

BOEMRE

**Bureau of Ocean Energy Management,
Regulation and Enforcement**

UNITED STATES DEPARTMENT OF THE INTERIOR

OOC Annual Meeting

**Lars Herbst
Regional Director
Gulf of Mexico Region
Bureau of Ocean Energy Management,
Regulation and Enforcement**



AGENDA

- Re-organization**
- Progress on Leasing and Operational Issues**
- Regulations and NTLs**
- 2011 Hurricane Season Preparedness**

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Re-organization BOEM & BSEE

Bureau of Ocean Energy Management,
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October 1, 2011 –

- Bureau of Ocean Energy Management
- Bureau of Safety and Environmental Enforcement

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Bureau of Ocean Energy Management

BOEM will be responsible for managing the development of the nation's offshore resources in an environmentally and economically responsible manner.

The functions of BOEM will include leasing, environmental science, environmental analysis and assessment, resource evaluation, economic analysis, renewable energy, and plan administration.

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Bureau of Safety and Environmental Enforcement

BSEE will be responsible for regulatory, safety, environmental and conservation compliance for the development of the nation's offshore oil and gas and renewable energy resources.

The functions of BSEE will include regulation, enforcement, permitting, inspections, safety management, environmental compliance and enforcement, and oil spill response.

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BOEM

Regional Organization

Bureau of Ocean Energy Management
Gulf of Mexico Region

Environment

Leasing & Plans

Resource Evaluation

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BSEE

Regional Organization

Bureau of Safety and Environmental Enforcement
Gulf of Mexico Region

Production &
Development

Regional Field
Operations

District Field
Operations

Oil Spill
Response

Environmental
Compliance

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District Field Operations GOM District Offices

Development of District Offices through reorganization:

The five Gulf of Mexico District Offices will each have a separate Well Operations Section and a Production Section. These sections will each include an Inspection Unit.

The District Offices will report to a District Field Operations program office in the Region separate from the Regional Field Operations program office.

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BOEM & BSEE Recruiting Efforts

-- Bureau of Ocean Energy Management

Chief Environmental Officer (Headquarters)

Strategic Resources Chief (Headquarters)

Gulf of Mexico Regional Director

-- Bureau of Safety and Environmental Enforcement

Deputy Director (Headquarters)

Regulatory Programs Chief (Headquarters)

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Upcoming Lease Sales current 5-Year Program (2007-2012)

Western Gulf of Mexico Planning Area

- Draft Supplemental Environmental Impact Statement published April 2011, public hearings held in May 2011
- Next steps – Final SEIS, Proposed Notice of Sale, and Final Notice of Sale
- Sale 218 proposed for late 2011

Central Gulf of Mexico Planning Area

- Work on Draft Supplemental Environmental Impact Statement underway
- Publication and public hearings for DEIS scheduled for Summer 2011
- Next steps – Final SEIS, Proposed Notice of Sale, and Final Notice of Sale
- Sale proposed for mid 2012

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5-Year OCS Oil and Gas Leasing Program: 2012-2017

December 2010 – Interior Secretary Salazar updated oil and gas leasing strategy for the OCS.

- No longer under consideration: Eastern GOM (portion under Congressional moratorium), and Mid & South Atlantic planning areas
- Move forward with environmental analysis for potential seismic studies in Mid & South Atlantic planning areas

January ~ March 2011 – Public comment period and scoping meetings held for Programmatic Environmental Impact Statement (PEIS).

- PEIS** to include WGOM, CGOM, small portion of EGOM, Chukchi and Beaufort Seas, and Cook Inlet.

Next step - publication of a proposed program and draft EIS, which will likely occur in late 2011.

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Permitting

Gulf of Mexico Deepwater Permitting Update

(as of June 7, 2011)

Permits submitted	= 142
Permits approved	= 86
Permits In-review	= 32

Rate of Approvals:

Total of 46 permits meeting NTL-10 requirements approved.
15 deepwater wells permitted since Feb. 28, 2011
About one per week as of June 3, 2011 (over 14 weeks)

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Permitting

Complexity of Current Deepwater Permits

- Worst Case Discharge in EP or DOCD
- Blowout Scenario in EP or DOCD
- Oil Spill Response Certification of Response to WCD and Plan Modification
- Environmental Assessment or Determination of NEPA Adequacy
- BOP Shear Certification and Review of Schematics
- Well Containment Screening Tool (casing, fluid gradient, seismic broach analysis)
- Well Containment Plan and Regulations Certification Statement

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Permitting

Streamlining Permitting Process

- “Completeness” checklist developed for use by oil and gas operators
- Deficiencies and omissions will be communicated to the operator for correction at the same time.
- “Complete” permits will receive higher priority in the review process
- The establishment of priority list for review, will consist of:
 - Permits for ongoing operations, such as sidetracks or deeper exploration of an existing well.
 - Applications deemed complete, and
 - Incomplete applications and those without approved plans.

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Inspection & Enforcement Program

Incidents of Non-Compliance Issued in CY 2010 during drilling inspections.

Most prevalent Drilling INCs issued:

1. G110 – (17 issued) all equipment maintained in a safe condition to provide for the protection of the lease and associated facilities.
[Ranked 1st 2006 – 2010]
2. G111 – (8 issued) operations performed in a safe and workmanlike manner & provide for the preservation and conservation of property and the environment.
3. G115 – (6 issued) operations conducted in accordance with approved applications.

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Inspection & Enforcement Program

Incidents of Non-Compliance Issued in CY 2010 during production inspections.

Most prevalent Production INCs issued:

1. G111 – (514 issued) perform operations in a safe and workmanlike manner & provide for the preservation and conservation of property and the environment. [Ranked 1st 2006 - 2010]
2. G110 – (216 issued) maintain all equipment in a safe condition to provide for the protection of the lease and associated facilities. [Ranked 2nd 2008 – 2010]
3. G112 – (151 issued) provide for the safety of all personnel and take all necessary precautions to correct and remove any hazardous oil and gas accumulation or other health, safety, or fire hazards. [Ranked 3rd 2008-2010]

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Inspection & Enforcement Program

BOP Test Witnessing:

BOEMRE is witnessing either the stump or initial latch-up test of BOPs used in the GOM.

To date, inspectors have witnessed 25 BOP tests.

Originally estimated 2 days per inspection/witnessing -- actually averaging 4 days

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BSEE Training Center

In the aftermath of the Deepwater Horizon explosion and oil spill, the need to develop a formalized training program for personnel regulating offshore oil and gas operations was identified through several investigations with a specific emphasis on District personnel (Inspectors and Engineers). Major functions of the Training Center will be:

- Provide Inspector/Engineer regulatory compliance training that includes regulations, NTLs, current policy, and standard operating procedures
- Development of the agency training curriculum and ensuring it is kept up to date with current technology
- Determination of training needs and the subsequent acquisition of training classes/courses
- Provide certification and recertification once training is successfully completed.
- Serve in an audit capacity to assure that inspectors and engineers are completing inspections in a manner consistent with the training that was provided.

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Regulations

Interim Final Rule (Drilling Safety Rule) – addresses both well bore integrity and well control equipment and procedures, including blowout preventers.

For the first time, operators are now required to obtain independent third-party inspection and certification of the proposed drilling process.

In addition, 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.

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Safety and Environmental Management System (SEMS)

Final rule was published in Federal Register on October 15, 2010. All operators must be in compliance with the rule by November 15, 2011.

- Upper management is responsible for the success of the operator's SEMS program and will be held accountable for its success.
- The identification of hazards and their mitigation through hazards analysis and job safety analysis are key ingredients to a successful SEMS program.
- Operator personnel are responsible for the management and implementation of a SEMS plan on any facility regardless of whether that facility is totally operated by a contractor.
- BSEE will begin conducting audits to ensure that these SEMS plans are operative.
- Operators must ensure their contractor's safety policies and procedures comport with their SEMS plan.

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Notice to Lessees

NTL No. 2010-N10

NTL 2010-N10: *Statement of Compliance with Applicable Regulations and Evaluation of Information Demonstrating Adequate Spill Response and Well Containment Resources*, effective 11-8-10.

BOEMRE Gulf Region staff have worked very close with the containment organizations.

Most issues have been resolved and clarified. Formats for regional aspects have been established.

A well containment screening tool has been developed.

All permits approved to date since Deepwater Horizon have been analyzed as cap only designs.

Issues still being worked:

- fluid gradient analysis (non default)
- production capacity analysis for flowback scenarios.

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Plans Workshop (held in New Orleans March 2011)

BOEMRE Gulf Region held workshop in March 2011 on plan submissions related to:

- Exploration and Development Plans
- Worst Case Discharge Calculations (NTL No. 2010-N06)
- National Environmental Policy Act (NEPA)
- Oil Spill Response Plans

Copies of the presentations given in that workshop are available from the **BOEMRE** website at:

<http://www.gomr.boemre.gov/homepg/whatsnew/speeches/speeches.html#Plans>

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2011 Hurricane Season Preparedness

Notice to Lessees covering:

- Operator pre- and post- reporting requirements for evacuation, production curtailment and re-start, and damage assessments. (NTL No. 2011-G01 & No. 2009-G30)
- Moored drilling rig and jack-up rig fitness requirements. (NTL No. 2008-G09 & No. 2009-G10)
- Platform tie-downs guidance. (NTL No. 2009-G13)
- GPS for MODUs. (NTL No. 2009-G16)

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2011 Jack-up Reviews

38 approvals (as of June 3, 2011)

6 of these have conditional move-off dates

6 have been sent back for changes

The most common problem with the jack up checklist is that operators are copying the example on our website.

They are not providing actual data for the drill site.

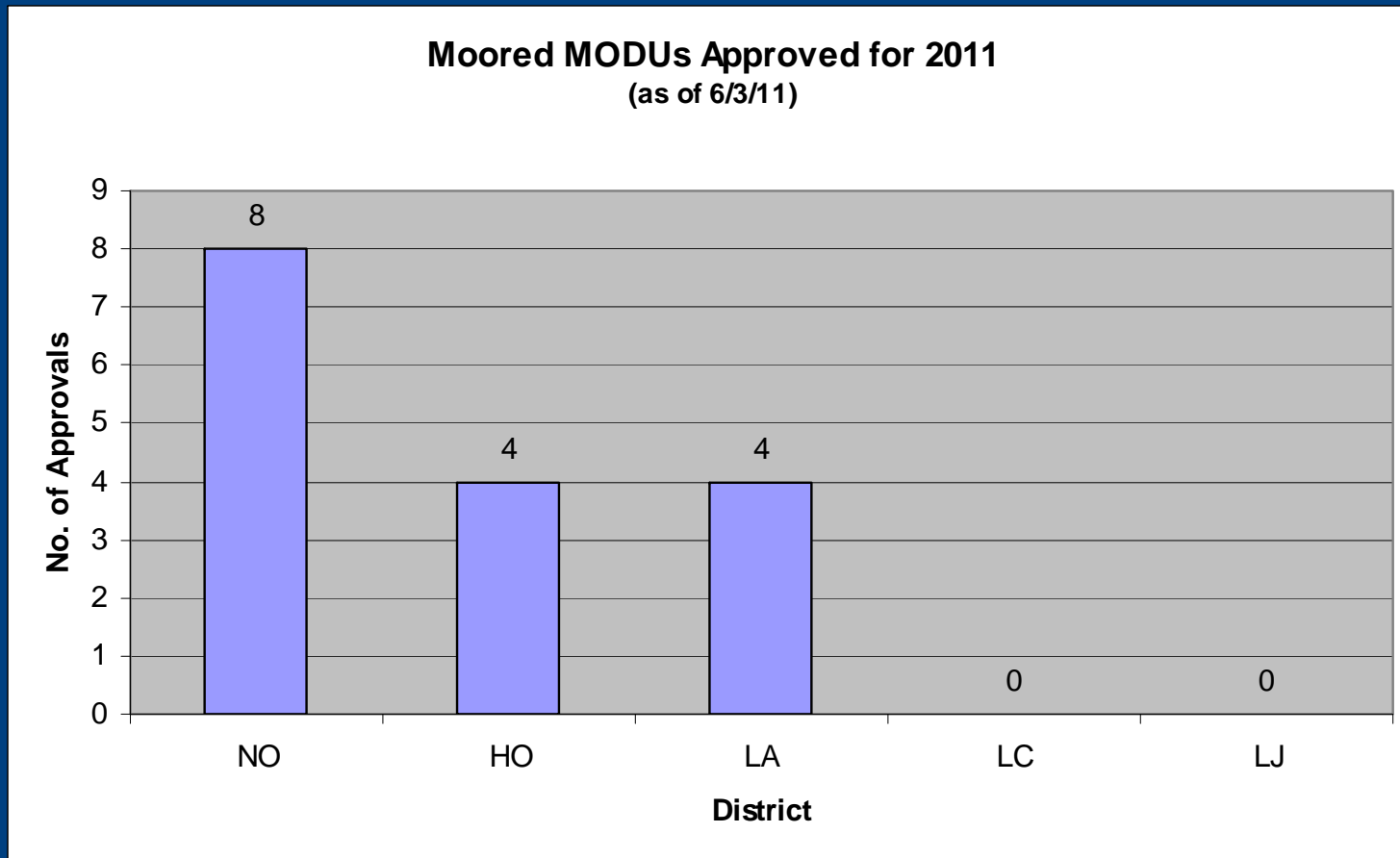
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Moored MODU Assessments



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Risk Analysis for Moored MODU's

	PEAK SEASON								
	June	July	Aug 1-15	Aug 16-31	Sep 1-15	Sep 16-30	Oct 1-15	Oct 16-31	Nov
1	H								
2	H								
3	H	H							
4	H	H							
5	H	H	H	H	H	H	H	H	H
6								H	H
7	M	M							
8	M	M							
9	M	M	M	M	M	M	M	M	M
10	M	M	M	M	M	M	M	M	M
11	M	M	M	M	M	M	M	M	M
12	M	M	M	M	M	M	M	M	M
13	M	M	M	M	M	M	M	M	M
14	L	L							
15	L	L	L	L	L	L	L	L	L
16									L

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Those rigs with associated high risks will have mitigations in place such as suction pile/gravity-installed anchors and polyester/wire mooring lines.



GPS Tracking for MODUs

How will BOEMRE use this data?

- We will use the drift path data to identify platforms and pipelines that might have been damaged by a drifting rig.
- BOEMRE/USCG will focus initial overflight inspections in these areas to locate the drifting rig and look for any possible damage/pollution that it might have caused

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Hurricane Reporting Requirements

NTL 2011-G01 requires the following reports:

- **Hurricane Evacuation and Production Curtailment Statistics**– Operators must submit this daily report (by 11 am) which includes their evacuation and production curtailment statistics (Form MMS-132)
- **Facility shut-in report** - In addition to Form MMS-132, provide the BOEMRE GOMR with a report regarding each facility that has curtailed production because of a storm
- **Facility damage reports** - provide the BOEMRE GOMR with Platform Damage Reports, Rig Damage Reports, and Pipeline Damage Reports, as appropriate
- **Pollution report** - provide the BOEMRE GOMR with a report regarding each platform or pipeline that has discharged or is continuing to discharge oil into the environment.

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Public Release of Activity Statistics

30 CFR 250.192 requires notification of local and national authorities and the public:

- A pre-approved fill-in-the-blank press release is issued daily at 2 p.m. EDT. The release is first posted on the BOEMRE website, followed by distribution to a hurricane email list. This is done by the Gulf Region's Public Affairs Office.
- Information in the release includes:
 - # of platforms evacuated,
 - percentage that this represents of manned platforms,
 - amount of estimated daily oil and natural gas production shut-in,
 - percentage that this represents of the estimated Gulf of Mexico daily production, and # of operators whose statistics are represented in the report.
- Damage assessments are released in a separate press release on an as-needed basis. There is no specific time of day for issuance. Damage assessment releases are written to fit the nature of the content and are approved through an abbreviated surnaming process during a COOP activation .

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Thank you for your attention.

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