

Offshore Drilling and Public Service

Michael Bromwich, Director, US Bureau of Ocean Energy Management, Regulation and Enforcement



Approximately a year ago, in June 2010, US President Barack Obama and Secretary of the Interior Ken Salazar asked me to serve as director of the US Bureau of Ocean Energy Management, Regulation and Enforcement (BOEMRE). Two months earlier, the *Deepwater Horizon* exploded, taking the lives of 11 men, injuring 17 others, and causing nearly 5 million bbl of oil to spill into the Gulf of Mexico. It was an event with enormous human and environmental consequences, which will leave a lasting legacy. It was an event that jolted industry and government alike.

In the wake of *Deepwater Horizon*, BOEMRE has raised the bar for safety, oversight, and environmental protection at every stage of the drilling process. We have made significant progress, but there is still much work to be done. One of the most pressing issues facing the agency is ensuring that we can fill our ranks with the nation's best and the brightest engineers and scientists.

Strengthening Regulations

First, a brief look at the reforms we have undertaken. Among the central tasks that needed to be addressed was the strengthening of the rules and regulations that govern offshore drilling. We needed to enhance drilling and workplace safety and provide additional protection for the environment. We did so quickly and responsibly. Within a few short months, we developed and implemented two important new rules.

The first rule, the Drilling Safety Rule, created tough new standards for well design, casing, and cementing, and new rules for well control procedures and equipment, including blowout preventers. Operators are now required to obtain independent third party inspection and certification of the proposed drilling process, and an engineer must certify that blowout preventers meet new standards for testing and maintenance and are capable of severing the drill pipe under anticipated well pressures. The second rule, the Workplace Safety Rule, requires operators to systematically identify risks and establish barriers to those risks and thereby seeks to reduce the human and organizational errors that lie at the heart of many accidents and oil spills.

In addition, operators must now have a plan and the demonstrated ability to shut in a deepwater blowout and capture oil flowing from a wild well. Thus, rather than improvising a containment response on the fly—with the hits and misses we saw during the attempts to bring the Macondo well under control—each operator must develop a containment plan that includes demonstration of access to containment technology such as a capping stack, and BOEMRE has to approve this plan.

These new requirements have set clear standards for industry, and the industry has demonstrated that it understood what was necessary to comply. In mid-February, both the Helix Well Containment Group and the Marine Well Containment Company tested their containment systems, and we reviewed the test results. The availability of the containment systems allowed us, on 28 February, to issue the first new deepwater drilling permit since *Deepwater Horizon*. Since then, we have issued deepwater drilling permits to every operator who has demonstrated compliance with all applicable regulatory requirements, as well as with the need to demonstrate the ability to contain a subsea blowout.

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In addition, we have continued to issue shallow water permits in every case where the application complies with all of our heightened standards that apply to shallow water operations. Our goal is to approve every fully compliant permit application as promptly as we can. It is unfortunate that this central point has been obscured by some of the false and incendiary rhetoric that has surrounded the deepwater drilling moratorium and its aftermath.

Structural Changes

Now let us look at the future. A major risk we face is that as *Deepwater Horizon* recedes into the past, the urgency of ensuring safe and prudent offshore drilling diminishes. Following *Deepwater Horizon*, a broad consensus quickly emerged—in government and industry—that there was a pressing need for upgrading the safety rules and practices within the oil and gas industry. However, the consensus began to weaken as our new rules were developed and new requirements were imposed on companies operating offshore. Some offshore operators and support companies recognized that *Deepwater Horizon* was the symptom of a broader failure in both industry and government—a systemic failure to ensure that advances in drilling and workplace safety kept pace with increasingly risky operations.

It is our collective responsibility to do everything possible to avoid another *Deepwater Horizon*. For our part, we in the government have undertaken a broad re-examination of our agency and its structure, policies, and processes. This has produced a blueprint for reorganizing the agency into three separate agencies with clear and focused missions. Last October, we split off the royalty and revenue collection function into an agency, the Office of Natural Resource Revenue. This October, we will form two new agencies: one responsible for responsible and balanced offshore resource development, the Bureau of Ocean Energy Management (BOEM), and the second responsible for permitting, regulation, and enforcement, the Bureau of Safety and Environmental Enforcement (BSEE). BOEM and BSEE will have separate though closely related missions and separate management struc-

tures that will eliminate institutional conflicts of interest.

In addition to these important structural changes, we are performing a top to bottom review of how we carry out our responsibilities, including important functions such as permitting, inspections, and enforcement. We expect these reviews to result in major changes and improvements in the way we do business. These changes will be made possible, in part, because of the additional congressional funding we have received this year to address some of the areas where we historically have lacked sufficient resources to keep up with the substantial advances being made by industry. It is an exciting and dynamic time to be involved in the business of regulating and overseeing the important business of offshore exploration and production.

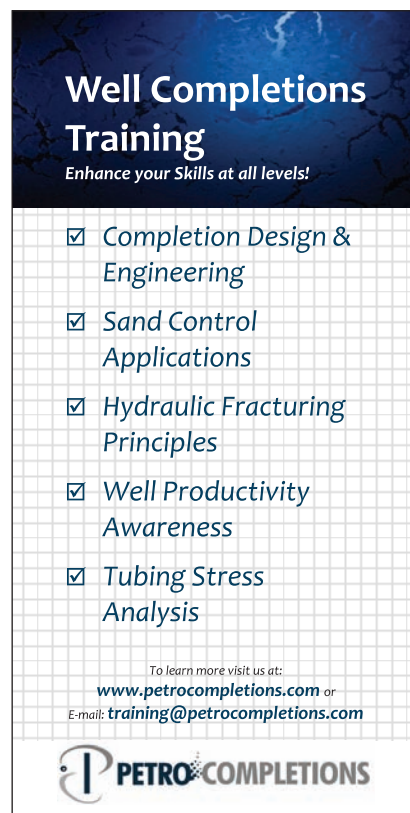
Recruiting Needs

The final and crucial challenge is recruiting and retaining high-quality personnel to perform jobs that are essential to this country's energy future. Every organization—whether in the private or public sector—needs to make sure that it has the capacity to attract the necessary talent to fulfill its responsibilities. For our agency, that means persuading talented engineers, especially petroleum engineers, to enter public service and apply their engineering knowledge, skills, and experience to some of the most important activities performed by this agency. Those activities include reviewing the drilling applications submitted by operators, ensuring compliance with applicable rules, and making sure that we develop a fair and aggressive enforcement program to address serious violations of agency rules. In short, our engineers play a central role in making sure that offshore exploration, development, and production are done safely, responsibly and lawfully.

With so much emphasis on high levels of safety and environmental protection, and so much importance attached to the smooth functioning of our processes related to offshore drilling, we have an urgent need for engineering expertise at every level. We need the recent university graduate, we need the mid-level engineer who wants to

perform public service and change his lifestyle, and we need the experienced engineer who may have the urge to give back after spending the bulk of his career in industry. We welcome—and have a burning need—for engineers. We have the work to hold their interest, and our personnel enjoy the professional benefits of working with cutting-edge technology and dealing with high-ranking officials, as well as the personal benefits of scheduling predictability and to lead more balanced lives.

People are watching our work around the world, are interested and invested in it, and know the stakes involved in whether we succeed. Being a part of that enterprise is challenging, exciting, and important. We are determined to succeed in creating a system that allows continued offshore development while ensuring safety and environmental protection. That is the goal we will continue to pursue with single-minded determination. **JPT**



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