



BUREAU OF SAFETY AND ENVIRONMENTAL ENFORCEMENT

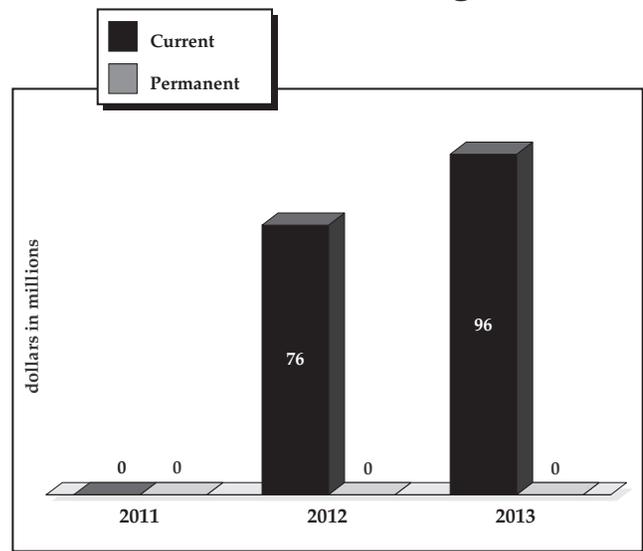
Mission – The Bureau of Safety and Environmental Enforcement works to promote safety, protect the environment, and conserve resources through vigorous regulatory oversight and enforcement.

Budget Overview – The 2013 President's budget request for the Bureau of Safety and Environmental Enforcement is \$222.2 million, including \$96.3 million in current appropriations and \$125.9 million in offsetting collections from rental receipts, cost recoveries, and inspection fees. The BSEE estimates staffing will equal 766 full time equivalents in 2013. The 2013 budget request is a \$24.8 million increase above the 2012 enacted level, including an increase of \$20.0 million in current appropriations.

The request of \$125.9 million in offsetting collections is a net increase of \$4.8 million above 2012. The 2013 estimate includes a small decrease of \$108,000 for rental receipts; \$8.4 million for cost recovery fees, an increase of \$1.9 million; and \$65.0 million in inspection fees, an increase of \$3.0 million above the 2012 enacted level.

Offshore Oil and Gas Reorganization and Reforms – The Deepwater Horizon explosion and resulting oil spill shed light on weaknesses in the Federal offshore energy regulatory system, including conflicting missions within the former Minerals Management Service. In the aftermath of the oil spill, the Department of the Interior instituted a phased reorganization dividing the organization into three separate components – development, regulation, and revenue collection. This reorganization has fundamentally transformed offshore oil and gas regulation and the approach to regulating this industry. It provides each of the new entities with clear areas of focus and new resources necessary to fulfill the missions governing their operations. The BSEE oversees safety and environmental enforcement for Outer Continental Shelf operations to ensure compliance with applicable rules and regulations. The Bureau of Ocean Energy Management is responsible for managing overall development of energy resources on the OCS. The Office of Natural Resources Revenue collects and disburses energy and mineral royalties and other revenues owed by onshore and offshore lessees. The ONRR provides a return to the

BSEE Funding



American taxpayer from the development and production of these energy resources.

The functions of BSEE include oil and gas permitting, facility inspections, regulations and standards development, safety research, field operations, environmental compliance and enforcement, review of operator oil spill response plans, production and development, conservation, and operating a national training center for inspectors.

The bureau conducts thousands of inspections of OCS facilities and operations – covering tens of thousands of safety and pollution prevention components – to prevent offshore accidents and spills and to ensure a safe working environment. The bureau strives to conduct annual inspections of all oil and gas operations on the OCS, while focusing an increasing proportion of resources on the highest risk operations in order to examine safety equipment designed to prevent blowouts, fires, spills, and other major accidents.

New Energy Frontier Initiative – In March 2011, President Obama released his *Blueprint for a Secure Energy Future*

BUREAU OF SAFETY AND ENVIRONMENTAL ENFORCEMENT FACTS

- Established by Secretarial Order in 2010.
- Conducts more than 20,000 inspections per year to ensure the safety of over 3,400 offshore oil and gas drilling and production facilities.
- Operates the only facility in the world that can test full sized oil spill response equipment with a variety of crude oils and refined petroleum products under reproducible marine conditions.
- Works with the Ocean Energy Safety Advisory Committee to facilitate collaboration and coordination among government, industry, and academia on issues related to offshore drilling and workplace safety, well intervention and oil spill prevention, blowout containment, and oil spill response.
- Conducts research regarding operational safety and pollution prevention technologies related to offshore oil, natural gas, and renewable energy exploration and development.

that includes a three-part strategy to produce more energy with domestic resources, reduce reliance on foreign energy sources, and lead the development of clean alternative fuels sources and greater efficiency.

The BSEE 2013 budget fully supports the President's *Blueprint* by enabling the safe and environmentally responsible development of the Nation's vast offshore energy resources. Until offshore renewable energy facilities are constructed, BSEE will focus its resources on conventional energy programs. Funds will be used to recruit expert engineers, scientists, and oil spill response specialists to support the development of strong scientific information and timely and thorough review of permits. The 2013 budget request increases funding for operational offshore safety, oil spill response initiatives, environmental enforcement, and the development of modern electronic systems to increase the efficiency and effectiveness of offshore inspection and oversight activities.

Offshore Safety and Environmental Enforcement – The 2013 budget request includes \$207.3 million for offshore safety and environmental enforcement programs, primarily for conventional energy activities, an increase of \$24.8 million over 2012.

The request increases programmatic funding for operational safety by \$4.5 million. This will support efforts to strengthen regulatory and oversight capability along the OCS and increase the capacity in existing offices in multiple disciplines to adequately staff regulatory, safety management, structural and technical support, and oil spill response programs.

The Deepwater Horizon incident revealed the risks associated with drilling high-pressure wells in deep water and the importance of well design to ensure the safety of offshore operations. The 2013 request includes a program

increase of \$1.4 million to study the factors involved in well structure integrity. This will ensure well design, cementing activities, and well structure tests identify weaknesses and protect the environment. This increase will be complemented by a program increase of \$2.0 million used to research offshore safety systems and operations. As the industry pushes into deeper water and drills more high pressure/high temperature wells, BSEE's safety and enforcement protocols require constant revision. The BSEE will use this increase to keep pace with industry's advancement and ensure state-of-the-art equipment and operations employed by industry meet established safety standards.

The Environmental Enforcement Division was established in 2012 to foster environmental compliance, inspection, investigation, and enforcement programs will assure the highest level of environmental standards for all offshore energy activities. In 2013, the development of this important function will benefit from a program increase of \$4.2 million used to: hire, train, equip, and support personnel to conduct environmental inspections, Safety and Environmental Management System audits, and investigations; take enforcement actions; and evaluate the effectiveness of environmental mitigation.

A program increase of \$2.3 million will launch an e-Inspection initiative. In response to recommendations from the Outer Continental Shelf Safety Oversight Board, this multi-faceted initiative will support development of a modern electronic system for conducting offshore inspections to ultimately replace the out dated paper-based inspection process. This funding will be used to collect more timely and accurate inspection data, enhance the tools and information available to inspectors while offshore, and reduce data processing costs associated with transferring inspection data on paper forms to BSEE's database.

Inspection activities will also benefit from a program increase of \$3.7 million to support the new National Offshore Training and Learning Center. This will provide contemporary learning and development opportunities for BSEE’s inspectors and engineers and is designed to enhance safety and environmental stewardship principles using the best science and technology to evaluate, protect, and preserve the human, marine, and coastal environments.

Each of these functions and the bureau’s existing activities will be supported by a program increase of \$5.0 million for administrative support for new engineers, inspectors, scientists, and other professionals in the reorganized and expanded program.

Oil Spill Research – This program supports oil pollution research and other activities related to oil spill prevention, as authorized by the Oil Pollution Act of 1990. The Oil Spill Research program played a pivotal role in initiating applied research used to support decisionmaking pertain-

ing to offshore energy development. This is especially true regarding the program’s long history of research in oil spill containment and response in the field, as well as training at its large test tank facility, the Oil and Hazardous Materials Simulated Environmental Test Tank, located in Leonardo, New Jersey. The test facility is the only one of its type in the world providing full-scale equipment and methodology testing for offshore spills in a safe, controlled environment.

The 2013 budget proposes total funding of \$14.9 million, equal to the 2012 enacted level. The request will address key knowledge gaps in spill containment and control in deep water environments as well as on the surface. The studies will leverage other funds through cooperative efforts with the National Oceanic and Atmospheric Administration, the Department of the Navy, and the U.S. Coast Guard. Oil Spill Research funding will also support research in Arctic environments.

Fixed Costs – Fixed costs of \$1.8 million are fully funded.

SUMMARY OF BUREAU APPROPRIATIONS
(all dollar amounts in thousands)

Comparison of 2013 Request with 2012 Enacted

	2012 Enacted		2013 Request		Change	
	FTE	Amount	FTE	Amount	FTE	Amount
Current						
Offshore Safety and Environmental Enforcement .	617	61,375	680	81,399	+63	+20,024
Oil Spill Research	20	14,899	20	14,899	0	0
Subtotal, Current	637	76,274	700	96,298	+63	+20,024
Offsetting Collections	66	121,081	66	125,881	0	+4,800
TOTAL BUREAU OF SAFETY AND ENVIRONMENTAL ENFORCEMENT (w/ OC).....	703	197,355	766	222,179	+63	+24,824

HIGHLIGHTS OF BUDGET CHANGES

By Appropriation Activity/Subactivity

APPROPRIATION: Offshore Safety and Environmental Enforcement

	2011 Actual*	2012 Enacted	2013 Request	Change
Environmental Enforcement				
Appropriation.....	383	1,498	5,693	+4,195
Offsetting Collections	651	2,610	2,610	0
Subtotal, Environmental Enforcement	1,034	4,108	8,303	+4,195
Operations, Safety and Regulation				
Appropriation.....	41,261	36,913	46,774	+9,861
Offsetting Collections	41,262	95,166	99,966	+4,800
Subtotal, Ops, Safety, Regulation.....	82,523	132,079	146,740	+14,661
Administrative Operations				
Appropriation.....	12,785	4,992	10,422	+5,430
Offsetting Collections	5,479	10,553	10,553	0
Subtotal, Administrative Ops.....	18,264	15,545	20,975	+5,430
General Support Services				
Appropriation.....	12,559	3,994	4,424	+430
Offsetting Collections	6,898	8,613	8,613	0
Subtotal, General Support Services..	19,457	12,607	13,037	+430
Executive Direction				
Appropriation.....	9,420	13,978	14,086	+108
Offsetting Collections	2,814	4,139	4,139	0
Subtotal, Executive Direction	12,234	18,117	18,225	+108
Total Appropriation	76,408	61,375	81,399	+20,024
Total Offsetting Collections	57,104	121,081	125,881	+4,800
TOTAL APPROPRIATION <i>(w/o rescission)</i>	133,512	182,456	207,280	+24,824
Rescission of Prior Year Balances.....	-12,500	0	0	0
TOTAL APPROPRIATION <i>(w/ rescission)</i>	121,012	182,456	207,280	+24,824

* Figures shown for 2011 are estimates provided for comparison. Funding in 2011 was provided to BOEMRE, which was reorganized into BOEM and BSEE in 2012.

Detail of Budget Changes

	<u>2013 Change from 2012 Enacted</u>		<u>2013 Change from 2012 Enacted</u>
TOTAL APPROPRIATION	+24,824		
Environmental Enforcement.....	+4,195	Administrative Operations.....	+5,430
Environmental Enforcement.....	+4,177	Administrative Service Capabilities	+5,000
Fixed Costs	+18	Fixed Costs	+430
Operations, Safety and Regulation.....	+14,661	General Support Services.....	+430
Research and Development	+2,000	Fixed Costs	+430
Operational Safety.....	+4,495	Executive Direction.....	+108
National Offshore Training & Learning Center	+3,685	Fixed Costs	+108
e-Inspections for the Enforcement Program.....	+2,300	Subtotal for Changes Across Multiple Activities	
Wellbore Integrity.....	+1,395	Fixed Costs	[+1,772]
Fixed Costs	+786		

APPROPRIATION: Oil Spill Research

	<u>2011 Actual</u>	<u>2012 Enacted</u>	<u>2013 Request</u>	<u>Change</u>
TOTAL APPROPRIATION	11,744	14,899	14,899	0