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OIL AND GAS

Interior Has Strengthened Its Oversight of Subsea Well Containment, but Should Improve Its Documentation

GAO Highlights

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Highlights of GAO-12-244, a report to congressional requesters

Why GAO Did This Study

On April 20, 2010, an explosion and fire on board the *Deepwater Horizon,* an offshore drilling rig, resulted in 11 deaths and the largest oil spill in U.S. history in the Gulf of Mexico. After this event, the Department of the Interior (Interior), which oversees oil and gas operations in federal waters, suspended certain offshore drilling operations. After developing new guidance, Interior resumed approving drilling operations in the Gulf of Mexico. GAO was asked to examine (1) the industry's improved capabilities for containing subsea wells (those on the ocean floor) in the Gulf of Mexico; (2) Interior's oversight of subsea well containment in the Gulf of Mexico; and (3) the potential to use similar subsea well containment capabilities in other federal waters, such as those along the Alaskan coast.

GAO reviewed laws, regulations, and guidance; documents from oil and gas operators; and Interior's oversight processes. GAO also interviewed agency officials and industry representatives.

What GAO Recommends

To help ensure that operators can respond effectively to a subsea well blowout, GAO recommends that Interior document a time frame for incorporating well containment response scenarios into unannounced spill drills. In commenting on a draft of this report, Interior concurred with GAO's recommendation.

View GAO-12-244. For more information, contact Madhav Panwar at (202) 512-6228 or panwarm@gao.gov or Frank Rusco at (202) 512-3841 or ruscof@gao.gov.

What GAO Found

Since the *Deepwater Horizon* incident, the oil and gas industry has improved its capabilities to respond to a subsea well blowout—the uncontrolled release of oil or gas from a well on the ocean floor—in the Gulf of Mexico. In particular, operators have formed two new not-for-profit organizations that can quickly make available well containment equipment, services, and expertise. Among the equipment that these organizations can provide are capping stacks—devices used to stop the flow of oil or gas from a well. This improved well containment response equipment consists primarily of existing technologies that have been modified to support well containment, according to industry representatives.

Following the *Deepwater Horizon* incident, Interior strengthened its review plans and resources to contain a subsea well blowout; however, its internal oversight processes have not yet been fully documented. Interior has issued guidance to operators outlining information that must be provided to Interior to demonstrate that operators can respond to a well blowout. Interior officials said that they expect to have documentation of their process for reviewing this information in place by spring 2012. Also, Interior incorporated tests of an operator's well containment response capabilities into two unannounced spill drills, and Interior officials told us they intend to incorporate such tests into future spill drills. However, Interior has not documented a time frame for incorporating these tests, and until it does so there is limited assurance of an operator's ability to respond to a subsea well blowout.

Subsea well containment capabilities developed for the Gulf of Mexico could generally be used elsewhere, including Alaskan waters, according to industry representatives and Interior officials. However, because other areas lack the infrastructure and equipment present in the Gulf of Mexico, well blowout response capabilities are more limited. Two operators have submitted plans to Interior to drill in waters north of Alaska as early as the summer of 2012. They are developing, but have not submitted, final well containment plans to Interior, and these plans will need to be approved by Interior before drilling. Oil and gas exploration and production off the coast of Alaska is likely to encounter environmental and logistical risks that differ from those in the Gulf of Mexico because of the region's cold and icy conditions—factors that would also likely affect the response to a well blowout.

A Capping Stack Ready for Deployment

Source: GAO.