BUDGET JUSTIFICATIONS

The United States
Department of the Interior

and Performance Information
Fiscal Year 2018

BUREAU OF SAFETY AND ENVIRONMENTAL ENFORCEMENT

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BUREAU OF SAFETY AND ENVIRONMENTAL ENFORCEMENT

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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 responsible offshore oil and gas operations in order to secure reliable energy production for America's future. Ensuring environmentally responsible energy exploration, development, and production are central to BSEE's mission. The Bureau staff fulfills this mission through integrated preparedness, prevention, and compliance activities. BSEE actively works to promote the efficient and responsible production of America's offshore energy resources. 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.

The 2018 BSEE budget fully supports the President's America First energy strategy by ensuring that development of the Nation's vast offshore energy resources is conducted in a safe and environmentally responsible manner. Funds will be used to support and recruit expert engineers, geoscientists, inspectors and oil spill planning, prevention, and response specialists to support the development of strong scientific information and the timely and thorough review of permits.

In 2018, BSEE will continue to fulfill its mission by supporting the safe and responsible exploration, development, and production of America's offshore energy resources through a well-developed and measured application of its programs including efficient permitting, appropriate regulations, compliance monitoring and enforcement, technical assessments, inspections, and incident investigations, regulatory oversight, resource conservation, preparedness planning, and enforcement programs. Through these programs and others, the Bureau will continue to ensure that offshore development continues in a safe and environmentally responsible way.

BSEE's efforts are supported by six strategic goals identified in the Bureau's FY 2016 – FY 2019 Strategic Plan: three operational excellence goals and three organizational excellence goals. These strategic goals guide BSEE's decision-making and investment strategies.

BSEE's FY 2018 budget will continue to focus on the Bureau's commitment to a practical and efficient approach that fosters safe and dependable energy production.

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FY 2018 PERFORMANCE BUDGET REQUEST
Bureau of Safety and Environmental Enforcement

General Statement

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

BSEE Summary ($000)				
Account/Activity	**FY 2016 Actual**	**FY 2017 CR Baseline**	**FY 2018 Request**	**Change from FY 2017**
Offshore Safety & Environmental Enforcement (OSEE)				
Environmental Enforcement	8,314	7,953	4,453	-3,500
Operations, Safety and Regulation	144,954	144,954	151,061	+6,107
Administrative Operations	18,268	18,268	18,350	+82
Executive Direction	18,236	18,236	18,318	+82
Total, OSEE	**189,772**	**189,411**	**192,182**	**+2,771**
Offsetting Collections				
Offsetting Rental Receipts	-40,154	-37,849	-23,732	+14,117
Cost Recovery Fees	-4,947	-5,598	-4,139	+1,459
Inspection Fees	-50,121	-53,897	-65,000	-11,103
Total, Offsetting Collections	**-95,222**	**-97,344**	**-92,871**	**+4,473**
Net, OSEE	**94,550**	**92,067**	**99,311**	**+7,244**
Oil Spill Research	**14,899**	**14,871**	**12,700**	**-2,171**
Current BSEE Funding	**109,449**	**106,938**	**112,011**	**+5,073**
Total BSEE Funding	**204,671**	**204,282**	**204,882**	**+600**
Full Time Equivalents (FTE)				
Total Direct FTE	715	756	756	-
Total Reimbursable FTE (Reimbursable Agreements)	116	125	125	-
Total FTE	**831**	**881**	**881**	**-**

The Bureau of Safety and Environmental Enforcement (BSEE) fulfills its mission by supporting the safe and responsible exploration, development, and production of America's offshore energy resources through a well-developed and measured application of its programs, including efficient permitting, appropriate regulations, compliance monitoring and enforcement, technical assessments, inspections, and incident investigations. The Bureau's jurisdiction and regulatory responsibilities are defined by the Outer Continental Shelf Lands Act (OCSLA), which outlines Federal responsibility over the submerged lands of the 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.

BSEE is focused on fostering secure and reliable energy production for America's future. The Bureau pursues this objective through a program of efficient permitting, appropriate regulations, compliance monitoring and enforcement, inspections, technical assessments, and incident investigations. 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 focused program on prevention, it equally emphasizes that the offshore community be prepared with the best plans, equipment, and training to respond to oil spills when they do occur. In addition, BSEE places great emphasis on enhancing and supporting a safety culture throughout industry, the cornerstone of this effort being the Safety and Environmental Management System (SEMS). Key functions include:

- An offshore regulatory program that identifies performance standards and emphasizes a culture of safety in all offshore activities;
- A technical review process for planned operations and emerging technology that ensure that risks are properly identified and minimized;
- Oil spill preparedness through evaluation of industry oil spill response plans, inspection of response equipment, verification of operator and contractor competencies, completion of government-initiated unannounced exercises to ensure compliance with regulatory requirements, and oil spill response research and development to develop and refine new and existing technologies;
- Funding technical and scientific research to enhance the information and technology needed to build and sustain the organizational, technical, and intellectual capacity within and across BSEE's key functions that can keep pace with industry's technological improvements, encourage innovation in regulation and enforcement, and reduce risks through systematic assessment of incidents, inspection, and other performance data;
- Permitting, inspections, compliance oversight, resource conservation, measurement verification and enforcement of applicable lease, permit, and regulatory safety and environmental requirements; and
- Investigation of incidents and allegations of unsafe conduct during offshore operations.

The energy resources and activities under BSEE's jurisdiction are vast as the OCS is a major source of energy for the U.S. In FY 2016, OCS leases offshore Alaska, California, and in the Gulf of Mexico (GOM) provided 553 million barrels of oil and 1.25 trillion cubic feet of natural gas, accounting for about 16 percent of the Nation's oil production and about 5 percent of domestic natural gas production[1, 2]. The Energy Information Administration projects offshore production will continue to grow through 2040, as the pace of development activity quickens and new large development projects, predominantly in the deepwater and ultra-deepwater areas of the GOM, are brought into production.

[1] For additional details regarding OCS oil and gas production see: https://www.data.bsee.gov/Main/Production.aspx

[2] Data percentages were derived from total domestic oil and gas production numbers listed at http://www.eia.gov.

FY 2018 BUDGET REQUEST

BSEE recorded the highest ever oil production from the Gulf of Mexico Region by the end of 2016 at 1.7 million barrels of oil per day.

BSEE was established on October 1, 2011, to protect life, property, and the environment by ensuring the safe and responsible exploration, development, and production of the Nation's offshore energy resources. The Bureau has set organizational priorities based on focus areas outlined in the Bureau's FY 2016 – FY 2019 Strategic Plan. The Plan identifies six strategic goals: three operational excellence goals that encapsulate BSEE's core functions, including inspections, permitting, investigations, enforcement and preparedness; and three organizational excellence goals focused on BSEE's internal capacity to execute these functions. One of BSEE's organizational excellence goals is to value, engage, and support its people so they can excel. Critical to accomplishing this goal is the Bureau's ability to recruit, develop, and retain a diverse workforce that is efficient, effective, and accountable. BSEE is committed to maintaining a lean, highly performing workforce with appropriately rigorous performance expectations. As a result of previous hiring efforts, BSEE now has the expertise and staffing levels to fully implement its mission. BSEE has strengthened its consistency, predictability, and accountability to the American public and the regulated community.

As offshore operations continue to expand and move into new environments that require new technologies, BSEE continues to adapt its oversight approach. Programs have been established that identify, evaluate, and promote emerging technologies that will decrease risks associated with offshore oil and gas development while increasing safety for offshore workers. BSEE undertakes technical assessments and research on new technologies, the results of which assist the Bureau in staying current with expanding operations and evaluating technological advances that allow for deeper drilling at higher temperatures and pressures.

Additionally, BSEE is responsible for oversight of companies' oil spill response plans including BSEE's government-initiated unannounced exercise program. Through these 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 government entities with regulatory authorities for response to test actual response protocols and decision-making processes.

Fostering Safe and Responsible Energy Development

Risk management is an integral component of a safety culture. It 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 resources on the OCS. In FY 2018, BSEE will continue to work with industry

and other stakeholders to promote safety initiatives that address the higher risk concerns. These initiatives are designed to proactively identify risk, prevent safety incidents from occurring, and promote compliance with recent safety protections. In FY 2018, BSEE will continue to assess its programs to eliminate burden or duplication through reforms that will not significantly impact the safety and environmental protections afforded by these programs.

Safety Managements Systems: The SEMS program is one of the major components of BSEE's regulatory program. It contains performance-based objectives that give industry the flexibility to identify, manage, and improve safety performance related to human behavior, organizational structure, monitoring of critical equipment and processes, and the adoption of internal processes and procedures. BSEE works closely with industry to ensure that there is continuous improvement in the program, including the development protocols for third party audits of the SEMS program and the development of an effective accreditation program for auditors.

Best Practices and Performance Requirements: BSEE incorporates consensus 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.

Technical Assessments and Research: BSEE performs technical assessments and research projects for both existing and 'cutting edge' technology to determine feasibility 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 ensure that emerging technologies can be reviewed and approved in a timely manner. For example, BSEE's technical assessment of failures of subsea bolts and connectors has resulted in significant improvements in industry standards on the equipment and quality assurance practices. In addition, BSEE's research and testing of high-temperature and high-pressure equipment has identified potential gaps in industry standards on this type of equipment and is resulting in design changes that improve safety. Finally, collaboration with the industry and the National Aeronautics and Space Administration (NASA) is resulting in the standard risk methodology for assessing new technology. This type of standard industry methodology for assessing technology has the potential for speeding up BSEE's review process for these projects.

In FY 2018, the Houston Center will continue to provide BSEE with a nationally-based engineering center of expertise to evaluate newly proposed technologies intended for use in extreme offshore environments. It will establish and manage flexible engineering contracts that provide BSEE up-to-date experts in offshore oil and gas technology, equipment development, failure analysis, and testing protocols.

Safety Analysis and Data Sharing: In May 2015, BSEE launched the SafeOCS program, an initiative aimed at collecting and analyzing near-miss and safety data. SafeOCS is a voluntary and completely confidential system in which the Bureau of Transportation Statistics (BTS) collects and analyzes near-miss reports. This program resolves the commercial and legal issues that prevent industry from

exchanging this type of data. The aggregated data is shared with the general public and industry to assist in the identification of safety trends and potential safety issues. BSEE worked closely with industry groups such as the International Association of Drilling Contractors (IADC) to identify the type of information that has the most value to the industry and then, in collaboration with the industry, developed a system for ensuring the data is analyzed by the subject matter experts. The release of this data in aggregated form helps the industry and BSEE to identify areas where improvements in operations, equipment design, or industry standards may be needed to improve safety.

Production Verification and Measurement: Oil production in the Gulf of Mexico has increased from 1.1 million barrels per day (MMBopd) in June 2013 to 1.7 MMBopd in January 2017, despite decreasing oil prices from August 2014 through January 2017. 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 specially trained measurement inspection team helps ensure that production volumes are accurately reported for the assessment of royalties returned to the American people.

Compliance, Inspections, and Enforcement

Efficient Permitting: BSEE performs 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. These reviews include detailed analysis of key safety components, including the blowout preventer, the well containment screening tool, containment demonstration, and fluid gradient calculations. The engineers also ensure that the requested operations are in compliance with regulations and guidelines, in addition to appropriate environmental mitigations. Once the permits are approved, BSEE's engineers follow the operation until completion to ensure compliance is maintained.

Inspections: BSEE has a dedicated workforce of inspectors who conduct inspections of well operations and production operations using multi-person, multi-discipline inspection teams. BSEE inspectors perform inspections, such as production facilities, environmental, flaring, pipeline, drilling rigs, blowout preventer (BOP) test witnessing, coiled tubing, and snubbing unit inspections. BSEE is currently in the process of developing a new inspection strategy that will set forth strategies to most efficiently target inspections risk.

The Bureau recently completed a third risk-based inspection pilot and is looking toward implementing a risk-based inspection methodology for use at various levels within the regulatory program. Through the identification and quantification of risk, such as through analyzing leading and lagging indicators, BSEE can better gauge operator performance and improve its analysis of the effectiveness of redundant physical controls (barrier analysis) on well operations. Beyond the OCS Lands Act mandated inspections, this will enable BSEE to effectively focus its attention in the areas or operations which pose the greatest risk to safe operations.

Incident Investigations and Compliance: The purpose of these investigations is to determine the cause(s) of the incident in order to prevent the recurrence of the same type of incident in the future. By reviewing every incident that occurs offshore and by gathering consistent data about each incident, BSEE can

analyze the data and identify trends, the results of which can then be used to inform the areas of highest risk. In addition, the implementation of a Bureau policy that requires the review of every reportable incident that occurs on the OCS gives BSEE the opportunity to gather and analyze data regarding these incidents. Analyzing this data to identify any trends allows BSEE to provide feedback to industry regarding incidents and associated risks with those incidents.

Decommissioning: BSEE is engaged in decommissioning wells and facilities that are no longer useful for operations. It is in the best interest of the taxpayer that those assets are removed in a timely manner to ensure the area is available to other users of the OCS. Inactive wells and platforms are susceptible to adverse effects of severe weather. Inactive platforms may topple during storms and cause significant environmental contamination (such as the release of hydrocarbons to the surrounding waters), damages to operating infrastructure, and may create new navigation and safety hazards. This effort by industry with BSEE oversight has also significantly driven down the need for financial assurance on facilities and wells with no future utility. The "Idle Iron" policy has also had the impact of driving down risk to the American taxpayer by eliminating some uncovered liabilities.

Bankruptcies: Operator bankruptcies are a growing concern for both the Bureau and taxpayers. Maintenance of sufficient assets to cover the proper decommissioning of wells and facilities is essential. While BSEE and the Bureau of Ocean Energy Management (BOEM) track the financial health of OCS operators, lower oil prices have increased the frequency of operator bankruptcies. In these cases, district inspectors perform inspections of the operator's assets to ensure that appropriate monitoring of safety equipment is maintained, while it works within the bankruptcy proceeding to secure the set aside of funds to fulfill the statutory duty to decommission facilities. BSEE's goal is to avoid passing the burdensome cost of decommissioning on the taxpayers.

Ohmsett: Important oil spill response research is conducted at Ohmsett, the National Oil Spill Response Research and Renewable Energy Test Facility, 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 near 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 first responders can test and train on various response methods at a scale and with wave conditions that, to a great extent, mimics those encountered offshore. Additional information on the facility is located in the Oil Spill Preparedness and Research section of the General Statement.

International Collaboration: 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, occupying leadership roles in multilateral fora such as the International Regulators Forum, the Arctic Offshore Regulators Forum, the Arctic Council bodies, such as the Emergency Prevention, Preparedness, and Response Working Group; and the International Offshore Petroleum Environment Regulators group. Additionally, BSEE places a priority on maintaining strong bilateral relationships with a number of international partners such as Canada and Mexico. This is particularly true for neighboring regulators, with whom the exchange of information and best practices is essential in facilitating greater regulatory certainty and providing for

cooperation on oil spill prevention and preparedness in adjoining maritime jurisdictions. BSEE also works regularly with the Department of State and DOI Office of International Affairs in providing technical assistance to select countries on the verge of becoming significant oil and gas producers.

BSEE also participates in the Interagency Coordinating Committee on Oil Pollution Research (ICCOPR), which provides a forum for research collaboration that looks at oil spill prevention, preparedness, and response. The ICCOPR, a Congressionally-mandated body comprised of staff from 15 Federal agencies, provides a venue for agencies to share their latest research, regulations, and policies; explore opportunities for collaboration on research; and identify emerging issues that need national attention. Collaboration on oil spill response research is not limited to the Federal Government, but also includes industry organizations, both domestically and internationally, such as the American Petroleum Institute (API), and the International Oil and Gas Producers, respectively.

Federal Partnerships: 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 upon 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, cross-training, and cooperation in Federal enforcement efforts on the OCS. One of the more successful engagements is through the BSEE and USCG Response Work Group which looks at ways to better coordinate respective oil spill exercise and response equipment inspection programs, address lessons learned, get updates on field activities, and promote routine communication at all levels throughout both organizations. 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 (DOT), Pipeline and Hazardous Materials Safety Administration (PHMSA); and the Nuclear Regulatory Commission (NRC). BSEE continues to actively seek new opportunities to share information across U.S. government agencies and internationally.

Accountability and Internal Management

In FY 2018, BSEE will continue efforts to enhance internal management and accountability through strengthening internal controls and tracking and demonstrating results for mission-critical operations. These efforts will include building on the foundational policies and procedures established in FY 2016 and FY 2017 to better ensure consistency in program implementation across the Bureau. Key components will be providing clear guidance on policy and procedure development and review, as well as the use of internal control reviews to assess implementation. These internal control reviews evaluate both programs and policies, support identification of corrective actions that may pose risks to the Bureau, and can be integrated into other risk mitigation activities.

Enterprise risk management is among the risk mitigation activities that the Bureau will continue in FY 2018. BSEE will build on the lessons learned following the completion of the Bureau's first full enterprise risk management cycle in April 2017. Successful implementation of the new cycle in FY 2018 will focus on further integrating enterprise risk management with broader Bureau decision making and strengthening communications on risk relationships among and within programs.

A key component of both risk and broader program management is the use of effective performance measures and strategic planning. In FY 2018, BSEE will strengthen the national program performance framework implemented in FY 2017 by expanding measures used and ensuring quarterly review of relevant measures to enhance program decision making. Additionally, in FY 2018, the Bureau will further strengthen its strategic planning approach by better prioritizing and sequencing multi-year priority activities aligned with broader strategic planning.

BSEE's PRE-PRODUCTION INSPECTIONS ENSURE A FORWARD PATH FOR INCREASE OF SAFE PRODUCTION FOR AMERICA's FUTURE

As the agency responsible for promoting and ensuring safe and responsible offshore oil and gas operations in Federal waters, BSEE works with operators from very early on in the process of bringing a new production platform online. From reviews of the deepwater operations plan and safety systems permit to commencement of production throughout all phases of offshore operations, BSEE works with operators to address safety issues in ways that prioritize worker safety while minimizing interruptions to the operators' schedules

- During a pre-production inspection, BSEE's engineers and inspectors verify that all safety equipment, design specifications, and submitted drawings comply with Federal regulations. The inspection team, comprised of BSEE engineers and inspectors, looks for any potential issues that would compromise worker safety, ranging from simple missing warning labels to design flaws that could lead to blocked emergency egress routes.

- Operators need to correct identified items after the initial inspection, similar to any construction punch list, before they can begin production. Additional inspections occur once the topsides are attached to the production facility structure and the platform is on location in the Gulf of Mexico.

- A pre-production inspection was conducted in February 2017 for the new Stampede platform topsides. The topsides will be installed onto Hess Corporation's tension leg platform in the Gulf of Mexico. It is currently under construction at a shipyard in Ingleside, Texas, but will eventually operate in 3,500 feet of water approximately 115 miles south of Port Fourchon, Louisiana. It will support six subsea wells and have the capacity to process 80,000 barrels of oil and 80 million standard cubic feet of gas through-put per day. Hess expects to commence production in 2018.

Oil Spill Preparedness and Research

While BSEE mitigates oil spill risks through a focused program on prevention, it equally emphasizes that the offshore community be prepared with the best plans, equipment and training to respond to oil spills when they do occur. The cornerstones of this preparedness posture include the following:

Oil Spill Response Plans: The Oil Spill Response Plan (OSRP) is an important aspect of responsible development of the OCS energy resources. An OSRP is required of each offshore facility and is approved when the owner/operator of the facility has demonstrated the ability to respond to a worst-case discharge. 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.

Well Control: Deepwater operators must now have specialized equipment to help stop the flow of an uncontrolled well release and to capture oil being released from a subsea leak source. The equipment includes highly sophisticated capping stacks, cap and flow equipment, and pollution containment domes for deepwater wells. The training associated with the use of subsea containment and control equipment was codified through the BSEE initiative to develop a unique set of positions within the Incident Command System structure – positions that are now reflected in the USCG Incident Management Handbook.

Research and Development: BSEE continues to implement a comprehensive, long-term research program dedicated to improving spill response options 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 is focused on improving the methods and technologies used for oil spill detection from aerial and subsea platforms and vehicles, smart technologies, surface slick and subsurface plume measurement, characterization, and quantification, surface and subsea containment, treatment with dispersants, recovery using mechanical devices, oil and water separation systems, and clean up using various technologies including *in-situ* burning of the oil.

During FY 2018, BSEE intends to fund research on advancing new technology for *in-situ* burn efficiency, remote sensing tools for oil spill detection and thickness determination, 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. Additionally, BSEE will continue to support research projects that will provide science to support the understanding and improvement of dispersant effectiveness in various operating environments. BSEE will also continue to work with Federal partners such as the USCG Research and Development Center and the National Oceanic and Atmospheric Administration (NOAA), and international organizations such as the Offshore Petroleum Environmental Regulators to engage in a continuous program of domestic and global information exchange to help facilitate forward movement on oil spill research and the identification of the best technologies available worldwide.

Oil Spill Research funding also provides for the operations and maintenance of Ohmsett, an integral part of offshore oil spill response preparedness for the Nation. The Ohmsett facility recently completed a scheduled five-year test tank renovation and the construction of a new warehouse to replace the one destroyed during Hurricane Sandy. Mitigation efforts to harden and protect Ohmsett assets from future extreme weather events were completed concurrently. The Bureau intends to continue to expand Ohmsett's capabilities to further facilitate advances in oil spill response and meet the venue-needs of the oil spill response community related to both response equipment research and testing, and hands-on first responder training.

FY 2018 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 collections. The OSR appropriation is funded through the Oil Spill Liability Trust Fund.

In FY 2018, BSEE estimates offsetting collections will be comprised of $23.7 million from rental collections, $4.1 million from cost recovery fees, and $65.0 million from inspection fees.

The budget for the OSEE account funds the following activities:

- The ***Environmental Enforcement*** Activity funds: environmental compliance staff support permit writers in evaluating and identifying environmental mitigation provisions into permits; conduct specialized inspections of air, water, and mitigation measures; and provide subject matter expertise to safety inspectors to assist in identifying environmental violations. Additionally, this activity supports the Bureau's internal compliance with NEPA, the Endangered Species Act (ESA), the Marine Mammal Protection Act (MMPA), the National Historic Preservation Act (NHPA), and associated 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; and 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, 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. It includes functions such as budget,

congressional 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.

The budget for the OSR account funds oil spill research, the Ohmsett facility, as well as oil spill response preparedness and planning activities.

In FY 2018, the following BSEE budget changes are proposed:

OSEE Appropriation:

General Reduction (-$82,000; -0 FTE): In order to support BSEE's highest priority needs in FY 2018, the Bureau proposes a general reduction to its primary operating account that will be achieved through administrative savings efforts, such as reducing non-essential travel expenses.

Technical Training (+$1,168,000; +0 FTE): Funding increase will support training and other efforts aimed at field personnel for BSEE's 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.

General Increase in Base Appropriated Funding to Offset Reduction in Offsetting Collections (+$4,473,000; +0 FTE): The proposed increase to appropriated funding offsets the estimated decrease in rental receipt and cost recovery revenue as discussed below. Although offsetting revenue is set to decline, program requirements will not, and 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.

General Reduction – Changes in Offsetting Collections (-$4,473,000; -0 FTE):

- **Rental Receipts (-$14,118,000; -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. This decrease in rental receipts revenue is the result of two compounding factors. First, fewer leases are being sold as the OCS matures in terms of exploration prospects and world oil prices decline. Second, the decline in the number of leases subject to rentals is expected to accelerate because some of the active leases were issued with shorter primary terms than before and a large number of deepwater leases are expected to expire around FY 2017.
- **Cost Recovery Fees (-$1,458,000; -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. This decrease in revenue generated from cost recovery fees reflects the trend of actual collections.
- **Inspection Fees (+$11,103,000; +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. The increase of $11,103,000 from the FY 2017 CR Baseline levels includes a proposed inspection

fee structure that more accurately reflects offshore inspection activities and costs while ensuring that the fees are more equitable for operators.

Fixed Costs (+$1,685,000; +0 FTE): Projected increases for fixed costs such as rent, salary increases, central billing, IT transformation for the Department's Working Capital Fund, and other items are fully funded by this request.

OSR Appropriation:

Research Reduction (-$2,171,000; -0 FTE): BSEE has developed the capability to conduct research projects with the Oil Spill Preparedness Division (OSPD) engineering staff by 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 done 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. The funding decrease will result in fewer research projects being initiated in FY 2018, but will continue to enable BSEE to fund some priority research activities that align with the goals and objectives of the Administration.

Performance

In FY 2018, BSEE will focus attention on priority areas that foster safe and environmentally responsible energy exploration, development, and production of offshore resources. A key component is the Bureau's performance management framework, which was implemented in FY 2017 and provides a suite of meaningful performance measures that managers can use to inform decision making and communicate the value of the mission to stakeholders. In FY 2018, BSEE will seek to expand from its outcome measures to better demonstrate how the Bureau achieves results in implementing its mission. A continuing emphasis on data will strengthen BSEE's overall ability to examine and understand how it achieves results.

Additional efforts underway will support BSEE's abilities to measure performance, and to assess effectiveness and priorities. These efforts include implementation of an enterprise-wide risk-management system to help identify and prioritize areas of risk for the Bureau. In FY 2018, BSEE will continue a new enterprise risk-management cycle that builds on the lessons learned from the cycle completed in FY 2017.

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 Government Accountability Office (GAO), the Office of Inspector General, and external organizations also 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 2018, BSEE will continue to focus attention on priority areas and refine its outcome measures to assess results and to better position the Bureau to achieve its mission in four priority categories:

1) Incidents – including injuries, fatalities, fires, hazmat, and loss of well control.
2) Operations – including incidents of non-compliance (INCs) and violations.
3) Systems and subsystems – including environmental integrity, plans, and permits.
4) Safety culture – including SEMS maturity and corrective actions.

This enhanced suite of meaningful, outcome-based performance metrics is expected to be monitored through BSEE's business intelligence tools to:

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

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FY 2018 PERFORMANCE BUDGET

Strategic Objective Performance Summary

The FY 2018 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 2014 – FY 2018 DOI Strategic Plan, in compliance with the principles of the Government Performance and Results (GPRA) Modernization Act of 2010, provides a collection 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 2014 - FY 2018 is the foundational structure for the description of program performance measurement and planning for the FY 2018 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 2018 are fully consistent with the goals, outcomes, and measures described in the FY 2014 – FY 2018 version of the DOI Strategic Plan and related implementation information in the APP&R.

Bureau Contribution

Within the DOI Strategic Plan for FY 2014 – FY 2018, BSEE is aligned with the Department's strategic priority of energy independence and security. BSEE has two GPRA measures that support this focus:

- 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 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).

BSEE also reports on the total number of compliance inspections completed and the utilization rate achieved at the Ohmsett National Oil Spill Response Research test facility each fiscal year. BSEE's current GPRA measures, supporting measures, and their respective results are included in the following Goal Performance table. In FY 2018, BSEE will build on progress made in implementing a Bureau performance framework. This progress includes developing and implementing national program performance measures for Bureau-level tracking and will support increased development of program level measures.

Table 2: Goal Performance Tables

Mission Area 2, Goal 1: Secure America's Energy Resources							
Strategic Objective Metrics Strategic Plan Measure / Efficiency or other Bureau-Specific Measure	**2013 Actual**	**2014 Actual**	**2015 Actual**	**2016 Actual**	**2017 CR Baseline**	**2018 Pres. Budget Request**
Strategic Plan Measures						
Amount (in barrels) of operational offshore oil spilled per million barrels produced (excluding Hurricane-related spills) (SP)	2.494 (est.) (1217/488 million)	0.581 (est.) (303/521 million)	3.416 (est.) (1895/555 million)	3.659 (est.) (2141/585 million)	2.500	2.500
Comments: BSEE's estimated FY 2016 actual exceeded the target of less than 2.50 barrels spilled per million barrels produced. An oil release from Shell Offshore Inc.'s Glider Field accounts for 2,100 of out of the 2,141 barrels that spilled during FY 2016. Upon notification of the incident, the facility was shut-in and BSEE investigators were brought on-site. BSEE also established an Investigative Panel that will conduct a thorough investigation of the incident in order to identify the causes and any contributing issues that led to the release. The panel will make recommendations in its final report on how to strengthen existing safety and environmental management systems, and identify any reforms to existing regulations that may be needed. BSEE's annual oil spill reporting does not include reports from the Taylor Energy/Mississippi Canyon 20 Oil Discharge. BSEE is working to revise its FY 2015, FY 2014, and FY 2013 actuals based on the results of a newly completed and published BSEE report "2016 update of Occurrence Rates for Offshore Oil Spills." Current numbers provided are estimates pending final analysis.						
Contributing Programs: Operations, Safety and Regulation						
Number of Recordable Injuries per 200,000 Offshore Man Hours Worked (DOI-Regulated Activities ONLY) (SP)	0.379 (228/601)	0.342 (205/599)	0.385 (158/410)	0.214 (est) (117/546)	0.400	0.400
Comments: This strategic plan measure is an incident rate of all Recordable Injuries (i.e., injuries that require medical treatment beyond first aid and fatalities) that occur during DOI-regulated activities in the fiscal year for every 200,000 offshore man hours worked (which is the approximate equivalent of 100 full-time workers). The value for FY 16 is an estimate as final data are not yet available.						
Contributing Programs: Operations, Safety and Regulation						

Table 2: Goal Performance Tables (Continued)

Mission Area 2, Goal 1: Secure America's Energy Resources							
Strategic Objective Metrics Strategic Plan Measure / Efficiency or other Bureau-Specific Measure	**2013 Actual**	**2014 Actual**	**2015 Actual**	**2016 Actual**	**2017 CR Baseline**	**2018 Pres. Budget Request**
Efficiency or other Bureau-Specific Measures						
Total Number of Compliance Inspections Completed (BUR)	24,195	21,033	20,468	19,704 (est.)	18,500	19,000
Comments: This measure counts all primary and secondary inspections, including the following: production, drilling, well decommissioning, well completion, environmental and EPA, flaring operations, hydrogen sulfide protection, meters, pipelines, US Coast Guard (complete and partial), and other miscellaneous offshore inspections. as recorded in the bureau's database.						
Contributing Programs: Operations, Safety and Regulation						
Achieve a utilization rate of X% at Ohmsett, the national oil spill response test facility (BUR)	93% (206/222)	87% (201/231)	96% (228/237)	95% (219/231)	85%	85%
Comments: Ohmsett is the National Oil Spill Response Test Facility located in New Jersey. At Ohmsett, clients can test oil spill response equipment in realistic conditions and have training in the use of the equipment. This measure evaluates the utilization level of the facility. The increased focus on oil spill response, as well as expanded uses for the facility such as dispersant training and renewable energy wave tests, have sustained overall utilization rates at around 85 percent. In FY 2016 actual, available days were reduced from 240 to 231 because the tank was frozen for nine days.						
Contributing Programs: Oil Spill Research						

Bureau of Safety and Environmental Enforcement

Budget At A Glance Table

Dollars in Thousands ($000)

	2016 Actual	2017 CR Baseline	Fixed Costs (+/-)	Internal Transfers (+/-)	Program Changes (+/-)	2018 Request
Appropriation: Operations, Safety, and Environmental Enforcement						
Environmental Enforcement Activity	**8,314**	**7,953**	**+82**	**-3,500**	**-82**	**4,453**
General Reduction					[-82]	
Decommissioning Activities				[-3,500]		
Activity Total, Environmental Enforcement	**8,314**	**7,953**	**+82**	**-3,500**	**-82**	**4,453**
Operations, Safety and Regulation Activity	**144,954**	**144,954**	**+1,439**	**+3,500**	**+1,168**	**151,061**
Technical Training					[+1,168]	
Decommissioning Activities				[+3,500]		
Activity Total, Operations, Safety and Regulation	**144,954**	**144,954**	**+1,439**	**+3,500**	**+1,168**	**151,061**
Administrative Operations Activity	**18,268**	**18,268**	**+82**	**-**	**-**	**18,350**
Activity Total, Administrative Operations	**18,268**	**18,268**	**+82**	**-**	**-**	**18,350**
Executive Direction Activity	**18,236**	**18,236**	**+82**	**-**	**-**	**18,318**
Activity Total, Executive Direction	**18,236**	**18,236**	**+82**	**-**	**-**	**18,318**
TOTAL, Operations, Safety, and Environmental Enforcement	**189,772**	**189,411**	**+1,685**	**-**	**+1,086**	**192,182**
Appropriation: Oil Spill Research						
Oil Spill Research	**14,899**	**14,871**	**-**	**-**	**-2,171**	**12,700**
General Reduction					[-2,171]	
Activity Total, Oil Spill Research	**14,899**	**14,871**	**-**	**-**	**-2,171**	**12,700**
TOTAL, Oil Spill Research	**14,899**	**14,871**	**-**	**-**	**-2,171**	**12,700**
Research Reduction					[-2,171]	
TOTAL, Bureau of Safety and Environmental Enforcement	**204,671**	**204,282**	**+1,685**	**-**	**-1,085**	**204,882**

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Bureau of Safety and Environmental Enforcement

Summary of Requirements Table

(Dollars in Thousands)

	2016 Actual	2017 CR Baseline		Fixed Costs & Related (+/-)	Internal Transfers (+/-)	Program Changes (+/-)		2018 Request		Change from CY (+/-)	
	Amount	*FTE*	Amount			*FTE*	Amount	*FTE*	Amount	*FTE*	Amount
Offshore Safety & Environmental Enforcement											
Environmental Enforcement											
Direct Appropriation	3,027	30	2,676	+82	-3,000	-	+1,810	30	1,568	-	-1,108
Offsetting Collections	5,287	-	5,277	-	-500	-	-1,892	-	2,885	-	-2,392
Subtotal, Environmental Enforcement	8,314	30	7,953	+82	-3,500	-	-82	30	4,453	-	-3,500
Operations, Safety and Regulation											
Direct Appropriation	72,913	476	70,747	+1,439	+3,000	-	-2,654	476	72,532	-	+1,785
Offsetting Collections	72,041	-	74,207	-	+500	-	+3,822	-	78,529	-	+4,322
Subtotal, Operations, Safety and Regulation	144,954	476	144,954	+1,439	+3,500	-	+1,168	476	151,061	-	+6,107
Administrative Operations											
Direct Appropriation	6,016	247	6,039	+82	-	-	+4,384	247	10,505	-	+4,466
Offsetting Collections	12,252	-	12,229	-	-	-	-4,384	-	7,845	-	-4,384
Subtotal, Administrative Operations	18,268	247	18,268	+82	-	-	-	247	18,350	-	+82
Executive Direction											
Direct Appropriation	12,594	106	12,605	+82	-	-	+2,019	106	14,706	-	+2,101
Offsetting Collections	5,642	-	5,631	-	-	-	-2,019	-	3,612	-	-2,019
Subtotal, Executive Direction	18,236	106	18,236	+82	-	-	-	106	18,318	-	+82
Total	**189,772**	**859**	**189,411**	**+1,685**	-	-	**+1,086**	**859**	**192,182**	-	**+2,771**
Total Direct Appropriation	94,550	859	92,067	+1,685	-	-	+5,559	859	99,311	-	+7,244
Total Offsetting Collections	95,222	-	97,344	-	-	-	-4,473	-	92,871	-	-4,473
Total, OSEE	**189,772**	**859**	**189,411**	**+1,685**	-	-	**+1,086**	**859**	**192,182**	-	**+2,771**

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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, $127,182,000, of which $99,311,000 is to remain available until September 30, 2019, and of which $27,871,000 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 2018 appropriation estimated at not more than $99,311,000.

For an additional amount, $65,000,000, 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 2018, as provided in this Act: Provided, That to the extent that amounts realized from such inspection fees exceed $65,000,000, the amounts realized in excess of $65,000,000 shall be credited to this appropriation and remain available until expended: Provided further, That for fiscal year 2018, 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.

(Note. A full-year 2017 appropriation for this account was not enacted at the time the budget was prepared; therefore, the budget assumes this account is operating under the Further Continuing Appropriations Act, 2017 (P.L. 114-254). The amounts included for 2017 reflect the annualized level provided by the continuing resolution.)

General Provisions

(See General Provisions chapter of the Office of the Secretary 2018 budget justification.)

OUTER CONTINENTAL SHELF INSPECTION FEES

SEC. 107. (a) In fiscal year 2018, the Secretary shall assess nonrefundable inspection fees, which shall be deposited in the "Offshore Safety and Environmental Enforcement" account, against 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.
(1) Fees for fiscal year 2018 for facilities without processing equipment or gathering lines shall be:
(A) $2,500 for facilities with 1 to 3 wells; and
(B) $5,000 for facilities with more than 3 wells.
(2) Fees for fiscal year 2018 for facilities with processing equipment or gathering lines shall be:
(A) $25,000 for facilities operating in water depths of less than 500 feet;
(B) $75,000 for facilities operating in water depths greater than or equal to 500 feet and less than 2,500 feet; and
(C) $100,000 for facilities operating in water depths of 2,500 feet or more.
(c) Fees related to the inspection of well operations (drilling, well completion, well workover, and well decommissioning operations, as outlined in title 30 CFR 250 subparts D, E, F, and Q) shall be assessed for each such inspection completed in fiscal year 2018.
(1) Fees for fiscal year 2018 for inspections of well operations conducted via rigs shall be:
(A) $15,000 per inspection for rigs operating in water depths of 500 feet or less;
(B) $22,500 per inspection for rigs operating in water depths greater than or equal to 500 feet and less than 2,500 feet; and
(C) $30,000 per inspection for rigs operating in water depths of 2,500 feet or more.
(2) Fees for fiscal year 2018 for inspection of well operations conducted via non-rig units (snubbing, coil tubing, and wireline units) shall be:
(A) $7,500 per inspection for units operating in water depths of 500 feet or less; and
(B) $15,000 per inspection for units operating in water depths of 500 feet or more.
(d) The Secretary shall bill designated operators under subsection (b) within 60 days, 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.

Justification of Proposed Language Changes

Purpose: Sec. 107. The provision provides the authority to charge Outer Continental Shelf oil and gas operators a fee for the OCS facilities that the Bureau of Safety and Environmental Enforcement inspects.

BUREAU OF OCEAN ENERGY MANAGEMENT, REGULATION AND ENFORCEMENT REORGANIZATION

SEC. 108. The Secretary of the Interior, in order to implement a reorganization of the Bureau of Ocean Energy Management, Regulation and Enforcement, may transfer funds among and between the successor offices and bureaus affected by the reorganization only in conformance with the reprogramming guidelines described in the report accompanying this Act.

Purpose: Sec. 108. The provision authorizes the Secretary to transfer funds among and between the successor offices and bureaus affected by the reorganization of the Bureau of Ocean Energy Management, Regulation and Enforcement.

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Bureau of Safety and Environmental Enforcement

Mandatory Budget and Offsetting Collections Proposals

This chapter describes legislative proposals included in the budget submission that would impact receipts and mandatory spending levels. For a complete, detailed discussion of the Department's proposals, please refer to the General Provision section of the Office of the Secretary FY 2018 Budget Justification. Discussed below are trends in offsetting collections, including the projected future decline in offsetting rentals receipts, which if realized, has the potential to significantly impact future budgets for both BOEM and BSEE.

DECLINES IN OFFSETTING RENTAL RECEIPTS

Offsetting collections (including rental receipts, cost recoveries, and, for BSEE, inspection fees) from offshore oil and gas operations currently make up 57 percent of both BOEM's and BSEE's total budget authority. Due in part to actual and projected declines in the price of oil and gas and the associated effects on both the acquisition of new leases and the pace of relinquishing existing leases, offsetting rental receipts have been and are estimated to continue to decline and create budgetary shortfalls. As the table below indicates, total offsetting rental receipts in FY 2018 are anticipated to be $47.3 million below the estimated FY 2017 (baseline) level, and that funding gap is projected to increase over the coming years.

Table 3: Overall Revenue Shortfalls

Overall Rental Revenue Shortfalls

Fiscal Year	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Baseline/FY17 Budget ($49.08/bbl in FY16)	126.41	126.41	126.41	126.41	126.41	126.41	126.41	126.41	126.41	126.41
FY18 Request ($50.48/bbl)	79.11	68.15	63.53	66.35	65.50	66.38	68.86	70.20	72.82	75.01
Total Shortfall vs. Baseline	*-47.30*	*-58.26*	*-62.87*	*-60.05*	*-60.91*	*-60.03*	*-57.55*	*-56.20*	*-53.59*	*-51.40*

BOEM/BSEE Split of Offsetting Rentals	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
BOEM	55.374	47.706	44.473	46.448	45.847	46.465	48.200	49.143	50.972	52.508
BSEE	23.732	20.445	19.060	19.906	19.649	19.914	20.657	21.061	21.845	22.504

FACTORS CONTRIBUTING TO THE DECLINE

In FY 2016, the Budget assumed higher oil and gas prices than occurred in actuality, and as a result, revenue was significantly below what had been projected. Specifically, the rental receipt total for both BOEM and BSEE was estimated to be $142.36 million (assuming oil prices of $78.69/bbl), but only $108.52 million was collected, resulting in a shortfall of $33.84 million. In FY 2017, actual collections are also expected to fall short of the amounts estimated in the President's Request. The FY 2017 Request assumed oil prices of $49.08/bbl and estimated total rental receipts of $126.41 million, but estimates used to prepare the FY 2018 Budget suggest FY 2017 actuals of $87.45 million, a shortfall of $38.96 million. Although quickly-outdated price assumptions are partially at fault for the discrepancies between estimates and actuals, there are other factors at play.

For instance, in FY 2016, nearly 800 leases were relinquished ahead of their lease expiration, resulting in millions of foregone offsetting revenues. Unanticipated relinquishments, fewer rent-generating leases, and the natural expiration of a number of leases contributed significantly to the FY 2016 shortfall.

Fewer leases are being sold in the Gulf of Mexico as the area matures and world oil prices decline. As an oil and gas resource basin, the Gulf of Mexico has been heavily leased and developed for over 50 years. While there are still abundant estimated undiscovered oil and gas resources, finding and developing them is becoming technologically and economically more challenging. For this reason, fewer tracts are expected to be leased. Second, a decline in the number of leases subject to rentals is expected to accelerate because, beginning in 2010, primary terms for leases in 800-1600 meters were shortened from ten years to a "7+3" year approach, wherein a lessee receives an extended initial period (an additional three years) if a well is drilled within the first seven years. BOEM anticipates approximately 90 percent of these leases to be returned after the primary seven-year term, resulting in fewer deepwater rent-generating leases around FY 2017. Although many of those areas are likely to be re-leased, their re-acquisition may not keep pace with relinquishment. Third, the downturn is, in some respects, a result of the success of BOEM's leasing strategy. BOEM has modified its fiscal policies in the Gulf of Mexico five times since 2007 to encourage industry to lease and hold fewer non-producing leases, consistent with a policy to encourage diligent development of leases.

MEASURES TO ADDRESS THE DECLINE IN OFFSETTING RENTAL RECEIPTS

As noted above, in FY 2018, offsetting rental revenue for BOEM and BSEE is projected to be $47.3 million below FY 2017 levels. The FY 2018 President's Budget proposes to make up for the shortfall in offsetting rentals with an increase in appropriated funds.

For BSEE, the FY 2018 offsetting collections shortfall of $14.1 million for rental receipts and $1.5 million for cost recovery fees is offset by an increase of $7.2 million in appropriations. BSEE's request also returns the inspection fee offset to $65 million (an increase of $11.1 million from the FY 2017 CR Baseline level) by proposing new inspection fee language that more accurately reflects offshore inspection activity while ensuring that the fees are more equitable for operators.

IN THE OUTYEARS

It is important to note that while rent-producing leases are declining, overall OCS activity does not necessarily follow the same trend. The Gulf of Mexico OCS, as a geologic province, is quite mature in terms of exploration prospects. While activity in shallow water has decreased in recent years, deepwater activity has remained robust, and – according to the U.S. Energy Information Administration – deepwater oil and natural gas production will continue to increase over the rest of this decade. BOEM anticipates that, with this increase in deepwater production, there will also be a corresponding increase in associated plan reviews and environmental work. While the 2018 Request proposes a solution to address the projected 2018 shortfall for BOEM and BSEE, further changes will be necessary in 2019 and beyond if the projected rental receipt trend continues. BOEM and BSEE will continue to work with the Department and OMB to assess future revenue trends and funding options.

Bureau of Safety and Environmental Enforcement

Fixed Costs and Internal Realignment

Fixed Cost Changes and Projections	**2017 Total**	**2018 Change**
Change in Number of Paid Days This column reflects changes in pay associated with the change in the number of paid days between the CY and BY.	-729	0
Pay Raise The change reflects the salary impact of the 2.1% pay raise for 2017 as signed by the President in December 2016, and the estimated 1.9% pay raise for 2018.	1,852	+1,854
Departmental Working Capital Fund The change reflects expected changes in the charges for centrally billed Department services and other services through the Working Capital Fund. These charges are detailed in the Budget Justification for Departmental Management.	4,271	-14
Worker's Compensation Payments The amounts reflect projected changes in the costs of compensating injured employees and dependents of employees who suffer accidental deaths while on duty. Costs 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.	173	+11
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.	9	0
Rental Payments The amounts reflect changes in the costs payable to the 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 the 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 vacate the currently occupied space, are also included.	9,378	-166
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 (O&M) 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 Realignments and Non-Policy/Program Changes (Net-Zero)	**BY (+/-)**
Realignment of Environmental Enforcement (to Operations, Safety, and Regulation) This internal transfer supports the increased role of BSEE's inspectors verifying environmental compliance activities in the field as well as the work performed by engineers in assessing the proper structure removals and well abandonments as part of the decommissioning process. The inspector's initial work is an essential first step - the completion of which allows the environmental compliance staff to then proceed with a compliance evaluation with mitigation measures are part of the lease and permit process.	-3,500
Realignment of Operations, Safety, and Regulation (from Environmental Enforcement) This internal transfer supports the increased role of BSEE's inspectors verifying environmental compliance activities in the field as well as the work performed by engineers in assessing the proper structure removals and well abandonments as part of the decommissioning process. The inspector's initial work is an essential first step - the completion of which allows the environmental compliance staff to then proceed with a compliance evaluation with mitigation measures are part of the lease and permit process.	+3,500

Total, Fixed Costs and Related Changes in 2018	+1,685

FY 2018 PERFORMANCE BUDGET REQUEST

Environmental Enforcement Activity

Table 4: Environmental Enforcement Activity Budget Summary

		2016 Actual	2017 CR Baseline	Fixed Costs and Related Changes (+/-)	Internal Transfers (+/-)	Program Changes (+/-)	2018 Request	Changes from 2017 (+/-)
Environmental Enforcement	($000)	8,314	7,953	+82	-3,500	-82	4,453	-3,500
	FTE	*21*	*30*	-	-	-	*30*	-

SUMMARY OF 2018 PROGRAM CHANGES

Request Component	Amount ($000)	FTE
General Reduction	-82	-
Total Program Changes:	**-82**	**-**

JUSTIFICATION OF 2018 PROGRAM CHANGES

The 2018 budget request for the Environmental Enforcement Activity is $4,453,000 and 30 FTE; a net decrease of -$3,500,000 from the FY 2017 CR Baseline level.

General Reduction (-$82,000; -0 FTE): In order to support BSEE's highest priority needs in FY 2018, the Bureau proposes a general reduction in funding for Environmental Enforcement activities to be realized through the implementation of the national program management model for environmental stewardship.

General Increase in Base Appropriated Funding to Offset Reduction in Offsetting Collections (+$1,892,000; +0 FTE): The proposed increase to appropriated funding offsets the estimated decrease in rental receipt and cost recovery revenue as discussed below. Although offsetting revenue is set to decline, program requirements will not, and 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.

General Reduction – Changes in Offsetting Collections (-$1,892,000; -0 FTE):

- **Rental Receipts (-$1,714,000; -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. This decrease in rental receipts revenue is the result of two compounding factors. First, fewer leases are being sold as the OCS matures in terms of exploration prospects and world oil prices decline. Second, the decline in the number of leases subject to rentals is expected to accelerate

because some of the active leases were issued with shorter primary terms than before and a large number of deepwater leases are expected to expire around FY 2017.

- **Cost Recovery Fees (-$178,000; -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. This decrease in revenue generated from cost recovery fees reflects the trend of actual collections.

INTERNAL TRANSFERS

Internal Transfer (-$3,500,000; -0 FTE): This transfer supports the increased role of BSEE's inspectors verifying environmental compliance activities in the field as well as the work performed by engineers in assessing the proper structure removals and well abandonments as part of the decommissioning process. The inspector's initial work is an essential first step - the completion of which allows the environmental compliance staff to then proceed with a compliance evaluation with mitigation measures as part of the lease and permit process.

PROGRAM OVERVIEW

In FY 2016, BSEE implemented a national program management model - a realignment that converted the Environmental Enforcement Division (EED) to the Environmental Compliance Division (ECD) and changed the reporting relationship for regional environmental compliance functions. Of the 30 FTE previously assigned to the EED, 5 FTE reside in the ECD, and 25 FTE report directly to the regional directors. Under the national program management model, the ECD leads a collaborative effort with the regions to develop policies, procedures, and business rules to implement data-driven oversight of BSEE's Environmental Compliance Program (ECP). While ECD establishes these environmental policies at BSEE headquarters, the Bureau's compliance and enforcement activities are conducted by personnel located in BSEE's regional offices. The ECD focuses on increasing the accuracy, effectiveness and consistency of BSEE's environmental compliance operations in the regions.

Consistent with other BSEE programs, such as the Office of Offshore Regulatory Programs, the ECD focuses on the offshore operations that pose the greatest safety and environmental risk. The ECD is coordinating with the BSEE SEMS Program to identify best practices for enhanced environmental compliance efforts. The ECD is responsible for:

- Ensuring Bureau compliance with the NEPA, Endangered Species Act (ESA), Marine Mammal Protection Act (MMPA), National Historic Preservation Act (NHPA), and associated tribal consultation requirements, the CAA, the CWA, and other environmental regulations;
- Coordinating with BOEM and other Federal, State, and local agencies in matters involving environmental compliance and enforcement on the OCS;
- Monitoring industry compliance with mitigation and other environmental requirements to ensure operators adhere to the stipulations of their approved leases, plans, and permits;

- Evaluating environmental mitigation measures to determine their adequacy and appropriately distributing findings to industry; and
- Establishing and communicating clear objectives and performance measures for BSEE's environmental stewardship initiative, including national standard operating procedures and a common communication strategy.

Since its formation, the ECD has focused on supporting the FY 2016 – FY 2019 BSEE Strategic Plan for operational and organizational excellence. An environmental risk assessment has been conducted to identify offshore operations with the highest potential risk to the environment in order to improve BSEE's permitting process. The Bureau has also completed a programmatic environmental assessment for well stimulation treatments and initiated a NEPA analysis for BSEE's permitted activities in the Pacific OCS Region. BSEE has published the Environmental Stewardship Collaboration Group Core Report[1] proposing ten recommendations to promote environmental stewardship through BSEE's broad suite of integrated safety and environmental compliance, enforcement, preparedness, prevention, and response research activities. The Bureau has also remained committed to partnerships on environmental compliance-focused Departmental and interagency working groups.

Funding in FY 2018 will be used to coordinate and ensure safety and environmental compliance to address the greatest areas of risk, and to acquire data and technology for tracking, verifying, and enforcing compliance in a fair and transparent process. The Bureau will continue to foster environmental stewardship awareness throughout the Bureau by implementing more of the Environmental Stewardship Collaboration Group Core Report recommendations. Funding will also be used to complete a national handbook of Standard Operating Procedures for the ECP and develop associated training for BSEE safety inspectors to increase the Bureau's efficiency and effectiveness. Finally, to contribute to BSEE's goal of protecting United States taxpayers from having to pay decommissioning costs for bankrupt oil and gas operators, the Bureau will be prioritizing NEPA analysis for decommissioning activities in the Pacific and Gulf of Mexico Regions in FY 2018.

[1] https://www.bsee.gov/bsee-environmental-stewardship-core-group-final-report

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FY 2018 PERFORMANCE BUDGET REQUEST

Operations, Safety and Regulation Activity

Table 5: Operations, Safety and Regulation Activity Budget Summary

		2016 Actual	2017 CR Baseline	Fixed Costs and Related Changes (+/-)	Internal Transfers (+/-)	Program Changes (+/-)	2018 Request	Changes from 2017 (+/-)
Operations, Safety and Regulation	($000)	144,954	144,954	+1,439	+3,500	1,168	151,061	+6,107
	FTE	*443*	*476*	-	-	-	*476*	-
Major Program IT Investments								
Technical Information Management System (TIMS) [1/]	($000)	[13,859]	[21,956]				[20,000]	-
	FTE	-		-	-	-	-	-

[1/] TIMS is a BSEE owned system, which it shares with BOEM. The amounts shown are the BSEE only portion.

SUMMARY OF 2018 PROGRAM CHANGES

Request Component	Amount ($000)	FTE
Technical Training	+1,168	-
Total Program Changes:	**+1,168**	**-**

JUSTIFICATION OF 2018 PROGRAM CHANGES

The 2018 budget request for the Operations, Safety and Regulation Activity is $151,061,000 and 476 FTE; a net increase of +$6,107,000 and 0 FTE over the FY 2017 CR Baseline level.

Technical Training (+$1,168,000; +0 FTE): In FY 2018, BSEE is requesting funding to support training and other efforts aimed at field personnel for BSEE's 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 oil and gas operations. The NOTP 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. The technical training is practical and focuses on the latest technology for areas such as deepwater drilling and

subsea operations. The classes are taught by renowned subject matter experts to ensure continued education and development that enhances professional competence and personal satisfaction.

Impacts of Not Funding: Without this funding, BSEE will not be able to enhance its training policy and training programs to maintain and improve the technical and professional capabilities of those employees responsible for ensuring operational safety on offshore facilities. Funding is fundamental to the success of the Bureau and the continued commitment to ensuring safety, environmental protection, and offshore resource conservation.

General Decrease in Base Appropriated Funding to Offset Increase in Offsetting Collections (-$3,822,000; -0 FTE): The proposed decrease to appropriated funding offsets the estimated decrease in rental receipt and cost recovery revenue and the increase in inspection fee collections as discussed below. Although offsetting revenue is set to decline, program requirements will not, and 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.

General Increase – Changes in Offsetting Collections (+$3,822,000; +0 FTE):

- **Rental Receipts (-$6,600,000; -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. This decrease in rental receipts revenue is the result of two compounding factors. First, fewer leases are being sold as the OCS matures in terms of exploration prospects and world oil prices decline. Second, the decline in the number of leases subject to rentals is expected to accelerate because some of the active leases were issued with shorter primary terms than before and a large number of deepwater leases are expected to expire around FY 2017.
- **Cost Recovery Fees (-$681,000; -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. This decrease in revenue generated from cost recovery fees reflects the trend of actual collections.
- **Inspection Fees (+$11,103,000; +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. The increase of $11,103,000 from the FY 2017 CR Baseline levels includes a proposed inspection fee structure that more accurately reflects offshore inspection activities and costs while ensuring that the fees are more equitable for operators.

INTERNAL TRANSFERS

Internal Transfer (+$3,500,000; +0 FTE): This transfer more accurately aligns the environmental compliance and enforcement goals of this activity by supporting the increased role of BSEE's inspectors verifying environmental compliance activities in the field as well as the work performed by engineers in assessing the proper structure removals and well abandonments as part of the decommissioning process. The inspector's initial work is an essential first step - the completion of which allows the environmental

compliance staff to then proceed with a compliance evaluation with mitigation measures as part of the lease and permit process.

PROGRAM OVERVIEW

The Bureau of Safety and Environmental Enforcement fulfills its mission by supporting the safe and responsible exploration, development, and production of America's offshore energy resources through a well-developed and measured application of its programs including permitting, inspections, regulatory oversight, resource conservation and enforcement programs. The Bureau continually seeks operational improvements which streamline the efficiency of critical processes that support drilling and production operations such as permitting while reducing the risks to offshore personnel and the environment. Additionally, 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.

During FY 2016, BSEE expanded its efforts to strengthen internal controls and to better track and demonstrate results for these mission-critical operations. BSEE identified national program managers with direct lines of responsibility for managing major functional areas. Still ongoing, the goals of these efforts are to promote transparency, consistency, predictability, and accountability for national programs. These goals are being achieved by consistently developing program policies, procedures, and accountability and performance measures for major programs and functional areas.

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 USCG and other agencies to avoid unnecessary duplication and to maximize consistent and efficient regulation of OCS activities.

In FY 2018, 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 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.

The BSEE Houston office location 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 regional and district offices to assist in Standards Development.

BSEE, NASA, and industry continue the development of standard methodology for assessing the feasibility of the new technology that will be needed to develop deepwater resources. The use of these tools will allow BSEE and the industry to better define and interpret the risks associated with the various projects and ensure that any issues are identified and addressed in a timely manner early in the review process.

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 will be able to focus permit review efforts in FY 2018 on streamlining the review process and ensuring that the review process is focused on those areas of highest risk.

Inspections, Investigations, and Risk Management: In FY 2017, BSEE began work on an updated inspection strategy. This team effort, which includes representatives from the Regions as well as Headquarters, will 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. It is likely the updated inspection strategy will reflect a hybrid of inspection techniques, risk assessment tools and Safety and Environmental Management System (SEMS) or performance-based assessments.

SEMS is a performance-based program, which along with the Annual 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, 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 American Petroleum Institute's (API) Recommended Practice 75. Therefore, operators can now design their safety and environmental management system to align with their business model and company culture to more effectively utilize their resources, and design their safety initiatives in ways that ensure effective implementation and promotes continuous improvement in safety and environmental performance.

Implementing an inspection methodology that allows the Agency to direct resources at the riskiest facilities and safety components represents an ultimate goal for BSEE. Planning the inspections, both what facility to visit as well as what to inspect, verify, and validate, 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 or industry-led incident investigations to identify safety trends and concerns. These risk-based inspections go beyond the typical compliance review and focus on the performance of comprehensive safety audits with multi-discipline teams consisting of engineers and inspectors. These audits evaluate and measure, with a focus on the operation and maintenance of safety critical equipment, issues such as the successful implementation and ultimately the effectiveness of safety management systems, proper contractor oversight, and adequate training and safety awareness i.e., safety culture of personnel.

The identification and collection of key safety data is critical in the identification of safety trends and the successful mitigation of risks. BSEE continues to work with industry to develop voluntary programs that collect, analyze, and disseminate this information. For example, BSEE has launched the SafeOCS program, which is a voluntary and completely confidential system in which the Bureau of Transportation Statistics (BTS) collects and analyzes near-miss reports. The data provided through this program summarizes oil and gas activities from the past year, compares data to previous years, and analyzes trends. BSEE worked closely with the International Association of Drilling Contractors and the Center for Offshore Safety to develop a framework for a single comprehensive international database that would collect all safety and reliability data. Analysis of this information helps to identify trends and sharing of the lessons learned allows the industry to take proactive steps to address safety issues.

The BSEE office in Houston plays a key role in providing support to the regions on issues involving complex technology. The Engineering Center provides the agency with top-level Federal engineering talent and the ability to utilize third-party expertise 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 also available to participate in industry standards activities and to assist in the inspection of offshore facilities via visits to operator's real time monitoring facilities that are located in Houston.

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 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 and Safety Bulletins 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. 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.

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 a number of tools, including issuance of Incidents of Non Compliance (INC), 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 as a way to address recurring safety and environmental concerns.

Through the identification and quantification of risk, BSEE can identify key leading and lagging indicators, and better gauge operator effectiveness in employing redundant physical controls (barrier analysis). In FY 2017, BSEE completed a pilot-tested risk-analysis methodology for production facilities. Preliminary data analyses indicates that the 410 highest-risk platforms in the Gulf of Mexico OCS Region (GOMR), which represents about 20 percent of GOMR platforms, accounted for 80 percent of all accident or pollution events that were reported to BSEE during FY 2014. These platforms also accounted for 84 percent of all major incidents such as fires, explosions, spills, fatalities, and blowouts. The Bureau is actively deploying this risk-based methodology which, when combined with findings from our annual inspection program and trends identified in the third party SEMS audits and the SafeOCS program, will enable BSEE to effectively focus its attention in the areas or operations and safety barriers which pose the greatest risk to safe operations.

In implementing the compliance and enforcement program, BSEE will be guided by safety and environmental protection performance goals and adhere to clear, systemic and fair processes. The program will also promote a culture of professionalism throughout the workforce and establish consistent, transparent, and clear processes that will guide program implementation.

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 once access has been granted.

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 1.7 MMBopd in January 2017, despite decreasing oil prices from August 2014 through January 2017. 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 specially trained measurement inspection team helps ensure that production volumes are accurately 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 is 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. In addition, BSEEs testing and research of high-temperature and high-pressure equipment has resulted is revisions and improvements in the design criteria that are used for the projects that have been submitted to BSEE for approval. Finally, collaboration with the industry and NASA has resulted in the development of standard risk methodology for assessing new technology. This standardized process will assist in speeding up the review process for these types of projects.

Renewable Energy Inspection Program: BSEE and BOEM continue to work cooperatively to develop and refine the OCS renewable energy permitting and inspection program. Working cooperatively, and building on the experiences to date, the Bureaus will develop a comprehensive approval and oversight program tailored to the unique siting, design, and compliance oversight aspects of this segment of the offshore energy program.

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 business confidential information. To enhance the Bureau's capabilities, BSEE has deployed eWell to all Regions, expanded eInspections functionality to include both platforms and rigs, and phase 1 is halfway through development of the ePlans and ePermits systems used for the submission and review of BOEM and BSEE plans and permits by industry and government users.

BSEE has incorporated the implementation of the Business Intelligence (BI) Tool as an IT and data stewardship goal. This would include the construction of an integrated Business Intelligence 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 the BSEE Annual Report. The next phase will include the queries necessary to track the BSEE Performance Metrics. 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.

BSEE is transitioning to a data stewardship framework within the Bureau to facilitate the development and implementation of standards, policies and procedures, and improve the quality and accessibility of data for analytical purposes. The Bureau works to protect proprietary and personally identifiable information (PII) through existing policies and procedures, and updates these to maintain compliance and

provide individuals and organizations the necessary assurances regarding the integrity of critical information assets. Furthermore, BSEE is working in concert with the Department to make progress towards a comprehensive inventory of data assets as instructed by the Office of Management and Budget (OMB) in OMB M-13-13, *Open Data Policy – Managing Information as an Asset***.**

Human Capital Management: Critical to meeting BSEE's mission goals is the ability to recruit, develop, and retain a diverse workforce that is efficient, effective, and accountable. 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/rentention bonuses and student loan repayments. BSEE also plans to dedicate significant training resources to expand the skills of its 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, the NOTP continues to evolve to ensure continuous improvement. Areas of focus in FY 2018 will be on competency assessment and more specifically, how to measure and develop competency amongst the workforce. The program will begin instituting comprehensive cross-training on topics such as the assessment of safety management systems, risk analysis, and use of real-time data during inspections.

In addition, training and mentoring opportunities for strengthening BSEE's competencies for performing performance based audits and inspections are being planned. These programs will involve not only classroom training, but will incorporate training techniques needed to help develop the skills necessary to look beyond regulatory compliance to being able to assess how well an operator is following their own programs and procedures.

Oil Spill Preparedness Verification: 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/operators meet the oil spill response preparedness standards set forth by the Clean Water Act, Oil Pollution Act of 1990, and 30 CFR §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 Oil Spill Response Plan (OSRP) is one method of ensuring the American public that offshore energy exploration and production is an activity that fosters environmental stewardship. OSRPs are approved when an offshore facility has demonstrated the ability to respond to a worst-case discharge to the maximum extent practicable.

In FY 2016, the Bureau conducted 335 plan review activities to ensure that 128 approved OSRPs remain updated 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 2016, BSEE conducted 24 government-initiated unannounced exercises and audited 99 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/operators. Therefore, BSEE personnel periodically verifies and ensures that equipment listed within the OSRP is properly maintained, ready to be operated, and performs as specified by the manufacturer. In FY 2016, the Bureau conducted 84 separate site visits to verify the location and condition of thousands of pieces of oil spill response equipment.

Table 6: Performance Overview Table - Operations, Safety and Regulation

Mission Area 2, Goal 1: Secure America's Energy Resources							
Strategic Objective Metrics Strategic Plan Measure / Efficiency or other Bureau-Specific Measure	**2013 Actual**	**2014 Actual**	**2015 Actual**	**2016 Actual**	**2017 CR Baseline**	**2018 Pres. Budget Request**
Strategic Plan Measures						
Amount (in barrels) of operational offshore oil spilled per million barrels produced (excluding Hurricane-related spills) (SP)	2.494 (est.) (1217/488 million)	0.581 (est.) (303/521 million)	3.416 (est.) (1895/555 million)	3.659 (est.) (2141/585 million)	2.500	2.500
Comments: BSEE's estimated FY 2016 actual exceeded the target of less than 2.50 barrels spilled per million barrels produced. An oil release from Shell Offshore Inc.'s Glider Field accounts for 2,100 of out of the 2,141 barrels that spilled during FY 2016. Upon notification of the incident, the facility was shut-in and BSEE investigators were brought on-site. BSEE also established an Investigative Panel that will conduct a thorough investigation of the incident in order to identify the causes and any contributing issues that led to the release. The panel will make recommendations in its final report on how to strengthen existing safety and environmental management systems, and identify any reforms to existing regulations that may be needed. BSEE's annual oil spill reporting does not include reports from the Taylor Energy/Mississippi Canyon 20 Oil Discharge. BSEE is working to revise its FY 2015, FY 2014, and FY 2013 actuals based on the results of a newly completed and published BSEE report "2016 update of Occurrence Rates for Offshore Oil Spills." Current numbers provided are estimates pending final analysis.						
Contributing Programs: Operations, Safety and Regulation						
Number of Recordable Injuries per 200,000 Offshore Man Hours Worked (DOI-Regulated Activities ONLY) (SP)	0.379 (228/601)	0.342 (205/599)	0.385 (158/410)	0.214 (est) (117/546)	0.400	0.400
Comments: This strategic plan measure is an incident rate of all Recordable Injuries (i.e., injuries that require medical treatment beyond first aid and fatalities) that occur during DOI-regulated activities in the fiscal year for every 200,000 offshore man hours worked (which is the approximate equivalent of 100 full-time workers). The value for FY 16 is an estimate as final data are not yet available.						
Contributing Programs: Operations, Safety and Regulation						
Efficiency or other Bureau-Specific Measures						
Total Number of Compliance Inspections Completed (BUR)	24,195	21,033	20,468	19,704 (est.)	18,500	19,000
Comments: This measure counts all primary and secondary inspections, including the following: production, drilling, well decommissioning, well completion, environmental and EPA, flaring operations, hydrogen sulfide protection, meters, pipelines, US Coast Guard (complete and partial), and other miscellaneous offshore inspections. as recorded in the bureau's database.						
Contributing Programs: Operations, Safety and Regulation						

FY 2018 PERFORMANCE BUDGET REQUEST

Administrative Operations Activity

Table 7: Administrative Operations Activity Budget Summary

		2016 Actual	2017 CR Baseline	Fixed Costs and Related Changes (+/-)	Internal Transfers (+/-)	Program Changes (+/-)	2018 Request	Changes from 2017 (+/-)
Administrative Operations	($000)	18,268	18,268	+82	-	-	18,350	+82
	FTE	*207*	*247*	-	-	-	*247*	-

JUSTIFICATION OF 2018 PROGRAM CHANGES

The 2018 budget request for the Administrative Operations Activity is $18,350,000 and 247 FTE; a net increase of $82,000 from the FY 2017 CR Baseline level.

General Increase in Base Appropriated Funding to Offset Reduction in Offsetting Collections (+$4,384,000; +0 FTE): The proposed increase to appropriated funding offsets the estimated decrease in rental receipt and cost recovery revenue as discussed below. Although offsetting revenue is set to decline, program requirements will not, and 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.

General Reduction – Changes in Offsetting Collections (-$4,384,000; -0 FTE):

- **Rental Receipts (-$3,973,000; -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. This decrease in rental receipts revenue is the result of two compounding factors. First, fewer leases are being sold as the OCS matures in terms of exploration prospects and world oil prices decline. Second, the decline in the number of leases subject to rentals is expected to accelerate because some of the active leases were issued with shorter primary terms than before and a large number of deepwater leases are expected to expire around FY 2017.
- **Cost Recovery Fees (-$411,000; -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. This decrease in revenue generated from cost recovery fees reflects the trend of actual collections.

PROGRAM OVERVIEW

The Administrative Operations Activity consists of the following Divisions and support teams: Acquisition Management Division, Equal Employment Opportunity Division, Finance Division, Human Resources Division, Management Support Division, Technology Services Division, Data Stewardship Team and Records, and Delegations and Directives Team. BSEE provides the full suite of administrative services to BOEM through a reimbursable service agreement. The Bureau also provides a partial set of shared services to the Office of the Secretary under tailored shared services agreements. BSEE 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. Through the use of program funding provided to meet targeted administrative initiatives to include human capital, data stewardship, and records management, and the utilization of shared service partnerships with BOEM, and other parts of the Department, the Office of Administration can continue to establish best practices and enhance efficiencies.

Acquisition Management Division (AMD): The AMD is responsible for the execution and administration of BSEE and BOEM contracts and financial assistance agreements. By collaborating with its customer organizations, this Division can create quality business solutions that help to accomplish the mission goals of the Bureaus. 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 Equal Employment Opportunity (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. Additionally, the Division also provides EEO counseling and mediation services, as well as formal EEO complaint processing.

Finance Division: The Finance Division provides a full range of accounting and financial management services to BSEE and BOEM. The Division manages and oversees the Chief Financial Officer audit as conducted by an independent audit firm with oversight from the Department's Office of Inspector General (OIG). The Finance Division develops Bureau financial policies, procedures, and guidelines. 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.

This Division is responsible for the administrative accounting operations of both BSEE and BOEM. The Finance Division manages the administrative accounting system; audits and schedules bills for payments; collects debts; develops financial data; prepares financial reports; provides advice and guidance on financial matters.

Human Resources (HR) Division: 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. Work includes performing all operational personnel services for BSEE, BOEM, and other client organizations including the Department of the Interior's Office of the Secretary, and providing assistance and guidance related to personnel matters for all regional and field installations.

HR also leads all BSEE workforce-analytics 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 Division also provides analytical support to BOEM, 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 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 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. HR has developed and oversees the ongoing implementation of a leadership develop program which focuses on training, mentoring, and shadowing (rotational assignment) opportunities for employees across varying levels, across three tracks.

The Division focuses on employee relations and services, including personnel program evaluation, labor/management relations, advising employees about conflict of financial interest and standards of conduct, and administering incentive awards programs, family friendly programs, the Federal Equal Opportunity Recruitment Program, and Senior Executive Service program.

Management Support Division: The Management Support Division provides direct assistance to BSEE's Associate Director for Administration, as well as to BSEE and BOEM personnel. The Division's responsibilities include:

- Emergency management, physical security, personnel security;
- Evaluations and studies;
- Delegation of authority, directives management, program management, providing high-level administrative support; and management and organization analysis activities;
- Occupational safety and health;
- Support services, including facilities management, property management, space management, printing and publications activity, and general office services;
- Continuity of operations program; 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;
- Budget planning, execution, and formulation for the administrative operations budget; and
- 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 information technology (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 information technology needs of the Bureaus' mission and enterprise functions, 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.

In support of the strategic goals of each Bureau, 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 Bureau's ability to collaborate across current divisions of process and software. 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. They also provide 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 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.

Data Stewardship Team: The Data Stewardship Team 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 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 oversees the BSEE and BOEM records management programs under 36 CFR 1220.10(b), to provide effective management of the creation, maintenance, use, preservation, and disposition of BSEE and BOEM records. The team serves as the official liaison with the Department of Interior for the eERDMS (eMail Enterprise Records and Document Management System) overseeing the development and maintenance of BOEM and BSEE email records classification 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, supporting the processing, dissemination, and filing of agency delegations and directives. The Team also manages the internal forms library and is the official liaison for BOEM and BSEE with the DOI Enterprise Forms System (EFS), to include processing EFS help tickets through the DOI software system, planning and processing newly automated forms.

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FY 2018 PERFORMANCE BUDGET REQUEST

Executive Direction Activity

Table 8: Executive Direction Budget Summary

		2016 Actual	2017 CR Baseline	Fixed Costs and Related Changes (+/-)	Internal Transfers (+/-)	Program Changes (+/-)	2018 Request	Changes from 2017 (+/-)
Executive Direction	($000)	18,236	18,236	+82	-	-	18,318	+82
	FTE	*97*	*106*	-	-	-	*106*	-

JUSTIFICATION OF 2018 PROGRAM CHANGES

The 2018 budget request for the Executive Direction Activity is $18,318,000 and 106 FTE; a net increase of $82,000 from the FY 2017 CR Baseline level.

General Increase in Base Appropriated Funding to Offset Reduction in Offsetting Collections (+$2,019,000; +0 FTE): The proposed increase to appropriated funding offsets the estimated decrease in rental receipt and cost recovery revenue as discussed below. Although offsetting revenue is set to decline, program requirements will not, and 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.

General Reduction – Changes in Offsetting Collections (-$2,019,000; -0 FTE):

- **Rental Receipts (-$1,830,000; -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. This decrease in rental receipts revenue is the result of two compounding factors. First, fewer leases are being sold as the OCS matures in terms of exploration prospects and world oil prices decline. Second, the decline in the number of leases subject to rentals is expected to accelerate because some of the active leases were issued with shorter primary terms than before and a large number of deepwater leases are expected to expire around FY 2017.
- **Cost Recovery Fees (-$189,000; -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. This decrease in revenue generated from cost recovery fees reflects the trend of actual collections.

PROGRAM OVERVIEW

The Executive Direction Activity provides Bureau-wide leadership, direction, management, coordination, communications strategies, and outreach for the entire organization to carry out its primary mission. In FY 2018, the Executive Direction Activity will fund the Office of the Director, the Integrity and

Professional Responsibility Advisor Unit, the Office of Budget, the Office of Policy and Analysis, the Office of Public Affairs, and the Office of Congressional and International Affairs**.**

Office of the Director

The Office of the Director includes the Director, the Deputy Director, and their immediate staff. This office is responsible for providing general policy guidance and overall leadership within the BSEE organization, as well as managing all of the official documents of the Office of the Director.

Integrity and Professional Responsibility Advisor (IPRA) Unit

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. Investigations into the activities of private entities that BSEE regulates will be performed by the Safety and Incident Investigations Division. The IPRA shares allegations of internal misconduct with the DOI's Office of the Inspector General, determining jointly which office conducts an investigation of those allegations. The IPRA manages the process by which allegations of misconduct are reported and investigated. Working with the responsible manager, the IPRA provides the results of any investigation to the manager for determination of appropriate disciplinary action, if any.

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, the Office of Management and Budget (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 House and Senate questions. Throughout the execution phase, the Budget Division 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. It is also responsible for ensuring that programmatic plans and policies are consistent with and integrated into the overall Bureau mission and responsibilities, as well as with Department and

Administration policy frameworks. In addition, the office administers and coordinates internal reviews as well as oversees and ensures the implementation of recommendations made by oversight groups such as the Government Accountability Office and the Office of the Inspector General.

Associate Director of Strategic Engagement

This position serves as a senior advisor to the Director on key mission-critical issues, initiatives, and Bureau functions. The Office of Public Affairs, along with the Office of Congressional and International Affairs, reports to this position.

Office of Public Affairs (OPA)

OPA is responsible for BSEE's communication strategies and outreach. The goal of OPA is to inform the public, and ensure coordinated communication, consistent messages, and the effective exchange of information with all customers and stakeholders. OPA coordinates the implementation of an effective and inclusive outreach program to numerous target audiences, including state and local governments, the energy industry, related trade associations, the environmental community, Tribal Nations, other Federal agencies, energy consumer groups, and the general public.

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. The 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 manages and analyzes all congressional and legislative matters that pertain to the Bureau. The responsibilities that facilitate these engagements include the analysis of proposed, pending, and enacted legislation for impacts on BSEE's mission, priorities, and goals; preparation of Bureau statements and witnesses before Congress; actively informing Congress of Bureau issues and activities; and providing timely responses to questions from the House, Senate, Congressional Budget Office, and Congressional Research Service. OCIA maintains an open line of communication regarding BSEE's programs and policies with BSEE's authorizing committees, as well as other relevant committees' members and support offices. The OCIA serves as the Bureau's liaison with Congress, the Department, and other Federal executive agencies.

OCIA manages and analyzes the Bureau's international programs and policies to ensure initiatives are consistent with BSEE's mission, priorities, and goals. The responsibilities that facilitate these engagements include structuring international cooperation agreements; organization of technical exchanges; advising BSEE's international travelers on matters of security, protocol, and travel requirements; and, support of BSEE's engagement in international regulatory fora. OCIA maintains an open line of communication regarding BSEE's programs and policies with the Department's Office of International Affairs, the Department of State, and the international programs within all relevant U.S. agencies, such as the Department of Energy, the Department of Commerce, and the Department of the Treasury.

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Bureau of Safety and Environmental Enforcement

Summary of Requirements Table

(Dollars in Thousands)

Account	2016 Actual		2017 CR Baseline		Fixed Costs & Related (+/-)	Internal Transfers (+/-)	Program Changes (+/-)		2018 Request		Change from CY (+/-)	
	Amount	Total *FTE*	*FTE*	Amount			*FTE*	Amount	*FTE*	Amount	*FTE*	Amount
Oil Spill Research	**14,899**		**22**	**14,871**	-	-	-	-2,171	**22**	**12,700**	-	-2,171
TOTAL FUNDING, Oil Spill Research	**14,899**		**22**	**14,871**	-	-	-	**-2,171**	**22**	**12,700**	-	**-2,171**

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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, $12,700,000, which shall be derived from the Oil Spill Liability Trust Fund, to remain available until expended.

(Note. A full-year 2017 appropriation for this account was not enacted at the time the budget was prepared; therefore, the budget assumes this account is operating under the Further Continuing Appropriations Act, 2017 (P.L. 114-254). The amounts included for 2017 reflect the annualized level provided by the continuing resolution.)

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FY 2018 PERFORMANCE BUDGET REQUEST

Oil Spill Research Appropriation

Table 9: Oil Spill Research Budget Summary

		2016 Actual	2017 CR Baseline	Fixed Costs and Related Changes (+/-)	Internal Transfers (+/-)	Program Changes (+/-)	2018 Request	Changes from 2017 (+/-)
Oil Spill Research	($000)	14,899	14,871	-	-	-2,171	12,700	-2,171
	FTE	*17*	*22*	-	-	-	*22*	-

SUMMRY OF 2018 PROGRAM CHANGES

Request Component	Amount ($000)	FTE
Research Reduction	-2,171	-
Total Program Changes:	**-2,171**	**-**

JUSTIFICATION OF 2018 PROGRAM CHANGES

The FY 2018 budget request for the Oil Spill Research Appropriation is $12,700,000 and 22 FTE; a net decrease of -$2,171,000 from the FY 2017 CR Baseline level.

Research Reduction (-$2,171,000/0 FTE): BSEE has developed the capability to conduct research projects with the Oil Spill Preparedness Division (OSPD) engineering staff by 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 done 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. The funding decrease will result in fewer research projects being initiated in FY 2018, but will continue to enable BSEE to fund some priority research activities that align with the goals and objectives of the Administration.

PROGRAM OVERVIEW

The Bureau derives funding from the Oil Spill Liability Trust Fund (OSLTF) to execute BSEE's 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. BSEE carries out these responsibilities through its Oil Spill Preparedness (OSP) Program which is administered by the OSPD. The OSP Program ensures 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." The OSP Program funds support two primary focus areas: (1) oil spill preparedness

verification activities focused on U.S. offshore facility owners and operators that handle, store, or transport oil; and (2) oil spill response research that includes management of Ohmsett (the National Oil Spill Response Research and Renewable Energy Test) Facility.

PERFORMANCE OVERVIEW

The OSPD 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, and thus reduce impacts to offshore oil and gas production operations environmental and economic resources of the U.S.

Oil Spill Preparedness Verification: By ensuring offshore facility owners/operators meet the oil spill response preparedness standards set forth by the Clean Water Act, Oil Pollution Act of 1990, and 30 CFR §254, BSEE plays a key role in supporting the Nation's response posture for oil spills that can impact public health, the environment, and energy production. The Oil Spill Response Plan (OSRP) is an important aspect of responsible development of the OCS energy resources. When BSEE approves an OSRP, they are telling the American public that the Government believes the owner/operator of an offshore facility has demonstrated the ability to respond to a worst case discharge to the maximum extent practicable. The Bureau must review numerous details within each section and appendices of the OSRPs to verify that the information is in compliance with the requirements of 30 CFR 254, and that the OSRP taken as a whole adequately demonstrates that an owner/operator is prepared to contain and recover an offshore facility's worst-case discharge to the maximum extent practicable.

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 254, such as materiel 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 2016, BSEE conducted 335 plan review activities to ensure that 128 approved OSRPs remain updated and in compliance with regulations.

The Bureau recently launched a major information technology initiative to enhance the efficiency and timeliness of OSRP submission and review. The ePermits new software design and implementation will allow plan holders to electronically submit their OSRPs to BSEE. The system will reduce the burden on operators by providing a more efficient method of submitting not only new updates to OSRPs, but notifications as well.

Through routine exercises, BSEE ensures that the strategies and resources listed in the OSRPs are achievable. Exercises allow personnel from facility operators, spill response contractors, and regulatory officials to validate the efficacy of the OSRP. Additionally, exercises allow for training and practice of strategic and tactical preparedness, protection, response, and recovery capabilities in a risk-reduced environment. Exercises are the primary tool for assessing preparedness and identifying areas for improvement, while demonstrating the regulated communities' resolve to prepare for worst case

discharge incidents. Further, both industry-initiated and/or government-initiated unannounced exercises aim to help regulated offshore facilities gain objective assessments of their own capabilities so that gaps, deficiencies, and vulnerabilities are addressed prior to any real oil spill or discharge incident. In FY 2016, the Bureau conducted 24 government-initiated unannounced exercises and audited 99 training and industry exercise activities.

While BSEE manages its regulatory requirements exercise under 30 CFR §254, it works closely with its counterparts in USCG, Environmental Protection Agency (EPA), and the Pipeline and Hazardous Materials Safety Administration (PHMSA) to execute and improve the National Preparedness for Response Exercise Program (NPREP). NPREP was developed to establish a workable exercise program that meets the intent of section 4202(a) of the Oil Pollution Act of 1990. The program provides a mechanism for compliance with the exercise requirements, while being economically feasible for the government and the oil industry to adopt and sustain. The Bureau serves on the NPREP Coordination, Consistency, and Compliance Committee to assist in development of national triennial exercise schedules; review and modify guidelines, as necessary; and participate in periodic public meetings on the NPREP.

BSEE manages the compliance process for monitoring the preparedness and readiness levels of oil spill response equipment owned or contracted by offshore facilities owners/operators. The ability to respond effectively to an offshore worst-case discharge oil spill to the maximum extent practicable is directly related to the preparedness status of the equipment listed within each facility's OSRP. Therefore, equipment listed within the plan is verified on a periodic basis by BSEE personnel to ensure that it is properly maintained, ready to be operated, and performs as specified by the manufacturer. OSPD staff regularly travel across the Gulf of Mexico, California, and Alaska to visit storage depots to review inventory lists and visually inspect response equipment assigned to the 128 OSRPs. In FY 2016, OSPD conducted 84 separate site visits to verify the location and evaluate the condition of thousands of pieces of oil spill response equipment.

Preparedness coordination is an essential aspect to ensuring the success of a consistent national oil spill response preparedness program. Consequently, BSEE's oil spill preparedness program is a keystone component of the National Response System (NRS) as promulgated by the National Oil and Hazardous Substances Pollution Contingency Plan (NCP). The implementation of the NRS through 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 (Federal, regional, area, and local and site-specific industry) that guide response efforts. In the post-*Deepwater Horizon* regulatory environment, the importance of consistent planning and preparedness coordination cannot be understated. In addition, the Bureau regularly attends meetings and support activities of the NRS Regional Response Teams (RRT) and Area Committees (AC). RRTs support Federal On Scene Coordinators and are a focal point for regional interagency contingency planning guidance. Similarly, ACs are a focal point of contingency planning at local levels and are comprised of members selected from qualified personnel of Federal, State, and local agencies with responsibilities that include preparing an area contingency plan for an area designated by the President. Both the RRTs and ACs produce key contingency planning documents that are closely linked to the OSRPs managed under BSEE. In FY 2016, BSEE personnel attended 9 RRT meetings and 27 AC

meetings where information was shared regarding specific OSRP issues, joint industry exercise planning, and geographic-specific response subjects. In addition, BSEE formally engaged the USCG on a quarterly basis at both the regional and headquarters level in support of BSEE's important relationship established through the Memorandum of Agreement entitled 'Oil Discharge Planning, Preparedness and Response'.

Oil Spill Response Research (OSRR): BSEE is the principal Federal agency funding OSRR and maintains a comprehensive, long-term research program to improve oil spill response technologies and procedures. The OSRR program provides scientific support for BSEE's safety and environmental protection decision making, research leadership, and funding opportunities to improve the technologies and procedures for the detection, containment, treatment, and cleanup of oil spills that may occur in U.S. offshore waters. BSEE supports the foundational work to advance research and development projects into innovative new methods to respond to an oil spill and identify the best available technologies. Specific research efforts focused on geographic challenges include Arctic environments, high pressure wells, and the ever-challenging deep water areas of the Gulf of Mexico. Research conducted with appropriated funds is either: (1) awarded through a competitive process to academia, regulators, and qualified companies which possess scientific and engineering expertise necessary to meet the research goals of BSEE; or (2) conducted by BSEE staff utilizing the Ohmsett facility, with the ultimate goal of improving all phases of offshore oil spill preparedness and response.

Information derived from the OSRR program 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.

In the pursuit of its research objectives, BSEE has engaged with Federal research institutions such as the USCG Research and Development Center; the Department of Energy's (DOE) National Energy Technology Laboratory; the National Oceanic and Atmospheric Administration (NOAA); the EPA; the U.S. Navy; and the U.S. Army to leverage the subject matter expertise of these agencies. These interagency efforts help develop core understanding about offshore spill response, and enhance the skills that each agency can bring to an offshore spill response. BSEE is also working with Federal partners, researchers, manufacturers, and the larger oil spill response community to define the Technology Readiness Levels (TRL) for oil spill response equipment. This new metric will define expectations as new technology is developed, and serve as a screening tool for allowing new technology to participate in an actual oil spill response. Through application of TRLs to research, BSEE will be able to help move technology forward in a measureable, logical way while providing a visible means for the response community to monitor new technologies that may be ready for commercialization.

BSEE's oil spill response research mission involves coordination with other Federal partners in both ad-hoc and formal settings. Formal engagements are achieved through representation in groups such as the Congressionally-mandated Interagency Coordinating Committee on Oil Pollution Research (ICCOPR),

which identifies national priorities for oil spill response research, provides a forum for Federal entities to engage in information transfer of the latest science and engineering related to oil spill prevention, preparedness, and response, and works with other research organizations such as the National Academy of Sciences' Gulf Research Program and the Gulf of Mexico Research Initiative. BSEE plays a crucial role in ICCOPR by serving as a committee Co-chair on a rotating basis, and routinely providing updates on research of importance to ICCOPR members, thereby facilitating awareness of new tools and strategies that can and should be used in offshore spill responses. The ICCOPR Oil Pollution Research and Technology Plan identifies priority research needs in 25 Standing Research Areas. Research continues on improving mechanical recovery and response tactics such as offshore *in situ* burn and subsea dispersant use. Funding will be dedicated to efficient ways to locate, recover, or treat spilled oil, and communicate a common operating spill response to both the responders and the public. Responding to an oil spill in the Arctic environment presents many unique challenges to understand and advance response technologies and procedures to ensure the least impact to the environment and to human safety.

In FY 2016, 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. This first phase constituted working with the Naval Research Laboratory's (NRL) combustion experts to review relevant scientific literature. It was determined that significant knowledge gaps must be addressed to enable accurate predictions of the efficiency of this proposed strategy. In FY 2017 and FY 2018 BSEE and NRL will conduct small and intermediate scale research to support the development of a predictive model that will support BSEE's decision making in evaluating industry's Oil Spill Response Plans containing this proposed response strategy.

In FY 2018, BSEE will continue research to:

- Develop experimentally-validated models to inform regulatory decision makers about the feasibility of combustion-techniques as spill response measures for the Arctic;
- Test the potential for crude oils from reservoirs off the coast of California to ignite and sustain combustion to inform regulatory decision makers;
- Develop, test, and evaluate enhanced mechanical recovery technologies;
- Locate, track, and remove oil during low light conditions;
- 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;
- 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;
- 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;
- Develop tools or methods to determine oil slick thickness;
- Investigate options to advance/develop (near) real-time data transfer tools for prompt spill response; and
- Develop realistic oil simulants that will replicate the behavior of oil droplets in the subsea environment, in conjunction with BSEE's Federal partners.

BSEE disseminates the results of research and development projects as widely as possible in publications through appropriate scientific and technical journals, conferences, technical reports, public information documents, and publication on BSEE's website. The intent is to make this information widely available to oil spill response personnel and organizations worldwide.

Ohmsett - The National Oil Spill Response Research and Renewable Energy Test Facility: Ohmsett is one of the world's largest tow/wave tanks designed to test and evaluate full scale equipment for the detection and response to spilled oil. Ohmsett is one of the only facilities where oil spill response testing, training, and research can be conducted with a variety of crude and refined oil products in varying wave conditions. The heart of Ohmsett is a large, outdoor, above-ground concrete test tank that is 667 feet long, 65 feet wide, 11 feet deep and filled to a depth of 8 feet with 2.6 million gallons of crystal clear saltwater. Ohmsett also has the capability to test scaled renewable energy systems such as current and wave energy converters.

Ohmsett plays an important role in protecting clean water 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 test their

own full-scale equipment. Through both classroom exercises and hands-on use of response equipment deployed in and near the test tank, students are able to learn and perform best practices in spill response.

Recent tests conducted at the facility evaluated shale oil in two key metrics. The Environmental Protection Agency utilized the facility to evaluate the fate and behavior of Bakken crude oil as it pertains to responder safety. The USCG evaluated the effectiveness of traditional oil recovery techniques and technologies, and how the effectiveness changes as the oil is weathered over time. Other recent testing activities included oil spill response equipment testing in a simulated Arctic environment, an assessment of remote sensing technologies' capability to accurately characterize spilled oil, wave energy conversion device tests, skimmer and boom tests, and dispersant tests, including the impact of oil and dispersant upon whale baleen.

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

Figure 1: Ohmsett Facility in New Jersey

Table 10: Performance Overview Table - Oil Spill Research Appropriation

Mission Area 2, Goal 1: Secure America's Energy Resources							
Strategic Objective Metrics **Strategic Plan Measure / Efficiency or other Bureau-Specific Measure**	**2013 Actual**	**2014 Actual**	**2015 Actual**	**2016 Actual**	**2017 CR Baseline**	**2018 Pres. Budget Request**
Efficiency or other Bureau-Specific Measures						
Achieve a utilization rate of X% at Ohmsett, the national oil spill response test facility (BUR)	93% (206/222)	87% (201/231)	96% (228/237)	95% (219/231)	85%	85%
Comments: Ohmsett is the National Oil Spill Response Test Facility located in New Jersey. At Ohmsett, clients can test oil spill response equipment in realistic conditions and have training in the use of the equipment. This measure evaluates the utilization level of the facility. The increased focus on oil spill response, as well as expanded uses for the facility such as dispersant training and renewable energy wave tests, have sustained overall utilization rates at around 85 percent. In FY 2016 actual, available days were reduced from 240 to 231 because the tank was frozen for nine days.						
Contributing Programs: Oil Spill Research						

Bureau of Safety and Environmental Enforcement

Appendix A - Section 403 Compliance

Section 403 of Public Law 114-113, the Consolidated Appropriations Act, 2016, states:

> *DISCLOSURE OF ADMINISTRATIVE EXPENSES*
>
> *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.*

To improve efficiency across the Department, BSEE offers a full array of administrative functions to Bureaus and Department offices to help meet their administrative needs. 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, equal employment opportunity, finance, human resources, information technology 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. 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. 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 to reflect actual agreements signed annually, and these changes would not be presented as a reprogramming. The Internal Bureau Assessment reported for 2018 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.

	BY 2018 Dollars in Thousands ($000)
External Administrative Costs	
Various Activities	
Working Capital Fund Centralized Billing	4,257
Working Capital Fund Direct Billing	1,947
Subtotal	**6,204**
Internal Bureau Assessments	
Operations, Safety and Regulation	9,415
Administrative Operations	2,345
Executive Direction	2,152
Subtotal	**13,912**
Total Assessments of Bureau Programs	**20,116**

The following tables provide the actual WCF billings to BSEE for 2016 and 2017 and estimates for 2018.

Bureau of Safety and Environmental Enforcement

Working Capital Fund Centralized Bill

(Dollars in thousands)

Account	2016 Actual	2017 CR Baseline	2018 Request
FBMS Infrastructure Hosting & Support	267.1	270.8	296.7
Aviation Management	1,144.6	1,300.4	1,474.2
Mail and Messenger Services	50.5	50.0	36.6
Safety, Environmental, and Health Services	26.8	26.5	19.4
Shipping/Receiving & Moving Services	16.7	16.5	12.1
Vehicle Fleet	2.6	2.6	2.6
Personal Property Accountability Services	20.7	20.4	14.9
Interior Complex Management & Services	18.9	18.7	13.7
Departmental Library	8.9	1.6	14.3
Mail Policy	3.2	3.3	3.3
Conference & Special Events Services	38.4	38.0	27.8
Space Management Services	12.0	11.8	8.7
Alaska Affairs Office	6.5	4.4	4.4
Alaska Resources Library and Information Services	43.2	43.2	46.2
Departmental Museum	14.0	14.2	14.7
FOIA Tracking & Reporting System	50.7	50.6	69.2
Departmental News and Information	14.7	15.0	15.5
FedCenter	1.9	1.9	1.9
Compliance Support ESF-11/ESF-11 Web site	2.3	2.3	2.3
Invasive Species Council	18.0	18.0	18.0
Invasive Species Coordinator	3.3	3.3	3.3
Passport and Visa Services	1.9	6.9	6.9
CPIC	2.6	2.4	2.7
Financial Statement, Internal Controls & Perform. Report	8.0	8.1	8.4
Travel Management Center	1.5	2.5	2.3
e-Travel	15.8	13.3	12.0
Partnerships	3.6	3.7	3.8
Interior Collections Management System	2.1	0.0	0.0
Space Management Initiative	4.3	4.4	5.2
Renewable Energy Certificates	0.0	0.0	4.8
Interior Asset Disposal System O&M	2.5	2.5	2.5
Planning and Performance Management	14.3	14.6	15.0
Department-wide Worker’s Compensation Program	2.1	2.1	2.1
OPM Federal Employment Services	4.5	4.6	4.7
Accessibility & Special Hiring Programs	7.4	7.5	7.7
Human Resources Accountability Team	7.9	8.1	8.3
Employee and Labor Relations Tracking System	0.4	0.4	0.4
Consolidated Employee Assistance Program (EAP)	8.8	8.9	9.2
EEO Complaints Tracking System	0.4	0.6	0.6
Special Emphasis Program	0.5	0.5	0.5

Bureau of Safety and Environmental Enforcement

Working Capital Fund Centralized Bill

(Dollars in thousands)

Account	2016 Actual	2017 CR Baseline	2018 Request
Occupational Safety and Health	18.3	18.7	19.1
Safety Management Information System	14.7	14.9	15.3
Leadership Development Programs	11.4	11.6	12.0
Department-Wide Train Programs (excl. Online Learning)	8.8	11.2	10.6
Learning and Performance Center Management	10.1	14.6	22.6
DOIU Management	7.9	8.1	8.3
Online Learning (DOI) Learn	15.3	13.4	17.6
Security (Classified Information Facility)	6.2	6.4	6.5
Law Enforcement Coordination	8.4	8.5	11.3
Security (MIB/SIB Complex)	205.4	203.1	151.3
Victim Witness Coordinator	2.3	2.3	2.4
OLES Detailees – Training and Compliance	0.0	8.4	0.0
Interior Operations Center	26.5	27.1	27.6
Emergency Preparedness (COOP)	11.3	11.5	11.8
Emergency Response	14.4	17.0	17.4
MIB Emergency Health and Safety	4.8	4.8	3.6
Federal Executive Board	3.3	3.4	3.5
Send Word Now Emergency Notification System	0.0	0.0	0.1
Alternative Dispute Resolution (ADR) Training	0.6	0.6	0.6
CFO Financial Statement Audit	242.4	129.3	129.3
Ethics	6.3	6.4	7.6
FOIA Appeals	22.1	7.5	20.8
IT Transformation Planning (ITT)	168.0	221.5	0.0
Enterprise Directory Services	124.9	76.0	77.6
IT Desktop Software Administration	10.4	12.7	13.5
IOS Collaboration	12.6	11.6	13.6
Unified Messaging	13.4	18.6	15.9
Privacy and Civil Liberties	13.0	24.4	31.1
Identity Credential Access Management (ICAM)	13.3	10.6	12.6
Threat Management	94.2	126.1	102.0
Information Systems Security Operations (ISSO)	5.0	8.9	1.8
Office of Information Assurance (OIA) Operations	15.6	35.0	44.7
Assessment & Authorization Services	5.8	8.1	8.7
IT Security	4.1	28.1	29.6
Enterprise Continuous Diagnostics and Monitoring	11.4	10.7	12.6
Enterprise Security Info & Event Mgmt Solution (SIEM)	24.8	22.9	26.8
Hosting Services	19.9	12.7	13.4
Electronic Records Management	56.0	91.3	70.5
Solutions, Design & Innovation (SDI)	13.4	13.2	13.7

Bureau of Safety and Environmental Enforcement

Working Capital Fund Centralized Bill

(Dollars in thousands)

Account	2016 Actual	2017 CR Baseline	2018 Request
Geospatial Services	2.9	3.0	3.1
E-Forms	0.0	23.0	23.6
Enterprise Services Network	114.3	71.1	56.8
Federal Relay Service	3.0	3.0	3.2
MIB Data Networking	16.3	16.3	12.5
Telecommunication Services	41.6	41.8	31.9
Integrated Digital Voice Communications System	34.6	34.2	26.3
Enterprise Services Network – Central Bill Pass Through	222.4	301.3	241.6
Enterprise Service Desk	10.0	0.0	0.0
Architecture & IT Portfolio Performance Management	97.6	114.4	130.1
Compliance and Audit Management	33.8	55.4	58.4
IT Budget Formulation & Portfolio Development	60.6	92.2	99.8
Sustain Data Center Consolidation & Cloud Hosting	0.0	0.0	79.8
Gateway/Bandwidth Expansion	0.0	0.0	36.7
e-Government Initiatives	26.3	26.6	0.0
e-Gov Program Manager	0.0	0.0	1.0
e-Gov e-rulemaking	0.0	0.0	12.5
E-Gov – GovBenefits – Disaster Assistance Imprvmt Plan	0.0	0.0	0.8
E-Gov – Integrated Acquisitions Env (IAE) Loans	0.0	0.0	4.7
E-Gov – Human Resources Line of Business OPM	0.0	0.0	1.7
E-Gov – Financial Management Line of Business	0.0	0.0	1.6
E-Gov – GovBenefits.Gov Labor	0.0	0.0	1.3
E-Gov – Performance Management Line of Business	0.0	0.0	0.7
E-Gov – - Budget Formulation and Execution	0.0	0.0	1.4
Federal Personnel and Payroll System (FPPS)	176.1	140.3	144.8
OPM Employee Express	5.8	8.0	8.2
HR Systems Integration Framework (HRSIF)	8.0	6.2	6.2
HRLOB – HRSIF	0.0	2.4	2.5
HRLOB – FPPS	0.0	34.8	37.1
Transportation Services (Household Goods)	1.7	1.7	1.6
Boise Acquisition Office	26.5	29.1	39.9
TOTAL	**3,981.4**	**4,270.6**	**4,257.1**

Bureau of Safety and Environmental Enforcement

Working Capital Fund Direct Bill

(Dollars in thousands)

Account	2016 Actual	2017 CR Baseline	2018 Request
Reimbursable Mail Services	0.9	1.0	1.0
Creative Communications	1.6	1.6	1.6
Ocean Coastal Great Lakes Activities	20.0	20.0	20.2
e-OPF	49.7	42.3	42.3
Equal Employment Opportunity (EEO) Investigations	1.7	1.7	1.7
Equal Employment Opportunity (EEO) Training	1.0	1.0	1.0
Online Learning	5.6	2.6	2.6
Consolidated Direct Billed Leadership & Perf Centers	8.7	8.8	8.8
Senior Exec Service Candidates Development Program	9.1	5.1	5.1
OLES BSEE Detailee	236.9	236.9	240.0
Federal Flexible Savings Account (FSA) Program	2.2	2.8	2.8
Unified Messaging	246.2	230.2	238.8
Identity, Credential Access Management (ICAM)	103.6	103.6	106.7
Data at Rest Initiative	6.7	6.9	6.9
End Point Manager Licenses	0.0	148.3	170.4
CDM Licenses	0.0	0.0	27.5
Data Center & Cloud Planning, Analysis & Integration	16.9	0.0	0.0
ESRI Enterprise Licenses	110.7	113.8	113.8
Electronic Records Management	117.6	198.2	196.4
Information Systems Security Line of Business	0.0	9.4	9.4
Information Systems Security Operations (ISSO)	0.0	86.5	86.5
Enterprise Services Network	608.8	503.5	503.5
ISSO Telecommunications	4.9	1.3	1.3
Payroll & HR Systems	43.5	44.6	46.1
Payroll & HR Systems (Pass through)	228.1	104.6	107.0
HRLOB – Direct Bill	5.5	5.8	6.0
TOTAL	**1,829.9**	**1,880.3**	**1,947.4**

Bureau of Safety and Environmental Enforcement

Appendix B – Employee Count by Grade

Employee Count by Grade
(Total Employment)

	FY 2016 Actual	FY 2017 CR Baseline	FY 2018 Request
Executive Level V	1	1	1
SES	5	6	6
Subtotal	**6**	**7**	**7**
SL - 00	0	0	0
ST - 00	0	0	0
Subtotal	**0**	**0**	**0**
GS/GM -15	57	57	57
GS/GM -14	162	163	163
GS/GM -13	242	244	244
GS -12	127	129	129
GS -11	115	119	119
GS -10	5	5	5
GS - 9	53	54	54
GS - 8	14	14	14
GS - 7	47	49	49
GS - 6	13	13	13
GS - 5	19	20	20
GS - 4	9	7	7
GS - 3	1	0	0
GS - 2	0	0	0
GS - 1	0	0	0
Subtotal	**864**	**874**	**874**
Other Pay Schedule Systems	0	0	0
Total employment (actuals & estimates)	**870**	**881**	**881**

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Bureau of Safety and Environmental Enforcement
Offshore Safety and Environmental Enforcement (OSEE)

MAX Tables and Budget Schedules

Program and Financing *(dollars in millions)*				
Treasury Account ID: 14-1700		**2016 Actual**	**2017 CR Baseline**	**2018 Request**
Obligations by program activity				
0001	Environmental Enforcement	5	10	10
0002	Operations, Safety and Regulation	136	184	159
0003	Administrative Operations	18	20	19
0004	Executive Direction	20	19	19
005	General Support Services	2	0	0
0192	**Total direct program**	**181**	**233**	**207**
0799	**Total direct obligations**	**181**	**233**	**207**
0802	Reimbursable Service Agreements	44	37	37
0900	**Total new obligations, unexpired accounts**	**225**	**270**	**244**
Budgetary resources: Unobligated balance:				
1000	Unobligated balance brought forward, Oct 1	66	80	37
1021	Recoveries of prior year unpaid obligations	5	0	0
1050	**Unobligated balance (total)**	**71**	**80**	**37**
Budget authority: Appropriations, discretionary:				
1100	Appropriation	95	92	99
1160	**Appropriation, discretionary (total)**	**95**	**92**	**99**
Spending authority from offsetting collections, discretionary				
1700	Offsetting Collections (Cost Recovery)	5	6	4
1700	Offsetting Collections (Rental Receipts)	40	38	24
1700	Collected (Inspection Fee)	50	54	54
1700	Reimbursable Service Agreements	41	37	37
1700	Collected (Increase in Inspection Fee)	0	0	11
1701	Change in uncollected payments, Federal sources	3	0	0
1750	**Spending authority from offsetting collections, discretionary (total)**	**139**	**135**	**130**
1900	**Budget authority (total)**	**234**	**227**	**229**
1930	**Total budgetary resources available**	**305**	**307**	**266**
Memorandum (non-add) entries:				
1941	**Unexpired unobligated balance, end of year**	**80**	**37**	**22**

Bureau of Safety and Environmental Enforcement
Offshore Safety and Environmental Enforcement (OSEE)

Program and Financing (continued)
(dollars in millions)

Treasury Account ID: 14-1700		2016 Actual	2017 CR Baseline	2018 Request
Change in obligated balance: Unpaid obligations:				
3000	Unpaid obligations, brought forward, Oct 1	167	151	175
3010	New obligations, unexpired accounts	225	270	244
3020	Outlays (gross)	-236	-246	-239
3040	Recoveries of prior year unpaid obligations, unexpired	-5	0	0
3041	Recoveries of prior year unpaid obligations, expired	0	0	0
3050	**Unpaid obligations, end of year**	**151**	**175**	**180**
Uncollected payments:				
3060	Uncollected payments, Federal sources, brought forward, Oct 1	-35	-38	-38
3070	Change in uncollected payments, Federal sources, unexpired	-3	0	0
3090	**Uncollected payments, Federal sources, end of year**	**-38**	**-38**	**-38**
Memorandum (non-add) entries:				
3100	Obligated balance, start of year	132	113	137
3200	Obligated balance, end of year	113	137	142
Budget authority and outlays, net: Discretionary:				
4000	Budget authority, gross	234	227	229
Outlays, gross:				
4010	Outlays from new discretionary authority	127	159	161
4011	Outlays from discretionary balances	109	87	78
4020	**Outlays, gross (total)**	**236**	**246**	**239**
Offsets against gross budget authority and outlays:				
Offsetting collections (collected) from:				
4030	Federal sources	-41	-37	-37
4033	Non-Federal sources	-95	-98	-93
4040	**Offsets against gross budget authority and outlays (total)**	**-136**	**-135**	**-130**
Additional offsets against gross budget authority only:				
4050	Change in uncollected payments, Federal sources, unexpired	-3	0	0
4070	Budget authority, net (discretionary)	95	92	99
4080	Outlays, net (discretionary)	100	111	109
4180	**Budget authority, net (total)**	**95**	**92**	**99**
4190	**Outlays, net (total)**	**100**	**111**	**109**

Bureau of Safety and Environmental Enforcement
Offshore Safety and Environmental Enforcement (OSEE)

Program and Financing (continued)
(dollars in millions)

Treasury Account ID: 14-1700		2016 Actual	2017 CR Baseline	2018 Request
Memorandum (non-add) entries				
5090	Unexpired unavailable balance, SOY: Offsetting collections	6	6	6
5092	Unexpired Unavailable balance, EOY: Offsetting collections	6	6	6

Bureau of Safety and Environmental Enforcement

Offshore Safety and Environmental Enforcement (OSEE)

Object Classification
(dollars in millions)

Treasury Account ID: 14-1700		2016 Actual	2017 CR Baseline	2018 Request
OSEE (Direct Obligations)				
Personnel compensation:				
1111	Full-time permanent	69	73	76
1121	Civilian personnel benefits	22	24	25
1210	Travel and transportation of persons	2	3	3
1231	Rental payments to GSA	8	9	9
1251	Advisory and assistance services	18	5	3
1252	Other services from non-Federal sources	12	71	53
1253	Other goods and services from Federal sources	23	16	15
1254	Operation and maintenance of facilities	2	0	0
1255	Research and development contracts	11	17	7
1257	Operation and maintenance of equipment	7	10	10
1258	Subsistence and support of persons	0	0	0
1260	Supplies and materials	1	1	1
1310	Equipment	4	4	5
1410	Grants, subsidies, and contributions	2	0	0
1990	**Subtotal, obligations, Direct Obligations**	**181**	**233**	**207**
OSEE (Reimbursable Obligations)				
Personnel compensation:				
2111	Full-time permanent	12	11	11
2121	Civilian personnel benefits	4	3	3
2231	Rental payments to GSA	6	6	6
2251	Advisory and assistance services	8	3	3
2252	Other services from non-Federal sources	2	2	2
2253	Other goods and services from Federal sources	2	2	2
2255	Research and development contracts	1	0	0
2257	Operation and maintenance of equipment	8	8	8
2310	Equipment	1	1	1
2990	**Subtotal, obligations, Reimbursable obligations**	**44**	**37**	**37**
9999	**Total new obligations, unexpired accounts**	**225**	**270**	**244**

Bureau of Safety and Environmental Enforcement
Oil Spill Research (OSR)

Program and Financing *(dollars in millions)*				
Treasury Account ID: 14-8370		**2016 Actual**	**2017 CR Baseline**	**2018 Request**
Obligations by program activity				
0001	Oil Spill Research (Direct)	13	19	13
0900	**Total new obligations, unexpired accounts**	**13**	**19**	**13**
Budgetary Resources : Unobligated balance:				
1000	Unobligated balance brought forward, Oct 1	2	4	0
1021	Recoveries of prior year unpaid obligations	0	0	0
1050	**Unobligated balance (total)**	**2**	**4**	**0**
Budget Authority: Appropriations, discretionary				
1101	Appropriation (special or trust fund)	15	15	13
1160	**Appropriation, discretionary (total)**	**15**	**15**	**13**
1930	**Total budgetary resources available**	**17**	**19**	**13**
Memorandum (non-add) entries:				
1941	**Unexpired unobligated balance, end of year**	**4**	**0**	**0**
Change in obligated balance: Unpaid obligations:				
3000	Unpaid obligations, brought forward, Oct 1	22	17	17
3010	New obligations, unexpired accounts	13	19	13
3020	Outlays (gross)	-18	-19	-18
3050	**Unpaid obligations, end of year**	**17**	**17**	**12**
Memorandum (non-add) entries:				
3100	Obligated balance, start of year	22	17	17
3200	Obligated balance, end of year	17	17	12
Budget authority and outlays, net: Discretionary:				
4000	Budget authority, gross	15	15	13
Outlays, gross:				
4010	Outlays from new discretionary authority	4	8	6
4011	Outlays from discretionary balances	14	11	12
4020	**Outlays, gross (total)**	**18**	**19**	**18**

Bureau of Safety and Environmental Enforcement
Oil Spill Research (OSR)

Program and Financing (continued) *(dollars in millions)*				
Treasury Account ID: 14-8370		**2016 Actual**	**2017 CR Baseline**	**2018 Request**
Budget authority and outlays, net: Discretionary				
4070	Budget authority, net (discretionary)	15	15	13
4080	Outlays, net (discretionary)	18	19	18
4180	**Budget authority, net (total)**	**15**	**15**	**13**
4190	**Outlays, net (total)**	**18**	**19**	**18**

Object Classification *(dollars in millions)*				
Treasury Account ID: 14-8370		**2016 Actual**	**2017 CR Baseline**	**2018 Request**
OSR (Direct Obligations)				
Personnel compensation:				
1111	Full-time permanent	2	2	2
1121	Civilian Personnel Benefits	1	1	1
1252	Other services from non-Federal sources	3	3	3
1255	Research and development contracts	7	13	7
9999	**Total new obligations, unexpired accounts**	**13**	**19**	**13**

Bureau of Safety and Environmental Enforcement
Oil Spill Research (OSR)
Hurricane Sandy Disaster Relief Supplemental Appropriations Act of 2013

Program and Financing
(dollars in millions)

Treasury Account ID: 14-1920		2016 Actual	2017 CR Baseline	2018 Request
Budgetary resources: Budget authority: Appropriations, discretionary:				
1160	**Appropriations, discretionary (total)**	**0**	**0**	**0**
Change in obligated balance: Unpaid obligations:				
3000	Unpaid obligations, brought forward, Oct 1	1	0	0
3020	Outlays (gross	-1	0	0
3050	**Unpaid obligations, end of year**	**0**	**0**	**0**
Memorandum (non-add) entries:				
3100	Obligated balance, start of year	1	0	0
3200	Obligated balance, end of year	0	0	0
Budget authority and outlays, net: Discretionary:				
4011	Outlays from discretionary balances	1	0	0
4080	**Outlays, net (discretionary)**	**1**	**0**	**0**
4180	**Budget authority, net (total)**	**0**	**0**	**0**
4190	**Outlays, net (total)**	**1**	**0**	**0**

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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 DOl 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	Appropriation Accounting
5 U.S.C. 1104 et seq.	Delegation of Personnel Management Authority
31 U.S.C. 665-665(a)	Anti-Deficiency Act of 1905, as amended
41 U.S.C. 252	Competition in Contracting Act of 1984
18 U.S.C. 1001	False Claims Act of 1982
18 U.S.C. 287	False Statements Act of 1962
41 U.S.C. 501-509	Federal Grant and Cooperative Agreement Act of 1977
41 U.S.C. 253	Federal Property and Administrative Services Act of 1949
41 U.S.C. 401	Office of Federal Procurement Policy Act of 1974, as amended

15 U.S.C. 631	Small Business Act of 1953, as amended
15 U.S.C. 637	Small Business Act Amendments of 1978
10 U.S.C. 137	Small Business and Federal Competition Enhancement Act of 1984
15 U.S.C. 638	Small Business Innovation Research Program of 1983
10 U.S.C. 2306(f)	Truth in Negotiations Act of 1962 Authorization
Secretarial Order No. 3299	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).
Secretarial Order No. 3302	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).

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).