United States Department of the Interior
BUREAU OF SAFETY AND ENVIRONMENTAL ENFORCEMENT
WASHINGTON, DC 20240-0001

JAN 0 4 2013

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Dear Dr. Hunter,

Thank you for submitting the Ocean Energy Safety Advisory Committee (OESC) recommendations to the Department of the Interior (DOI) and the Bureau of Safety and Environmental Enforcement (BSEE) on October 15, 2012. I appreciate the hard work put forth by the full Committee and the four OESC subcommittees in formulating the 26 recommendations for BSEE's consideration and action.

After review, I have concluded the 26 recommendations in your letter fall within the scope of two broad goals outlined in BSEE's new Strategic Plan.

- Regulate, enforce, and respond to Outer Continental Shelf (OCS) development using the full range of authorities, policies, and tools to compel safety, emergency preparedness, and environmental responsibility and appropriate development and conservation of the offshore oil and natural gas resources.

- Build and sustain the organizational, technical, and intellectual capacity within and across BSEE's key functions – capacity that keeps pace with OCS industry technological improvements, innovates in regulation and enforcement, and reduces risk through systemic assessment and regulatory and enforcement actions.

As such, our responses to the individual recommendations were considered within the context of the Strategic Plan as well as specific work initiatives that have been assigned to various Strategic Plan implementation teams.

Oil Spill Containment

Recommendation 1: *DOI/BSEE, in consultation with other federal agencies, should immediately commission the development of a workshop to debrief government, industry, and academic resources involved in the Deepwater Horizon source control efforts to discuss lessons learned and chart a path forward in responding to future oil spills.*

Response – BSEE will invite government, industry and academic stakeholders involved in the Deepwater Horizon source control effort to the next industry capping stack deployment exercise. Given the availability of a significant amount of literature

describing lessons learned from the *Deepwater Horizon* spill control efforts, BSEE believes that the lessons learned are well documented. BSEE and industry stakeholders, working with other federal agencies, have focused significant attention and resources on making technology improvements for well control and spill containment.

Spill Prevention

Recommendations 2-8: *DOI should work with industry, the Department of Energy (DOE) and academia to develop improved early kick detection systems, shear ram capability, blowout prevention (BOP) systems, and remotely operated vehicle (ROV) technology.*

Response – BSEE is currently substantially implementing all of these recommendations:

- In December 2012, BSEE initiated a major research project related to the design of blind shear rams, monitoring of BOP components and control systems, acoustic systems, and kick detection systems.
- BSEE is currently funding a study on BOP maintenance and inspection in deepwater operations.
- BSEE is actively participating in American Petroleum Institute (API) standards committees on ROVs. BSEE is also working with DOE to coordinate research projects related to deepwater activities.
- In August 2012, BSEE completed and published a major research project on early kick detection technology.
- BSEE held a public workshop on BOP technology in 2012 and will be soliciting more input during the public comment period for BSEE's proposed 2013 BOP rule.

Oil Spill Response

Recommendation 9: *Support oil spill response research through long-term funding, research and development (R&D) strategic planning, and an upgraded Ohmsett facility.*

Response – BSEE has worked and will continue to work with OMB and Congress to ensure adequate funding to support R&D activities as well as to maintain new testing capabilities that will be created and available at the Ohmsett facility. BSEE is already preparing a strategic plan for the BSEE Science and Technology Innovation Program that will include oil spill research.

Recommendation 10: *Continue to support and inform the Interagency Coordinating Committee on Oil Pollutions Research (ICCOPR).*

Response – BSEE's Oil Spill Response Division (OSRD) staff have been active and critical members of the Interagency Coordinating Committee on Oil Pollution Research (ICCOPR). Through a recent revision to the Charter, an OSRD staff member will now serve as Co-Chair on a rotating basis with staff members from the National Oceanic Atmospheric Administration (NOAA) and the Environmental Protection Agency. Based upon recommendations from OSRD staff, a routine part of meetings is now dedicated to presentations on ongoing research and joint funding opportunities.

Recommendation 11: *BSEE should include United States Geological Survey (USGS) in ICCOPR meetings.*

Response – BSEE will consult with the USGS to determine their interest in becoming a member of ICCOPR.

Recommendation 12: *Develop evaluation process for oil spill response equipment and complete a BSEE/U.S. Coast Guard (USCG) study on planning standards for mechanical recovery equipment.*

Response – BSEE has been working on such a project. The final report on the effective daily recovery capacity (EDRC) project has been received by BSEE and the USCG, and the report will be peer reviewed prior to public release. Testing of equipment in offshore waters using crude oil to improve response planning will be pursued through Recommendation 14. Given the complexities and issues of intentional releases of oil, no expected completion date can be provided. Key federal agencies are fully engaged in discussions on this topic to determine the best way forward to facilitate application approval.

Recommendation 13: *Develop performance based-standards to support innovation in oil spill response technology.*

Response – BSEE will undertake development of standards after the EDRC project is complete and revisions to regulations on oil spill response plans in state and Federal offshore waters are underway. BSEE will work with those agencies with expertise and authority to determine how such standards might be developed.

Recommendation 14: *Conduct and support oil spill response research and technology development nationally and internationally.*

Response – BSEE/OSRD staff are members of national and international committees for oil spill conferences, are actively engaging the USCG Development Center and NOAA in research projects, and serve as contracting officers on a variety of applicable research projects focused on improving offshore oil spill response.

Recommendation 15: *Encourage and facilitate controlled releases in coordination with federal partners to assess spill response R&D and equipment testing.*

Response – Key federal agencies are fully engaged in discussions on this topic to determine the best way forward. BSEE supports and participates in these discussions concerning controlled releases.

Recommendation 16: *Evaluate the need for Arctic oil spill equipment deployment exercises.*

Response – BSEE/OSRD already conducts inspections and witnesses deployment of equipment intended for use in the Arctic in advance of the initiation of drilling. Requiring additional exercises will not necessarily enhance readiness. BSEE will continue to evaluate this issue.

Recommendation 17: *Continue to participate in interagency oil spill planning, preparedness, and response groups.*

Response – BSEE will continue to participate in these groups as appropriate and as resources allow.

Recommendation 18: *The United States Fish and Wildlife Service should ensure that the views and mandates of BSEE and other DOI agencies are adequately represented during regional response team (RRT) meetings*

Response – DOI has many equities represented in response activities. Accordingly, several offices in DOI participate in the RRT meetings, including BSEE.

Recommendation 19: *BSEE should continue to monitor international organization activities to ensure BSEE's planning, preparedness, and response regulations and policies are inclusive of increasing Arctic exploration.*

Response – BSEE will continue to be an international leader in oil spill planning, preparedness, and response and will continue to provide dedicated outreach to partners and participate in international activities.

Recommendation 20: *Determine the best way to exchange information between Bureaus on spill response, planning, and preparedness.*

Response – The exchange of critical information between bureaus and offices on spill response, planning, and preparedness is essential and is best achieved through existing DOI groups such as the Emergency Management Council. BSEE has been actively working with the Department to ensure that response activities are fully integrated using these existing Department assets.

Safety Management Systems

Recommendation 21: *Require reporting on safety performance indicators.*

Response – BSEE currently is working with the Center for Offshore Safety and international regulators to develop safety performance indicators. The collection and management of the data may not require additional reporting.

Recommendation 22: *Develop and implement a submittal and approval process for leaseholder Safety and Environmental Management Systems (SEMS) programs.*

Response – The basic tenet of the SEMS program is that the responsibility for an overall safety culture rests with operators and contractors. Requiring BSEE approval of SEMS plans would shift the responsibility for ensuring good safety management systems to BSEE and could result in a compliance mentality within the industry. SEMS regulations are intentionally non-prescriptive. Company owned SEMS build awareness and accountability for safety throughout all operations and by all workers.

Recommendation 23: *Revise BSEE's approach to audit and inspection by reviewing audit practices carried out by other countries, industries, and organizations and adopting a collaborative approach between the regulator and operator.*

Response – The SEMS program is designed to encourage continuous improvement. The primary focus of the agency will be increasing the safety culture on the OCS and ensuring that corrective actions plans following audits are fully implemented within the specified timeframe. BSEE will continue to consult with other countries and various safety regulators to identify best practices.

Recommendation 24: *Revise the SEMS II rule to allow operators to perform independent internal auditing and/ or use a third-party auditor.*

Response – This recommendation is addressed in the SEMS II rulemaking. Once this rule is finalized and published, the role of third-party SEMS auditors will be clarified.

Recommendation 25: *Utilize OESC as a resource for input on important BSEE issues and initiatives.*

Response – BSEE looks forward to the final recommendations of the Committee on how best to receive and utilize the input and expertise of all of our stakeholders.

Arctic

Recommendation 26: *Develop Arctic-specific regulations.*

Response – BSEE has recently formed a strategic plan implementation team to begin to evaluate this question. BSEE looks forward to working with all interested agencies and other stakeholders on this issue.

Again, I want to thank you, the full Committee, and the OESC subcommittees for the thoughtful recommendations put forth in your October 15, 2012 letter.

Respectfully,

James A. Watson
Director