

GAO Highlights

Highlights of [GAO-16-245](#), a report to the Ranking Member, Committee on Natural Resources, House of Representatives

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. In response, in May 2010, Interior reorganized offshore oil and gas management activities—energy development, revenue collection, and regulatory oversight—into separate bureaus. In October 2011, Interior created BSEE to manage regulatory oversight. Since then, BSEE has undertaken reform efforts but has not fully addressed deficiencies in its investigative, environmental compliance, and enforcement capabilities identified by investigations after the *Deepwater Horizon* incident. In October 2013, BSEE initiated an organizational restructuring to address continuing oversight deficiencies. GAO was asked to review BSEE's efforts to enhance its oversight capabilities.

This report examines the extent to which BSEE's ongoing restructuring has enhanced its capabilities for (1) investigations, (2) environmental compliance, and (3) enforcement. GAO reviewed laws, regulations, and policies, related to BSEE's restructuring and oversight activities. GAO also interviewed BSEE officials and industry representatives.

What GAO Recommends

GAO recommends, among other things, that BSEE (1) complete and update its investigative policies and procedures, (2) conduct and document a risk analysis of the regional-based reporting structure, and (3) develop procedures for enforcement actions. Interior neither agreed nor disagreed with GAO's recommendations.

View [GAO-16-245](#). For more information, contact Frank Rusco at (202) 512-3841 or ruscof@gao.gov.

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OIL AND GAS MANAGEMENT

Interior's Bureau of Safety and Environmental Enforcement Restructuring Has Not Addressed Long-Standing Oversight Deficiencies

What GAO Found

The Department of the Interior's (Interior) Bureau of Safety and Environmental Enforcement's (BSEE) ongoing restructuring has made limited progress in enhancing the bureau's investigative capabilities. BSEE continues to rely on pre-*Deepwater Horizon* incident policies and procedures. Specifically, BSEE has not completed a policy outlining investigative responsibilities or updated procedures for investigating incidents—among the goals of BSEE's restructuring, according to restructuring planning documents, and consistent with federal standards for internal control. The use of outdated investigative policies and procedures is a long-standing deficiency. Post-*Deepwater Horizon* incident investigations found that Interior's policies and procedures did not include requirements for planning investigations, gathering and documenting evidence, and ensuring quality control and determined that their continued use posed a risk to the effectiveness of bureau investigations. Without completing and updating its investigative policies and procedures, BSEE continues to face this risk.

BSEE's ongoing restructuring of its environmental compliance program reverses actions taken to address post-*Deepwater Horizon* incident concerns, and risks weakening the bureau's environmental compliance oversight capabilities. In 2011, in response to two post-*Deepwater Horizon* incident investigations that found that BSEE's predecessor's focus on oil and gas development might have been at the expense of protecting the environment, BSEE created an environmental oversight division with region-based staff reporting directly to the headquarters-based division chief instead of regional management. This reporting structure was to help ensure that environmental issues received appropriate weight and consideration within the bureau. Under the restructuring, since February 2015, field-based environmental compliance staff again report to their regional director. BSEE's rationale for this action is unclear, as it was not included in the bureau's restructuring planning documentation or analysis as part of restructuring planning. Under federal standards for internal control, management is to assess the risks faced from external and internal sources and decide what actions to take to mitigate them. Without assessing the risk of reversing this reporting structure, it is not clear that BSEE will have reasonable assurance that environmental issues are receiving the appropriate weight and consideration as called for by post-*Deepwater Horizon* incident investigations.

BSEE's ongoing restructuring has made limited progress in enhancing its enforcement capabilities. In particular, BSEE has not developed procedures with criteria to guide the use of its enforcement tools—such as warnings and fines—which are among the goals of BSEE's restructuring, according to planning documents, and consistent with federal standards for internal control. BSEE restructuring plans state that the current lack of criteria results in inconsistent actions and creates uncertainty for operators regarding BSEE's oversight approach and expectations. The absence of enforcement criteria is a long-standing deficiency. For example, post-*Deepwater Horizon* incident investigations recommended an assessment of enforcement tools and how to employ them to deter safety and environmental violations. Without developing procedures with defined criteria for taking enforcement actions, BSEE continues to face risks to the effectiveness of its enforcement capabilities.