



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

and Performance Information
Fiscal Year 2016

BUREAU OF SAFETY AND ENVIRONMENTAL ENFORCEMENT

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BUREAU OF SAFETY AND ENVIRONMENTAL ENFORCEMENT

FY 2016 GREENBOOK

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FY 2016 BUDGET JUSTIFICATIONS

Bureau of Safety and Environmental Enforcement

Director's Preface

As the Administration works to expand domestic energy production through President Obama's "all-of-the-above" strategy, the Bureau of Safety and Environmental Enforcement (BSEE) is taking the necessary steps to provide effective oversight of oil and gas development on the U.S. Outer Continental Shelf (OCS), promoting compliance with Federal regulations, and leading the offshore oil and gas industry toward a culture of safety and environmental protection.

The 2016 BSEE budget fully supports the President's strategy by ensuring that development of the Nation's vast offshore energy resources is conducted in a safe and environmentally responsible manner. Funds will be used to support and recruit expert engineers, scientists, and oil spill planning, prevention, and response specialists to support the development of strong scientific information and the timely and thorough review of permits.

In 2016, BSEE will continue to build a robust culture of safety, with a strong focus on risk reduction. Every decision and every action will be taken with the workers and the environment in mind. Risks to both will be appropriately balanced and mitigated. The Bureau will bolster its capacity for analyzing data gained through incident reporting requirements, near-miss reporting, and real-time monitoring. The Bureau will also continue to work with industry to better understand their safety processes, so that BSEE can mitigate and reduce risk. Through these initiatives and others, the Bureau will continue to ensure that offshore development occurs in a safe and environmentally responsible way.

Bureau efforts are supported by two strategic goals:

- Regulate, enforce, and respond to OCS development using the full range of authorities, policies, and tools to compel safety, emergency preparedness, and environmental responsibility, and appropriate development and conservation of the offshore oil and natural gas resources, and;
- Build and sustain the organizational, technical, and intellectual capacity within and across BSEE's key functions – capacity that keeps pace with OCS industry technological improvements, innovates in regulation and enforcement, and reduces risk through systemic assessment and regulatory and enforcement actions.

These strategic goals guide BSEE's decision-making and investment strategies. The 2016 budget request includes an increase of \$1.7 million to support the evaluation of new and emerging technologies and develop associated safety and oversight protocols through the Engineering Technology Assessment Center, which provides a Bureau-wide focal point for emerging technology evaluation. The increased funding will add depth and capacity to the BSEE, so that as industry continues to innovate and develop new capabilities, the BSEE will be able to keep pace. The 2016 request also includes a program increase

of \$750,000 for the Renewable Energy Inspection Program. The funding will support the timely development of regulations, inspection guidelines, procedures, and criteria for inspections of offshore renewable energy facilities so that the appropriate regulatory structure will be in place to protect the safety of these facilities as well as the environment.

FY 2016 PERFORMANCE BUDGET REQUEST

Bureau of Safety and Environmental Enforcement

General Statement

Table 1: Summary of BSEE Budget Request (\$000)

BSEE Summary (\$000)				
Account/Activity	FY 2014 Actual	FY 2015 Enacted	FY 2016 Request	Changes from FY 2015
Offshore Safety & Environmental Enforcement (OSEE)				
Environmental Enforcement ¹	8,314	8,314	-	-8,314
Operations, Safety and Regulation	132,207	133,597	151,768	+18,171
Administrative Operations	15,560	15,676	18,268	+2,592
General Support Services ²	13,513	13,912	-	-13,912
Executive Direction	18,121	18,227	19,736	+1,509
Total, OSEE	187,715	189,726	189,772	+46
Offsetting Collections				
Offsetting Rental Receipts	-50,568	-50,412	-49,399	+1,013
Cost Recovery Fees	-6,397	-8,167	-7,808	+359
Inspection Fees ³	-58,093	-65,000	-65,000	-
Total, Offsetting Collections	-115,059	-123,579	-122,207	+1,372
Net, OSEE	72,656	66,147	67,565	+1,418
Oil Spill Research	14,899	14,899	14,899	-
Current BSEE Funding	87,555	81,046	82,464	+1,418
Total BSEE Funding	202,614	204,625	204,671	+46
Full Time Equivalents (FTE)				
Total Direct FTE	693	744	756	+12
Total Reimbursable FTE (Reimbursable Agreements)	125	125	125	-
Total FTE	818	869	881	+12

^{1/} The FY 2016 Request consolidates the Environmental Enforcement Activity into the Operations, Safety and Regulation Activity.

^{2/} The FY 2016 Request consolidates the General Support Services Activity into the remaining OSEE Activities. This realignment is calculated based on activity FTE levels.

The Outer Continental Shelf (OCS) is a major source of energy for the United States. In calendar year 2013, OCS leases offshore California, Alaska, and in the Gulf of Mexico provided 480 million barrels of oil and 1.4 trillion cubic feet of natural gas, accounting for about 18 percent of the Nation's oil production and about 5 percent of domestic natural gas production¹.

The BSEE is responsible for the oversight of exploration, development, and production operations for oil and natural gas on the OCS. The BSEE's regulation and oversight of Federal offshore resources is

¹ For additional details regarding OCS oil and gas production see:
http://www.data.bsee.gov/homepg/data_center/production/ocsprod.asp

intended to that energy development on the OCS is conducted in a safe and environmentally responsible manner and that offshore operators are prepared to respond to an oil spill should one occur.

The functions of BSEE include oil and gas permitting, facility inspections, regulations and standards development, safety research, data collection, technology assessments, field operations, incident investigation, environmental compliance and enforcement, oil spill prevention and readiness, review of operator oil spill response plans, oversight of production and development plans, and resource conservation efforts.

FY 2016 BUDGET REQUEST



The BSEE was established on October 1, 2011, to ensure the safe and responsible development of our Nation's offshore energy resources. The BSEE's continued focus is on safety and goes beyond simple compliance with regulations towards the adoption, by everyone, of a meaningful safety culture that permeates all offshore activities. The BSEE advocates that every decision and every action must be taken with offshore workers and the environment in mind and risks to both must be appropriately identified and mitigated.

The BSEE promotes safety, protection of the environment, and the conservation of natural resources through vigorous oversight and enforcement. The BSEE continues to adapt its regulatory approach and oversight as offshore operations continue to expand and move into new environments and require new technologies. Programs have been established that will allow BSEE to identify, evaluate, and promote emerging technologies that will decrease risks associated with offshore oil and gas development while increasing safety for offshore workers. The BSEE undertakes research on new technologies, the results of which assists the Bureau in staying current with expanding operations, as well as new future activities on the OCS, such as inspecting proposed renewable energy projects and evaluating technological advances that allow for deeper drilling at higher temperatures and pressures.

The BSEE is also leading the Nation in the development of new oil spill response planning standards that will improve offshore contingency planning. The BSEE has also established critical processes for oil spill response plan review and is a key participant and leader in all facets of the National Response System. Through BSEE's collaborative activities with the U.S. Coast Guard (USCG), the National Oceanic and Atmospheric Administration, and the Environmental Protection Agency, improvements in Area Contingency Plans and Arctic common operating procedures are now a reality, as is the national recognition of the need for interagency coordination on all aspects of offshore oil spill response planning and preparedness.

During FY 2015, BSEE began an effort to strengthen internal controls and to better track and demonstrate results for these mission-critical operations. As a result, BSEE is identifying national program managers with direct lines of responsibility for managing major program functional areas. The goals of this effort are to promote transparency, consistency, predictability, and accountability for national programs, and consistently develop program policies, procedures, and accountability and performance measures for major program functional areas.

Assessing and Managing Risk

Risk management is an integral component of a safety culture. It is the lens through which BSEE views the interaction between technology, processes, and the human element. It also forms the foundation for how BSEE regulates and enforces standards. Risk management provides the basic framework through which BSEE approaches safety on the OCS. To better assess and manage risk, the Bureau has strengthened both its regulations and programs in the following areas:

Environmental Preparedness: This includes preparedness in the event of a blowout and worst case discharge from an uncontrolled release. Deepwater operators are now required to have readily available the specialized equipment and systems necessary to control a subsea blowout, such as containment domes and capping stacks. Additionally, BSEE conducts annual table top exercises to test how quickly an operator can mobilize vessels, capping stacks, and specialized equipment needed to cap a well. The Bureau was also responsible for including new Incident Command System functions within the USCG Incident Management Handbook and the development of specific job aids to assist both the Federal government and private responders in understanding and incorporating these new functions into their oil spill response plans.

Well Design: The BSEE published a drilling safety rule that required operators applying for a drilling permit to meet new standards for well design, casing, and cementing. The Bureau is in the process of finalizing a proposed production safety systems rule that will provide the first updates to regulations for production safety systems since the late 1980's.

Well Control: New rules that have been put in place strengthened requirements for blowout preventer (BOP) maintenance and testing. Additionally, BSEE expects to publish a comprehensive proposed rule in early 2015 that will address a myriad of systems and processes, including BOPs, involved in well control operations. This proposed rule is intended to account for all aspects of well control operations, which will reduce risks that could lead to the technical and operational failures such as those that resulted in the loss of well control and explosion aboard the *Deepwater Horizon*.

Safety Culture: The Safety and Environmental Management System (SEMS) program is the cornerstone of BSEE's hybrid regulatory approach, which combines prescriptive and performance-based rules. The goal is for the SEMS program to encourage the offshore oil and gas industry to adopt an approach to safety that looks beyond baseline compliance with regulations towards a safety culture that promotes continuous improvement in safety and environmental performance. The SEMS program is meant to be a tool through which companies actively manage and improve safety performance related to human behavior, organizational structure, leadership, standards, processes, and procedures – not simply a compilation of required documentation.

Arctic Exploration: As part of the Administration's commitment to developing America's domestic energy resources safely, the Department of the Interior (DOI) has proposed draft regulations to help ensure that any future exploration in the Arctic is done responsibly and subject to the highest safety standards. The draft regulations support the Administration's coordinated and deliberative approach to the Arctic by requiring specialized practices for conducting exploratory drilling operations in the unique and challenging environment. The draft regulations utilize performance-based standards to ensure that operators have taken the necessary steps for proper internal controls and planning for oil spill prevention, containment, and response.

Research and Collaboration: The newly established Offshore Energy Safety Institute (OESI) provides an independent forum for dialogue, shared learning, and cooperative research among academia, government, industry, and other stakeholders. The OESI is a neutral ground for the exploration of issues of offshore risk that are of common concern to industry and regulators. Although OESI was established by BSEE, it is not an extension of the Bureau. The BSEE operates as one of many participants, with others coming from industry and academia. Additionally, BSEE also participates in the Interagency Coordinating Committee on Oil Pollution Research (ICCOPR) which provides a forum for research collaboration that looks at oil spill prevention, preparedness, and response. The ICCOPR, which is comprised of staff from all Federal agencies and is a congressionally-mandated body, provides a venue in which agencies share their latest research, regulations, and policies; explore opportunities for collaboration on research; and identify emerging issues that need national attention.

In addition to participating with OESI, BSEE is leveraging the resources of our interagency partners and working with others to conduct important research related to new and emerging technologies as well as operations in frontier areas to further our efforts to reduce risks across all offshore operations. The BSEE also conducts important oil spill response research, much of which is conducted at the Ohmsett facility. Ohmsett is the state-of-the-art, premier testing facility for offshore response technology and a world-class training site for oil spill response personnel. It provides the Bureau, as well as other facility users, a unique training environment that simulates real-world conditions in a safe and contained environment.

Technology Assessment: The Engineering Technology Assessment Center (ETAC) will strengthen BSEE's ability to assess novel and emerging technologies by keeping pace with an increasingly complex industry. Through the Center, the Bureau will work more closely with Original Equipment Manufacturers and participate more fully with standards-setting bodies such as the American Petroleum Institute (API). The Center would serve as the primary liaison between BSEE and the OESI, and BSEE anticipates the Federal staff engineers from the Center would work with OESI on joint industry projects. The ETAC would not replace the regulatory processes already in place at the regional level. Permit reviews and Deepwater Operations Plans will remain a function of our regional and district offices.

Data Collection and Sharing: The BSEE and the Bureau of Transportation Statistics (BTS) signed an interagency agreement (IAA) in November, 2013, to develop the Voluntary Confidential Near-Miss Reporting System for use on the OCS. The Voluntary Confidential Near-Miss Reporting System, which will be managed by BTS, has the potential to help prevent catastrophic incidents that endanger lives and the environment. The trend information that will be received and shared will be broadly beneficial to all who take safety seriously.

These achievements represent important steps to promote offshore safety, and to protect life, property, and the environment. As planned, the Bureau continues to define and implement reforms and to hire the personnel needed to ensure the safe and responsible development of our Nation's offshore energy resources.

Strategic Planning

In Fiscal Year (FY) 2015, BSEE will undertake a review and update of its strategic plan. The 2016-2019 Strategic Plan will incorporate the Bureau's existing mission and vision, which remains appropriate and representative of the Bureau's operations. Tactical implementation of the plan, however, will reflect BSEE's position as an established regulatory organization. Key to the upcoming review and implementation of a new strategic plan are two initiatives occurring in FY 2015: (1) development of a comprehensive set of output and outcome-based performance measures, and (2) the piloting and implementation of an enterprise risk-management framework to facilitate information sharing and identify the risk relationships among and within programs. Both efforts provide focus and tools necessary to update the strategic plan and assess implementation progress.

Additionally, focus areas likely to be highlighted in the 2016-2019 Strategic Plan include:

- Continued development of consistent and integrated national policies, standards, and processes in all aspects of BSEE's operations.
- Effective management and sharing of performance-related data through data integrity and consistency in data definitions, policies, and procedures.
- Increasing BSEE's capacity for evaluating emerging technology through resources such as the technology center and the OESI.
- Strengthening BSEE's oversight and enforcement capabilities by incorporating the experience and lessons learned from BSEE's Inspection and SEMS audit programs and focusing additional oversight resources on high-risk operations and facilities.
- Establishing and enhancing BSEE's renewable energy inspection and compliance program.
- Investing in BSEE employees through recruiting and training.
- Investing in IT modernization and electronic reporting.

COMPLETION OF DEPLOYMENT EXERCISE IN GULF OF MEXICO FACTS

- In July 2014, BSEE initiated a day long unannounced drill involving Murphy Exploration and Production Company. The exercise tested Murphy's ability to respond to a simulated spill event in accordance with its Oil Spill Response Plan (OSRP).
- The scenario simulated was a loss of well control 75 miles off the coast of Louisiana. As part of the exercise an incident command center was established in Slidell, Louisiana, and oil skimming recovery equipment was deployed aboard the Mississippi Responder from Pascagoula, Mississippi.
- Once at the designated location, testing of the skimmer was conducted along with the placement of an oil containment boom arranged in a J formation.
- Representatives from the U.S. Coast Guard, the National Oceanic and Atmospheric Administration and the Alabama Department of Environmental Management participated in the BSEE-led exercise.
- These exercises are conducted in accordance with 30 CFR Section 254.42(g) as authorized by the Oil Pollution Act of 1990.



Compliance, Inspections and Enforcement

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 investigation, analysis, regulatory, inspection, and compliance programs based on risk considerations within those programs.

The BSEE is also actively working to develop a risk-based inspection methodology for use at various levels within the regulatory program. Through the identification and quantification of risk, BSEE can identify key performance (such as leading and lagging) indicators, and improve its analysis of the effectiveness of redundant physical controls (barrier analysis). In FY 2015, BSEE will pilot-test an evidence-based risk-analysis methodology for production facilities. Preliminary data analyses indicates that the 410 highest-risk platforms in the Gulf of Mexico OCS Region (GOMR), which represent about 20 percent of GOMR platforms, accounted for 80 percent of all accident or pollution events that were reported to BSEE during FY 2014. These platforms also accounted for 84 percent of all major incidents

such as fires, explosions, spills, fatalities, and blowouts. The Bureau is actively investigating the deployment and use of the methodology to effectively target available inspector resources. Strategies are being investigated to use this risk methodology to help prioritize inspections and to inform decisions regarding which SEMS audits BSEE should observe.

Safety is a priority for both BSEE staff and for operations that occur under BSEE's jurisdiction. Onsite facility inspections and enforcement actions are important components of BSEE's safety program. The Bureau has established ambitious performance targets for the thousands of inspections of OCS facilities and operations conducted each year, including coverage of tens of thousands of safety and pollution prevention components to prevent offshore accidents and spills, and to ensure a safe working environment.

The BSEE is working to refine internal controls and processes and expand the use of information and data management systems to enhance continuous offshore safety and an environmental enforcement presence. As these reforms are deployed, BSEE is able to strengthen its investigation, data analysis and compliance and enforcement programs to enhance the identification of risk and risk-mitigation approaches. The Bureau is further advancing new protocols that emphasize risk-based oversight with the intent of identifying and focusing inspections on the "riskiest" activities and facilities and utilizing real-time monitoring technologies to improve and increase the regulatory oversight of critical offshore operations and equipment.

The Bureau values its close cooperative relationships with Federal partners on the OCS, and is also working to strengthen resources through intra- and interagency cooperation. For example, the Bureau continuously improves upon its longstanding memorandum of understanding (MOU) and a series of subject matter specific memorandums of agreement (MOAs) with the USCG and is focusing on shared resources, cross-training, and cooperation in Federal enforcement efforts on the OCS. Also, BSEE has been involved in discussions on continuous safety improvement and safety culture policy with other Federal partners focused on High Reliability Organizations (HRO), such as the Office of Pipeline Safety and the Nuclear Regulatory Commission. The BSEE actively seeks new opportunities to share information across government agencies and internationally.

Engineering Technology Assessment Center: The ETAC, when implemented, will be located in Houston, Texas, close to industry centers, to provide a Bureau-wide focal point for emerging technology evaluation. The BSEE is in the process of identifying an ETAC manager to start identifying the engineering skill sets and cutting edge expertise that BSEE will need to implement this initiative. Having top-level engineering talent and leveraging internal expertise with contract support will provide BSEE a ready means for interaction with OESI on technology projects. The Center will provide an additional capability for BSEE, and will augment current technology assessment functions within the regions. Each region will be able to utilize the Center to support its needs. The ETAC will provide the Director with a nationally-based engineering center of expertise to evaluate newly proposed technologies intended for use in extreme offshore environments. It will establish and manage a flexible base of engineering contracts that provide BSEE up-to-date experts in offshore oil and gas technology, equipment development, failure analysis, and testing protocols. The ETAC will also establish professional relationships with equipment manufacturers in the Houston area to keep abreast with the latest developments in offshore oil and gas equipment technology. Finally, the ETAC will provide engineering expertise for the development of new

offshore oil and gas regulations and evaluation of proposed industry standards as well as expertise for evaluating and using the information being developed by the industry's real-time monitoring centers. Finalizing the establishment of this Center into a fully-operational engineering asset is a strategic priority for FY 2016.

Safety and Environmental Management: The SEMS regulations, intended to foster the development of a more robust safety culture on the OCS, passed an important milestone in FY 2014 with the completion and submission by OCS operators of their first SEMS Audit Reports. These reports show that, on the whole, the OCS oil and gas industry has begun to implement a management system approach to safety and risk management, but there are wide variations in how deeply these approaches are ingrained within the organizational culture of each operator. Therefore, the Bureau is developing tools and strategies to work more closely with the industry in ways that will deepen their SEMS commitment and robustness. This includes creating standard procedures so that every regional office in the Bureau approaches their SEMS oversight responsibilities and operator interactions in the same way; issuing guidance documents in response to industry inquiries about certain aspects of the regulations; participating more robustly in industry panels, workshops, and groups updating standard practices; and proposing and tracking leading and lagging indicators of SEMS effectiveness. In addition, the Bureau will be working to develop and enforce accreditation criteria for SEMS auditors so as to improve the quality, consistency, and usability of future SEMS audits. One longer term goal of the SEMS audit program will be for BSEE to capture and share the identified best practices and lessons learned consistent with the continuous improvement expectations of SEMS.

Renewable Energy Inspection Program: On May 19, 2010, Secretarial Order 3299 created the Bureau of Ocean Energy Management (BOEM) and BSEE to carry out separate core missions: BOEM to ensure the balanced and responsible development of energy resources on the OCS, and BSEE to provide independent safety and environmental oversight and enforcement of offshore activities. While BOEM continues to implement an expanding renewable energy program, there are currently no operational units on the OCS; however, to date there are several offshore wind energy projects scheduled to be completed by 2019.

A BSEE/BOEM transition team is managing the effort to re-designate the renewable energy regulations in 30 CFR Part 585 between the two agencies by a direct final rule. The BSEE is also drafting a series of touch-point documents to guide the interdependencies between BOEM and BSEE before the re-designation is complete. After the re-designation, BOEM and BSEE will revise the existing renewable energy regulations for OCS operations and update existing interagency MOUs accordingly. As part of the transition, BSEE participated in the review of the Facility Design Report (FDR) and Fabrication and Installation Report (FIR) for the Cape Wind project, in collaboration with BOEM.

The BSEE is also actively developing and refining a methodology for including facility inspection capabilities into existing inspection and compliance programs and developing the appropriate regulatory authorities and appropriations language to support safe and environmentally responsible renewable energy development on the OCS. In FY 2015, BSEE will receive the final report from a contracted study to assess current onshore and international offshore inspection practices related to wind turbine facilities and associated electrical transmission systems. The Bureau will use this assessment to inform the development of regulations, inspection guidelines, procedures, and criteria for inspections of offshore

renewable energy facilities so that the appropriate regulatory structure will be in place to protect the safety of the facilities, any personnel working on them, and any surrounding structures..

Real-Time Monitoring: The BSEE is examining the use of real-time monitoring technologies to improve and increase the regulatory oversight of critical offshore operations and equipment. The intent of real-time monitoring is to develop, test, and implement reforms that significantly improve the Inspection and Enforcement Program in BSEE by using innovative technologies and risk-based inspection criteria to supplement BSEE's current inspection program. The use of this technology and facilities to monitor OCS oil and gas drilling, well completion, well workover, well servicing, and other rig-related operations is one avenue that may be used to further efficiency as well as help BSEE carry out its mission.

The Bureau is actively working to determine which available real-time monitoring opportunities would provide the best return on investment and which activities require on-site inspectors. Initially, the focus will likely be on using this technology for high-risk activities involving deepwater drilling and casing/cementing. When implemented, it is expected that the use of real-time monitoring will allow BSEE to quickly shift technical resources to evaluate these operations wherever they occur.

The importance of incorporating real-time monitoring into BSEE's regulatory program is demonstrated by the DOI including a provision in the British Petroleum (BP) settlement that requires the company to maintain a real-time monitoring center in Houston and provide BSEE with access to the facility. The Bureau is also determining if regulatory action is needed to ensure that the agency has complete access to other industry real-time monitoring facilities and whether BSEE needs to take additional steps to ensure that industry expands the use of real-time monitoring technology to address issues such as equipment reliability.

The BSEE has contracted with the National Academy of Sciences (NAS) to convene a study committee to review the findings from a recently completed external real-time monitoring study, along with the findings from an internal BSEE real-time monitoring study. A public workshop is planned for April, 2015, in Houston, Texas, to discuss these findings, obtain industry feedback, and build consensus on the recommended path forward for real-time monitoring. The feedback from the public workshop will provide valuable input to help guide the future direction of BSEE's real-time monitoring initiative and identify gaps that require follow-up research. Real-time monitoring is an enabling technology and it raises a larger question about what the regulator's role should be in monitoring day-to-day drilling, completion, workover, and production activities. This is beyond BSEE's traditional inspection role, and the NAS is well suited to advise BSEE on this programmatic question. The NAS contract requires a final report be provided to BSEE by FY 2016, including the industry input from the public workshop and the findings by the NAS study committee.

Information Technology and Data Stewardship: The BSEE has been working to develop and maintain its IT investments by enhancing the Bureau's capability to collect and manage data. Through enhanced data use, BSEE will be able to make better decisions, as well as make data available to the public in an accessible way while protecting privacy, proprietary, and business confidential information. A few of the major initiatives currently underway at BSEE include the expansion of the eWell pilot to every Region, the deployment of eInspections, and the planning and development of the ePermits system.

The BSEE has begun transitioning to a data stewardship framework within the Bureau to facilitate the development and implementation of standards, policies and procedures, and improve the quality and accessibility of administrative data for analytical purposes. The Bureau works to protect proprietary and personally identifiable information (PII) through existing policies and procedures, and updates these in order to maintain compliance and provide individuals and organizations the necessary assurances regarding the integrity of critical information assets. Furthermore, BSEE is working in concert with the Department and Bureaus to make progress towards a comprehensive inventory of data assets as instructed by OMB M-13-13.

Near-Miss Program: In August 2013, the BSEE and the Department of Transportation's Bureau of Transportation Statistics (BTS) signed an IAA for the development and operation of a voluntary confidential reporting system for near-miss events associated with oil and gas operations on the OCS. Once fully implemented, the system will have a combination of reporting capabilities (web-based, smart phone apps, 1-800 numbers, etc.) to ensure that confidential reporting is easily accessible. This system will provide BSEE and the industry with information about accident precursors and hazards associated with OCS operations. When used, in conjunction with existing methods of collecting data and assessing risk, this amalgamated data can be used to identify trends that will help to reduce the risk of major incidents, loss of life, injury and negative impacts on the environment. Confidentiality is critical to the success of this reporting system.

On April 22 and 24, 2014, BSEE held two public workshops in Los Angeles, California; and Houston, Texas; to discuss the voluntary confidential near-miss reporting system. Both BSEE and BTS gave presentations at the workshop followed by a period of questions and discussion. On July 2, 2014, in accordance with the requirements of section 3506(c)(2)(A) of the Paperwork Reduction Act of 1995, BTS published a Federal Register notice announcing the intention of BTS to request the Office of Management and Budget (OMB) approval of information collection for the near-miss reporting system. This data collection effort supports a multi-year program focused on improving safety on the OCS. The BTS will operate the system under the Confidential Information Protection and Security Efficiency Act 2002 (CIPSEA) and will maintain control of the individual confidential reports. The BTS will provide trend analyses and aggregated data to BSEE and the public. The Program will also provide every individual associated with the offshore oil and gas industry an opportunity to improve safety offshore for themselves, their friends, and coworkers. The public comment period for the Federal Register notice ended on September 2, 2014, and the system is expected to be operational in FY 2015.

Emerging Technologies and Best Available and Safest Technologies (BAST): The BSEE continues to promote the evaluation of emerging technologies, 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. In addition, BSEE is in the process of defining a methodology for the determination of BAST for existing and emerging technologies that ensure safe and responsible offshore development.

Under the Emerging Technologies Program, BSEE promotes investigation of new technologies to assure approved permits continue to promote safe operations, the prevention of oil pollution, and the improvement of oil spill response and clean-up. The Bureau also continues to focus its efforts to identify high-risk areas, such as the Arctic offshore and high-pressure high-temperature reservoirs, and higher risk

components and systems such as BOPs, to work with industry on in the application of BAST identification and determination. This work will assist in determining where overall risks could be reduced and it is economically feasible to do so.

To take advantage of and leverage expertise from other Federal sources, BSEE continues to expand Federal partnering, particularly with the DOE. In addition to the IAA established with the DOE National Laboratory system in FY 2012, BSEE has elevated engagement with the DOE's Office of Fossil Energy and National Energy Technology Labs (NETL) to collaborate on deepwater/deepwell cementing issues, risk-informed decision making and the application of BAST specific assessment to offshore components, systems, and procedures.

In calendar year 2015, BSEE plans to issue the proposed BOP Rule to increase the reliability of this critical equipment that is currently the last line of defense in a blowout situation. This proposed rule is being developed after considerable public and stakeholder engagement and is intended to strengthen regulations related to the design and repair of BOPs.

Ocean Energy Safety Institute (OESI): The OESI was established in early FY 2014 and is managed by the Texas A&M Engineering Experiment Station's (TEES) Mary Kay O'Connor Process Safety Center, in partnership with the University of Houston and the University of Texas. The OESI, established under a five-year cooperative agreement, provides a forum for dialogue, shared learning, and cooperative research among academia, government, industry, and other non-government organizations in offshore-related technologies and activities that ensure safe operations with limited impact to the environment. The Institute will provide recommendations and technical assistance to BSEE related to emerging technologies and BAST. In addition, it will develop and maintain an equipment failure monitoring system and train Federal employees to enable them to remain current on state-of-the-art technology. The Institute will also promote collaboration among Federal agencies, industry, standards organizations, academia, and the NAS.

The OESI has already hosted several forums, including Risk Awareness and Eliminating Barriers to Data Sharing. The forums provided an environment for shared learning, collaboration, and demonstrated opportunities for all parties to work together for the greater good of improving safety on the OCS. During FY 2015, the OESI has committed to conducting additional forums on the topics of research, human factors, and shallow-water hazards.

Oil Spill Preparedness and Research

The Oil Spill Response Research Program within BSEE continues to aggressively implement a comprehensive, long-term research program dedicated to improving spill response options for oil spills in offshore environments including the Arctic. Major focus has been placed upon improving the methods and technologies used for oil spill detection from aerial and subsea platforms and vehicles, surface and subsea containment, treatment with dispersants, recovery using mechanical devices, and clean up using various technologies including *in-situ* burning of the oil. The program will continue to put an emphasis on evaluating oil spill response capabilities in Arctic environments in FY 2015 and FY 2016. During FY 2015, BSEE intends to fund research on improving *in-situ* burn planning efficiency, remote sensing tools for oil spill detection and thickness determination, improving the capabilities of Ohmsett, integrating

technology readiness levels into developing new technologies, and in the development of “smart” skimming technologies. The BSEE is also dedicating an entire month at Ohmsett in 2015 to conduct a comparative test on different types of dispersants that might be used in the Gulf of Mexico to determine those best suited for this operating environment. Tests are predicated on the ability of BSEE to acquire relatively small volumes of crude oil with different chemical properties. Acquisition of such oils is hampered by industry processes that are designed to sell millions rather than tens of barrels of crude. It is easier and less expensive for the industry to donate small quantities of oil to BSEE; however, donations of this nature have historically been restricted by regulatory limitations.

The Bureau serves as the Vice-Chair of the ICCOPR – a congressionally-mandated body comprised of 15 Federal agencies. In addition to BSEE’s continuing active participation as a member on the Steering Committee for the ICCOPR Research and Technology Plan and other ICCOPR subcommittees, BSEE, as Vice-Chair, provides leadership and coordinates research efforts throughout the Federal oil spill research community. The BSEE, as members of the Arctic Council’s Emergency Prevention, Preparedness, and Response Working Group, will also be engaging international partners in joint research activities to better protect resources that could be impacted from spills in Arctic waters. The BSEE also sits on the Scientific and Technical Committee of the National Response Team, adding another venue in which the agency is proactively working with Federal partners to seek joint research funding opportunities, exchange information on recent research, discuss best practices in oil spill response, and address other topics key to the U.S. preparedness posture.

The Oil Spill Preparedness Verification program provides continual oversight to ensure owners and operators are prepared to respond to an oil spill to the maximum extent practicable. Oversight begins at the time an application to drill is submitted and extends through the plugging and abandonment of all wells and removal of facilities. The BSEE is responsible for ensuring offshore operators have the capability to respond to some of the largest potential oil spills in the Nation. This includes review of spill response plans, spill response readiness, and government-led oil spill response exercises. The program has finalized a broad and in-depth review of the oil spill preparedness regulations and policy to ensure effective, responsive, and transparent oversight of offshore response capability. Oil and gas exploration is extending further into deep water and frontier regions. The result is increased risk of larger spills and greater potential impact to sensitive resources. Response plans and technologies must routinely be exercised and tested to ensure their capability is current and able to maintain response readiness to ensure an effective response before any spill. Over the next year the Bureau will be focused on subsea well containment equipment preparedness, near shore and shallow water response exercises and equipment deployment auditing, and increased coordination with area and regional response plans.

FY 2016 BUDGET HIGHLIGHTS

The 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.

The 2016 Request proposes merging the BSEE’s Environmental Enforcement Program (EEP), which was previously funded through the Environmental Enforcement Activity, into the Operations, Safety and

Regulation Activity. The BSEE EEP is an integral part of the Bureau's overall increased safety initiative. Similar to the offshore (safety) inspection program, the EEP assures that industry is adopting an overall and comprehensive approach to environmental protection measures. Combining the EEP into the BSEE Operations, Safety and Regulation activities will allow for better identification of regulatory needs for enhanced environmental compliance and closer coordination between the EEP and the newly established SEMS program. The merger will also allow better management and oversight of all of the compliance and inspection programs in BSEE. It will enhance the effective use of inspection personnel and support resources (helicopters) by allowing for the maximum coordination of inspection and other compliance activities. This proposed consolidation is the next important step in adding clarity, consistency, and efficiency to the Bureau's compliance programs and follows a change in FY 2015 to create a National Program Manager for the environmental compliance programs with consistent and transparent field level implementation. The EEP will continue to foster environmental compliance, inspection, investigation, and enforcement programs that assure the highest level of environmental standards for all offshore energy activities.

In 2016 the Bureau is also requesting to realign all General Support Services (GSS) Activity funding into the supported programs based on current FTE levels. The GSS Activity, a relic of the MMS legacy organization, funds a portion of Bureau-wide infrastructure support to include infrastructure costs associated with office space, security, utilities, and voice/data communications for that portion of BSEE FTE that is not covered by reimbursable service agreements. No FTE are directly charged to the GSS activity. This internal transfer within the base budget is reflected in FY 2016 and future budget requests will continue to reflect program assessments in the Greenbook as required by annual appropriations.

In FY 2016, the BSEE estimates offsetting collections will be comprised of \$49.4 million from rental collections, \$7.8 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 ***Operations, Safety and Regulation*** Activity funds: environmental and safety compliance activities related to issuing permits associated with plans; inspections of environmental measures and enforcement of incidences of noncompliance; monitoring industry compliance with mitigation and other environmental requirements through office and field inspections; OCS permit application reviews; inspections of OCS facilities including critical high-risk activities; offshore operator oil spill planning and preparedness compliance; investigations; civil penalties; 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 Emerging Technologies Program.
- The ***Administrative Operations*** Activity funds: general administration and ethics programs; equal employment opportunity services; emergency management; finance; human resources; procurement; and information management. The BSEE also provides administrative services, such as human resources, procurement, and finance to BOEM and other entities within the Department.

- 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 and key management positions in the Regional Director’s Offices are also funded within this activity.

The budget for BSEE in the OSR account funds oil spill research, the Ohmsett facility, as well as oil spill response preparedness and planning activities.

Table 2: FY 2016 Analysis of Budgetary Changes

Bureau of Safety and Environmental Enforcement FY 2016 Budget Changes (\$000)			
Organization/Category	Budget Changes	(\$000)	FTE
BSEE FY 2015 ENACTED -- DIRECT APPROPRIATION		81,046	869
Offshore Safety and Environmental Enforcement (OSEE)			
Environmental Enforcement ^{1/}	Transfer to Operations, Safety and Regulation	-8,314	-30
Operations, Safety, and Regulation Activity ^{1/}	Fixed Costs	+883	
	Renewable Energy Inspection Program	+750	+3
	Engineering Technology Assessment Center	+1,726	+9
	Ops. Safety - Management Efficiencies	-1,545	
	Offsetting Collections Reduction	-1,372	
	Transfer from Environmental Enforcement	+8,314	+30
	Transfer from General Support Services	+9,415	
Administrative Operations	Fixed Costs	+247	
	Transfer from General Support Services	+2,345	
General Support Services ^{2/}	Transfer to remaining OSEE Activities	-13,912	
Executive Direction	Fixed Costs	+226	
	Executive Direction - Management Efficiencies	-869	
	Transfer from General Support Services	+2,152	
	Subtotal of OSEE	+46	+12
	Change in Offsetting Collections	+1,372	-
Oil Spill Research (OSR)			
	Program Changes	0	
FY 2016 Requested Increase		+1,418	+12
BSEE FY 2016 PROPOSAL -- DIRECT APPROPRIATION		82,464	881

^{1/} The FY 2016 Request consolidates the Environmental Enforcement Activity into the Operations, Safety and Regulation Activity.

^{2/} The FY 2016 Request consolidates the General Support Services Activity into the remaining OSEE Activities. This realignment is calculated based on activity FTE levels.

In FY 2016, the following BSEE budget changes are proposed:

Management Efficiencies (-\$2,414,000): Programs will absorb these costs through greater efficiencies, cost savings, and administrative adjustments.

Fixed Costs (+\$1,356,000): Projected increases for fixed costs such as rent, salary increases, central billing, information technology transformation for the Department's working capital fund, and other items are fully funded by this request.

Renewable Energy Inspection Program (+\$750,000; +3 FTE): The requested funding is needed in order for the Bureau to stand up a renewable energy inspection program. More details regarding the requested increase are discussed in the Operations, Safety and Regulation Activity.

Engineering Technology Assessment Center (+\$1,726,000; +9 FTE): The requested increase is needed to establish the Engineering Technology Assessment Center. More details regarding the requested increase are discussed in the Operations, Safety and Regulation Activity.

General Reduction - Changes in Offsetting Collections (-\$1,372,000; 0 FTE):

- **Rental Receipts (-\$1,013,000; +0 FTE):** This decrease in rental receipts revenue results from an anticipated decrease of \$1.0 million from the FY 2015 Enacted amount of \$50.4 million. The decline in estimated rental receipts is primarily the result of a projected decrease in the number of rental bearing tracts that reflect an ever changing pool of leases that fluctuates annually. Rental receipts are one type of three different offsetting collections credited to the BSEE OSEE account to help defray the cost of operations.
- **Cost Recovery Fees (-\$359,000; 0 FTE):** This decrease in cost recovery fee revenue results from an anticipated decrease of \$0.4 million from the FY 2015 Enacted amount of \$8.2 million. The decline in estimated cost recovery fees reflects the trend of actual collections and associated workload requirements. These fees are one type of three different offsetting collections credited to the BSEE OSEE account to help defray the cost of operations.

Performance Summary

In FY 2016, BSEE will focus attention on priority areas and refine its goals to better position the Bureau to achieve its regulatory oversight mission. Key to this is the Bureau's effort to develop a performance management system that will support implementation of the 2016-2019 Strategic Plan. This system, the Performance Management Framework, involves developing and refining a suite of meaningful performance measures that managers can use to inform decision making and communicate the value of the mission to stakeholders. Measures will be based on outputs and outcomes to provide the Bureau with evidence of how it achieves results in implementing its mission. For example, the Renewable Energy Inspection Program will have associated measures tracking program performance. The BSEE will establish performance goals for new initiatives on data stewardship, enforcement, and investigations through an iterative process to ensure results are measured and achieved. An emphasis on data will strengthen BSEE's overall ability to examine and understand how it achieves results.

Additional efforts underway will support BSEE's abilities to measure performance, and to assess effectiveness and priorities. For example, the BSEE is currently in the process of developing and implementing an enterprise-wide risk management system to help identify and prioritize areas of risk for the Bureau. By assessing and comparing organizational risks, as well as strengths, weaknesses, and

opportunities, the Bureau is able to consider any impacts that ongoing and future industry trends may have on BSEE's role as a regulator. Program audits and reviews conducted by the Government Accountability Office, the Office of Inspector General, and external organizations will also continue to provide input to BSEE's performance and evaluation processes. Results from the enterprise risk management system, audits and reviews, and other initiatives (e.g., real-time monitoring, near-miss reporting, enforcement reform, and human capital strategic planning) will further inform the Bureau's efforts to continuously improve mission performance.

Performance Results - Evidence and Evaluation

In FY 2016, BSEE will focus attention on priority areas and refine its outcome measures to assess results and to better position the Bureau to achieve its mission in four main categories:

1. Casualties – injuries and fatalities.
2. Operations – incidents of non-compliance, violations, etc.
3. Systems and subsystems – environmental integrity, plans and permits, etc.
4. Safety culture - SEMS maturity, corrective actions, etc.

This enhanced suite of meaningful, outcome-based performance metrics is expected to be monitored through BSEE's Business Intelligence tools to:

- Make informed management decisions for the Bureau;
- Communicate the value of the mission to stakeholders and support the Strategic Plan and mission of the Bureau;
- Report performance to government and industry stakeholders in order to enhance accountability and transparency; and
- Improve program implementation and motivate performance through increased quality of program outputs and efficiency of processes.

Description of Plans/Actions Underway to Use Evidence and Innovation (Operations, Safety and Regulation Activity): In conjunction with BOEM, BSEE continues to reform practices and policies to realize the full vision for OCS management.

Improving Permit Review: In FY 2013, BSEE completed the first phase of development for its ePermits initiative, which will reduce review processing time by 30-40 percent for permit and other submitted document review. The BSEE has been meeting with other agencies (Bureau of Land Management, U.S. Department of Agriculture, Environmental Protection Agency, and General Services Administration) that have established, or are establishing electronic permit application submission and review systems for other Federal permits. The BSEE is using this information to benchmark internet-based data input methods, gathering lessons-learned, and identifying systems that can be used to develop similar business cases that will be used to establish the BSEE ePermits system. In FY 2014, BSEE initiated the second phase of the ePermits initiative, which will employ BSEE subject-matter experts to document the internal business processes that are used to collect the data necessary for permit decision-making by the agency. The BSEE will also develop automated processes to populate data in

BSEE's Technical Information Management System (TIMS). The BOEM's ePlans initiative is being conducted in parallel with ePermits, and BSEE is working closely with BOEM on this initiative to develop common electronic submissions and processing for both ePermits and ePlans and to identify points of interagency information exchange. In FY 2014, BSEE and BOEM entered the first stage of IT development by hiring a contractor to develop the necessary documentation that will form the framework of the ePermits and ePlans virtual interface systems.

Description of Plans/Actions Underway to Use Evidence and Innovation (Administrative Operations Activity): The mission of BSEE's Office of Administration is to provide quality and cost effective administrative services in support of the BSEE and BOEM missions. The BSEE's goal is to deliver services that fully meet the needs of the programs it supports, and provide transparency into the effectiveness and full costs of the services so that the decisions that BSEE makes are fully supported by evidence and data. To accomplish customer's goals, BSEE has developed performance metrics, status reports related to hiring and contracts, and financial reporting tools for its full suite of administrative services.

The performance metrics developed were designed to measure activity, workload, and efficiency. For each service area identified, in cooperation with BOEM and BSEE management, the most critical and indicative workflows were utilized. Measures are captured separately for each Bureau and are reported on a predetermined and regular basis. The BSEE is continuously evaluating the metrics and tools it has developed to ensure that the measures reflect the customers' needs and allow BSEE to make informed management decisions. Similarly, BSEE has developed reports that allow the Bureaus to track the status of actions that BSEE has in house, which facilitates more effective communication between the customer and service provider. Measures are captured separately for each bureau and are reported on a quarterly basis. With the use of performance metrics BOEM and BSEE management benefit from improved service, increased efficiency, and greater transparency.

In addition to performance metrics, BSEE has also developed financial reporting tools that demonstrate its costs and obligations. This allows BSEE to compare its actual spending against budget. The cost statements are also analyzed against the performance metrics mentioned above to ensure BSEE is properly considering workload in its overall spending. Monthly statements are produced and compared against obligation estimates and obligation actuals by budget object class. By evaluating spending at this level of granularity and frequency, BSEE is able to ensure it is using resources wisely, and identifying areas in which to reduce spending.

Finally, BSEE has implemented project cost accounting around spending for IT. The BSEE recently initiated a pilot that captures spending for Federal labor, contract labor, other contracts, hardware and software, and other costs for major mission application initiatives. Using this approach will allow BSEE to accurately capture the full life-cycle costs for IT spending.

The BSEE's increased and thoughtful use of evidence and evaluation will increase transparency, accountability, and effectiveness, and will thus benefit BSEE's stakeholders as well as bring welcomed changes. The BSEE's key stakeholders include the American public, the regulated community, and the Bureaus, agencies, programs, and offices that work closely with BSEE to help it achieve its mission.

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Bureau of Safety and Environmental Enforcement

Secretarial Initiatives, Agency Priority Goals, and Administration Management Initiatives

The BSEE fully supports the Secretarial and Administration Initiatives to realize high priority goals and implement the President's Management Agenda. The BSEE contributes to these efforts in several ways.

Secretarial Initiatives

Powering Our Future and Responsible Use of Our Resources

Through early planning, thoughtful mitigation, and the application of sound science, Interior is working to ensure the Administration's "all-of-the-above" energy strategy includes not only traditional sources, but also the further development of new, cleaner energy resources – such as offshore wind – to help mitigate the causes of climate change. The Bureau's FY 2016 budget fully supports this strategy with a focus on supporting risk-based oversight, assessment of emerging technologies to keep pace with the energy sector, and ensuring safe and environmentally responsible development of the Nation's offshore energy resources. Funds will be used to recruit and sustain engineers, inspectors, investigators, and oil spill planning and prevention specialists within a robust organization that sustains the technical and intellectual capacity to keep pace with our energy stakeholders. Concerted efforts to expand the use of technology to streamline permitting are also discussed in the following paragraphs.

Building a Landscape-Level Understanding of Our Resources – Science Coordination

The President's Budget continues to promote research and development, scientific investments, and monitoring to best manage the country's natural resources and heritage. Continued and enhanced coordination of science activities across Bureaus will be required to achieve the Department's important mission objectives. The 2016 budget facilitates this need by better supporting integrated efforts to achieve resource management outcomes. The Bureau has identified several key areas for investment where coordination with other Department Bureaus will leverage results to more effectively achieve mission outcomes.

The BSEE uses applied science and engineering expertise to administer the Nation's development of offshore energy resources. The Bureau also provides representation and technical expertise to the National Ocean Council, Climate Change Taskforce, Science Advisor/Science Integrity Officer Working Group, and other expert panels to further the Department's policies for climate adaptation.

Research and development programs help achieve the Administration's priority of responsible energy and minerals development as part of President Obama's "all-of-the-above" energy strategy. With a focus on safety research, BSEE is able to help ensure that conventional energy development can occur while mitigating risks and potential adverse impacts. Potential research subjects include the following key

areas; 1) Arctic research such as ice monitoring and ice loading on floating facilities; 2) materials research as applied to pipeline and riser composites and high-pressure high-temperature operations (HPHT) alloys; 3) welding and cladding requirements for hostile environments; 4) development of bolting hardness and corrosion resistance specifications; 5) well control research related to early detection, managed pressure drilling, and development of industry-wide shear ram test protocols and reporting requirements; and 6) improving how the concept of risk is used as a regulatory tool by the agency in all functional areas related to safety, equipment manufacture, and system maintenance.

The BSEE is also conducting research to enhance preparedness to respond to a potential oil spill in the Alaskan Arctic. Current oil and gas exploration activities are limited to open-water periods. As the Bureau prepares for the possibility of year-round production activities, it must also understand and prepare for the possibility of extremely challenging remediation efforts. In FY 2013, BSEE examined the recovery capabilities of existing commercial oil skimming systems in broken ice conditions. In FY 2014, BSEE compared four chemical dispersants' effectiveness in cold water. As a follow-up to the FY 2013 skimmer tests, in FY 2015 the Bureau plans on working in collaboration with the USCG to evaluate the effectiveness of an ice cage that would fit on existing commercial oil skimmers and prevent ice clogging of pumps and hoses. Also in FY 2015, BSEE plans on new proof-of-concept studies to develop new technology to recover oil in the Arctic marine environment. Additionally, the Bureau will explore new technological developments to assist responders working in this harsh environment with prolonged periods of low light. In FY 2016, BSEE will continue to build upon the knowledge obtained as well as technical advancements made in this critical issue.

The BSEE is participating in the Arctic Council's Emergency Prevention, Preparedness, and Response Working Group to develop strategies to respond to accidental release of pollutants. In collaboration with the other Arctic Nations, research will be conducted to better protect resources that could be impacted from spills in Arctic waters.

Building a 21st Century Department of the Interior

The DOI supports the President's Management Agenda to cut waste and implement a government that is more responsive and open. The BSEE budget supports the Department's plan to build upon the Accountable Government Initiative through a set of integrated enterprise reforms designed to support collaborative, evidence-based resource management decisions; efficient Information Technology (IT) Transformation; optimized programs, business processes, and facilities; and a network of innovative cost controlling measures that leverage strategic workforce alignment to realize an effective 21st Century Interior organization.

The BSEE will help achieve this by reducing "discretionary" travel through the use of alternative methods where feasible, such as the increased use of technology, including teleconferencing, video conferences, shared web sites, and web conferences as well as enhanced management attention and internal controls. All travel and conference attendance is being monitored to ensure the need to complete mission critical activities is not impacted. The BSEE will continue to monitor other administrative spending in FY 2016 and apply best practices where prudent. Additionally, the Bureau seeks to improve its effectiveness through the items outlined below.

Agency Priority Goals

Climate Change Adaptation

Goal: By September 30, 2015, the DOI will demonstrate “maturing” implementation of climate change adaptation, as scored when implementing strategies provided in its Strategic Sustainability Performance Plan.

Climate change is a leading threat to natural and cultural resources across the country. The effects exacerbate existing threats from drought, floods, and wildfires presenting a growing challenge to the resilience of communities. The 2016 budget request proposes funding to improve understanding of the impacts of climate change and adapt to these changes on the ground. A few examples of the investments proposed follow:

Bureau Contribution: The BSEE fully supports the Secretary’s commitment to ensure agencies are integrating climate change adaptation into policies, plans, programs, and operations.

Implementation Strategy: The Bureau has made efforts to support this initiative and will continue to do the following:

- Support the Rigs to Reefs policy that helps create new, thriving, and sustainable habitats for marine life which could become important aquatic life refuges as climate change impacts arise.
- Assess greenhouse gas venting and flaring offshore and use appropriate technology to identify gas emissions in excess of approved venting and flaring requests. The BSEE also will review and comment on API standards that address this.
- Continue to support the National Ocean Council, Climate Change Taskforce, Science Advisor/Science Integrity Officer Working Group, and other panels to further the Department’s policies for climate adaptation.

Performance Metrics: The BSEE’s climate change adaptation efforts are ongoing. The Bureau will continue working with a contractor in calendar year 2015 to develop additional performance metrics.

Youth Stewardship of Natural and Cultural Resources

Goal: By September 30, 2015, the Department of the Interior will provide 40,000 work and training opportunities over two fiscal years (FY 2014 and FY 2015) for individuals ages 15 to 25 to support the mission of the Department. The Department is proposing to expand this goal to provide 100,000 work and training opportunities over four fiscal years, FY 2014 through 2017, for individuals ages 15 to 35.

Bureau Contribution: In FY 2014, Secretary of the Interior Sally Jewell formalized an ambitious initiative to inspire millions of young people to ‘Play, Learn, Serve and Work’ outdoors. For the health of our Nation’s economy and public lands, it is critical that the Federal Government work now to establish

meaningful and deep connections between young people – from every background and every community – and America’s great outdoors.

Implementation Strategy: The Bureau has taken a number of steps to implement the Department’s youth initiative. The Bureau has identified leaders in each of BSEE’s Regions to coordinate youth-based activities and programs. A core component of BSEE’s youth engagement strategy is the support of the development of Science, Technology, Engineering, and Math (STEM) programs at schools across the Nation. In particular, BSEE is seeking opportunities to help under-resourced areas develop these programs. The BSEE is also preparing to launch a technology challenge which will be a competition among high school teams to develop a solution to an identified technological challenge. The Bureau hopes to use this challenge to demonstrate a commitment to supporting STEM programs and to enhance BSEE’s reputation as an offshore technology leader.

Performance Metrics: The BSEE will follow the Department’s guidance for performance metrics in the categories of ‘Learn’ and ‘Work.’ The ‘Work’ metrics focuses on the number of work and training opportunities provided, and the total number of hours associated with the work and training opportunities for individuals 35 years and younger. The ‘Learn’ metrics focuses on capturing the breadth of Bureau/office educational programs for K-12 students and teachers.

Oil and Gas Resource Management

Goal: By September 30, 2015, the BLM will increase the completion of inspections of Federal and Indian high risk oil and gas cases by 9 percent over FY 2011 levels, which is equivalent to covering as much as 95 percent of potential high-risk cases.

Bureau Contribution: In 2011, the GAO added the DOI’s management of oil and gas on leased Federal lands and waters to the High Risk List due to lack of assurance of collecting a fair share of revenue, the inability to hire, train, and retain staff, and the reorganization of offshore oversight immediately following the *Deepwater Horizon* incident. Sufficient progress was made with the establishment of BOEM, BSEE, and the Office of Natural Resources Revenue (ONRR) that GAO has declared the reorganization issues and concerns have been addressed. Interior’s revenue collection and human capital challenges remain a concern.

The Bureau has taken a number of actions to address long-term hiring and retention challenges raised in the Government Accountability Report entitled *Oil and Gas-Interior Has Begun to Address Hiring and Retention Challenges but Needs to Do More*. The Bureau is committed to hiring and retaining a highly skilled, qualified, and diverse workforce dedicated to accomplishing BSEE’s mission to promote safety, protect the environment, and conserve resources offshore through vigorous regulatory oversight and enforcement.

In FY 2016, BSEE will continue to implement its Human Capital Strategic Plan, which addresses anticipated workforce changes and gaps in critical skills and competencies. The plan defines BSEE’s goals and strategies to address its most immediate human capital priorities which are to recruit, hire, train, and deploy the very best people to accomplish the BSEE mission. Despite the Bureau’s best efforts,

disparity between the salary and incentives offered by industry and BSEE continues to be a significant challenge for recruiting and retaining engineers and inspectors.

Implementation Strategy and Performance Metrics: The BSEE has undertaken the following strategic initiatives to further enhance the management of oil and gas resources on the OCS:

Regulatory Development - Under the OCS Lands Act, BSEE is responsible for the development and updating of extensive regulations implementing authority to regulate oil and natural gas exploration, development, and production operations on the OCS. The BSEE's regulations and ongoing rulemaking activities seek to enhance safety and environmental protection in innovative ways that reflect advancements in technology and new information and thus help achieve the goals of regulating and enforcing OCS operations to compel safety, emergency preparedness, and environmental responsibility; and helping to build BSEE's capacity to keep pace with OCS industry technological improvements and reduce risk.

The foundation of this program is a set of regulations that govern offshore energy operations from engineering specifications for offshore facilities to training requirements for OCS workers. The BSEE continually reviews these regulations to update and revise them as necessary so they include the most effective requirements for safety and environmental protection on the OCS, and continues efforts to improve efficiency in its regulatory program. The Bureau has evaluated its regulatory development processes and its process for issuing Notices to Lessees and Operators (NTOs) and has implemented changes to improve the efficiency of those processes.

In FY 2016, BSEE's Office of Offshore Regulatory Programs will continue developing proposed and final rules that will improve safety and reduce risks to persons, property, and the environment while helping to conserve the resources of the OCS.

In particular, BSEE expects to complete or continue development of final rules that will, among other things:

- Improve well control and reduce safety and environmental risks from well operations by continuous review of and improvement of well design, well-control, casing, cementing, monitoring, and subsea containment requirements;
- Improve personnel safety and environmental protection on fixed OCS platforms by incorporating, and requiring compliance by operators, the latest editions of industry standards for design and manufacture of cranes used on fixed OCS platforms and for operation and maintenance of such cranes; and
- Develop additional measures specifically tailored to the operational and environmental conditions of the Arctic OCS that will ensure Arctic OCS exploration operations are conducted in a safe and responsible manner, taking into account the unique Arctic OCS conditions and Alaska Natives' cultural traditions and need to access subsistence resources.

The Bureau also expects to develop and propose new regulations that will improve safety for personnel on fixed platforms regarding the safe design and operations of helidecks and aviation fuel systems and for other helicopter-related operations on such platforms.

Standards Program

The BSEE continues to work with industry groups on standards development and assess those standards for possible incorporation into BSEE's regulations. The Bureau participates on nearly 100 different standards development committees with organizations such as the API and the American Society of Mechanical Engineers. Most of the Standards Development Organizations are in Houston, Texas, and BSEE has made a concerted effort to increase staff in Houston to ensure substantial day-to-day communication with these organizations is taking place. In addition, BSEE has identified subject matter experts from the regional and district offices to attend these meetings and provide input on standards development from the regulator's perspective. The Bureau's representation at these meetings is critical to ensure the knowledge of the content of the standards under development as well as influencing the direction and extent of the standard itself are communicated. The incorporation of consensus standards into the regulations provides efficiencies for the agency in its regulatory program. Attendance at standards meetings also ensures that BSEE is able to keep up with the latest technological advances within the industry and develop the intellectual capacity of our engineers through interaction with recognized industry experts.

In 2016 the Standards Program has the following critical objectives:

- Open channels of communication between standards committees and BSEE subject matter experts and disseminate information concerning safety, environmental, or health concerns which can be mitigated through incorporation of new or updated standards or other technological advances discussed at standards meetings.
- Ensure a detailed analysis of new and revised industry standards. This includes working with other BSEE programs to understand how the standards documents are interpreted and used by regional/district employees, identifying gaps in the standards and regulations, and providing solutions through standards documents. This also includes working with the standards committees to identify the best available technologies for enhancing safety, emergency preparedness, and environmental responsibilities; as well as ensuring those technologies are incorporated into the standards documents and regulations.

Risk-Based Inspections

The BSEE is also actively working to develop an evidence-based risk-based inspection methodology for use at various levels within the regulatory program. A pilot program will be implemented in the second quarter of FY 2015. Through the identification and quantification of risk, BSEE can identify leading and lagging indicators and improve its analysis of the effectiveness of redundant physical controls (barrier analysis). BSEE conducted an analysis of FY 2014 incident data that demonstrated that the 410 highest-risk platforms in the Gulf of Mexico OCS Region (GOMR), representing 20 percent of GOMR platforms,

accounted for 80 percent of all accident or pollution events reported to BSEE during FY 2014. These platforms also accounted for 84 percent of all major incidents such as fires, explosions, spills, fatalities, and blowouts. The BSEE is actively investigating the deployment and use of the methodology to effectively target available inspector resources. Strategies are being investigated to use this risk methodology to help prioritize inspections and to inform decisions for which SEMS audits BSEE should observe.

Safety is a priority for both BSEE staff and for operations that occur under BSEE's jurisdiction. Onsite facility inspections and enforcement actions are important components of BSEE's safety program. The Bureau has established ambitious performance targets for the thousands of inspections of OCS facilities and operations conducted each year, including coverage of tens of thousands of safety and pollution prevention components to prevent offshore accidents and spills, and to ensure a safe working environment.

The BSEE is working to refine internal controls and processes and expand the use of information and data management systems to enhance continuous offshore safety and an environmental enforcement presence. As these reforms are deployed, BSEE is able to strengthen its investigation, data analysis, and compliance and enforcement programs to enhance the identification of risk and risk-mitigation approaches. The Bureau is further advancing new protocols that emphasize risk-based oversight with the intent of identifying and focusing inspections on the "riskiest" activities and facilities and utilizing real-time monitoring technologies to improve and increase the regulatory oversight of critical offshore operations and equipment.

Real-Time Monitoring

As described in the Executive Summary, the BSEE is examining the use of real-time monitoring technologies to improve and increase regulatory oversight of critical offshore operations and equipment. The intent of real-time monitoring is to develop, test, and implement reforms that significantly improve BSEE's Inspection and Enforcement Program by using innovative technologies and risk-based inspection criteria. Over time this technology may provide an added layer of redundancy to Interior's oversight of OCS operations and substantially enhance the Department's ability to more safely and responsibly manage OCS resources.

The BSEE has contracted with the NAS to convene a study committee to review the findings from a recently completed external real-time monitoring study, along with the findings from an internal BSEE real-time monitoring study, and hold a public workshop to discuss these findings to obtain industry feedback and build consensus on the recommended path forward for real-time monitoring. The feedback from the public workshop will provide valuable input to help guide the future direction of BSEE's real-time monitoring initiative and identify gaps that require follow-up research. Real-time monitoring is an enabling technology and it raises a larger question about what the regulator's role should be in monitoring day-to-day drilling, completion, workover, and production activities. This is beyond BSEE's traditional inspection role, and the NAS is well suited to advise BSEE on this programmatic question. The NAS contract requires a final report be provided to BSEE by FY 2016, including the industry input from the public workshop and the findings by the NAS study committee.

The implementation of real-time monitoring technology also directly supports an agency goal, which is to “Build and sustain the organizational, technical, and intellectual capacity within and across BSEE’s key functions – capacity that keeps pace with OCS industry technological improvements, innovates in regulation and enforcement, and reduces risk through systemic assessment and regulatory and enforcement actions”.

Training

The BSEE Offshore Training Branch (OTB) develops and provides for the delivery of training curriculum for BSEE employees. The OTB works closely with BSEE managers, including at the regional and district levels, to ensure that the annual training requirements (as outlined in BSEE policy) for BSEE engineers and inspectors are met. Individual training records are established, maintained, and monitored for BSEE personnel.

The Bureau designs and delivers programs that both meet the unique and varied needs of BSEE inspectors and engineers and that integrate the latest technical expertise and practices of industry with rigorous safety and compliance mandates. The OTB’s efforts directly support the agency goal, “Build and sustain the organizational, technical, and intellectual capacity within and across BSEE’s key functions – capacity that keeps pace with OCS industry technological improvements, innovates in regulation and enforcement, and reduces risk through systemic assessment and regulatory and enforcement actions.”

Throughout FY 2014, 79 courses were offered with 955 participants completing 23,396 training contact hours. These statistics indicate a significant increase each year as we continue to enhance the technical competencies of BSEE engineers and inspectors.

President’s Management Agenda

The DOI supports the President’s Management Agenda to build a better government, one that delivers continually improving results for the American people and renews their faith in government. The BSEE is actively involved in the government-wide effort to bring forward the most promising ideas to improve government effectiveness, efficiency, spur economic growth, and promote people and culture. The BSEE supports achievement of the President’s Management Agenda objectives in these four pillars as described in the following paragraphs.

Effectiveness:

Customer Service

The BSEE has several key activities designed to improve services directly provided to citizens. The Bureau will continue to modernize the permitting and inspection processes through the development and maintenance of eWell, ePermits, and eInspections. These programs will streamline the application process, enhance communication, and provide more transparency in operations. eWell will allow industry to securely submit permit applications, reports and shut-in information, ePermits will enable electronic

submission of applications as well as allowing operators to pay any required fees online and provide a workflow tool to track the application process, and eInspections will automate the collection and use of inspection support documentation and results.

The BSEE is also in the planning and proof of concept phase to acquire tools to expand its Business Intelligence (BI) capabilities. One aspect of BI is the ability to provide information to the public more readily, thus giving better insight into the Bureau's activities and capabilities.

Smarter IT Delivery

All BSEE and BOEM IT investments follow established Capital Planning and Investment Control (CPIC) and IT governance processes to prioritize and select projects that best support the mission in the most cost-effective manner. The BSEE's emphasis on improving the Inspection and Enforcement Program and both Bureaus' focus on risk management are factored into investment selection decisions made by the IT governance boards.

The TIMS serves as the primary mission IT investment for BOEM and BSEE activities. The TIMS has been undergoing planned modernization to support improved data accuracy and access and enhanced risk management. Completed efforts include eWell (FY 2011-2012) and eInspections (FY 2013-2015). Intensive planning efforts are underway for the next enhancements, ePlans (BOEM) and ePermits (BSEE), which are expected to begin development in FY 2015, continuing through FY 2016 and into FY 2017. The Bureau is also queuing up several follow-on projects which are in the conceptual planning phase. In addition, BSEE is exploring comprehensive enhancements with other Bureaus, such as the BI Tools utilized by ONRR, to enhance reporting capabilities and better analyze critical data.

During FY 2016, steady state TIMS investments are expected to continue near the current level of \$14 million with ePlans and ePermits development underway. Since full requirements analysis is still in process for these projects, an accurate life-cycle cost is not yet available for these investments. The BSEE expects to have this information by the third quarter of FY 2015. The BOEM will provide the resources for ePlans and BSEE will fund ePermits. The ONRR does not contribute to these development efforts. The BSEE and BOEM program offices also directly fund specific steady state IT investments from their own budgets. In FY 2016, these investments will include Geologic Interpretive Tools (GIT), Renewable Energy Auctions, and the ESRI Block and Boundary GeoDatabase.

The IT Enterprise provides infrastructure and office automation services to BOEM, BSEE, and ONRR, with costs for those services shared across the three organizations. The infrastructure and office automation services are essential to the operation of the mission systems and the ability of staff in the three organizations to perform mission tasks. The services delivered by the Enterprise include Network and Telecommunications Services, IT Security Services, IT Service Desk, User Account Services, Systems Operations, and Continuity of Operations and Disaster Recovery Support Services.

The estimated cost for Enterprise IT Services in FY 2016 is \$20 million. This cost includes a nationwide contract for operation and maintenance of all the infrastructure related systems, office automation

applications and remote access solutions, as well as software licenses, hardware maintenance, and technology refresh of equipment.

Efficiency:

Shared Services

The BSEE provides services to Bureaus on a cost reimbursable basis. The Bureau has established a number of benchmark processes and tools to provide BOEM and BSEE management information that is critical to understanding the impacts of funding increases and decreases. The Bureau tracks and reports costs and obligations by object class, performance metrics, and workload. Both cost and performance data is analyzed against historical data to identify trends, and opportunities for efficiencies. Over the last two years, despite significant growth in staffing and activity within the programs and Bureaus supported, BSEE has maintained the operational costs associated with its administrative operations.

Improve Mission Support Operations

To enhance program accountability, the BSEE uses a combination of funding allocations and a variety of program-specific financial codes to ensure the thorough tracking of OCS-related expenditures. Funding allocations are calculated by activity and by program. This allows the Bureau to target funding in the Financial and Business Management System (FBMS) to specific geographic regions or for a specific purpose. For example, BSEE allocations include the targeting of funds for the Alaska, Gulf of Mexico, and Pacific OCS Regions as well as for the Emerging Technologies Program.

Allocations for OCS-related expenditures are determined at the beginning of each fiscal year and are based on the program or Region's past performance, future projected requirements, and new initiatives. The allocations can be modified during the fiscal year in response to unforeseen requirements and/or developments in OCS technologies, and are continuously monitored through the tracking process described above to ensure accuracy and availability of funds to support OCS-related expenditures.

Economic Growth:

Open Data and Access to High-Value Data Sets

The BSEE has been working to develop and maintain its IT investments by enhancing the Bureau's capability to collect and manage data. Through enhanced data use, BSEE will be able to make better decisions, as well as make data available to the public in an accessible way while protecting privacy, proprietary, and business confidential information.

A few of the major initiatives currently underway at BSEE are:

- The expansion of eWell to the Regions. This initiative will integrate the electronic submission of well permitting applications with the Bureau's business processes, and allow industry to securely submit permit applications, various reports, and important shut-in information.
- The deployment of eInspections. eInspections builds on a previous pilot and expands functionality to the inspection of both rigs and platforms. The Bureau conducts thousands of inspections of OCS facilities each year, including coverage of tens of thousands of safety and pollution prevention components. eInspections will greatly automate the collection and use of critical inspection support documentation and inspection results. eInspections will also provide a more efficient tool for planning and coordinating inspection workload, and provide operators a mechanism for electronically transferring information related to inspections.
- The planning and development of the ePermits system. The ePermits system will allow operators to securely submit applications and reports to BSEE for review and approval. Submitted data will be validated and checked. It will be processed through a number of automated checks that will ensure increased validity of data, while at the same time reducing processing time. The ePermits system will also allow operators to pay any required application fees online, and provide a workflow tool to facilitate the tracking of permits through the approval process.

The BSEE has begun transitioning to a data stewardship framework within the Bureau to facilitate the development and implementation of standards, policies and procedures, and improve the quality and accessibility of administrative data for analytical purposes. The Bureau works to protect proprietary and personally identifiable information (PII) through existing policies and procedures, and endeavors to update these as appropriate to maintain compliance and provide individuals and organizations the necessary assurances regarding the integrity of critical information assets. Furthermore, BSEE is working in concert with other Bureaus in the DOI and DOI staff to make progress towards a comprehensive inventory of data assets as instructed by OMB M-13-13. Finally, BSEE is moving towards substantive increases in access to high-value data assets and analytical capacity through the implementation of an Enterprise Risk Management framework and relevant software solutions, as well as various data-driven program performance evaluation and risk identification tools.

Infrastructure Permitting

The Bureau is committed to enhancing its permitting activities through the expanded use of technology. The Bureau is currently in the implementing phase for its electronic permitting system, ePermits. All of the workflow and use cases have been identified and a contractor will be providing BSEE a report on the system requirements that will be needed in February, 2015. The operations contractor will start developing the ePermit system in the third quarter of FY 2015. The ePermits system will allow operators to securely submit applications and reports to BSEE for review and approval. The system will also allow submission of both structured and unstructured data via attached documents. Data will be validated and checked by the system to ensure that only complete applications are submitted. The ePermits system will allow operators to pay any required application fees online through links to pay.gov, and will link

payment information and the permit. The system will also provide workflow as a means to track the review and approval process, document all evaluations, and provide the ability to send notifications. All applications and reports will be stored in the Bureau's electronic document management system.

The ePermits system will:

- Replace the outdated paper document system with an electronic system. Numerous applications and reports are submitted to BSEE as hard-copy documents. Upon approval, most are filed in a paper filing system. This outdated paper filing system is costly to maintain, very labor intensive, and limits access to documents. Documents are not available except at the physical file room. During events that require evacuation of the building for extended time periods, such as hurricanes, the documents are not accessible. Documents are also not available to telecommuting employees. The new ePermits system will solve this problem by ensuring that all applications and reports are reported electronically and stored in our electronic data and documents systems.
- Track application fee payment to ensure proper fee collection. Currently, BSEE requires lease operators to pay various cost-recovery application fees via a separate pay.gov system. When paper applications are submitted, a copy of the pay.gov receipt is attached to each application. Then each payment must be verified to ensure that payment receipts are not used more than once. And for cases where applications are not submitted, the Bureau must verify that a payment is not used before granting a refund. These problems are very labor intensive. The ePermits system will solve these problems by ensuring that each fee payment is properly linked to an actual application. This will ensure that fees are properly collected when required, and properly managed.
- Populate discrete data for certain permits and reports to reduce data entry and increase data validation. Currently, BSEE employees must manually input and update most data in our corporate database management system, TIMS, when permit applications and reports are reviewed. Any data issues are not discovered until the BSEE employee attempts to record the data in TIMS. This manual data entry system is costly and inefficient, and causes delays in permit review and approval. The ePermits system will solve this problem for certain types of applications and reports that include large amounts of data.
- Provide a workflow process for routing, tracking, and creating an audit chain of the permit review process. The ePermits system will provide a means to track and document all evaluations (reviews). This will increase the efficiency of evaluation for permits.
- Provide a status of all permit applications.
- Integrate with all required current modules of the TIMS.

People and Culture:

Special Pay Authority

One of BSEE's two strategic goals is to build and sustain the organizational, technical, and intellectual capacity within and across BSEE's key functions. Critical to accomplishing this goal is the Bureau's ability to recruit, develop, and retain its workforce.

As of October 2012, BSEE had 679 employees on board. Through aggressive hiring efforts, BSEE has been able to make significant strides toward recruiting and hiring to its full staffing levels, and through December 2014, has 786 employees on board. However, BSEE still has considerable recruiting and hiring to do in order to reach full staffing levels, and anticipates this effort extending into FY 2016. As a result of significant pay gaps between the Federal pay structure, and what industry can pay its workforce, it is difficult for BSEE to recruit and retain staff. Competition with private industry to recruit and retain engineers, inspectors, and other scientific job series is especially challenging. Private industry can, and does, pay significantly higher salaries.

One tool that has helped to recruit and retain the workforce it needs is the special pay rate authority provided by Congress in recent appropriations for certain critical job series. The special pay rate has assisted BSEE in competing with the higher salaries being offered by industry. The Department is currently working with the Office of Personnel Management (OPM) to administratively establish appropriate pay authority schedules that would be longer in duration and apply to a number of critical job series.

Additionally, to mitigate the challenges BSEE faces, the Bureau is utilizing all hiring and compensation flexibilities available to include recruitment, retention, relocation, superior qualifications, special hiring needs appointments, student loan repayment, and creditable non-federal/non-military service for leave accrual. Specifically, the Bureau approved a one-year, ten percent inspector group retention bonus in August 2014 to partially reduce the number of inspector resignations for higher paying industry positions.

The BSEE's FY 2016 proposal also requests funding to support the ETAC in an effort to provide employment opportunities in areas where additional talent, including post private industry career employment or re-entry into the workforce, may provide an untapped pool of talent.

Job Training and Employment Programs

The BSEE promotes training for potential and current employees who desire professional growth and career advancement. The Bureau is also dedicated to advancing talent from within through a wide range of training, mentorship, and development opportunities.

The Bureau participates in the Partnership for Public Service's Student Ambassador Program and has implemented several internship programs. These programs allow students to become familiar with the mission and functions of the BSEE offshore program and encourage career opportunities in the public sector. The Pathways Program allows students to be exposed to the work of the government through

Federal internships while pursuing their degree. Every year BSEE attends recruiting opportunities nationwide and promotes engineering internships with colleges/universities across the country. The program allows engineering students to become familiar with the mission and functions of the BSEE offshore program. The Recent Graduates Program provides developmental opportunities for those potential employees who have recently completed their studies.

Additionally, BSEE has developed a formalized Youth Program which has representation from all of its Regions and program areas. The goal of the Program is to connect Youth with BSEE's mission and the skill sets utilized in BSEE. The BSEE Youth Representatives are working on creating partnerships between local schools and facilitating teacher training and/or curriculum design for science classes related to oil and gas incidents. These training initiatives are focused on encouraging children to explore future learning opportunities within the STEM disciplines.

The Bureau's National Offshore Training Program (NOTP) provides comprehensive, multi-tiered, professional development opportunities for BSEE inspectors, engineers, and scientists to assist in providing safe and environmentally sound offshore oil and gas operations. The NOTP supports the Bureau's goals by identifying and providing up-to-date training and development opportunities to Bureau staff involved in inspecting or approving the use of new technologies for offshore oil and gas operations. The technical training is practical and focuses on the latest technology for areas such as deep water drilling and subsea operations. The classes are taught by renowned subject matter experts to ensure continued education and development that enhances professional competence and personal satisfaction.

The major goals of the NOTP are as follows:

- To design and deliver technical training programs that continuously improve the knowledge and effectiveness of BSEE's offshore inspector workforce as the front line of compliance and enforcement of offshore regulations, standards, and use of BAST.
- To provide continuous learning and training for BSEE engineers to assure that they have the latest knowledge on BAST for the approval of operating plans and departures from regulations and to be knowledgeable about, and able to partake in, the latest real-time monitoring capabilities.
- To train BSEE environmental compliance officers to assure that all current environmental regulatory practices are being met to provide maximum protection of the marine and coastal environment.

FY 2016 PERFORMANCE BUDGET

Strategic Objective Performance Summary

The FY 2016 budget request provides the resources needed to carry out the core functions of the BSEE, 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 oversight.

STRATEGIC OBJECTIVE PERFORMANCE SUMMARY

The FY 2014 - 2018 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 2014 – FY 2018 is the foundational structure for the description of program performance measurement and planning for the FY 2016 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 2016 are fully consistent with the goals, outcomes, and measures described in the FY 2014 - 2018 version of the DOI Strategic Plan and related implementation information in the APP&R.

Bureau Contribution

Within the DOI Strategic Plan for FY 2014 – FY 2018, BSEE is aligned under the third mission area: *Powering Our Future and Responsible Use of the Nation’s 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*. The 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 an annual safety incident rate of all recordable injuries (including fatalities) that are associated with BSEE-regulated activities. Beyond fatalities, recordable injuries are those injuries that require medical treatment beyond first aid, 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 operations on the OCS (200,000 man hours equates to approximately 100 full time workers).

The BSEE strategies also support DOI mission area 4: *Engaging the Next Generation and DOI's mission of Building a 21st Century Department of the Interior.*

The BSEE continues to review, update, and add to its Bureau-level performance measures. The Bureau currently also reports on the total number of compliance inspections completed and the utilization rate achieved at the Ohmsett National Oil Spill Response Research test facility each fiscal year. The BSEE's current GPRA measures, supporting measures, and their respective results are included in the following Goal Performance table. In FY 2016 BSEE will continue the work started in FY 2015 to refine and expand on program performance measures.

Table 3: Goal Performance Table

Target Codes:		SP - Strategic Plan Measures	2011 Actual	2012 Actual	2013 Actual	2014 Plan	2014 Actual	2015 Plan	2016 Request
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							
Strategic Objective Metrics / Strategic Plan Measure / Efficiency or other Bureau-Specific Measure		Type	2011 Actual	2012 Actual	2013 Actual	2014 Plan	2014 Actual	2015 Plan	2016 Request
GPRA Measures									
Amount (in barrels) of operational offshore oil spilled per million barrels produced (excluding Hurricane-related spills) (SP)		A	0.42 (est.) (243,581 million)	0.26 (est.) (141,547 million)	0.099 (47,864,882 million)	< 4.5	0.14 (est.) (73,017,506 million)	< 3.5	< 2.5
Contributing Programs		Operations, Safety and Regulation							
Comments		<p>During FY 2014, there were 21 incidents involving spills greater than 1 barrel from facilities within Federal waters and under BSEE jurisdiction. This results in a total of 73.01 barrels of operational oil being spilled in FY 2014. The Taylor Energy Platform at Mississippi Canyon (MC) 20, damaged during Hurricane Ivan, had 16 of the 21 incidents that resulted in releases greater than 1 barrel for a contribution of 41.9 barrels of the total 73.01 barrels. Response operations are ongoing at this destroyed facility including pollution domes deployed that collect most of the oil released at the site (not considered spilled). The remaining 9 incidents occurred due to equipment failure (8) and unknown causes (1).</p> <p>In FY 2013, 15 operational spill events greater than 1 barrel were reported resulting in approximately 48 barrels of oil being spilled, with the largest spill reported being approximately 15 barrels. Currently production for FY 2014 is estimated to be 482 million barrels resulting in operational and total oil spill ratios of 0.099 and 0.099 respectively.</p> <p>NOTE: Oil spill data reported are for "known" spills - and may miss many unreported (and thus unknown) spills. This 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 FY 2011 Operational Oil Spill ratio and the rate itself are both estimates. Production data for FY 2014 is estimated because of the lag time (~6 months) that exists in getting final production figures due to ONRR/BSEE production verification procedures. (506,541,040). The number and volume of spills for FY 2014 are also estimated because some investigations for FY 2014 incidents are not yet complete; when they are completed, additional information may affect the number of incidents and/or volume spilled.</p>							

Strategic Objective Metrics / Strategic Plan Measure / Efficiency or other Bureau-Specific Measure	Type	2011 Actual	2012 Actual	2013 Actual	2014 Plan	2014 Actual	2015 Plan	2016 Request
Number of Recordable Injuries per 200,000 Offshore Man Hours Worked (DOI-Regulated Activities ONLY) (SP)	A	0.30 (rev'd) (171,569)	0.332 (200/602)	0.379 (228/601)	<0.50	0.342 (est) (205/599)	<0.450	<0.400
Contributing Programs	Operations, Safety and Regulation							
Comments	<p>This 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 during DOI-regulated activities in the fiscal year for every 200,000 offshore man hours worked (which is the approximate equivalent of 100 full-time workers). In FY 2013, there were 211 recordable injuries reported for activities with BSEE's jurisdiction and the estimated number of man years worked was 68,848. These estimated results indicate that in FY 2013 there was approximately 1 recordable injury in DOI-regulated activities for every 326 full-time offshore workers. Because safety levels are best evaluated as trends over multiple years, targets for FY 2014 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.</p> <p>For FY 2014, the number of recordable injuries (BSEE primary jurisdiction) for FY 2014 was: 205 injuries; the total hours worked on the OCS for FY 2014 was: 119,824,028 hours; the number of recordable injuries (BSEE jurisdiction) per 200,000 hours worked for FY 2014 is 0.342.</p>							
Number of fatalities among workers in DOI permitted activities (BUR)	A	2	1	4	3	1	1	1
Contributing Programs	Operations, Safety and Regulation							
Comments	<p>In FY 2013, there were four fatalities among offshore workers in DOI-regulated activities. Three of the fatalities resulted from an explosion and fire on a platform in the Gulf of Mexico operated by Black Elk Energy Offshore Operations (Black Elk). The explosion and fire occurred during welding work that was being conducted as part of construction operations on November 16, 2012. The 4th fatality occurred on January 26, 2013, when a worker was fatally injured in a suspected electrical incident on a jacks-up rig at SS 170. This incident is still being investigated. There was a 5th fatality that occurred in FY 2013, however, it was a helicopter incident and was not under BSEE's primary jurisdiction. Because safety levels are best evaluated as trends over multiple years, targets for the fatalities are developed based on reducing a rolling 5-year average, which includes the FY 2010 explosion and sinking of the Deepwater Horizon drilling rig off the coast of Louisiana resulted in 11 deaths.</p> <p>On October 27, 2013, a fatal incident occurred on the "A" Platform, of Vermilion Block 200. Lease number OCS-G 9500. A 130 ton dry oil storage tank skid assembly, consisting of one (1) 16 feet diameter x 85 feet long horizontal cylindrical tank and two (2) 83 feet long flare booms mounted to and extending away from the skid at a 17-degree angle, toppled over and fell 115 feet into the Gulf of Mexico from the Vermilion Block 200 Platform "A". A welder, working for Offshore Specialty Fabricators, LLC (OSF) and performing preliminary welding cuts, was standing on the walkway attached to the top of the cylindrical tank when the skid assembly toppled overboard. The dry oil storage tank skid assembly, along with the welder, sank within minutes. A BSEE Panel Investigation has been completed and the report is published on the BSEE website.</p>							
Less than X% of total gas produced is approved to be flared or vented offshore (BUR) (Calendar Yr)	A	0.33% (6,236,550/ 1,862,844,400)	0.39% (6,070,151/ 1,563,186,639)	0.40% (5,398,399/ 1,354,464,535)	0.70%	TBD	0.60%	0.60%
Contributing Program	Operations, Safety and Regulation							
Comments	<p>Industry statistics for venting and flaring show worldwide rates ranging from 0.2 percent to 100 percent. Due to satellite monitoring and verification, flaring and venting on the OCS is kept to a minimum. Since FY 2008 U.S. rates have ranged from 0.28 percent to 0.72 percent. In April of 2010, BSEE published revised flaring and venting regulations requiring 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. The revised regulations will improve the accuracy of flaring data but may increase reported volumes. Long-term targets will be determined once data has been collected for multiple years under the revised regulations.</p>							

Strategic Objective Metrics / Strategic Plan Measure / Efficiency or other Bureau-Specific Measure	Type	2011 Actual	2012 Actual	2013 Actual	2014 Plan	2014 Actual	2015 Plan	2016 Request
Achieve a utilization rate of X% at Ohmsett, the national oil spill response test facility (BUR)	A	84% (202,240)	94% (226,240)	93% (206,222)	85%	87%	85%	85%
Contributing Programs	Oil Spill Research							
Comments	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 percent. In FY 2014 actual, available days reduced from 240 to 231 because the tank was frozen for nine days.							
Total Number of Compliance Inspections Completed (BUR)	A	20,557	23,025	24,195	25,000	21,033	21,000	21,000
Contributing Programs	Operations, Safety and Regulation							
Comments	<p>NOTE: A number of factors influenced the number of inspections. Inspections, in many cases, were more comprehensive and more occurred in deeper water. These factors lengthened the time spent on individual inspections. Additionally, 83 inspection days were lost in FY 2014 as a result of weather, primarily poor visibility resulting from fog.</p> <p>On April 30, 2010, the President directed the Secretary to conduct a 30-day review of the Deepwater Horizon event and to report what additional precautions and technologies should be required to improve the safety of oil and gas exploration and production operations on the Outer Continental Shelf. One of the key recommendations included in that report, as well as other subsequent reports, is that the BSEE needs to increase its oversight and evaluate/revise the manner in which it conducts its drilling inspections.</p> <p>Since 2010, the inspector/investigator workforce has increased over 40 percent and BSEE has begun to develop and implement a new inspection strategy that focuses on risk and the use of advanced inspection technologies. Inspection performance trends are not increasing as fast as previously planned due to an increased focus on the witnessing of complex high-risk activities (e.g., BOP testing and cement/casing activities) that consume more resources to inspect and the extended time required to hire and train new inspectors so they can independently conduct inspections and other safety/environmental enforcement work. For these reasons, it is difficult to determine how many inspections will be completed beyond FY 2015.</p>							
Conduct full Coast Guard inspections on X% of manned offshore facilities annually (BUR)	A	14.3% (141,985)	14.3% (133,932)	24% (229,959)	10%	18.3% (140,767)	10%	10%
Contributing Programs	Operations, Safety and Regulation							
Comments	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.							

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Bureau of Safety and Environmental Enforcement

Budget At A Glance Table

Bureau of Safety and Environmental Enforcement Budget At A Glance

Dollars in Thousands (\$000)

	2014 Actual	2015 Enacted	Fixed Costs (+/-)	Internal Transfers (+/-)	Program Changes (+/-)	2016 Request
Appropriation: Operations, Safety, and Environmental Enforcement						
Environmental Enforcement Activity¹	8,314	8,314		-8,314		0
Activity Total, Environmental Enforcement	8,314	8,314	0	-8,314	0	0
Operations, Safety and Regulation Activity	132,207	133,597	+883	+17,729	-441	151,768
<i>Renewable Energy Inspection Program</i>					[+750]	
<i>Engineering Technology Assessment Center</i>					[+1,726]	
<i>Management Efficiencies</i>					[-1,545]	
<i>Offsetting Collections Reduction</i>					[-1,372]	
Activity Total, Operations, Safety and Regulation	132,207	133,597	+883	+17,729	-441	151,768
Administrative Operations Activity	15,560	15,676	+247	+2,345		18,268
Activity Total, Administrative Operations	15,560	15,676	+247	+2,345	0	18,268
General Support Services Activity²	13,513	13,912	+0	-13,912		0
Activity Total, General Support Services	13,513	13,912	+0	-13,912	0	0
Executive Direction Activity	18,121	18,227	+226	+2,152	-869	19,736
<i>Management Efficiencies</i>					[-869]	
Activity Total, Executive Direction	18,121	18,227	+226	+2,152	-869	19,736
TOTAL, Operations, Safety, and Environmental Enforcement	187,715	189,726	+1,356	0	-1,310	189,772
Appropriation: Oil Spill Research						
Oil Spill Research	14,899	14,899				14,899
Activity Total, Oil Spill Research	14,899	14,899	0	0	0	14,899
TOTAL, Oil Spill Research	14,899	14,899	0	0	0	14,899
TOTAL, Bureau of Safety and Environmental Enforcement	202,614	204,625	+1,356	0	-1,310	204,671

^{1/} The FY 2016 request consolidates the Environmental Enforcement Activity into the Operations, Safety and Regulation Activity.

^{2/} The FY 2016 Request consolidates the General Support Services Activity into the remaining OSEE Activities. This realignment is calculated based on activity FTE levels.

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Bureau of Safety and Environmental Enforcement

Summary of Requirements Tables

Offshore Safety and Environmental Enforcement Appropriation

Summary of Requirements for Bureau of Safety and Environmental Enforcement (Dollars in Thousands)												
Account	2014 Actual		2015 Enacted			2016 Request			Change from CY (+/-)			
	Amount	Total FTE	Amount	Fixed Costs & Related (+/-)	Internal Transfers (+/-)	Program Changes (+/-) FTE	Amount	FTE	Amount	FTE	Amount	
Offshore Safety & Environmental Enforcement												
Environmental Enforcement^{1/}												
Direct Appropriation	3,027	30	3,027	-	-3,027	-	-	-	-	-	-30	-3,027
Offsetting Collections	5,287	-	5,287	-	-5,287	-	-	-	-	-	-	-5,287
Subtotal, Environmental Enforcement	8,314	30	8,314		-8,314						-30	-8,314
Operations, Safety and Regulation^{1/}												
Direct Appropriation	46,390	458	39,636	+883	+6,005	+12	+931				+42	+7,819
Offsetting Collections	83,817	-	93,961	-	+11,724	-	-1,372				-	+10,352
Subtotal, Operations, Safety and Regulation	132,207	458	133,597	+883	+17,729	+12	-441				+42	+18,171
Administrative Operations												
Direct Appropriation	4,990	247	5,027	+247	742	-	-				6,016	+989
Offsetting Collections	10,570	-	10,649	-	1,603	-	-				12,252	+1,603
Subtotal, Administrative Operations	15,560	247	15,676	+247	2,345						18,268	+2,592
General Support Services^{2/}												
Direct Appropriation	4,275	-	4,401	-	-4,401	-	-				0	-4,401
Offsetting Collections	9,238	-	9,511	-	-9,511	-	-				0	-9,511
Subtotal, General Support Services	13,513	-	13,912		-13,912						0	-13,912
Executive Direction												
Direct Appropriation	13,975	112	14,056	+226	681	-	-869				14,094	+38
Offsetting Collections	4,146	-	4,171	-	1,471	-	-				5,642	+1,471
Subtotal, Executive Direction	18,121	112	18,227	+226	2,152		-869				19,736	+1,509
Total	187,715	847	189,726	+1,356		+12	-1,310				859	+46
Total Direct Appropriation	72,656	847	66,147	+1,356	-	-	+62				67,565	+1,418
Total Offsetting Collections	115,059	-	123,579	-	-	-	-1,372				122,207	-1,372
Total, OSEE	187,715	847	189,726	+1,356			-1,310				189,772	+12

^{1/} The FY 2016 Request merges the Environmental Enforcement Activity into the Operations, Safety and Regulation Activity.

^{2/} The FY 2016 Request consolidates the General Support Services Activity into the remaining OSEE Activities. This realignment is calculated based on activity FTE levels.

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Bureau of Safety and Environmental Enforcement

Fixed Costs and Internal Realignment

Bureau of Safety and Environmental Enforcement Justification of Fixed Costs and Internal Realignments

(Dollars In Thousands)

Fixed Cost Changes and Projections	2015 to 2016 Change
Change in Number of Paid Days This column reflects changes in pay associated with the change in the number of paid days between 2015 and 2016.	+327
Pay Raise The change reflects the salary impact of programmed pay raise increases.	+1,034
Seasonal Federal Health Benefit Increase The change reflects expected increases in employer's share of Federal Health Benefit Plans.	+0
Employer Contribution to FERS The change reflects the directed increase of 0.5% in employer's contribution to the Federal Employee Retirement System.	+32
Departmental Working Capital Fund The change reflects expected changes in the charges for centrally billed Department services and other services through the Working Capital Fund. These charges are detailed in the Budget Justification for Department Management.	+718
Departmental Working Capital Fund ITT The change reflects expected changes in the charges for centrally billed Department services through the Working Capital Fund.	-17
Worker's Compensation Payments The adjustment is for changes in the costs of compensating injured employees and dependents of employees who suffer accidental deaths while on duty. Costs 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.	+44
Unemployment Compensation Payments 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.	+0
Rental Payments 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 Department of Homeland Security (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.	-782
O&M Increases from Moves out of GSA-Space into Bureau Space In accordance with space maximization efforts across the Federal Government, this adjustment captures the associated increase to baseline operations and maintenance requirements resulting from movement out of GSA or direct-leased (commercial) space and into Bureau-owned space. While the GSA portion of fixed costs will go down as a result of these moves, Bureaus often encounter an increase to baseline O&M costs not otherwise captured in fixed costs. This category of funding properly adjusts the baseline fixed cost amount to maintain steady-state funding for these requirements.	+0

Internal Realignments and Non-Policy/Program Changes (Net-Zero)	2016 Change
Realignment of General Support Services (from GSS Activity) This transfer will eliminate the General Support Services (GSS) activity, which is a relic of the MMS legacy organization, and reallocate those dollars to other activities. The distribution of GSS funds across the activities below is based on the proportion of positions within each budget activity.	-13,912
Realignment of General Support Services (to Operations, Safety, and Regulation) This realignment will constitute an internal transfer within the base budget from general support services to the Operations, Safety, and Regulation Activity, and the revised budget structure will be reflected in FY 2016 and thereafter. These funds are used to pay for general support services and overhead and are not associated with any FTE.	+9,415
Realignment of General Support Services (to Administrative Operations) This realignment will constitute an internal transfer within the base budget from general support services to the Administrative Operations Activity, and the revised budget structure will be reflected in FY 2016 and thereafter. These funds are used to pay for general support services and overhead and are not associated with any FTE.	+2,345
Realignment of General Support Services (to Executive Direction) This realignment will constitute an internal transfer within the base budget from general support services to the Executive Direction Activity, and the revised budget structure will be reflected in FY 2016 and thereafter. These funds are used to pay for general support services and overhead and are not associated with any FTE.	+2,152
Realignment of Environmental Enforcement (from Environmental Enforcement) This realignment will constitute an internal transfer within the base budget from Environmental Enforcement to the Operations, Safety, and Regulation Activity, and the revised budget structure will be reflected in FY 2016 and thereafter. These funds are used to pay for environmental compliance programs as well as 30 FTE.	-8,314
Realignment of Environmental Enforcement (to Operations, Safety, and Regulation) This realignment will constitute an internal transfer within the base budget from Environmental Enforcement to the Operations, Safety, and Regulation Activity, and the revised budget structure will be reflected in FY 2016 and thereafter. These funds are used to pay for environmental compliance programs (EEP) as well as 30 FTE. When incorporated into the Operations, Safety, and Regulation Activity, the funds will allow for better identification of regulatory needs for enhanced environmental compliance and closer coordination between the EEP and the Safety and Environmental Management Systems (SEMS) program.	+8,314
Total, Fixed Cost Changes	+1,356

Bureau of Safety and Environmental Enforcement

Language Citations

Appropriations 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, [\$124,726,000]\$124,772,000, of which [\$66,147,000]\$67,565,000 is to remain available until September 30, [2016]2017 and of which [\$58,579,000]\$57,207,000 is to remain available until expended: *Provided*, That this total appropriation shall be reduced by amounts collected by the Secretary and credited to this appropriation from additions to receipts resulting from increases to lease rental rates in effect on August 5, 1993, and 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 further*, That the sum herein appropriated shall be reduced as such collections are received during the fiscal year, so as to result in a final fiscal year [2015]2016 appropriation estimated at not more than [\$66,147,000]\$67,565,000.

For an additional amount, \$65,000,000, to remain available until expended, to be reduced by amounts collected by the Secretary and credited to this appropriation, which shall be derived from non-refundable inspection fees collected in fiscal year [2015]2016, as provided in this Act: *Provided*, That to the extent that amounts realized from such inspection fees exceed \$65,000,000, the amounts realized in excess of \$65,000,000 shall be credited to this appropriation and remain available until expended: *Provided further*, That for fiscal year [2015]2016, not less than 50 percent of the inspection fees 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.

(Department of the Interior, Environment, and Related Agencies Appropriations Act, 2015.)

General Provisions

(See General Provisions chapter of the Office of the Secretary 2016 budget justification.)

OUTER CONTINENTAL SHELF INSPECTION FEES

SEC. 107. (a) In fiscal year [2015]2016, the Secretary shall collect a nonrefundable inspection fee, which shall be deposited in the "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. *Facilities that are subject to multiple inspections shall pay additional fees for each inspection.* Fees for fiscal year [2015]2016 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]related to inspection of drilling rigs shall be assessed for all inspections completed in fiscal year [2015]2016. Fees for fiscal year [2015]2016 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 *for the annual fees* under subsection (b) within 60 days, with payment required within 30 days of billing. [The] *For all other fees under subsections (b) and (c) above, 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.

Justification of Proposed Language Changes

Purpose: Sec. 107. The provision provides the authority to charge Outer Continental Shelf oil and gas operators a fee for the OCS facilities that the Bureau of Safety and Environmental Enforcement inspects.

Explanation of change: The Department proposes to modify the provision to extend the authority to charge inspection fees through FY 2016 and to clarify that facilities subject to multiple inspections are subject to additional fees for each inspection.

BUREAU OF OCEAN ENERGY MANAGEMENT, REGULATION AND ENFORCEMENT
REORGANIZATION

SEC. [109]108. The Secretary of the Interior, in order to implement a reorganization of the Bureau of Ocean Energy Management, Regulation and Enforcement, may transfer funds among and between the successor offices and bureaus affected by the reorganization only in conformance with the reprogramming guidelines [for division F in the explanatory statement described in section 4 (in the matter preceding division A of this consolidated Act)] *described in the report accompanying this Act.*

Purpose: Sec. [109]108. The provision authorizes the Secretary to transfer funds among and between the successor offices and bureaus affected by the reorganization of the Bureau of Ocean Energy Management, Regulation and Enforcement.

Explanation of change: The Department proposes to modify the provision to require reporting in accordance with the reprogramming guidelines provided by the Appropriations Committees.

OFFSHORE PAY AUTHORITY EXTENSION

SEC. 118. Section 117 of Division G of Public Law 113–76 is amended by striking "and 2015" and inserting "through 2016".

Purpose: Sec. 118. The Department proposes to extend the authority established in the FY 2012 appropriation for special rates of pay for certain employees in offshore oil and gas related fields through FY 2016 as it works with the Office of Personnel Management (OPM) on a longer-term administrative solution to recruitment and retention challenges for certain occupations.

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Bureau of Safety and Environmental Enforcement

Mandatory Budget and Offsetting Collections Proposals

For a complete, detailed discussion of the Department's proposed Mandatory and Offsetting Collections Proposals, please refer to the Mandatory Proposals chapter of the Office of the Secretary FY 2016 budget justification.

Federal Oil and Gas Reforms – The 2016 budget includes a package of legislative reforms to bolster and backstop administrative actions being taken to reform management of Interior's onshore and offshore oil and gas programs, with a key focus on improving the return to taxpayers from the sale of these Federal resources and on improving transparency and oversight. Proposed statutory and administrative changes fall into three general categories: advancing royalty reforms, encouraging diligent development of oil and gas leases, and improving revenue collection processes.

Royalty reforms include evaluating minimum royalty rates for oil, gas, and similar products, adjusting the onshore royalty rate, analyzing a price-based tiered royalty rate, and repealing legislatively mandated royalty relief. Diligent development requirements include shorter primary lease terms, stricter enforcement of lease terms, and monetary incentives to get leases into production through a new per-acre fee on nonproducing leases. Revenue collection improvements include simplification of the royalty valuation process, elimination of interest accruals on company overpayments of royalties, and a permanent repeal of Interior's authority to accept in-kind royalty payments. Collectively, these reforms will generate roughly \$2.5 billion in revenue to the Treasury over ten years, of which nearly \$1.7 billion will result from statutory changes. Many States also will benefit from higher Federal revenue sharing payments as a result of these reforms.

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FY 2016 PERFORMANCE BUDGET REQUEST

Environmental Enforcement Activity

Table 4: Environmental Enforcement Activity Budget Summary

		2014 Actual	2015 Enacted	Fixed Costs and Related Changes (+/-)	Internal Transfer (+/-)	Program Changes (+/-)	2016 Request	Changes from 2015 (+/-)
Environmental Enforcement	(\$000)	8,314	8,314	-	-8,314	-	-	-8,314
	FTE	30	30	-	-30	-	-	-30

^{1/} The FY 2016 Request consolidates the Environment Enforcement Activity into the Operations, Safety and Regulation Activity.

INTERNAL TRANSFERS

The FY 2016 budget request for the Environmental Enforcement Activity is zero, a net decrease of \$8,314,000 and -30 FTE from the FY 2015 Enacted level.

Consolidation of Environmental Enforcement Activity (-\$8,314,000; -30 FTE)

The 2016 request proposes merging the BSEE’s Environmental Enforcement Program (EEP), which was previously funded through the Environmental Enforcement Activity, into the Operations, Safety and Regulation Activity. The BSEE EEP is an integral part of the Bureau’s overall increased safety initiative. Similar to the offshore (safety) inspection program, the EEP assures that industry is adopting an overall and comprehensive approach to environmental protection measures. Combining the EEP into the BSEE Operations, Safety and Regulation activities will allow for better identification of regulatory needs for enhanced environmental compliance and closer coordination between the EEP and the newly established Safety and Environmental Management Systems (SEMS) program. The merger will also allow better management and oversight of all of the compliance and inspection programs in BSEE. It will also enhance the effective use of inspection personnel and support resources (helicopters) by allowing for the maximum coordination of inspection and other compliance activities. This proposed consolidation is the next important step in adding clarity, consistency, and efficiency to the Bureau’s compliance programs and follow a change in FY 2015 to create a national program manager for the environmental compliance programs with consistent and transparent field level implementation. The EEP will continue to foster environmental compliance, inspection, investigation, and enforcement programs that assure the highest level of environmental standards for all offshore energy activities.

The BSEE plans to address budget transparency concerns with this consolidation by establishing a new “budget program code” in the financial system, which will allow the Bureau to track all environmental compliance program costs separately.

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FY 2016 PERFORMANCE BUDGET REQUEST

Operations, Safety and Regulation Activity

Table 5: Operations, Safety and Regulation Activity Budget Summary

		2014 Actual	2015 Enacted	Fixed Costs and Related Changes (+/-)	Internal Transfer (+/-)	Program Changes (+/-)	2016 Request	Changes from 2015 (+/-)
Operations, Safety and Regulation ^{1/ 2/}	(\$000)	132,207	133,597	+883	+17,729	-441	151,768	+18,171
	FTE	430	458	-	+30	+12	500	+42
Major Program IT Investments								
Technical Information Management	(\$000)	[7,355]	[10,600]				[10,600]	-
System (TIMS) ^{3/}	FTE	-	-	-	-	-	-	-

^{1/} The FY 2016 Request consolidates the Environment Enforcement Activity into the Operations, Safety and Regulation Activity.

^{2/} The FY 2016 Request consolidates the General Support Services Activity into the remaining OSEE Activities. This realignment is calculated based on activity FTE levels.

^{3/} TIMS is a BSEE owned system, which it shares with BOEM. The amounts shown are the BSEE only portion.

SUMMARY OF 2016 PROGRAM CHANGES

Request Component	Amount (\$000)	FTE
Renewable Energy Inspection Program	+750	+3
Engineering Technology Assessment Center	+1,726	+9
Management Efficiencies	-1,545	-
Offsetting Collections Reduction	-1,372	-
Total Program Changes:	-441	+12

JUSTIFICATION OF 2016 PROGRAM CHANGES

The 2016 budget request for the Operations, Safety and Regulation Activity is \$151,768,000 and 500 FTE, a net increase of \$18,171,000 and +12 FTE over the 2015 Enacted level.

Renewable Energy Inspection Program (+\$750,000; +3 FTE)

The BSEE is requesting \$750,000 and 3 FTE above FY 2015 funding for the Renewable Energy Inspection Program. This request will establish the baseline funding needed to begin to stand up the technical personnel, training, operational procedures, regulatory development, and field operations needed to meet the proposed activity in FY 2016 and early FY 2017. As the renewable energy program expands

over the next few years, the Bureau anticipates additional resources for personnel and field operation support will be necessary to ensure safe and responsible oversight for a growing industry. Renewable energy development on the OCS, primarily wind energy is expected to be an increasing source of energy to serve our Nation's needs. To date, BOEM has issued seven commercial wind energy leases on the OCS, including those areas offshore Delaware, Maryland, Massachusetts, Rhode Island, and Virginia. Additionally, BOEM has initiated auction planning for areas offshore New Jersey and Massachusetts, and is in the early planning stages for areas offshore North Carolina, New York, Oregon, and Hawaii. Interest in developing offshore wind farms has increased and is expected to accelerate. In addition to the commercial Cape Wind project offshore Massachusetts, two additional research leases for construction of small scale projects have been issued for offshore Oregon (30 Megawatts) and offshore Virginia (12 Megawatts).

The BSEE will be responsible for the inspection and enforcement of regulations for these renewable energy facilities. Several other leases are expected for the development of multiple wind farms along the East Coast within the next decade. In addition, BOEM has initiated two rights-of-way grant processes on the Federal OCS; a proposed transmission backbone project that would run from Virginia to New York, and a cable project that would support a wind project to be located in Rhode Island State waters. These are areas of the Federal OCS where there has been minimal ocean energy activity to date, therefore BSEE must develop new standard operating procedures and coordination with State and local authorities along the East Coast to ensure a strong and effective environmental and safety enforcement regulatory program. It is critical that BSEE be prepared to initiate and fully support a new Renewable Energy Inspection, Verification, and Support Program.

The BSEE's support of the Renewable Energy Program has so far been focused on developing engineering and worker safety standards, developing plan submittal guidance, and providing ad hoc technical reviews of Project Plans, Site Assessment Plans, Construction and Operations Plans, and facility design documents. The BSEE also has the responsibility of establishing guidance for and reviewing oil spill response plans for renewable energy facilities on the OCS and ensuring compliance with oil spill preparedness regulations. However, though the Program has begun moving towards operations, BSEE anticipates a growing need for future resources to support the Program as BSEE assumes a larger role regulating the installation of and inspecting the offshore renewable energy facilities and performing its preparedness verification functions, which will entail plan reviews at various permitting phases, unannounced exercises, equipment inspections, and training audit functions.

Based on BOEM's planned Renewable Energy Program, BSEE anticipates that in FY 2015, it will begin actively supporting several renewable energy projects projected to move into the construction/operating phase over the next few years, primarily off the Atlantic coast. Design and construction standards which incorporate the recommendations of BSEE's renewable energy research projects funded by BOEM, as well as emerging technologies and best practices, will need to be developed. Support for regulation development for renewable energy projects is needed, and inspection requirements for the offshore facilities will need to be refined. The technology and systems supporting the OCS renewable energy facilities are significantly different from those supporting OCS oil and gas. The systems consist of complex arrangements of sub-systems including structures which are installed outside of any protective environment and whose reliability and performance is affected by direct interaction with the natural

environment. Therefore, BSEE anticipates the need to establish an OCS Renewable Energy Inspection Program with staff that possess different skill sets, primarily civil and electrical engineering, with specialized experience and training.

Benefits: Securing America's energy resources by developing the Nation's renewable energy potential is top priority for the American public, in order to support a growing economy and protect national interests while reducing dependence on foreign oil and climate changing greenhouse gas emissions. The BOEM, with assistance from BSEE, is taking aggressive actions to establish the foundation for OCS renewable energy development by conducting the necessary baseline studies, monitoring studies, and issue-specific studies. As BOEM's continued leasing leads to the approval and subsequent construction of offshore renewable energy projects, BSEE will be required to have the inspection and enforcement resources in place to effectively oversee offshore renewable energy operations. Establishing funding for this program in FY 2016 will facilitate a smooth transition to BSEE oversight of inspection and enforcement activities, assuring full functionality as renewable energy facilities are brought into operation on the OCS.

Engineering Technology Assessment Center (+\$1,726,000; +9 FTE)

The BSEE is requesting an increase of \$1.7 million and 9 FTE above FY 2015 funding for the Engineering Technology Assessment Center (ETAC). The ETAC will provide BSEE with the opportunity to develop a program with top-level engineering expertise to support BSEE decision making at all levels of the organization. One of the most difficult hurdles to gaining and retaining the engineering skills needed by the Federal Government to continue to effectively manage the offshore oil and gas program is the ongoing competition with industry for engineers with expertise in up-to-date technology. Although there will always be a dynamic equilibrium of engineering expertise and skills within BSEE, the ETAC is designed to provide BSEE with a 4-pronged approach to gaining and retaining these skill sets regardless of personnel changes. First, being located in Houston, the ETAC will allow current BSEE staff engineers, from the ETAC and from the Regions, to work collaboratively on a day-to-day basis with equipment manufacturers and industry engineers on joint research and technical engineering assessments so that BSEE engineers can continue to increase their knowledge in cutting-edge technology.

Second, BSEE will use the ETAC to recruit engineering students and recent college graduates who, by virtue of their studies, have knowledge of newer technologies, but have not yet had field experience in applying that knowledge. This cadre of engineers would also participate in the collaborative engineering assessments, which will allow BSEE to "grow its own" expertise and provide continued learning. Although we are likely to eventually lose some of these students to industry, some will also be retained.

Third, BSEE will use the ETAC and its location in Houston to recruit and attract end-of-career industry engineers who have a great deal of valuable experience, but now desire the stability of a Federal career, being home-based in Houston, or are interested in using their experience and knowledge in public service.

Finally, the requested funding will also allow BSEE to establish a vibrant and focused contracting effort in the ETAC that will provide the capability to quickly bring specific engineering expertise on board as needed for evaluation of projects and industry proposals that use new technologies, material, or procedures.

Benefits: The benefits of an ETAC are significant. It will allow the agency to develop a more robust assessment and evaluation of industry proposals, especially for proposals using new technology in harsh and difficult environments. The ETAC will also provide additional engineering support for the Director and the regional offices, as it will be able to respond to increased workloads or unusual engineering proposals. It is also intended that the ETAC will collaborate with the newly established Ocean Energy Safety Institute (OESI), located in College Station, Texas, for the mutual benefit of both organizations. In addition, the engineers in the ETAC will also serve as subject matter experts for BSEE in its interactions with the Standards Development Organizations located in Houston, which are developing equipment and material standards that may be incorporated into BSEE regulations.

The BSEE continues to compete with industry for the technical expertise needed to make informed engineering decisions about industry proposals for activities in harsh environments, such as ultra-deep water and high temperature/high pressure areas. Advancing new technology such as more complex and higher technology subsea completions and managed pressure drilling will require that the agency has the expertise available to evaluate and provide recommendations to BSEE management prior to approval of industry proposals.

Management Efficiencies (-\$1,545,000): Programs will absorb these costs through greater efficiencies, cost savings, and administrative adjustments.

General Reduction – Changes in Offsetting Collections (-\$1,372,000; 0 FTE):

- **Rental Receipts (-\$1,013,000; 0 FTE):** This decrease in rental receipts revenue results from an anticipated decrease of \$1.0 million from the FY 2015 Enacted amount of \$50.4 million. The decline in estimated rental receipts is primarily the result of a projected decrease in the number of rental bearing tracts that reflect an ever changing pool of leases that fluctuates annually. Rental receipts are one type of three different offsetting collections credited to the BSEE OSEE account to help defray the cost of operations.
- **Cost Recovery Fees (-\$359,000; 0 FTE):** This decrease in cost recovery fee revenue results from an anticipated decrease of \$359,000 from the FY 2015 Enacted amount of \$8.2 million. The decline in estimated cost recovery fees reflects the trend of actual collections and associated workload requirements. These fees are one type of three different offsetting collections credited to the BSEE OSEE account to help defray the cost of operations.

INTERNAL TRANSFERS

Consolidation of Environmental Enforcement Activity (+\$8,314,000; +30 FTE)

The 2016 request proposes merging the BSEE's Environmental Enforcement Program (EEP), which was previously funded through the Environmental Enforcement Activity, into the Operations, Safety and Regulation Activity. The BSEE EEP is an integral part of the Bureau's overall increased safety

initiative. Similar to the offshore (safety) inspection program, the EEP assures that industry is adopting an overall and comprehensive approach to environmental protection measures. Combining the EEP into the BSEE Operations, Safety and Regulation activity will allow for better identification of regulatory needs for enhanced environmental compliance and closer coordination between the EEP and the SEMS program. The merger will also allow better management and oversight of all of the compliance and inspection programs in BSEE. It will enhance the effective use of inspection personnel and support resources (helicopters) by allowing for the maximum coordination of inspection and other compliance activities. This proposed consolidation is the next important step in adding clarity, consistency, and efficiency to the Bureau's compliance programs and follow a change in FY 2015 to create a national program manager for the environmental compliance programs with consistent and transparent field level implementation. The EEP will continue to foster environmental compliance, inspection, investigation, and enforcement programs that assure the highest level of environmental standards for all offshore energy activities.

The BSEE plans to address budget transparency concerns with this consolidation by establishing a new "budget program code" in the financial system, which will allow the Bureau to track all environmental compliance program costs separately.

General Support Services Activity Realignment (+\$9,415,000; 0 FTE)

The FY 2016 request proposes to realign funds previously requested for BSEE's General Support Services (GSS) Activity funding into the supported programs based on current FTE levels. The GSS Activity, a relic of the MMS legacy organization, does not accurately reflect actual administrative costs, as evidenced by the discrepancy reported in each of the 2014 and 2015 annual budget requests in Appendix A. The GSS funds provide a portion of the Bureau-wide infrastructure support to include infrastructure costs associated with office space, security, utilities, and voice/data communications for that portion of BSEE FTE that is not covered by reimbursable service agreements. No FTE are directly charged to the GSS activity. The proposed realignment of funding associated with GSS activity will not result in expansions of administrative needs but rather afford BSEE some flexibility in assessing administrative costs. Program managers will have incentives to manage supported programs so as to minimize the impacts of administrative assessments to mission critical programmatic activities. Oversight over the total administrative budget will continue to be closely managed by the Bureau. This internal transfer within the base budget is reflected in FY 2016 and future budget requests will continue to reflect program assessments in the Greenbook as required by annual appropriations.

PROGRAM OVERVIEW

The BSEE works to assure that energy and mineral development activities are conducted in a safe and environmentally sound manner, with safety being at the forefront of all activity on the OCS. The Bureau continually seeks operational improvements that will reduce the risks to offshore personnel and the environment. Coordinated efforts target the areas of greatest risk for compliance and enforcement actions. Additionally, BSEE continues to evaluate procedures and regulations to stay abreast of industries' technological advances in order to promote safe and clean operations and conserve the

Nation's natural resources. These functions include Regulatory Development, Standards Development, Review and Approval of OCS Permits, Inspections, Investigations and Risk Management, Safety and Environmental Management Systems, Real-Time Monitoring, Conservation Management, Emerging Technologies Evaluations, Compliance and Enforcement, and Oil Spill Response Planning and Preparedness.

During FY 2015, BSEE began an effort to strengthen internal controls and to better track and demonstrate results for these mission-critical operations. As a result, BSEE is identifying national program managers with direct lines of responsibility for managing major program functional areas. The goals of this effort are to promote transparency, consistency, predictability, and accountability for national programs, and consistently develop program policies, procedures, and accountability and performance measures for major program functional areas.

PERFORMANCE OVERVIEW

Regulatory Development: 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 numerous aspects of offshore oil and gas operations, from engineering specifications to training for workers on offshore facilities. The BSEE will continually review these regulations, and update and revise them as necessary, to ensure they include the most effective requirements for safety and environmental protection on the OCS. The BSEE will also continue its efforts to improve its rulemaking efficiency. These efforts will focus on the identification and evaluation of regulatory needs; streamlining the regulatory development process to ensure that risk-based, high quality, enforceable, and legally defensible regulations are generated in a timely manner; and streamlining the incorporation of new and updated industry standards into regulations. The BSEE will continue to coordinate its regulatory efforts with the USCG and other agencies to avoid unnecessary duplication and to maximize consistent and efficient regulation of OCS activities. Beyond prevention, BSEE is also reviewing oil spill abatement and subsea containment to reduce the duration of spills from oil exploration, development, and production infrastructure.

The BSEE's rulemaking efforts will be prioritized based on a comprehensive review of the existing oil and gas regulations and on review of safety and environmental risks, new developments in industry practices and OCS technology, results of research projects by BSEE and its contractors, and information about other changing circumstances. In addition, BSEE will continue to work with industry groups on standards development and will assess relevant standards for possible incorporation into BSEE's regulations. The regulatory approach will continue to use performance-based regulations wherever they can be effectively implemented, which will allow BSEE to take a hybrid approach to regulating industry. Using performance-based regulations in a hybrid model will enable BSEE to hold industry accountable for attaining its safety and environmental protection goals without being prescriptive.

Specific regulatory efforts will address: installation, maintenance, and decommissioning of DOI-regulated OCS pipelines; production measurement to ensure an accurate assessment of royalties; updating oil spill planning and response requirements; requiring summaries of decommissioning costs for OCS facilities;

requirements for exploratory drilling activities in the Arctic OCS that reflect unique Arctic conditions and respect Alaska Natives' culture and traditions; revisions in regulations to ensure that operators use BAST; potential improvements to the SEMS rules regarding process safety, performance of audits, and sharing of information; possible safety issues related to helicopters and helipads on fixed platforms; and updates to inspection and enforcement provisions to ensure BSEE can use a full range of tools for regulatory compliance.

In addition to its continued focus on oil and gas regulation, BSEE will be expanding its efforts with respect to offshore renewable energy. While the BOEM continues to implement the existing renewable energy program, there are currently no operational units on the OCS. Both BSEE and BOEM have established a team to plan for division of the current regulatory responsibilities between BSEE and BOEM and to consider a possible new BSEE regulatory structure. The BSEE is also initiating evaluation of a methodology for including facility inspection capabilities for renewable energy facilities into existing oil and gas inspection and compliance programs and for developing appropriate regulatory authorities and appropriations language to support safe and environmentally responsible renewable energy development on the OCS.

Standards Development: In 2012, BSEE formed and began to staff a new Standards Development Section in response to recommendations related to the *Deepwater Horizon* event. This Section, under the Regulations and Standards Branch in the Office of Offshore Regulatory Programs actively participates with external Standards Development Organizations (SDOs) to develop new or revised standards for safety and environmental protection on the OCS. In addition, a directory of over 50 subject matter experts has been compiled from all of the BSEE regional and district offices to assist in Standards Development. Further, to minimize travel costs associated with SDO meeting attendance, in 2014 BSEE located a total of five FTEs in Houston, Texas, where most of the SDO meetings are held. This Section assists BSEE by optimizing the use of national and international standards in regulations for safe and environmentally sound development of OCS resources; collaborating with SDOs to expedite the incorporation of industry standards into BSEE regulations; increasing BSEE's knowledge and awareness of standards related to oil and natural gas development on the OCS and their applicability to the regulatory regime; and facilitating BSEE's ability to provide input on the standards. The organization has also been tasked with establishing more effective communication links with international standards organizations that can provide additional information to BSEE on the use of BAST standards in international energy development programs.

Review and Approval of OCS Permits: Reviews of permits help to ensure that all OCS operators comply with regulatory standards and specific lease stipulations. The BSEE performs detailed technical and environmental reviews of permits for the exploration, development, and production of hydrocarbons from OCS lands, as well as permits for other activities such as the installation of pipelines. The BSEE also performs reviews of oil spill response plans to cover all oil and gas production infrastructure in both Federal and State offshore waters of the U.S. The ongoing effort by BSEE to develop performance-based operating regulations can reasonably be 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 regulations would provide. The BSEE will be required to commit a substantial and increasing amount of

resources to these assessments in order to evaluate an operator's proposed alternative, verify adherence to approved plans, and determine effectiveness of technologies and procedures employed. To help manage the expected increase in permitting workload and optimize permit process time, BSEE has accelerated its effort to implement an ePermitting program that will allow BSEE to leverage information technology to collect, process, and approve OCS permits. The result of this ePermitting effort will be reduced operator rework and requests for information; easier and more complete operator submissions, processing, and workload management; improved internal and external notifications; and, improved tracking of permits.

Inspections, Investigations, and Risk Management: 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 BSEE is working to institutionalize and standardize various risk-based approaches to inspection strategies to move from more qualitative analyses of potential risks to a more quantitative approach. 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 enforce its safety regulations designed to prevent blowouts, fires, spills, and other major accidents. The increases to inspection and oversight, most notably on drilling operations, combined with the increase in OCS oil and gas activities in the Gulf of Mexico, Pacific, and Alaska Regions have required that BSEE increase its inspector workforce and grow their skill base. Additionally, BSEE's inspection philosophy is evolving to promote a focus on the higher risk oil and gas activities.

While safety is the highest priority for BSEE, mitigation of an oil spill follows closely. To that end, the BSEE is also actively engaged in the inspection of oil spill response equipment that is located on offshore platforms, at equipment bases throughout the coastal regions of the U.S., and moored at ports. Each year, BSEE staff visits sites to verify the geographic distribution, maintenance, testing, and condition of the equipment. The BSEE has historically inspected major equipment designed for offshore operations. The agency is now inspecting second-tier oil spill removal organization under retainer by plan holders as well. Inspections are scheduled based upon many factors such as a company's worst case discharge scenario, lessons learned from unannounced exercises, and reports on an Oil Spill Response Organization's (OSRO) performance during actual spill responses. All inspections are tied to a specific operator who is subject to an enforcement action that is another factor used during annual operator performance reviews conducted by regional and district operations staff.

The BSEE is also actively working to develop a risk-based inspection methodology for use at various levels within the regulatory program. The Bureau plans to use the information gleaned from an ongoing risk correlation analysis to learn more about the relative risks posed by discrete offshore oil and gas activities. The BSEE will then use the updated risk model to identify and focus Bureau inspections on the "riskiest" activities.

To meet the growing manpower demands, BSEE has engaged in an aggressive hiring effort to ensure its capability to achieve our scheduled and unscheduled inspections. The BSEE's inspection workforce has nearly doubled since 2010 to a total of 110 on board as of September, 2014. Continued growth in the

inspectors' ranks will increase the demand and costs associated with our employee health and safety standards program for inspectors and inspector training program, both for new hires and refresher training for experienced personnel. In response to this need, BSEE established a National Offshore Training Program to improve how we provide the inspection workforce with the tools required to successfully perform their inspection duties while minimizing costs.

Significant progress on eInspections has been made since a pilot program was launched in select locations within the Gulf of Mexico Region to test a computer based tool for documenting the inspection process and results, including the development and internal deployment of the Incidents of Non-Compliance (INC) Response application. The INC Response application is used by operators to respond to incidents of non-compliance that are issued by BSEE inspectors during the inspection process. Operators will be able to view INCs issued to them; submit an informal appeal by requesting an INC rescission; request extension to complete the work; or resolve the issue and report the correction. At the same time, the application will allow BSEE personnel to review the operators' response and take appropriate action. System capabilities include: automatic notifications via email for status changes and pending actions, attaching supporting documents (e.g., picture, files, etc.) to electronically submitted INC Responses, and storing in the Electronic Document Management System (EDMS). Additional eInspections applications in various development/deployment phases include one that will allow BSEE to replace the current TIMS-based forms for creation and maintenance of inspection information for Rigs, Facilities, and Meters, along with inspection-related data such as questions, Potential Incidents of Non-Compliance (PINCs) lists, Fire Systems and Component management as well as an application that will allow operators to electronically submit facility safety system components data, along with Safety Analysis Function Evaluation (SAFE) chart and flow schematics, for review and approval by BSEE personnel.

In FY 2012 BSEE initiated an effort, which was expanded in FY 2013 and FY 2014 to identify leading and lagging and other key performance indicators to support risk-based inspections and to develop next-generation enforcement tools. The BSEE collaborated with Argonne National Laboratory to evaluate historic PINCs/INC to assess patterns that may be a gauge for identifying leading or lagging indicators of safety deficiencies. In addition, BSEE has initiated discussions with the various organizations to evaluate the existing "near-miss" programs in use. In FY 2013, BSEE established an interagency agreement with the Bureau of Transportation Statistics (BTS) to conduct a confidential near-miss program for the OCS, which would take advantage of BTS's authorities under the Confidential Information Protection and Statistical Efficiency Act to protect the confidential data.

The BSEE has the responsibility under OCSLA to conduct investigations and prepare a report of incidents associated with OCS development. The purpose of an investigation is to identify the cause(s) of the incident and to make recommendations to prevent their recurrence and the occurrence of similar incidents. The BSEE conducts an initial onsite investigation for many of the incidents reported and reviews all incidents reported to determine whether or not they will be investigated. In FY 2014, 102 incident investigations were completed. As a result of incident investigation report recommendations and other inspections and enforcement activities, BSEE publishes Safety Alerts to inform the offshore oil and gas industry of the circumstances surrounding an incident or near miss and to provide recommendations that will help prevent the recurrence of a similar incident on the OCS. Incident investigation reports may also recommend that the Bureau consider new or revised regulatory or

inspection actions or other initiatives. Through active coordination amongst various government agencies such as the USCG, BSEE promotes effective utilization and coordination of respective investigative resources.

Safety and Environmental Management Systems: It has been approximately four years since BSEE first promulgated regulations that required regulated parties on the OCS to develop and implement a SEMS. This performance-based program, the cornerstone in BSEE's move toward a hybrid regulatory approach, is designed to help drive the safety and environmental performance of OCS oil and gas operators and contractors beyond attaining full compliance to BSEE regulations. The BSEE SEMS program, which is modeled after international programs for quality, safety, and environmental management systems, incorporates the elements of American Petroleum Institute's Recommended Practice 75 to focus both industry's and BSEE's attention, resources, and initiatives on recognizing and managing the impacts of human behavior, organizational structure, leadership, standards, processes and procedures, as well as an underlying safety culture to promote continuous improvements in safety and environmental performance.

November 15, 2013, marked the end of the first SEMS Audit Cycle. The overall finding of the first cycle of SEMS audits is that OCS operators have implemented a SEMS program. Of the regulated operators, 86 percent were able to successfully demonstrate through a formal audit that the required SEMS program was in place and being implemented. Only three operators, representing approximately 4 percent of the OCS operators, are still out of compliance. These companies remain under enforcement orders.

However, the current compliance rate of 96 percent tells only a small part of the story. The system maturity and level of SEMS awareness and understanding amongst operators vary significantly. For companies that have long-standing, established internal SEMS as part of their corporate culture, the response to the BSEE SEMS regulations (30 CFR 250 Subpart S) generally consisted of companies mapping their internal program elements to the requirements of the regulations. More importantly, the requirement to submit a report of the SEMS audit to BSEE gave many companies the opportunity to evaluate internal programs and processes against a Government standard, and reinforce the importance of and commitment to the SEMS program within their workforce. For those organizations where 30 CFR 250 triggered a first effort to develop and implement a formal SEMS, the focus was more on fulfilling the requirements of Subpart S rather than developing a tool to manage respective operating health, safety, and environmental (HSE) risks.

A key observation from the first cycle of SEMS audits was the recognition that the maturity of the SEMS program must be taken into account when developing the audit protocols and conducting the audit. The BSEE will be using a risk-based approach, where the greatest increase of safety could be initiated which will allow it to apply its resources more effectively. The BSEE will be able to assess the progress of implementation, identify those elements that are progressing as planned, and focus on the elements where additional management attention or resources are needed.

The BSEE expects that implementation of the SEMS II Final Rule of April 2013, which mandates the use of an accredited third party audit service, will help improve audit quality during the second audit cycle. Operators must comply with the auditing requirements under 30 CFR § 250.1920 by June 5, 2015.

Areas where BSEE will be focusing attention during the second audit cycle include:

- Encouraging operators to improve audit results through formal and informal dialogue, focusing on reporting best practices as well as deficiencies.
- Publishing guidance, such as NTLs, for program implementation, auditing, and measuring program maturity and effectiveness so that BSEE can more effectively report on progress against baseline criteria.
- Incorporating a SEMS maturity measure or performance indicator into the SEMS audits in order to more realistically assess progress of SEMS implementation and effectiveness both at the individual operator level as well as for the OCS as a whole.
- Continuing to work with the Center for Offshore Safety to improve its widely-used audit protocol and encourage a more comprehensive analysis for each item.
- Using BSEE personnel as audit observers and to independently assess SEMS implementation and overall safety culture of the OCS facilities.
- Engaging operators to discuss recognized best practices and sharing lessons for the benefit of OCS HSE performance industry-wide.
- Conducting focused audits on critical process elements.

Real-Time Monitoring: The purpose of the real-time monitoring program is to develop, test, and implement reforms that significantly improve and increase the regulatory oversight of critical offshore operations and equipment by strengthening the Inspection and Enforcement Program at BSEE. This can be accomplished by using innovative technologies and using risk-based inspection criteria to supplement BSEE's current inspection program. Use of real-time monitoring technology and facilities to monitor OCS oil and gas drilling, well-completion, well workovers, well servicing, and other rig related operations will help to meet the BSEE mission.

The BSEE is also considering other real-time monitoring opportunities not associated with onshore monitoring facilities and is currently working to determine which available real-time monitoring opportunities would provide the best return on the investment and which activities require on-site inspectors. Initially, the focus will be on high risk activities involving deepwater drilling and casing/cementing. The use of real-time monitoring will allow BSEE to quickly shift technical resources to evaluate these operations wherever they occur.

The importance of incorporating real-time monitoring into BSEE's regulatory program is demonstrated by the DOI including a provision in the British Petroleum (BP) settlement that requires the company to maintain a Real-Time Monitoring Center in Houston and provide BSEE with access to the facility. The Bureau is also determining if regulatory action is needed to ensure that the agency has complete access to other industry real-time monitoring facilities and whether BSEE needs to take additional steps to ensure

that industry expands the use of real-time monitoring technology to address issues such as equipment reliability.

The BSEE has contracted with the NAS to convene a study committee to review the findings from a recently completed external real-time monitoring study, along with the findings from an internal BSEE real-time monitoring study, and hold a public workshop to discuss these findings to obtain industry feedback and build consensus on the recommended path forward for real-time monitoring. The feedback from the public workshop will provide valuable input to help guide the future direction of BSEE's real-time monitoring initiative and identify gaps that require follow-up research.

Real-time monitoring is an enabling technology and it raises a larger question about what the regulator's role should be in monitoring day-to-day drilling, completion, workover, and production activities. This is beyond BSEE's traditional inspection role, and the NAS is well suited to advise BSEE on this programmatic question. The NAS contract requires a final report be provided to BSEE by FY 2016, including the industry input from the public workshop and the findings by the NAS study committee.

Conservation Management: As a steward of the Nation's OCS oil, gas, and 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.

Emerging Technologies Evaluations: The BSEE continues to promote identification of and use of BAST 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's efforts to advance the technology may involve any aspect of energy and mineral operations, particular attention is given to oil and gas drilling well control, high-pressure high-temperature applications, and critical safety equipment and operations. Under the Emerging Technologies program, BSEE furthers the investigation of new technologies, incidents involving equipment with quality control (QC) concerns to promote safe, pollution-free operations and prevention of oil pollution and the improvement of oil spill response and clean-up.

The BSEE focuses its efforts to identify high-risk components and systems, such as BOPs (well control) to ensure that industry is applying BAST in those areas where overall risks may be reduced. To take advantage of and leverage expertise from other Federal resources, BSEE utilizes its Interagency Agreement (IAA) with the DOE's National Laboratory System to collaborate on studies involving risk-based decision making and assessment of safety critical control equipment applying to offshore components, systems, and procedures. The studies from this collaboration are expected to provide BSEE with information to aid the current and future inspection workforce and provide regional engineers with the tools to improve the way the use of BOPs and other critical safety equipment are assessed and approved since these devices are considered to be major lines of defense for well containment and other safety operations.

In addition, BSEE and the National Laboratory continue the development of procedures for performing barrier analyses of offshore oil and gas structures similar to those performed in the nuclear industry. The use of these studies will allow BSEE to better define and interpret the risks associated with the various physical barriers and then develop guidance, regulations, or standards that will reduce the associated risks. The barrier analyses will inform BSEE about those systems where there are inadequate redundant barriers to accidental release of hydrocarbons and/or identify components that could be candidates for review for failure analysis, lifecycle, systems performance reliability, and/or BAST.

The BSEE continues to promote dialogue with industry and other stakeholders toward advancement of the BSEE BAST program. The BSEE continues to call on the OESI to hold a series of technical forums to gather information from experts and stakeholders to inform and assist BSEE in developing its comprehensive BAST Program. The goal of the BAST Program is to increase the performance of critical safety and process control equipment, systems, and technologies through testing, verification of test results and validation of equipment per manufacturer and equipment user's claims.

Of equal importance under the BAST program, will be the standardizing of this equipment and systems for more predictable and safer operations. The BSEE further promotes safe, pollution-free operations on the OCS performing technical evaluations of equipment, systems with QC, improper "fit for service," performance reliability concerns involved with repeated incidents and reported concerns. The technical evaluations may recommend the following: changes to BSEE's policy, procedures, and regulations; changes to improvements of industry standards' requirements or development of new standards; as well as advanced technology studies and improvements to identify component candidates for BAST.

The OESI may also be called upon to assist with implementation of suggested advanced technology studies recommended from the technical evaluations.

The BSEE continues to actively seek opportunities for joint projects to leverage available funds and disseminate research findings. Participation in jointly funded projects with industry, other Federal and State agencies, academia, and international regulatory organizations has become an important mechanism for BSEE to improve its understanding of important safety issues. In FY 2013, BSEE continued to participate in several joint projects and plans to continue to seek opportunities to leverage available funds through joint projects with other organizations. For example, BSEE is working with the DOE on projects such as early kick detection and advanced downhole signaling transmission and is anticipated to be a 60 percent partner in this effort.

Compliance and Enforcement (including Environmental Enforcement Program): An essential part of any regulatory program is the provision of compliance assistance and enforcement in cases where safety and environmental regulations are not complied with. The BSEE employs a number of tools, including issuance of incidents of non compliance, penalties and orders to underscore the importance of safe operations and environmental stewardship to create a level playing field for all operators. The BSEE also conducts annual performance reviews of each operator as a way to address recurring safety and environmental concerns.

A key component of the reorganization and reform efforts is the identification of how BSEE can improve its investigation, analysis, regulatory, inspection, and compliance programs based on risk considerations. 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 continue to look for improvements to enhance its programs.

The BSEE is also actively developing a risk-based methodology for use at various levels within the regulatory and enforcement program. In 2015, BSEE anticipates that an evidence-based risk analysis methodology for production facilities will be deployed and tested in the field. The deployment and use of this analysis will allow BSEE to directly and effectively target available inspector resources. Through the identification and quantification of risk, BSEE can identify leading and lagging indicators, and improve its analysis of the effectiveness of redundant physical controls (barrier analysis).

In the 2016 budget, BSEE proposes to merge safety and environmental enforcement activities to ensure consistent and efficient coordination of enforcement actions. The EEP is responsible for both the Bureau's own compliance with National Environmental Policy Act (NEPA), Endangered Species Act (ESA), Marine Mammal Protection Act (MMPA), and Tribal consultation requirements and the oversight and enforcement of activities by operators on the OCS. Combining the EEP into the BSEE Operations, Safety and Regulation activity will allow for better identification of regulatory needs for enhanced environmental compliance and closer coordination between the EEP and the newly established SEMS program. The merger will also allow better management and oversight of all of the compliance programs in BSEE.

Though the program's resources have so far been largely dedicated to ensuring the timely processing of BSEE permits, the EEP has established procedures and pursued approximately 200⁺ environmental violation cases detected since October 1, 2011. These include violations associated with NEPA, OCS Lands Act, Clean Air Act, Clean Water Act, ESA, MMPA, Magnuson-Stevens Fishery Conservation and Management Act, and the National Historic Preservation Act. This also includes the assessment of the first environmentally specific civil penalty in the history of offshore regulatory activities (\$140,000) that did not include a significant oil spill. These statistics are extremely important when considering that from 2002 to 2011 only four enforcement actions were conducted for environmental noncompliance.

Funding received by the EEP in 2015 is being used to coordinate and target compliance and enforcement actions to address the greatest areas of risk as well as to acquire data and technology for tracking, verifying, and enforcing compliance.

Oil Spill Response Planning and Preparedness: The Oil Spill Preparedness Division (OSPD) provides continual oversight to ensure owners and operators are prepared to respond to an oil spill to the maximum extent practicable. Oversight begins at the time an application to drill is submitted and extends through the plugging and abandonment of all wells and removal of facilities. The OSPD has the responsibility of ensuring that the offshore operators and response community have the necessary equipment, resources, training, and established plans to carry out an effective, efficient response to a worst case discharge from an offshore source. Division staff fully integrates into activities of the National Response System through appointment to positions on the National Response Team Preparedness Subcommittee, Scientific and

Technical Committee, Regional Response Teams affecting policy for the Gulf of Mexico, Pacific, and Alaska Regions, and applicable Area Committees. The OSPD personnel also work on international plans to ensure coordination among nations during incidents that cross national boundaries. This coordination takes place through active work with the Arctic Council, Emergency Prevention, Preparedness, and Response Working Group which includes participants from seven Arctic Nations, and participation in preparedness activities governed by separate treaties with Canada and Mexico.

In FY 2014, OSPD conducted 231 plan review activities to ensure the 1,244 approved Oil Spill Response Plans remain updated. These activities are triggered by significant changes to an operator's response plans/capabilities or to meet recurring update requirements during the entire lifecycle of an offshore oil and gas facility. The OSPD also conducted equipment validation inspections at over 50 storage sites, attends between 30 and 60 industry lead exercises, and initiates as many as 20 unannounced government led exercises each year to ensure plans are executable. In addition, the Division commits time to daily monitoring, tracking, and investigation into approximately 1,500 self-reported offshore spills a year maintaining a record for risk analysis and targeted proactive enforcement actions.

Internal and external coordination is imperative to strengthening the Nation's readiness for an oil spill. The BSEE collaborates with other Federal and State response agencies when reviewing oil spill response plans. The BSEE also collaborates with international partners. Internally, OSPD is working with other BSEE divisions to proactively identify spills that were not reported to take enforcement actions for notification violations. During responses to incidents offshore, BSEE supports all levels of response organizations as subject matter experts in offshore oil spill response. The OSPD partners with other DOI programs along with the stakeholders represented in the National Response System established in the National Oil and Hazardous Substances Pollution Contingency Plan (NCP).

The BSEE is responsible for the oversight of exploration, development, and production operations for oil and natural gas on the OCS. The Bureau's regulation and oversight of Federal offshore resources ensures that energy development on the OCS is done in a safe and environmentally responsible manner. The BSEE's Performance Measures are shown in the following tables.

Table 6: Performance Overview Table - Operations, Safety and Regulation

Strategic Objective Metrics / Strategic Plan Measure / Efficiency or other Bureau-Specific Measure	Type	2011 Actual	2012 Actual	2013 Actual	2014 Plan	2014 Actual	2015 Plan	2016 Request
Number of Recordable Injuries per 200,000 Offshore Man Hours Worked (DOI-Regulated Activities ONLY) (SP)	A	0.30 (revd) (171/569)	0.332 (200/602)	0.379) (228/601)	<0.50	0.342 (est) (205/599)	<0.450	<0.400
Contributing Programs	Operations, Safety and Regulation							
Comments	<p>This 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 during DOI-regulated activities in the fiscal year for every 200,000 offshore man hours worked (which is the approximate equivalent of 100 full-time workers). In FY 2013, there were 211 recordable injuries reported for activities with BSEE's jurisdiction and the estimated number of man hours worked was 68,848. These estimated results indicate that in FY 2013 there was approximately 1 recordable injury in DOI-regulated activities for every 326 full-time offshore workers. Because safety levels are best evaluated as trends over multiple years, targets for FY 2014 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.</p> <p>For FY 2014, the number of recordable injuries (BSEE primary jurisdiction) for FY 2014 was: 205 injuries; the total hours worked on the OCS for FY 2014 was: 119,824,028 hours; the number of recordable injuries (BSEE jurisdiction) per 200,000 hours worked for FY 2014 is 0.542.</p>							
Number of fatalities among workers in DOI permitted activities (BUR)	A	2	1	4	3	1	1	1
Contributing Programs	Operations, Safety and Regulation							
Comments	<p>In FY 2013, there were four fatalities among offshore workers in DOI-regulated activities. Three of the fatalities resulted from an explosion and fire on a platform in the Gulf of Mexico operated by Black Elk Energy Offshore Operations (Black Elk). The explosion and fire occurred during welding work that was being conducted as part of construction operations on November 16, 2012. The 4th fatality occurred on January 26, 2013, when a worker was fatally injured in a suspected electrical incident on a jack-up rig at SS 170. This incident is still being investigated. There was a 5th fatality that occurred in FY 2013; however, it was a helicopter incident and was not under BSEE's primary jurisdiction. Because safety levels are best evaluated as trends over multiple years, targets for the fatalities are developed based on reducing a rolling 5-year average, which includes the FY 2010 explosion and sinking of the Deepwater Horizon drilling rig off the coast of Louisiana resulted in 11 deaths.</p> <p>On October 27, 2013, a fatal incident occurred on the "A" Platform, of Vermilion Block 200. Lease number OCS-G 9500. A 130 ton dry oil storage tank skid assembly, consisting of one (1) 16 feet diameter x 85 feet long horizontal cylindrical tank and two (2) 83 feet long flare booms mounted to and extending away from the skid at a 17-degree angle, toppled over and fell 115 feet into the Gulf of Mexico from the Vermilion Block 200 Platform "A". A welder, working for Offshore Specialty Fabricators, LLC (OSF) and performing preliminary welding cuts, was standing on the walkway attached to the top of the cylindrical tank when the skid assembly toppled overboard. The dry oil storage tank skid assembly, along with the welder, sank within minutes. A BSEE Panel Investigation has been completed and the report is published on the BSEE website.</p>							
Less than X% of total gas produced is approved to be flared or vented offshore (BUR) (Calendar Yr)	A	0.33% (6,236,550/ 1,862,844,400)	0.39% (6,070,151/ 1,563,186,639)	0.40% (5,398,399/ 1,354,464,535)	0.70%	TBD	0.60%	0.60%
Contributing Program	Operations, Safety and Regulation							
Comments	<p>Industry statistics for venting and flaring show worldwide rates ranging from 0.2 percent to 100 percent. Due to satellite monitoring and verification, flaring and venting on the OCS is kept to a minimum. Since FY 2008 U.S. rates have ranged from 0.28 percent to 0.72 percent. In April of 2010, BSEE published revised flaring and venting regulations requiring 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. The revised regulations will improve the accuracy of flaring data but may increase reported volumes. Long-term targets will be determined once data has been collected for multiple years under the revised regulations.</p>							

Strategic Objective Metrics / Strategic Plan Measure / Efficiency or other Bureau-Specific Measure	Type	2011 Actual	2012 Actual	2013 Actual	2014 Plan	2014 Actual	2015 Plan	2016 Request
Total Number of Compliance Inspections Completed (BUR)	A	20,557	23,025	24,195	25,000	21,033	21,000	21,000
Contributing Programs	Operations, Safety and Regulation							
Comments	<p>NOTE: A number of factors influenced the number of inspections. Inspections, in many cases, were more comprehensive and more occurred in deeper water. These factors lengthened the time spent on individual inspections. Additionally, 83 inspection days were lost in FY 2014 as a result of weather, primarily poor visibility resulting from fog.</p> <p>On April 30, 2010, the President directed the Secretary to conduct a 30-day review of the Deepwater Horizon event and to report what additional precautions and technologies should be required to improve the safety of oil and gas exploration and production operations on the Outer Continental Shelf. One of the key recommendations included in that report, as well as other subsequent reports, is that the BSEE needs to increase its oversight and evaluate/revise the manner in which it conducts its drilling inspections.</p> <p>Since 2010, the inspector/investigator workforce has increased over 40 percent and BSEE has begun to develop and implement a new inspection strategy that focuses on risk and the use of advanced inspection technologies. Inspection performance trends are not increasing as fast as previously planned due to an increased focus on the witnessing of complex, high-risk activities (e.g., BOP testing and cement/casing activities) that consume more resources to inspect and the extended time required to hire and train new inspectors so they can independently conduct inspections and other safety/environmental enforcement work. For these reasons, it is difficult to determine how many inspections will be completed beyond FY 2015.</p>							
Conduct full Coast Guard inspections on X% of manned offshore facilities annually (BUR)	A	14.3% (141/985)	14.3% (133/932)	24% (229/959)	10%	18.3% (140/767)	10%	10%
Contributing Programs	Operations, Safety and Regulation							
Comments	<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.</p>							

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FY 2016 PERFORMANCE BUDGET REQUEST

Administrative Operations Activity

Table 7: Administrative Operations Activity Budget Summary

		2014 Actual	2015 Enacted	Fixed Costs and Related Changes (+/-)	Internal Transfer (+/-)	Program Changes (+/-)	2016 Request	Changes from 2015 (+/-)
Administrative Operations ^{1/}	(\$000)	15,560	15,676	+247	+2,345	-	18,268	+2,592
	FTE	232	247	-	-	-	247	-

^{1/} The FY 2016 Request consolidates the General Support Services Activity into the remaining OSEE Activities. This realignment is calculated based on activity FTE levels.

JUSTIFICATION OF 2016 PROGRAM CHANGES

The 2016 budget request for the Administrative Operations Activity is \$18,268,000 and 247 FTE, a net increase of \$2,592,000 and 0 FTE over the 2015 Enacted level.

INTERNAL TRANSFERS

General Support Services (GSS) Activity Realignment (+2,345,000):

The FY 2016 request proposes to realign funds previously requested for BSEE's General Support Services (GSS) Activity funding into the supported programs based on current FTE levels. The GSS Activity, a relic of the MMS legacy organization, does not accurately reflect actual administrative costs, as evidenced by the discrepancy reported in each of the 2014 and 2015 annual budget requests in Appendix A. The GSS funds provide a portion of the Bureau-wide infrastructure support to include infrastructure costs associated with office space, security, utilities, and voice/data communications for that portion of BSEE FTE that is not covered by reimbursable service agreements. No FTE are directly charged to the GSS activity. The proposed realignment of funding associated with GSS activity will not result in expansions of administrative needs but rather afford BSEE some flexibility in assessing administrative costs. Program managers will have incentives to manage supported programs so as to minimize the impacts of administrative assessments to mission critical programmatic activities. Oversight over the total administrative budget will continue to be closely managed by the Bureau. This internal transfer within the base budget is reflected in FY 2016 and future budget requests will continue to reflect program assessments in the Greenbook as required by annual appropriations.

PROGRAM OVERVIEW

The Administrative Operations Activity consists of the following: Acquisition Management Division, Equal Employment Opportunity Division, Finance Division, Human Resources Division, Management Support Division, and Technology Services Division. These full suites of administrative services are provided to BSEE as well as the Bureau of Ocean Energy Management (BOEM) through a reimbursable service agreement. The BSEE also provides a partial set of shared services to the Office of the Secretary under tailored shared services agreements. By utilizing a shared service model, BSEE, BOEM and other parts of the Department can continue to improve their best practices and enhance efficiencies by avoiding duplication of common services.

Acquisition Management Division: The Acquisition Management Division is responsible for the execution and administration of BSEE and BOEM contracts and financial assistance agreements. By collaborating with the customer organizations, they create quality business solutions that help to accomplish the mission goals of the Bureaus. 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 workforce activities are inclusive, and that they promote the full utilization and exchange of skills and talents.

The Division provides advice and guidance to managers, supervisors, and employees regarding EEO policies and procedures. The EEOD 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. The EEOD 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 CFO 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's Office of Budget 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. The 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 performing all operational personnel services for BSEE, BOEM, and other client organizations including the Department of the Interior's Office of the Secretary, and providing assistance and guidance related to personnel matters for all regional and field installations.

The HR 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. These services are tailored to meet the specific needs of different customers. The long-term benefits of workforce-planning initiatives include the ability of BSEE and BOEM to meet their mission and performance goals. As regulators, BSEE must be able to keep pace with the latest technological advances. In support of these efforts, the Division works with its customers to adopt a comprehensive recruitment and training system in order to attract the best talent to the public service while continuing to provide the training and education necessary to keep its workforce at the leading edge of industry innovation.

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.

Management Support Division: The Management Support Division (MSD) provides direct assistance to BSEE's Associate Director for Administration, as well as to BSEE and BOEM personnel. The MSD's responsibilities include:

- Emergency management, physical security, personnel security;
- Evaluations and studies;
- Delegation of authority, directives management, program management, providing high-level administrative support; and management and organization analysis activities;
- Occupational safety and health;

- Support services, including facilities management, property management, space management, printing and publications activity, and general office services;
- Continuity of operations program; plans, implements, and directs the physical and personnel security programs, including development and implementation of policy, procedures, methods, and techniques for protection of proprietary and national security information;
- Budget planning, execution, and formulation for the administrative operations budget;
- 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.

Technology Services Division: The Technology Services Division (TSD) ensures the efficient and effective planning, management and acquisition of information technology and information resources within BSEE, BOEM, and ONRR and ensures compliance with all DOI and Federal information resources management policies and guidelines. In alignment with the Department's IT Transformation, the Division clearly distinguishes the information technology needs of the Bureau's mission and enterprise functions.

The TSD 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. At the core of the IT capabilities is the Technical Information Management System (TIMS). The 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 enforce data integrity through relational database technology; and to release accurate, consistent information to the public sector.

In support of the strategic goals of each Bureau, TSD through a collaborative effort with its customer base will redesign its information and knowledge management tools, and enhance the collection, standardization, accuracy, completeness, consistency, and storage of data. These efforts will increase the Bureau's ability to collaborate across current divisions of process and software. Improved data management and analysis will allow the Bureau to better identify trends and statistics critical to assessing broader indicators of risk. A more collaborative and streamlined knowledge management system will also better enable agency-wide innovation and adaptation in all aspects of offshore safety, response preparedness, and environmental protection.

The TSD also manages and maintains the Geological Interpretive Tools (GIT) system, which represents the basis of essentially all BOEM determinations requiring geoscience analysis. The 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, TSD 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.

The Division provides direction and coordination for Bureau-wide IT activities such as the IT Capital/Strategic Planning, with an emphasis on IT investment planning and monitoring through a rigorous governance process. They also provide support for the overall infrastructure, including the shared services budget, enterprise help desk, network management, and other essential infrastructure for office automation. The TSD implements and supports the Bureau's IT security program by working 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 include participating in risk assessments and management reviews of systems and networks, identifying security issues, and recommending mitigation.

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FY 2016 PERFORMANCE BUDGET REQUEST

General Support Services Activity

Table 8: General Support Services Budget Summary

		2014 Actual	2015 Enacted	Fixed Costs and Related Changes (+/-)	Internal Transfer (+/-)	Program Changes (+/-)	2016 Request	Changes from 2015 (+/-)
General Support Services^{1/}	(\$000)	13,513	13,912	-	-13,912	-	-	-13,912
	FTE	-	-	-	-	-	-	-

^{1/} The FY 2016 Request consolidates the General Support Services Activity into the remaining OSEE Activities. This realignment is calculated based on activity FTE levels.

INTERNAL TRANSFERS

The FY 2016 budget request for the General Support Services Activity (GSS) is zero, a net decrease of \$13,912,000 and 0 FTE over the FY 2015 Enacted.

GSS Activity Realignment (-\$13,912,000; 0 FTE)

The FY 2016 request proposes to realign funds previously requested for BSEE's General Support Services (GSS) Activity funding into the supported programs based on current FTE levels. The GSS Activity, a relic of the MMS legacy organization, does not accurately reflect actual administrative costs, as evidenced by the discrepancy reported in each of the 2014 and 2015 annual budget requests in Appendix A. The GSS funds provide a portion of the Bureau-wide infrastructure support to include infrastructure costs associated with office space, security, utilities, and voice/data communications for that portion of BSEE FTE that is not covered by reimbursable service agreements. No FTE are directly charged to the GSS activity. The proposed realignment of funding associated with GSS activity will not result in expansions of administrative needs but rather afford BSEE some flexibility in assessing administrative costs. Program managers will have incentives to manage supported programs so as to minimize the impacts of administrative assessments to mission critical programmatic activities. Oversight over the total administrative budget will continue to be closely managed by the Bureau. This internal transfer within the base budget is reflected in FY 2016 and future budget requests will continue to reflect program assessments in the Greenbook as required by annual appropriations.

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FY 2016 PERFORMANCE BUDGET REQUEST

Executive Direction Activity

Table 9: Executive Direction Budget Summary

		2014 Actual	2015 Enacted	Fixed Costs and Related Changes (+/-)	Internal Transfer (+/-)	Program Changes (+/-)	2016 Request	Changes from 2015 (+/-)
Executive Direction^{1/}	(\$000) FTE	18,121 104	18,227 112	+226 -	+2,152 -	-869 -	19,736 112	+1,509 -

^{1/} The FY 2016 Request consolidates the General Support Services Activity into the remaining OSEE Activities. This realignment is calculated based on activity FTE levels.

SUMMARY OF 2016 PROGRAM CHANGES

Request Component	Amount (\$000)	FTE
Management Efficiencies	-869	-
Total Program Changes:	-869	0

JUSTIFICATION OF 2016 PROGRAM CHANGES

The 2016 budget request for the Executive Direction Activity is \$19,736,000 and 112 FTE, a net increase of \$1,509,000 from the FY 2015 Enacted level.

Management Efficiencies (-\$869,000/0 FTE): Programs will absorb these costs through greater efficiencies, cost savings, and administrative adjustments.

INTERNAL TRANSFERS

GSS Activity Realignment (+\$2,152,000; 0 FTE)

The FY 2016 request proposes to realign funds previously requested for BSEE's General Support Services (GSS) Activity funding into the supported programs based on current FTE levels. The GSS Activity, a relic of the MMS legacy organization, does not accurately reflect actual administrative costs, as evidenced by the discrepancy reported in each of the 2014 and 2015 annual budget requests in Appendix A. The GSS funds provide a portion of the Bureau-wide infrastructure support to include infrastructure costs associated with office space, security, utilities, and voice/data communications for that portion of BSEE FTE that is not covered by reimbursable service agreements. No FTE are directly charged to the GSS activity. The proposed realignment of funding associated with GSS activity will not

result in expansions of administrative needs but rather afford BSEE some flexibility in assessing administrative costs. Program managers will have incentives to manage supported programs so as to minimize the impacts of administrative assessments to mission critical programmatic activities. Oversight over the total administrative budget will continue to be closely managed by the Bureau. This internal transfer within the base budget is reflected in FY 2016 and future budget requests will continue to reflect program assessments in the Greenbook as required by annual appropriations.

PROGRAM OVERVIEW

The Executive Direction Activity provides Bureau-wide leadership, direction, management, coordination, communications strategies, and outreach for the entire organization to carry out its primary mission. In FY 2015 BSEE undertook a functional realignment which has resulted in changes to the activity. In FY 2016, the Executive Direction Activity will fund the Office of the Director, a new Integrity and Professional Responsibility Advisor (IPRA) Unit, the Office of Budget, the Office of Policy and Analysis, the Office of Public Affairs, and a combined Office of Congressional and International Affairs.

Office of the Director

The Office of the Director includes the Director, the Deputy Director, 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.

Integrity and Professional Responsibility Advisor (IPRA)

The IPRA is responsible for promptly and credibly responding to allegations or evidence of misconduct, unethical behavior, and unlawful activities by BSEE and BOEM employees. Unlike its predecessor, the Investigations and Review Unit (IRU), the IPRA does not investigate the activities of private entities that BSEE regulates (this function will be performed by the National Investigations Program). The IPRA shares allegations of internal misconduct with the DOI's Office of Inspector General (OIG), determining jointly which office conducts an investigation of those allegations.

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 Office of Budget works closely with the Office of Policy and Analysis and program level performance staff to integrate performance data and information into all aspects of budget formulation and execution.

Office of Policy and Analysis

The Office of Policy and Analysis serves as the principal 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 as well as oversees and ensures the implementation of recommendations made by oversight groups such as the Government Accountability Office and the OIG.

Associate Director of Strategic Engagement

In FY 2014, BSEE consolidated management of external affairs into a new position, the Associate Director of Strategic Engagement. This new position serves as a senior advisor to the Director on key mission-critical issues, initiatives, and Bureau functions. As a result of this reorganization, BSEE merged the Office of Congressional Affairs and the Office of International Programs into an Office of Congressional and International Affairs. The merged Office of Congressional and International Affairs, along with the Office of Public Affairs, will report to this new position.

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, and 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, Tribal Nations, energy consumer groups, and the public.

Office of Congressional and International Affairs (OCIA)

The OCIA 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 OCIA serves as the liaison for BSEE on all congressional and legislative matters that affect BSEE with Congress, the Department, and other Federal executive agencies.

In addition, the Office maintains an open line of communication regarding BSEE's and BOEM's programs and policies with the Department of State and the international programs within all relevant

U.S. agencies such as the Department of Energy, the Department of Commerce, and the Department of the Treasury. The OCIA becomes involved in international initiatives consistent with the mission and goals of BSEE and BOEM. Responsibilities include reporting to the Department's Office of International Affairs on all BSEE and BOEM international engagements, advising BSEE's 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.

Bureau of Safety and Environmental Enforcement

Summary of Requirements Table

Oil Spill Research Appropriation

Summary of Requirements for Bureau of Safety and Environmental Enforcement (Dollars in Thousands)											
Account	2014 Actual		2015 Enacted		Fixed Costs & Related (+/-)	Internal Transfers (+/-)	Program Changes (+/-)		2016 Request		Change from CY (+/-) FTE Amount
	Amount	FTE	Amount	FTE			FTE	Amount	FTE	Amount	
Oil Spill Research	14,899	22	14,899	22	0	0	0	0	22	14,899	0
TOTAL FUNDING, Oil Spill Research	14,899	22	14,899	22	0	0	0	0	22	14,899	0

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Bureau of Safety and Environmental Enforcement

Language Citations

Appropriations Language

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, \$14,899,000, which shall be derived from the Oil Spill Liability Trust Fund, to remain available until expended.

(Department of the Interior, Environment, and Related Agencies Appropriations Act, 2015.)

OFFSHORE PAY AUTHORITY EXTENSION

SEC. 118. Section 117 of Division G of Public Law 113–76 is amended by striking "and 2015" and inserting "through 2016".

Purpose: Sec. 118. The Department proposes to extend the authority established in the FY 2012 appropriation for special rates of pay for certain employees in offshore oil and gas related fields through FY 2016 as it works with the Office of Personnel Management (OPM) on a longer-term administrative solution to recruitment and retention challenges for certain occupations.

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FY 2016 PERFORMANCE BUDGET REQUEST

Oil Spill Research Appropriation

Table 10: Oil Spill Research Budget Summary

		2014 Actual	2015 Enacted	Fixed Costs and Related Changes (+/-)	Internal Transfer (+/-)	Program Changes (+/-)	2016 Request	Changes from 2015 (+/-)
Oil Spill Research	(\$000)	14,899	14,899	-	-	-	14,899	-
	FTE	22	22	-	-	-	22	-

JUSTIFICATION OF 2015 PROGRAM CHANGES

The 2016 budget request for the Oil Spill Appropriation is \$14,899,000 and 22 FTE; no net change from the 2015 Enacted level.

PROGRAM OVERVIEW

The Oil Spill Research (OSR) appropriation funds oil spill response research, Ohmsett – the National Oil Spill Response Research and Renewable Energy Test Facility, and oil spill prevention, abatement, planning, preparedness, and response functions for all facilities seaward of the coastline of the U.S. that handle, store, or transport oil. These activities support the DOI strategic mission overseeing the development of oil and gas resources from the OCS in a safe and environmentally protective manner.

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 and activities to improve offshore oil spill preparedness and response capabilities. Research conducted with appropriated funds is either:

- Awarded through a competitive process to academia and qualified companies from throughout the U.S. which possess scientific and engineering expertise necessary to meet the research goals of BSEE, or
- Conducted by BSEE staff utilizing the Ohmsett facility, with the ultimate goal of improving all phases of offshore oil spill preparedness and response.

PERFORMANCE OVERVIEW

In October 2011, BSEE formally came into existence and established the Oil Spill Response Division (OSRD) to integrate all aspects of oil spill preparedness, response, and research activities of the Bureau. In 2014, the OSRD changed its name to the Oil Spill Preparedness Division (OSPD) in order to

emphasize the division's mission of ensuring that industry is prepared to respond to an offshore oil spill. This division maintains two focus areas; oil spill response research (OSRR) and oil spill preparedness compliance. These two areas support the BSEE Strategic Plan and are influenced by this plan's direction.

The research mission involves coordination with other Federal partners. This is achieved through representation on the congressionally-mandated Interagency Coordinating Committee on Oil Pollution Research (ICCOPR), which identifies national priorities for oil spill response research, provides a forum for Federal entities to engage in information transfer of the latest science and engineering related to oil spill prevention, preparedness, and response, and works with other research organizations such as the NAS's new Gulf Research Program and the Gulf of Mexico Research Initiative.

Internally, BSEE, through the Response Research Branch is conducting the foundational work to move research and development projects into innovative new methods to respond to an oil spill and identify the best available technologies for both mechanical and alternative spill response. In the pursuit of these objectives, BSEE has engaged with Federal research institutions such as the USCG Research and Development Center, DOE National Energy Technology Laboratory, National Oceanic and Atmospheric Administration, EPA, U.S. Navy (USN), and U.S. Army to leverage the subject matter expertise of these agencies and to help develop core understandings about offshore spill response and the skills that each agency can bring to an offshore spill response.

The OSR funding is used by BSEE to improve the ability to effectively remove oil from water and protect the environment when oil is discharged from offshore oil facilities which include fixed and floating exploration, development, and production facilities and subsea infrastructure such as pipelines, wellheads, and manifolds. This need was highlighted in the many lessons learned from the *Deepwater Horizon* incident. Weaknesses and gaps specifically in mechanical and alternative response technologies are noted in the Incident Specific Preparedness Review, the *Deepwater Horizon* Federal On-Scene Coordinator report, and a report by the National Incident Commander during this spill of national significance. Research continues on improving mechanical recovery but is also focused on improving those response tactics such as offshore *in situ* burn and subsea dispersant use that were successful during the Macondo loss of well control. Funding will also be dedicated to finding new and more efficient ways to prevent or reduce the rate of oil being discharged from a source, locate spilled oil, recover or treat oil that is spilled, and communicate a common operations picture to both the spill responders and the public during spill responses. Responding to an oil spill in the Arctic environment presents many unique challenges and funding will also be utilized to understand these implications and advance response technologies and procedures to ensure the least impact to the environment and to human safety.

Oil Spill Response and Planning: The BSEE is the lead agency for ensuring the highest oil spill response preparedness standard in the offshore environment through innovative research and an effective regulatory oversight program. The OSPD compliance staff provides continuous Federal oversight that requires reoccurring compliance actions during the entire lifecycle of offshore oil and gas facilities, from drilling a well to decommissioning and removal. In 2014, OSPD conducted 231 plan review activities to ensure that the 124 approved Oil Spill Response Plans (OSRPs) remain current. These reviews are triggered by significant changes to an operator's response plans/capabilities or to meet recurring update requirements during the entire lifecycle of an offshore oil and gas facility. The OSPD staff also

conducted equipment validation activities at roughly 50 staging areas, attended 58 industry led tabletop and equipment deployment exercises, and initiated 8 unannounced government-led exercises in 2014 to ensure plans are executable. The OSPD commits time to daily monitoring, tracking, and investigation into approximately 1,500 reported offshore oil spills a year, maintaining a record for risk analysis and targeted proactive enforcement actions. After a spill greater than 42 gallons, OSPD conducts follow up activities to ensure the owner or operator uses lessons learned to improve preparedness for the next spill.

Internal and external coordination is imperative to strengthening the Nation's readiness to respond to an oil spill. The BSEE staff participates in Area Committees, Regional Response Teams, and in the National Response Team and its subcommittees to represent issues pertaining to offshore preparedness and response. The BSEE collaborates with other Federal and State response agencies when reviewing oil spill response plans. The BSEE also collaborates with international partners. Internally, OSPD is working with other BSEE divisions to proactively identify spills that were not reported by the operator in order to take enforcement actions for notification violations. During responses to incidents offshore, BSEE supports all levels of response organizations as subject matter experts in offshore oil spill response and source control.

All compliance and coordination efforts are supported and facilitated by OSPD's commitment to maximize effectiveness and efficiency through utilization of electronic data capture and tracking. The OSPD staff work to continuously improve BSEE's corporate database capabilities. This commitment includes designating staff to participate in the agency's ePermits initiative and recommending improvements to the agency's corporate database, the TIMS. These efforts enable OSPD to better analyze, summarize, and communicate operator compliance status and OSRD compliance actions, both internally to BSEE and to external agencies or parties.

Oil Spill Response Research (OSRR): The BSEE is the principal Federal agency funding OSRR and maintains a comprehensive, long-term research program (in place since the 1970's) to improve oil spill response technologies and procedures. The OSRR program provides research leadership and funding to improve the technology and procedures for the detection, containment, treatment, and/or cleanup of oil spills that may occur on the OCS. The OSRR program works with BSEE's Emerging Technologies Branch to ensure emphasis on oil spill prevention and research related to securing a source when a spill occurs thereby reducing the amount of oil impacting the environment. The program seeks to enhance communication capabilities, develop computer enhanced "smart" technologies, remote sensing tools; and remotely operated technologies that will reduce the risk to responders and increase the potential operating window in areas such as the Arctic where the harsh environment and prolonged periods of low light present challenges to current technology. Specific research efforts focused on geographic challenges include Arctic environments, high pressure wells, and the ever-challenging deep water areas of the Gulf of Mexico.

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 BSEE authority. Information derived from the OSRR program is directly integrated into BSEE's operations and is used in making regulatory decisions pertaining to 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 assist BSEE in its efforts to independently keep pace with industry's fast paced technological advancements. Response technologies identified by the OSRR program focus on preventing offshore operational spills from reaching sensitive environments and habitats.

The OSRR projects are offered competitively to all interested parties throughout the country. Funding is ultimately awarded to those applicants who have the proven people, skills, and experience necessary to successfully complete the research and complement the body of scientific knowledge on oil spill response. The OSRR staff members also utilize the Ohmsett facility to conduct evaluations of equipment that has been identified by industry for use in responding to an offshore oil spill.

The current OSRR projects cover a wide spectrum of oil spill response issues and include laboratory, meso-scale and full-scale field experiments. Recent oil spill response research examples include methods to:

- Determine the effectiveness of dispersants when applied via subsea injection methods, by conducting proof-of-concept research on a new tool that uses ultrasound to measure the oil droplet size distribution at the wellhead;
- Compare the effectiveness of commercially available dispersant products in a simulated Arctic environment;
- Enhance *in situ* burning including methods to reduce resulting particulate matter;
- Establish an estimate of the period of time that environmental conditions might preclude an oil spill response from being conducted safely in the Alaskan Arctic;
- Quantify oil in the water column in addition to detecting subsea oil leaks;
- Detect the presence of crude oil on the surface of the water during periods of low light such as those experienced in the Arctic; and
- Enhance the real-time data collection capabilities of Ohmsett for research projects involving surface oil in an ice field.

In 2016, BSEE will continue research to:

- Develop, test, and evaluate enhanced mechanical recovery technologies, especially those designed for use in Arctic conditions;
- Refine capabilities to detect and recover oil in and under ice, including technological advances in remotely controlled operations to reduce risk to personnel and increase the operational window;

- Develop tools to assess the potential uncontrolled discharges from throughout the Gulf of Mexico to determine which possess the most damaging consequences, also known as the worst case discharge;
- Understand the impact of slush or frazil ice on dispersant effectiveness;
- Understand the impact of a cold, stratified deep sea setting on biodegradation and toxicity of crude oil following dispersant application;
- Model the potential impact of various spill scenarios in the Alaskan Arctic, in conjunction with BSEE's Federal partners;
- Develop a tool for rapid measurement of the amount of oil emanating from a submerged oil release; and
- Develop realistic oil simulants that will replicate the behavior of oil droplets in the subsea environment, in conjunction with BSEE's Federal partners.

The BSEE disseminates research results and development projects as widely as possible in publications through appropriate scientific and technical journals, and conferences, 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 worldwide.

Ohmsett - The National Oil Spill Response Research and Renewable Energy Test Facility: Ohmsett is one of the world's largest tow/wave tanks designed to test and evaluate full scale equipment for the detection and response to spilled oil. Ohmsett is one of the only facilities where oil spill response testing, training, and research can be conducted with a variety of crude and refined oil products in varying wave conditions. 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 to a depth of 8 feet with 2.6 million gallons of crystal clear saltwater. Ohmsett also has the capability to test scaled renewable energy systems such as current and wave energy converters. No other agency operates a facility like Ohmsett.

Ohmsett plays an important role in developing the most effective response technologies as well as preparing responders by using the most realistic training available. The facility provides testing and research capabilities to help the government fulfill its regulatory requirements and meet its goal of clean and safe operations. Major Federal clients such as the USCG National Strike Force and the USN rely on Ohmsett for their oil spill responder training needs.

Many of today's commercially available oil spill cleanup equipment and products have been tested at Ohmsett and a considerable body of performance data and information on mechanical response equipment has been obtained there. Response planners use this information in reviewing and approving facility response and contingency plans. Ohmsett is also the premier training site for government agency and private industry oil spill response personnel to test their own full-scale equipment. Some of the more recent testing activities included oil spill response equipment testing in a simulated Arctic environment,

remote sensing of spilled oil, wave energy conversion device tests, skimmer and boom tests, dispersant tests, alternative fuel recovery tests, and industry oil spill response training classes.

Due to the facility's coastal location, the effects of Hurricane Sandy were unavoidable. The BSEE is coordinating its reconstruction efforts with the National Park Service in order to replace a storage building that was destroyed by the storm. Additional mitigation efforts are being undertaken with the USN to prevent similar damage from occurring with future storms. These mitigation efforts include elevating vulnerable equipment and hardening/protecting assets that cannot be relocated.

The Ohmsett facility requires constant maintenance and periodic upgrades. While a 2013 feasibility study indicated that the current Ohmsett tank can accommodate some small-scale subsea dispersant injection research, it recommended that a new vertical tank be added to the facility. The BSEE is exploring the feasibility and costs of constructing and operating a new vertical test tank, which if built, would be one of the only tanks in the world that could be used for simulating a subsea release and conducting associated research for flow rate determinations, subsea dispersant application ratios, and dispersant equipment designs.

The BSEE is building on knowledge learned from recent tests, such as skimmers in broken ice conditions and cold water dispersant testing, to plan for a series of subsequent tests in similar conditions. In 2014, BSEE conducted several projects to enhance the test measurement parameters available for researchers at Ohmsett including expanding the facility's real-time data collection capabilities for variables such as ice concentration and oil thickness. In 2015, the tank will require a major maintenance effort that will require draining the tank and result in it being unavailable for testing for approximately ten weeks. Information on Ohmsett can be found at www.ohmsett.com.



Figure 1: Ohmsett Facility in New Jersey

Table 11: Performance Overview Table - Oil Spill Research Appropriation

Strategic Objective Metrics / Strategic Plan Measure / Efficiency or other Bureau-Specific Measure	Type	2011 Actual	2012 Actual	2013 Actual	2014 Plan	2014 Actual	2015 Plan	2016 Request
Achieve a utilization rate of X% at Ohmsett, the national oil spill response test facility (BTR)	A	84% (202/240)	94% (226/240)	93% (206/222)	85%	87%	85%	85%
Contributing Programs	Oil Spill Research							
Comments	<p><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 percent. In FY 2014 actual, available days reduced from 240 to 231 because the tank was frozen for nine days.</i></p>							

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Bureau of Safety and Environmental Enforcement

Appendix A - Section 403 Compliance

Section 403 of Public Law 113-235, the Consolidated and Further Continuing Appropriations Act, 2015, states:

DISCLOSURE OF ADMINISTRATIVE EXPENSES

SEC. 403. The amount and basis of estimated overhead charges, deductions, reserves or holdbacks, including working capital fund and cost pool charges, from programs, projects, activities and subactivities to support government-wide, departmental, agency, or bureau administrative functions or headquarters, regional, or central operations shall be presented in annual budget justifications and subject to approval by the Committees on Appropriations of the House of Representatives and the Senate. Changes to such estimates shall be presented to the Committees on Appropriations for approval.

To improve efficiency across the Department, BSEE offers a full array of administrative functions to Bureaus and Department offices to help meet their administrative needs. The BSEE implements this shared services approach through reimbursable services agreements with each agency. Under these agreements, BSEE provides specific services to meet the agency's needs including acquisition management, equal employment opportunity, finance, human resources, information technology management, management support, personnel security, and facilities support services. Maintaining these critical administrative functions within the Department provides the following benefits:

- Minimizing duplication of administrative entities across multiple organizations while optimizing efficiency.
- Providing a centralized administrative function that can, over time, allow the Department to pursue additional efficiencies.

The Department has strongly supported the expansion of business cross-servicing for more than 30 years. These efforts have the added benefit of implementing standardized practices that will further increase the productivity for highly skilled resources, improve best practices and maximize the use of administrative funds in the future.

The BSEE regularly evaluates these support arrangements jointly with each customer agency. The BSEE's costs to provide these services are also carefully managed and jointly approved by the respective agencies. Changes between cost allocations to BSEE and the customer agency may change to reflect actual agreements signed annually, and these changes would not be presented as a reprogramming. The BSEE's internal Bureau assessment reported for 2016 reflects the alignment of the Bureau's administrative support requirements based on estimated FTE allocations between BSEE and its customers. Customer payments are recorded as reimbursable funding to BSEE.

The FY 2016 request realigns all General Support Services (GSS) Activity funding into the programs it supports based on current FTE levels. The GSS Activity, a relic of the MMS legacy organization, provides Bureau-wide infrastructure support to include infrastructure costs associated with office space, security, utilities, and voice/data communications for that portion of BSEE FTE that is not covered by reimbursable service agreements. No FTE are directly charged to the GSS activity. This will constitute an internal transfer within the base budget, and the revised budget structure will be reflected in FY 2016 and thereafter. These costs are appropriately assigned to BSEE's programs, and they are identified as assessments in the table below.

	FY 2016 Dollars in Thousands (\$000)
External Administrative Costs	
Various Activities	
Working Capital Fund Centralized Billing	3,968
Working Capital Fund Direct Billing	1,633
Subtotal	5,601
Internal Bureau Assessments	
Operations, Safety and Regulation	9,415
Administrative Operations	2,345
Executive Direction	2,152
Subtotal	13,912
Total Assessments of Bureau Programs	19,513

The following tables provide the actual WCF billings to the BSEE for 2014 and 2015 and estimates for 2016.

Bureau of Safety and Environmental Enforcement

Working Capital Fund Centralized Bill

(Dollars in thousands)

Account	2014	2015	2016
	Actual	Actual	Estimate
FBMS Infrastructure Hosting & Support	0.0	212.0	267.1
FBMS Hosting / Applications Management	68.3	0.0	0.0
FBMS Master Data Systems & Hosting	10.9	0.0	0.0
FBMS Master Data Management	0.0	0.5	0.0
Aviation Management	830.9	840.4	1,144.6
Mail and Messenger Services	38.5	51.8	50.5
Safety, Environmental, and Health Services	20.5	27.5	26.8
Shipping/Receiving & Moving Services	12.0	16.4	16.7
Vehicle Fleet	2.1	2.1	2.6
Personal Property Accountability Services	17.1	22.9	20.7
Interior Complex Management & Services	18.1	24.5	18.9
Departmental Library	10.1	10.2	8.9
Mail Policy	3.3	3.3	3.2
Conference & Special Events Services	28.8	38.7	38.4
Space Management Services	10.0	13.5	12.0
FOIA Tracking & Reporting System	46.9	49.0	50.7
Alaska Affairs Office	6.4	6.4	6.5
Alaska Resources Library and Information Services	43.5	43.2	43.2
Departmental News and Information	9.6	9.5	14.7
Departmental Museum	11.3	10.3	14.0
FedCenter	1.9	1.9	1.9
Compliance Support ESF-11/ESF-11 Website	2.3	2.3	2.3
Invasive Species Council	17.6	17.9	18.0
Invasive Species Coordinator	3.2	3.2	3.3
Passport and Visa Services	14.2	4.9	1.9
CPIC	2.7	2.7	2.6
Financial Statement, Internal Controls & Performance Report	7.5	5.2	8.0
Travel Management Center	1.0	1.6	1.5
e-Travel	8.4	9.1	15.8
Interior Collections Management System	2.1	2.1	2.1
Space Management Initiative	3.7	3.7	4.3
Interior Asset Disposal System O&M	0.0	2.5	2.5
Planning and Performance Management	12.4	12.4	14.3
Department-wide Worker's Compensation Program	3.1	2.8	2.1

OPM Federal Employment Services	3.7	3.9	4.5
Accessibility & Special Hiring Programs (fka ATC)	6.5	6.5	7.4
Human Resources Accountability Team	6.7	6.9	7.9
Employee and Labor Relations Tracking System	0.3	0.3	0.4
Consolidated Employee Assistance Program	0.0	8.1	8.8
EEO Complaints Tracking System	0.6	0.4	0.4
Special Emphasis Program	0.4	0.4	0.5
Occupational Safety and Health	16.0	15.9	18.3
Safety Management Information System	12.9	12.8	14.7
Leadership Development Programs	9.9	9.8	11.4
Dept-Wide Train Programs (incl. Online Learning)	27.8	23.4	23.3
Learning and Performance Center Management	7.2	10.0	10.1
DOIU Management	7.0	6.9	7.9
Security (Classified Information Facility)	5.2	5.1	6.2
Law Enforcement Coordination	6.9	7.2	8.4
Security (MIB/SIB Complex)	147.1	196.0	205.4
Victim Witness Coordinator	2.0	1.9	2.3
Interior Operations Center	22.5	23.0	26.5
Emergency Preparedness (COOP)	11.3	9.9	11.3
Emergency Response	11.2	12.4	14.4
MIB Emergency Health and Safety	3.4	4.6	4.8
Federal Executive Board	2.8	2.8	3.3
Alternative Dispute Resolution (ADR) Training	0.5	0.5	0.6
Conservation and Education Partnerships	3.2	3.2	3.6
Cooperative Ecosystem Study Units	21.2	21.2	0.0
CFO Financial Statement Audit	535.7	259.4	242.4
Ethics	5.6	5.5	6.3
FOIA Appeals	22.0	22.0	22.1
IT Transformation Planning (ITT)	185.5	185.5	168.0
Enterprise Directory Services (fka Active Directory)	25.2	30.8	124.9
IT Asset Management	9.3	7.7	10.4
IOS Collaboration	9.6	9.7	12.6
Unified Messaging	7.9	9.9	13.4
ITD Desktop Services	3.3	0.0	0.0
Identity Credential Access Management (ICAM)	12.6	12.7	13.3
Threat Management	25.5	15.8	94.2
ITD ISSO Information Assurance Operations	7.6	7.6	5.0
Enterprise Continuous Diagnostics and Monitoring	0.0	11.9	11.5
Enterprise Security & Event Mgmt. Solution (SIEM)	0.0	25.8	24.8
Hosting Services (fka Hosting/Cloud Services)	14.6	8.7	19.9
Electronic Records Management (inc. e-Forms)	19.6	45.9	56.0

Privacy and Civil Liberties	8.2	14.9	13.0
ITD PPCD Privacy Records	15.3	15.3	0.0
Information Mgmt. Assurance Division Leadership	6.7	19.5	15.6
Assessment & Authorization Services	2.3	6.6	5.8
IT Security	3.1	5.7	4.1
Solutions, Design & Innovation (SDI)	4.4	4.4	13.4
Enterprise Services Network	180.6	73.8	114.3
Federal Relay Service	0.3	0.6	3.0
ITD MIB Data Networking	10.7	10.7	16.3
ITD Telecommunication Services	24.6	24.6	41.6
ITD Integrated Digital Voice Communications System	17.4	17.4	34.6
Enterprise Services Network – Central Bill Pass Thrus	0.0	109.8	222.4
FBMS Help Desk – Customer Support Center	126.2	0.0	0.0
Enterprise Service Desk	0.0	0.0	10.0
Geospatial Services	0.0	0.0	2.9
Enterprise Resource Management	17.5	17.7	0.0
Independent Verification and Validation – Risk Mgmt.	21.0	38.3	33.8
Architecture & IT Portfolio Performance Mgmt.	34.5	100.7	97.6
IT Budget Formulation & Portfolio Development	25.7	75.2	60.6
e-Government Initiatives (WCF Contributions Only)	51.1	32.0	26.3
FPPS/Employee Express - O&M	168.1	176.7	176.9
Transportation Services (Household Goods)	1.7	1.7	1.7
FBMS Master Data Management	0.5	0.0	0.0
Consolidated Financial Statement System	6.7	0.0	0.0
Boise Acquisition Office	221.8	24.9	26.5
TOTAL	3,437.2	3,277.3	3,967.7

Bureau of Safety and Environmental Enforcement

Working Capital Fund Direct Bill

(Dollars in thousands)

Account	2014 Actual	2015 Actual	2016 Estimate
Creative Communications	4.0	4.0	4.5
FBMS Change Orders	10.0	0.0	0.0
Ocean Coastal Great Lakes Activities	20.0	0.0	20.0
e-OPF	39.9	39.9	49.7
EAP Consolidation	9.9	0.0	0.0
Worker's Comp Nurse Case Management	1.5	1.5	1.5
Equal Employment Opportunity (EEO) Investigations	0.0	0.0	3.9
Equal Employment Opportunity (EEO) Training	0.0	0.0	1.0
Albuquerque Learning & Performance Center	2.4	2.4	0.0
Online Learning	6.0	6.0	5.6
Washington Leadership & Performance Center	6.3	6.2	0.0
Consolidated Direct Billed Leadership & Performance Centers	0.0	0.0	8.6
OLES BSEE Detailee	150.0	150.0	0.0
Federal Flexible Savings Account (FSA) Program	10.1	10.1	3.3
Unified Messaging	203.7	164.2	246.2
Anti-virus Software Licenses	44.5	16.4	49.1
Identity, Credential Access Management (ICAM)	89.0	84.7	103.6
Data at Rest Initiative	6.8	2.4	6.7
Hosting Services	0.0	12.4	16.9
Electronic Records Management	105.3	0.0	117.6
Enterprise Services Network	617.1	0.0	608.8
ISSO ITD Telecommunications	4.3	0.0	4.9
ESRI Enterprise Licenses	107.5	44.2	110.7
Human Resource Operations Division	19.1	0.0	0.0
Payroll & HR Systems	283.1	262.1	270.2
Acquisition Services	15.4	0.0	0.0
TOTAL	1,755.8	806.3	1,632.9

Bureau of Safety and Environmental Enforcement

Appendix B – Employee Count by Grade

Employee Count by Grade
(Total Employment)

	FY 2014 Actuals	FY 2015 Enacted	FY 2016 Request
Executive Level V	1	1	1
SES	6	6	6
Subtotal	7	7	7
SL - 00	0	0	0
ST - 00	0	0	0
Subtotal	0	0	0
GS/GM -15	46	46	46
GS/GM -14	143	146	146
GS/GM -13	207	216	216
GS -12	111	133	133
GS -11	90	128	136
GS -10	3	3	3
GS - 9	69	69	71
GS - 8	16	16	16
GS - 7	53	55	57
GS - 6	15	15	15
GS - 5	24	28	28
GS - 4	7	7	7
GS - 3	0	0	0
GS - 2	0	0	0
GS - 1	0	0	0
Subtotal	784	862	874
Other Pay Schedule Systems	0	0	0
Total employment (actuals & estimates)	791	869	881

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**Bureau of Safety and Environmental Enforcement
Offshore Safety and Environmental Enforcement (OSEE)**

Appendix C - MAX Tables and Budget Schedules

Program and Financing <i>(dollars in millions)</i>				
Treasury Account ID: 14-1700		2014 Actual	2015 Estimate	2016 Estimate
Obligations by program activity				
0001	Appropriations	73	75	70
0002	Offsetting Collections	80	179	138
0003	Inspection Fee	38	0	0
0192	Total direct program	191	254	208
0799	Total direct obligations	191	254	208
0802	Reimbursable Service Agreements	37	37	37
0900	Total new obligations	228	291	245
Budgetary resources: Unobligated balance:				
1000	Unobligated balance brought forward, Oct 1	87	94	30
1011	Unobligated balance transfer from other accounts [14-1917] *	1	0	0
1021	Recoveries of prior year unpaid obligations	2	0	0
1050	Unobligated balance (total)	90	94	30
Budget authority: Appropriations, discretionary:				
1100	Appropriation	73	66	68
1160	Appropriation, discretionary (total)	73	66	68
Spending authority from offsetting collections, discretionary				
1700	Offsetting Collections (Cost Recovery)	8	8	8
1700	Offsetting Collections (Rental Receipts)	51	51	49
1700	Collected (Inspection Fee)	65	65	65
1700	Reimbursable Service Agreements	24	37	37
1701	Change in uncollected payments, Federal sources	5	0	0
1711	Spending authority from offsetting collections - Inspection Fees - transferred from accounts [14-1917]	6	0	0
1750	Spending authority from offsetting collections, discretionary (total)	159	161	159
1900	Budget authority (total)	232	227	227
1930	Total budgetary resources available	322	321	257
Memorandum (non-add) entries:				
1941	Unexpired unobligated balance, end of year	94	30	12
Change in obligated balance: Unpaid obligations:				
3000	Unpaid obligations, brought forward, Oct 1	101	129	168
3010	Obligations incurred, unexpired accounts	228	291	245

Bureau of Safety and Environmental Enforcement Offshore Safety and Environmental Enforcement (OSEE)

Program and Financing (continued) <i>(dollars in millions)</i>				
Treasury Account ID: 14-1700		2014	2015	2016
		Actual	Estimate	Estimate
3020	Outlays (gross)	-198	-252	-252
3040	Recoveries of prior year unpaid obligations, unexpired	-2	0	0
3050	Unpaid obligations, end of year	129	168	161
Uncollected payments:				
3060	Uncollected payments, Federal sources, brought forward, Oct 1	-19	-24	-24
3070	Change in uncollected payments, Federal sources, unexpired	-5	0	0
3090	Uncollected payments, Federal sources, end of year	-24	-24	-24
Memorandum (non-add) entries:				
3100	Obligated balance, start of year	82	105	144
3200	Obligated balance, end of year	105	144	137
Budget authority and outlays, net: Discretionary:				
4000	Budget authority, gross	232	227	227
Outlays, gross:				
4010	Outlays from new discretionary authority	105	159	160
4011	Outlays from discretionary balances	93	93	92
4020	Outlays, gross (total)	198	252	252
Offsets against gross budget authority and outlays:				
Offsetting collections (collected) from:				
4030	Federal sources	-39	-37	-37
4033	Non-Federal sources	-109	-124	-122
4040	Offsets against gross budget authority and outlays (total)	-148	-161	-159
Additional offsets against gross budget authority only:				
4050	Change in uncollected payments, Federal sources, unexpired	-5	0	0
4070	Budget authority, net (discretionary)	79	66	68
4080	Outlays, net (discretionary)	50	91	93
4180	Budget authority, net (total)	79	66	68
4190	Outlays, net (total)	50	91	93
Memorandum (non-add) entries				
5090	Unavailable balance, SOY: Offsetting collections	6	6	6
5092	Unavailable balance, EOY: Offsetting collections	6	6	6
* Unobligated Balance of \$1M was brought forward from BOEMRE and transferred from BOEM to BSEE.				

**Bureau of Safety and Environmental Enforcement
Offshore Safety and Environmental Enforcement (OSEE)**

Object Classification <i>(dollars in millions)</i>				
Treasury Account ID: 14-1700		2014 Actual	2015 Estimate	2016 Estimate
OSEE (Direct Obligations)				
Personnel compensation:				
1111	Full-time permanent	58	70	72
1121	Civilian personnel benefits	18	21	21
1210	Travel and transportation of persons	2	2	2
1220	Transportation of things	0	1	1
1231	Rental payments to GSA	9	11	11
1251	Advisory and assistance services	3	22	22
1252	Other services from non-Federal sources	49	94	56
1253	Other goods and services from Federal sources	13	5	5
1254	Operation and maintenance of facilities	0	1	1
1255	Research and development contracts	18	22	12
1257	Operation and maintenance of equipment	7	0	0
1260	Supplies and materials	1	2	2
1310	Equipment	7	3	3
1410	Grants, subsidies, and contributions	5	0	0
1990	Subtotal, obligations, Direct Obligations	190	254	208
OSEE (Reimbursable Obligations)				
Personnel compensation:				
2111	Full-time permanent	11	11	11
2121	Civilian personnel benefits	3	3	3
2231	Rental payments to GSA	6	6	6
2251	Advisory and assistance services	2	2	2
2252	Other services from non-Federal sources	3	6	6
2253	Other goods and services from Federal sources	0	8	8
2255	Research and development contracts	1	0	0
2257	Operation and maintenance of equipment	10	0	0
2310	Equipment	2	1	1
2990	Subtotal, obligations, Reimbursable obligations	38	37	37
9999	Total new obligations	228	291	245

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

Program and Financing <i>(dollars in millions)</i>				
Treasury Account ID: 14-8370		2014 Actual	2015 Estimate	2016 Estimate
Obligations by program activity				
0001	Direct program activity	21	18	16
0900	Total new obligations	21	18	16
Budgetary Resources : Unobligated balance:				
1000	Unobligated balance brought forward, Oct 1	9	4	1
Budget Authority: Appropriations, discretionary				
1101	Appropriation (special or trust fund)	15	15	15
1160	Appropriation, discretionary (total)	15	15	15
Spending authority from offsetting collections, discretionary:				
1700	Collected	1	0	0
1750	Spending authority from offsetting collections, discretionary (total)	1	0	0
1900	Budget authority (total)	16	15	15
1930	Total budgetary resources available	25	19	16
Memorandum (non-add) entries:				
1941	Unexpired unobligated balance, end of year	4	1	0
Change in obligated balance: Unpaid obligations:				
3000	Unpaid obligations, brought forward, Oct 1	12	23	18
3010	Obligations incurred, unexpired accounts	21	18	16
3020	Outlays (gross)	-10	-23	-22
3050	Unpaid obligations, end of year	23	18	12
Memorandum (non-add) entries:				
3100	Obligated balance, start of year	12	23	18
3200	Obligated balance, end of year	23	18	12
Budget authority and outlays, net: Discretionary:				
4000	Budget authority, gross	16	15	15
Outlays, gross:				
4010	Outlays from new discretionary authority	3	8	8
4011	Outlays from discretionary balances	7	15	14
4020	Outlays, gross (total)	10	23	22

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

Program and Financing (continued) <i>(dollars in millions)</i>				
Treasury Account ID: 14-8370		2014 Actual	2015 Estimate	2016 Estimate
Offsets against gross budget authority and outlays:				
Offsetting collections (collected) from:				
4033	Non-Federal sources	-1		
4070	Budget authority, net (discretionary)	15	15	15
4080	Outlays, net (discretionary)	9	23	22
4180	Budget authority, net (total)	15	15	15
4190	Outlays, net (total)	9	23	22

Object Classification <i>(dollars in millions)</i>				
Treasury Account ID: 14-8370		2014 Actual	2015 Estimate	2016 Estimate
OSR (Direct Obligations)				
Personnel compensation:				
1111	Full-time permanent	1	2	2
1121	Civilian Personnel Benefits	1	1	1
1252	Other services from non-Federal sources	6	3	2
1255	Research and development contracts	13	12	11
9999	Total new obligations	21	18	16

**Bureau of Safety and Environmental Enforcement
Oil Spill Research (OSR)
Hurricane Sandy Disaster Relief Supplemental
Appropriations Act of 2013**

Program and Financing <i>(dollars in millions)</i>				
Treasury Account ID: 14-1920		2014 Actual	2015 Estimate	2016 Estimate
Budgetary resources: Budget authority: Appropriations, discretionary:				
1160	Appropriations, discretionary (total)	0	0	0
Change in obligated balance: Unpaid obligations:				
3000	Unpaid obligations, brought forward, Oct 1	2	1	1
3020	Outlays (gross)	-1	0	0
3050	Unpaid obligations, end of year	1	1	1
Memorandum (non-add) entries:				
3100	Obligated balance, start of year	2	1	1
3200	Obligated balance, end of year	1	1	1
Budget authority and outlays, net: Discretionary:				
Outlays, gross (total)				
4011	Outlays from discretionary balances	1	0	0
4080	Outlays, net (discretionary)	1	0	0
4180	Budget authority, net (total)	0	0	0
4190	Outlays, net (total)	1	0	0

Bureau of Safety and Environmental Enforcement

Authorizing Statutes

Outer Continental Shelf (OCS) Lands Program

- 43 U.S.C. 1331, et seq. The Outer Continental Shelf (OCS) Lands Act of 1953, 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 Gulf of Mexico Energy Security Act of 2006 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 Energy Policy Act of 2005 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.
- P.L. 113-067 The Bipartisan Budget Act of 2013 contained provisions which approved the Agreement between the U.S. and the United Mexico States concerning Transboundary Hydrocarbon Reservoirs in the Gulf of Mexico, and amended the OCS Lands Acts to authorize the Secretary of the Interior to implement the U.S.-Mexico Agreement and any future transboundary hydrocarbon reservoir agreements entered into by the President and approved by Congress.
- 43 U.S.C. 4321, 4331-4335,
4341-4347 The National Environmental Policy Act of 1969 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, et seq. The Coastal Zone Management Act of 1972, 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 Endangered Species Act of 1973 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.
P. L. 112-42, Section 432	Consolidated Appropriations Act of 2012, amended the Clean Air Act by transferring air quality jurisdiction from the EPA to DOI for OCS activities in the Beaufort Sea and Chukchi Sea OCS Planning Areas of the Arctic OCS.
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. BSEE provides oversight and enforcement for potential impacts from all OCS activities that may be located in or in proximity to marine sanctuaries and protected areas.
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>Directed the creation of 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 9509 of the Internal Revenue Code of 1986 (26 U.S.C. 9509), 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</u> , as amended, 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).