OIL AND GAS MANAGEMENT

Key Elements to Consider for Providing Assurance of Effective Independent Oversight

What GAO Found

**Technical Expertise.** Oil and gas production methods on federal lands and waters have become increasingly sophisticated over the past decade. GAO found in a March 2010 report that Interior had challenges in hiring, training, and retaining key staff, leading to questions about the technical capacity of Interior staff overseeing oil and gas activities. Interior’s challenges partly stem from competition with the oil and gas industry, which can pay staff higher salaries. Moreover, key technical positions responsible for oversight of oil and gas activities have experienced high turnover rates, which, according to Interior officials, impede their capacity to oversee oil and gas activities.

**Ability to perform reviews and require that findings be addressed.** In several recent reports, GAO found that Interior was unable to complete necessary reviews, including environmental and oil and gas production verification inspections, and had an ill-defined process for conducting certain offshore environmental analyses. For example, GAO reported in March 2010 that MMS faced challenges in Alaska conducting required environmental reviews, because although Interior policy directed MMS to prepare a handbook providing guidance on how to conduct these reviews, MMS lacked such a handbook. This lack of guidance also left unclear MMS’s policy on what constitutes a significant environmental impact.

**Enforcement Authority.** In a March 2010 review, GAO determined that in some instances, Interior was uncertain about its legal authority for undertaking potential necessary enforcement actions, and that Interior may be inconsistently using its enforcement authority. For example, staff from one BLM office told us that they were not issuing enforcement actions for unauthorized devices intended to modify gas flow upstream of the measurement meter—which may result in inaccurate measurement of gas production volumes. These staff explained that this was due to measurement regulations that were out of date.

**Public Access.** In its preliminary results from ongoing work on public challenges to BLM’s federal onshore oil and gas lease sale decisions in the four Mountain West states responsible for most federal oil and gas development, GAO found state-by-state variation in what protest-related information was made publicly available across BLM state offices. GAO also found that stakeholders, including industry groups and nongovernmental organizations representing environmental, recreational, and hunting interests, expressed frustration with the transparency and timeliness of the information.

**Independence.** During GAO’s work in 2009 and in Interior OIG reports in 2008 and 2010, several instances were identified where Interior staff had inappropriate relationships with oil and gas industry personnel, raising questions about whether Interior’s oversight efforts were sufficient. The OIG found numerous instances of inappropriate contact between industry and Interior staff, including staff receipt of gifts.

View GAO-10-852T or key components. For more information, contact Frank Rusco, 202-512-3841, Ruscof@gao.gov.