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 2025 Budget Request for the Bureau of Safety and Environmental Enforcement (BSEE, Bureau), a bureau of the Department of the Interior (DOI, Department).

FY 2025 Budget Request

BSEE's FY 2025 Budget Request is $252.6 million in total funding, including $170.4 million in current appropriations and $82.2 million in offsetting collections from rental receipts, cost recoveries, and inspection fees.

BSEE's FY 2025 Budget Request fully supports President Biden's priority for tackling the climate crisis and increasing renewable energy production safely and responsibly, with the goal of deploying 30 gigawatts (GW) of offshore wind capacity by 2030 and 15 GW of floating offshore wind capacity by 2035. The FY 2025 Budget Request supports BSEE's continued work in its renewable and conventional energy programs, focusing on safe and responsible offshore energy development, pushing the industry forward towards a more robust and meaningful safety culture, and enhancing regulations to protect environmental, cultural, and biological resources on the Outer Continental Shelf (OCS). BSEE's FY 2025 Budget Request continues to focus attention on priority areas and builds on BSEE's current work that reflects its commitment to transparent and data-driven operations. This budget will promote safe and environmentally responsible programs, including decommissioning orphaned wells and infrastructure, preparing for the expansion of offshore wind energy generation, developing a carbon sequestration program, and bolstering BSEE's Tribal Liaison Program.

The FY 2025 Budget Request will enable BSEE to continue strengthening oversight, regulatory, and research capabilities on the OCS by building and sustaining staff capabilities. BSEE will direct resources to the recruitment, training, and support of 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 and evolving offshore energy landscape. BSEE will continue outreach and dialogue with experts 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 growing offshore wind industry. The Nation's first eight commercial-scale offshore wind projects on the OCS were recently approved, and BSEE is reviewing an additional 18 projects over 15 leases.

From January through October 2023, OCS oil and gas leases offshore Alaska, California, and in the Gulf of Mexico produced approximately 566 million barrels of oil and 628 billion cubic feet of natural gas. This production accounted for approximately 15 percent of domestic oil production and 2 percent of domestic natural gas produced in the same period. 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 91 percent of all barrels of oil equivalent produced on the OCS.

Decommissioning

Shallow water areas of the Gulf of Mexico, first drilled in 1947, are undergoing significant well and infrastructure decommissioning that BSEE believes will continue to accelerate, leading to an increase in regulatory oversight and workload. Similarly, in the Pacific Region, eight of the 23 platforms no longer produce oil and gas and are located on terminated leases that will not resume production. BSEE expects to receive decommissioning applications for these eight platforms and associated pipelines and infrastructure in the near term.

While decommissioning on the OCS is the obligation of the oil and gas industry, BSEE must ensure that wells and infrastructure used in exploration, development, and production activities undertaken pursuant to the Outer Continental Shelf Lands Act (OCSLA) are decommissioned properly and in a timely manner to remove unnecessary hazards to safety, navigation, and the environment.

When a company responsible for decommissioning is bankrupt, or predecessor companies with a regulatory obligation no longer exist or are financially unable to fund their decommissioning obligation, the federal government may need to decommission this orphaned infrastructure using American taxpayer dollars. The Biden-Harris Administration is committed to addressing these orphaned oil and gas wells and infrastructure that pose serious safety hazards and cause ongoing air, water, and other environmental damage across the country. In the last year, BSEE enhanced its enforcement and civil penalty policies to address industry's performance and delinquent decommissioning obligations on terminated leases and rights-of-way. BSEE is evaluating additional enforcement strategies to encourage timely decommissioning.

BSEE will continue to address the immediate and urgent need to properly plug and abandon orphaned wells on the OCS and remove orphaned pipelines and other infrastructure from the seabed. Requested 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 environmentally responsible offshore renewable energy industry in the United States. The first two OCS offshore wind projects are now generating power, and as the industry rapidly grows, BSEE will continue to engage 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, Tribal Nations, and 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 capacity by 2030 and creating good-paying jobs that support working American families. As of November 2023, the Department has issued 27 offshore wind commercial leases in the Atlantic, five offshore wind commercial leases off the Pacific coast, and one lease in the Gulf of Mexico. In 2023, the first two offshore wind projects began construction, and on November 29, 2023, South Fork Wind became the first OCS wind project to deliver electricity to the grid; on January 3, 2024, Vineyard Wind became the second. By the end of 2024, we expect that construction and installation will commence on four additional projects. An additional 18 wind energy projects are currently under review. Based on this activity and industry estimates, BSEE anticipates receiving over 40,000 engineering reports for review by the end of FY 2025, including facility design reports, fabrication and installation reports, and certified verification agent reports. BSEE's FY

2025 Budget Request would enable hiring to complete timely and rigorous industry plan reviews, establish a robust compliance assurance program, and conduct renewable energy research.

Carbon Sequestration

In FY 2025, BSEE is requesting $1.5 million to hire additional staff to establish a Carbon Sequestration Program authorized under BIL. The FY 2025 Budget Request would allow BSEE to actively pursue solutions to address the unique challenges presented by sub-seabed CO_2 storage. A multi-disciplinary team funded through the request would 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 and BOEM have been developing offshore carbon sequestration regulations that are comprehensive and rely on the best available science for oversight of carbon sequestration activities on the OCS. We are reviewing numerous industry standards and existing regulatory frameworks, and engaging with experts, both domestically and internationally. BSEE is engaging other federal agencies with associated expertise, including the Department of Energy, and evaluating the federal government's existing geological sequestration programs and frameworks, and mapping the applicability to the OCS environment. This ongoing work will facilitate the Department's ability to make sure sequestration operations will be safe and environmentally sustainable.

Inspections and Permitting

Each year BSEE's 120+ inspectors conduct over 20,000 inspections at more than 1,750 facilities on the OCS. BSEE's oil and gas inspection strategy relies on a tiered approach to ensure the Bureau meets its statutory requirements, fulfills regional and national priorities, and uses its workforce effectively to inspect each offshore oil and gas facility at least once a year. In FY 2025, BSEE will continue to execute its Risk-Based Inspection (RBI) Program, which allows for targeted inspections of higher-risk operations and facilities. RBIs use data that was analyzed in previous years to identify safety and environmental concerns and issues.

BSEE's implementation of its inspection strategy helps the Bureau effectively carry out core functions by promoting the use of sufficient controls to mitigate risk and support continuous improvement.

Among the Bureau's priorities are ensuring the public receives fair market value for developed 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. In FY 2025, BSEE is proposing to allow the Bureau to charge a per-visit production facility inspection fee, as is done for offshore drilling rigs, rather than the current once-per-year fee that has been in place since FY 2012, as well as to adjust existing inspection fees for inflation. This would 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 for operators to improve safety performance and reducing the need for follow-up inspections. The Bureau will continue to review inspection and other cost recovery fees to determine if further adjustments are needed to reduce or eliminate the potential for subsidies.

BSEE is also regularly reviewing permitting processes to support timely processing and appropriate consideration of the risks and phases of development on the OCS. Conducting robust stakeholder technical and procedural workshops along with other engagement efforts is critical to the success of BSEE's 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.

Cybersecurity

In FY 2025, BSEE will actively work to establish a BSEE offshore operational technology (OT) cybersecurity safety threat detection and mitigation program. BSEE is closely collaborating with federal partners, including the Department of Homeland Security's Cybersecurity and Infrastructure Security Agency, the U.S. Coast Guard, and the Department of Energy to ensure comprehensive coordination and address cybersecurity concerns on the OCS.

Relationships with federal partners, including the intelligence community, and industry decision makers are key to ensuring that, as the program develops, the Bureau 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.

To assist with the federal government's efforts to address OT cybersecurity risk on the OCS, BSEE has initiated efforts to develop a cybersecurity risk profile for offshore energy operators. BSEE began by 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 and its federal partners 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 perform its statutory responsibilities by developing and conducting a robust regulatory program. In recent years, BSEE has published the High-Pressure High-Temperature and Subpart B Revisions proposed rule, the Blowout Preventer Systems and Well Control Revisions final rule, the joint BOEM/BSEE Renewable Energy Modernization 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 Safety proposed rule, and the joint BSEE/BOEM Carbon Sequestration proposed rule.

Strengthening our Commitment to Safety and the Environment

BSEE works closely with operators as they shift from designing to implementing their Safety and Environmental Management Systems (SEMS) processes that promote a performance-based safety approach and culture. 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 collects and analyzes 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 offshore workers links to published Safety Alerts, which 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 April 2024, more than 7,900 subscribers have signed up for the service, and BSEE is expanding the service to include safety information for offshore wind energy workers as well.

BSEE is also prioritizing the Safety Performance Enhanced by Analytical Review (SPEAR) Program, with the goal of enabling 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 FY 2025, BSEE will develop new use cases to evaluate and develop data for other useful applications.

BSEE provides technical training to Bureau field personnel, inspectors, scientists, and engineers to ensure staff have the tools and knowledge needed to accomplish the Bureau'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 2025, BSEE plans to continue implementing a multi-phased approach to assess the current program, identify training gaps, develop and implement curriculum, develop and implement an accreditation plan, and perform annual curriculum reviews. Training enhancement will include 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 with jurisdictional interest on the OCS and is working to strengthen resources through intra- and interagency cooperation. In FY 2024 and FY 2025, the Bureau is planning to complete 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 federal partners, 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 international collaboration in FY 2025. BSEE engages regularly with 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, and the International Offshore Petroleum Environment Regulators group, and Arctic Council bodies such as the Emergency Prevention, Preparedness and Response Working Group. BSEE's preparedness activities at the international scale span work in both temperate and Arctic waters. The Bureau uses its international leadership role to better understand the viabilities of traditional oil spill cleanup strategies in different environments.

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, and filled to a depth of eight feet with 2.6 million gallons of saltwater. Ohmsett allows government 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

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 communicated openly, transparently, and thoroughly. 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, environmental 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.

To support this commitment to Tribal coordination and consultation, BSEE is requesting $800,000 to strengthen its existing National Tribal Engagement Program to include additional dedicated, full-time Tribal liaison positions. With this additional funding, the National Tribal Engagement Program will be better able to provide meaningful and timely coordination and consultation with Tribes.

Conclusion

I would like to take this opportunity to express our appreciation for the continued support for safe and environmentally sustainable offshore energy development and production. The FY 2025 Budget Request will support BSEE's efforts to ensure responsible offshore energy and mineral resource development, build on BSEE's advancements, and expand its ability 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.