

Statement of
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Chairman Stauber, Ranking Member Ocasio-Cortez, and Members of the Subcommittee, I am pleased to join you today to discuss the President’s FY 2024 budget request for the Bureau of Safety and Environmental Enforcement (BSEE, Bureau), a bureau of the Department of the Interior (DOI).

FY24 Request

BSEE’s FY 2024 budget request is \$270.6 million in total funding, including \$190.9 million in current appropriations and \$79.7 million in offsetting collections from rental receipts, cost recoveries, and inspection fees.

BSEE’s FY 2024 Budget Request fully supports President Biden’s priority for tackling the climate crisis and increasing renewable energy production safely and responsibly, and the goal of deploying 30 gigawatts (GW) of offshore wind by 2030. The FY 2024 Budget Request continues to support BSEE’s renewable and conventional energy programs, which will enable timely and rigorous industry plan and permit reviews, the creation of a robust compliance verification and assurance program for offshore wind, and demonstration of BSEE’s commitment and leadership to drive safe performance and the protection of environmental, cultural, and biological resources on the Outer Continental Shelf (OCS). BSEE’s FY 2024 Budget Request will continue to focus attention on priority areas that foster safe and environmentally responsible exploration, development, and production of offshore resources, including activities to decommission orphaned wells and infrastructure, prepare for the advancement of offshore wind, build a Carbon Sequestration Program, and establish a Tribal Liaison Program.

The FY 2024 Budget Request will enable BSEE to continue strengthening oversight, regulatory, and research capabilities on the OCS by building and sustaining staff capabilities. Funds will be used to recruit, train, and retain expert engineers, geoscientists, and inspectors; oil spill planning, prevention, and response specialists; and employees in other disciplines to support the implementation of BSEE's regulatory oversight responsibilities. BSEE will continue outreach and dialogue with stakeholders from academia, industry, nongovernmental organizations, and other governmental agencies to enhance the knowledge base of technical personnel related to innovative technologies, regulatory gaps, real-time monitoring capabilities, and risk-based decision making for safety and environmental enforcement.

The energy resources and activities under BSEE's jurisdiction are vast, as the OCS is an important source of energy for the U.S., with significant oil and gas production and a rapidly developing offshore wind industry. The Nation's first two commercial-scale offshore wind projects on the OCS have been approved and DOI has initiated the review of an additional 14 projects that, if approved, could provide up to 27 GW of clean energy for the Nation. From January through December 2022, OCS leases offshore Alaska, California, and in the Gulf of Mexico produced approximately 630 million barrels of oil and over 784 billion cubic feet of natural gas, roughly 14 percent of domestic oil production and 2 percent of domestic natural gas. Ninety nine percent of offshore oil and gas production occurred in the Gulf of Mexico. Deepwater wells (those in greater than or equal to 1,000 feet water depth) accounted for 89 percent of all barrels of oil equivalent produced on the OCS.

Decommissioning

Development in the shallow water areas of the Gulf of Mexico, first drilled in 1947, is mature and is experiencing drastic reductions in the number of wells drilled and the oil and gas resources produced. This area of the Gulf of Mexico is experiencing significant infrastructure removal that BSEE believes will continue to accelerate, leading to an increase in regulatory workload. Similarly, in the Pacific Region, eight of the 23 platforms no longer produce oil and gas, and are located on terminated leases that do not allow resumption of production. BSEE expects to receive decommissioning applications for these eight platforms and associated pipelines and infrastructure in the near term.

An important part of BSEE's responsibilities is to ensure that infrastructure used in exploration, development, and production activities undertaken pursuant to the Outer Continental Shelf Lands Act (OCSLA) is properly decommissioned to ensure the long-term protection of the resource and the surrounding environment. The Administration is committed to addressing orphan oil and gas wells that pose serious safety hazards and cause ongoing air, water, and other environmental damage across the U.S. Orphaned infrastructure are wells, structures, or pipelines left on the OCS following termination of the underlying lease or right of way without having been decommissioned to regulatory standards, and for which there is no remaining liable party capable of performing decommissioning. As part of this effort, BSEE is requesting \$30.0 million in FY 2024 to properly plug and abandon orphaned wells on the OCS and properly decommission the associated orphaned pipelines and structures. This funding would augment forfeited financial

assurances the Bureau of Ocean Energy Management (BOEM) receives from operators, proceeds from bankruptcy proceedings, and potential funds from the Federal orphaned wells program established by the Bipartisan Infrastructure Law (BIL) to address the most immediate and urgent needs to reduce the risk of safety incidents and pollution.

Offshore Wind and Renewable Energy

In addition to regulating oil and gas operations on the OCS, BSEE continues to support the development of a safe, robust, and sustainable offshore renewable energy industry in the United States. In anticipation of rapid industry growth, BSEE is engaging with offshore wind developers to identify and promote best practices for ensuring worker safety and environmental protection. Engagement with industry, Federal partners including BOEM and the U.S. Coast Guard (USCG), Tribes, and non-Federal stakeholders continues to inform the development of renewable energy program functions.

DOI is reviewing its siting and permitting processes on public lands and in offshore waters to identify steps that can be taken to increase renewable energy production, with the goal of deploying 30 GW of offshore wind by 2030 and creating good-paying jobs that support working families. The Department has issued 27 offshore wind commercial leases in the Atlantic and 2 research leases (one each in the Atlantic and Pacific). Two Construction and Operations Plans have been approved since 2021; there are 14 projects under various stages of review. Based on this activity and industry estimates, BSEE anticipates receiving over 40,000 engineering reports for review in FY 2023 and FY 2024 combined, associated with Facility Design Reports, Fabrication and Installation Reports, and Certified Verification Agent reports required by applicable regulation. BSEE will also support this effort through its environmental stewardship vision of meeting the Nation's energy and mineral needs without compromising the Nation's natural and cultural resources.

On January 31, 2023, DOI published a final rule in the *Federal Register* (88 FR 6376) that reassigned regulations pertaining to safety and environmental oversight of OCS renewable energy activities from BOEM's oversight to BSEE's oversight.

Carbon Sequestration

Section 40307 of the BIL amended OCSLA and authorized DOI to administer leases, easements, and rights-of-way on the OCS for geologic sequestration (i.e., storage) of carbon dioxide, and directed DOI to promulgate implementing regulations for those activities. In FY 2024, BSEE is requesting \$1.5 million to establish a Carbon Sequestration Program to implement the BIL requirements. The FY 2024 request will allow BSEE to actively pursue solutions to address the unique challenges presented by sub-seabed CO₂ storage, including creating a multidisciplinary team to focus on identifying relevant industry standards and enforcement requirements, determining applied research needs and requirements, creating baseline risk assessment criteria for carbon storage projects, reviewing flow modeling, assessing conservation considerations, and instituting performance and safety standards.

BSEE is partnering with BOEM to develop new regulations and create a fully formed program for oversight of carbon sequestration activities on the OCS. BOEM will be responsible for leasing, assessing the broader environmental impact of carbon sequestration, and certain other components of the program. BSEE will be responsible for the activities related to installation, operations, inspections, emergency response plans, and decommissioning, among other roles.

Inspections and Permitting

As required by statute, BSEE conducts on-site inspections of safety equipment on each OCS facility at least once a year. BSEE will continue to execute its Risk-Based Inspections Program, which allows for targeted inspections of higher-risk operations and facilities, with increased focus on areas such as: crane safety; fired vessel operations; continued evaluation of risks associated with high-pressure and high-temperature equipment; and implementation of a quality assurance program to support effectively carrying out core Bureau functions by promoting use of sufficient controls to mitigate risk and supporting continuous improvement.

Among the Bureau's priorities is ensuring the public receives fair market value for resources and that fees and cost recovery are fair and reasonable. In coordination with the Office of Natural Resources Revenue, BSEE's offshore inspectors ensure that production volumes are accurately measured and reported for the assessment of royalties owed to the American people. BSEE's measurement approval, verification, and inspection responsibilities help validate the collection of billions of dollars in royalties from offshore oil and gas resources each year. This important work will continue in FY 2024.

Permitting processes are also being regularly reviewed to support timely processing and appropriate consideration of the risks and phases of development on the OCS. The continuation of robust stakeholder technical and procedural workshops along with other engagement efforts is critical to the success of these modernization and reform efforts. BSEE will continue to hold stakeholder engagement meetings, including meetings with industry association groups, to provide updates on permitting procedures and BSEE's "e-permitting" modules.

In FY 2024, BSEE is requesting the authority to charge a per-visit production facility inspection fee rather than the current once-per-year fee that has been in place since FY 2012, as well as to adjust the existing fees for inflation. This will allow BSEE to recover a greater share of the actual costs incurred in overseeing these operations and reduce the direct cost to taxpayers, while providing an incentive to operators to improve safety performance and reduce the need for follow-up inspections.

Cybersecurity and Safety

BSEE will continue developing key relationships across the Federal Government in developing the BSEE offshore operational technology (OT) cybersecurity safety threat detection and mitigation program. These relationships with Federal partners, the intelligence community, and industry partners are key to ensuring that, as the program develops, it is equipped to inform and address OT cybersecurity risks on the OCS. BSEE will continue to explore program

enhancements and engagement strategies to improve and integrate a cybersecurity posture within all OCS activities. Additionally, BSEE has initiated efforts to develop a cybersecurity risk profile for its offshore operators. BSEE began determining the vulnerabilities within OT systems utilized by a cross-section of these operators. Field assessments will identify strengths and weaknesses within client OT networks and provide BSEE with a snapshot of offshore operator OT vulnerabilities. This, in turn, will contribute to the development of an overall cybersecurity risk profile.

Strengthening our Regulatory Program

BSEE continues to support its statutory responsibilities by developing and effectuating a robust regulatory program. BSEE has established regulatory priorities and is working to advance all identified rulemaking efforts. Over the past year, BSEE has published the High-Pressure High-Temperature and Subpart B Revisions proposed rule, the Blowout Preventer Systems and Well Control Revisions proposed rule, the joint BOEM/BSEE Renewable Energy Reorganization final rule, and the Decommissioning Activities and Obligations final rule. BSEE is currently working on several other regulatory priorities including the Oil-Spill Response Requirements for Facilities Located Seaward of the Coast Line proposed rule, the Revisions to Subpart J—Pipelines and Pipeline Rights-of-Way proposed rule, the BSEE Renewable Energy Modernization proposed rule, and the joint BSEE/BOEM Carbon Sequestration proposed rule.

Strengthening our Commitment to Safety and the Environment

To continue and encourage the movement by operators toward a performance-based safety approach, BSEE works closely with operators as they shift their attention from designing to implementing their Safety and Environmental Management Systems (SEMS) processes. Through this approach, BSEE leverages the capabilities and expertise of government, industry, and independent third parties to continually improve safety and environmental outcomes.

BSEE's SafeOCS Program is aimed at collecting and analyzing near-miss, safety, and failure data for well-control equipment and other safety and pollution prevention equipment. The goal of the program is to identify proactive steps to mitigate risks and ensure offshore operations are safe, reliable, and environmentally responsible. BSEE will continue to obtain statistical advice on the evaluation of daily notifications of safety events through its partnership with the Department of Transportation's Bureau of Transportation Statistics.

The BSEE!Safe program uses text messaging to send links to published Safety Alerts, which are used to inform the offshore oil and gas industry of the circumstances surrounding an incident or near miss and provide recommendations to help prevent the recurrence of such incidents. BSEE!Safe is part of the Bureau's strategy to supplement regulation with innovative programs, expanding the available toolbox of methods for driving safety performance and environmental stewardship improvements, and is the first instance in which a safety regulator has communicated directly with the industry workforce to ensure the distribution of critical safety information. As of March 2023, more than 7,900 subscribers have signed up for the service.

BSEE is also expanding the Safety Performance Enhanced by Analytical Review (SPEAR) Program, with the goal of surfacing innovative data analytic tools and strategic Bureau-wide processes. SPEAR enables BSEE subject matter experts to thoroughly analyze data to identify current and emerging safety and environmental hazards from OCS energy operations. The SPEAR Program: (1) explores the potential use of advanced data analytic tools to support the Bureau's processes; and (2) establishes a world-class approach to analyzing and communicating data and information throughout the Bureau and to external stakeholders as needs arise. In 2024, BSEE will develop new use cases to evaluate and develop data for other useful applications.

BSEE provides technical training to field personnel, inspectors, scientists, and engineers to ensure staff have the tools and knowledge needed to accomplish the agency's mission safely and effectively. BSEE's training programs provide staff with the most up-to-date, relevant training available that addresses the technological advances the Bureau's workforce will encounter in the field. The Bureau's National Offshore Training Center (NOTC) provides cutting-edge, comprehensive, multi-tiered training and professional development opportunities for BSEE's inspectors, engineers, and scientists to ensure safe and environmentally-sound offshore energy operations. In FY 2024, BSEE plans to continue to implement a multi-phased approach to assess the current program to identify training gaps, develop and implement curriculum, develop and implement an accreditation plan, and perform annual curriculum reviews. This includes incorporating training on renewable energy topics into the NOTC curriculum. These investments will help demonstrate the Bureau's commitment to building a "best in class" technical training program, and will allow BSEE to better capture and track the costs associated with the program.

Collaboration

The Bureau values its close cooperative relationships with Federal and State partners on the OCS and is also working to strengthen resources through intra- and interagency cooperation. In FY 2023 and FY 2024, the Bureau is planning on completing several state-level agreements regarding oil spill preparedness coordination. 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 Pipeline and Hazardous Materials Safety Administration and the Nuclear Regulatory Commission. BSEE continues to engage in opportunities to leverage resources and share information across U.S. government agencies.

BSEE will continue to enhance its international collaborative efforts. BSEE engages regularly with its international counterparts to promote the safe and environmentally responsible development of offshore energy resources globally. BSEE has established itself as a leader in international cooperation, actively participating in multilateral forums such as the International Regulators Forum, the Arctic Offshore Regulators Forum, the International Offshore Petroleum Environment Regulators group, and Arctic Council bodies such as the Emergency Prevention, Preparedness, and Response Working Group. BSEE's roles in preparedness activities at the international scale span work in both temperate and Arctic waters. The Bureau is taking an international leadership role to better understand the viabilities of traditional oil spill cleanup

strategies in different environments. Additionally, BSEE places a priority on maintaining strong bilateral relationships with several international partners.

Oil Spill Prevention

BSEE continues to implement a comprehensive, cost-effective, long-term research program dedicated to improving response countermeasures for oil spills offshore, including in Arctic environments. The research program is based upon a strategic plan that recognizes the evolving risks in offshore exploration and production and BSEE's mission of protecting the environment. BSEE focuses its oil spill response research on advancing state-of-the-art methods and technologies for oil spill detection.

A crucial and unique asset that aids BSEE's ability to conduct this work is Ohmsett, The National Oil Spill Response Research and Renewable Energy Test Facility in Leonardo, New Jersey. Ohmsett hosts a large, outdoor, aboveground concrete test tank that is 667 feet long, 65 feet wide, 11 feet deep, and filled to a depth of eight feet with 2.6 million gallons of saltwater and allows government agency and private industry oil spill response personnel to hone techniques and test full-scale equipment in realistic sea environments. Ohmsett plays an important role in protecting the Nation's oceans by supporting development of the most effective response technologies as well as preparing responders by creating the most realistic training environment available.

Tribal Coordination

To support the Administration's commitment to Tribal coordination and consultation, BSEE is requesting \$800,000 to establish a National Tribal Engagement Program with dedicated, full-time Tribal liaison positions. BSEE has committed to growing its Tribal engagement program to engage with Federally recognized Tribal Nations through government-to-government interactions. With this additional funding, the National Tribal Engagement Program will be able to provide timely coordination and consultation with Tribes.

BSEE regulates activities that may have direct or indirect impacts to the integrity of the shoreline and its ecology, offshore habitat, marine mammals, other critical species, natural view-scape, and submerged historical or archaeological sites. BSEE strives to ensure that its processes surrounding activities that may have effects on Indigenous communities are open, transparent, and thorough. BSEE hosts consultations with Tribal Nations for three primary reasons: to honor our nation-to-nation relationship; to hear directly from Tribal leaders as we address economic, racial justice, and climate crises, all of which disproportionately impact Native Americans and Alaska Natives; and to commit ourselves to a process that addresses Tribal needs and ensures we respect and understand the input we receive.

Conclusion

I would like to take this opportunity to express our appreciation for the continued support for safe and environmentally sustainable offshore energy. The FY 2024 request will support BSEE's

efforts to ensure responsible development of offshore energy and mineral resources, build on the advancements that it has made, and expand its capabilities to provide effective oversight of the OCS through the initiatives outlined above.

I thank the Chairman and Ranking Member for inviting me here today and would be happy to answer the Subcommittee's questions.