



OFFICE OF  
**INSPECTOR GENERAL**  
U.S. DEPARTMENT OF THE INTERIOR

# **INFORMATION SHARING BETWEEN THE U.S. GEOLOGICAL SURVEY AND THE BUREAU OF OCEAN ENERGY MANAGEMENT**

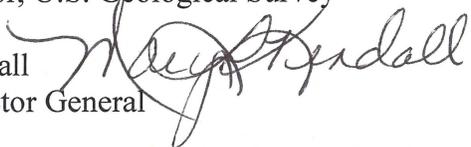


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OCT 23 2014

Memorandum

To: Suzette Kimball  
Acting Director, U.S. Geological Survey

From: Mary L. Kendall   
Deputy Inspector General

Subject: Inspection Report – Information Sharing Between the U.S. Geological Survey and  
the Bureau of Ocean Energy Management  
Report No. CR-IS-GSV-0008-2014

The Office of Inspector General is currently evaluating the quality assurance controls of the U.S. Geological Survey's (USGS) Energy Resources Program (ERP). During our evaluation of the USGS energy resources program, we learned of a problem that affects ERP's ability to conduct a resource assessment for the States bordering the Gulf of Mexico. We found that ERP has been unable to obtain certain information from the Bureau of Ocean Energy Management (BOEM) that ERP needs in order to conduct analytical work. The purpose of this report is to inform you of the issue so that USGS can take corrective action.

### Background

ERP's mission is to understand the processes related to geologically based energy resources, assess those resources, and study their impact on environmental and human health. In accomplishing this mission, ERP conducts research and assessment projects, relying on laboratory work performed in three science centers across the Nation. About 25 projects are in progress at a time, and each one results in one or more written publications. ERP's publications are openly available to the public.

One of those projects, known as the Gulf Coast Energy, Geohazards, and Environmental Health Issues (Gulf Coast Project), is assessing the energy resources located onshore and in State-owned waters along the Gulf of Mexico. A task, titled "Assessment of Undiscovered Hydrocarbons in Deep Tertiary Strata," will provide an understanding of the undiscovered oil and gas reserves generally below 15,000 feet underlying Texas and Louisiana. The task is the focus of this report. ERP has assigned 12 employees to the task. Work on the task began in October 2011 and the results will be distributed in a factsheet publication projected for fiscal year 2017.

### Results of Review

The Gulf Coast Project's task assessment work is hindered because ERP does not have full access to the data needed for its resource analysis. To develop a complete geologic

understanding of the potential oil and gas reserves, ERP needs access to the data for offshore areas known as the Outer Continental Shelf (OCS). The federally owned OCS is under BOEM's jurisdiction. While overseeing energy development on the OCS, BOEM acquires geologic and geophysical data on the OCS from oil and gas operators. The operators consider the data proprietary, not for public release.

As with other types of confidential business information held by the Federal Government, proprietary information held by BOEM is protected from public release by the Trade Secrets Act as stipulated in the U.S. Code (18 U.S.C. § 1905); exemption 4 of the Freedom of Information Act (5 U.S.C. § 552(b)(4)); and related departmental regulations on handling confidential information as in the Code of Federal Regulations (43 C.F.R. §§ 2.26-2.36). More specifically, the Outer Continental Shelf Lands Act, at 43 U.S.C. § 1352, requires the Secretary to issue regulations that "assure the confidentiality of privileged or proprietary information received . . . will be maintained." The act also limits the disclosure of proprietary information to the States. In accordance with the statute, BOEM's regulations such as 30 C.F.R. § 551.14, restrict disclosure of the information to the public and to States, not to USGS or other bureaus or agencies within the Department of the Interior or the Federal Government.

The data consist of geologic structural and isopach maps,<sup>1</sup> along with supporting information from oil and gas operators' drilling activity. This information provides insight into the oil and gas resources, including location, composition, and estimated volume. OCS operators generate the data during their exploration, development, and production activities on Federal leases. The data's public release could harm the operators' competitive advantage or position. Nevertheless, access to the data would increase ERP's understanding of the Gulf States' geology and result in better estimates of the potential undiscovered oil and gas resources in State waters and lands. The data would also help assure consistent geologic interpretations across USGS' and BOEM's boundaries of responsibility.

BOEM is concerned that proprietary information on OCS resources could be released to the public through ERP's publications on separate State waters and land. BOEM has not identified, however, any specific legal authorities that prevent the information sharing, nor has it cited specific USGS deficiencies that would make the information vulnerable to release. BOEM has made the information available for visual inspection at its offices, but has not allowed ERP to use this information.

ERP has stated it will protect the BOEM-acquired data from improper public release, as required by law. Specifically, ERP has agreed to prepare publications without showing precise well locations in the OCS, and to avoid demonstrating geologic continuity over each bureau's jurisdictional boundaries. ERP will also provide manuscripts containing its interpretations of proprietary data for BOEM's review prior to publication. Further, ERP has assured BOEM that it has extensive experience in using and safeguarding proprietary data.

A Memorandum of Understanding dated 1987 between USGS and the Minerals Management Service (now BOEM), as amended, identified and clarified the responsibilities of both bureaus. The memorandum expressly allows the bureaus to use and safeguard each other's

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<sup>1</sup> An isopach map illustrates the thickness of the individual layers (or strata) of rock and other formations.

data, and specifies procedures for problem resolution. In actual practice, however, ERP has received BOEM data only after expiration of the proprietary terms specified in the C.F.R.s. As stated in 30 C.F.R. parts 551 and 580, these terms are 10, 25, and 50 years, depending on the type of geologic or geophysical data and whether the data have been processed. This practice appears contrary to the Memorandum of Understanding. In addition, due to the memorandum's age, its terms may be due for updating and reissuance.

To date, USGS has not asked the U.S. Department of the Interior's Office of the Solicitor to assist in this matter.

## **Scope and Methodology**

As part of our evaluation of the quality control assurance process for ERP's science center laboratories, we assessed the effectiveness of ERP's collaboration with other entities. We focused on ERP's working relationship with BOEM because of the significance of the Gulf Coast Project and the related access issues raised by ERP officials. We reviewed pertinent laws and regulations, reviewed applicable agreements signed by ERP and BOEM, and interviewed officials and staff for both bureaus. We conducted our fieldwork April through August 2014.

We conducted our inspection in accordance with the Quality Standards for Inspection and Evaluation as put forth by the Council of the Inspectors General on Integrity and Efficiency. We believe that the work performed provides a reasonable basis for our conclusions and recommendations.

## **Recommendation**

We recommend that USGS work with BOEM and the Office of the Solicitor to enable the timely exchange of proprietary OCS data. This effort should abide by the problem resolution provisions contained in the 1987 Memorandum of Understanding and include any necessary changes to the memorandum to enhance communication between the bureaus and prevent unauthorized public release of proprietary data.

Please provide us with your written response to this report within 30 days. The response should provide information on actions taken or planned to address the recommendations, as well as target dates and title(s) of the official(s) responsible for implementation. Please send your response to:

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Assistant Inspector General for Audits, Inspections, and Evaluations  
U.S. Department of the Interior  
Office of Inspector General  
Mail Stop 4428  
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Washington, DC 20240

The legislation creating the Office of Inspector General requires that we report to Congress semiannually on all audit, inspection, and evaluation reports issued; actions taken to implement our recommendations; and recommendations that have not been implemented.

If you have any questions regarding this report, please contact me at 202-208-5745.

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