



Bureau of Safety and Environmental Enforcement

OOC General Meeting

BSEE Key Issues

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Regional Director
Gulf of Mexico Region
June 7, 2017

“To promote safety, protect the environment and conserve resources offshore through vigorous regulatory oversight and enforcement.”

Topic Agenda

- Pipelines
- Decommissioning Cost Estimates
- Bankruptcies
- Subpart H Departures
- Change to the 180-day Lease Rule
- Secretarial Orders
- Gulf Production Stats
- Well Operations Activities

OOC Pipeline Subcommittee Meeting

BSEE/BOEM Meeting

- May 31, 2017
- Sand sediment issues
- Fluids in Abandoned lines
- Pigging Requirements

Decommissioning Cost Assessment

- BSEE cost estimates are not based on the lowest cost that can be performed by any specific oil and gas company.
- Instead, estimates are based on what BSEE would have to pay a third party to perform the work should decommissioning liabilities ultimately fall to BSEE.
- BSEE estimates provide more certainty than that of the mean, median, or most likely.
- Without proper coverage, DOI would need to seek funding from Congress in cases where DOI must assume the responsibility to decommission (e.g., operator bankruptcies).

Bankruptcy Issues

- Enormous amount of data and information to track (Co-Lessees/Record Title, Predecessor Lessees, Assets [structures, wells, pipelines], Liability owners, Financial Assurance in Place)
- Insufficient Financial Assurance to cover decommissioning liability
- No remaining viable party to conduct decommissioning
- BSEE or Trustee contracting decommissioning work

Subpart “H” – Departures

We have received requests from a total of 16 companies.

The most common requests are:

30 CFR 250.842 – The requirement to include the following PE sealed designs and/or diagrams in the production safety system application: information concerning the properties of certain hydrocarbon handling vessels, electrical system information, schematics, and drawings, and schematics of fire and gas detection systems.

30 CFR 250.872(a) – The requirement that atmospheric vessels with class 1 liquids be equipped with protective equipment as per API 14C.

30 CFR 250.872(b) – The requirement to install LSH sensors to sense the level in the oil bucket for atmospheric Vessels that have oil buckets.

30 CFR 250.880(c)(2)(i) – The requirement to lift the main piston during annual PSV testing.

30 CFR 250.880(c)(3)(viii) – The requirement that flame arrestors be visually inspected

Oil and Gas and Sulphur Operations on the Outer Continental Shelf—Lease Term Requirements Related to Continuing Operations

- Congress mandated an amendment to 30 CFR 250.180 through the passing of H.R. 244 – Consolidated Appropriations Act of 2017, Public Law No. 115-31, May 5, 2017.
- BSEE also amended 30 CFR 250.171 to ensure the provisions remained consistent with 30 CFR 250.180 as revised pursuant to statute.
- The amendments extend the period of time allowed between lease-holding operations (i.e., drilling, well-reworking, and production in paying quantities) for leases continued beyond their primary term from a 180-day period to a one-year period.
- The amendments will be forwarded to the Federal Register this week and the Q&As will be posted on the BSEE website at <https://www.bsee.gov/guidance-and-regulations/regulations/regulatory-interpretations>.

Secretarial Orders

Presidential Executive Order Promoting Energy Independence prompted:



- **Secretarial Order 3349: American Energy Independence**
(Review all Existing regulations, orders, guidance documents, policies and other similarly actions that potentially burden the development or utilization of domestically produced energy resources.)
- **Secretarial Order 3350: America-First Offshore Energy Strategy**
(Review the final rule on “Oil and Gas and Sulfur Operations in the Outer Continental Shelf-Blowout Preventer Systems and Well Control and Requirements for Exploratory Drill on the Arctic OCS.)
- **Secretarial Order 3351: Strengthening the Department of the Interior's Energy Portfolio**
(Promote efficient and effective processing of energy-related authorizations, permits, regulations, and agreements.)

Drilling Rigs in US Gulf of Mexico



Platform Rigs = 8



Semi-submersibles = 3



Jack-up rigs = 6

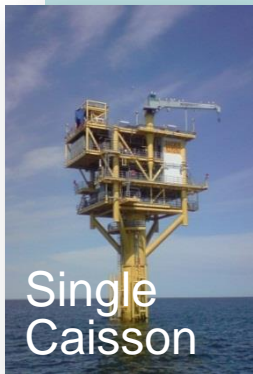


Drillships = 18

Production Facilities

Shallow Water
Production Facilities
(less than 500 ft)

2032

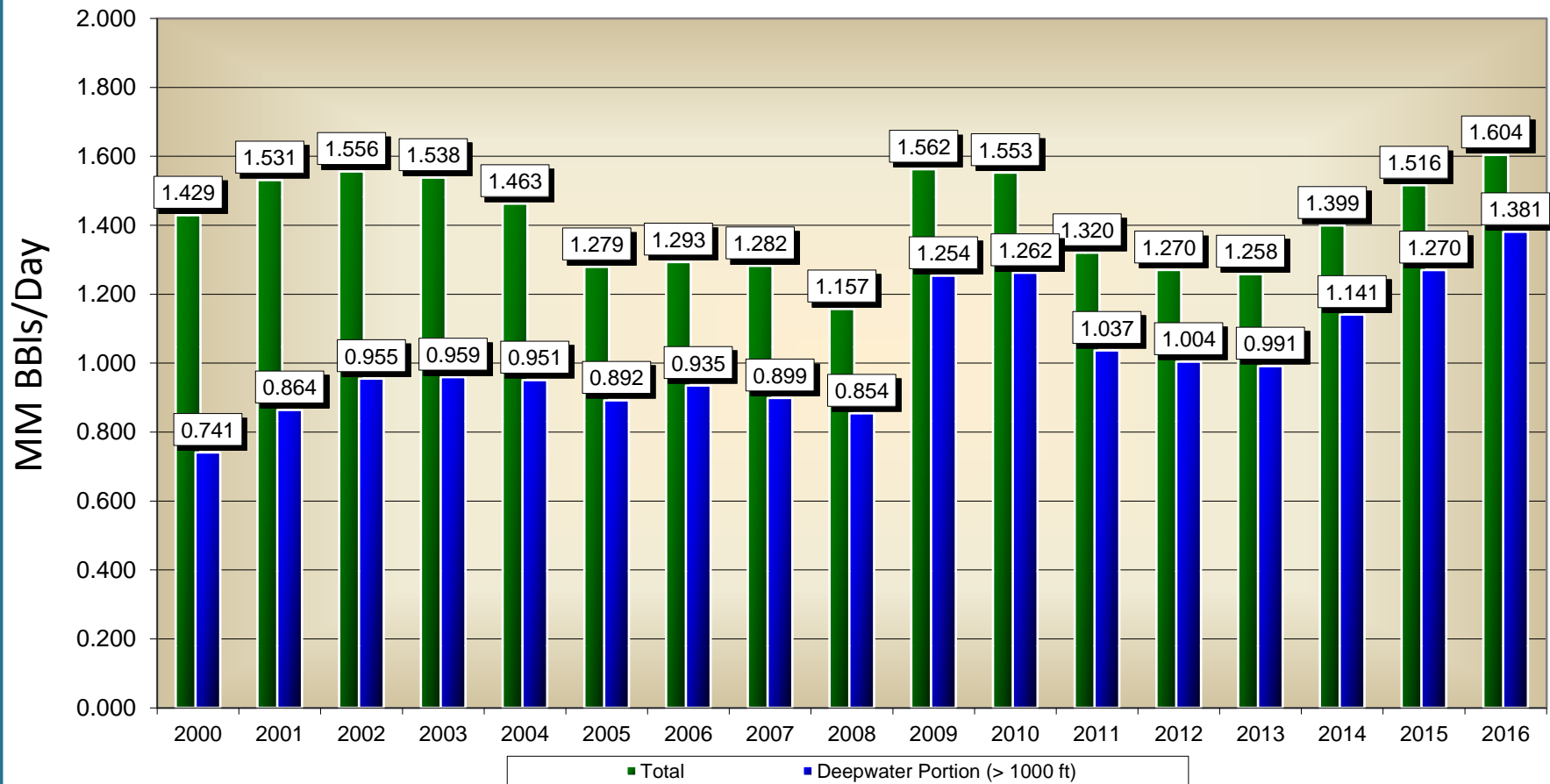


Deepwater
Production Facilities
(greater than 500 ft)

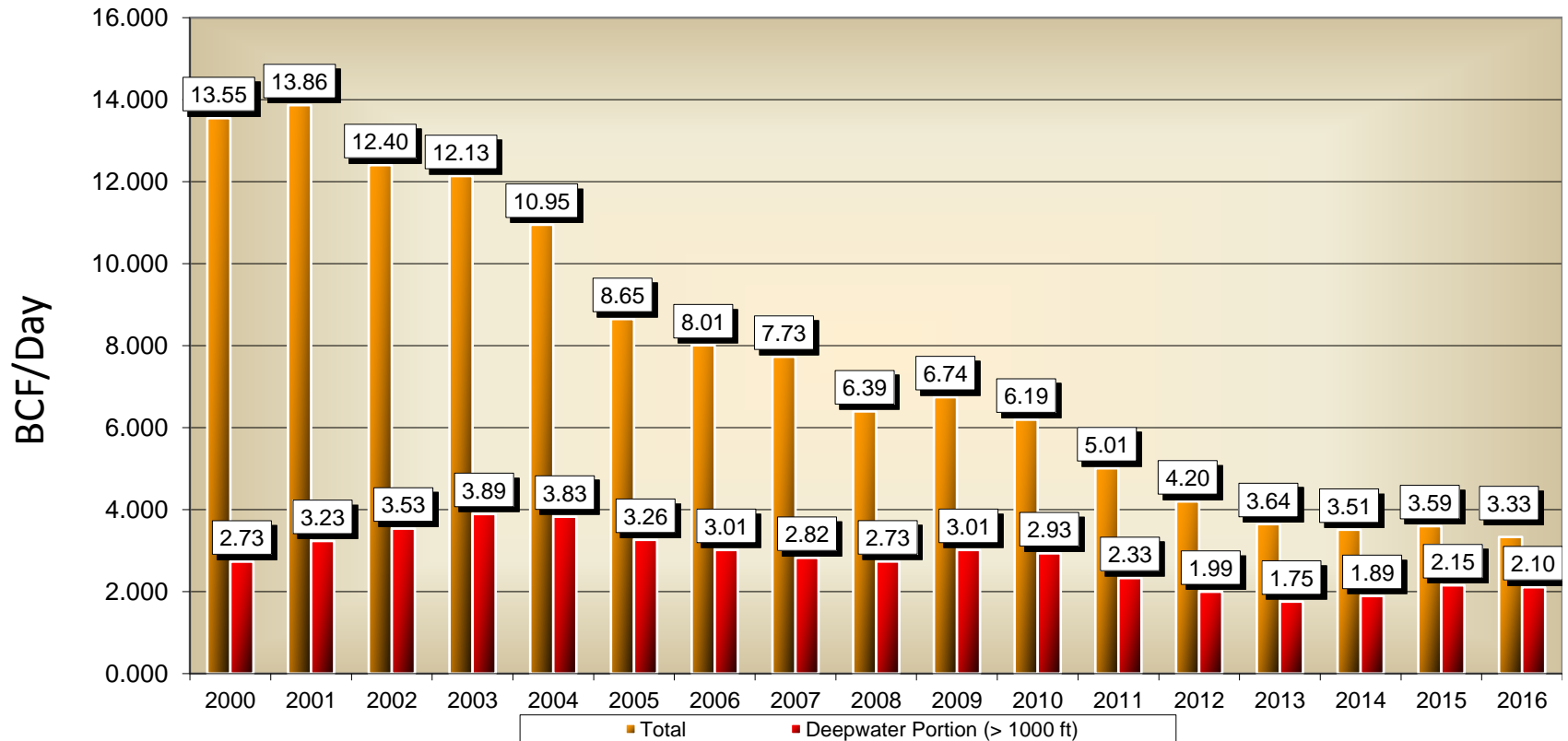
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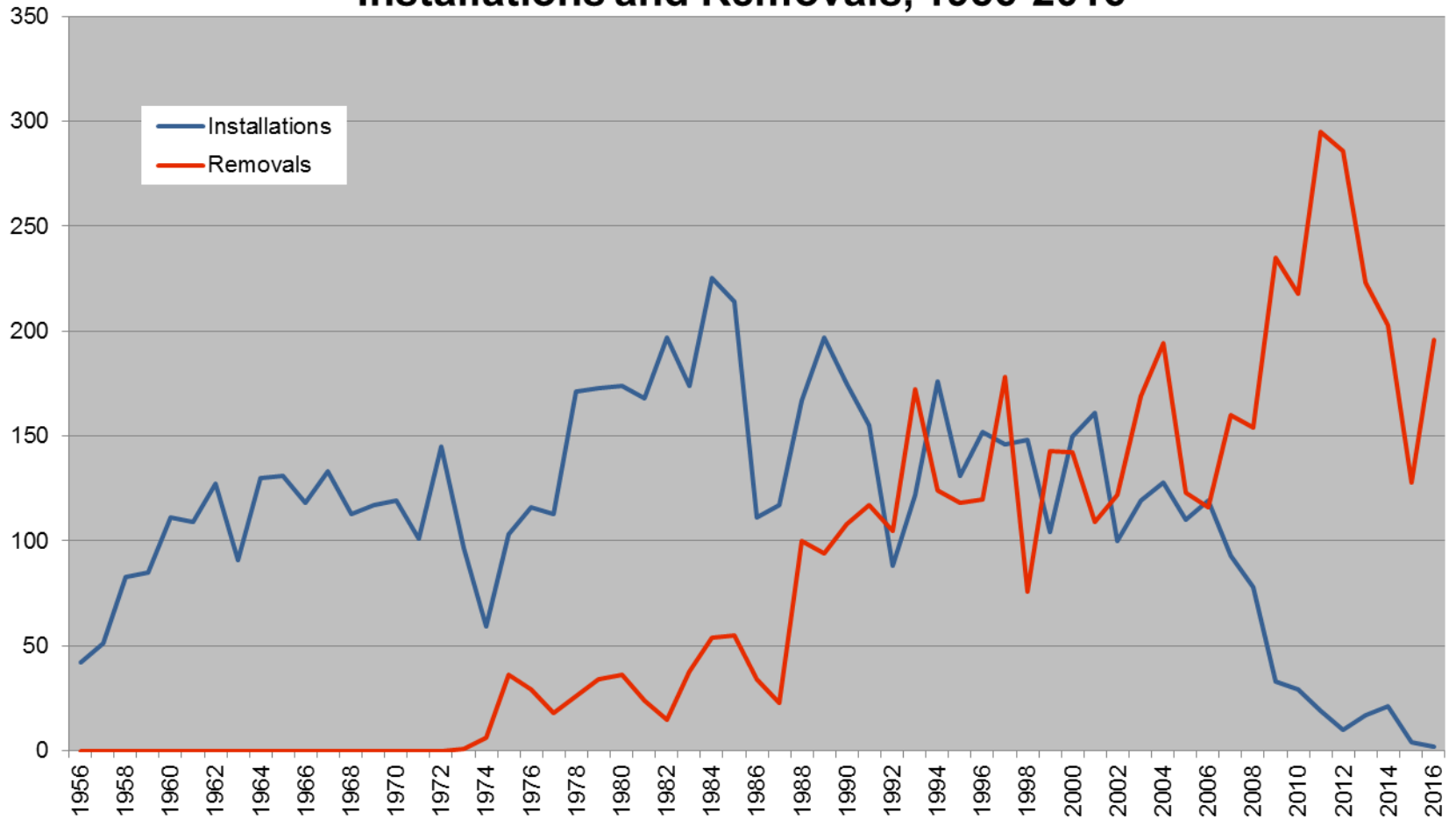
Gulf of Mexico OCS Oil Production Total vs. Deepwater



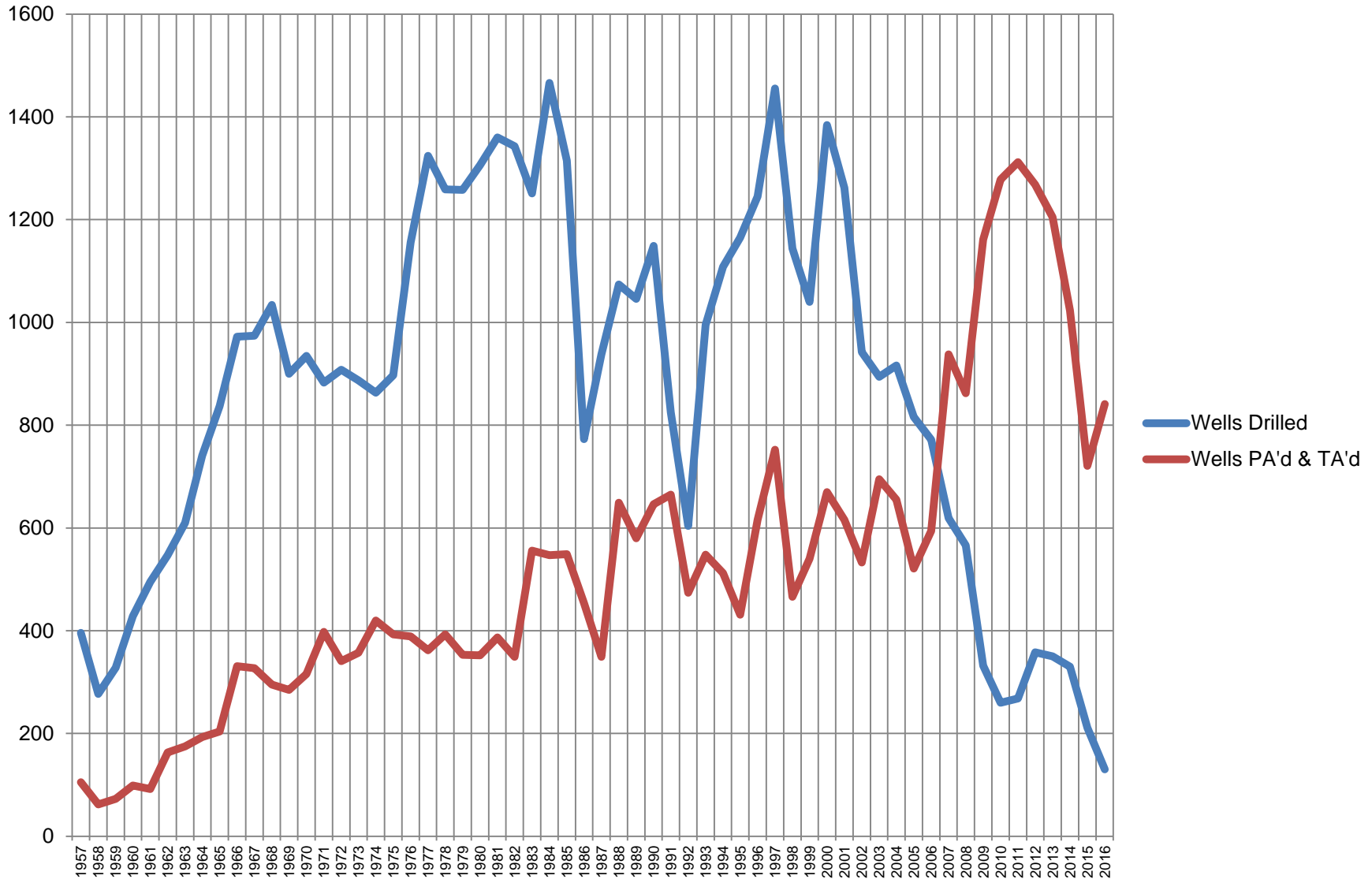
Gulf of Mexico OCS Gas Production Total vs. Deepwater



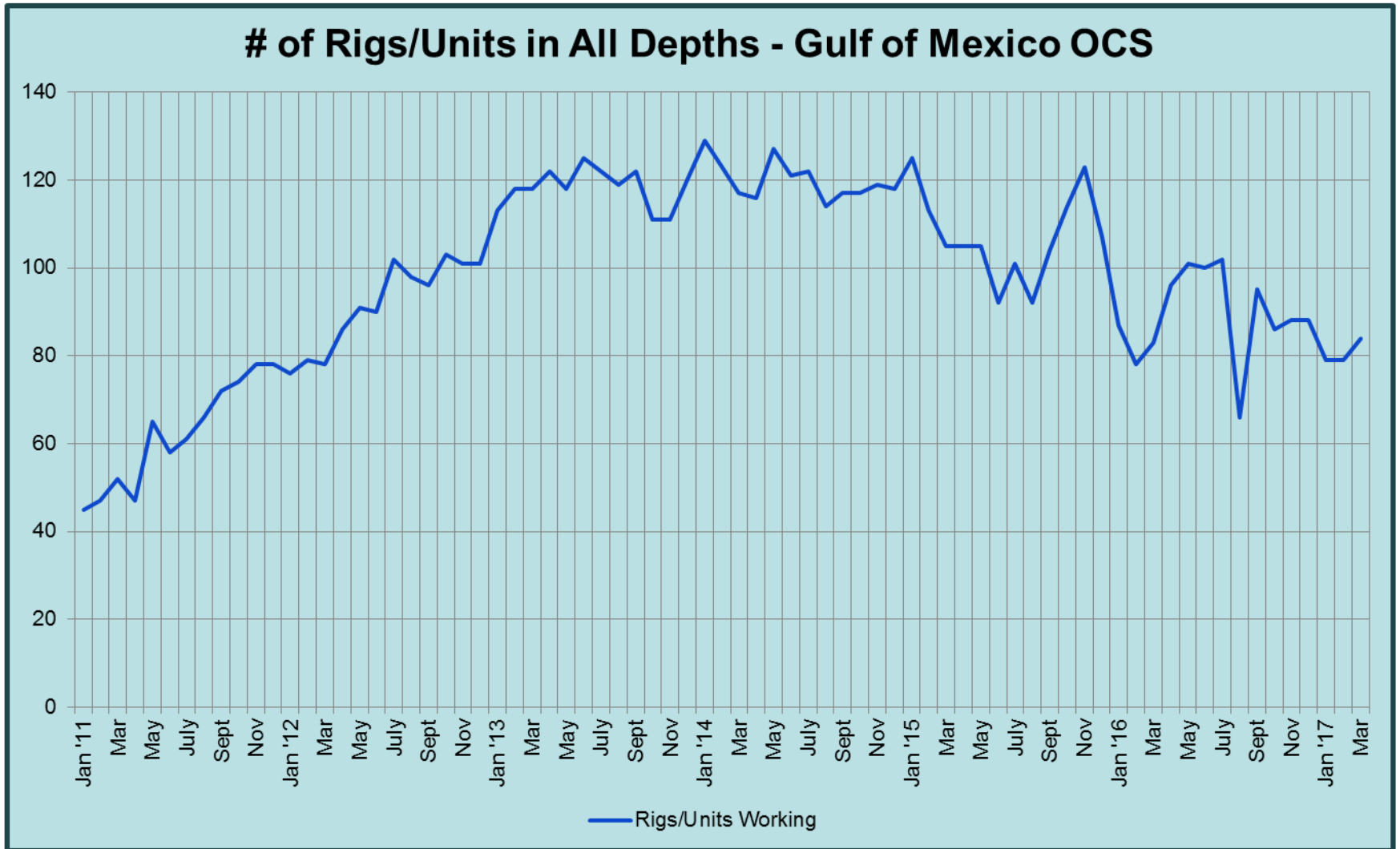
Federal OCS Production Facilities Installations and Removals, 1956-2016



Gulf of Mexico OCS Region Total Well Drilled and PA'd & TA'd by Year



Well Operations



Questions / Comments?

BSEE Website: www.bsee.gov



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