

## Why GAO Did This Study

On April 20, 2010, the *Deepwater Horizon* drilling rig exploded in the Gulf of Mexico resulting in 11 deaths, serious injuries, and the largest marine oil spill in U.S. history. Interior, which oversees offshore oil and gas activities, initiated a number of reforms following the incident to improve its oversight. This report assesses (1) Interior's reorganization of its oversight of offshore oil and gas activities; (2) how key policy changes Interior has implemented since this incident have affected Interior's environmental analyses, plan reviews, and drilling permit reviews; (3) the extent to which Interior's inspections of drilling rigs and production platforms in the Gulf identify violations or result in civil penalty assessments; (4) when stakeholders provided input to Interior on proposed oil and gas activities, and the extent which they believe Interior considered their concerns; and (5) key challenges, if any, Interior faces in overseeing offshore oil and gas activities in the Gulf. GAO analyzed data and documents and interviewed officials from Interior and the Department of Commerce's National Oceanic and Atmospheric Administration, Gulf of Mexico states, environmental groups, and industry.

## What GAO Recommends

GAO recommends, among other things, that Interior improve the effectiveness of its inspections through timely input of violation correction data, its capacity for categorizing oil and gas activities according to risk, and its strategic planning for information technology and workforce efforts. In commenting on a draft of this report, Interior generally agreed with GAO's findings and recommendations.

View [GAO-12-423](#). For more information, contact Frank Rusco at (202) 512-3841 or [ruscof@gao.gov](mailto:ruscof@gao.gov).

## OIL AND GAS MANAGEMENT

### Interior's Reorganization Complete, but Challenges Remain in Implementing New Requirements

## What GAO Found

On October 1, 2011, the Department of the Interior (Interior) officially established two new bureaus, separating offshore resource management oversight activities, such as reviewing oil and gas exploration and development plans, from safety and environmental oversight activities, such as reviewing drilling permits and inspecting drilling rigs. Because the responsibilities of these bureaus are closely interconnected and will depend on effective coordination, Interior developed memoranda and standard operating procedures to define roles and responsibilities and facilitate and formalize coordination.

New safety and environmental requirements and policy changes designed to mitigate the risk of a well blowout or spill initially required Interior to devote additional resources and time to reviewing certain oil and gas exploration and development plans and drilling permits for oil and gas activities in the Gulf of Mexico. Specifically, these policy changes affected Interior's (1) environmental analyses, (2) reviews of oil and gas exploration and development plans, and (3) reviews of oil and gas drilling permits.

Interior's inspections of offshore Gulf of Mexico oil and gas drilling rigs and production platforms from January 1, 2000, through September 30, 2011, routinely identified violations. However, Interior's database is missing data on when violations were identified as well as violation correction dates for about half of the violations issued. As a result, Interior does not know on a real-time basis whether or when all violations were identified and corrected, potentially allowing unsafe conditions to continue for extended periods. During this same period, Interior issued approximately \$18 million in civil penalty assessments. Recently, Interior began implementing a number of policy changes to improve both its inspection and civil penalty programs. However, Interior has not assessed how these changes would affect its ability to conduct monthly drilling rig inspections.

Federal government stakeholders told GAO that they generally provided most of their input on Interior's oil and gas development program early in the planning process and typically did not review or comment on oil and gas exploration and development plans or drilling permits. Federal and state stakeholders stated that Interior was generally responsive to their input on proposed offshore oil and gas activities in the Gulf of Mexico from 2002 through January 2012, but nongovernmental stakeholders—including industry and conservation groups—stated that Interior was, at times, less responsive.

Interior continues to face challenges following its reorganization that may affect its ability to oversee oil and gas activities in the Gulf of Mexico. Specifically, Interior's capacity to identify and evaluate risk remains limited, raising questions about the effectiveness with which it allocates its oversight resources. Interior also continues to experience difficulties in implementing effective information technology systems, such as those that aid exploration and development plan reviews. It also continues to face workforce planning challenges, including hiring, retaining, and training staff. Moreover, Interior does not have current strategic plans to guide its information technology or workforce planning efforts.