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B-331063

May 29, 2019

The Honorable Lisa Murkowski
Chairman
The Honorable Joe Manchin
Ranking Member
Committee on Energy and Natural Resources
United States Senate

The Honorable Raúl M. Grijalva
Chairman
The Honorable Rob Bishop
Ranking Member
Committee on Natural Resources
House of Representatives

Subject: *Department of the Interior, Bureau of Safety and Environmental Enforcement: Oil and Gas and Sulfur Operations in the Outer Continental Shelf—Blowout Preventer Systems and Well Control Revisions*

Pursuant to section 801(a)(2)(A) of title 5, United States Code, this is our report on a major rule promulgated by the Department of the Interior, Bureau of Safety and Environmental Enforcement (BSEE) entitled “Oil and Gas and Sulfur Operations in the Outer Continental Shelf—Blowout Preventer Systems and Well Control Revisions” (RIN: 1014-AA39). We received the rule on May 15, 2019. It was published in the *Federal Register* as a final rule on May 15, 2019. 84 Fed. Reg. 21908. The effective date of the rule is July 15, 2019.

The final rule revises existing regulations for well control and blowout preventer systems. The rule revises requirements for well design, well control, casing, cementing, real-time monitoring, and subsea containment. According to BSEE, these revisions modify regulations pertaining to offshore oil and gas drilling, completions, workovers, and decommissioning in accordance with executive and Secretary of the Interior’s orders to ensure safety and environmental protection, while correcting errors and reducing certain unnecessary regulatory burdens imposed under the existing regulations. BSEE also states that, after thoroughly reexamining the 2016 Blowout Preventer Systems and Well Control final rule (WCR), experiences from the implementation process, and various BSEE policies (notices to lessees, answers to frequently asked questions, and conditions of approval), BSEE will amend, revise, or remove certain current regulatory provisions that create unnecessary burdens on stakeholders, while still maintaining safety and environmental protection. The final regulations also address various issues and errors that, according to BSEE, it identified during the implementation of the 2016 WCR.

Enclosed is our assessment of BSEE’s compliance with the procedural steps required by section 801(a)(1)(B)(i) through (iv) of title 5 with respect to the rule. If you have any questions about this report or wish to contact GAO officials responsible for the evaluation work relating to

the subject matter of the rule, please contact Janet Temko-Blinder, Assistant General Counsel, at (202) 512-7104.

signed

Shirley A. Jones
Managing Associate General Counsel

Enclosure

cc: Lakeisha Harrison
Chief, Regulations and Standards Branch, BSEE
Department of the Interior

REPORT UNDER 5 U.S.C. § 801(a)(2)(A) ON A MAJOR RULE
ISSUED BY THE
DEPARTMENT OF THE INTERIOR,
BUREAU OF SAFETY AND ENVIRONMENTAL ENFORCEMENT
ENTITLED
“OIL AND GAS AND SULFUR OPERATIONS IN THE
OUTER CONTINENTAL SHELF—BLOWOUT PREVENTER SYSTEMS
AND WELL CONTROL REVISIONS”
(RIN: 1014-AA39)

(i) Cost-benefit analysis

According to the Bureau of Safety and Environmental Enforcement (BSEE), this rule is a deregulatory action; the BSEE has evaluated possible costs and benefits and has estimated that there is an overall associated cost savings. BSEE has estimated the annualized cost savings by regulatory provision and then allocated those savings to small or large entities based on drilling/well activity (circa October 2017; activity breakouts can be found in the regulatory flexibility analysis). The changes to title 30 of the Code of Federal Regulations §§ 250.423, 250.734, and 250.737(d)(5) would only apply to subsea blowout preventers (BOP) and would yield cost savings that sum to \$47,421,114. All remaining changes apply to all well operations or subsea/surface BOPs and yield cost savings that sum to \$106,888,221.

(ii) Agency actions relevant to the Regulatory Flexibility Act (RFA), 5 U.S.C. §§ 603-605, 607, and 609

BSEE determined that a RFA analysis was required. While BSEE included some information in the final rule pertaining to its analysis, BSEE stated that more information on the small business impacts can be found at its RFA analysis in its Final Regulatory Impact Analysis, which is located within the docket for this rulemaking (<https://www.regulations.gov> (Docket ID: BSEE-2018-0002)).

(iii) Agency actions relevant to sections 202-205 of the Unfunded Mandates Reform Act of 1995 (UMRA), 2 U.S.C. §§ 1532-1535

BSEE states that the final rule will not impose an unfunded mandate on state, local, or tribal governments or the private sector of more than \$100 million per year. BSEE also states that the final rule will not have a significant or unique effect on state, local, or tribal governments or the private sector. BSEE concluded that a statement containing the information required by UMRA is not required.

(iv) Other relevant information or requirements under acts and executive orders

Administrative Procedure Act, 5 U.S.C. §§ 551*et seq.*

On May 11, 2018, BSEE published a proposed rule. 83 Fed. Reg. 22128. BSEE received more than 265 sets of comments containing individually submitted comments and multiple similar group form letters, totaling more than 118,000 submittals. Comments included submittals from individual entities (e.g., companies, industry organizations, non-governmental organizations,

state governments, and private citizens). BSEE states that all relevant comments are posted at www.regulations.gov, and that the final regulatory changes reflect BSEE's consideration of the public comments received in response to the 2016 Well Control final rule (81 Fed. Reg. 25888); the comments received in response to the proposed rule; and stakeholders' recommendations pertaining to the requirements applicable to offshore oil and gas drilling, completions, workovers, and decommissioning. BSEE reviewed all comments submitted in response to this rule, provided brief summaries of the relevant comments, and provided responses in this final rule.

Paperwork Reduction Act (PRA), 44 U.S.C. §§ 3501-3520

BSEE states that this final rule contains collections of information that will be submitted to the Office of Management and Budget (OMB) for review and approval under PRA. BSEE provided that the final rule will increase BSEE's information collection inventory by 87,744 annual hour burdens; as well as increase annual non-hour cost burdens by \$10,918,000 for Independent Third Party costs. The rule contains a list of the current OMB control numbers affected by this final rulemaking, as well as the associated increases/decreases in hour burdens and non-hour costs.

Statutory authorization for the rule

The authority for this rule is 30 U.S.C. § 1751, 31 U.S.C. § 9701, 33 U.S.C. § 132(j)(1)(C), 43 U.S.C. § 1334.

Executive Order No. 12,866 (Regulatory Planning and Review)

BSEE states that, in accordance with the provisions of Executive Order 12,866, the rule was submitted to the Office of Management and Budget for review.

Executive Order No. 13,132 (Federalism)

BSEE found that the rule will not substantially and directly affect the relationship between the federal and state governments. To the extent the state and local governments have a role in outer continental shelf activities, BSEE stated that this rule will not affect that role. BSEE concluded that a federalism impact statement is not required.