

1. Outer Continental Shelf Energy Oversight

The *Deepwater Horizon* tragedy of April 20, 2010, took 11 lives, caused the destruction of an offshore drilling rig, led to the release of approximately 4.9 million barrels of oil, and significantly disrupted the Gulf of Mexico (GOM) region's economy and environment. Recognizing that oil and gas remain an important part of the Nation's energy economy, the Government is changing laws, regulations, and organizational structures in an effort to prevent such catastrophic occurrences in the future. The accident and ensuing spill challenged 40 years of the generally accepted belief that offshore operations could occur safely under existing regulation and oversight.

Offshore oil and gas development constitutes approximately 30 percent of domestically produced oil and 11 percent of the domestic natural gas supply. The vast majority of this production occurs in the central and western GOM. In achieving such levels of production, the GOM offshore oil and gas industry has, in recent decades, reached farther offshore and deeper undersea. Many of the facilities are larger, more complex, more technologically sophisticated, and more distant than ever. Simultaneously, Government oversight of the prolific energy resources of the GOM has become more complex and challenging.

In view of the many lessons that can and should be learned from the *Deepwater Horizon* accident, the Bureau of Ocean Energy Management, Regulation and Enforcement (BOEMRE) has the opportunity to make systemic changes that will help create a better and more effective regulatory and oversight program. The Department of the Interior (Department) continues to perform reviews of the responsibilities of BOEMRE including leasing, lease monitoring, and royalty oversight. Reviews should assess whether some of the duties should be restructured.

The review of Federal offshore oil and gas operations was conducted by the Outer Continental Shelf Safety Oversight Board. The Office of Inspector General (OIG) participated in the review. The Board's September 1, 2010 report detailed 59 recommendations to improve operations. BOEMRE subsequently developed an implementation plan for the recommendations. In addition, the OIG will issue a separate report which will make additional recommendations.