST

The FY 2013 budget request for the General Support Services Activity is \$13.0 million and 0 FTE, an increase of \$0.4 million compared with the FY 2012 Enacted in order to fully fund fixed costs.

PROGRAM OVERVIEW

The General Support Services Activity includes funding for shared activities and related support services for both BSEE and BOEM. These include expenses such as:

- Rental and security of office space
- Workers' compensation and unemployment compensation
- Voice and Data Communications
- The Department's Working Capital Fund (WCF)
- Annual building maintenance contracts
- Mail services
- Printing costs

The two major program objectives are to provide safe and secure facilities that will contribute to

the productivity and efficiency of the employees in achieving goals and objectives, and to provide appropriate services in support of the BSEE and BOEM operating programs.

FY 2013 BSEE PERFORMANCE BUDGET REQUEST

Executive Direction Activity

Table 13: Executive Direction Budget Summary

		2011 Actual*	2012 Enacted	Fixed Costs / IT Transformation (+/-)	Program Changes (+/-)	2013 Budget Request	Change from 2012 (+/-)
Executive Direction	(\$000)	12,234	18,117	+108	-	18,225	+108
	FTE	56	55	0	-	55	-

* The FY 2011 Column represents estimates based on the 2011 Operating Plan because the funding was combined with what is now BOEM funding under the former BOEMRE.

SUMMARY OF FY 2013 PROGRAM CHANGES

Request Component	Amount (\$000)	FTE
Fixed Costs	+108	0
Total:	+108	0

The Executive Direction function provides Bureau-wide leadership, direction, management, coordination, communications strategies, and outreach that the entire organization needs to carry out its core mission responsibilities.

FY 2013 BUDGET REQUEST

The FY 2013 budget request for the Executive Direction Activity is \$18.2 million and 55 FTE, an increase of \$0.1 million and 0 FTE compared with the FY 2012 Enacted in order to fully fund fixed costs.

PROGRAM OVERVIEW

The Executive Direction Activity comprises the Office of the Director, the Office of Budget, the Office of Public Affairs, the Office of Policy and Analysis, and the Office of Congressional Affairs.

Office of the Director

The Office of the Director includes the Director, the Deputy Directors, and their immediate staff. This office is responsible for providing general policy guidance and overall leadership within the BSEE organization, as well as managing all of the official documents of the Office of the Director.

Office of Budget

The Office of Budget provides budget analysis and guidance for the formulation, Congressional and execution phases of the budget cycle. During the budget formulation cycle, the Office develops and maintains all budgetary data to support BSEE's budget requests to the Department with submission of the Budget Proposal, to the Office of Management and Budget with submission of the Budget Estimates and to the Congress with submission of the Budget Justifications. During the Congressional phase, the Office of Budget prepares capability and effect statements, provides answers to House and Senate questions and drafts testimony and oral statements for Congressional hearings. Throughout the execution phase, the Budget Division tracks spending against line item budgets, analyzes budgetary and expense data, and provides regular updates to BSEE executives on the status of funds. The OBPC works closely with the Office of Policy Analysis and program level performance staff to integrate performance data and information into all aspects of budget formulation and execution.

Office of Public Affairs (OPA)

The OPA is responsible for BSEE's communication strategies and outreach. The goal of OPA is to inform the public, ensure coordinated communication, consistent messages, and the effective exchange of information with all customers and stakeholders. The OPA coordinates the implementation of an effective and inclusive outreach program to numerous target audiences, including state and local governments, the energy industry, related trade associations, the environmental community, Indian tribes, energy consumer groups and the public.

Office of Policy and Analysis

The Office of Policy and Analysis serves as the principle office to provide the Director with independent review and analysis of programmatic and management issues. Additionally, the office leads, coordinates and monitors many cross-program initiatives, assuring a consistent, BSEE-wide implementation that directly supports Congressional, Presidential and departmental directives, laws, mandates and guidance.

The Office of Policy and Analysis fulfills the Director's responsibilities in several critical areas including strategic and performance planning, policy and program evaluation and internal controls. It is also responsible for ensuring that programmatic plans and policies are consistent with and integrated into the overall Bureau mission and responsibilities, as well as with Department and Administration policy frameworks. In addition, the office administers and coordinates internal reviews, and oversees and assures implementation of recommendations made by oversight groups such as the Government Accountability Office and the Office of Inspector General (OIG).

Office of Congressional Affairs (OCA)

The OCA serves as the primary point of contact with Congress, and is responsible for the coordination of all communication and outreach with Congressional offices, as well as ensuring a consistent message and the effective exchange of information. The OCA serves as the liaison for

Congressional and legislative matters that affect BSEE and the Department.

Investigations and Review Unit (IRU)

The IRU serves as a team of professionals with law enforcement backgrounds or technical expertise whose mission is to: promptly and credibly respond to allegations or evidence of misconduct and unethical behavior by Bureau employees; pursue allegations of misconduct by oil and gas companies involved in offshore energy projects; and assure the Bureau's ability to respond swiftly to emerging issues and crises, including significant incidents such as spills and accidents. The IRU will evaluate all information submitted and will, where appropriate, conduct further investigation. The IRU will be sharing allegations of misconduct with the DOI's Office of the Inspector General, and they will jointly determine which office conducts any investigation of those allegations.

During the reorganization, the BOEMRE created the IRU, to promptly respond to allegations or evidence of misconduct and unethical behavior by bureau employees or by oil and gas companies involved in offshore energy projects. The IRU is currently operating under BSEE and will work to identify specific roles for BOEM and BSEE and will ultimately assign staff to Bureau-specific units.

Office of International Programs

The Office of International Programs serves as the primary point of contact between BSEE and the U.S. Department of State (DOS) and its embassies and the international programs within the Department and other Federal agencies such as the Department of Energy, Department of Commerce, Department of Treasury, etc. The Office becomes involved in international initiatives, trends, and developments which promote best practices and better integration of safety, environmental protection, and resource management in offshore energy activities. The Office facilitates technical and information exchanges with key national offshore safety authorities across the world and coordinates technical advice to developing countries at the request of DOS. Responsibilities also include reporting all BSEE international engagements; advising BSEE and international travelers on matters of security, protocol, and travel requirements; structuring international Memoranda of Understanding and other international cooperation agreements; and coordinating BSEE programs for visiting international delegations. The office maintains an open line of communication regarding BSEE programs and policies to DOS and all relevant U.S. agencies and maintains close liaison with the Department's Office of International Affairs. The Office also provides these services to the BOEM.

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BSEE FY 2013 PERFORMANCE BUDGET REQUEST
Oil Spill Research Appropriation

Table 14: Oil Spill Research Budget Summary

		2011 Actual*	2012 Enacted	Fixed Costs (+/-)	Program Changes (+/-)	2013 Budget Request	Change from 2012 (+/-)
Oil Spill Research	(\$000)	11,744	14,899	-	-	14,899	-
	FTE	15	20	0	-	20	-

* The FY 2011 Column represents estimates based on the 2011 Operating Plan because the funding was combined with what is now BOEM funding under the former BOEMRE.

PROGRAM OVERVIEW

The Oil Spill Research (OSR) appropriation funds oil spill response research, Ohmsett – the National Oil Spill Response & Renewable Energy Test Facility, and oil spill prevention, planning, preparedness, and response functions for all facilities seaward of the coastline of the United States that handle, store, or transport oil. These activities support the DOI strategic mission of protection of environmental resources and economic interests of the Nation.

Funding for OSR activities is appropriated from the Oil Spill Liability Trust Fund (OSLTF). As intended by the Oil Pollution Act of 1990, the companies that produce and transport oil are supporting research to improve oil spill response capabilities.

PERFORMANCE OVERVIEW

In May 2010, President Obama created the National Commission on the BP Deepwater Horizon Oil Spill and Offshore Drilling. One of the goals of the Commission was to "...improve the country's ability to respond to spills..." The report states that prior to Deepwater Horizon "Investments in safety, containment, and response equipment and practices failed to keep pace with the rapid move into deepwater." The Commission went further arguing that "Twenty years after the Exxon Valdez spill in Alaska, the same blunt response technologies – booms, dispersants, and skimmers – were used, to limited effect."

The OSR funding will be used to improve response to offshore oil discharges and to addressing the many lessons learned from the Deepwater Horizon response. Weaknesses and gaps in mechanical and alternative response technologies are noted in the Incident Specific Preparedness Review, the BP Deepwater Horizon Federal On-Scene Coordinator report, and a report by the National Incident Commander during the spill of national significance. Research will be focused on improving those response tactics such as offshore in situ burn and subsea dispersant use that were found to be viable options. Funding will also be dedicated to finding new and more efficient ways to remove oil from the water's surface with the least impact to the environment, human safety, and economic resources of the U.S. property.

In addition to the oil spill research described below, BSEE's safety and engineering research in the Technology Assessment and Research (TA&R) program includes technical studies to understand a variety of safety considerations from the effectiveness of blowout preventer designs to the effects of hurricane events on the integrity of offshore facilities. This information can be used to identify what can be done to improve the integrity of these facilities and facility operations to avoid oil spills. TA&R focused research includes safety and technical analysis of drilling operations, well control equipment, structures, human factors, and other specialized research to improve safety and environmental safeguards.

Oil Spill Response Research (OSRR): The BSEE is the principal Federal agency funding offshore oil spill response research. For more than 25 years, the former MMS maintained a comprehensive, long-term research program to improve oil spill response technologies, and this role will continue through BSEE. The OSRR program provides research leadership to improve the knowledge and capability for the detection, containment, and cleanup of oil spills that may occur on the OCS. The program also seeks to develop technologies such as the use of satellite imagery, side looking infrared radar, and other remote sensing tools to improve response tactical decisions and thus improve response and safety of offshore workers. The OSRR program also works with the TA&R program to address spill prevention issues associated with offshore drilling.

BSEE funding is also being used to fund research in Arctic environments. The receipt of oil drilling and prevention contingency plans and applications for permit to drill in the Beaufort and Chukchi seas emphasizes the need to continue to support all research that will facilitate effective response in cold water environments. Where possible, research will be coordinated with nations participating in the Arctic Council.

The OSRR program is responsive to the information and technological needs of the Bureau's regional and district offices and to specific requirements and limitations in the BSEE authority. Information derived from the OSRR program is directly integrated into BSEE's operations and is used in making regulatory decisions pertaining to permit and plan approvals, safety and pollution prevention inspections, enforcement actions, and training requirements. Research results are also transferred to rule writers, investigators, plan reviewers, and others that need this information to ensure safe operations and will assist BSEE in its efforts to independently keep pace with industry's technological advancements. Response technologies identified by the OSRR program focus on preventing offshore operational spills from reaching sensitive environments and habitats.

The OSRR program is cooperative in nature, bringing together funding and expertise from research partners in government agencies, the oil industry, and the international community through cooperative research arrangements and participation in concurrent research and development projects. Many OSRR projects are Joint Industry Projects, where BSEE partners with other stakeholders to maximize research dollars. OSRD staff also serves on the OPA-mandated Interagency Coordinating Committee on Oil Pollution Research. Federal partners share information on research, develop National research priorities, prepare reports to Congress on funded research, and work to leverage federal funds to maximize research results.

BSEE disseminates the results of research and development projects as widely as possible in publications through appropriate scientific and technical journals, technical reports, public information documents, and publication on the BSEE website. The intent is to make this information widely available to oil spill response personnel and organizations world wide. Since its inception, this program has expanded capabilities to respond to an oil spill in the marine environment.

The current OSRR projects cover a wide spectrum of oil spill response issues and include laboratory, meso-scale and full-scale field experiments. Recent examples of oil spill response research include an assessment of the physical and chemical properties of various biofuels (biodiesels and gasoline/ethanol blends) to determine their suitability for testing at Ohmsett; an evaluation of the traditional oil spill response technologies for the removal of spilled dielectric fluids in the marine environment introduced by potential offshore wind farms; examination of the feasibility of a cold water and Arctic marine oil spill countermeasure strategy based on the stimulation of oil-mineral-aggregate formation in the presence of a chemical dispersant; and validation of models that were developed to predict the window of opportunity for successful chemical dispersant use in the GOM ; and improving dispersant's effect on oil-in-water emulsions. Initial research has been initiated on methods to determine the effectiveness of dispersants when applied via subsea injection methods.

In FY 2013, BSEE will continue research to develop, test, and evaluate aerial systems to detect and map the thickness of oil on the water and to significantly expand the practical operating window for oil detection on and under sea ice. Further research is needed in the Deepwater Horizon-introduced spill response option of subsurface dispersant injection as a response option for deepwater blowout oil spills. The Deepwater Horizon response also clearly defined the need to further evaluate options to gather floating oil to enable skimming and in situ burning as an open water oil spill response countermeasure.

Ohmsett - Ohmsett (Oil and Hazardous Materials Simulated Environmental Test Tank) is one of the world's largest tow/wave tanks, designed to test and evaluate full scale equipment for the detection, containment, and cleanup of oil spills. Ohmsett also has the capability to test scaled renewable energy systems such as wave generating systems. No other agency operates a facility like Ohmsett; in fact, major Federal clients such as the USCG and the U.S. Navy rely on Ohmsett for their training needs. The diverse private client base of Ohmsett varies from major oil industry firms such as Exxon Corporation and Marine Spill Response Corporation to academic research institutions like the University of New Hampshire, University of Rhode Island, and the University of Miami.

Ohmsett is the only facility where oil spill response testing, training, and research can be conducted with a variety of crude oils and refined products in varying wave conditions. Ohmsett is located at Naval Weapons Station Earle in Leonardo, New Jersey, about one hour drive south of New York City. The heart of Ohmsett is a large outdoor, above ground concrete test tank that is 667 feet long, 65 feet wide, 11 feet deep and filled with 2.6 million gallons of crystal clear saltwater. Ohmsett plays an important role in developing the most effective response technologies, as well as preparing responders with the most realistic training available

in a completely controlled environment. The facility provides testing and research capabilities to help the government fulfill its regulatory requirements and meet its goal of clean and safe operations.

Many of today's commercially available oil spill cleanup products have been tested at Ohmsett and a considerable body of performance data and information on mechanical response equipment has been obtained there. This information can be used by response planners in reviewing and approving facility response and contingency plans. Ohmsett is also the premier training site for oil spill response personnel. Government agencies including the USCG and the Navy as well as private industry and oil spill response organizations train their emergency response personnel with real oil and their own full-scale equipment. Some of the testing activities for 2012 included remote sensing tests, wave energy conversion device tests, skimmer and boom tests, dispersant tests, alternative fuel recovery tests, and industry oil spill response training classes.

While the current capabilities of Ohmsett are crucial for researching response options, they require constant maintenance, and periodic upgrades. In FY 2013, feasibility studies will be conducted to determine the necessary upgrades to add the capability for conducting research associated with subsea dispersant injection, and containment of the particulate matter generated by burning oils. As usual, there will be several alternative energy system tests, oil dispersant tests, mechanical oil-removal device tests, remote sensing tests and several USCG and industry oil spill response training classes. Information on Ohmsett can be found at www.ohmsett.com.

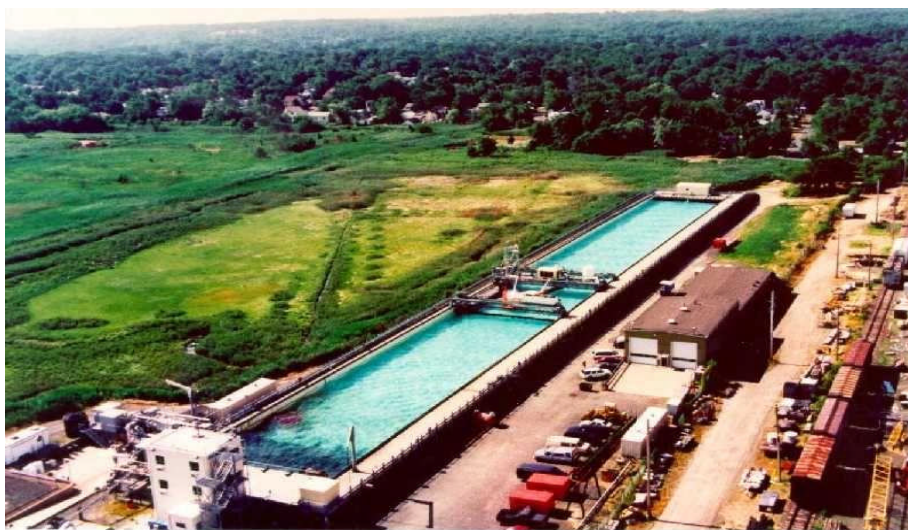


Figure 2: Ohmsett Facility in New Jersey

Oil Spill Response and Planning: The BSEE is responsible for planning, preparedness, and response-related activities related to oil and gas exploration, development, and production seaward of the coastline. Oil spill preparedness and response activities include unannounced drills, equipment inspections, review of Oil Spill Response Plans, participation in tabletop exercises, and providing support to the Federal On-Scene Coordinator during spill events.

The Bureau has established requirements for the preparation of Oil Spill Response Plans that provide information on how an operator would respond to an oil spill. The BSEE often collaborates with state response agencies to review and approve Oil Spill Response Plans for oil and gas facilities in state offshore waters. For BSEE, a major focus of activity is implementation of the DOI Emergency Preparedness & Response Strategy – Oil Discharges & Hazardous Substance Releases.

Oil Spill Financial Responsibility: The BSEE is responsible for implementing the financial responsibility provisions of Outer Continental Shelf Lands Act and the Oil Pollution Act, which require companies responsible for certain offshore oil and gas facilities, in both Federal and state waters, to demonstrate their ability to pay the costs of facility oil spill discharge removal and damages. Several methods may be used to demonstrate oil spill financial responsibility (OSFR), including insurance, bonds, self-insurance, and guarantee. The amount of OSFR needed is based on facility location and the volume of the worst-case oil spill discharge that could occur. Extensive coordination and exchange of lease data takes place with affected states to ensure that the public is insulated from fiscal risk by ensuring that each offshore operator maintains the ability to pay for damages resulting from worst-case oil spill scenarios.

Table 15: Performance Overview Table- Oil Spill Research Appropriation

Performance Overview - Oil Spill Research Appropriation										
Note: Performance and Cost data may be attributable to multiple activities and subactivities. Therefore, measure costs may not equal totals shown in subactivity tables.										
Mission Area 2: Sustainably Manage Energy, Water, and Natural Resources										
Goal 1: Secure America's Energy Resources										
Supporting Performance Measures	2007 Actual	2008 Actual	2009 Actual	2010 Actual	2011 Plan	2011 Actual	2012 Plan	2013 President's Budget	Change from 2012 to 2013 Plan	Long-term Target 2016
Strategy 1: Ensure environmental compliance and the safety of energy development										
Achieve a utilization rate of X% at Ohmsett, the national oil spill response test facility (BUR)	62% (162/ 260)	90% (217/240)	86.2% (207/240)	91% (218/240)	85%	85% (204/240)	85%	85%	0%	TBD
<i>Comments</i>	Ohmsett is the National Oil Spill Response Test Facility located in New Jersey. At Ohmsett, clients can test oil spill response equipment in realistic conditions and have training in the use of the equipment. This measure evaluates the utilization level of the facility. The increased focus on oil spill response, as well as expanded uses for the facility such as dispersant training and renewable energy wave tests, have sustained overall utilization rates at around 85%.									

Bureau of Safety and Environmental Enforcement
Justification of Fixed Costs
(Dollars in Thousands)

Pay Raise and Pay-Related Changes	2011*	2012 Change	2013 Change
Calendar Year 2010 Quarter 4	N/A		
Calendar Year 2011 Quarters 1-3	N/A		
Calendar Year 2011 Quarter 4		-	
Calendar Year 2012 Quarters 1-3		-	
Calendar Year 2012 Quarter 4			-
Calendar Year 2013 Quarters 1-3			+268
Non-Foreign Area COLA Adjustment to Locality Pay	N/A	-	
Change in Number of Paid Days			+300
Employer Share of Federal Health Benefit Plans	N/A	-	+379
Subtotal, Pay Raises and Pay-Related Changes			+947
Other Fixed Cost Changes and Projections			
Worker's Compensation Payments	N/A	-	-65
The adjustment is for changes in the costs of compensating injured employees and dependents of employees who suffer accidental deaths while on duty. Costs for the BY will reimburse the Department of Labor, Federal Employees Compensation Fund, pursuant to 5 U.S.C. 8147(b) as amended by Public Law 94-273.			
Unemployment Compensation Payments	N/A	-	-1
The adjustment is for projected changes in the costs of unemployment compensation claims to be paid to the Department of Labor, Federal Employees Compensation Account, in the Unemployment Trust Fund, pursuant to Public Law 96-499.			
GSA Rental Payments	N/A	-	+315
The adjustment is for changes in the costs payable to General Services Administration (GSA) and others resulting from changes in rates for office and non-office space as estimated by GSA, as well as the rental costs of other currently occupied space. These costs include building security; in the case of GSA space, these are paid to DHS. Costs of mandatory office relocations, i.e. relocations in cases where due to external events there is no alternative but to vacate the currently occupied space, are also included.			
Departmental Working Capital Fund	N/A	-	+576
The change reflects expected changes in the charges for centrally billed Department services and other services through the Working Capital Fund without including IT Transformation investments. These charges are displayed in the Budget Justification for Departmental Management.			
Subtotal, Other Fixed Cost Changes			+825
Total, Fixed Costs and Related Changes in 2013			+1,772

* Amounts have not been provided because 2011 levels reflected BOEMRE fixed cost levels and not BSEE.

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FY 2013 Appropriations Language

BUREAU OF SAFETY AND ENVIRONMENTAL ENFORCEMENT

Note: Brackets indicate the language will be deleted; italics represent new language.

Offshore Safety and Environmental Enforcement Appropriation Account

For expenses necessary for the regulation of operations related to leases, easements, rights-of-way and agreements for use for oil and gas, other minerals, energy, and marine-related purposes on the Outer Continental Shelf, as authorized by law; for enforcing and implementing laws and regulations as authorized by law and to the extent provided by Presidential or Secretarial delegation; and for matching grants or cooperative agreements, [~~\$61,473,000~~] *\$81,399,000*, to remain available until September 30, [2013] 2014; and an amount not to exceed [~~\$59,081,000~~] *\$60,881,000* to be credited to this appropriation and to remain available until expended, from additions to receipts resulting from increases to rates in effect on August 5, 1993, that are collected and disbursed by the Secretary, from cost recovery fees from activities conducted by the Bureau of Safety and Environmental Enforcement pursuant to the Outer Continental Shelf Lands Act, including studies, assessments, analysis, and miscellaneous administrative activities: Provided, That notwithstanding 31 U.S.C. 3302, in fiscal year [2012] 2013, such amounts as are assessed under 31 U.S.C. 9701 shall be collected and credited to this account and shall be available until expended for necessary expenses: Provided further, That to the extent [~~\$59,081,000~~] *\$60,881,000* in addition to receipts are not realized from the sources of receipts stated above, the amount needed to reach [~~\$59,081,000~~] *\$60,881,000* shall be credited to this appropriation from receipts resulting from rental rates for Outer Continental Shelf leases in effect before August 5, 1993 [: Provided further, That for fiscal year 2012 and each fiscal year thereafter, the term “qualified Outer Continental Shelf revenues”, as defined in section 102(9)(A) of the Gulf of Mexico Energy Security Act, division C of Public Law 109–432, shall include only the portion of rental revenues that would have been collected by the Secretary at the rental rates in effect before August 5, 1993].

For an additional amount, [~~\$62,000,000~~] *\$65,000,000*, to remain available until expended, which shall be derived from non-refundable inspection fees collected in fiscal year [2012] 2013, as provided in this Act: Provided, That to the extent that such amounts are not realized from such fees, the amount needed to reach [~~\$62,000,000~~] *\$65,000,000* shall be credited to this appropriation from receipts resulting from rental rates for Outer Continental Shelf leases in effect before August 5, 1993: Provided further, That to the extent that amounts realized from such fees exceed [~~\$62,000,000~~] *\$65,000,000*, the amounts realized in excess of [~~\$62,000,000~~] *\$65,000,000* shall be credited to this appropriation and remain available until expended: Provided further, That for fiscal year [2012] 2013, not less than 50 percent of the inspection fees [collected] expended by the Bureau of Safety and Environmental Enforcement will be used to fund personnel and mission-related costs to expand capacity and expedite the orderly development, subject to environmental safeguards, of the Outer Continental Shelf pursuant to the Outer Continental Shelf Lands Act (43 U.S.C. 1331 et seq.), including the review of applications for permits to drill.

OCS Inspection Fee Language

(Proposed as a General Provision – Amends Section 109 of the 2012 Interior and Related Agencies Appropriations Act)

OUTER CONTINENTAL SHELF INSPECTION FEES

SEC. [109]108.

(a) In fiscal year [2012] 2013, the Secretary shall collect a nonrefundable inspection fee, which shall be deposited in the ["Ocean Energy Management"] "Offshore Safety and Environmental Enforcement" account, from the designated operator for facilities subject to inspection under 43 U.S.C. 1348(c).

(b) Annual fees shall be collected for facilities that are above the waterline, excluding drilling rigs, and are in place at the start of the fiscal year. Fees for fiscal year [2012] 2013 shall be:

(1) \$10,500 for facilities with no wells, but with processing equipment or gathering lines;

(2) \$17,000 for facilities with 1 to 10 wells, with any combination of active or inactive wells; and

(3) \$31,500 for facilities with more than 10 wells, with any combination of active or inactive wells.

(c) Fees for drilling rigs shall be assessed for all inspections completed in fiscal year [2012] 2013. Fees for fiscal year [2012] 2013 shall be:

(1) \$30,500 per inspection for rigs operating in water depths of 500 feet or more; and

(2) \$16,700 per inspection for rigs operating in water depths of less than 500 feet.

(d) The Secretary shall bill designated operators under subsection (b) within 60 days, with payment required within 30 days of billing. The Secretary shall bill designated operators under subsection (c) within 30 days of the end of the month in which the inspection occurred, with payment required within 30 days of billing.

Oil Spill Research Appropriation Account

For necessary expenses to carry out title I, section 1016, title IV, sections 4202 and 4303, title VII, and title VIII, section 8201 of the Oil Pollution Act of 1990, [\$14,923,000] \$14,899,000, which shall be derived from the Oil Spill Liability Trust Fund, to remain available until expended.

Appendix C: BSEE Authorizing Statutes

Outer Continental Shelf (OCS) Lands Program

43 U.S.C. 1331, <u>et seq.</u>	The <u>Outer Continental Shelf (OCS) Lands Act of 1953</u> , as amended, extended the jurisdiction of the United States to the OCS and provided for granting of leases to develop offshore energy and minerals.
P.L. 109-432	The <u>Gulf of Mexico Energy Security Act of 2006</u> required leasing certain areas in the Central and Eastern Gulf of Mexico Planning Areas within one year of enactment (December 20, 2006); and established a moratoria on leasing in remaining areas in the eastern planning area and a portion of the central planning area until 2022.
P.L. 109-58	The <u>Energy Policy Act of 2005</u> amended the OCS Lands Act to give authority to the Department of the Interior to coordinate the development of an alternative energy program on the OCS and also to coordinate the energy and non-energy related uses in areas of the OCS where traditional oil and natural gas development already occur.
43 U.S.C. 4321, 4331-4335, 4341-4347	The <u>National Environmental Policy Act of 1969</u> required that federal agencies consider in their decisions the environmental effects of proposed activities and that agencies prepare environmental impact statements for Federal actions having a significant effect on the environment.
16 U.S.C. 1451, <u>et seq.</u>	The <u>Coastal Zone Management Act of 1972</u> , as amended, established goals for ensuring that Federal and industry activity in the coastal zone be consistent with coastal zone plans set by the States.
16 U.S.C. 1531-1543	The <u>Endangered Species Act of 1973</u> established procedures to ensure interagency cooperation and consultations to protect endangered and threatened species.
42 U.S.C. 7401, <u>et seq.</u>	The <u>Clean Air Act</u> , as amended, was applied to all areas of the OCS except the central and western Gulf of Mexico. OCS activities in those non-excepted areas will require pollutant emission permits administered by the EPA or the States.

16 U.S.C. 470-470W6	The <u>National Historic Preservation Act</u> established procedures to ensure protection of significant archaeological resources.
30 U.S.C. 21(a)	The <u>Mining and Minerals Policy Act of 1970</u> set forth the continuing policy of the Federal Government to foster and encourage private enterprise in the orderly and economic development of domestic mineral resources and reserves.
30 U.S.C. 1601	The <u>Policy, Research and Development Act of 1970</u> set forth the continuing policy <u>et seq.</u> of the Federal Government to foster and encourage private enterprise in the orderly and economic development of domestic mineral resources and reserves.
33 U.S.C. 2701, <u>et seq.</u>	The <u>Oil Pollution Act of 1990</u> established a fund for compensation of damages resulting from oil pollution and provided for interagency coordination and for the performance of oil spill prevention and response research. It also expanded coverage of Federal requirements for oil spill response planning to include State waters and the transportation of oil. The Act also addressed other related regulatory issues.
43 U.S.C. 1301	The <u>Marine Protection, Research, and Sanctuaries Act of 1972</u> provided that the Secretary of Commerce must consult with the Secretary of the Interior prior to designating marine sanctuaries. The MMS provides information and comments regarding the mineral resource potential in areas being considered for designation as marine sanctuaries.
16 U.S.C. 1361-1362, 1371-1384, 1401-1407	The <u>Marine Mammal Protection Act of 1972</u> provides for the protection and welfare of marine mammals.
P.L. 104-58	The <u>Deepwater Royalty Relief Act</u> provides royalty rate relief for offshore drilling in deepwater of the Gulf of Mexico (GOM).
31 U.S.C. 9701	<u>Fees and Charges for Government Services and Things of Value.</u> It establishes authority for Federal agencies to collect fees for services provided by the government. Those fees must be fair and based on the costs to the government; the value of the services or thing

to the recipient; public policy or interest served; and other relevant facts.

General Administration

31 U.S.C. 65	<u>Budget and Accounting Procedures Act of 1950</u>
31 U.S.C. 3901-3906	<u>Prompt Payment Act of 1982</u>
31 U.S.C. 3512	<u>Federal Managers Financial Integrity Act of 1982</u>
5 U.S.C. 552	<u>Freedom of Information Act of 1966, as amended</u>
31 U.S.C. 7501-7507	<u>Single Audit Act of 1984</u>
41 U.S.C. 35045	<u>Walsh Healy Public Contracts Act of 1936</u>
41 U.S.C. 351-357	<u>Service Contract Act of 1965</u>
41 U.S.C. 601-613	<u>Contract Disputes Act of 1978</u>
44 U.S.C. 35	<u>Paperwork Reduction Act of 1980</u>
44 U.S.C. 2101	<u>Federal Records Act 1950</u>
40 U.S.C. 4868	<u>Federal Acquisition Regulation of 1984</u>
31 U.S.C. 3501	<u>Privacy Act of 1974</u>
31 U.S.C. 3501	<u>Accounting and Collection</u>
31 U.S.C. 3711, 3716-19	<u>Claims</u>
31 U.S.C. 1501-1557	<u>Appropriation Accounting</u>
5 U.S.C. 1104 <u>et seq.</u>	<u>Delegation of Personnel Management Authority</u>
31 U.S.C. 665-665(a)	<u>Anti-Deficiency Act of 1905, as amended</u>
41 U.S.C. 252	<u>Competition in Contracting Act of 1984</u>
18 U.S.C. 1001	<u>False Claims Act of 1982</u>
18 U.S.C. 287	<u>False Statements Act of 1962</u>
41 U.S.C. 501-509	<u>Federal Grant and Cooperative Agreement Act of 1977</u>

41 U.S.C. 253	<u>Federal Property and Administrative Services Act of 1949</u>
41 U.S.C. 401	<u>Office of Federal Procurement Policy Act of 1974, as amended</u>
15 U.S.C. 631	<u>Small Business Act of 1953, as amended</u>
15 U.S.C. 637	<u>Small Business Act Amendments of 1978</u>
10 U.S.C. 137	<u>Small Business and Federal Competition Enhancement Act of 1984</u>
15 U.S.C. 638	<u>Small Business Innovation Research Program of 1983</u>
10 U.S.C. 2306(f)	<u>Truth in Negotiations Act of 1962 Authorization</u>
Secretarial Order No. 3299	<u>Established the Bureau of Ocean Energy Management, the Bureau of Safety and Environmental Enforcement, and the Office of Natural Resources Revenue in May 2010, under the authority provided by Section 2 of Reorganization Plan No. 3 of 1950 (64 Stat. 1262).</u>
Secretarial Order No. 3302	<u>Changed the Name of the Minerals Management Service to the Bureau of Ocean Energy Management, Regulation and Enforcement in June 2010, under the authority provided by Section 2 of Reorganization Plan No. 3 of 1950 (64 Stat. 1262).</u>
Oil Spill Research	
33 U.S.C. 2701, <u>et seq.</u>	<u>Title VII of the Oil Pollution Act of 1990</u> authorizes the use of the Oil Spill Liability Trust fund, established by Section 9505 of the Internal Revenue Code of 1986, for oil spill research.
33 U.S.C. 2701, <u>et seq.</u>	<u>Title I, Section 1016, of the Oil Pollution Act of 1990</u> requires a certification process which ensures that each responsible company, with respect to an offshore facility, has established, and maintains, evidence of financial responsibility in the amount of at least \$150,000,000 to meet potential pollution liability.
43 U.S.C. 1331, <u>et seq.</u>	<u>Section 21(b) of the Outer Continental Shelf Lands Act, as amended,</u> requires the use of the best available and safety

technologies (BAST) and assurance that the use of up-to-date technology is incorporated into the regulatory process.

Executive Order 12777

Signed October 18, 1991, assigned the responsibility to ensure oil spill financial responsibility for OCS facilities to the Secretary of the Interior (Bureau of Safety and Environmental Enforcement).

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Bureau of Safety and Environmental Enforcement
Offshore Safety and Environmental Enforcement (OSEE)
MAX Tables and Budget Schedules

Program and Financing (dollars in millions)				
Treasury Account ID: 14-1700		FY 2011*	FY 2012	FY 2013
Obligations by program activity -Direct program				
0001	Bureau of Safety and Environmental Enforcement		61	81
0192	Total direct program		61	81
Obligations by program activity -Reimbursable program				
0801	Offsetting collections & Reimbursable Receipts		151	156
0899	Total reimbursable program		151	156
0900	Total new obligations (direct & reimbursable)		212	237
Budgetary resources				
1000	Unobligated balance brought forward			40
1011	BOEMRE Unobligated balance transferred from BOEM**		39	0
1021	Resources available from recoveries		1	0
1050	Unobligated balance		40	40
1160	Appropriation, discretionary		61	81
1700	Spending authority from offsetting collections		59	61
1700	Spending authority from offsetting collections (Inspection Fees)		62	65
1700	Spending authority from offsetting collections (Reimbursable Service Agreements)		30	30
1750	Total spending authority from offsetting collections		151	156
1900	Budget authority		212	237
1050	Unobligated balance		40	40
1930	Total budgetary resources		252	277
0900	Obligations incurred, unexpired accounts		-212	-237
1941	Unobligated balance carried forward, end of year		40	40
Net budget authority and outlays				
4180	Budget authority, net		61	81
4190	Outlays, net		30	74
* In FY 2011, funding existed within the Bureau of Ocean Energy Management, Regulation and Enforcement and therefore is not shown in this account.				
** Unobligated Balance of \$39M was brought forward from BOEMRE and transferred from BOEM to BSEE. FY 2012 is the first year of BSEE.				

Object Classification (dollars in millions)				
Treasury Account ID: 14-1700		FY 2011	FY 2012	FY 2013
OSEE (Direct obligations)				
11	Personnel Compensation: Full-time permanent		41	46
12	Civilian personnel benefits		13	15
21	Travel and transportation of persons		1	3
25	Other services		6	17
99.0	Direct obligations		61	81
OSEE (Reimbursable obligations)				
11	Personnel Compensation: Full-time permanent		16	16
12	Civilian personnel benefits		5	5
21	Travel and transportation of persons		4	4
23	Rental payments to GSA		8	8
25	Other services		104	109
26	Supplies and materials		4	4
31	Equipment		10	10
99.0	Reimbursable obligations		151	156
99.0	Total OSEE		212	237

Account Object Class Information (dollars in millions)								
Treasury Account ID: 14-1700	FY 2012 Enacted		Fixed Costs Changes		Program & Reorganization Changes		FY 2013	
Object Class	FTE	AMT	FTE	AMT	FTE	AMT	FTE	AMT
Total Appropriation And Offsetting Collections	683	212	---	---	63	25	746	237
Total personnel compensation and personnel benefits	---	75	---	---	---	7	---	82
Travel and transportation of persons	---	5	---	---	---	2	---	7
Rents, communications utilities, and misc. charges		8	---	---	---	---	---	8
Other services	---	110	---	---	---	16	---	126
Supplies and materials	---	4	---	---	---	---	---	4
Equipment	---	10	---	---	---	---	---	10

**Bureau of Safety and Environmental Enforcement
Oil Spill Research (OSR)**

Program and Financing <i>(dollars in millions)</i>				
Treasury Account ID: 14-8370		FY 2011	FY 2012	FY 2013
Obligations by program activity -Direct program				
0001	Direct program activity	10	15	15
0900	Total new obligations	10	15	15
Budgetary resources				
1000	Unobligated balance brought forward		4	4
1101	Appropriation (special or trust fund)	12	15	15
1700	Spending authority from offsetting collections	2		
1930	Total budgetary resources	14	19	19
Net budget authority and outlays				
4180	Budget authority, net	12	15	15
4190	Outlays, net	5	13	14

Object Classification <i>(dollars in millions)</i>				
Treasury Account ID: 14-8370		FY 2011	FY 2012	FY 2013
OSR (Direct obligations)				
11	Personnel Compensation: Full-time permanent	2	2	2
25	Other services	6	12	13
94	Financial Transfers*		1	
99.0	Direct obligations	8	15	15
OSR (Reimbursable obligations)				
25	Other services	2		
99.0	Reimbursable obligations	2		
99.0	Total OSR	10	15	15
<i>*Transfer of \$1M to BOEM.</i>				

Account Object Class Information <i>(dollars in millions)</i>								
Treasury Account ID: 14-8370	FY 2012 Enacted		Fixed Costs Changes		Program & Reorganization Changes		FY 2013	
Object Class	FTE	AMT	FTE	AMT	FTE	AMT	FTE	AMT
Total Appropriation And Offsetting Collections	20	15	---	---	---	---	20	15
Total personnel compensation and personnel benefits	---	2	---	---	---	---	---	2
Other services	---	12	---	---	---	---	---	13
Financial Transfers	---	1	---	---	---	---	---	---

Bureau of Safety and Environmental Enforcement
Employee Count by Grade
(Total Employment)

	2011 Actuals	2012 Estimates	2013 Estimates
Executive Service	6	6	6
GS/GM -15	40	41	41
GS/GM -14	97	103	103
GS/GM -13	175	166	166
GS -12	86	125	151
GS -11	70	120	137
GS -10	5	4	4
GS - 9	42	53	53
GS - 8	22	21	21
GS - 7	43	40	40
GS - 6	16	16	16
GS - 5	20	17	17
GS - 4	9	10	10
GS - 3	2	1	1
GS - 2	0	0	0
GS - 1	0	0	0
Subtotal	633	723	766
Other Pay Schedule Systems	0	0	0
Total employment (actuals & estimates)	633	723	766

The FY 2011 Actuals column is an estimate for BSEE.

Notes on this table:

- All grades presented in this table include career, career-conditional, temporary, and political employees.
- Executive Service includes Senior Executive Service (SES) and Executive Level employees.
- GS refers to employees covered by the General Schedule classification and pay system established under the Classification Act of 1949, as amended. (5 U.S.C. chapter 53, subchapter III, and 5 CFR part 531)
- GM refers to employees covered by the General Schedule classification and pay system who are covered by the Performance Management and Recognition System (PMRS) termination provisions of Public Law 103-89 (former PMRS employees).

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Appendix F	
Bureau of Safety and Environmental Enforcement FY 2013 Mandatory Accounts and Offsetting Collections	
<i>Appropriation Proposals</i>	
Account:	Offshore Safety and Environmental Enforcement/Operations, Safety and Regulation
Proposed Change:	For an additional amount, [\$62,000,000] \$65,000,000, to remain available until expended, which shall be derived from non-refundable inspection fees collected in fiscal year [2012] 2013, as provided in this Act.
Cost/Revenue Estimate:	+\$3,000,000
Description of Proposed Change:	Increased inspection fee revenue.
Justification:	Will be used to offset cost of safety inspections.

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**Bureau of Safety and Environmental Enforcement
Working Capital Fund Centralized Bill
(Dollars in thousands)**

Account	2011 Actual	2012 Pres Budget	2012 Estimate	2013 Estimate
Document Management Unit			2.1	42.5
FOIA Tracking & Reporting System			14.9	16.1
Alaska Affairs Office			7.4	7.5
Alaska Resources Library and Information Services			43.2	41.0
Departmental News and Information			8.4	9.0
Departmental Museum			12.7	15.2
FedCenter			2.2	2.1
Compliance Support ESF-11/ESF-11 Website				2.3
Invasive Species Council			17.9	17.2
Invasive Species Coordinator			3.2	3.2
CPIC			1.7	2.2
Financial Management & Internal Controls			10.5	9.6
Travel Management Center			0.8	0.9
e-Travel (Formerly: e-Gov Travel)			3.5	14.8
FBMS Master Data Management			0.5	14.2
Interior Collections Management System			2.2	2.1
Space Management Initiative			3.3	3.6
Planning and Performance Management			11.3	13.6
Department-wide OWCP Coordination			3.0	2.9
OPM Federal Employment Services			4.2	4.2
Accessible Technology Center			3.3	3.5
Accountability Team			4.9	6.9
Employee and Labor Relations Tracking System			0.3	0.3
EEO Complaints Tracking System			0.6	0.6
Special Emphasis Program			0.5	0.5
Occupational Health and Safety			16.8	19.0
Safety and Health Training Initiatives			0.0	0.0
Safety Management Information System			13.3	14.6
DOI Learn			15.3	0.0
DOI Executive Forums (Leadership Development)			1.3	8.7
Financial Management Training			0.0	0.0
SESCDP & Other Leadership Programs			1.8	0.0
Online Learning (Technology Solutions Division)			5.0	24.8
Learning and Performance Center Management			4.1	0.0
Albuquerque Learning & Performance Center			2.8	2.7
Anchorage Learning & Performance Center			5.1	0.0
Washington Learning & Performance Center			12.1	11.9
DOIU Management			5.8	8.2
Security (Classified Information Facility)			5.5	5.5
Law Enforcement Coordination and Training			10.6	10.0
Security (MIB/SIB Complex)			144.7	144.7
Victim Witness			2.0	2.1
Interior Operations Center			30.3	24.6

**Bureau of Safety and Environmental Enforcement
Working Capital Fund Centralized Bill
(Dollars in thousands)**

Account	2011 Actual	2012 Pres Budget	2012 Estimate	2013 Estimate
Emergency Preparedness			9.8	9.3
Emergency Response			13.6	12.9
MIB Health and Safety			2.4	2.9
Electronic Records Management			8.2	12.7
Enterprise Services Network			186.1	174.8
Web & Internal/External Comm			5.5	0.0
Enterprise Architecture			37.1	31.6
IT Security-IVV			24.2	17.7
Capital Planning			17.9	28.3
Privacy (Information Management Support)			7.2	5.2
IT Security – Information Assurance Division			50.9	10.5
Active Directory			33.5	34.0
Enterprise Resource management			4.7	11.1
DOI Access			12.8	11.5
Data at Rest			0.6	0.0
IT Asset Management			3.4	8.6
OCIO Project Management Office			8.2	0.0
Threat Management			9.0	25.1
IOS Collaboration			9.3	8.4
Unified Messaging			19.4	17.4
Federal Relay Service			0.4	0.3
Alternative Dispute Resolution Training			0.6	0.6
Conservation and Education Partnerships			3.2	2.9
Mail and Messenger Services				32.0
Passport and Visa Services				8.6
Health Unit				6.2
Federal Executive Board				3.4
Special Event Services				1.0
Safety and Environmental Services				10.2
Shipping and Receiving				7.1
Moving Services				5.1
Vehicle Fleet				1.9
Property Accountability Services				13.5
Family Support Room				0.6
Interior Complex Management & Svcs				18.8
Departmental Library				28.8
Mail Policy				4.2
Space Management Services				6.8
Aviation Management				456.0
Contingency Reserve			1.9	1.8
Cooperative Ecosystem Study Units			10.0	10.0
CFO Financial Statement Audit			538.6	542.2
e-Government Initiatives (WCF Contributions Only)			34.2	48.8
Ethics			7.4	6.6

**Bureau of Safety and Environmental Enforcement
Working Capital Fund Centralized Bill
(Dollars in thousands)**

Account	2011 Actual	2012 Pres Budget	2012 Estimate	2013 Estimate
FOIA Appeals			11.6	10.4
NBC IT Security Improvement Plan			7.5	7.5
MIB Data Networking			9.9	9.8
Information Mgmt - FOIA and Records Management			6.2	6.2
Telecommunication Services			37.2	41.6
Integrated Digital Voice Communications System			18.6	17.3
Desktop Services			4.6	3.4
Audio Visual Services			7.1	7.1
Interior Complex Cabling O&M			1.3	0.0
FPPS/Employee Express - O&M			139.9	159.0
Departmental Library			29.3	0.0
Interior Complex Management & Services			18.3	0.0
Family Support Room			0.7	0.0
Property Accountability Services			13.7	0.0
Vehicle Fleet			2.0	0.0
Moving Services			5.2	0.0
Shipping and Receiving			7.2	0.0
Safety and Environmental Services			10.3	0.0
Space Management			6.9	0.0
Federal Executive Board			3.4	0.0
Health Unit			6.3	0.0
Passport & Visa Services			8.7	0.0
Mail & Messenger Services			28.2	0.0
Mail Policy			4.3	0.0
Special Events Services			1.1	0.0
Transportation Services (Household Goods)			1.6	1.7
IDEAS			8.4	7.0
FBMS Master Data Management			0.4	0.4
NBC FBMS Conversion			3.4	0.0
Consolidated Financial Statement System			8.4	8.4
FBMS Hosting / Applications Management			184.5	65.1
FBMS Redirect - IDEAS			27.6	29.1
FBMS Help Desk – NBC Customer Support Center				120.2
Aviation Management			431.9	0.0
Aviation Management System - O&M			23.2	0.0
TOTAL			2,577.5	2,646.6

**Bureau of Safety and Environmental Enforcement
Working Capital Fund Direct Bill
(Dollars in thousands)**

Account	2011 Actual	2012 Pres Budget	2012 Estimate	2013 Estimate
Federal Assistance Award Data System			0.5	
e-OPF				41.6
EAP Consolidation				15.5
EEO Training			12.3	12.3
Albuquerque Learning & Performance Center			2.2	2.4
Anchorage Learning & Performance Center			0.2	
Online Learning			6.0	6.0
Washington Leadership & Performance Center			6.3	6.3
Oracle Licenses and Support			66.0	127.0
Microsoft Enterprise Licenses			244.6	244.6
Anti-Virus Software Licenses			26.8	22.3
Enterprise Services Network			131.7	126.2
DOI Access			32.6	44.8
Data at Rest Initiative			2.4	2.5
Unified Messaging			156.0	156.0
Creative Communications				5.7
Reimbursable Mail Services				0.8
e-Mail Archiving (Cobell Litigation)			178.5	183.9
Federal FSA Program			30.4	31.4
FBMS Change Orders			11.5	10.2
ESRI Enterprise Licenses			117.2	47.6
Customer Support Services Division			2.0	1.1
Client Liaison and Product Development Division			1.3	
Personnel & Payroll Systems Division			0.5	
HR Management Systems Division			71.8	
Quicktime Services			35.1	0.0
Payroll & HR Systems				117.5
Facilities Reimbursable Services			7.1	
Creative Communications			8.7	
Reimbursable Mail Services			0.8	
TOTAL			1152.2	1205.0

Bureau of Safety and Environmental Enforcement
Section 405 Compliance

Deductions, Reserves, or Holdbacks	FY 2013 (\$ Millions)
General Support Services	
Working Capital Fund Centralized Billing	2.6
Working Capital Fund Direct Billing	1.2

Total Assessments of Bureau Programs: \$3.8M

Working Capital Fund - The estimated cost of the Department in providing BSEE with centralized business and administrative services. These charges are paid from the General Support Services activity for the entire bureau.

BSEE direct bills its activities for support costs and is reimbursed by BOEM for providing administrative services.

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