Bureau of Safety and Environmental Enforcement

All Things BSEE

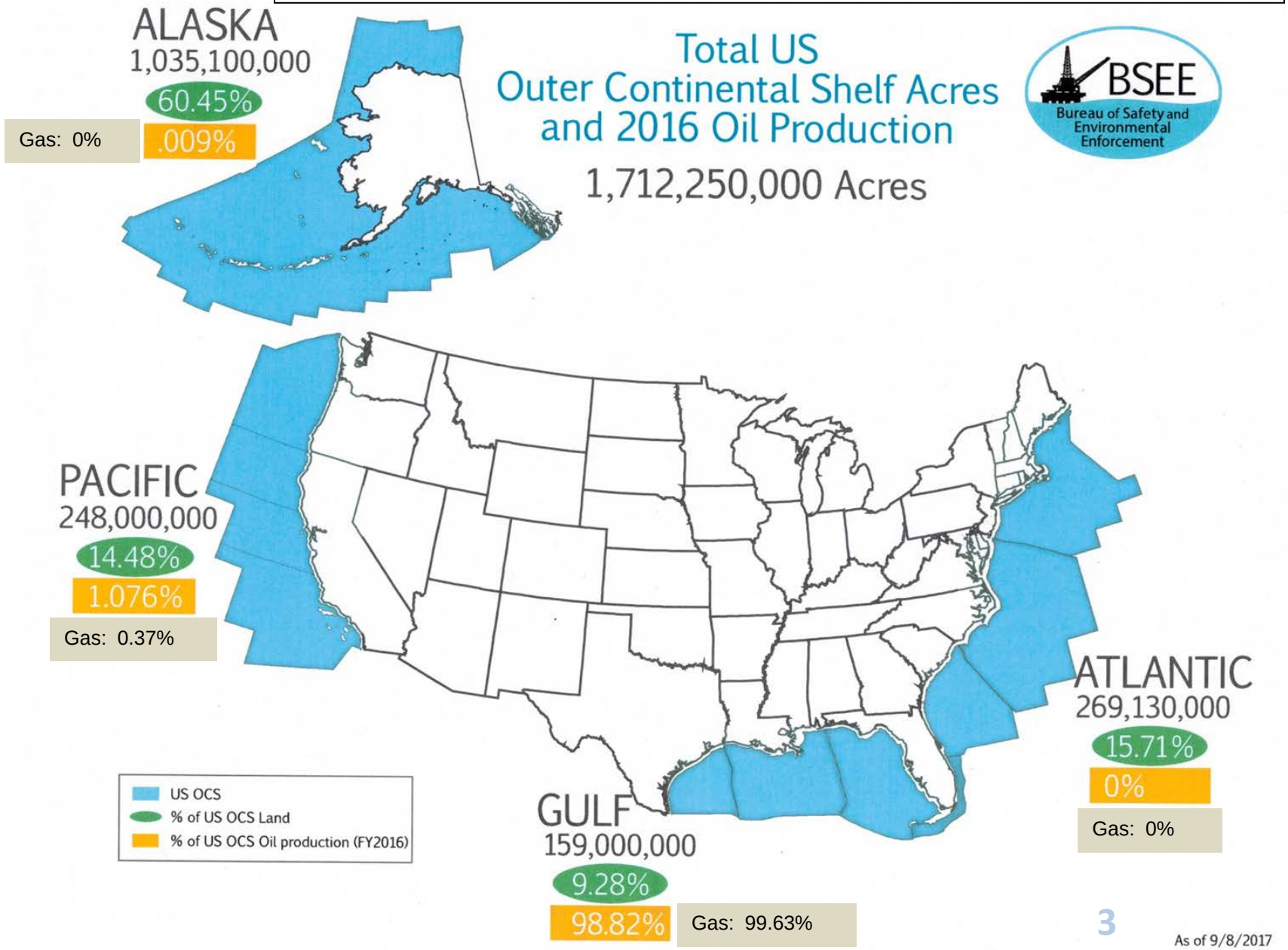
Scott A. Angelle
BSEE Director

March 9, 2018

Importance of Outer Continental Shelf's Production to America

- 18% of the nation's oil and 4% of the nation's natural gas produced in the USA comes from the OCS
- 98% of OCS production is from the Gulf of Mexico
- The OCS is responsible for more than
  - 315,000 U.S. jobs
  - $30 billion to the U.S. economy
- 71% of the Earth is water-covered
- 96.5% of all the Earth's water is held by the oceans
- It's only logical to conclude the goal of energy independence, even more so, the goal of energy dominance, will require a substantial portfolio of production from the OCS.

100% of our mission is offshore



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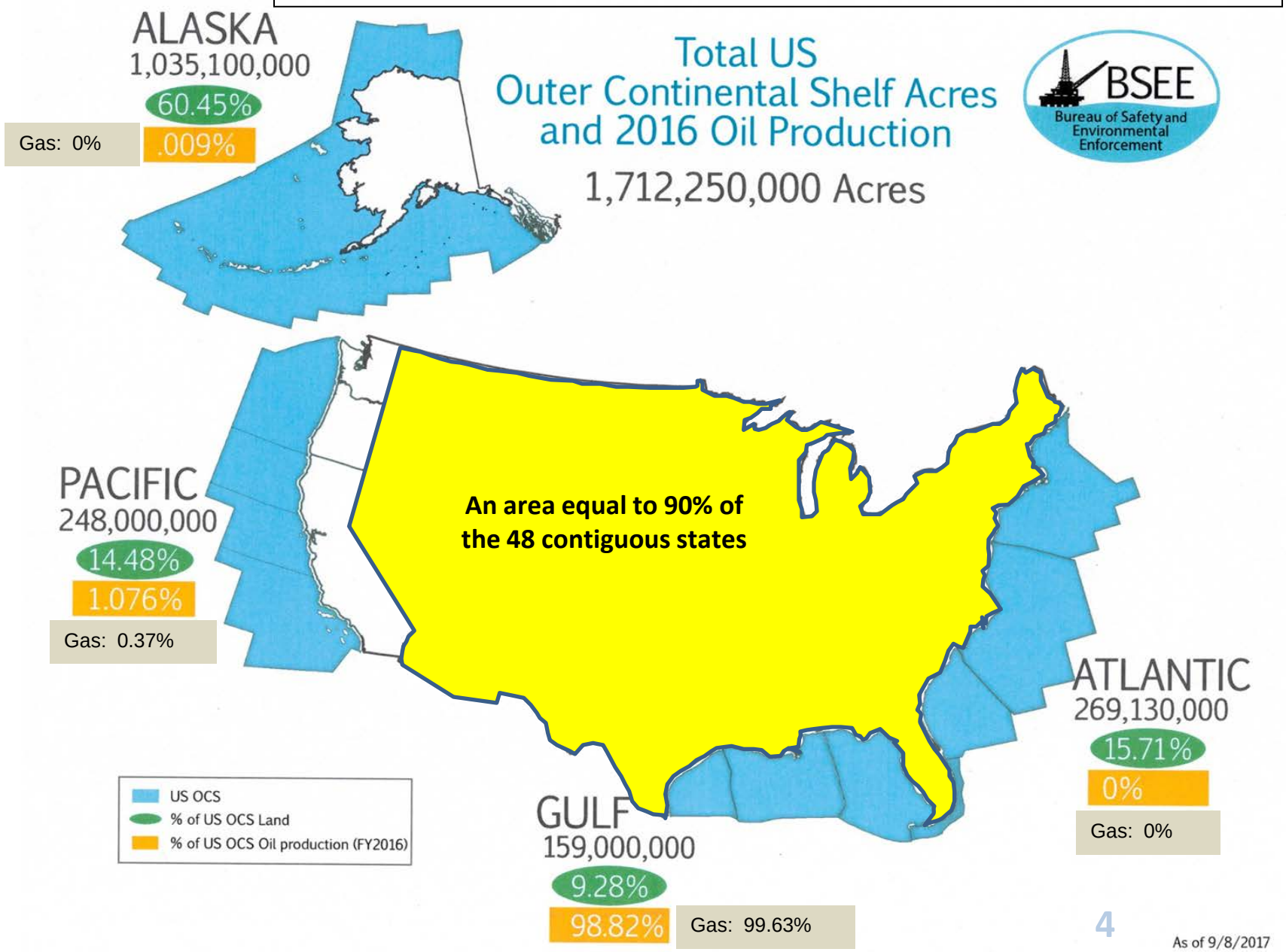


OCS Vital Statistics (FY17)

- **Production (offshore)**
  - 583 million barrels of oil
    - 18.5% of domestic oil production (1 in 6 barrels)
    - 77% of oil production on all Federal lands regardless of onshore or offshore
  - 1.3 trillion cubic feet of gas
    - 4% of domestic gas production (1 in 25 cf)
    - 28% of gas production on all Federal lands regardless of onshore or offshore
- **Revenue**
  - Significant source of revenue for US Treasury:

    $3.6 billion in FY17
  - Highest source of revenue generated from DOI resource asset base (onshore, offshore, coal, grazing, mining, timber, etc.)

OCS Vital Statistics (FY16)

- **Safety**
  - 109,111 inspectable components (items identified in the operator's latest approved safety systems permit)
  - 19,222 inspections
  - 127 inspectors

- **Permits**
  - 9,696 permits issued for a variety of activities

BSEE By The Numbers – FY17

- 836 Employees
- 194 Veterans (23% of workforce)
- 25 Helicopters under contract
- Locations: (5 States & DC, 10 cities)
  - Anchorage, AK
  - Camarillo, CA
  - Houma, LA
  - Houston, TX
  - Lafayette, LA
  - Lake Charles, LA
  - Lake Jackson, TX
  - New Orleans, LA
  - Sterling, VA
  - Washington, D.C.

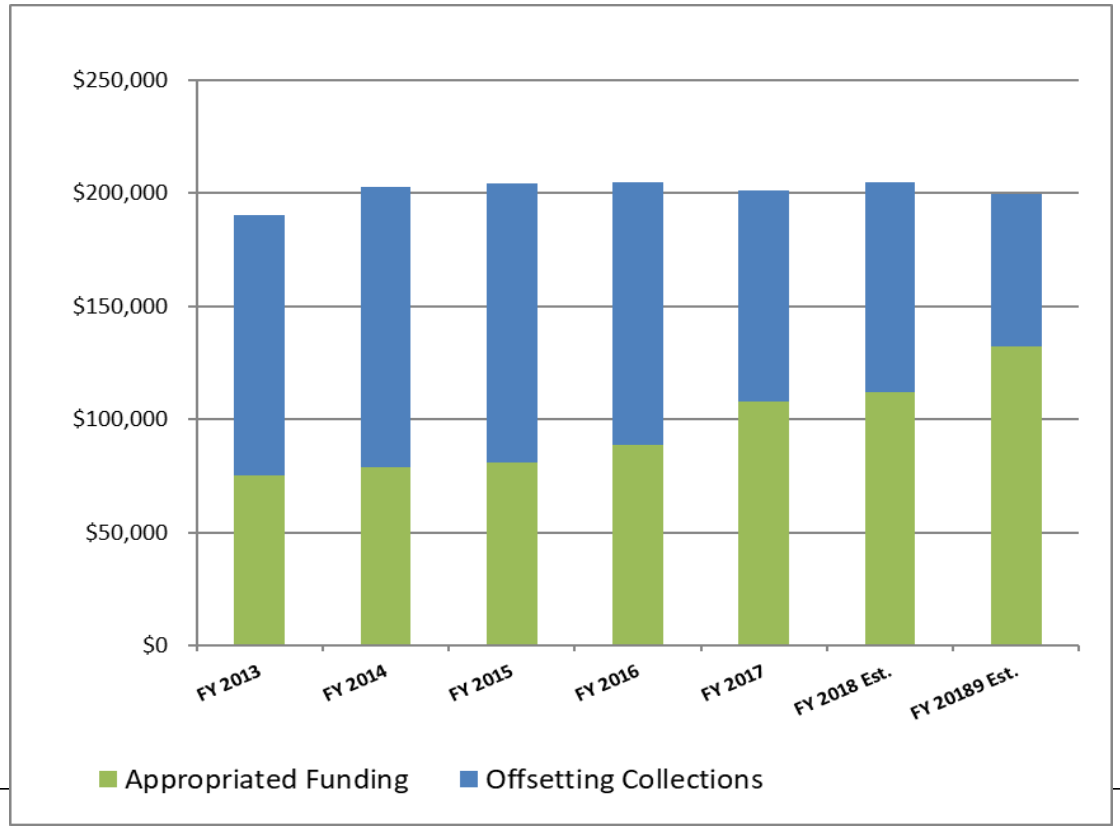
Alaska Region
17 personnel

Washington, DC Area
393 personnel

Pacific Region
37 personnel

Gulf of Mexico Region
389 personnel

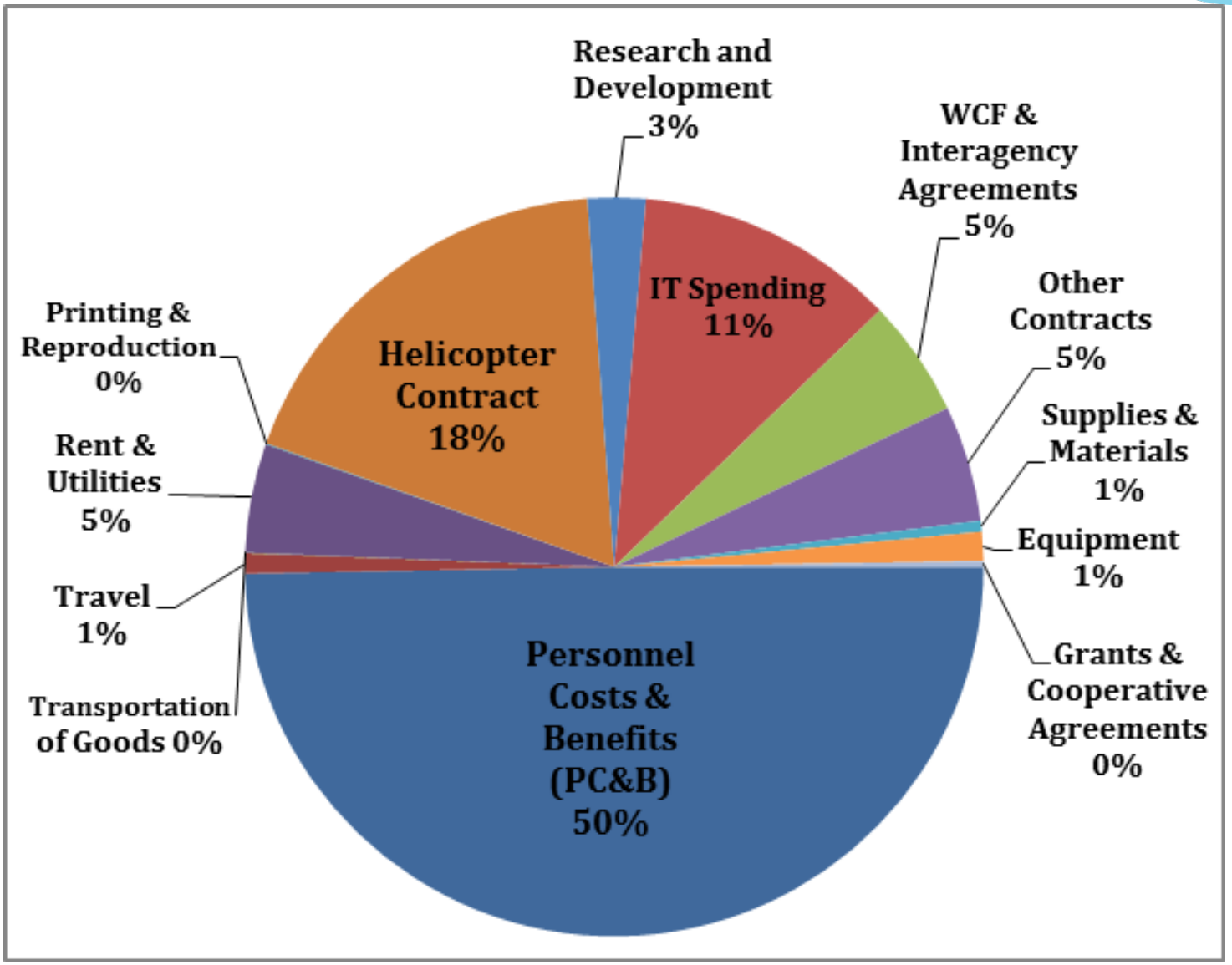
Historical BSEE Budget Funding Sources



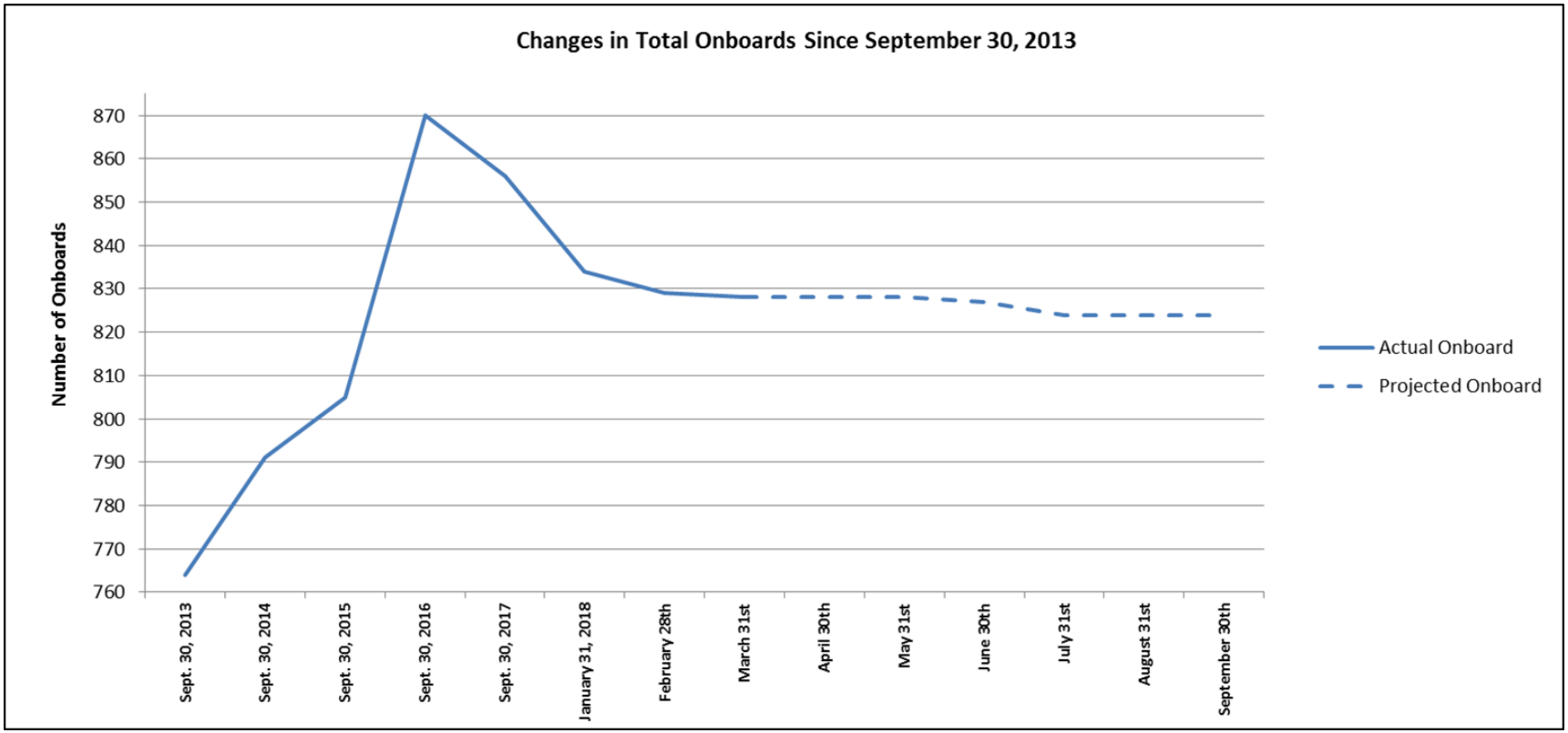
	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018 Req	FY 2019 Req
Appropriated Funding	$75,151	$78,644	$81,046	$88,464	$108,141	$112,011	$132,051
Offsetting Collections	$115,010	$123,970	$123,579	$116,207	$93,242	$92,871	$67,889
Total Budget Enacted/Request	$190,161	$202,614	$204,625	$204,671	$201,383	$204,882	$199,940

% of Offsetting Collections to Total Enacted/Requested Budget	60.5%	61.2%	60.4%	56.8%	46.3%	45.3%	34.0%

FY 2017 Actual Base Operations Spending



Historical Employee Levels
We Are Rightsizing!



- **Chart reflects total number of employees onboard at the end of fiscal years 2013-2017 as well as a month by month projection for the remainder of FY 2018**

OCS's Path to Energy Dominance

1. Safety! Safety! Safety! Environment! Environment! Environment!
2. Access to Resources
3. Regulatory and Process Reform
4. Competitive Royalty Rates
5. Stakeholder Engagement
6. Tax Reform
7. Other

1. Safety! Safety! Safety! Environment! Environment! Environment!

A. Updating/Revising Inspection Strategy
B. BAST- Best Available and Safest Technology- Seeking Documentation
C. Establishing an Inspector Estimating Committee
    1. How many inspectors do we have?
    2. How many inspectors should we have?
D. Implementing risk-based inspection strategy
    1. Will augment current prescriptive risk-based inspection strategy
    2. Pilot completed on November 2017
    3. The Bureau Interim Directive was executed on March 6, 2018. The RBI program now swings to full implementation in the GOMR. BSEE scheduled to conduct a performance based risk inspection on cranes in March 2018.

A. Inspection Strategy

Development of a Regional Annual Inspection Strategy

- The Annual Inspection Strategy will be developed with the coordination and cooperation of senior level management within the regional offices along with specific Subject Matter Experts (SMEs) within the individual regional offices.
- The strategy will outline the inspection activities to be accomplished in the upcoming fiscal year.
- The strategy includes the Region's analysis of their current resources available to conduct inspections, an assessment of the Office's mandatory inspections and any additional inspections of operations identified as requiring increased oversight.
- This strategy will also identify any critical areas that are lacking resources, to what extent, and a solution.

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D. Risk Based Inspection Strategy

- Risk Based Inspection: Facility Based Risk (FBRI)
  - Facilities needing increased oversight as identified through the analysis of past inspection data and the results of the Argonne model will require this type of risk-based inspection.

- Risk Based Inspection: Performance Based Risk (PBRI)
  - Specific Operations at specific facilities needing increased oversight as identified through the analysis of key performance indicators will require this type of risk-based inspection.

- BSEE Bureau Interim Directive executed March 6, 2018
  - *Ils sont partis!*

1. Safety! Safety! Safety! Environment! Environment! Environment! (cont'd)

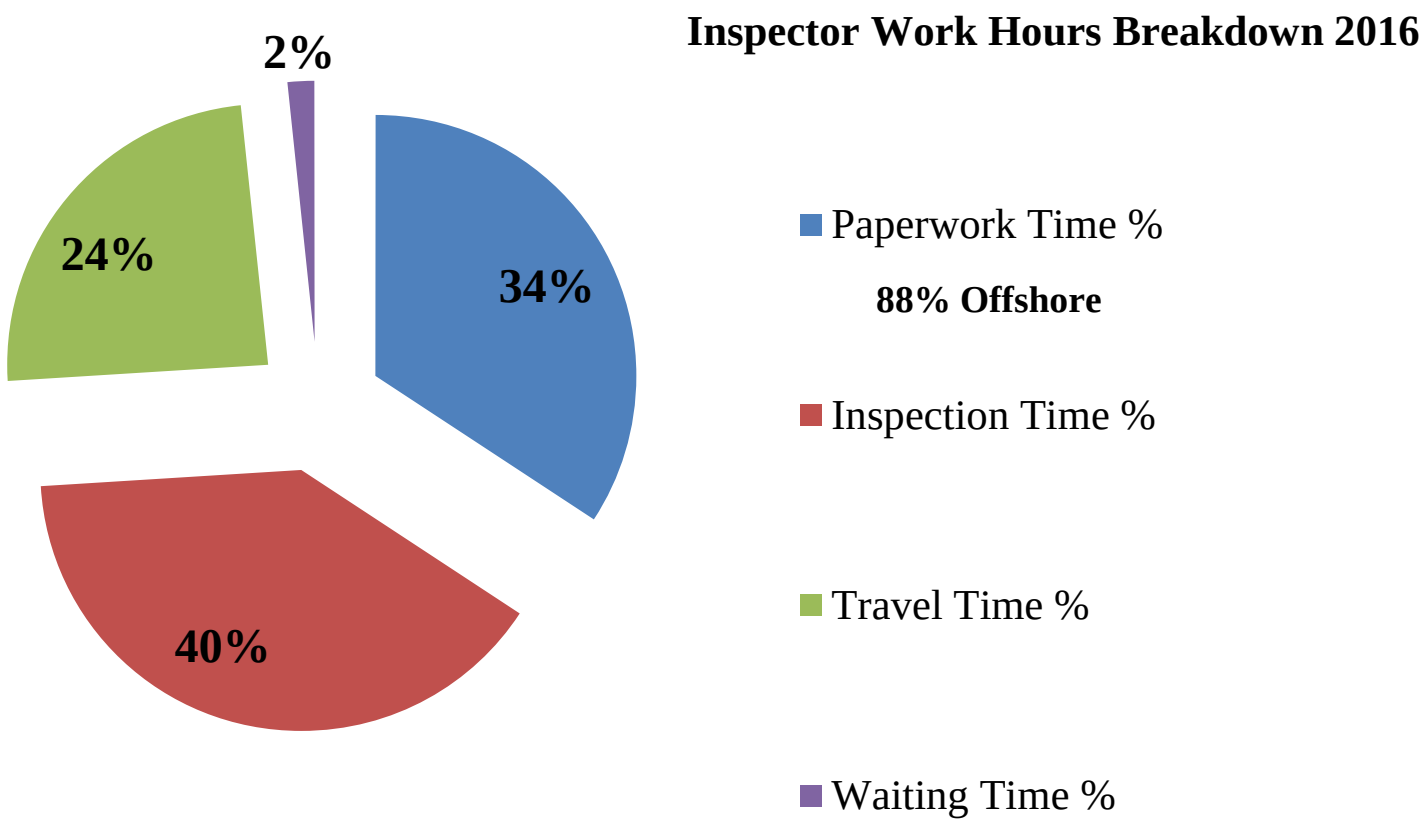
E. Helicopter Efficiency Review- Supply of helicopter seats out of balance with supply of inspectors
   1. A deep dive was conducted on inspector hours and efficiency
   2. Revised Inspector Work Schedule/ Union Approval
   3. E-Records Availability- All companies cooperating
   4. E-Records Training- Completed in each GOMR district
   5. Shallow water overnights- currently being reviewed for potential implementation in summer 2018
   6. Results in $20 million savings over next four years and improved safety

E. Helicopter Efficiency Review

Director Angelle Tasks GOMR

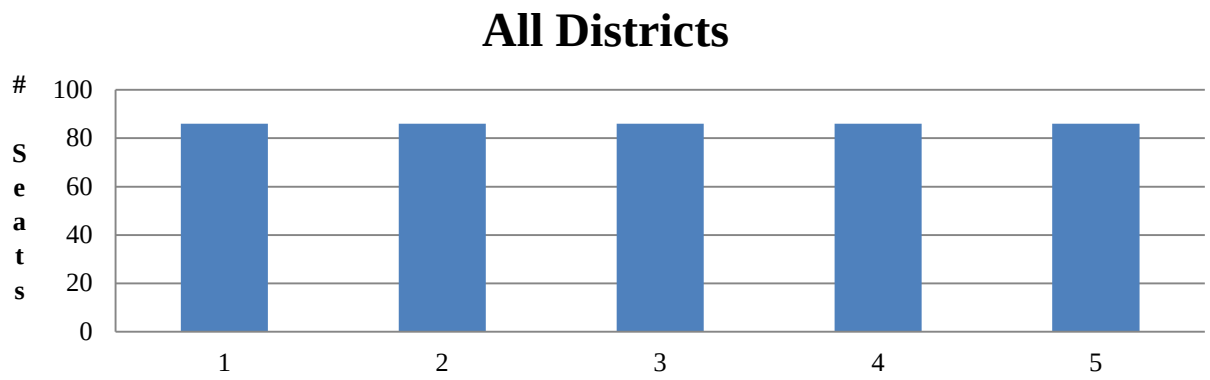
- Explore ways to increase helicopter efficiencies
  - The HBSEE Helicopter Team meets in August and September to identify options and discuss strategies.
  - Team gathered data and evaluated the relative merit of each option.
  - On September 14, a final written report was completed.

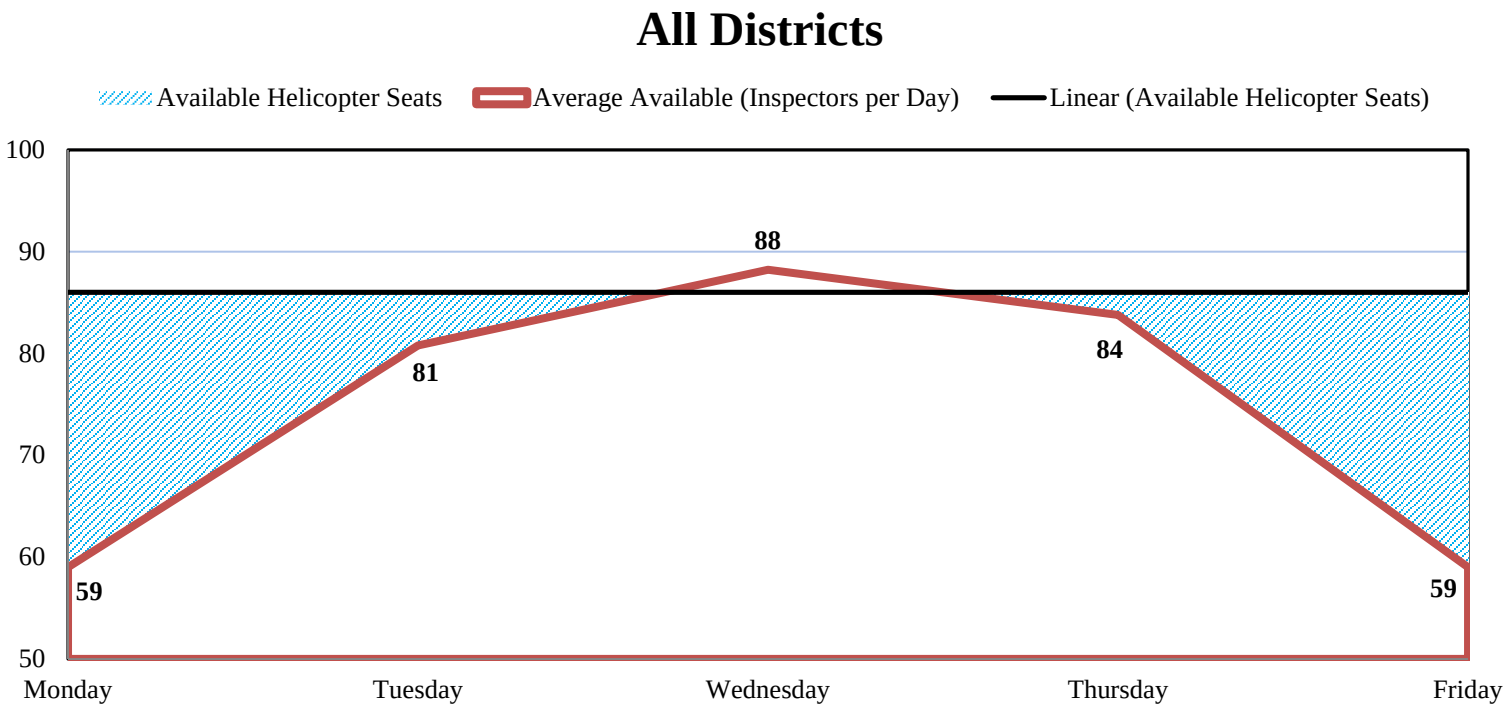
E. Helicopter Efficiency Review



E. Helicopter Efficiency Review

Inspector Supply versus Helicopter Seat Supply





E. Helicopter Efficiency Review

Team Recommendation

- Eliminate 1 a/c in Lafayette, Lake Charles, and Lake Jackson Districts.
- Change Inspector Work Schedules to a 10 hour flex schedule year round.
- Keep 7-day Aircraft in each of the Districts for Incident Response.
- Implement eRecords.
  - Review of operator compliance testing records from onshore locations.

E. Helicopter Efficiency Review

Status Update

- Union Negotiations Completed and MOA on inspector work schedule signed on 1-16-18.
- Negotiations with Helicopter Contractor completed on 2-14-18.
- eRecords Training in each of the GOMR District completed as of March 1, 2018.
- Changes effective April 1, 2018.

E. Helicopter Efficiency Review

Approximate Cost Savings

- $2,954,000.00 for FY 18.
- $5,519,000.00 For FY 19.
- $5,678,000.00 For FY 20.
- $5,842,000.00 For FY 21.

These numbers represent the following:

- Overall cost savings of $19,698,000.00 in the next 3 years.
- 15% decrease in Helicopter Costs.

1. Safety! Safety! Safety! Environment! Environment! Environment! (cont'd)

F. Environmental compliance- Pursuing coding updates to capture efforts for illustration purposes.

G. OCSCon Reporting Discussion- Ability to communicate conditions

H. Researching potential for 3rd party certification of inspection program

I. SafeOCS Voluntary Reporting of Near Misses

J. Potential Pilot; - Accelerated Compliance Together (ACT) Program; designed to incentivize compliance by conversion of "incidents of non-compliance" to "work orders" on selected PINCs in exchange for accelerated compliance; voluntary participation

K. Potential Pilot- Unlocking the Value of BSEE Inspector Training for Standby Industry Personnel- Concept includes free online video based training for any OCS worker; voluntary participation

L. Bring Back BSEE Operator Awards

G. OCSCon Reporting Discussion

What issue are we trying to fix?

- Standardize a level of response
- Simplify Notification
  - Safir-Simpson Hurricane Rating Scales (Cat 1 – 5)
  - Fujita Tornado Warning (F1 – F5)
  - Volcano Alert Notification (4)
  - Tsunami Warning Levels (4)
  - DEFCON (5 Number and Color-coded)
- Provide more precision
- Maintain control of the message

G. OCSCon Reporting Discussion

Objectives

- Control the information but meet the need
- Develop a useful way to quickly visualize and convey the level of response required.
- Issue the alert/warning at the lowest level possible to execute a successful response.
- Keep senior leadership and partners informed and confident in the ability of BSEE to manage the event and escalate as necessary.
- Avoid minor events interpreted as major event by third parties.

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J. Potential Pilot- Accelerated Compliance Together (Conceptual Stage)

- BSEE researching a program that would incentivize accelerated compliance of OCS operators for Warning Incidents of Non-Compliance by reclassifying an Incident of Non Compliance to a “Work Order” (WO) if the operator corrected the issue in an accelerated time frame
- PINCs with a severity rating of Warning “W” would only be considered for the program
- Operators will not be penalized if they choose not to utilize the program; 100% voluntary
- Operator would have to meet minimum criteria in order to be eligible for the program

J. Potential Pilot- Accelerated Compliance Together (Conceptual Stage)

- Only Warning Severity PINCS will be considered for program

- ACT Eligible PINCs will be chosen after reviewing statistical data which documents INCs that historically require time greater than 13 days to correct. Data has been gathered for all warning INCs issued annually from 2010-2017. (See following spreadsheet)

- Concept: ACT Eligible PINCs will be divided into 3 buckets
  - INCs corrected time between 13-20 days would have a ACT compliance time of 8 days
  - INCs corrected time between 21-30 days would have a ACT compliance time of 10 days
  - INCs corrected time greater than 30 would have a ACT compliance time of 12 days

- BSEE Management will assemble a team to vet the Warning level INCs for addition to the program based on the INC buckets listed above

- BSEE Management will review the list of eligible INCs annually

- BSEE will only allow limited Work Order conversions per facility per year

J. Potential Pilot- Accelerated Compliance Together (Conceptual Stage)

- In conclusion, the goal of the ACT program would be to accelerate the time period that an operator would return to compliance following a regulatory compliance citation (INC) from BSEE w/o requiring any additional funds from the taxpayer
- In return for accelerated compliance, the operator would have the compliance citation (INC) converted to a “work order” (WO) regulatory citation
- Offering a conversion to a lesser enforcement action could conceivably reduce the number of appeals (formal and informal) of issued Warning INCs and the number of extensions requested to correct Warning INCs
- The below data shows what would have been the accelerated compliance for 2017 assuming 100%, 50%, and 10% operator participation in the ACT program as proposed if all INCs who’s average correction time of greater than 13 days were included in the program.
  - 100% ACT Eligible INCs converted to WOs - 7372 days - 20.19 years
  - 50% ACT Eligible INCs converted to WOs - 3686 days- 10.09 years
  - 10% ACT Eligible INCs converted to WOs - 737 days- 2.01 years

J. Potential Pilot- Accelerated Compliance Together (Conceptual Stage)

Proposed Accelerated Compliance Together (ACT) Program

Modeled Performance of Inspection INCs to 8/10/12 Options

3/6/2018 18:10

Data from 1/1/2017 to 12/31/2017 from all BSEE regions

Model of Warning INCs Historically Taking 13-20 to Achieve Compliance in 8 Days

1	2	3	4	5	6	8	10	11	12	13	14
PINC #	AVG Time to Comply	ACT 8 Days to Comply	Avg Number of Days Compliance Accelerated (2-3)	# of INCs	Time Savings (days) if **100%** participation and each INC is Corrected Within ACT time frame (Column 4*Column 5)	Time Savings (days) if **50%** participation and each INC is Corrected Within ACT time frame (Column 4*Column 5)*.50	Time Savings (days) if **10%** participation and each INC is Corrected Within ACT time frame (Column 4*Column 5)*.10	% of Total Time Savings	# of Extensions Requested	# of Extensions Approved	Average # of Days Per Extension
G132	19.64	8	11.64	2	23.28	11.64	2.328	2.62%	1	1	11
G114	19.22	8	11.22	2	22.44	11.22	2.244	2.53%	1	1	13
P243	19.05	8	11.05	1	11.05	5.525	1.105	1.24%	1	1	4
Z145	19.02	8	11.02	1	11.02	5.51	1.102	1.24%	1	1	12
G113	18.79	8	10.79	4	43.16	21.58	4.316	4.86%	1	1	6
G110	16.51	8	8.51	41	348.91	174.455	34.891	39.30%	28	28	16
P416	16.35	8	8.35	12	100.2	50.1	10.02	11.29%	3	3	17
E102	16.05	8	8.05	13	104.65	52.325	10.465	11.79%	8	8	23
P414	15.98	8	7.98	5	39.9	19.95	3.99	4.49%	3	3	30
L126	15.91	8	7.91	3	23.73	11.865	2.373	2.67%	1	1	14
Z135	14.73	8	6.73	5	33.65	16.825	3.365	3.79%	1	1	14
P261	14.37	8	6.37	2	12.74	6.37	1.274	1.43%	1	1	13
M131	14.09	8	6.09	1	6.09	3.045	0.609	0.69%	0	0	
D596	13.98	8	5.98	1	5.98	2.99	0.598	0.67%	0	0	13
G115	13.32	8	5.32	19	101.08	50.54	10.108	11.38%	3	3	14
TOTAL					**887.88**	**443.94**	**88.788**	100.00%	**53**	**53**	

Model of Warning INCs Historically Taking 21-30 to Achieve Compliance in 10 Days

1	2	3	4	5	6	7	8	9	10	11	12
PINC #	AVG Time to Comply	ACT 10 days to comply	Avg Number of Days Compliance Accelerated (2-4)	# of INCs	Time Savings (days) if **100%** participation and each INC is Corrected Within ACT time frame (Column 4*Column 5)	Time Savings (days) if **50%** participation and each INC is Corrected Within ACT time frame (Column 4*Column 5)*.50	Time Savings (days) if **10%** participation and each INC is Corrected Within ACT time frame (Column 5*Column 3)*.10	% of Total Time Savings	# of Extensions Requested	# of Extensions Approved	Average # of Days Per Extension
M202	26.98	10	16.98	11	186.78	93.39	18.678	76.57%	10	10	15
M209	21.58	10	11.58	3	34.74	17.37	3.474	14.24%	0	0	
B300	21.21	10	11.21	1	11.21	5.605	1.121	4.60%	0	0	
B295	21.2	10	11.2	1	11.2	5.6	1.12	4.59%	0	0	
TOTAL					**243.93**	**121.965**	**24.393**	100.00%	10	10	

Model of Warning INCs Historically Taking >30 days to Achieve Compliance in 12 Days

1	2	3	4	5	6	7	8	9	10	11	12
PINC #	AVG Time to Comply	ACT 12 Days to Comply	Avg Number of Days Compliance Accelerated (2-4)	# of INCs	Time Savings (days) if **100%** participation and each INC is Corrected Within ACT time frame (Column 4*Column 5)	Time Savings (days) if **50%** participation and each INC is Corrected Within ACT time frame (Column 4*Column 5)*.50	Time Savings (days) if **10%** participation and each INC is Corrected Within ACT time frame (Column 4*Column 5)*.10	% of Total Time Savings	# of Extensions Requested	# of Extensions Approved	Average # of Days Per Extension
L142	57.14	12	45.14	1	45.14	22.57	4.514	0.72%	1	1	43
L141	49.95	12	37.95	22	834.9	417.45	83.49	13.38%	32	32	31
P415	43.44	12	31.44	3	94.32	47.16	9.432	1.51%	2	2	10
P155	40.9	12	28.9	1	28.9	14.45	2.89	0.46%	0	0	
P310	39.12	12	27.12	1	27.12	13.56	2.712	0.43%	1	1	42
G111	38.93	12	26.93	181	4874.33	2437.165	487.433	78.10%	259	259	22
Z140	38.26	12	26.26	10	262.6	131.3	26.26	4.21%	13	13	20
Z111	36.57	12	24.57	3	73.71	36.855	7.371	1.18%	3	3	18
TOTAL					**6241.02**	**3120.51**	**624.102**	100.00%	**311**	311	

Years	**20.1995342**	**10.09976712**	**2.019953425**			
Days	**7372.83**	**3686.415**	**737.283**		**374**	**374**
	Total of All 3 Buckets for 100% Participation	**Total of All 3 Buckets for 50% Participation**	**Total of All 3 Buckets for 10% Participation**		**Total # of Extensions Requested**	**Total # of Extensions Approved**

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L. Bring Back BSEE Operator Awards

2. Access to Resources

- Last year, DOI announced a new plan for responsibly developing the National Outer Continental Shelf Oil and Gas Leasing Program for **2019-2024**, which proposes to make over 90% of the total OCS acreage and more than 98% of undiscovered, technically recoverable oil and gas resources in federal offshore areas available to consider for future exploration and development.

- By comparison, the current program puts 94% of the OCS off limits. In addition, the program proposes the largest number of lease sales in U.S. history.

- BOEM expects to announce the next phase in that plan later this year.

2. Access to Resources (Cont'd)

High Pressure/High Temperature Policy- Next Frontier
Goals: Certainty; Predictability; Safety; Quality Assurance

World Leaders in Offshore Production

1) Saudi Arabia
2) Brazil
3) Norway

4) USA - This from only 6% of our resource base; imagine with greater access, energy dominance is possible.

3. Regulatory and Process Reform

A. **The Well Control Rule** was submitted in draft form to Office of Management and Budget (OMB) on December 7. OMB reviewed the draft proposed Well Control Rule and submitted comments to BSEE. It is anticipated that BSEE will resolve a proposed rule with OMB in March, 2018. The process will then entail submission to the Federal Register for publication followed by a public comment period, then a Draft Final Rule being prepared.

B. **The Production Safety Systems Rule** was published in the Federal Register on December 29. The public comment period ended on January 29. 59,389 bulk identical comments were received from three groups. 739 other comments were received as separate submissions, and approximately 40 of the 739 are accompanied by attachments. The Production Safety System Rule Revision Team is pursuing the development of a Draft Final Rule for submission to the Federal Register.

3. Regulatory and Process Reform Cont'd

C. **Arctic Rule** – A path forward for potential revisions to the Arctic Rule is being researched.

D. **Reg Reform 2.0** - BSEE Team continues to monitor regs.gov and reviews feedback on potential subjects for regulation reform

E. **Permit Process Review** - Currently being led by GOMR; focused on opportunities for efficiency. Next few slides provide a glimpse of the ongoing effort. Stay Tuned!

E. Permit Process Review

APDs and APMs

- In an effort to better define a performance measure for the processing of various Well Operation permits, the Gulf of Mexico Region (GOMR) is proposing to implement measures that will include a time interval criteria for each of the permits.
  - The time intervals needed to complete each step of the process will be graded as **Green** (below limits), **Yellow** (within limits), and **Red** (exceeding limits)

E. Permit Process Review

Comparison: Industry timing needs vs BSEE review times*

Shallow Water Drilling Permits			
Permit Type	**Industry Timing Needs (Days)**	**BSEE's Average Permit Timing (Days)**	
APD	28	17	
RPD	2	4	
AST	28	12	
RST	2	3	
ABP	9	7	
RBP	2	2	
Deep Water Drilling Permits			
Permit Type	**Industry Timing Needs (Days)**	**BSEE's Average Permit Timing (Days)**	
APD	39	17	
RPD	3	4	
AST	37	6	
RST	3	3	
ABP	9	2	
RBP	3	2	

*BSEE review times do not equal your wait time. Other agencies involved. We need to work on this!

E. Permit Process Review

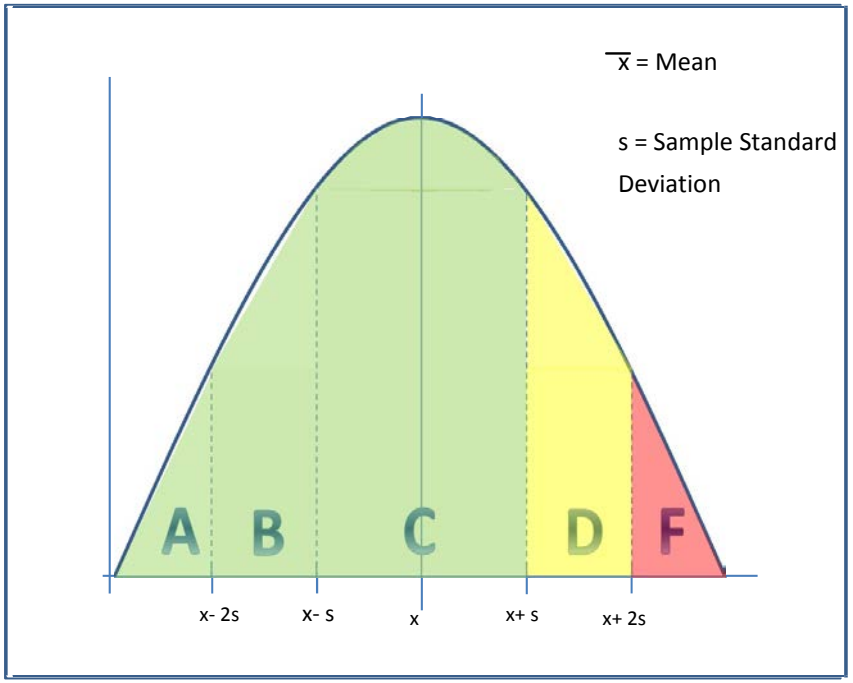
Comparison: Industry timing needs vs BSEE review times*

Shallow Water Well Modification Permits			
Permit Type	**Industry Timing Needs (Days)**	**BSEE's Average Permit Timing (Days)**	
Abandonment	9	4	
Revised Abandonment	1	1	
Completion	4	6	
Revised Completion	2	1	
Workover	10	3	
Revised Workover	2	3	
Enhanced Recovery	10	4	
Revised Enhance Recovery	2	2	
Information	7	6	
Revised Information	3	1	
Utility	8	-	
Revised Utility	2	-	
Other	10	3	
Revised Other	2	1	
Deep Water Well Modification Permits			
Permit Type	**Industry Timing Needs (Days)**	**BSEE's Average Permit Timing (Days)**	
Abandonment	25	8	
Revised Abandonment	3	2	
Completion	20	8	
Revised Completion	2	2	
Workover	24	7	
Revised Workover	3	2	
Enhanced Recovery	23	7	
Revised Enhance Recovery	2	4	
Information	6	18	
Revised Information	2	3	
Utility	19	-	
Revised Utility	2	-	
Other	23	7	
Revised Other	2	1	

*BSEE review times do not equal your wait time. Other agencies involved.
We need to work on this!

E. Permit Process Review

Statistical Analysis: Create a Normal Curve Fit from Permit Raw Data



New Well (APD)			
Step 1	Step 2	Step 3	Step 4
0.08	9.10	2.88	0.02
0.09	0.18	0.61	0.00
0.65	7.07	8.00	4.00
0.01	2.33	0.96	3.14
0.06	0.01	0.05	1.87
0.03	0.04	2.71	0.15
0.09	1.07	0.01	0.00
0.01	0.00	0.02	5.74
0.01	12.85	0.00	0.00
0.65	5.24	0.00	0.07
8.12	13.11	4.69	0.09
	1.95	0.02	
	5.77	0.04	
	0.08	0.02	
	22.05	2.95	
	2.19	0.07	
	0.07	0.01	

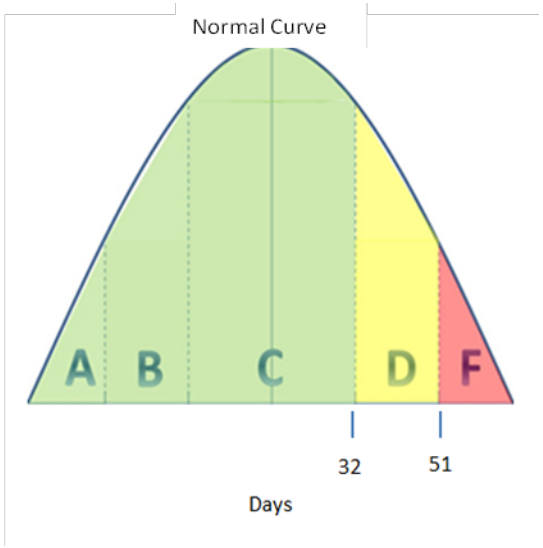
Average	1.30	13.48	0.97	1.44	17.18
Std. Dev.	2.206568	21.74418	1.95086	3.901886	29.80
Normalized 1 σ	3.51	35.22	2.92	5.34	46.99
Normalized 2 σ	5.716657	56.96422	4.867717	9.241396	76.79

E. Permit Process Review

Example: Deep water New Well Permit (APD)

	Step 1	Step 2	Step 3	Step 4	
Average	1.06	10.44	0.64	0.74	12.88
Std. Dev.	1.789742	14.85989	1.076052	1.386826	19.11
Normalized 1 σ	2.85	25.30	1.72	2.13	31.99
Normalized 2 σ	4.635649	40.15774	2.794189	3.514196	51.10

Adjusted (eliminated 5% outlying data)



From the above Curve Develop the Time Interval Metric

Review Process	Review Time		
	Green	Yellow	Red
Permit requires no return	< 28 Days	Between 28 and 56 Days	> 56 Days
Permit requires a return	Add 2 days per return		Add 4 days per return

E. Permit Process Review

Example: Permit Process for Deepwater New Well (APD)

Create Metric for all reviews and sub-reviews

For Deepwater New Well (APD)												
Office	Type Review	Permit Timing (7 day increments)										
District	District Engineer Review											
District Operstions Support	BOP Control System Review *											
District Operstions Support (DOS)	Well Containment Screening Tool Assesment *											
Well Analysis Section	Fluid Gradient Analysis **											
BOEM	Broaching Analysis **											
BOEM	Geological Review *											
Environmental Enforcement Division	NEPA Review *											
Technical Assessment	Jackup assessment/Mooring Assessment *											

* Concurrent with District Review ** Concurrent with DOS Review

“Farming looks mighty easy when your plow is a pencil and you’re a thousand miles from the corn field.”

-Dwight Eisenhower
September 25, 1956

4. Competitive Royalty Rates

- A US Department of Interior Royalty Policy Committee, consisting of department officials, state and tribal officials and energy companies, voted unanimously, on February 28 to recommend to Secretary Zinke, lowering the royalty rates, as detailed below.

Recommendations include:

- Lowering the royalty rates for federal offshore oil and gas drilling to 12.5 percent from 18.75 percent through 2024, to spur more production.
- Increasing the amount of acreage available for offshore oil and natural gas leasing in the outer continental shelf.
- Establishing a clearer, more workable process for royalty relief or reduced royalty rate for declining or particularly costly fields.

Other recommendations:

- That BSEE hold a workshop to discuss how it might provide transparent guidelines for granting relief, especially for deepwater projects with complex reservoirs and high appraisal costs since BSEE has discretion to offer post-lease royalty relief to increase production as noted in “Designing Offshore Oil and Gas Lease Sales” of Dec. 15, 2017. However, it is reported widely that the process for obtaining such relief is not in practice clear, and not exercised with any frequency.

5. Stakeholder Engagement

- Meetings with of 19 out of the Top 20 Gulf of Mexico Producers
- Hallway Posting of Top 20 Producers in every BSEE location from the Gulf to the Pacific to the Arctic
- Employee Communication Stressing Engagement
- Meetings with representatives of 18 environmental organizations
- 15 speeches delivered at public events

5. Stakeholder Engagement

We Now Know Who You Are!!! This poster is in our hallways!

Top 20 Oil Producers in the Gulf of Mexico

Rank by Oil	Gulf of Mexico	Total Oil 2016 (BBL)	Total Gas 2016 (MCF)	Daily Oil 2016 (BBL/day)	Daily Gas 2016 (MCF/day)
1	Shell	112,377,490	199,729,020	307,884	547,203
2	BP	101,745,206	79,712,698	278,754	218,391
3	Anadarko	76,117,936	90,500,163	208,542	247,946
4	Chevron	68,854,399	92,645,665	188,642	253,824
5	LLOG	35,811,474	97,743,556	98,114	267,791
6	BHP Billiton	30,227,154	13,201,517	82,814	36,169
7	Noble Energy	22,019,429	21,880,069	60,327	59,945
8	Fieldwood Energy	18,063,194	98,249,428	49,488	269,177
9	Hess Corporation	15,737,933	50,203,971	43,118	137,545
10	Energy XXI	12,265,768	44,484,729	33,605	121,876
11	Arena Offshore	8,734,188	27,607,670	23,929	75,637
12	Stone Energy Corp.	8,568,022	14,331,190	23,474	39,264
13	Exxon Mobil Corp.	7,988,161	127,515,064	21,885	349,356
14	Eni Petroleum Co.	7,636,345	28,281,002	20,921	77,482
15	Murphy Expl. & Prod.	5,889,587	7,379,504	16,136	20,218
16	ERT/Talos Energy	6,527,873	20,258,272	17,885	55,502
17	Walter Oil & Gas	5,430,287	31,407,430	14,877	86,048
18	W & T Offshore	5,381,454	41,825,127	14,744	114,589
19	Petrobras America Inc.	4,843,371	2,897,783	13,270	7,939
20	EnVen Energy Ventures	4,134,721	11,802,575	11,328	32,336
	GOM Top 20 Oil Prod	558,353,992	1,101,656,433	1,529,737	3,018,237

BSEE
Bureau of Safety and Environmental Enforcement

5. Stakeholder Engagement

And We Know Others Concerned About the OCS!!!

Consider providing excellent service, to all stakeholders, important to your job...because it is!

We Can Do It All

BSEE Director, Scott A. Angelle

Edition 1, June 2, 2017

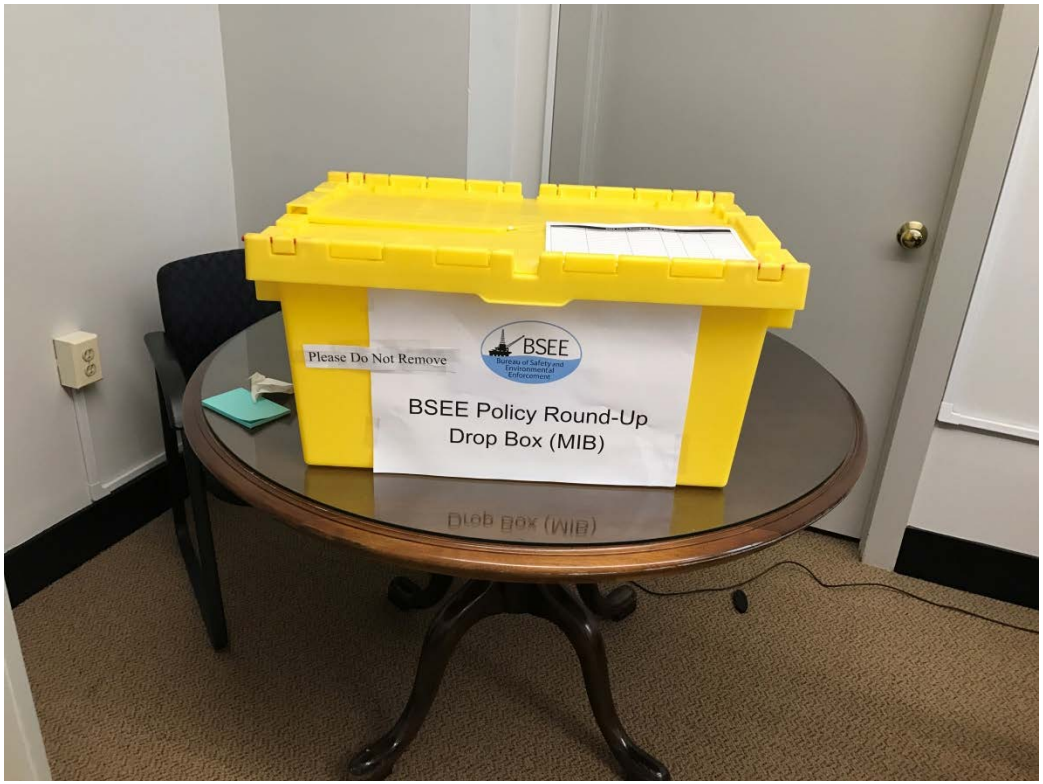
6. Tax Reform

- The new tax bill is expected to preserve the most important deductions used by the oil and gas industry.
- Reduction of the corporate tax rate will provide energy companies the capital they need to invest in oil and gas exploration.
- Maintains the largest tax breaks for the oil and gas industry, such as the intangible drilling cost deduction, the largest exception the oil and gas industry enjoyed under the previous tax code.
- Upstream, midstream and downstream sectors of the oil and gas industry will benefit from a new provision allowing expensing the full cost of new investments in certain plant and equipment for the next five years.
- Elimination of the Corporate Alternative Minimum Tax may benefit some upstream producers.
- Retention of the "Carried Interest" provision will help private equity funds–these funds provide capital for producers.
- One-time lower rate for repatriation of overseas profits could result in influx of funds for investment in U.S. oil and gas sector.

7. “Other”

- Policy Consistency- (we are seeking to improve our consistency between Districts and it starts with an inventory and indexing of policies by Districts)

“We’re Rounding Up The Old Fashioned Way”



7. “Other”

Decommissioning and Financial Assurance
BOEM has the Lead and Reports the Following:

- -On May 1, 2017, Secretary’s Order 3350 directed BOEM to review NTL 2016-N01 and provide recommendations going forward.
- -BOEM is in the final stages of review and has obtained significant industry feedback. More time is necessary to collect and analyze additional information.
- -The NTL implementation timeline is extended, except in circumstances where there is a substantial risk of nonperformance of decommissioning liabilities.
- -The goal is develop and implement a risk management program that meets the legal obligations and protects the American taxpayers, while recognizing the industry’s current economic realities and concerns.

7. "Other"- NO Enforcement Against Contractors

- Recent court decisions held that BSEE does not have authority to enforce the regulation implementing the Outer Continental Shelf Lands Act (OCSLA) against OCS contractors. The Court did leave open the question of BSEE statutory authority.
- In December 2017, the U.S. Government determined not to pursue the appeals further.
- Civil enforcement against contractors / appeal dismissed December 18, 2017: *Island Operating Co. v. Jewell*, No. 6:16-CV-00145, 2016 U.S. Dist. LEXIS 178071 (W.D. La., Dec. 23, 2016)
- Criminal enforcement against contractors / appeal dismissed December 27, 2017: *United States v. Moss*, No. 17-30440, 2017 U.S. App. LEXIS 18665 (5th Cir., Sept. 27, 2017).
- Due to court decisions, BSEE no longer issuing enforcement actions against OCS contractors.

7. "Other"

Our Budget Documents Reflect Our Goals.
We are doing what we say we are doing!

Excerpts from FY2019 Budget Documents

- "In collaboration with stakeholders, BSEE will update its policies, processes, and regulations to ensure that the financial and technical challenges of developing new technology are recognized and addresses in a manner that encourages the long-term investment of capital on the OCS"

Source: *The United States Department of Interior Budget Justifications and Performance Information, Fiscal Year 2019, Bureau of Safety and Environmental Enforcement, page 5*

7. "Other"

Our Budget Documents Reflect Our Goals.
We are doing what we say we are doing!

Excerpts from FY2019 Budget Documents

- "In FY2019, BSEE will use the results of the reviews to continue to refine its current permitting and inspection strategies to better reflect the actual risks and phases of development on the OCS thereby reducing any unintended impediments to the development of America's offshore oil and gas resources."

Source: *The United States Department of Interior Budget Justifications and Performance Information, Fiscal Year 2019, Bureau of Safety and Environmental Enforcement, page 5*

Change Management Action Items

This document is the playbook for 66 initiatives identified, to date, by the BSEE Director as necessary to make the organization more efficient and responsive to its mission of safe and environmentally sustainable energy production. It will be a busy 2018!

WHY?

“What we think or what we know or what we believe is in the end of little consequence. The only thing of consequence is what we do.”

-John Ruskin

Things You Need to Know in the Swamp

Washington DC Guide to Inspector Names: The Swamp meets the Swamp

Arceneaux	ar-sen-o
Aucion	oak-wan
Authement	oh-t-mon
Autin	au-tan
Avet	ah-vay
Barilleaux	barry-o
Barrois	barry-us
Beaugard	bo-guard
Belanger	bel-onjay
Benoit	ben-wah
Bergeron	ber-zher-on
Billiot	bill-yaht
Binevenu	bin-avenue
Bouderaux	boo-dro
Bourque	bork
Breaux	bro
Caillou	cy-you
Champagne	sham-pine
Charpentier	sharp-n-chay
Chauvin	show-van
Chiasson	sha-sawn
Comeaux	c-aw-m-o
Daigle	day-guh
Delaune	de-long
Domingue	dough-main
Doucet	do-say
Duet	due-ay
Duplantis	due-plant-is
Durocher	da-row-cher
Faucheaux	fo-shay
Fontenot	font-in-o
Foret	for-a
Fortier	for-chay
Gauthier	go-chay

Gauthreaux	go-tro
Gros	grow
Guidry	gid-ree
Haydel	hay-dell
Hebert	a-bear
Juneu	june-o
Labat	la-bee
Lajaunie	la-jean-e
Landry	lan-dree
Lapeyrouse	lappa-roose
LeBlanc	la-blah
LeBoeuf	la-buff
Ledet	la-day
Lirette	lee-ret
Loupe	loop
Louviere	lou-v-air
Melancon	ma-lahn-sahn
Nadeau	ned-o
Naquin	nah-can
Pitre	pee-tree
Prejean	pray-zhahn
Prosperie	pros-pre
Richard	ree-shard
Rivette	ree-vet
Robicheaux	robe-e-sho
Theriot	tear-rio
Thibodaux	ti-ba-dough
Touchard	too-shard
Touchet	too-sh-a
Trahan	traw-haw
Voisin	waz-zin