Moving Forward toward a Safer Energy Program

Lars Herbst, Gulf of Mexico Regional Director
Agenda

- Reorganization
- Regulations and NTLs
- Well Permitting
- Preparing for the future of offshore oil and gas
Reorganization

- October 2010 – Office of Natural Resources Revenue
- October 2011 – Bureau of Ocean Energy Management
- October 2011 – Bureau of Safety and Environmental Enforcement
BOEM is responsible for managing the development of the nation’s offshore resources in an environmentally and economically responsible manner.

Functions:
- leasing – oil and gas & renewable
- environmental science
- environmental analysis and assessment,
- resource evaluation,
- economic analysis, and plan administration.
BSEE is responsible for regulatory, safety, environmental and conservation compliance for the development of the nation’s offshore oil and gas and renewable energy resources.

Functions:

- regulations
- inspection and enforcement program
- permitting
- safety management
- environmental compliance and enforcement
- oil spill response planning
With establishment of BSEE, District Offices have separate sections

- Well Operations
- Production

District Offices report to District Field Operations Office in the Region, separate from Regional Field Operations

District Field Operations Office in the Region will have District Operations Unit to assist in permitting functions
The events of April 20, 2010 which took place in deepwater Gulf of Mexico have forever impacted the regulatory framework of deepwater oil and gas operations.
Regulatory Reviews

- May 27, 2010: 30-Day Safety Report
- BOEMRE Director’s Forums on Offshore Drilling
- Sept. 1, 2010: OCS Safety Oversight Board Report
- Sept. 14, 2011: Joint Investigation Team Final Report
Interim Final Rule

also called **Drilling Safety Rule**

Addresses both well bore integrity and well control equipment and procedures, including blowout preventers.

Operators are now required to obtain independent third-party inspection and certification of the proposed drilling process.

An engineer must certify that blowout preventers meet new standards for testing and maintenance and are capable of severing the drill pipe under anticipated well pressures.
NTL – N10 Subsea Containment


- Gulf Regional staff have worked with the containment organizations.

- Formats for regional aspects have been established.

- A well containment screening tool has been developed.

- One approved permit has been analyzed with cap and flowback. All other permits approved to date since Deepwater Horizon have been analyzed as cap only designs.
All operators must be in compliance with the rule by November 15, 2011.

Operators’ upper management accountable for success of SEMS program

Key to SEMS is Identification of hazards and their mitigation through hazards analysis and job safety analysis

Operator personnel are responsible for the management and implementation on any facility regardless of whether that facility is totally operated by a contractor.

BSEE will begin conducting audits to ensure that these SEMS plans are operative.
## Drilling Permits Update (as of 11/2/11)

<table>
<thead>
<tr>
<th>Category</th>
<th>All water depths</th>
<th>Water Depth Less 500ft. since 6/2010</th>
<th>Water Depth equal to or greater than 500 ft. since 10/2010</th>
<th>Deepwater that meet NTL- N10 req.</th>
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<tr>
<td>Permits Submitted</td>
<td>898</td>
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<td>Permits Approved</td>
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<td>49</td>
<td>22</td>
<td>27</td>
<td>26</td>
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Enhancing the Permitting Process

- Development of a *Completeness Review Checklist* for use by operators
- Established priorities for review using complete permits and considering stage of operations
- Development of status tool in eWells for viewing by operators
- Permitting Workshop held in August 2011
Rigs Operating in All Water Depths

Comparison of # of rigs operating in all water depths

- 2009
- 2010
- 2011
Rigs Operating in Deepwater

Comparison of # of rigs operating in deepwater

# of rigs working

January February March April May June July August September October November December

2009 2010 2011
Preparing for the Future

Utilizing knowledge & lessons learned from:

- Deepwater Operations Plans
- Accident Investigations
- Advisory committees
  (Ocean Energy Safety Advisory Committee)
- Other efforts addressing recommendations from Deepwater Horizon investigations and reviews
Meeting the Enforcement Challenges

- Specialization of inspectors
  - Witnessing BOP and secondary control systems
- Environmental enforcement
- Enhanced aircraft capability
- Potential regulatory changes from accident investigations
Thank you for your attention.