Agenda

- Reorganization
- Regulations and NTLs
- Status of Decommissioning in the Gulf of Mexico
- 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
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
Gulf of Mexico Regional Director

** Environmental Enforcement**

** Oil Spill Response**

District Field Operations

Regional Field Operations

Production & Development

** reports to Headquarters Office
District Offices Organization

- With establishment of BSEE, District Offices have separate sections
  - Well Operations
  - Production Operations

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

- District Operations Support assists the District Offices by providing guidance and consistency.
Decommissioning under BSEE & BOEM

- Platforms/Structures: decommissioning applications are reviewed and approved within BSEE Regional Field Operations.
  - Environmental review work is done by BOEM and coordinated through BSEE Environmental Enforcement.

- Wells: Idle Iron Plan are monitored through BSEE District Field Operations. Applications for Permit to Modify (APMs) are reviewed and approved by BSEE District Offices.
Deepwater Horizon Explosion and Oil Spill: 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.
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*
- well bore integrity and well control equipment (BOPs)

**NTL-N10, Subsea Containment**
- *Statement of Compliance with Applicable Regulations and Evaluation of Information Demonstrating Adequate Spill Response and Well Containment Resources*, effective 11-8-10.
- Regional staff have worked with containment companies.
- Well containment screening tool has been developed.

**Safety & Environmental Management System (SEMS)**
- All operators must be in compliance by November 15, 2011.
- Operators’ upper management held accountable for success of SEMS Program

**SEMS II**
- Supplements operators’ SEMS programs with employee training, safety management and audit procedures.
NOTICE TO LESSEES AND OPERATORS OF FEDERAL OIL AND GAS LEASES
AND POTENTIAL RIGHT-OF-WAY HOLDERS IN THE
\textit{GULF OF MEXICO OCS REGION}

\textit{Decommissioning Guidance for Wells and Platforms.}

This Notice to Lessees and Operators and Pipeline Right-of-Way Holders (NTL) supersedes NTL No. 2010-G06, \textit{Structure Removal Operations}, effective April 7, 2004. In addition to updating the guidance on this topic, the NTL provides definitions of \textit{captive of production} (a platform with a small enough production rate to be capable of producing hydrocarbons in a way that the platform is no longer useful for operations), and \textit{new tools} for decommissioning platforms and pipelines, and clearing sites. The NTL is based on an approach to ensure that the infrastructure associated with these assets is decommissioned in a timely manner and provides clarification, description, and interpretation of many other issues regarding decommissioning that have arisen since publication of 30 CFR 249, Subpart Q in 2002.

\textbf{Background}


In 2008, MMS conducted an \textit{Alternative Internal Control Review} (AICR) of idle structures and wells on active leases in the Gulf of Mexico Outer Continental Shelf (OCS). This review looked at the prevalence of idle structures and a process of identifying, tracking, and decommissioning these idle wells and structures. Findings indicate that there are a significant number of idle platforms and wells that have not been removed or permanently plugged. This idle infrastructure poses a potential threat to the OCS environment and is \textit{a significant liability} to companies. The Federal government must subsequently destroy or maintain in a future event such as a hurricane. The cost and time to permanently plug wells and remove storm-damaged infrastructure (including pipelines) is significantly higher than decommissioning assets that are not damaged when decommissioned. These increased costs have potential ramifications on financial stability requirements and may even impact the future viability of your company.
All future regulations will be developed using the Proposed Rulemaking procedures.
### Drilling Permits Update (as of 3/15/2012)

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<th>Permits Submitted</th>
<th>All water depths</th>
<th>Water Depth Less 500ft. since 6/2010 <strong>NTL-6 issued</strong></th>
<th>Water Depth equal to or greater than 500 ft. since 10/2010 <strong>moratorium lifted</strong></th>
<th>Deepwater permits that meet NTL-N10 req.</th>
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Comparison: # of rigs & non-rig units operating in all water depths

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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
Preparing for Future Activity

New Deepwater Development Projects:
- Jack- St. Malo
- Mars B
- Big Foot
- Lucius/Hadrian
- Stones
- Who Dat
- Tubular Bells
- Kaskida (appraisal)
- Tiber (appraisal)

Shelf Deep Gas Development
Davy Jones +
Meeting the Enforcement Challenges

- Specialization of inspectors
  - Well Operations
    - BOP test witnessing
  - Production Operations
- Environmental enforcement
- Enhanced aircraft capability
- Potential regulatory changes from accident investigations and technology advancements.
What does this mean to the future of decommissioning?

- With continued development, there will be MORE decommissioning activity.

Challenges:

- Techniques for deepwater decommissioning
Thank you for your attention.