

Event Summary

Impacts of the Gulf Oil Spill Series

Responsible Stewardship of U.S. Offshore Oil and Natural Gas Development with Michael R. Bromwich

By Keri Rance

The CSIS Energy and National Security Program was pleased to host Michael R. Bromwich, Director, Bureau of Ocean Energy Management, Regulation and Enforcement on Thursday, January 13, 2011. In his first public comments following the release of the Oil Spill Commission's report on Tuesday, January 11, 2011, Michael Bromwich began by noting that major catastrophes usually bring about change. Offshore disasters, such as the UK's *Piper Alpha* incident, Norway's *Alexander Keilland* and Australia's recent *Montero* incident each prompted substantial changes in oversight of offshore drilling and production.

Bromwich spoke of the mandate given to him by President Obama and Secretary Salazar to reform the United State's offshore energy development and emphasized the distinct challenges faced by the U.S. in the wake of the Deepwater Horizon. The scale of offshore oil and gas operations in U.S. waters, especially the Gulf, is much greater than the North Sea. Moreover, changes in regulatory practices will undoubtedly impact many of the economies of the Gulf Coast states.

The government's goal was to take those issues into account while making the safety reforms necessary and keeping the continuity of production. These reforms are the most comprehensive of the industry and include reorganizing the Minerals Management Service (MMS) to create three strong independent agencies, improving standards and practices for emergency safeguards and workplace safety, working with the international community and for the first time introducing performance based standards which help create well equipped regulators. Substantively, the reforms will provide the tools, training and culture to assist in implementation. Recruiting will include technical specialist as well as law enforcement and require that inspectors recuse themselves from inspecting former employers.

Bureau of Ocean Energy Management, Regulation and Enforcement (BOEMRE) will be responsible for areas including:

- Evaluation Process: review and evaluate processes for permitting.
- Inspections: use risk-based inspections and define near and long term strategies; develop infrastructure and personnel for real time monitoring, training programs and career development; take advantage of new technologies by using tools such as satellite imaging and e-inspect software.

- Regulatory Enforcement: evaluate, document and track of non-compliance, as well as identify gaps and review civil penalties. The current civil penalties include a maximum of \$35,000 a day per violation and are not adequate to deter violations.

Bromwich noted that the industry must also make changes. The industry has a tough new standard for well design and casing in addition to independent oversight laid out in the emergency rule. The SEMS rule, released late last year, includes workplace safety rules in development well before the Deep Water Horizon blowout, however the blowout provided the impetus necessary to move forward.

There have been rapid changes and as a result, many questions. In response, the government has held dozens of information sessions as well as provided guidance documents. The complexity of these documents reflects the complexity of the issues involved in the industry. Bromwich acknowledged that there has been anxiety within congress and industry regarding the recent changes as well as suspicion that the government has further changes and new regulations planned. Bromwich stated that this is not the case. He did say, however, that regulation cannot remain static in this rapidly changing and advancing industry. Bromwich said one thing he and Secretary Salazar firmly believe is that “retreat on drilling safety is simply not an option.”

For more detail, please see Bromwich’s prepared remarks.