



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

and Performance Information
Fiscal Year 2021

BUREAU OF SAFETY AND ENVIRONMENTAL ENFORCEMENT

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BUREAU OF SAFETY AND ENVIRONMENTAL ENFORCEMENT

FY 2021 Budget Justification

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FY 2021 BUDGET JUSTIFICATION

Bureau of Safety and Environmental Enforcement

Director's Preface

As the Administration works to support and promote domestic energy production, the Bureau of Safety and Environmental Enforcement (BSEE) is taking the necessary steps to foster safe and environmentally-sustainable oil and gas and renewable energy operations on the U.S. Outer Continental Shelf (OCS) in order to secure reliable energy production for America's future. BSEE's strategic goals reflect the Bureau's commitment to safety, environmental stewardship, energy security, organizational agility, people, data-driven decision making, transparency, and engagement.

America's offshore provides hydrocarbons that not only fuel cars, trucks, and homes, but also enhances healthcare, national defense, and the general standard of living. As important as this is to America's economy and way of life, this Administration recognizes that it is equally important for the offshore oil and gas industry to extract these resources safely and in an environmentally-sustainable manner.

BSEE actively works to promote the safe and environmentally-sustainable exploration, development, and production of America's offshore energy resources through a program of appropriate standards and regulations, efficient permitting, consistent and thorough inspections, effective compliance monitoring and enforcement, technical assessments, and conducting incident investigations. BSEE's budget fully supports the President's America-First Offshore Energy Strategy by ensuring that development of the Nation's vast offshore energy resources is conducted in a safe and environmentally-sustainable manner.

In recent years, America has seen increasing levels of oil and gas production in Federal offshore waters, with Calendar Year 2019 oil production from the Federal OCS exceeding 688 million barrels and natural gas production was over 1.03 trillion cubic feet. Approximately 51 percent of the total OCS oil production and 38 percent of the total OCS natural gas production in 2019 came from just 10 facilities, all in deepwater, defined as 1,000 feet or greater water depth. Despite these increased levels of production, BSEE is working to decrease overall incident rates through a new era of management that drives safety performance and environmental stewardship improvement beyond simply ensuring regulatory compliance through heightened levels of innovation and collaboration.

The Bureau continues to take actions to support the development of a safe, robust, and sustainable offshore wind industry in the United States. The Bureau of Ocean Energy Management (BOEM) has issued 15 active commercial leases for offshore wind development, and the first commercial wind project on the OCS could be operational as early as 2021, with six more projects possible by 2023, and another four between 2025 and 2027. These leases will drive increased permitting and inspection activity for BSEE. In anticipation of this rapid industry growth, BSEE is engaging with offshore wind developers to identify and promote best practices for ensuring worker safety and environmental protection.

During FY 2018 BSEE developed and implemented its 2019-2022 Strategic Plan. The Strategic Plan was expanded in October 2019 to include Data-Driven Decision Making as a strategic goal. Led by the

Director, BSEE uses a Change Management Initiative program to guide the Bureau's efforts to fulfill the Strategic Plan. To date, the Bureau has successfully implemented over three quarters of its internally identified initiatives to improve the effectiveness of BSEE. These initiatives are focused on creating an organization that has strong and smart programs and processes moving forward; improving and streamlining processes; ensuring the efficient use of resources within BSEE; developing an accountable, competent, and engaged workforce; and integrating effective stakeholder engagement.

Initiatives begun in FY 2017 and continued through FY 2020 included the development and implementation of a Risk-Based Inspection (RBI) Program that allows for the targeted inspections of higher-risk operations and facilities, with increased focus on areas such as crane safety and fired vessel operations; the development of an updated inspection strategy that allows for adaption to industry activity levels and the most efficient level of inspection; the development and expansion of a Quality Assurance program for permitting processes; the continued evaluation of risks associated with high-pressure and high-temperature (HPHT) equipment; and the development of a text messaging notification system which provides safety information directly to offshore workers. Completed initiatives also included BSEE's first Environmental Compliance Handbook, the integration of environmental inspections into the overall inspection strategy, establishment of the BSEE's Risk Analysis Committee which works to proactively identify operational risks, and the expansion of the Bureau's program evaluation capacity through the establishment of an Evaluation Branch within the Directorate's Office of Policy and Analysis.

A recommendation following the Deepwater Horizon incident was for BSEE to establish and fund an independent organization for research related to offshore safety and to recompute the funding every five years. To fulfill the recommendation, through a cooperative agreement with a third-party educational institution, BSEE established the Ocean Energy Safety Institute (OESI). This administration, in preparation for the recompute process, is currently developing a robust statement of work and a cost sharing agreement with the Department of Energy to leverage taxpayer funding and further drive safety performance on the OCS.

Through the increased collection and analysis of data, BSEE has been able to more effectively protect offshore workers and the environment. This is best demonstrated by the collection and analysis of near-miss data collected through the voluntary reporting of the SafeOCS initiative. Increasing participation in SafeOCS and sharing safety data across industry are critical for generating meaningful analysis with the ultimate goal of the program being able to identify proactive steps to mitigate risks and to ensure offshore operations are safe, reliable, and environmentally sustainable. The Bureau sees deep value in continuing this effort in FY 2021. BSEE continues to obtain statistical advice on the evaluation of daily notifications of safety events through its partnership with the Bureau of Transportation Statistics (BTS).

The Bureau's diverse team includes highly skilled engineers, geoscientists, geologists, environmental specialists, inspectors, and preparedness analysts, all working to ensure safe and responsible offshore energy production. To ensure that BSEE effectively develops its workforce, funds will be used to support and maintain the expertise of BSEE's specialized workforce through effective recruitment and development. In FY 2020, the Offshore Training Branch was realigned within the Gulf of Mexico OCS Office to be able to meet the training and development needs of all field personnel carrying out the mission critical functions. By recruiting and developing a diverse workforce that is accountable,

competent, and engaged and committed to the highest standards of ethics and integrity, BSEE will be well postured to continue its successes.

BSEE's FY 2021 budget will continue to focus on the Bureau's commitment to practical and efficient approaches that foster safe and environmentally-sustainable energy production.

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FY 2021 BUDGET JUSTIFICATION

Bureau of Safety and Environmental Enforcement

Executive Summary

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

BSEE Summary (\$000)			
Account/Activity	2019 Actual	2020 Enacted	2021 Request
Offshore Safety & Environmental Enforcement (OSEE)			
Environmental Enforcement	4,674	4,758	5,135
Operations, Safety and Regulation	146,340	151,811	154,076
Administrative Operations	18,129	18,150	18,538
Executive Direction	18,097	18,093	18,537
<i>Subtotal, OSEE (before rescission/cancellation)</i>	<i>187,240</i>	<i>192,812</i>	<i>196,286</i>
<i>Rescission/Cancellation of Prior Year Balances</i>		<i>-4,788</i>	<i>-5,000</i>
Total, OSEE (after rescission/cancellation)	187,240	188,024	191,286
Offsetting Collections			
Offsetting Rental Receipts	-20,338	-23,000	-26,264
Cost Recovery Fees	-3,786	-3,000	-4,383
Inspection Fees	-42,263	-43,479	-43,990
Total, Offsetting Collections	-66,387	-69,479	-74,637
Net, OSEE	120,853	118,545	116,649
<i>Net, OSEE (without rescission/cancellation)</i>	<i>120,853</i>	<i>123,333</i>	<i>121,649</i>
Oil Spill Research	14,899	14,899	12,700
Current BSEE Funding	135,752	133,444	129,349
Total BSEE Funding	202,139	202,923	203,986
Full Time Equivalents (FTE)			
Total Direct FTE	670	756	756
Total Reimbursable FTE (Reimbursable Agreements)	106	125	125
Total FTE	776	881	881

***Note:** Offsetting collections in the 2020 Enacted column reflect CBO scoring and match the amounts included in the enacted appropriations language. The 2021 President's Budget Appendix differs slightly due to scoring differences between OMB and CBO. Total budget authority for this account (appropriations and offsetting collections) matches both the appropriation and the President's Budget Appendix. A more detailed explanation of scoring differences can be found in Appendix A of the Department's 2021 Budget in Brief.

The Bureau of Safety and Environmental Enforcement (BSEE) is responsible for the safe and environmentally-sustainable exploration, development, production, and conservation of America's offshore energy resources, with its jurisdictional and regulatory responsibilities defined by the Outer Continental Shelf Lands Act (OCSLA), which outlines Federal responsibility over the submerged lands of the Outer Continental Shelf (OCS). BSEE ensures compliance with provisions of other Federal laws,

including the National Environmental Policy Act (NEPA), the Clean Air Act (CAA), the Clean Water Act (CWA), the Federal Oil and Gas Royalty Management Act, and the Oil Pollution Act of 1990 (OPA 90).

Table 2: Oil and Natural Gas Terminology

Oil and Natural Gas Terminology	
Barrel (Oil)	Equivalent to 42 U.S. Gallons. One barrel of oil produces about 19 gallons of gasoline as well as a long list of other valuable petroleum products.
Cubic Foot (Natural Gas)	Approximately equals 1,000 BTUs. The average home in the United States uses 168 cubic feet of natural gas per day.
BOE (Barrels of Oil Equivalent)	A unit of energy approximately equal to the energy contained in a barrel of oil. This measure is used to combine or compare energy from both oil and natural gas.

Total crude oil production from the U.S. OCS has seen steady increases. In 2019, oil production from the Federal OCS exceeded 688 million barrels and natural gas production was over 1.03 trillion cubic feet. This accounted for approximately 16 percent of domestic oil production and 4 percent of domestic natural gas production. The vast majority of offshore production, 99 percent, occurred in the Gulf of Mexico. Deepwater wells (those in $\geq 1,000$ feet water depth) accounted for 89 percent of all OCS production, a substantial increase from the year 2000 when deepwater accounted for 50 percent of all OCS production. It should be noted that 10 years ago, it required 43 deepwater facilities to produce 50 percent of the total Gulf of Mexico BOE production; however, in 2019 it only required 10 facilities to produce 51 percent of the total BOE production. Deepwater facilities are increasing in size and complexity, thus the safety and environmental risks that BSEE is responsible for mitigating are more focused on these facilities' scope and complexities.

While U.S. offshore production experienced record production in 2018, with 99 percent occurring in the Gulf of Mexico as noted above, the Gulf of Mexico operates as two distinct hydrocarbon sections – one active and one in sharp decline. Development in the shallow water areas of the Gulf of Mexico, first drilled in 1947, is mature and is experiencing drastic reductions in the number of wells drilled and the oil and gas resources produced. As a result, this area of the Gulf of Mexico continues to experience significant infrastructure removal.

Providing for safe and environmentally sustainable energy exploration and production and ensuring conservation of resources are central to BSEE's mission. To fulfill its mission and advance American energy security, it is important for BSEE to prepare for, and adapt and respond to, changes in both the oil and gas industry and the offshore wind industry, throughout the lifecycle of offshore energy development. BSEE is committed to the continual advancement of the effectiveness of its inspection program, enhancing its permitting processes around greater quality assurance and consistency, reforming overly burdensome regulations, ensuring high levels of preparedness in the event of oil spills, and expanding the

OCS renewable energy program. BSEE's strategic goals reflect the Bureau's commitment to safety, environmental stewardship, energy security, data-driven decision making, organizational agility, people, transparency, and engagement.

BSEE also protects Federal royalty interests by ensuring that oil and gas production methods maximize recovery from underground reservoirs and that production volumes are accurately measured. While BSEE mitigates oil spill risks through a program focused on incident prevention, it equally emphasizes that the offshore community must be prepared with the best spill response plans, equipment, people, and training to respond quickly to oil spills when they do occur to mitigate damage to environmental and economic resources.

FY 2021 BUDGET REQUEST



In FY 2019, BSEE launched the BSEE!Safe program to bring critical safety information directly to offshore workers on the Outer Continental Shelf through the use of text messaging notification technology.

BSEE was established on October 1, 2011, to ensure the safe and environmentally-sustainable exploration, development, production, and conservation of the Nation's offshore energy resources. The Bureau continues to improve its mission processes and staff capabilities to keep pace with the continued innovation in OCS exploration and production. It must also address continuously evolving risks posed by aging infrastructure, exploration in offshore frontier areas, and development of new reservoirs with characteristics that challenge the latest advances in completion and production technologies.

A recommendation following the Deepwater Horizon incident was for BSEE to establish and fund an independent organization for research related to offshore safety and to recompute the funding every five years. To fulfill the recommendation, through a cooperative agreement with a third-party educational institution, BSEE established the Ocean Energy Safety Institute (OESI). This administration, in preparation for the recompute process, is currently developing a robust statement of work and a cost sharing agreement with the Department of Energy to leverage taxpayer funding and further drive safety performance on the OCS.

To promote the integration of private sector investment into technology advancement, in collaboration with its partner stakeholders, BSEE undertakes technical assessments and sponsors targeted cost-effective research on new technologies that could potentially decrease the risks associated with offshore oil and gas development. These emerging technology assessments will assist the Bureau in staying current with expanding operations and evaluating technological advances such as those that allow for deeper drilling at higher temperatures and pressures and in frontier environments such as the Arctic OCS.

Additionally, BSEE is responsible for oversight of companies' oil spill response plans, inspections of their equipment, and management of a government-initiated unannounced oil spill exercise program. Through these inspections and exercises, many of which involve actual deployment of response assets, BSEE assesses an operator's ability to mount and sustain a spill response. These exercises also allow Federal and State government entities with regulatory authorities for response to test actual response protocols and decision-making processes.

Fostering Safe and Environmentally-Sustainable Energy Development

As offshore operations continue to expand into emerging frontier areas that require new technologies, BSEE must continuously adapt. Building on work accomplished in prior years, BSEE will continue to analyze its activities to ensure its programs reflect the risks and account for the evolution of new technologies in oil and gas exploration, development, and production on the OCS. FY 2019 saw interest rise in Arctic offshore exploration and that is expected to continue in FY 2020 and through FY 2021. To offset the risks associated with Arctic development, BSEE must ensure its continual commitment to devoting the necessary resources and effort in its programs associated with this area. BSEE also anticipates a growing need for safety and operational oversight of offshore wind energy projects. Development of the 15 active offshore wind leases is moving rapidly, with some projects moving quickly from the planning stages to construction in as early as 2020. As the domestic offshore wind sector grows, the industry's need for regulatory certainty becomes more acute.

Assessing and managing risk is the lens through which BSEE views the interaction between technology, processes, and the human element. It provides the foundation for how BSEE regulates and enforces standards and, therefore, how BSEE ensures the safe and responsible development of oil and gas and renewable resources on the OCS. In FY 2019, BSEE expanded its safety and environmental initiatives. During FY 2019 and FY 2020, BSEE continued its efforts related to safety and environmental management in pursuit of continuous improvement of the Bureau's effectiveness.

Many of the above initiatives were included in the "Director's Change Management" Action Plan. Initiatives which began in FY 2017, continued through FY 2020, and included the development and implementation of a Risk-Based Inspection (RBI) Program that allows for the targeted inspections of higher-risk operations and facilities, with increased focus on areas such as crane safety and fired vessel (a vessel in which the temperature of a fluid is increased by the addition of heat supplied by a flame within the vessel) operations; the development of a Quality Assurance program for permitting processes; and the continued evaluation of risks associated with high-pressure and high-temperature (HPHT) equipment. BSEE developed its first Environmental Compliance Handbook, and integrated environmental inspections into the overall inspection strategy. In FY 2019, BSEE established a Risk Analysis Committee development program to ensure that the risks to human health and the environment related to offshore drilling, production, and transportation of oil and gas, as well as renewable energy sources, are properly identified and reduced through prevention and mitigation measures. FY 2021 budgetary resources will be used to continue and, where appropriate, expand these important programs by effectively engaging with stakeholders to assess risk and identify additional safety and environmental initiatives that address high-risk concerns. An initiative that will help the Risk Analysis Committee is BSEE's establishment of the Safety Performance Enhanced by Analytical Review (SPEAR) Program, in which the goal is to surface new data analytic tools and strategic, Bureau-wide process(es) to enable BSEE subject matter experts

throughout the organization to thoroughly analyze data and other information to identify current and emerging safety and environmental hazards related to energy operations on the Outer Continental Shelf (OCS). The SPEAR Program will: (1) Explore the potential use of advanced data analytic tools to support the aforementioned process(es); and, (2) Establish a world class approach to analyzing and communicating data and information throughout the Bureau and to external stakeholders, as the need may arise.

During FY 2017 through FY 2020, BSEE has performed a critical analysis of specific regulations in an effort to refine burdensome regulations without diminishing enhancements in safety. These reform efforts will continue in FY 2021 with a particular focus on both processes and regulations that do not reflect the innovations in technology and the attendant changes in industry project planning processes. The Bureau will also continue formal efforts to research the application of best available and safest technologies (BAST) across equipment subject to the BAST requirement in section 21(b) of OCSLA, as amended. In collaboration with stakeholders, BSEE will continue its efforts to update its policies, processes, and regulations to ensure the financial and technical challenges of developing new technology are recognized and addressed in a manner that encourages the long-term investment of capital on the OCS.

In FY 2021, BSEE will continue the review of its permitting and inspection strategies including their impact on operational costs for the Bureau and industry. In FY 2020, the inspection strategy review focused on annual planning and incorporated regulatory compliance, risk management systems, and performance-based techniques or methodologies. In FY 2021, BSEE will evaluate the results of the completed inspection strategy review and, if needed, adjust course to ensure that program resources are focused on appropriate scrutiny of the highest risk activities. Permitting processes are also being regularly reviewed to support timely development and to accurately reflect the risks and phases of development of the OCS. In FY 2021, BSEE plans to continue to refine its current permitting and inspection strategies to better reflect the actual risks and phases of development on the OCS, thereby strengthening safety while reducing any unnecessary impediments to the development of America's offshore oil and natural gas resources. Implementation of BSEE's revised inspection strategy approach began in FY 2019, with the roll out of a tiered approach to ensure the Bureau meets its requirements, fulfills regional and national priorities, and uses its workforce effectively. Additionally, during 2018 BSEE increased the physical inspection time offshore through the eRecords initiative. This initiative has led to an approximately ten percent increase in physical inspection time offshore and has been the catalyst to increasing the number of inspections in 2018 by 21.5 percent over 2016. Implementation of the refined inspection strategy reduces overall costs and allows BSEE's inspectors to conduct more efficient, thorough, and critical physical inspection of components ensuring the safety of personnel and the protection of the environment. The Bureau plans to continue pursuing systematic improvements for its inspection program in FY 2021.

The continuation of robust stakeholder technical and procedural workshops along with other engagement efforts is critical to the success of these modernization and reform efforts. BSEE will continue to hold stakeholder engagement meetings, including meetings with industry association groups, to provide

updates on permitting procedures. Such meetings are an important venue for providing updates on the “e-permitting” modules.

In accordance with the National Technology Transfer and Advancement Act (NTTAA), BSEE frequently uses standards developed through a consensus process by Standards Development Organizations (SDOs), with input from the oil and gas industry, as a means of establishing requirements for activities on the OCS. The NTTAA directed, with few exceptions, that “all Federal agencies and departments shall use technical standards that are developed or adopted by voluntary consensus standards bodies, using such technical standards as a means to carry out policy objectives or activities determined by the agencies and departments.”

As the Bureau expands its collaborative efforts, the role of information sharing, and independent verification and validation of processes and practices will need to continue to grow. These efforts will include validation of activities for BSEE’s programs and personnel. BSEE incorporates best practices and performance requirements for activities on the OCS. A large percentage of these requirements are derived from industry standards and best practices, which are a product of a standards developing organization through a comprehensive consensus process. Through this process, BSEE uses industry expertise and resources to improve safety on the OCS. BSEE’s subject matter experts are actively engaged in the industry standards development process to ensure that the appropriate documents can be adopted in a timely manner. Maintaining the compatibility of BSEE’s requirements with current best practices adopted by industry will result in simplified permitting and compliance approaches and reduce confusion.

To continue the movement by operators toward a performance-based safety approach, BSEE works closely with operators as they design and implement critical Safety and Environmental Management Systems (SEMS) processes. Through this approach, BSEE leverages the capabilities and expertise of government, industry, and independent third parties to continually advance safety and environmental outcomes. BSEE utilizes Directed Audits, Corrective Action Plans focused on underlying causes, and Action Plan follow-up to accomplish its SEMS efforts.

In May 2015, BSEE launched the SafeOCS program, an initiative aimed at collecting and analyzing near-miss and safety data. SafeOCS is a completely confidential system in which the Bureau of Transportation Statistics (BTS) collects and analyzes near-miss reports with the assistance of subject matter experts. This data, in aggregate form, will help the industry and BSEE to identify areas where improvements in operations, equipment design, or industry standards may be needed. The program resolves the commercial and legal issues that might otherwise inhibit industry from exchanging what might be viewed as proprietary data. The participation rate of this critical program only included operators accounting for four percent of offshore production through 2016. Through a collaborative effort with stakeholders, where BSEE successfully demonstrated the benefits of this program, the Administration has increased participation to include operators who account for 85 percent of OCS production by 2019. Increasing participation in SafeOCS and sharing safety data across industry are critical for generating meaningful analysis with the ultimate goal of the program being able to identify proactive steps to mitigate risks and to ensure offshore operations are safe, reliable, and environmentally sustainable. Specifically, the first Industry Safety Data (ISD) Phase 1 report was published in the final quarter of FY 2019. Prior to the publication of this report, BSEE created and implemented a procedure to review all conclusions provided

by such SafeOCS reports to consider impacts on BSEE's programs and operations. Additionally, the 2018 Blowout Preventers and Safety and Pollution Prevention Equipment (SPPE) Failure Reports will be published in FY 2020, which will be shared with industry stakeholders to further maintain safe and efficient operations on the OCS. The Bureau sees deep value in continuing this effort in FY 2021. BSEE included the provision for a dashboard with weekly updates in its latest Interagency Agreement to ensure timely conveyance of relevant information. BSEE will continue to obtain statistical advice on the evaluation of daily notifications of safety events through its partnership with BTS.

In FY 2019, BSEE launched a safety initiative to bring critical safety information directly to offshore workers on the OCS. The BSEE!Safe program uses text messaging notification technology to send links for its published Safety Alerts, a tool used to inform the offshore oil and gas industry of the circumstances surrounding an incident or near miss. The alerts also contain recommendations to help prevent the recurrence of such an incident on the OCS. BSEE!Safe notifications supplement the long-standing practice of issuing Safety Alerts sharing lessons learned and recommendations from incidents and near misses with industry representatives. BSEE!Safe is part of the Bureau's New Era of Management strategy to supplement regulation with innovative and collaborative programs, expanding the available toolbox of methods for driving safety performance and environmental stewardship improvements.

One of BSEE's goals is to promote a culture that places the highest priority on safety and environmental protection by all who work on the OCS. In recognition of the advances that have been made to date in achieving this goal, and with full awareness of the need for continual improvement, BSEE is looking to establish in FY 2020 a Safety Week campaign aimed at the companies, employees, and communities that support the production of energy on the OCS, and to develop procedures and infrastructure to maintain this as an annually recurring event.

BSEE provides technical training to field personnel, inspectors, and engineers to ensure staff have the tools needed to streamline permitting, while at the same time promoting responsible energy development. BSEE's training programs will provide staff with the most up-to-date training available in order to address the technological advances to which the Bureau's workforce is exposed to in the field.

The Bureau's National Offshore Training Program (NOTP) provides cutting-edge, comprehensive, multi-tiered training and professional development opportunities for BSEE's inspectors, engineers, and scientists to ensure safe and environmentally sound offshore oil and gas operations. The NOTP supports Bureau goals by providing structured training opportunities that integrate the latest technical expertise, and practices of industry, with prudent and rigorous safety and compliance mandates. Realizing the importance of workforce development and given that 99 percent of offshore production and 82 percent of the technical workforce is located in the Gulf of Mexico Region, BSEE's Offshore Training Branch was realigned within the Gulf of Mexico OCS Office in FY 2020 to be able to meet the training and development needs of all field personnel carrying out the mission critical functions.

In recent years, BSEE has worked with both the private sector and academia to advance the use of emerging technologies and to review methodologies especially in the area of HPHT equipment including technology gaps in deepwater HPHT drilling. In FY 2020, BSEE is continuing research in an effective and cost-efficient manner to enhance coordination and collaboration on joint industry-government research projects with the goal of ensuring that new technology developments designed to overcome

frontier area challenges are able to be implemented safely. In FY 2021, BSEE will continue its collaboration with the industry and other national experts to establish standard risk methodology for assessing new technology with the goal of bringing the most advanced and safest technology to market in a manner that enhances industry's ability to harness America's natural resources on the OCS.

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 BSEE's 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. In FY 2020, BSEE and BOEM issued a joint research report, "Gulf of Mexico Data and Analysis/ Leasing, Drilling and Production, Gulf of Mexico Shallow Water Potential Stranded Assets," which evaluated the contributing factors for the decline in shallow water production.

Among the Department's strategic goals are ensuring the public receives fair market value for resources and that fees and cost recovery are fair and reasonable. In coordination with the Office of Natural Resources Revenue (ONRR), BSEE's specially-trained production measurement inspection team helps ensure that production volumes are accurately measured and reported for the assessment of royalties returned to the American people. BSEE's measurement approval, verification, and inspection responsibilities help validate the collection of billions of dollars in royalties from offshore oil and gas resources each year. This important work will continue in FY 2021.

Through FY 2020 and continuing into FY 2021, BSEE will continue to enhance its collaborative efforts both domestically and internationally. BSEE engages regularly with its international counterparts in order to promote the safe and environmentally-responsible development of offshore energy resources globally. BSEE has established itself as a leader in international cooperation, actively participating in multilateral forums such as the International Regulators Forum; the Arctic Offshore Regulators Forum; the International Offshore Petroleum Environment Regulators group; and the Arctic Council bodies, such as the Emergency Prevention, Preparedness, and Response Working Group. BSEE's roles in preparedness activities at the international scale span work in both temperate and Arctic waters. The Bureau is taking a leadership role to better understand the viabilities of traditional oil spill cleanup strategies in different environments. Additionally, BSEE places a priority on maintaining strong bilateral relationships with a number of international partners.

BSEE will continue to employ all forms of collaborative efforts, with OCS stakeholders, to provide forums for dialogue, shared learning, and cooperative research in support of the BSEE mission and the American public. As with all endeavors, BSEE strives to achieve a strong return for the American taxpayer using all available mechanisms to accomplish this task.

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 continues to improve its longstanding memorandum of understanding (MOU) and a series of subject matter-specific memorandums of agreement (MOAs) with the U.S. Coast Guard (USCG) and is focusing on shared resources, oil spill preparedness, cross-training, and cooperation in Federal enforcement efforts

on the OCS. In FY 2019, BSEE initiated a new MOU with the USCG to expand an existing renewable energy development agreement to cover all BOEM and BSEE operational aspects. The Bureaus anticipate this will be finalized in FY 2020. Also, BSEE has been involved in discussions on continuous safety improvement and safety culture policy with other Federal partners focused on High Reliability Organizations, such as the Department of Transportation's (DOT) Pipeline and Hazardous Materials Safety Administration (PHMSA) and the Nuclear Regulatory Commission (NRC). In FY 2021, BSEE will be serving the second year of a two-year term as a rotating Vice Chair in the 15-agency Interagency Coordinating Committee on Oil Pollution Research (ICCOPR), which establishes the Nation's oil spill research priorities and provides a forum for research collaboration that looks at oil spill prevention, preparedness, and response. BSEE continues to engage in opportunities to leverage resources and share information across U.S. government agencies.

An important charge in BSEE's authorizing legislation is to ensure that exploration, development, and production activities undertaken pursuant to OCSLA are properly decommissioned to ensure the long-term protection of the resource and the surrounding environment. As production and operations mature, the decommissioning of wells and facilities that are no longer useful for operations will be a growing portion of BSEE's oversight activities. In FY 2019, BSEE revised its guidance to industry on the timeliness of decommissioning activities to reduce the environmental and financial risk of idle infrastructure being damaged by severe weather, such as hurricanes. Implementation of the revised guidance includes BSEE communicating with operators about aging of their idle infrastructure and ordering that further decommissioning actions be taken if necessary. A focus in FY 2020, and continuing into FY 2021, is strengthening the organization's capabilities to meet end of life cycle demands.

Operator bankruptcies are a growing concern for both the Bureau and taxpayers. When the responsible parties for offshore infrastructure go bankrupt, the obligation for decommissioning may fall to the Federal government. Consequently, maintenance of sufficient funds to cover the proper decommissioning of wells and facilities is essential to avoid passing the burdensome cost to taxpayers. Although BOEM tracks the financial health of OCS operators, lower oil prices have increased the frequency of operator bankruptcies. In these cases, BSEE district staff perform inspections of the operator's assets to ensure that appropriate monitoring of safety equipment is maintained, while other BSEE and BOEM personnel work within the bankruptcy proceeding to ensure funds are set aside for decommissioning. In FY 2019, BSEE and BOEM signed a new agreement establishing an intra-Bureau National Bankruptcy Coordination Team to enhance communication and administration of bankruptcy-related matters. Starting in FY 2020, BSEE plans to issue contracts to perform decommissioning services on infrastructure orphaned by bankrupt operators when there are no other jointly or severally liable parties.

The Bureau continues to take actions to support the development of a safe, robust, and sustainable offshore wind industry in the United States. BOEM has issued 15 active commercial leases for offshore wind development, and the first commercial wind project on the OCS could be operational as early as 2021, with six more projects possible by 2023, and another five between 2024 and 2027. In anticipation of rapid industry growth, BSEE is engaging with offshore wind developers to identify and promote best practices for ensuring worker safety and environmental protection. Engagement with industry, Federal partners (including BOEM and the USCG), and other stakeholders continues to inform the development of renewable energy program functions to: (1) promote safe and environmentally-responsible facility design, fabrication, installation, operation, and decommissioning; (2) implement a performance-based

safety approach through a focus on Safety Management Systems; and (3) enforce compliance with all applicable safety, environmental, and conservation laws and regulations.

Enhancing Mission Capacity and Accountability

In FY 2021, BSEE will continue strengthening its mission capacity and ensuring accountability through ongoing implementation of key management tools. In FY 2018 and FY 2019, BSEE revised its Enterprise Risk Management (ERM) framework to better integrate management initiatives such as internal control reviews, program evaluations, audits, risk assessments, policy/procedure compliance, a formal vital statistics program and performance measures. Enhanced integration of these initiatives supports stronger communication and decision making within the Bureau. This effort was complemented in FY 2019 and FY 2020 when BSEE continued its annual review of internal policies and procedures to better track training, compliance, and accessibility of these policies and procedures that support achievement of Bureau strategic goals. In FY 2021, BSEE's policy program will continue to strengthen as a program that emphasizes consistency, accuracy, and accountability. In FY 2020, BSEE expanded its program evaluation capacity to include additional reviews of core high-risk functions in the BSEE regions, and advanced implementation of the relevant ERM cycle. BSEE institutionalized this expanded program capacity through the establishment in FY 2020 of an Evaluation Branch, housed in the Bureau's Office of Policy and Analysis. BSEE will build on these evaluation efforts in FY 2021 to ensure continued mission support and accountability.

BSEE understands that employees who are accountable, competent, and engaged are essential to efficient, highly-effective organizations and enhance the overall capabilities of the organization. As such, BSEE is committed to providing the resources needed to develop its workforce. Currently, BSEE utilizes its Human Capital Operating Plan (HCOP) process to develop goals, strategies, and initiatives for effective human capital management. Some of the more notable initiatives currently in progress are the development of competencies for the Bureau's mission critical occupations, completing two cohorts of its Leadership Development Program, implementation of a mentoring program, and obtaining consultative support to evaluate its technical training program and exploring certification programs for its inspector workforce.

Fundamental to employee and organizational success is providing the tools and infrastructure needed to accomplish day-to-day activities. One of the most important tools that the Bureau and its people rely on is information technology (IT). BSEE continues to modernize its systems in order to provide additional capabilities that can be used internally as well as by external stakeholders.

Oil Spill Preparedness and Research

While BSEE mitigates oil spill risks through a program focused on prevention, it equally emphasizes that the offshore community must be prepared with the best plans, equipment, and training to respond to oil spills when they occur. The Oil Spill Preparedness Program consists of three primary and interdependent roles: Preparedness Verification, Oil Spill Response Research, and Management of Ohmsett.

Preparedness Verification (PV): The Oil Spill Response Plan (OSRP) is an important aspect of responsible development of the OCS energy resources. Each offshore facility is required to be covered by an OSRP, which is approved when the owner/operator of the facility has demonstrated the ability to quickly and effectively respond to a worst-case discharge to the maximum extent practicable. BSEE further ensures the preparedness of the offshore community by assessing the quality and performance of response equipment listed in the plans, such as skimmers, pumps, booms, storage devices, and integrated fast response vessels. During annual training and exercises, BSEE requires that plan holders hone and demonstrate their understanding and skills in managing all aspects of a response, including how to mobilize both equipment and people quickly and safely.

BSEE employs Government-Initiated Unannounced Exercises (GIUEs) to verify owners/operators' ability to follow their approved OSRPs. The exercises give the Bureau an opportunity to witness and evaluate, on a no-notice basis, a plan holder's capabilities to use public and private equipment, resources, and staff to respond to a hypothetical oil spill. OSPD regularly plans and executes these exercises in close coordination with other BSEE offices, Federal partners, such as the USCG, National Oceanic and Atmospheric Administration (NOAA), and the DOT's PHMSA, and State government partners – all of whom have key roles associated with offshore oil spill preparedness and response.

In support of the critical role that Area Contingency Plans (ACP) play within the National Response System (NRS) and their important ties to BSEE-managed OSRPs, the Bureau will be working closely with ten Area Committees and four Regional Response Teams to review and update the Offshore Facility Worst Case Discharge Scenario documentation in the Committees' respective ACPs and RCPs. This initiative will leverage contract support and interagency coordination to ensure the plans contain realistic and informative guidance for responding to major spills from offshore facilities. Similarly, the Bureau will update four existing State agreements and explore additional agreements with State agencies on cooperation in overseeing compliance with 30 CFR Part 254.

Oil Spill Response Research: BSEE continues to implement a comprehensive, cost-effective, long-term research role dedicated to improving spill response countermeasures for oil spills in offshore environments, including the Arctic. The program is based upon a strategic plan that recognizes the evolving risks in offshore exploration and production and the constant mission of protecting the environment. BSEE focuses on the following types of oil spill preparedness research: improving the methods and technologies for oil spill detection using aerial and subsea platforms and vehicles; remote sensing and smart technologies; surface slick and subsurface plume measurements; oil spill characterization, quantification, and modeling; the use of dispersants and herders; surface and containment; recovery using mechanical devices; oil and water separation systems; and clean up using various technologies including *in-situ* burning of the oil.

In FY 2021, BSEE will continue to advance technologies for detecting oil spills and determining oil slick thickness using remote sensing tools, integration of remote sensing data to support operational decision making, and the development of "smart" skimming technologies to improve recovery rates. Additionally, BSEE will continue to support research projects that will provide science to better understand innovative response measures proposed for use in the Arctic. BSEE will also continue to work with Federal partners such as the USCG Research and Development Center and the NOAA, and international organizations such as the Arctic Council's Emergency Prevention, Preparedness, and Response Working Group to

engage in its continuous program of domestic and global information exchange facilitating forward movement on oil spill research. In FY 2021, BSEE will also continue to advance new *in-situ* burn techniques that will improve burning efficiency, reduce carbon emissions, provide for burning of highly emulsified oil, and reduce residues that can sink. These techniques will have profound impacts on Arctic spill preparedness where disposal or transfer of collected oil is problematic due to remote locations, and soot and burn residue can harm the environment.

Management of Ohmsett, the National Oil Spill Response Research and Renewable Energy Test Facility:

A variety of oil spill response research is also conducted at Ohmsett, which is managed by BSEE. Ohmsett is the largest outdoor testing facility of its type in North America, comprised primarily of a 667-foot-long saltwater tank. Located at the Naval Weapons Station Earle Waterfront in Leonardo, New Jersey, Ohmsett provides the Bureau, as well as other facility users from around the world, a unique oil spill response training and testing environment that simulates real-world conditions in a safe and controlled environment. With the ability to test with real crude oil, equipment manufacturers, scientists, regulators, and responders can test and train using full-scale equipment in wave conditions that, to a great extent, mimics those encountered offshore. Ohmsett's capabilities will continue to be expanded to meet exacting needs of the offshore industry and will include electrical substation upgrades to enable construction of a new recirculating flume tank. In FY 2021, BSEE will also initiate the construction phase of pre-scheduled major renovations of the tank. These renovations are needed periodically to address corrosion issues resulting from the use of saltwater in the test tank.

FY 2021 BUDGET HIGHLIGHTS

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

The budget for the OSEE account funds the following activities:

- The ***Environmental Enforcement*** Activity funds: environmental compliance staff supporting permit reviewers by evaluating and identifying environmental mitigation provisions that can be incorporated into permits; specialized inspections of air, water, and mitigation measures; and subject matter expertise training for safety inspectors to assist in identifying environmental violations. Additionally, this activity supports the Bureau's compliance with NEPA, the Endangered Species Act (ESA), the Marine Mammal Protection Act (MMPA), the National Historic Preservation Act (NHPA), Tribal consultation requirements, CAA, CWA, and other environmental regulations.
- The ***Operations, Safety and Regulation*** Activity funds: OCS permit application reviews; inspections of OCS facilities, including critical high-risk activities; offshore operator oil spill planning and preparedness compliance; investigations; enforcement; audit programs; annual operator performance reviews; verification of oil and gas production levels to help ensure the

public receives a fair return; research supporting the analysis of emerging technologies, standards and regulatory review activities; and technical training.

- The **Administrative Operations** Activity funds: general administration and ethics programs, equal employment opportunity services (EEO), emergency management, finance, human resources, procurement, and information management. BSEE also provides administrative services, such as human resources, procurement, and finance to BOEM and other entities within the Department on a reimbursable basis.
- The **Executive Direction** Activity funds: Bureau-wide leadership, direction, management, coordination, communications strategies, and outreach. This includes functions such as budget, congressional and international engagement, 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.

It is critically important for the Bureau to maintain adequate base program capacity to achieve its mission, as industry continues to move drilling and production operations into deeper waters and more challenging operating environments.

In FY 2021, the following BSEE budget changes are proposed:

OSEE Appropriation:

Fixed Costs (+\$2,687,000; +0 FTE): Funding for fixed costs include items such as rent, salary increases, central billing, IT in the Department's Working Capital Fund, and other items that are fully funded by this request.

General Program Activities (+\$1,019,000; +0 FTE): The budget reflects anticipated increases in program operations including implementation of the Administration's management objective to incentivize and recognize high levels of performance.

Ethics Program (-\$232,000; -1 FTE): The 2021 budget supports needed reforms to strengthen the culture of ethics within Interior. Over the last two years, Interior has taken several steps to enhance the emphasis on ethics in the Department, including increasing the number of ethics officers and increased vigilance regarding the Department's leaders and employees obligation to hold themselves and their colleagues accountable for ethical conduct. Ethics is a top priority in all decision making and operations.

This past summer, Secretary Bernhardt continued this commitment to transform Interior's ethics program by signing Secretarial Order 3375, which restructures the ethics program by unifying disparate Bureau ethics programs into a centrally-managed office under the Solicitor. The Order streamlines the reporting structure for ethics personnel, establishes the Departmental Ethics Office, and clarifies roles and responsibilities for the Department's employees. The FY 2021 budget implements this reorganization to restructure the ethics program by transferring Bureaus' ethics funding and FTEs to the Departmental Ethics Office in the Office of the Solicitor budget.

Freedom of Information Act (FOIA) Program (+\$0; +1 FTE): To improve the quality, efficiency, and consistency of the BSEE FOIA processes consistent with Secretarial Order No. 3371, the 2021 budget supports the placement of a permanent full-time FOIA Officer position in Administrative Operations. This change will ensure that program operations are sufficient and compliant with FOIA laws and will increase accountability and consistency across the Bureau.

Change in Base Appropriated Funding: (-\$5,158,000; -0 FTE): The proposed change to appropriated funding reflects a projected increase in lease rental payments revenue as discussed below.

Change in Offsetting Collections (+\$5,158,000; +0 FTE):

- **Rental Receipts (+\$3,264,000; +0 FTE):** Rental receipts are the second largest of three different offsetting collections credited to the BSEE OSEE account to help defray the cost of operations. Projections of rental receipts are higher in FY 2021 than projections for FY 2020, which is primarily the result of having more lease sales contributing rent in FY 2021 than in FY 2020. Note, while rental receipt estimates reflect leasing activity, including scheduled and anticipated sales, the activity proposed in the 2019-2024 National OCS Oil and Gas Leasing Draft Proposed Program is not reflected in the FY 2021 rental receipt estimates since it is on indefinite hold.
- **Cost Recovery Fees (+\$1,383,000; +0 FTE):** Cost recovery fees are the smallest of three different offsetting collections credited to the BSEE OSEE account to help defray the cost of operations. Fee collections are estimated to increase by a total of \$1.383 million from the FY 2020 Enacted level and based on the average historical collections over the past three fiscal years. This adjustment does not increase individual fee amounts.
- **Inspection Fees (+\$511,000; +0 FTE):** Inspection fees are the largest of three different offsetting collections credited to the BSEE OSEE account to help defray the cost of operations. Inspection Fees are estimated to increase by \$511,000 based on the number of facilities operating on the OCS as of October 2019 and the November 2019 rig count. This adjustment does not increase individual fee amounts.

OSR Appropriation:

Research (-\$2,199,000): BSEE has developed the capability to conduct research projects with the OSPD engineering staff leading much of the research on traditional, alternative, and emerging spill response technologies at the Ohmsett facility. Through enhancement and operationalization of response technologies, spill cleanups can be completed more effectively and efficiently resulting in safer field oil recovery and treatment activities, with less impact to the environment, and a quicker return of platforms to production operations. BSEE will focus on priority research activities that align with the OCS safety and environmental risk-reduction goals and objectives of the Administration.

Performance

In FY 2021, BSEE will continue to focus attention on priority areas that foster safe and environmentally-responsible energy exploration, development, and production of offshore resources, as well as those areas that maximize recovery, ensure accurate production measurement, and prepare for the advancement of offshore wind. A key component is the Bureau's performance management framework, which provides a suite of meaningful performance measures that managers can use to inform decision making and communicate the Bureau's value to stakeholders. In FY 2018, BSEE expanded its portfolio of measures to better demonstrate how the Bureau achieves results in implementing its mission. Additionally, in FY 2019, the Bureau sought to integrate use of these measures and additional statistics in decision making through the creation of "vital statistics committees," which have supported the integration of these measures into informed decision making by providing the forum to discuss trends in the data, as appropriate. This integration of information continues in FY 2020 and will be enhanced through an ongoing assessment of lessons learned in FY 2021. A continuing emphasis on data stewardship and analysis will strengthen BSEE's overall ability to examine and understand how it achieves results.

Additional efforts underway will support BSEE's ability to measure performance and to assess effectiveness and priorities. These efforts include the continued implementation of an enterprise-wide risk-management system to help identify and prioritize areas of risk for the Bureau. In FY 2020, BSEE continued progress made with the integration of enterprise risk management with other management tools to better support decision making. This integration of management tools, including performance-related data, will continue into FY 2021.

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 U.S. Government Accountability Office (GAO), the Office of Inspector General (OIG), and external organizations, as well as internal program reviews undertaken or overseen by the Bureau's Evaluation Branch, will 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 2021, BSEE will continue to focus attention on priority areas and refine its outcome measures to demonstrate results and to better position the Bureau to achieve its mission in the following priority categories:

- Incidents – including injuries, fatalities, fires, explosions, gas releases, lifting events, collisions, hazmat, oil spills, and loss of well control.
- Operations – including offshore activity, inspections, Incidents of Noncompliance (INCs), investigations, violations, and enforcement.

- Systems and subsystems – including accurate measurement of hydrocarbons and production reconciliation to ensure proper accounting of revenues, environmental stewardship, oil spill preparedness plans, and permitting.
- Safety culture – including a maturing SEMS program with increased attention on improving the third-party audit results, monitoring corrective actions that are focused on systemic causes, as well as increasing operator focus on situational awareness and operational discipline in all offshore activities.
- Regulatory reform – including revisions to existing rules and the incorporation of updated industry standards.
- Decommissioning – including oversight of end-of-life facilities and strengthening decommissioning/idle iron compliance.

This enhanced suite of meaningful performance metrics is expected to be monitored through BSEE's Business Intelligence (BI) Tools to:

- Make informed management decisions for the Bureau;
- Improve program implementation and motivate performance through increased quality of program outputs, and;
- Support a culture of accountability.

Good Accounting Obligation in Government Act Report

The Good Accounting Obligation in Government Act (GAO-IG Act, P.L. 115-414) enacted January 3, 2019, requires that Agencies report the status of each open audit recommendation issued more than one year prior to the submission of the Agency's annual budget justification to Congress. The Act requires Agencies to include the current target completion date, implementation status, and any discrepancies on closure determinations.

The Department of the Interior leadership takes audit follow-up very seriously and considers our external auditors, to include the Government Accountability Office (GAO) and Office of the Inspector General, valued partners in not only improving the Department's management and compliance obligations but also enhancing its programmatic and administrative operations. As stewards of taxpayer resources, the Department applies cost-benefit analysis and enterprise risk management principles in recommendation implementation decisions. The Department's GAO-IG Act Report is available at the following link: <https://www.doi.gov/cj>.

Bureau of Safety and Environmental Enforcement

Department Initiatives and Agency Priority Goals

Within the Department's Strategic Plan for FY 2018-2022, BSEE is responsible for supporting Mission Area Two – *Generating Revenue and Utilizing Our Natural Resources*. The Bureau fully supports the Department Initiatives to realize high priority goals and implement the President's Agenda. BSEE contributes to these efforts in several ways as outlined below.

Secretarial Initiatives

Sustainably develop our energy and natural resources

- A. BSEE strives to ensure safe and reliable domestic energy production for America's future through a program of efficient permitting, appropriate standards and regulations, compliance monitoring and enforcement, inspections, technical assessments, and incident investigations. BSEE achieves its objectives through critical activities, such as:
- Performing in-depth technical reviews of many permits, including but not limited to Applications for Permit to Drill (APD), Applications for Permit to Modify (APM), Structural Permits, and Pipeline Permits;
 - Strengthening the Inspection Strategy using quarterly planning methods to allow flexibility for activity levels and maximize effective staff resources;
 - Augmenting the existing Inspection Program through a Risk-Based Inspection (RBI) protocol using trend analysis to identify higher-risk facilities on which to focus inspections and resources for either Facility-Based Risk Inspections or Performance-Based Risk Inspections;
 - Employing a number of tools, including issuance of Incidents of Non-Compliance (INCs), penalties and orders, to underscore the importance of safe operations and environmental stewardship to create a level playing field for all operators;
 - Conducting annual performance reviews of each operator to address recurring safety and environmental concerns;
 - Conducting regional oversight of environmental issues pertaining to OCS activity;
 - Reviewing Oil Spill Response Plans (OSRPs) as mandated by the Federal Water Pollution Control Act;
 - Performing National Environmental Policy Act (NEPA) permitting and monitoring;
 - Conducting public outreach concerning environmental compliance;
 - Executing government-initiated unannounced exercises (GIUEs). These efforts play a vital role in reducing risk and ensuring offshore operators are prepared and equipped to respond to an oil discharge event;
 - Ensuring, through oil spill response equipment verification inspections, that all equipment listed in an OSRP is accounted for, well maintained, and ready for use;
 - Conducting oil spill response research to identify the best technologies available; and

- Managing the Ohmsett test facility, which seeks to improve oil spill response training and equipment testing in a realistic, simulated marine environment.

Increase revenues to support the Department and national interests

- A. BSEE's measurement approval, verification, and inspection responsibilities help validate the collection of billions of dollars in royalties from offshore oil and gas resources each year. In order to meet these responsibilities, the Bureau:
- Reviews, evaluates, and approves oil and gas production measurement applications submitted by offshore operators to ensure accurate measurement and allocation procedures and to establish proper facility measurement points;
 - Verifies, on a monthly basis, the oil and gas volumes measured for sales and royalty purposes in each Region;
 - Compares the monthly verified volumes to the Oil and Gas Operations Reports in coordination with the Office of Natural Resources Revenue (ONRR); and
 - Conducts onsite oil and gas measurement and site security inspections.

Strike a regulatory balance

- A. Through its regulatory reform work, BSEE is incorporating industry innovation, best science, and best practices to improve reliability, safety, and environmental stewardship.
- B. BSEE continues to evaluate procedures and regulations to stay abreast of industries' technological advances to promote safe and clean operations and conserve the Nation's offshore energy resources.
- C. BSEE is committed to reforming overly burdensome regulations, while sustaining safety and environmental protection, ensuring industry compliance with BSEE's decommissioning processes, and coordination with BOEM, to promote responsible development and protection of the American public's interest during lessee bankruptcy proceedings.

Shared Services and Management Effectiveness

BSEE is working closely with the Department to integrate its activities in alignment with the Department's 12 Interior regions. BSEE continues to provide a full suite of administrative services to BOEM, as well as human resource services to the Office of the Secretary and other Department organizations. Providing these critical services through BSEE minimizes the duplication of administrative functions in BOEM and BSEE while optimizing efficiency through the consolidation of resources into a single service provider. Additionally, BSEE continues to utilize a common IT infrastructure, mission platform, and application with BOEM. The Bureaus jointly invested in the modernization of this platform and expect to achieve IT budget efficiencies in the out-years as older systems are decommissioned.

Through a significant Change Management Initiative, BSEE is utilizing a Change Management Program identifying opportunities to improve organizational efficiency and strengthen the Bureau's approach to safety and environmental stewardship. To date, more than 80 initiatives are underway.

Agency Priority Goals

Risk-Based Inspections

Goal: By September 30, 2021, BSEE will conduct 12 facility-based risk inspections and 6 performance-based risk inspections.

Bureau Contribution: BSEE's Office of Safety Management (OSM) within the Gulf of Mexico Region has established the above target for risk-based inspections and is implementing the strategy to achieve the goal. Risk-based inspections supplement BSEE's annual inspection program by focusing on higher-risk facilities and operations to more effectively and efficiently manage inspection resources. Facility-based risk inspections focus on low probability, high consequence items at a unique production facility. Performance-based risk inspections focus on reducing the likelihood of events and compliance issues on the entire Outer Continental Shelf by identifying trends that warrant attention of focused inspections in which inspectors and engineers visit numerous facilities, typically across all five Gulf of Mexico districts in short time periods.

Implementation Strategy: OSM is working with BSEE's district offices within the Gulf of Mexico Region to determine the scope of performance-based risk inspections, as well as to identify the facilities that will receive targeted inspections. For each risk-based inspection, OSM develops a targeted inspection protocol and schedule in collaboration with district offices.

Performance Metrics:

1. Percentage of high risk well operations (e.g., drilling) inspected
2. Percentage of high risk production facilities and operations inspected.

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FY 2021 BUDGET JUSTIFICATION

Strategic Objective Performance Summary

The FY 2021 budget request provides the resources needed to carry out the core functions of BSEE, which focus on fostering safe and environmentally responsible exploration, development, and production of offshore resources.

STRATEGIC OBJECTIVE PERFORMANCE SUMMARY

The FY 2018 - FY 2022 Department of the Interior (DOI) Strategic Plan, in compliance with the principles of the Government Performance and Results Modernization Act (GPRMA) of 2010, provides a suite 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 2018 - FY 2022 is the foundational structure for the description of program performance measurement and planning for the FY 2021 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 2021 are fully consistent with the goals, outcomes, and measures described in the FY 2018 - FY 2022 version of the DOI Strategic Plan and related implementation information in the APP&R.

Bureau Contribution

Within the DOI Strategic Plan for FY 2018 - FY 2022, BSEE is aligned with the Department's strategic priority of generating revenue and utilizing its natural resources. BSEE has five GPRMA measures that support this focus:

Table 3: Performance: Generating Revenue and Utilizing Our Natural Resources

Key GPRMA Indicators	2019 Actual	2020 Enacted	2021 Request
Amount (in barrels) of operational offshore oil spilled per million barrels produced (excluding Hurricane-related spills) (SP)	0.07 (45/687 millions)	2.90	2.90
Number of Recordable Injuries per 200,000 Offshore Man Hours Worked (DOI-Regulated Activities ONLY) (SP)	0.30 (108/355)	0.400	0.400
Percentage of high risk drilling rigs and well workover operations inspected (SP)	97%	90%	95%
Percentage of high risk production facilities and operations inspected (SP)	98%	90%	95%
Use a risk based methodology to observe proving of X% of oil royalty meters (SP)	9%	8%	9%

- *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 reported crude oil, condensate, and other 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 Percentage of high-risk production facilities and operations inspected* is a measure that captures the extent to which BSEE inspects all production facilities and associated operations deemed to be "high risk" according to BSEE policy. BSEE employs its Risk Based Inspection (RBI) Program to accomplish the targets set under this measure. BSEE's RBI Program currently consists of two components: (1) Facility-Based Risk Inspections (FBRI) and (2) Performance-Based Risk Inspections (PBRI). A FBRI is an inspection that applies an inspection protocol unique to a facility and that focuses on low probability, high consequence items at that facility. A PBRI is an inspection that focuses on reducing the likelihood of events and compliance issues on the entire OCS through data-driven identification of trends that warrant the attention of focused inspections (e.g., gas releases, lifting incidents, and compressor fires). Both FBRI and PBRI are included as part of the calculation of this measure.
- *The Percentage of high-risk drilling rigs and well workover operations inspected* is a measure that captures the extent to which BSEE inspects all drilling rigs and well workover operations deemed to be "high risk." BSEE's policies and methodologies require that the Bureau examine several factors including INCs, production, distance to shore, number of components, incident trends, etc. While this calculation is designed to include both FBRI and PBRI, FBRI have only been conducted for production and not yet for drilling rigs and well workover operations.
- *The Percentage of oil royalty meters, identified as high-risk using a risk-based methodology, where meter provings will be observed* is a measure that captures BSEE's oversight of the accuracy of metering from higher risk hydrocarbon sites that experience high volumes of throughput and/or have a past history of noncompliance to help ensure the appropriate financial benefit is obtained for the American people. During a meter proving, BSEE's Measurement Inspectors attest to the accuracy and genuineness of the process and the applicable documents

used. BSEE's measurement approval, verification, and inspection responsibilities help validate the collection of billions of dollars in royalties from offshore oil and gas resources each year.

BSEE also reports on, as a supporting measure, the utilization rate (percentage of days the facility is used for research, training, etc.) achieved at Ohmsett, the National Oil Spill Response Research and Renewable Energy Test Facility each fiscal year. In FY 2021, BSEE will continue developing and implementing national program performance measures for Bureau-level tracking and will support increased development of program level measures.

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Bureau of Safety and Environmental Enforcement

Budget at a Glance

Bureau of Safety and Environmental Enforcement Budget At A Glance						
Dollars in Thousands (\$000)						
	2019 Actual	2020 Enacted	Fixed Costs (+/-)	Internal Transfers (+/-)	2021 Program Changes (+/-)	2021 Request
Appropriation: Offshore Safety and Environmental Enforcement						
Environmental Enforcement Activity	4,674	4,758	+350	-	+27	5,135
<i>General Program Activities</i>					+27	
Activity Total, Environmental Enforcement	4,674	4,758	+350	-	+27	5,135
Operations, Safety and Regulation Activity	146,340	151,811	+1,587	-	+678	154,076
<i>General Program Activities</i>					+678	
Activity Total, Operations, Safety and Regulation	146,340	151,811	+1,587	-	+678	154,076
Administrative Operations Activity	18,129	18,150	+400	-	-12	18,538
<i>General Program Activities</i>					+220	
<i>Ethics Program</i>					-232	
Activity Total, Administrative Operations	18,129	18,150	+400	-	-12	18,538
Executive Direction Activity	18,097	18,093	+350	-	+94	18,537
<i>General Program Activities</i>					+94	
Activity Total, Executive Direction	18,097	18,093	+350	-	+94	18,537
Rescission/Cancellation of Prior Year Balances		-4,788				-5,000
TOTAL, Offshore Safety and Environmental Enforcement	187,240	188,024	+2,687	-	+787	191,286
Appropriation: Oil Spill Research						
Oil Spill Research	14,899	14,899	-	-	-2,199	12,700
Activity Total, Oil Spill Research	14,899	14,899	-	-	-2,199	12,700
TOTAL, Oil Spill Research	14,899	14,899	-	-	-2,199	12,700
TOTAL, Bureau of Safety and Environmental Enforcement	202,139	202,923	+2,687	-	-1,412	203,986

*Note: Offsetting collections in the 2020 Enacted column reflect CBO scoring and match the amounts included in the enacted appropriations language. The 2021 President's Budget Appendix differs slightly due to scoring differences between OMB and CBO. Total budget authority for this account (appropriations and offsetting collections) matches both the appropriation and the President's Budget Appendix. A more detailed explanation of scoring differences can be found in Appendix A of the Department's 2021 Budget in Brief.

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Bureau of Safety and Environmental Enforcement

Summary of Requirements for Bureau of Safety and Environmental Enforcement
(Dollars in Thousands)

	2019 Actual		2020 Enacted		Program Changes from 2020				2021 Request		Change from 2020 (+/-)	
	Amount	FTE	Amount	Fixed Costs & Related (+/-)	Internal Transfers (+/-)	FTE	Amount	FTE	Amount	FTE	Amount	
Offshore Safety & Environmental Enforcement												
Environmental Enforcement												
Direct Appropriation	2,179	30	2,070	+350	-480	-	+27	30	1,967	-	-103	
Offsetting Collections	2,495	-	2,688	-	+480	-	-	-	3,168	-	+480	
Subtotal, Environmental Enforcement	4,674	30	4,758	+350	-	-	+27	30	5,135	-	+377	
Operations, Safety and Regulation												
Direct Appropriation	92,365	476	95,709	+1,587	-2,768	-	+678	476	95,206	-	-503	
Offsetting Collections	53,975	-	56,102	-	+2,768	-	-	-	58,870	-	+2,768	
Subtotal, Operations, Safety and Regulation	146,340	476	151,811	+1,587	+0	-	+678	476	154,076	-	+2,265	
Administrative Operations												
Direct Appropriation	11,337	247	10,829	+400	-1,308	-	-12	247	9,909	-	-920	
Offsetting Collections	6,792	-	7,321	-	+1,308	-	-	-	8,629	-	+1,308	
Subtotal, Administrative Operations	18,129	247	18,150	+400	-	-	-12	247	18,538	-	+388	
Executive Direction												
Direct Appropriation	14,972	106	14,725	+350	-602	-	+94	106	14,567	-	-158	
Offsetting Collections	3,125	-	3,368	-	+602	-	-	-	3,970	-	+602	
Subtotal, Executive Direction	18,097	106	18,093	+350	-	-	+94	106	18,537	-	+444	
Total	187,240	859	192,812	+2,687	+0	-	+787	859	196,286	-	+3,474	
Total Direct Appropriation	120,853	859	123,333	+2,687	-5,158	-	+787	859	121,649	-	-1,684	
Total Offsetting Collections	66,387	-	69,479	-	+5,158	-	-	-	74,637	-	5,158	
Total, OSEE	187,240	859	192,812	+2,687	+0	-	+787	859	196,286	-	+3,474	
Rescission/Cancellation of Prior Year Balances			-4,788						-5,000		+0	
TOTAL FUNDING, BSEE	187,240	859	188,024	+2,687	+0	-	+787	859	191,286	-	+3,474	

*Note: Offsetting collections in the 2020 Enacted column reflect CBO scoring and match the amounts included in the enacted appropriations language. The 2021 President's Budget Appendix differs slightly due to scoring differences between OMB and CBO. Total budget authority for this account (appropriations and offsetting collections) matches both the appropriation and the President's Budget Appendix. A more detailed explanation of scoring differences can be found in Appendix A of the Department's 2021 Budget in Brief.

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Bureau of Safety and Environmental Enforcement

Fixed Costs and Internal Realignments

(Dollars in Thousands)

Fixed Cost Changes and Projections	FY 2020 Total	FY 2021 Change
Change in Number of Paid Days This column reflects changes in pay associated with the change in the number of paid days (-1) between FY 2020 and 2021, from 2,096 hours in FY 2020 to 2,088 hours in FY 2021.	381	-432
Pay Raise The President's Budget includes one quarter of a planned 3.1% pay raise and three quarters of a planned 1% pay raise for FY 2021.	0	+1,740
Employer Share of Federal Employee Retirement System The change reflects the directed 1.3% increase in the employer contribution to the Federal Employee Retirement System.	207	+1,046
Departmental Working Capital Fund The change reflects the final FY 2021 Central Bill approved by the Working Capital Fund Consortium.	4,062	+266
Worker's Compensation Payments The amounts reflect final chargeback costs of compensating injured employees and dependents of employees who suffer accidental deaths while on duty. Costs for FY 2021 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.	137	+35
Unemployment Compensation Payments The amounts reflect 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.	17	+0
Rental Payments The amounts reflect changes in the costs payable to General Services Administration (GSA) and others 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 vacant the currently occupied space, are also included.	9,369	+32
Baseline Adjustments for O&M Increases 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	0

Internal Transfers and Non-Policy/Program Changes (Net-Zero)	BY (+/-)
<p>Change in Base Appropriated Funding: -5,158</p> <p>The proposed decrease to appropriated funding offsets the estimated increases in inspection fees, rental receipts revenue, and cost recovery fee collections as discussed below.</p>	
<p>Change in Offsetting Collections +5,158</p> <p>Rental receipts are the second largest of three different offsetting collections credited to the BSEE OSEE account to help defray the cost of operations. Projections of rental receipts are higher in FY 2021 than in FY 2020. Note, while rental receipt estimates reflect leasing activity, including scheduled and anticipated sales, the activity proposed in the 2019-2024 National OCS Oil and Gas Leasing Draft Proposed Program is not reflected in the FY 2021 rental receipt estimates since it is on indefinite hold.</p> <p>Cost recovery fees are the smallest of three different offsetting collections credited to the BSEE OSEE account to help defray the cost of operations. Fee collections are estimated to increase by a total of \$1.383 million from the FY 2020 Enacted level and based on the average historical collections over the past three fiscal years. This adjustment does not increase individual fee amounts.</p> <p>Inspection fees are the largest of three different offsetting collections credited to the BSEE OSEE account to help defray the cost of operations. Inspection Fees are estimated to increase by \$511 thousand based on the number of facilities operating on the OCS as of October 2019 and the November 2019 rig count. This adjustment does not increase individual fee amounts.</p>	
Total, Fixed Costs and Related Changes in 2021	+2,687

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, [\$149,333,000]\$152,296,000, of which [\$123,333,000]\$121,649,000 is to remain available until September 30, [2021]2022, and of which [26,000,000]\$30,647,000 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 [2020]2021 appropriation estimated at not more than [\$123,333,000]\$121,649,000: *Provided further*, That of the unobligated balances from amounts made available under this heading [\$4,788,000]\$5,000,000 is permanently [rescinded]cancelled: *Provided further*, That no amounts may be [rescinded]cancelled from amounts that were designated by the Congress as an emergency requirement pursuant to the Concurrent Resolution on the Budget or the Balanced Budget and Emergency Deficit Control Act of 1985.

For an additional amount, [\$43,479,000]\$43,990,000, 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 [2020]2021, as provided in this Act: *Provided*, That to the extent that amounts realized from such inspection fees exceed [\$43,479,000]\$43,990,000, the amounts realized in excess of [\$43,479,000]\$43,990,000 shall be credited to this appropriation and remain available until expended: *Provided further*, That for fiscal year [2020]2021, 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, 2020.*)

General Provisions

(See General Provisions chapter of the Office of the Secretary 2021 budget justification.)

OUTER CONTINENTAL SHELF INSPECTION FEES

SEC. 107.

(a) In fiscal year [2020]2021, 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. Fees for fiscal year [2020]2021 shall be-

- (1) \$10,500 for facilities with no wells, but with processing equipment or gathering lines;
- (2) \$17,000 for facilities with 1 to 10 wells, with any combination of active or inactive wells; and
- (3) \$31,500 for facilities with more than 10 wells, with any combination of active or inactive wells.

(c) Fees for drilling rigs shall be assessed for all inspections completed in fiscal year [2020]2021. Fees for fiscal year [2020]2021 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) Fees for inspection of well operations conducted via non-rig units as outlined in title 30 CFR 250 subparts D, E, F, and Q shall be assessed for all inspections completed in fiscal year [2020]2021. Fees for fiscal year [2020]2021 shall be-

- (1) \$13,260 per inspection for non-rig units operating in water depths of 2,500 feet or more;
- (2) \$11,530 per inspection for non-rig units operating in water depths between 500 and 2,499 feet; and
- (3) \$4,470 per inspection for non-rig units operating in water depths of less than 500 feet.

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

DISCLOSURE OF DEPARTURE OR ALTERNATE PROCEDURE APPROVAL

SEC. [117]113.

(a) Subject to subsection (b), beginning no later than 180 days after the enactment of this Act, in any case in which the Bureau of Safety and Environmental Enforcement or the Bureau of Ocean Energy Management prescribes or approves any departure or use of alternate procedure or equipment, in regards to a plan or permit, under 30 C.F.R. 585.103, 30 C.F.R. 550.141; 30 C.F.R. 550.142; 30 C.F.R. 250.141, or 30 C.F.R. 250.142, the head of such bureau shall post a description of such departure or alternate procedure or equipment use approval on such bureau's publicly available website not more than 15 business days after such issuance.

(b) The head of each bureau may exclude confidential business information.

FY 2021 BUDGET JUSTIFICATION

Environmental Enforcement Activity

Table 4: Environmental Enforcement Activity Budget Summary

		2019 Actual	2020 Enacted	Fixed Costs and Related Changes (+/-)	Internal Transfers (+/-)	Program Changes (+/-)	2021 Request	Changes from 2020 (+/-)
Environmental Enforcement	(\$000)	4,674	4,758	+350	-	+27	5,135	377
	FTE	23	30	-	-	-	30	-

SUMMARY OF 2021 PROGRAM CHANGES

Request Component	Amount (\$000)	FTE
General Program Activities	+27	-
Total Program Changes:	+27	-

The Environmental Enforcement Activity funds environmental compliance staff supporting permit reviewers by evaluating and identifying environmental mitigation provisions that can be incorporated into permits; specialized inspections of air, water, and mitigation measures; and subject matter training for safety inspectors to assist in identifying environmental violations. Additionally, this activity supports the Bureau's compliance with the National Environmental Policy Act (NEPA), the Endangered Species Act (ESA), the Marine Mammal Protection Act (MMPA), the National Historic Preservation Act (NHPA), Tribal consultation requirements, Clean Air Act (CAA), Clean Water Act (CWA), and other environmental regulations.

Funding in FY 2021 will be used to improve BSEE's safety and environmental compliance process by applying consistent policies and procedures, addressing the greatest areas of risk, shortening review timelines, and promoting transparency. Focus will be on leveraging environmental enforcement INC analysis to better inform decision making and policy formulation. The Bureau will champion Environmental Compliance Program goals to increase communications, improve regional leadership involvement, ensure the alignment of staff roles and responsibilities, and enhance program guidance.

As an environmental steward, BSEE exercises prevention, compliance, and preparedness activities to minimize the negative impact on natural, cultural, and economic resources during the energy development process. Specifically, BSEE maintains integrated environmental compliance and pollution prevention data for informed decision-making, encourages innovative oil spill response research projects, and supports the National Response System (NRS) for offshore incidents.

JUSTIFICATION OF 2021 PROGRAM CHANGES

General Program Activities (+27,000; +0 FTE): The budget reflects anticipated increases in program operations including implementation of the Administration’s management objective to incentivize and recognize high levels of performance.

INTERNAL TRANSFERS

Change in Base Appropriated Funding: (-\$480,000; -0 FTE): The proposed change to appropriated funding reflects a projected increase in lease rental revenue and cost recovery fee collections as discussed below.

Change in Offsetting Collections (+\$480,000; +0 FTE):

- **Rental Receipts (+\$337,000; +0 FTE):** Rental Receipts are estimated to increase by a total of \$3.264 million based on the latest projections provided by BOEM. Projections of rental receipts are higher in FY 2021 than projections for FY 2020, which is primarily the result of having more lease sales contributing rent in FY 2021 than in FY 2020. Note, while rental receipt estimates reflect leasing activity, including scheduled and anticipated sales, the activity proposed in the 2019-2024 National OCS Oil and Gas Leasing Draft Proposed Program is not reflected in the FY 2021 rental receipt estimates since it is on indefinite hold. The increase to the Environmental Enforcement Activity is \$337,000.
- **Cost Recovery Fees (+\$143,000; +0 FTE):** Cost Recovery Fees are estimated to increase by a total of \$1.383 million from the FY 2020 Enacted level and based on the average historical collections over the past three fiscal years. This adjustment does not increase individual fee amounts. The increase to the Environmental Enforcement Activity is \$143,000.

PROGRAM OVERVIEW

BSEE’s Environmental Compliance Program (ECP) is responsible for ensuring that the Bureau and the OCS energy industry are in compliance with applicable environmental regulatory requirements. Through this program, the Bureau establishes policies and procedures for compliance with environmental regulations, maintains environmental compliance performance standards, and promotes environmental stewardship throughout the Bureau. BSEE, in coordination with BOEM, is supporting the rapidly expanding offshore wind industry by developing the mitigations and conditions of approval that will ensure the industry will be operating in a safe and environmentally responsible manner. As subject matter experts, ECP staff ensures that the offshore oil and gas industry meets regulatory standards in air quality, water quality, archaeological/cultural resources, benthic resources, marine trash and debris, protected species, and artificial reefs (Rigs-to-Reefs). BSEE coordinates environmental compliance activities with BOEM, other government agencies, and non-governmental organizations. ECP is also working with the SEMS Program to identify best practices for enhanced environmental compliance efforts.

ECP operates under a national program management model where program direction is developed at headquarters in coordination with regional offices, and program execution is carried out in the field. The Environmental Compliance Division (ECD) serves as the ECP National Program Manager at headquarters, developing policies and procedures for BSEE's collaborative oversight of environmental compliance standards associated with OCS energy activities and across all BSEE's programs. ECD focuses on increasing the accuracy, effectiveness, and consistency of BSEE's environmental compliance operations in the regions.

The ECP is responsible for:

- Ensuring Bureau compliance with NEPA and other appropriate laws and regulations, associated Tribal consultation requirements, and other environmental regulations;
- Providing the necessary NEPA analysis in support of BSEE's rulemaking;
- Coordinating with BOEM and other Federal agencies in matters involving environmental compliance on the Federal OCS;
- Evaluating environmental mitigation measures to determine their adequacy;
- Serving as lead for outreach to stakeholders, engagement with government, Tribal Nations, non-governmental organizations, and industry regarding environmental issues;
- Executing regional environmental compliance verification, NEPA coordination, impact assessments, enforcement and other appropriate environmental compliance activities as prescribed by program goals and policy;
- Overseeing adaptive management coordination with BOEM and other BSEE leads to improve NEPA analyses, mitigation measures, compliance verification and enforcement actions (when appropriate); and
- Participating in the National Response Systems contingency planning activities (cultural resources) and incident response practices.

ECP operates under the Bureau's National Environmental Compliance Policy (Bureau Manual Chapter 550.1). BSEE also performs continuous programmatic reviews of ECP to identify best practices, areas of risk and suggestions for improving effectiveness and efficiency. The Bureau remains committed to partnerships on environmental compliance-focused Departmental and interagency working groups; the regulated industry; State and local governments; and non-governmental organizations.

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FY 2021 BUDGET JUSTIFICATION

Operations, Safety and Regulation Activity

Table 5: Operations, Safety and Regulation Activity Budget Summary

		2019 Actual	2020 Enacted	Fixed Costs and Related Changes (+/-)	Internal Transfers (+/-)	Program Changes (+/-)	2021 Request	Changes from 2020 (+/-)
Operations, Safety and Regulation	(\$000)	146,340	151,811	+1,587	-	+678	154,076	+2,265
	FTE	467	476	-	-	-	476	-
Major Program IT Investments								
Technical Information Management System (TIMS) ^{1/}	(\$000)	11,222	12,574			+1,919	14,493	+1,919
	FTE	-		-	-	-	-	-

SUMMARY OF 2021 PROGRAM CHANGES

Request Component	Amount (\$000)	FTE
General Program Activities	+678	-
Total Program Changes:	+678	-

The Operations, Safety and Regulation activity funds Outer Continental Shelf (OCS) permit application reviews, inspections of OCS facilities, including critical high-risk activities, offshore operator oil spill planning and preparedness compliance, investigations, enforcement, audit programs, annual operator performance reviews, verification of oil and gas production levels to help ensure the public receives a fair return, research supporting the analysis of emerging technologies, standards and regulatory review activities, renewable energy program efforts, and technical training.

BSEE is committed to ensuring that its inspection program operates at the highest level of effectiveness, while continuously exploring ways to increase the overall efficiency of the program. In FY 2018, BSEE identified ways to eliminate underutilized aircraft by changing its inspection strategy to allow for more onshore review of documentation, and more efficient deployment of inspectors that provides for more time offshore in which to conduct critical physical inspections of components.

Funding in FY 2021 will allow BSEE to continue to promote a culture of safety, while reducing risk in the offshore oil and gas industry through inspections, permitting, incident and equipment failure investigations, and enforcement. To promote a robust safety culture, BSEE is committed to enhancing its inspection program through an annual inspection strategy that includes Risk-Based Inspections (RBIs), as well as strengthening permitting strategies by considering risk to maximize development, production, and strengthening the assessment of integral Bureau processes.

Overall, the objective and scope of the BSEE RBI Program is to assist the Bureau in developing inspection tasks and techniques to enhance the Bureau’s focus on offshore oil and gas facilities that

Overall, the objective and scope of the BSEE RBI Program is to assist the Bureau in developing inspection tasks and techniques to enhance the Bureau's focus on offshore oil and gas facilities that exhibit a number of distinguishing risk factors including minimizing redundant inspection efforts and costs, shifting from a reactive to a proactive oversight regime, and implementing a risk management tool.

BSEE will continue its efforts to engage with the oil and gas industry and other stakeholders to assess risk and identify the appropriate safety initiatives that address or mitigate the higher-risk concerns. These initiatives will be designed to proactively identify risk, prevent unsafe incidents from occurring, and promote compliance in an efficient and effective manner based on critical analysis and use of existing data. In collaboration with stakeholders, BSEE will update its policies, processes, and regulations to ensure that the financial and technical challenges of developing new technologies are recognized and addressed in a manner that encourages the long-term investment of capital on the OCS. BSEE's new Risk Analysis Committee (RAC) ensures that offshore risks are reviewed on an annual basis and gaps in the regulatory program are addressed and resolved. An initiative that will help the RAC is BSEE's establishment of the Safety Performance Enhanced by Analytical Review (SPEAR) Program, in which the goal is to surface new data analytic tools and strategic, Bureau-wide process(es) to enable BSEE subject matter experts throughout the organization to thoroughly analyze data and other bits of information to identify current and emerging safety and environmental hazards related to energy operations on the OCS. The SPEAR Program will: (1) Explore the potential use of advanced data analytic tools to support the aforementioned process(es); and, (2) Establish a world class approach to analyzing and communicating data and information throughout the Bureau and to external stakeholders, as the need may arise.

In coordination with the Office of Natural Resources Revenue (ONRR), BSEE's specially-trained production measurement inspection team will continue to ensure that production volumes are accurately measured and reported for the assessment of royalties returned to the American people. BSEE's measurement approval, verification, and inspection responsibilities help validate the collection of billions of dollars in royalties from offshore oil and gas resources each year.

It is critically important for the Bureau to maintain adequate base program capacity to achieve its mission, as industry continues to move drilling and production operations into deeper waters and more hostile operating environments.

JUSTIFICATION OF 2021 PROGRAM CHANGES

General Program Activities (+678,000; +0 FTE): The budget reflects anticipated increases in program operations including implementation of the Administration's management objectives to incentivize and recognize high levels of performance.

INTERNAL TRANSFERS

Change in Base Appropriated Funding: (-\$2,768,000; -0 FTE): The proposed change to appropriated funding reflects a projected increase in lease rental payments revenue as discussed below.

Changes in Offsetting Collections (+\$2,768,000; +0 FTE):

- **Rental Receipts (+\$1,585,000; +0 FTE):** Rental Receipts are estimated to increase by a total of \$3.264 million based on the latest projections provided by BOEM. Projections of rental receipts are higher in FY 2021 than projections for FY 2020, which is primarily the result of having more lease sales contributing rent in FY 2021 than in FY 2020. Note, while rental receipt estimates reflect leasing activity, including scheduled and anticipated sales, the activity proposed in the 2019-2024 National OCS Oil and Gas Leasing Draft Proposed Program is not reflected in the FY 2021 rental receipt estimates since it is on indefinite hold. The increase to the Operations, Safety and Regulation Activity is \$1.585 million.
- **Cost Recovery Fees (+\$672,000; +0 FTE):** Cost Recovery Fees are estimated to increase by a total of \$1.383 million from the FY 2020 Enacted level and based on the average historical collections over the past three fiscal years. This adjustment does not increase individual fee amounts. The increase to the Operations, Safety and Regulation Activity is \$672,000.
- **Inspection Fees (+\$511,000; +0 FTE):** Inspection Fees are estimated to increase by \$511,000 based on the current number of facilities operating on the OCS as of October 2019 and the November 2019 rig count. This adjustment does not increase individual fee amounts. The increase to the Operations, Safety and Regulation Activity is \$511,000.

PERFORMANCE OVERVIEW

Best Practices, Performance Requirements, and Regulation Development: The foundation of the BSEE oversight program is a set of best practices that govern numerous aspects of offshore oil and gas operations, from engineering specifications and operating standards to encouraging and supporting the development of a strong safety culture on the OCS. BSEE will continually review these requirements and expectations, and update and revise them as necessary, to ensure they include the most effective practices for safety and environmental protection on the OCS. The Bureau will also continue its efforts to improve its regulatory efficiency. These efforts will focus on the review and evaluation of regulatory needs; streamlining the regulatory process to ensure burdensome requirements that do not improve safety are identified and eliminated, if possible. BSEE will also focus on streamlining the incorporation of new and updated industry standards into regulations. BSEE will continue to coordinate its regulatory efforts with the U.S. Coast Guard (USCG) and other agencies to avoid unnecessary duplication and to maximize consistent and efficient regulation of OCS activities.

In FY 2021, BSEE will continue to actively participate with external Standards Development Organizations (SDOs) to develop new or revised standards for safety and environmental protection on the

OCS consistent with the National Technology Transfer and Advancement Act of 1995. The objective of this activity is to optimize the use of national and international standards in regulations for safe and environmentally-sound development of OCS resources; collaborate with SDOs to expedite the development of industry best practices; increase BSEE's knowledge and awareness of standards related to oil and natural gas development and renewable energy development on the OCS and their applicability to the regulatory regime; and facilitate BSEE's ability to provide input on the standards. BSEE will also continue to take a leadership role in establishing more effective communication links between international standards organizations and other international regulators to ensure industry best practices continue to improve. For more information, please visit <https://www.bsee.gov/what-we-do/offshore-regulatory-programs/regulations-standards>.

The BSEE Houston Engineering Technology Center (HETC) ensures that BSEE staff is located near the center of standards developing activity and able to become actively engaged in the proceedings on a regular basis. In addition, a directory of subject matter experts has been compiled from all of BSEE's offices to assist in standards development. Please visit <https://www.bsee.gov/what-we-do/offshore-regulatory-programs/hetc> for information on study topics.

BSEE, the National Aeronautics and Space Administration (NASA), and industry continue the development of standard assessment methodology for assessing new technology that will potentially be used to develop deepwater resources. The use of a standard methodology will allow BSEE and the industry to better define and interpret the risks associated with emerging technologies and ensure that any issues are identified and addressed early in the technology life cycle.

Permitting: The foundation of safe operations on the OCS begins with leading edge prevention through risk identification, assessment, mitigation, management, and oversight during the permit review process. Based upon the risks identified and associated with operators' permit submissions, BSEE was able to focus permit review efforts in FY 2018 on streamlining the review process, including environmental analysis mandated by NEPA and ensuring that the review process is focused on those areas of highest risk. Since FY 2017, BSEE has seen an average decrease of 20 percent in the processing of new deepwater permits.

BSEE is actively tracking permit reviews from a management oversight level. Permit processing has remained relatively stable for almost all permitting categories. BSEE established control limits for these processes and regularly tracks any anomalies early in the process to influence outcomes in a positive direction. In addition, BSEE has identified all the permit review areas with other agencies that impact permit timing and is working to reduce processing times through influence when those permits are not under its direct control.

In FY 2021, BSEE will continue streamlining the review process and implementing new electronic permitting and reporting modules (ePermits) in BSEE's Technical Information Management System Web system (TIMSWeb). The TIMSWeb ePermits modules will allow BSEE to track and review the submission of permits, reports, and notifications and provide industry with access to monitor the review and approval of their submissions. In FY 2021, BSEE will continue incremental improvements to increase functionality to operators and BSEE's permit review personnel.

Conventional Energy Inspections, Investigations, and Risk Management: BSEE is committed to continually improving its inspection approach. In FY 2019, BSEE adapted a new inspection strategy and subsequently initiated its first Annual Inspection Plan. The team tasked with developing this strategy includes representatives from the regions as well as headquarters. They continue to identify and evaluate various approaches for inspecting a facility for safety and regulatory compliance as well as for assessing the effectiveness of the operators' internal procedures and management policies at maintaining a safe work environment using a hybrid of inspection techniques, risk assessment tools, and SEMS or performance-based assessments. The team also regularly tracks the completed inspections against the targets in the annual plan and reports performance to Senior BSEE Leadership enabling BSEE to quickly adjust inspection activities as necessary to ensure all goals are met. Having a RBI protocol as part of BSEE's strategy will move the Bureau further down the road toward safe and environmentally-sustainable operations.

SEMS is a performance-based program, which along with the BSEE Inspection Program, are the cornerstones in BSEE's move toward a hybrid regulatory approach. SEMS is designed to help drive the safety and environmental performance of OCS oil and gas operators and contractors by focusing on assessing the effectiveness of the operators' internal safety and environmental policies, programs, procedures and behaviors. Using the SEMS tools, in conjunction with an RBI approach, BSEE is looking beyond measuring full compliance to checking how well the expectations and intent behind BSEE's regulations have been incorporated into the workplace on the OCS. BSEE's SEMS program, which is modeled after international programs for quality, safety, and environmental management systems, incorporates the elements of the American Petroleum Institute's (API) Recommended Practice 75 (RP 75). BSEE is evaluating how to promote the upcoming release of the 4th edition of RP 75, which now includes human factors such as situational awareness and operational discipline as key elements for sustaining a safe workplace. By adopting a SEMS program that aligns with their business model and company culture, operators will more effectively utilize their resources, design their safety initiatives to ensure effective implementation, and promote continuous improvement in safety and environmental performance.

Implementing an inspection strategy that allows the Bureau to direct resources at the riskiest facilities and safety components represents an ultimate goal for BSEE. Planning the inspections, deciding the facility to visit as well as what to inspect, verify, and validate at the facility is essential to a successful program. Inspection planning utilizes information obtained from third party SEMS audits and the annual compliance inspections, as well as the lessons learned from BSEE's incident investigations or industry-led incident investigations to identify safety trends and concerns. These RBIs go beyond the typical compliance review and focus on the performance and risks of the operator of comprehensive safety audits with multi-discipline teams consisting of engineers and inspectors. These inspections evaluate facilities with a focus on the operation and maintenance of safety critical equipment; the implementation and effectiveness of their SEMS; proper contractor oversight; and adequate training and safety awareness.

The collection and analysis of industry-wide safety data plays a critical role in the identification and mitigation of safety issues. BSEE continues to work with industry to encourage the collection, analysis, and dissemination of critical safety data, issues, and trends across the industry. For example, the BSEE-funded SafeOCS program collects near-miss, safety, and equipment component failure system data from

operators and contractors across the OCS using industry-designed protocols. This data is collected by a third party on a confidential basis, analyzed by subject matter experts, and released in aggregated form to the industry, BSEE, and the public. The SafeOCS reporting system resolves any commercial and legal issues by using a third party to collect and aggregate the data. However, to see the greatest benefit, maximum participation among operators is paramount. Therefore, BSEE undertook change initiatives to improve the rate of participation, so that now 85 percent of offshore production is represented. BSEE will continue to work closely with the International Association of Drilling Contractors (IADC), the Offshore Operators Committee (OOC), the Center for Offshore Safety (COS), the operators, as well as critical service providers to develop, maintain, and improve the framework for the collection, analysis, and reporting of the OCS data. BSEE is also working with industry groups such as the International Association of Oil and Gas Producers and other international regulators to develop an international system for collecting and reporting this type of data. An international program will assist operators by providing consistent reporting protocols across all jurisdictions and by providing access to a robust safety database.

The HETC plays a key role in providing support to the regions on issues involving complex technology as well as conducting engagement efforts with oil and gas industry stakeholders. The HETC provides the agency with top-level Federal subject matter expertise, experience and the ability to utilize third-party resources located in Houston to address the complex issues arising out of new oil and gas developments. The Houston presence gives BSEE a ready means for collaborating with the equipment manufacturers; design and research organizations; and standards organizations that are involved in the development of this technology. The office also ensures that BSEE staff is available to participate in industry activities and to assist in the inspection of offshore facilities via visits to original equipment manufacturers (OEM) offices, offshore operators, academia, and research facilities to enhance BSEE's visibility amongst its external stakeholders that are located in the Houston area.

Under the OCSLA, BSEE is required to conduct investigations and prepare an investigation report for each major incident associated with activities on the OCS. Every incident that occurs on the OCS receives some level of review and an appropriate level of investigation, when warranted. The purpose of an investigation is to identify the cause(s) of an incident and to make recommendations to prevent its recurrence and the occurrence of similar incidents. Incidents that meet the requirements of 30 CFR Part 250.188 are required to be reported to BSEE, which reviews each incident. Based on a tiered approach, BSEE will determine what type and amount of investigative resources will be devoted to an incident depending on the severity and complexity of the event.

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. In FY 2019, BSEE launched a safety initiative to bring critical safety information directly to offshore workers on the OCS. The BSEE!Safe program uses text messaging notification technology to send links for its published Safety Alerts and Bulletins, a tool used to inform the offshore oil and gas industry of the circumstances surrounding an incident or near miss. The alerts and bulletins also contain recommendations to help prevent the recurrence of such an incident on the OCS. BSEE!Safe notifications supplement the long-standing practice of issuing Safety Alerts and

Bulletins sharing lessons learned and recommendations from incidents and near misses with industry representatives. BSEE!Safe is part of the Bureau's New Era of Management strategy to supplement regulation with innovative and collaborative programs, expanding the available toolbox of methods for driving safety performance and environmental stewardship improvements. As of November 2019, there are over 4,200 subscribers to this safety messaging service. 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.

Technical Training: The Bureau supports training and other efforts aimed at field personnel, inspectors, and engineers to ensure that staff have the tools needed to streamline permitting, while at the same time promoting responsible energy development. These programs will provide the most up-to-date training available in order to address the technological advances to which the Bureau's workforce is exposed, and utilize new and emerging tools available to them.

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 operations. Realizing the importance of workforce development and given that 99 percent of offshore production and 82 percent of the technical workforce is located in the Gulf of Mexico Region (GOMR), BSEE's Offshore Training Branch was realigned within the Gulf of Mexico OCS Office in FY 2020 to be able to meet the training and development needs of all field personnel carrying out the mission critical functions. The training program supports the Bureau's goals by identifying and providing up-to-date training and development opportunities to staff involved in inspecting or approving the use of new technologies for offshore oil and gas operations and renewable energy operations. The more than 50 courses are taught by renowned subject matter experts to ensure continued education and development that enhances professional competence and personal satisfaction.

Conventional Energy Program Compliance: An essential part of any regulatory program is the provision of compliance assistance and enforcement in cases where there is a failure to comply with safety and environmental regulations. BSEE employs several tools, including issuance of INCs, civil penalties and orders to underscore the importance of safe operations and environmental stewardship to create a level playing field for all operators. BSEE also conducts annual performance reviews of each operator to address recurring safety and environmental concerns.

Through the identification and quantification of risk, BSEE actively seeks to identify key leading and lagging indicators while also developing a better gauge of operator effectiveness in employing redundant physical controls (barrier analysis). Using data and trend analysis to identify higher-risk operations and facilities, BSEE is able to focus inspection resources on these targets as a supplement to BSEE's existing schedule of inspections on production facilities and active drilling operations. This systematic approach led to performance-based risk inspections on 67 facilities in 2018, resulting in two safety alerts issued and 19 safety recommendations. In 2019, BSEE conducted performance-based risk inspections on 57 facilities, resulting in two safety alerts issued and 20 safety recommendations. BSEE also conducted three facility-based risk inspections in 2018 and four in 2019. The Bureau is actively deploying this risk-

based methodology which (when combined with findings from the annual inspection program, trends identified in the third-party SEMS audits, and the SafeOCS program) will enable BSEE to effectively focus its attention in the areas of operations and safety barriers which pose the greatest risk to safe operations.

In implementing the compliance and enforcement program, BSEE is guided by safety and environmental protection performance goals related to the Strategic Plan to advance the Bureau's mission. The program strives to improve its functions by promoting a culture of professionalism throughout the workforce and establishing consistent, transparent, and clear processes that will guide implementation of program initiatives.

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 BSEE's 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. In FY 2020, BSEE and BOEM issued a joint research report, "[*Gulf of Mexico Data and Analysis/Leasing, Drilling and Production, Gulf of Mexico Shallow Water Potential Stranded Assets*](#)," which evaluated the contributing factors for the decline in shallow water production.

Decommissioning: BSEE has the responsibility to ensure all wells, facilities, and pipelines are decommissioned when they are no longer useful for operations. By regulation, such infrastructure is required to be decommissioned within one year after lease expiration. In addition, BSEE's "idle iron" program targets inactive wells and facilities that have no future utility on active leases. It is in the best interest of the taxpayer that assets with no future utility be decommissioned in a timely manner to ensure the infrastructure does not pose a safety or environmental threat and is not an obstruction to other users of the OCS. In addition, such infrastructure could become a financial risk to the American taxpayer in cases such as bankruptcy. This financial risk is increased further if the infrastructure is damaged by severe weather, such as a hurricane. The costs and time to decommission storm-damaged infrastructure are significantly higher than decommissioning undamaged assets.

Currently, BSEE estimates there is approximately \$36 billion in decommissioning liability for all leases in the OCS; most of this decommissioning liability is managed by the GOMR. Additionally, BSEE has been collecting actual decommissioning expenditure data from the OCS operators since 2016. BSEE's analysis of these actual expenditure data will likely result in changes to the BSEE algorithms used to estimate decommissioning costs which is then used by BOEM to ensure the proper financial assurance is in place. Also, while bankruptcies do not change the process for estimating decommissioning costs, they are prioritized and become a critical and urgent part of BSEE's workload.

BSEE revised its policies for enforcing decommissioning timelines in FY 2019 and began issuing orders to address idle infrastructure. In FY 2020 and continuing in FY 2021, BSEE is analyzing operator

decommissioning performance and taking additional steps as needed to balance compliance, safety, conservation, and environmental stewardship.

Production Measurement and Verification: Oil production in the Gulf of Mexico has increased from 1.1 million barrels per day (MMBopd) in June 2013 to more than 2.0 MMBopd in August 2019. This increase in oil production was accomplished by drilling and completion work from platform and floating drilling rigs in support of both new and existing production facilities for deepwater projects. In coordination with ONRR, BSEE's Measurement Approval and Enforcement Section helps ensure that production volumes are accurately measured and reported for the assessment of royalties returned to the American people.

Emerging Technologies and Research: BSEE performs technical assessments and research on both existing and "cutting edge" technology to determine the feasibility of the technology and to identify gaps in technology or industry standards. The goals of these activities are to identify and resolve potential safety issues before incidents occur and also to ensure that emerging technologies can be reviewed and approved in a timely manner by regional staff. For example, BSEE's technical assessment of failures of subsea bolts and connectors has resulted in significant improvements in industry standards and manufacturing practices. Additionally, BSEE's testing and research of High-Pressure High-Temperature (HPHT) equipment has resulted in revisions and improvements in the design criteria that are used in industry standards and are used for the projects that have been submitted to BSEE for approval. BSEE recently completed a study on Tension Leg Platforms (TLPs) in the Gulf of Mexico. The study provided recommendations by which BSEE can evaluate current industry inspection processes, reporting, and monitoring system methods and help develop a plan of action concerning four critical areas of focus: tendon integrity management, tendon life extension, fatigue of tendon components that may be relatively inaccessible because of placement, and understanding such "uninspectable" tendon components. Industry is currently writing guidance for integrity management and therefore provides BSEE the opportunity to align its methodology with industry in an effort to better regulate the inspection, reporting, and maintenance of these TLPs. The study also provided a number of recommendations to develop and help focus on BSEE's inspection program. Products of the Bureau's technology assessments and collaborations are posted at: <https://www.bsee.gov/what-we-do/research/tap> and <https://www.bsee.gov/what-we-do/research/tcp>.

Best Available and Safest Technology (BAST): BSEE is focused on ensuring that existing and new facilities are using BAST for equipment subject to the OCSLA BAST statutory requirement that is needed to minimize the potential for major incidents or environmental damage. This process is mandated by the OCSLA to supplement safety requirements contained in regulations. In FY 2019, BSEE initiated an assessment of critical safety barriers used in drilling operations and production operations with the objective of determining whether equipment that is currently being used on the OCS meets the definition of BAST. This evaluation process will be done on an annual basis and will ensure that risks involved in low-probability high-consequence events are properly mitigated using BAST.

Renewable Energy Safety and Environmental Compliance: BSEE is preparing for the potential future development of offshore wind energy on the Federal OCS. In 2020, construction should begin on Coastal Virginia Offshore Wind, a two-turbine research project located on the OCS. Based on regulatory

milestones, a commercial scale project on 1 of 15 commercial offshore wind leases DOI has issued to date may be operational in late 2021, with 6 more projects possible by 2023, and another 5 between 2024 and 2027. Working collaboratively with BOEM, BSEE is developing the safety and operational functions necessary for DOI's renewable energy program. This includes oversight of safety management system requirements, environmental compliance, ensuring the safety of operations, including enforcement of regulations and lease terms, incident reporting and investigations, oil spill response measures and oil spill response plans, and oversight of the industry inspection plans required by DOI's renewable energy regulations. BSEE also advises BOEM on facility design, fabrication, and installation requirements, the certified verification agent program, and decommissioning cost estimates.

BSEE utilizes an interdisciplinary team of technical and policy experts to conduct technical plan reviews and develop policies and procedures to ensure workplace safety and environmentally responsible offshore wind energy development. BSEE has reviewed an increasing number of industry submissions, 10 in FY 2016, 45 in FY 2018, and 47 in FY 2019. BSEE is also actively involved in the development of consensus U.S. design standards for offshore wind turbines and standards working groups to address offshore workplace occupational safety and worker training. In October 2019, the Department published a policy statement in the Federal Register clarifying that DOI will act as the principal Federal agency for the regulation and enforcement of safety and health requirements for OCS renewable energy facilities. DOI's performance-based regulatory approach provides the offshore wind industry with flexibility to adopt appropriate existing U.S. and/or international standards and best practices to ensure worker safety and health. BSEE will adopt its risk assessment strategies and data analytics capabilities developed for the conventional energy program to address the hazards unique to worker health and safety on wind farms, in order to drive safety performance and environmental sustainability as this industry provides safe and reliable offshore wind facilities to serve the U.S. electric supply.

Information Technology (IT) and Data Stewardship: 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 information, and confidential business information. To enhance the Bureau's capabilities, BSEE has deployed eWell to all Regions. During FY 2018, BSEE expanded eInspections functionality to include both platforms and rigs, and deployed the ePermits 1.0 system. In FY 2020 and FY 2021, BSEE will continue working with industry to promote wider use of ePermits for the submission of industry Oil Spill Response Plans (OSRPs) to BSEE.

BSEE has incorporated the implementation of the Business Intelligence (BI) Tool to include the construction of an integrated BI environment, including software and hardware components that consolidate data from a broad spectrum of data repositories. The first phase of BI has been implemented into the production environment, which includes the data queries associated with BSEE reports around production and inspection information. The next phase will include the queries necessary to track the BSEE Vital Statistics. BSEE data will be presented through a logical data model that reflects business processes using a metadata-driven approach. This will allow the transition from a canned or custom report-driven approach to data analysis and discovery to give users the power to independently obtain the information. The metadata layer will allow for the development of a web-enabled, role-based dashboard

built on Oracle's Business Intelligence Foundation Suite and the mapping of current users to the newly developed security model.

Human Capital Management: Critical to meeting BSEE's mission goals is the ability to recruit, develop, and retain a diverse workforce that is accountable, competent, and engaged. BSEE competes directly with industry, which can offer a higher salary structure, when recruiting for mission critical engineering and inspector positions. To be more competitive, BSEE has taken several steps over the past several years to include obtaining special pay authorization for mission critical occupations, expanding the use of recruitment incentives, and executing a concerted hiring initiative focused on filling key vacancies. As a result of these efforts, BSEE now has the expertise and staffing levels to fully implement its mission. However, the Bureau expects that as competition within industry increases, it will again become difficult to recruit and retain highly qualified staff. To mitigate the risk of key staff losses, BSEE will continue to utilize all hiring and compensation flexibilities including recruitment and retention bonuses and student loan repayments. BSEE also plans to dedicate significant training resources to expand the skills of its workforce as well as focusing efforts to expand its employee engagement activities. In addition, in FY 2021 BSEE will continue to focus on expanding the development of its Human Capital Operating Plan (HCOP) that aligns with DOI's Goal of *Building a 21st Century Workforce*, as well as BSEE's strategic vision to "sustain an accountable, competent and engaged workforce".

In response to the Bureau's growing need for inspector and engineering training to ensure that staff stays current with new technology and inspection techniques, BSEE continues to evolve its training programs through continual assessments of its programs. Furthermore, BSEE will focus on expanding the competency models of the mission critical positions to ensure training is modeled around developing key competencies.

Oil Spill Preparedness Verification (PV): BSEE maintains its commitment to environmental stewardship and the responsible use and protection of the natural environment through conservation, enforcement, and sustainable practices. By ensuring offshore facility owners and operators meet the oil spill response preparedness standards set forth by the CWA, OPA 90, and 30 CFR Part 254, BSEE plays a key role in supporting the Nation's response posture for oil spills that can impact public health and the environment. The OSRP is the key tool to provide assurance to the American public that offshore energy exploration and production is an activity that fosters environmental stewardship. BSEE approves OSRPs when an offshore facility has demonstrated the ability to quickly and effectively respond to a worst-case discharge to the maximum extent practicable.

In FY 2019, the Bureau conducted 181 plan review activities ensuring that 117 approved OSRPs remain up to date and in compliance with regulations. As such, BSEE ensures that the strategies and resources listed in OSRPs are regularly exercised. Exercises allow personnel from facility operators, spill response contractors, and regulatory officials to validate the efficacy of an OSRP. These exercises provide training and practice of strategic and tactical preparedness, protection, response, and recovery capabilities in a risk-reduced environment. In FY 2019, BSEE conducted 15 Government-Initiated Unannounced Exercises (GIUEs) and audited 119 industry-led training and exercise activities. Additionally, BSEE manages the compliance process for monitoring the preparedness and readiness levels of oil spill response

equipment owned or contracted by offshore facilities owners and operators. Therefore, BSEE personnel periodically verify and ensure that equipment listed within the OSRP is properly maintained, ready to be operated, and performs as specified by the manufacturer. In FY 2019, the Bureau conducted 95 separate site visits to verify the location and condition of thousands of pieces of oil spill response equipment. In FY 2019, BSEE personnel also attended seven Regional Response Team meetings and 19 Area Committee meetings where information was shared regarding specific OSRP issues, joint industry exercise planning, and geographic-specific response subjects.

FY 2021 BUDGET JUSTIFICATION

Administrative Operations Activity

Table 6: Administrative Operations Activity Budget Summary

		2019 Actual	2020 Enacted	Fixed Costs and Related Changes (+/-)	Internal Transfers (+/-)	Program Changes (+/-)	2021 Request	Changes from 2020 (+/-)
Administrative Operations	(\$000)	18,129	18,150	+400	-	-12	18,538	+388
	FTE	192	247	-	-	-	247	-

SUMMARY OF 2021 PROGRAM CHANGES

Request Component	Amount (\$000)	FTE
Ethics Program	-232	-1
Freedom of Information Act (FOIA) Program	0	+1
General Program Activities	+220	-
Total Program Changes:	-12	-

The Administrative Operations Activity funds the full suite of administrative services for BSEE. This includes Finance, Procurement, Human Resources, Information Technology and Data, Equal Employment Opportunity, Management Support, Ethics, and Records and Directives. In addition, BSEE's Office of Administration provides all administrative services to the Bureau of Ocean Energy Management (BOEM), as well as more limited services to other clients, such as the Office of the Secretary, Office of Natural Resources Revenue (ONRR), and others, on a reimbursable basis.

BSEE's Office of Administration, in partnership with leadership, is continually working to advance its administrative support posture in order to improve services and provide the Bureaus' programs with the tools needed to meet mission requirements effectively. The Office of Administration will continue to establish best practices and enhance efficiencies through the use of program funding provided to meet targeted administrative initiatives including human capital, data stewardship, and records management, as well as the utilization of shared service partnerships with BOEM, and other parts of the Department.

BSEE is committed to maintaining a diverse workforce that is accountable, competent, engaged, and held to a high standard of integrity. BSEE upholds this standard through commitments to ethics, accountability, training, professional development, and mutual respect and recognition between the Bureau's regions and headquarters.

JUSTIFICATION OF 2021 PROGRAM CHANGES

Ethics Program (-\$232,000; -1 FTE): The 2021 budget supports needed reforms to strengthen the

emphasis on ethics in the Department, including increasing the number of ethics officers and increased vigilance regarding the Department's leaders and employees obligation to hold themselves and their colleagues accountable for ethical conduct. Ethics is a top priority in all decision making and operations.

This past summer, Secretary Bernhardt continued this commitment to transform Interior's ethics program by signing Secretarial Order 3375, which restructures the ethics program by unifying disparate Bureau ethics programs into a centrally-managed office under the Solicitor. The Order streamlines the reporting structure for ethics personnel, establishes the Departmental Ethics Office, and clarifies roles and responsibilities for the Department's employees. The FY 2021 budget implements this reorganization to restructure the ethics program by transferring Bureaus' ethics funding and FTEs to the Departmental Ethics Office in the Office of the Solicitor budget.

Freedom of Information Act (FOIA) Program (+\$0; +1 FTE): To improve the quality, efficiency, and consistency of the BSEE FOIA processes consistent with Secretarial Order No. 3371, the 2021 budget supports the placement of a permanent full-time FOIA Officer position in Administrative Operations. This change will ensure that program operations are sufficient and compliant with FOIA laws and will increase accountability and consistency across the Bureau.

General Program Activities (+220,000; +0 FTE): The budget reflects anticipated increases in program operations including implementation of the Administration's management objective to incentivize and recognize high levels of performance.

INTERNAL TRANSFERS

Change in Base Appropriated Funding: (-\$1,308,000; -0 FTE): The proposed change to appropriated funding reflects a projected increase in lease rental payments revenue and cost recovery fee collections as discussed below.

Change in Offsetting Collections (+\$1,308,000; +0 FTE):

- **Rental Receipts (+\$919,000; +0 FTE):** Rental Receipts are estimated to increase by a total of \$3.264 million based on the latest projections provided by BOEM. Projections of rental receipts are higher in FY 2021 than projections for FY 2020, which is primarily the result of having more lease sales contributing rent in FY 2021 than in FY 2020. Note, while rental receipt estimates reflect leasing activity, including scheduled and anticipated sales, the activity proposed in the 2019-2024 National OCS Oil and Gas Leasing Draft Proposed Program is not reflected in the FY 2021 rental receipt estimates since it is on indefinite hold. The increase to the Administrative Operations Activity is \$919,000.
- **Cost Recovery Fees (+\$389,000; +0 FTE):** Cost Recovery Fees are estimated to increase by a total of \$1.383 million from the FY 2020 Enacted level and based on the average historical collections over the past three fiscal years. This adjustment does not increase individual fee amounts. The increase to the Administrative Operations Activity is \$389,000.

PROGRAM OVERVIEW

Acquisition Management Division (AMD): By collaborating with its customer organizations, AMD can create quality business solutions that help to accomplish the mission goals of the Bureaus. The AMD is responsible for the execution and administration of BSEE and BOEM contracts and financial assistance agreements. The Division provides acquisition and financial assistance policy guidance, cost and price analysis, and advice to procurement and program personnel. AMD conducts acquisition management and other internal control reviews of procurement activities throughout the year. AMD administers the purchase line of the BSEE and BOEM charge card programs, as well as the competitive sourcing programs. In addition, the Business and Economic Development Program maximizes opportunities for small, disadvantaged, and women-owned businesses, as well as historically black colleges and universities as both prime contractors and subcontractors. Work includes overseeing and managing all career management programs for acquisition purposes.

Equal Employment Opportunity Division (EEOD): The EEOD develops, monitors, and operates the EEO program for BSEE and BOEM in compliance with Title VII of the Civil Rights Act of 1964, as amended; the Equal Pay Act of 1963; the Age Discrimination in Employment Act of 1967, as amended; Section 501 and 505 of the Rehabilitation Act of 1973, as amended; Title II of the Genetic Information Nondiscrimination Act of 2008; 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, employees, and applicants for employment regarding EEO policies and procedures. 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. EEOD provides oversight of special initiative programs designed to involve more women, minorities, and people with disabilities throughout all levels of the Bureaus. In addition, the Division also provides EEO counseling and mediation services, as well as formal EEO complaint processing.

Finance Division (FD): The FD provides a full range of accounting and financial management services to BSEE and BOEM. These services include processing commercial and intergovernmental payments, auditing travel payments, collecting fees and administrative debts, preparing financial reporting requirements, and maintaining financial systems and tools that support these functions. The Division is the primary Bureau audit liaison for the Chief Financial Officer audit as conducted by an independent audit firm with oversight from the Department's Office of Inspector General (OIG). FD administers the travel line of the BSEE and BOEM charge card programs and maintains the program of internal controls over financial reporting. In addition, the FD develops and implements financial policies, procedures, and guidelines and provides advice and guidance related to financial matters. The Division liaises with Departmental policy offices, including the Office of Financial Management and the Office of Acquisition and Property Management, and other Federal agencies. 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.

Human Resources (HR) Division: BSEE is committed to maintaining a diverse workforce that is accountable, competent, engaged, and held to a high standard of integrity. The HR Division is a primary partner in meeting this commitment. The 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. The HR Division also focuses on employee and labor relations policy development and implementation including performance management evaluation, labor/management relations, employee conduct, administering awards programs, work life programs, and the Senior Executive Service program. Work includes performing all operational personnel services for BSEE, BOEM, and other client organizations including the DOI's Office of the Secretary, and providing assistance and guidance related to personnel matters for all regional and field installations.

In addition, the HR Division leads all BSEE workforce-analytics and human resource strategic planning initiatives in support of larger workforce planning efforts, which include analyzing the current workforce, identifying future workforce needs, and preparing plans for building the workforce needed in the future. The HR Division provides analytical support to BOEM and client organizations, and tailors these services to meet the specific needs of its diverse customers. The long-term benefits of workforce-planning initiatives include the ability of BSEE to meet its mission and performance goals. As regulators, BSEE must be able to keep pace with the latest technological advances. In support of these efforts, the HR 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. In addition, the HR Division is responsible for the oversight of a Bureau-wide Learning Management System that serves as a valuable workforce development tool. HR also coordinates all Department-mandated employee development initiatives for implementation in BSEE and BOEM. The HR Division develops and oversees the ongoing implementation of a leadership development program, which focuses on training, mentoring, and shadowing (rotational assignment) opportunities for employees across varying levels, across three tracks.

Management Support Division (MSD): The MSD provides direct assistance to BSEE's Associate Director for Administration, as well as to all BSEE and BOEM personnel. The Division provides a full suite of management support services including organizational management, budget, occupational safety and health, physical security, emergency management, personnel security, and support services.

Organizational management includes delegations of authority, directives management, program management, providing high-level administrative support, and management and organization analysis activities. MSD is responsible for planning, formulating, and executing the Office of Administration budget and coordinates the processing of Administration's inter/intra-agency agreements.

MSD manages the joint BSEE/BOEM Safety and Occupational Health Program, including the development and coordination of safety program policies, directives, and alternate or supplemental standards and guidelines. To ensure the security of employees in all BSEE facilities MSD provides oversight and expertise on physical security requirements ensuring compliance with Federal and Department policies, guidelines, and directives. The Bureaus' emergency management program is managed by MSD. This includes the Continuity of Operations Plan (COOP) to ensure mission critical

functions continue during times of emergency or catastrophic events. MSD 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.

The Support Services Branch (SSB) is responsible for providing day-to-day facility and support services to the BOEM and BSEE Directors, program managers, and employees. The SSB performs printing and publications activity, space management, and graphics services. SSB 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 museum property, including the Arts and Artifacts program.

Technology Services Division (TSD): The TSD ensures the efficient and effective planning, management, and acquisition of IT and information resources within BSEE, BOEM, and ONRR. The Division ensures compliance with all Federal Information Technology Acquisition Reform Act (FITARA) requirements, as well as other government-wide and Departmental priorities. TSD clearly defines the IT needs of the Bureaus' mission and enterprise services and fulfills those needs as appropriate.

The TSD provides a central foundation to manage the large volume of information and data used in the scientific, engineering, and management activities of BSEE's and BOEM's programs. The Technical Information Management System (TIMS) is the Bureau's core mission application, and provides the tools needed to manage the wide array of data and information needed to accomplish the Bureaus' day-to-day mission requirements effectively. 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. TSD is embarking on a modernization effort for TIMS. This modernization will follow a four-phased approach led by government FTEs and begin with the development of a Modernization Business Case, including a Roadmap and other plans to guide modernization efforts. An Integrated Project Team (IPT) has been chartered and planning sessions are underway.

In support of the strategic goals of each Bureau and ONRR, 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 Bureaus' ability to collaborate across current process and software divisions. 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 Bureau-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. GIT allows BOEM to improve productivity by quantifying analyses, analyzing digital data in three-dimensions, 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 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. It also provides 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 BSEE and BOEM offices, as well as with the DOI's Office of the Chief Information Officer (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, recommending mitigation, and promoting compliance with FITARA.

The Division also organizes and facilitates data sharing with program offices, Bureaus, and public stakeholders, as well as coordinates data stewardship activities with DOI data teams. In addition, the team works with the Programs and Divisions to develop and maintain an overall data architecture, data resource model, data strategies, and manages the data as a corporate resource.

Records, Delegations, and Directives Team: The Records, Delegations, and Directives Team (RDDT) oversees the BSEE records management program under 36 CFR Part 1220.10(b), to provide effective management of the creation, maintenance, use, preservation, and disposition of BSEE records. The team serves as the official liaison with DOI for the eMail Enterprise Records and Document Management System (eERDMS) for both BSEE and BOEM overseeing the development and maintenance of BOEM and BSEE email records classification and dispositioning as well as the Enterprise Content Management system for long-term compliant electronic records archival storage activities. The Team manages the Bureau's delegations of authority and directives programs which includes the processing, dissemination, and filing of agency delegations and directives. The Team also manages the internal forms library for BOEM and BSEE. RDDT encompasses the Bureau Office of Document Management, which oversees BSEE Controlled Correspondence. The team is charged with the administration of the Bureau Directives Tracking System (DTS).

FY 2021 BUDGET JUSTIFICATION

Executive Direction Activity

Table 7: Executive Direction Budget Summary

		2019 Actual	2020 Enacted	Fixed Costs and Related Changes (+/-)	Internal Transfers (+/-)	Program Changes (+/-)	2021 Request	Changes from 2020 (+/-)
Executive Direction	(\$000)	18,097	18,093	+350	-	+94	18,537	+444
	FTE	77	106	-	-	-	106	-

SUMMARY OF 2021 PROGRAM CHANGES

Request Component	Amount (\$000)	FTE
General Program Activities	+94	-
Total Program Changes:	+94	-

The Executive Direction Activity funds Bureau-wide leadership, direction, management, coordination, communications strategies, and outreach. The Office of the Director and key management positions in the Regional Director's Offices are funded within this activity. It also includes functions such as budget, congressional and international affairs, public affairs, and policy and analysis.

BSEE will continue to make informed decisions by improving knowledge sharing, data stewardship, and collaboration with internal and external stakeholders. This goal is accomplished through consistently documented policies and procedures; robust internal controls to verify implementation of policies and procedures; and making available and shareable consistent, reliable data.

JUSTIFICATION OF 2021 PROGRAM CHANGES

General Program Activities (+94,000; +0 FTE): The budget reflects anticipated increases in program operations including implementation of the Administration's management objective to incentivize and recognize high levels of performance.

INTERNAL TRANSFERS

Change in Base Appropriated Funding: (-\$602,000; -0 FTE): The proposed change to appropriated funding reflects a projected increase in lease rental payments revenue and cost recovery fee collections as discussed below.

Change in Offsetting Collections (+\$602,000; +0 FTE):

- **Rental Receipts (+\$423,000; +0 FTE):** Rental Receipts are estimated to increase by a total of \$3.264 million based on the latest projections provided by BOEM. Projections of rental receipts are higher in FY 2021 than projections for FY 2020, which is primarily the result of having more lease sales contributing rent in FY 2021 than in FY 2020. Note, while rental receipt estimates reflect leasing activity, including scheduled and anticipated sales, the activity proposed in the 2019-2024 National OCS Oil and Gas Leasing Draft Proposed Program is not reflected in the FY 2021 rental receipt estimates since it is on indefinite hold. The increase to the Executive Direction Activity is \$423,000.
- **Cost Recovery Fees (+\$179,000; +0 FTE):** Cost Recovery Fees are estimated to increase by a total of \$1.383 million from the FY 2020 Enacted level and based on the average historical collections over the past three fiscal years. This adjustment does not increase individual fee amounts. The increase to the Executive Direction Activity is \$179,000.

PROGRAM OVERVIEW

Office of the Director

The Office of the Director includes the Director and immediate staff. This office is responsible for providing leadership direction and policy guidance within the BSEE organization, as well as managing all official documents within 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. The IPRA refers internal misconduct cases to the DOI's OIG, when allegations meet the required criteria for referral.

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, OMB, and Congress. During the congressional phase, the Office of Budget tracks the appropriations process, coordinates the preparation of capability and effect statements, and provides answers to questions from Congress. Throughout the execution phase, the office 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, ensuring 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, enterprise risk management, and internal controls.

Office of Public Affairs (OPA)

OPA is responsible for BSEE's internal and external communication strategies as well as outreach with stakeholders, employees, and the media. The goal of OPA is to inform the public, ensure coordinated communication, consistent messages, and the effective exchange of information with all stakeholders. The office coordinates the implementation of an effective and inclusive outreach program to numerous target audiences, including State and local governments, Tribal Nations, other Federal agencies, the energy industry, related trade associations, the environmental and conservation communities, energy consumer groups, the general public, and the press.

Office of Congressional and International Affairs (OCIA)

OCIA serves as BSEE's primary point of contact for the U.S. Congress and BSEE's international counterparts. OCIA is responsible for the coordination of all communication and engagements as well as ensuring consistent messaging and effective exchanges of information in these areas. OCIA provides technical and drafting assistance to congressional staff on legislative proposals that could impact the Bureau. OCIA also manages and analyzes the Bureau's international programs and policies and includes structuring international cooperation agreements; organization of technical exchanges; and, support of BSEE's engagement in international regulatory fora. OCIA coordinates with the Department's Office of Congressional and Legislative Affairs and Office of International Affairs, the Department of State, and the international programs within all relevant U.S. agencies, such as DOE, the Department of Commerce, and the Department of the Treasury.

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Bureau of Safety and Environmental Enforcement

Summary of Requirements Table

Summary of Requirements for Bureau of Safety and Environmental Enforcement
(Dollars in Thousands)

	2019 Actual		2020 Enacted		Program Changes from 2020				2021 Request		Change from 2020 (+/-)	
	Amount	FTE	Amount	Fixed Costs & Related (+/-)	Internal Transfers (+/-)	FTE	Amount	FTE	Amount	FTE	Amount	
Oil Spill Research	14,899	22	14,899	-	-	-	-2,199	-	12,700	-	-2,199	
TOTAL FUNDING, Oil Spill Research	14,899	22	14,899	-	-	-	-2,199	-	12,700	-	-2,199	

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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] *\$12,700,000*, 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, 2020.*)

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FY 2021 BUDGET JUSTIFICATION

Oil Spill Research Appropriation

Table 8: Oil Spill Research Budget Summary

		2019 Actual	2020 Enacted	Fixed Costs and Related Changes (+/-)	Internal Transfers (+/-)	Program Changes (+/-)	2021 Request	Changes from 2020 (+/-)
Oil Spill Research	(\$000)	14,899	14,899	-	-	-2,199	12,700	-2,199
	FTE	17	22	-	-	-	22	-

SUMMARY OF 2021 PROGRAM CHANGES

Request Component	Amount (\$000)	FTE
Research	-2,199	-
Total Program Changes:	-2,199	-

With the Oil Spill Research (OSR) Appropriation, the Bureau derives funding from the Oil Spill Liability Trust Fund (OSLTF) to execute its delegated responsibilities in support of title I, section 1016; title IV, sections 4202 and 4303; title VII; and title VIII, section 8201 of the Oil Pollution Act of 1990 (OPA 90). BSEE executes these responsibilities through a robust world-class Oil Spill Preparedness (OSP) Program managed by the Oil Spill Preparedness Division (OSPD) that protects people and the environment by optimizing responses to offshore facility oil spills through: (1) regulatory oversight; (2) basic, applied, and developmental research; (3) integrated government and industry preparedness; and (4) accountability to the National Response System (NRS). The Program consists of three primary and interdependent Roles: Preparedness Verification (PV); Oil Spill Response Research (OSRR); and management of Ohmsett, the National Oil Spill Response Research and Renewable Energy Test Facility.

The PV Role delineates BSEE's spill preparedness responsibilities pursuant to the OPA 90. These ensure industry's compliance with the Act, 30 CFR Part 254, and any applicable contingency plans, including the National Oil and Hazardous Substances Pollution Contingency Plan (NCP). OPA 90 Title VII mandates that BSEE establish "... a program for conducting oil pollution research and development" The OSRR Role within the Program provides offshore owners and operators, as well as the government, with new or improved technologies, tools, and procedures to better combat oil spills. The technologies and data produced from robust government research and development inform regulatory updates, improve contingency plans, enhance the response tools in oil spill removal organizations (OSRO) equipment inventories, and support safe and environmentally-sustainable operations for offshore energy exploration and development. The OSPD's Ohmsett Management Role ensures that this remarkable facility maximizes its potential for supporting oil spill response testing, training, and research as mandated by OPA 90 Section 7001(c)(7) for the industry, academic, and government customers. Ohmsett is critical for U.S. and international efforts to advance oil spill response technologies. The 2021

request addresses the key needs and key knowledge and technology gaps in the three roles of the BSEE OSP Program.

JUSTIFICATION OF 2021 PROGRAM CHANGES

Research (-\$2,199,000): BSEE has developed the capability to conduct research projects with the OSPD engineering staff leading much of the research on traditional, alternative, and emerging spill response technologies at the Ohmsett facility. Through enhancement and operationalization of response technologies, spill cleanups can be completed more effectively and efficiently resulting in safer field oil recovery and treatment activities, with less impact to the environment, and a quicker return of platforms to production operations. BSEE will focus on priority research activities that align with the OCS safety and environmental risk-reduction goals and objectives of the Administration.

PROGRAM OVERVIEW

As the Nation's leader in Federal oil pollution research, the OSP Program will continue to initiate new, and shepherd ongoing, research projects that advance the collective knowledge of oil spills and development of new and better response technologies. Many projects evolve and progress over a few years as new data is acquired and/or technology breakthroughs are made. The OSP Program contributes to BSEE's efforts to ensure that the Nation's offshore oil and gas exploration, development, and production activities in both State and Federal waters can succeed in a safe and environmentally-responsible manner. This Program supports the President's Executive Order policy of promoting "clean and safe development of our Nation's vast energy resources."

PERFORMANCE OVERVIEW

BSEE integrates all aspects of oil spill preparedness, response, and research activities in order to emphasize the Bureau's mission of ensuring that industry is prepared to respond to an offshore oil spill as quickly and effectively as possible. This integrated approach reduces impacts to offshore oil and gas production operations and the environmental and economic resources of the U.S.

Three reviews of the OSP Program have budgetary implications for FY 2021. As a result of the FY 2018 "Director's Change Management" internal review, and the DOI Office of Inspector General evaluation of the OSP program, BSEE undertook several initiatives in FY 2019, including updating the agreements that exist between BSEE and the States of Louisiana, Texas, California, and Alaska. OSPD is also determining the need for developing similar agreements with other States that have offshore oil and gas facilities located seaward of the coastline. The two-year project will update the existing agreements covering coordinating OSRP reviews, joint inspections, exercise design and documentation, and enforcement. OSPD's regulatory change initiative to address a significant list of outdated requirements in the 30 CFR Part 254 regulations was approved by DOI in FY 2018 and will continue through FY 2021. OSPD has also begun a 5-year project with the USCG to update offshore response information for Regional and Area Contingency Plans.

Preparedness Verification (PV) Role

The PV Role delineates BSEE's spill preparedness responsibilities pursuant to OPA 90. These ensure industry's compliance with the Act, 30 CFR Part 254, and any applicable contingency plans, including the NCP. The functions that serve this role help the Bureau, State and Federal partners, and the industry to be ready to respond to an oil spill from an offshore facility by ensuring offshore facility owners and operators maintain approved comprehensive OSRPs, have access to sufficient caches of oil spill response equipment, and have adequate personnel training and management structures needed to respond to and mitigate a spill.

Additionally, under the PV Role, OSPD executes the Bureau's function associated with the NRS's contingency planning and incident response elements. OSPD implements the processes and procedures for the following functions of the PV role:

- Oil Spill Response Plan (OSRP) Oversight,
- Training and Exercise Evaluation,
- Equipment Verification, and
- National Response System (NRS) Support.

Oil Spill Response Plan (OSRP) Oversight: In accordance with OPA 90 and 30 CFR Part 254, all owners and operators of offshore facilities seaward of the coastline that handle, store, or transport oil must have an approved OSRP before operations begin and must operate their facilities in accordance with that OSRP. BSEE is responsible for reviewing, approving, and rescinding OSRPs to ensure that the plan holder is prepared to quickly and effectively respond to a worst-case discharge from its facility to the maximum extent practicable.

The processes and procedures the Bureau establishes to manage OSRPs:

- Provide objective, justifiable, and documented verification of the oil spill preparedness posture of offshore facilities' owners/operators, as required by 30 CFR Part 254;
- Guide the regulatory and administrative focus of OSPD employee activities by detailing clear OSRP review direction inside established legal boundaries;
- Ensure administrative consistency across the lifespan of an OSRP; and
- Develop administrative records for OSPD decisions.

OSPD also reviews numerous details within each section and appendices of the OSRPs to verify the information complies with the requirements of 30 CFR Part 254 and the contents are consistent with the NCP as well as the appropriate Regional and Area Contingency Plans (RCPs and ACPs).

In order to consistently make correct judgments on the validity of an OSRP, BSEE must stay abreast of the latest advances in oil spill response technologies, policies and procedures. This ongoing education is reinforced with regular field visits to plan-holders in order to carry out other regulatory responsibilities mandated by 30 CFR Part 254, such as inspections of response equipment, observations of response exercises, and evaluations of the competencies of response personnel. Thus, BSEE personnel continually maintain a balance of time and resources between managing the Nation's OSRP library and operationally

verifying the effectiveness of the OSRPs. In FY 2019, BSEE conducted 181 plan review activities to ensure that the 117 approved OSRPs remain up to date and in compliance with regulations.

In FY 2021, the Bureau will continue to apply and enhance its IT initiative that electronically processes OSRPs. BSEE's new e-Permits software design enterprise has a sub-program (coined eOSRP) that allows plan holders to electronically submit their OSRPs to BSEE and to exchange correspondence. The system was envisioned to reduce the burden on operators and government analysts. While the system is operating as initially planned, certain efficiencies must still be achieved. In FY 2019, BSEE modified the system to effectively process large-size files submitted from industry. In FY 2020 and FY 2021, BSEE plans to allow external reviewers, such as the USCG, to access the system for integrated plan reviews.

Training and Exercise Evaluation: Facility owners/operators, spill response contractors, and governmental officials collectively use training and exercises to improve skills and validate the efficacy of an OSRP. These activities strengthen the tactical and strategic spill response and mitigation competencies in a risk-reduced environment. The Bureau evaluates the following training and exercise activities.

(1) *Industry-Initiated Exercises:* BSEE verifies that offshore owners/operators conduct their required oil spill preparedness exercises. Within a triennial cycle, owners/operators must exercise their Qualified Individuals, Incident Management Teams, Spill Response Operating Teams, response equipment, and other resources and capabilities described within an OSRP. OSPD personnel attend these exercises in person and/or review these organizations' documentation to confirm that the owner/operator conducts them.

(2) *Government-Initiated Unannounced Exercises (GIUEs):* BSEE employs GIUEs as a means of verifying the proficiencies of owners/operators in following their approved OSRPs. The exercises give the Bureau an opportunity to witness and evaluate, on a no-notice basis, a plan holder's capabilities to use public and private equipment, resources, and staff to respond to a hypothetical oil spill. OSPD regularly plans and executes these exercises in close coordination with other BSEE offices, Federal partners such as the USCG, NOAA, and the DOT's PHMSA, and State government partners – all of whom have key roles associated with offshore oil spill preparedness and response.

(3) *Industry Training Audits:* Independent of exercises, offshore facility owners/operators must ensure the response personnel listed in their OSRP are periodically trained to operate response equipment or staff key incident management organizational positions. OSPD confirms the quality and frequency of this training by independently reviewing training records and/or attending the training in person.

In FY 2019, the Bureau conducted 15 GIUEs and audited 119 training and industry exercise activities.

Equipment Verification: The Bureau evaluates the state of industry spill preparedness by verifying that the equipment listed in OSRPs is properly maintained, ready to be operated, and performs as specified by the manufacturer. BSEE verifies the continued adequacy of the inventories when new equipment is added or when equipment is temporarily or permanently removed. OSPD staff regularly travel across the Gulf

of Mexico States, California, and Alaska to visit storage depots to review inventory lists and visually inspect response equipment assigned to the 117 OSRPs. In FY 2019, OSPD conducted 95 separate site visits to verify the location and evaluate the condition of thousands of pieces of oil spill response equipment. BSEE verifies equipment sufficiency through the following two approaches:

(1) *Records Reviews*: OSPD conducts records reviews and PV visits with OSROs contracted by offshore facility owners and operators to determine if oil spill response equipment is being inspected at required intervals, and if preventive and scheduled maintenance is being performed. OSPD also verifies that equipment listed in OSRPs is present at the location(s) specified in the OSRP or can be accounted for; and

(2) *Performance Testing*: OSPD conducts performance testing of spill response equipment that has been modified, damaged, or repaired. OSPD also conducts performance testing of equipment claimed to have oil recovery capacities that are inconsistent with other data available to BSEE.

National Response System (NRS) Support: The Bureau's OSP Program is an important component of the NRS as promulgated and implemented by the NCP. The NCP provides a framework for coordination among Federal, State, and local responders and responsible parties to respond effectively to discharges of oil and hazardous materials. The framework includes four levels of contingency planning (national, regional, area, and industry site-specific) that guide preparedness and response efforts. BSEE maintains subject matter expertise on the intent, organization, and execution of the NRS to ensure that OSRPs are consistent with the system's tenets. OSPD also provides liaison services, training and education, and incident-specific advice to the Bureau and to partnering agencies for issues associated with the NRS.

OSPD directly participates in activities associated with the following groups and plans to accomplish its liaison responsibilities:

- National Response Team (NRT) and the NCP;
- Regional Response Teams (RRTs) and their respective RCPs;
- Coastal Area Committees (ACs) and their respective ACPs;
- Preparedness for Response Exercise Program (PREP) and the PREP Compliance, Coordination, and Consistency Committee (PREP 4C); and
- Incident Response.

Preparedness coordination under the NRS is an essential aspect to ensuring the success of a consistent national oil spill response preparedness program. The Bureau regularly attends meetings and supports activities of the NRT, RRTs, and ACs. The NRT convenes on a monthly basis and supports national level preparedness and response policies and programs. The Bureau also regularly supports the activities of several NRT subcommittees on response and preparedness issues. RRTs provide Federal On Scene Coordinators with regional contingency planning guidance. The RRTs serve as focal points for regional interagency contingency planning guidance. Similarly, ACs serve as focal points for contingency planning at the local level and are comprised of members of Federal, State, and local agencies. In FY 2019, BSEE personnel attended seven RRT meetings and 19 AC meetings where information was

shared regarding specific OSRP issues, joint industry exercise planning, and geographic-specific response subjects.

In support of the critical role that RCPs and ACPs play within the NRS and their important ties to BSEE-managed OSRPs, the Bureau will be working closely in FY 2020 with four RRTs and 10 ACs to review and update the Offshore Facility Worst-Case Discharge Scenario documentation in the Committees' respective RCPs and ACPs. This initiative will leverage contract support and interagency coordination to ensure that realistic and informative guidance for responding to major spills from offshore facilities is properly recorded in these plans.

Oil Spill Response Research (OSRR) Role

The technologies and data produced from robust government research and development inform regulatory updates, improve contingency plans, enhance the response tools in OSRO equipment inventories, and support safe and environmentally-sustainable operations for offshore energy exploration and development. Government research and development also spurs economic growth by stemming the impacts of oil spills, yielding new innovations in technologies and tactics, identifying research gaps and dead-ends, and reducing investment risks for private research and development entities. The functions under the OSRR Role perform the basic, applied, and developmental research needed to advance the detection, containment, and cleanup of oil spills that may occur from offshore facilities. They also coordinate research efforts between organizations and disseminate findings and recommendations through a variety of internal and public forums, such as formal committees, workshops, conferences, publications, and the Internet. The Bureau implements the processes and procedures for the following functions of the OSRR Role:

- Research Project Development and Management,
- Interagency Coordinating Committee on Oil Pollution Research (ICOPR or Committee),
- Government Research Expertise,
- Research Program and Facility Coordination, and
- Research Promotion and Dissemination.

Research Project Development and Management: OSPD Response Research Scientists and Engineers oversee comprehensive research portfolios that traditionally address mechanical containment, recovery, and storage; remote sensing; chemical agents; *in-situ* burning; shoreline protection and mitigation; and preparedness initiatives and decision-making tools. BSEE executes these research projects through different avenues that include:

- Contracted Services, Grants, and Cooperative Agreements with private industry, non-profit research institutions, or academic entities;
- Interagency Agreements with Federal partners such as the U.S. Navy, U.S. Environmental Protection Agency (EPA), NOAA, USCG , PHMSA , and DOE; and
- Internally-directed research conducted by the OSPD research scientists and engineers serving as principal investigators.

The Bureau requires that all researchers receiving funding from BSEE conduct their activities in accordance with all applicable regulatory requirements and adhere to the DOI Scientific Integrity Policy and the DOI Code of Scientific and Scholarly Conduct. OSPD also ensures that all influential scientific information and highly influential scientific assessments are considered for peer review in accordance with BSEE's Peer Review Process Handbook.

Interagency Coordinating Committee on Oil Pollution Research (ICCOPR or Committee): Title VII of OPA 90 created this 15-member Federal Committee for two primary purposes:

(1) *Research and Technology Planning:* The Committee prepares and periodically updates a comprehensive, coordinated Federal oil pollution research, development, and demonstration plan, which serves as guides for Federal agencies in their research investments. ICCOPR's Oil Pollution Research and Technology Plan identifies priority research needs in 25 Standing Research Areas – many of which directly affect the Bureau's OSP Program.

(2) *Collaboration:* The Committee promotes cooperation and coordination with industry, universities, research institutions, State governments, and other nations through information sharing, coordinated planning, and joint funding of projects.

The Bureau plays a crucial role in ICCOPR by serving as the Committee's Vice Chair on a rotating basis and routinely providing updates on research of importance to ICCOPR members. BSEE is serving its ICCOPR Vice-Chair role in FY 2020 and 2021. Participation in ICCOPR enables the Bureau to facilitate an increased awareness of new tools and strategies available for offshore oil spill preparedness and response. Participation in ICCOPR allows BSEE to identify emerging issues and research gaps that inform budget allocation decisions.

The ICCOPR Oil Pollution Research and Technology Plan for FY 2015 to FY 2021 documented 25 Standing Research Areas and identified 150 priority oil spill research needs, 60 of which apply to the BSEE oil spill research program. Beginning in FY 2020, BSEE and the other ICCOPR members began an evaluation of the extent to which research has addressed these priority needs. That evaluation will be used to establish a revised baseline list of research needs to populate the Federal Government's FY 2022 to FY 2027 ICCOPR Oil Pollution Research and Technology Plan.

Government Research Expertise: In addition to their general technical training and knowledge, OSPD response research scientists and engineers develop subject matter expertise in specific spill response tactics and technologies (i.e., dispersants, *in-situ* burning, remote sensing, and mechanical recovery). Consequently, entities from within the Federal Government and the outside scientific community may request OSPD staff to serve on special project teams and peer review panels.

Research Program and Facility Coordination: The Bureau leverages the resources and capabilities of government and private research programs to advance the mission of improving oil spill preparedness.

BSEE regularly coordinates and executes projects with the following government entities and facilities to support joint research collaborations:

- USCG Research and Development Center – New London, Connecticut;
- USCG Joint Maritime Test Facility burn pan on Little Sand Island – Mobile, Alabama;
- U.S. Army Corps of Engineers Cold Regions Research and Engineering Laboratory – Hanover, New Hampshire;
- U.S. Naval Research Laboratory Chesapeake Bay Detachment – Chesapeake Beach, Maryland;
- DOE National Energy Technology Laboratory – Albany, Oregon; and Pittsburgh, Pennsylvania;
- NOAA – Silver Spring, Maryland; and Seattle, Washington;
- Oil Spill Recovery Institute – Cordova, Alaska; and
- Ohmsett – Leonardo, New Jersey.

Research Promotion and Dissemination: The Bureau maximizes the impact and connections made from research by disseminating the results to a variety of audiences. Communication sparks new ideas, harnesses group expertise to solve problems, reduces duplication of efforts, and advances the state of the science. Consequently, BSEE identifies and pursues the opportunities and venues to share research findings, gain insight on new problems, and establish effective research networks. The Bureau publicizes research findings through online products (i.e., www.BSEE.gov); journal and periodical publications; and speaking engagements at workshops, meetings, and conferences.

In FY 2021, BSEE will continue its work advancing new technology for remote sensing tools for oil spill detection and thickness determination installed on subsea gliders, satellites, drones, and fixed-wing platforms, integration of remote sensing data into command and control systems to support operational decision making, and the development of “smart” skimming technologies to improve recovery rates and efficiencies. BSEE will also continue to advance new *in-situ* burn techniques that will reduce carbon emissions, provide for burning of highly emulsified oil, and, reduce residues that can sink. These techniques will have profound impacts on Arctic spill preparedness in regions where disposal or transfer of collected oil is problematic due to remote locations, and soot and burn residue can harm the environment.

In FY 2021, BSEE will continue to utilize a Technology Readiness Levels (TRL) metric to measure progress of oil spill response equipment from concept to full commercialization and use in an actual spill response. BSEE developed the TRL metric in FY 2018 as a screening tool when evaluating the merits of proposed research initiatives. By applying the TRLs to its research, BSEE has been able to move response technology forward in a measurable, methodical way while providing a visible means for the response community to monitor new technologies that may be ready for commercialization. BSEE will continue to support other agencies in their efforts to adopt this metric for their oil spill research programs. Wider use of the TRL metric will provide a more consistent measurement of oil spill technology readiness across the government.

Information derived from the OSRR role 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 who 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, or populated areas where health and the economy could be adversely affected.

One ongoing initiative pertinent to expanded Arctic drilling is the study of wellhead burning as a response strategy. BSEE completed the first phase of a project to assess the science supporting the contention that in the case of a loss-of-control incident on an Arctic gravel island, intentionally igniting the discharge flow would be an appropriate temporary response strategy. In FY 2020 and FY 2021, this research will further investigate techniques to reduce safety hazards for workers when employing this technique.

The Bureau will continue or start other research initiatives in FY 2021 that include:

- Develop, test, and evaluate enhanced mechanical recovery technologies;
- Develop methods to effectively recover oil in ice 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;
- Locate, track, and remove oil during low light conditions;
- Investigate enhancements to improve oil separation and demulsification processes;
- Optimize the temporary storage and disposal of recovered fluid in remote or harsh environments;
- Integrate and institutionalize the recently defined oil spill response TRLs to the technology development process for projects conducted under the OSRR program;
- Investigate options to advance/develop (near) real-time data transfer tools for prompt spill response;
- Develop tools or methods to determine the efficiency of surface dispersant delivery techniques/systems as a function of spill characteristics;
- Better understand the potential effectiveness of chemical dispersants and herders in various operational environments;
- Develop technology or techniques for optimum application of herders;
- Develop tools or methods to improve on *in-situ* burning, by optimizing the burn efficiency, reducing soot and harmful emissions, and developing innovative and robust ignition systems capable of withstanding extreme weather and harsh environments to expand the window of opportunity in which *in-situ* burning can be employed;
- Develop tools or methods to quantify the amount of oil remediated by offshore *in-situ* burning;
- Continue research on alternative methods to combust weathered, emulsified, and viscous oils; and
- Develop tools or methods to determine oil slick thickness.

Ohmsett - The National Oil Spill Response Research and Renewable Energy Test Facility:

The Bureau manages and uses the Ohmsett facility (Figure 1) for oil spill response testing, training, and research as mandated by OPA 90 Section 7001(c)(7). Ohmsett is critical for U.S. and international efforts to advance oil spill response technologies. Without Ohmsett, the testing and evaluation of equipment, systems, and methodologies would be difficult to accomplish. During spill incidents, tests at sea

generally cannot be repeated and the research efforts may interfere with spill responders. Moreover, conducting intentional test spills at sea rather than during a “spill of opportunity” involves a rigorous permitting process and could be significantly more expensive than testing at Ohmsett.



Figure 1: Overhead (left) and ground-level views (right) of the Ohmsett Facility in Leonardo, New Jersey.

The Ohmsett facility is a tenant of the U.S. Navy Base, Naval Weapons Station Earle, located in Leonardo, New Jersey. An Agreement with the U.S. Navy allows BSEE to use the facility to: “(a) test various types of oil spill control equipment; (b) train other agencies and private companies on oil spill response and clean up; (c) research new methods of tracking spills in the ocean; (d) research the characteristics of oil slicks; (e) research wave energy and movement; and (f) research and test marine renewable energy sources”. Ohmsett users include government agencies, academia, and public and private companies. Situated on Sandy Hook Bay, Ohmsett hosts a large, outdoor, aboveground concrete test tank that is 667 feet long, 65 feet wide, 11 feet deep, and filled to a depth of eight feet with 2.6 million gallons of saltwater. The main testing bridge that spans the width of the tank can move at a speed of up to six knots, which simulates a vessel towing equipment. The tank’s wave generator creates realistic sea environments, while state-of-the-art data collection and video systems record test and training results. Ohmsett also has the capability to conduct tests of scaled renewable energy systems such as current and wave energy converters.

Ohmsett plays an important role in protecting the Nation’s oceans by 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. 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 hone their techniques using full-scale equipment. Through classroom exercises and hands-on use of response equipment deployed in and near the test tank, students can learn and perform best practices in spill response (Figure 2).



Figure 2. Ohmsett students training on the application of dispersants to an oil spill.

Government agencies frequently rely on Ohmsett to conduct tests of their equipment, oil characteristics and behavior, and their response protocols. Recently, the EPA utilized the facility to evaluate the behavior of Bakken crude oil and its emissions as it pertains to responder safety. The USCG evaluated how the effectiveness of traditional oil recovery techniques and technologies changes as the oil is weathered over time. BSEE, NOAA, EPA, and NASA collaborated on tests to assess the accuracy of remote sensing technologies to characterize spilled oil. Other recent testing activities included oil spill response equipment testing in a simulated Arctic environment, wave energy conversion device tests, skimmer and boom tests, and dispersant tests, including the impact of undispersed oil's mechanical recoverability. The U.S. Army Night Vision Directorate utilizes Ohmsett to test advancements in their ability to remotely detect oil slicks and differentiate between oil slicks of different thicknesses. OSPD executes the Ohmsett Management Role in the following functions:

- Operations and Maintenance Contract,
- Customer Recruitment and Support, and
- Facility Improvements.

Operations and Maintenance Contract: Through a five-year service contract, BSEE ensures the facility is properly operated with contracted personnel under a five-year capital asset plan. The contract includes operation of the tank, periodic maintenance, research testing and training class support, and facility upgrades. As part of the maintenance, the Bureau periodically directs the contractor to undertake major tank refurbishments to repair any corrosion, deterioration, or other damage caused by the harsh saline operating conditions. BSEE may expand the capabilities of Ohmsett as needed to meet the evolving research needs of the Bureau and potential customers.

The budget request also ensures that the maintenance and services for Ohmsett can remain efficient. Ohmsett was scheduled to undergo its five-year tank renovation in the summer of 2020. This is a major series of projects that include draining the tank, inspecting its infrastructure, recoating its surfaces, and

bringing it back to operation. However, with the arrival of a new facility contractor in FY 2019 and a subsequent year long delay to settle a procurement protest, the tank renovation was shifted to FY 2021.

BSEE will also continue into FY 2021 a multi-year effort begun in FY 2019 to catalogue, digitize, and publish appropriate archived records from more than 40 years of research conducted at Ohmsett. Many of these records will likely contain historical research findings not available elsewhere.

Customer Recruitment and Support: OSPD schedules and hosts tests and training sessions at Ohmsett. To be successful in doing so, OSPD:

- Provides leadership for marketing activities of the facility; and serves as the primary point of contact for those interested in arranging testing and training, including potential customers in the energy industries, Federal, State, and foreign governments, and universities. The success of Ohmsett depends upon the oil spill response and research community's awareness of and attraction to the facility's capabilities and services.
- Ensures scientific integrity is practiced at Ohmsett. It is important that all stakeholders are confident in the results/findings of research and testing procedures conducted at the facility, as well as the safeguarding of proprietary information when appropriate.
- Coordinates background security checks for domestic and international customers and visitors with the facility's host, Naval Weapons Station Earle.

Facility Improvements: BSEE must continuously maintain the Ohmsett tank, systems, and facilities. Ohmsett's tank water is maintained at open-ocean salinity for realistic testing; however, this harsh environment dictates that the tank's 2.6 million gallons of saltwater be drained every five years to allow for steel and concrete refurbishment, including painting more than one-acre of concrete. This effort is on the order of \$4 million and was scheduled for the summer of 2020, with needed preparatory work to begin in FY 2019. However, with the arrival of a new facility contractor in FY 2019 and a subsequent year long delay to settle a procurement protest, the tank renovation was shifted to FY 2021. Ohmsett's Main Bridge, which is 40 years old, is also due for replacement at an estimated cost of \$3 million.

Additionally, the following Ohmsett projects are slated to carry into or begin in FY 2021:

- Construct a new recirculating flume tank;
- Improve the ventilation system in Ohmsett's oil/water laboratory;
- Design a new Main Bridge for improved support of advancing technologies, such as remote detection of spilled oil;
- Upgrade the platform for the remote sensing camera for greater stability and field of view;
- Upgrade the training room's audio/visual system;
- Design and fabricate a new wave attenuation/beach system to create more realistic wave conditions; and
- Construction of a new electrical substation.

Additional information on Ohmsett can be found at www.ohmsett.com.

Bureau of Safety and Environmental Enforcement

Appendix A - Section 403 Compliance

To fulfill legislative requirements for disclosure of program assessments used to support Government-wide, Departmental, or agency initiatives or general operations. P.L. 116-94 includes the following:

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.

External Administrative Costs

To improve efficiency across the Department, BSEE offers a full array of administrative functions to other Bureaus and Departmental offices to help meet their administrative needs in an efficient and cost-effective manner. 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, EEO, finance, human resources, IT 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, and BSEE is a leader in providing services across the Department. 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.

BSEE regularly evaluates these support arrangements jointly with each customer agency and provides regular reporting on costs and performance information. 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 during the year of execution to reflect actual work.

Bureau Administrative Costs

Funding is assessed for Bureau-wide infrastructure support to BSEE. This includes costs associated with office space, security, utilities, and communications for all organizational needs to carry out the Bureau’s primary missions. BSEE provides these same services to BOEM through a reimbursable services agreement. Funding for shared activities and related support services is used for:

- Rent and utilities of office space
- Emergency Management, Security, and Safety & Occupational Health programs
- Workers’ and Unemployment compensation
- Voice and data communications
- Annual building maintenance contracts
- Mail services
- Printing costs
- Records management
- IT Enterprise services and support

	2020 Enacted Dollars in Thousands (\$000)	FY 2021 Request Dollars in Thousands (\$000)
External Administrative Costs		
Various Activities		
Working Capital Fund Centralized Billing	4,065	4,328
Working Capital Fund Direct Billing	2,733	2,731
Subtotal	6,798	7,059
Internal Bureau Assessments for Administrative Costs		
Operations, Safety and Regulation	10,043	11,803
Administrative Operations	2,630	2,856
Executive Direction	2,216	2,051
Subtotal	14,889	16,710
Total Assessments of Bureau Programs	21,687	23,769

The internal Bureau assessment reported for 2021 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.

Bureau of Safety and Environmental Enforcement

Appendix B – Employee Count by Grade

Bureau of Safety and Environmental Enforcement

Employee Count by Grade (Total Employment)

	FY 2019 Actual	FY 2020 Estimate	FY 2021 Estimate
Executive Level V	1	1	1
SES	3	6	6
Subtotal	4	7	7
SL - 00	0	0	0
ST - 00	0	0	0
Subtotal	0	0	0
GS/GM -15	58	58	58
GS/GM -14	159	169	169
GS/GM -13	234	249	249
GS -12	134	129	129
GS -11	101	122	127
GS -10	2	5	5
GS - 9	19	40	49
GS - 8	14	14	14
GS - 7	21	33	37
GS - 6	22	13	13
GS - 5	6	15	20
GS - 4	1	4	4
GS - 3	1	0	0
GS - 2	0	0	0
GS - 1	0	0	0
Subtotal	772	851	874
Other Pay Schedule Systems	0	0	0
Total employment (actuals & estimates)	776	858	881

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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, et seq.

The Clean Air Act, 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 National Historic Preservation Act established procedures to ensure protection of significant archaeological resources.

30 U.S.C. 21(a)

The Mining and Minerals Policy Act of 1970 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 Policy, Research and Development Act of 1970 set forth the continuing policy et seq. 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, et seq.

The Oil Pollution Act of 1990 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 Marine Protection, Research, and Sanctuaries Act of 1972 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 Marine Mammal Protection Act of 1972 provides for the protection and welfare of marine mammals.

P.L. 104-58

The Deepwater Royalty Relief Act provides royalty rate relief for offshore drilling in deepwater of the Gulf of Mexico (GOM).

31 U.S.C. 9701

Fees and Charges for Government Services and Things of Value. 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

Budget and Accounting Procedures Act of 1950

31 U.S.C. 3901-3906

Prompt Payment Act of 1982

31 U.S.C. 3512

Federal Managers Financial Integrity Act of 1982

5 U.S.C. 552

Freedom of Information Act of 1966, as amended

31 U.S.C. 7501-7507

Single Audit Act of 1984

41 U.S.C. 35045

Walsh Healy Public Contracts Act of 1936

41 U.S.C. 351-357

Service Contract Act of 1965

41 U.S.C. 601-613

Contract Disputes Act of 1978

44 U.S.C. 35

Paperwork Reduction Act of 1980

44 U.S.C. 2101

Federal Records Act 1950

40 U.S.C. 4868

Federal Acquisition Regulation of 1984

31 U.S.C. 3501

Privacy Act of 1974

31 U.S.C. 3501

Accounting and Collection

31 U.S.C. 3711, 3716-19

Claims

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, et seq.

Title VII of the Oil Pollution Act of 1990 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, et seq.

Title I, Section 1016, of the Oil Pollution Act of 1990 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, et seq.

Section 21(b) of the Outer Continental Shelf Lands Act, 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).

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