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

BSEE Has Opportunities To Help Industry Improve Oil Spill Preparedness

This is a revised version of the report prepared for public release.

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Memorandum

OCT 22 2018

To: Scott A. Angelle
Director, Bureau of Safety and Environmental Enforcement

From: Mary L. Kendall
Deputy Inspector General

Subject: Final Evaluation Report – BSEE Has Opportunities To Help Industry Improve Oil Spill Preparedness
Report No. 2017-EAU-043

This memorandum transmits the results of our evaluation to determine whether the Bureau of Safety and Environmental Enforcement (BSEE) has fulfilled its responsibility to assist the oil industry's preparation for oil spill response. Our evaluation focused on the Oil Spill Preparedness Division. We concluded that BSEE has fulfilled its responsibility to assist the oil industry's preparation for responding to oil spills, but opportunities for improvement exist.

We made eight recommendations and identified several promising practices to strengthen the work performed by the Oil Spill Preparedness Division. In its response to the draft report, BSEE fully concurred with six recommendations, partially concurred with two recommendations, and stated it is working to implement all eight recommendations (see Appendix 2). We consider one recommendation resolved and implemented, and seven recommendations resolved but not implemented (see Appendix 3) and are forwarding those to the Office of Policy, Management and Budget to track the implementation.

BSEE's response also included suggested revisions and clarifications to the report. We considered the suggestions and made several changes where it would enhance understanding of the report.

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.

We appreciate the cooperation and assistance extended by BSEE during our review. If you have any questions concerning this report, please do not hesitate to contact me at 202-208-5745.

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Results in Brief

The Bureau of Safety and Environmental Enforcement (BSEE) has fulfilled its responsibility to assist the oil industry's preparation for responding to oil spills, but opportunities to improve exist.

Offshore oil and gas production has long been a vital resource for the United States, supporting the economy, creating jobs, and providing domestic energy. A constant risk associated with oil development, however, is the possibility of an oil spill, whether from a facility, pipeline, or ship.

About 10 offshore oil spill incidents occur each year. Most are relatively small but, on occasion, a spill exceeds hundreds or thousands of barrels of oil. In 2010, the Deepwater Horizon drilling rig blowout, the largest such event in United States history, resulted in more than 4 million barrels of spilled oil, underscoring the need for effective Federal oversight and response.

We found that BSEE has made significant progress in its oversight role. Nevertheless, we identified issues that impact the effectiveness of the Oil Spill Preparedness Division's (OSPD's) oil spill preparedness efforts. These issues include weaknesses in oil spill exercises, as well as outdated regulations and agreements that hamper response management.

We make eight recommendations to help BSEE achieve its oil spill response mission through the OSPD. We also identify four practices—development of a central research repository, open-water spill research, a preparedness analyst qualification system, and gamification—that could potentially improve certain functions of the OSPD and possibly other BSEE program areas.

Introduction

Objective

Our objective was to determine whether the Bureau of Safety and Environmental Enforcement (BSEE) has fulfilled its responsibilities to assist the oil industry in being prepared to respond to oil spills.

Appendix 1 contains the scope and methodology for this evaluation.

Background

BSEE oversees oil spill planning and preparedness for oil and gas exploration, development, and production in both Federal and State offshore waters of the United States. Its jurisdiction covers about 90 operators, about 2,200 platforms, and more than 26,800 miles of pipeline.

All functions related to BSEE's authorities in oil spill planning and preparedness are administered by the Oil Spill Preparedness Division (OSPD). Established in October 2011 not long after the Deepwater Horizon disaster, the OSPD integrates oil spill preparedness and research to achieve its mission of helping industry quickly and effectively respond to an offshore oil spill.[1]

The OSPD's primary functions consist of:

- Reviewing and approving industry's oil spill response plans—119 plans approved as of September 2017
- Executing Government-initiated unannounced exercises to test industry's oil spill response plans—an average of 20 exercises held annually since 2016
- Inspecting industry's oil spill response equipment and resources—thousands of oil spill response equipment components stored at more than 50 storage sites, and more than 80 inspections conducted annually
- Providing subject matter expertise during an offshore oil spill response
- Conducting, funding, and disseminating oil spill response research
- Managing the National Oil Spill Response Research Test Facility, known as Ohmsett

[1] The office was originally called the Oil Spill Response Division but was renamed the Oil Spill Preparedness Division in 2014 to emphasize its preparedness function.

- Auditing responder and management team training and exercises—about 100 annually

- Supporting emergency and oil spill response teams and committees at the national, regional, and area level.

During an actual spill, the U.S. Coast Guard has primary authority to manage the response. If needed, BSEE serves as a special technical advisor, providing expertise to help secure an uncontrolled well or pipeline.

The OSPD is headquartered in Sterling, VA, with offices in Anchorage, AK; Camarillo, CA; and New Orleans, LA. The Ohmsett research facility, a large, outdoor water-filled tank managed by the OSPD and used for testing spill response equipment, as well as for training response personnel, is in Leonardo, NJ. The OSPD's funding for fiscal year 2017 was $21 million and included the salaries of 31 employees, though only 23 positions had been filled at the end of our fieldwork. The eight vacancies, which represent 25 percent of OSPD's workforce, consisted of its chief of the Response Research Branch, three preparedness analysts, two researchers, and two support staff. In addition, the OSPD chief, as well as the Preparedness Verification Branch chief serve in an acting capacity.

The primary funding source for the OSPD is the Oil Spill Liability Trust Fund, representing over 90 percent of the division's funding. The viability of this funding source, however, is uncertain. The trust fund, created in 1986 and authorized after enactment of the Oil Pollution Act of 1990, is financed through a special excise tax on industry. The tax will expire in December 2018, and no additional revenue for the trust fund will be collected unless the tax is renewed by the U.S. Congress. Barring a major drawdown on the trust fund's principal, the OSPD should have sufficient funding for the near term. Nevertheless, the situation warrants monitoring since not reauthorizing the excise tax or obtaining alternative funding could impact the OSPD's ability to fulfill ~~complete~~ its mission and achieve full staffing levels.

An average of 10 offshore oil spill incidents have occurred annually since fiscal year 2012. Most were relatively small, at less than 10 barrels of oil. In such cases, a cleanup response is quick and uncomplicated. Major incidents, conversely, can cause extensive damage and take many days to control. An accident resulting in thousands of barrels of spilled oil has occurred almost every year. Recent examples include:

- An October 2017 pipeline break offshore from Louisiana spilled an estimated 16,000 barrels of oil. The BSEE investigation was still in progress at the end of our fieldwork.

- A May 2016 flowline (a pipeline connected to a wellhead) break offshore from Louisiana released an estimated 2,100 barrels of oil. The BSEE investigation was still in progress at the end of our fieldwork.

- A May 2015 pipeline break spilled an estimated 2,300 barrels of oil onshore in Santa Barbara County, CA. The oil flowed into the ocean, soiling beaches and harming fish and wildlife. Because this spill originated onshore, it was not subject to a BSEE investigation.

Findings

We found that BSEE fulfilled its responsibility to assist industry in being prepared for an oil spill. As part of BSEE, the OSPD conducts many activities that enhance industry readiness for an incident. Further, other Government and industry stakeholders involved in spill preparedness commended the accomplishments of the OSPD.

Nevertheless, we found issues in oil spill exercises, outdated regulations, and outdated agreements that impact the effectiveness of the OSPD's oil spill preparedness efforts. These issues are explained below along with our recommendations and promising practices that should help improve the OSPD's operations.

Government-Initiated Unannounced Exercises Could Be Strengthened

One of the OSPD's most important methods for ensuring industry oil spill readiness is the Government-Initiated Unannounced Exercise (GIUE). A GIUE tests an operator's ability to respond successfully to a simulated oil spill scenario and enables the OSPD to evaluate industry's response preparedness. GIUEs provide the OSPD with objective assessments of operators' capabilities, so that gaps, deficiencies, and vulnerabilities can be addressed prior to a real oil spill. The GIUE program also serves to keep industry alert, as a major oil spill is an infrequent and unexpected event.

The OSPD operating manual guides the GIUE process. Based on its guidance, the OSPD will not notify an operator of a GIUE in advance. This enables the OSPD preparedness analyst to better assess how effectively the operator would handle a real oil spill.

The exercise tests the operator's execution of its oil spill response plan (required for all owners or operators who have an offshore oil handling, storage, or transportation facility) by having the operator:

- Notify the proper agencies (Federal, State, local, and internal)
- Demonstrate that equipment can be mobilized in a timely manner
- Show that resources are used properly to address the scenario

If deemed necessary, the OSPD may also include a demonstration of spill removal equipment as part of a GIUE to test worker competence and equipment functionality (see Figure 1 below). The exercise ends once all planned events have been completed. The analyst then provides a verbal assessment and later a written evaluation of the exercise.

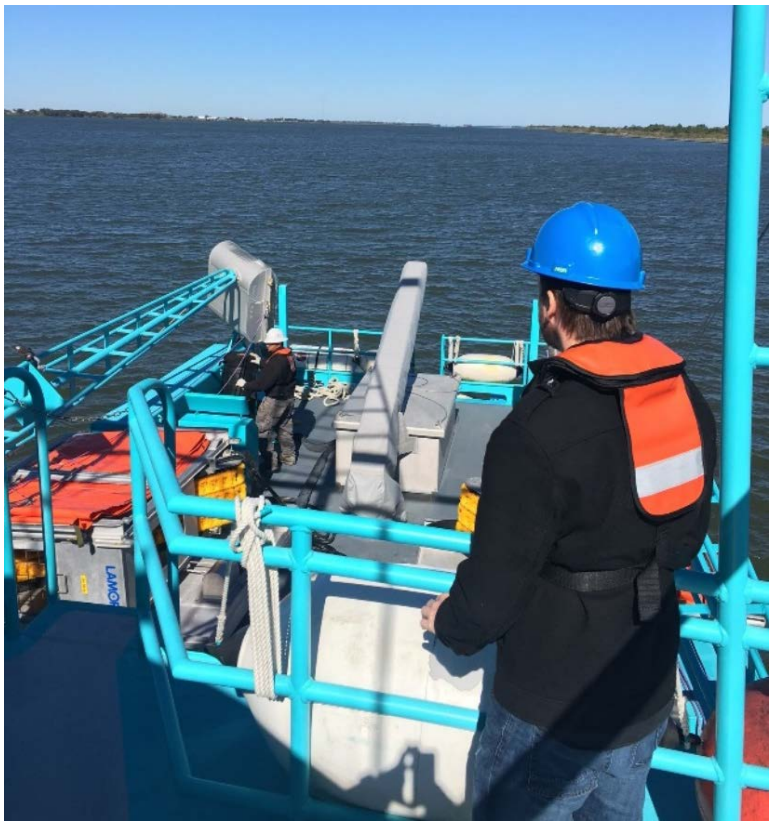

Figure 1. OSPD preparedness analyst on a response vessel observes the activities of an oil spill removal organization. Source: OIG

Although we recognize that the OSPD has designed a strong GIUE program, we found three issues that impact GIUEs.

Recordkeeping

We found that the OSPD did not always maintain complete GIUE records. Section 2 of the OSPD manual provides instructions concerning how to conduct a GIUE, but does not provide sufficient guidance on management and retention of records. Specifically, we found inconsistencies in recordkeeping and documentation. In OSPD's Gulf of Mexico Regional Office, we reviewed GIUE files for 15 operators. Out of the 10 operators participating in GIUEs since 2014, 5 did not have an after-action report in their files. An after-action report is useful to the operator and the OSPD because it identifies an exercise's strengths, weaknesses, and areas for improvement.

Also missing from each of the 10 files was documentation justifying the OSPD's selection of the operator to be tested. The OSPD manual requires that this justification be part of materials made available for the initial planning meeting. The manual identifies 10 facility selection criteria, such as previous spill incidents, significant changes to the company's oil spill response plan, and the elapsed time since the operator's last GIUE. While the OSPD considers these

factors before selecting a facility for an exercise, we found no dedicated section or form in the files where these considerations are documented.

Maintaining complete documentation demonstrates an accurate system of recordkeeping that can withstand scrutiny. Moreover, without thorough recordkeeping the OSPD cannot verify that requirements or targets are being fulfilled and that lessons learned are being acted upon.

GIUE Selection Strategy and Frequency of Tests

The OSPD has not established either a short- or a long-term strategy for selecting operators and facilities to participate in GIUEs. In addition, some industry officials we interviewed expressed concern that some operators are tested too frequently, while others are not tested often enough.

In accordance with the Code of Federal Regulations (30 C.F.R. § 254.42), operators must exercise their entire spill response plan at least once every 3 years.[2] Although the OSPD has no similar time requirement, staffing resources limit the Gulf of Mexico region to testing operators on a 5-year cycle. Our analysis verified this testing frequency. Specifically, the Gulf of Mexico had 104 oil spill response plans at the close of fiscal year 2017 and about 80 operators. Considering that the OSPD averaged 17 GIUEs annually over the past 2 years, this pace results in all operators being tested every fifth year. When an operator needs to be retested for having prior deficiencies, this can result in the delayed testing of other operators.

We found of the 15 Gulf of Mexico files we reviewed, 4 (27 percent) had not conducted GIUEs in the past 3 years, while one operator was tested twice during the same period. (BSEE included a third exercise for this company in its summary of completed GIUEs, but later asserted this was an erroneous data entry.) Further, one operator was subjected to 12 equipment verifications during the period while 4 operators had none. This, along with the documentation issues reported above for justifying operator selection, demonstrates how the absence of a selection strategy could permit some operators to be tested more often than others. A clearly identified strategy helps avoid the appearance of bias among companies identified for testing and ensures the OSPD's management can implement its goals.

Spill Notification Response

In accordance with 30 C.F.R. § 254.46, operators are required to immediately notify appropriate Federal officials if an oil spill occurs. Such notification includes the U.S. Coast Guard's National Response Center and the BSEE regional office. When a GIUE begins, the OSPD informs the operator's designated responsible official that a simulated spill has occurred, what the spill scenario is, and that notifications to Federal officials can be made. We observed two GIUEs

[2] This requirement can be met in a single comprehensive exercise or by testing individual parts of the response plan over the 3-year period.

in the Gulf of Mexico Region in which the BSEE office that had been called did not appropriately respond to the oil spill notification. In one instance, multiple calls went to voicemail, with no response to the call for 30 minutes. In the other instance, multiple calls went unanswered and were never returned. Likewise, the initial calls to the National Response Center for both GIUEs were promptly made but were not immediately answered.

We discussed this with the Gulf of Mexico District Field Operations' deputy regional supervisor. He confirmed that BSEE does not have an established time limit or goal for a callback response. Rather, he indicated that BSEE only expects a call to be returned as soon as possible. The official expressed concern about the delayed response and acknowledged it as an unacceptable practice for BSEE. Although BSEE has made previous attempts to deal with this situation, efforts to correct it have stalled.

Our concern in this matter is that during an actual oil spill, a prompt response from all stakeholders is critical and could significantly contribute to a more successful outcome. Considering that GIUEs test the ability of industry and Government to respond to a spill emergency, a prolonged response time can impact outcomes for human safety and environmental protection.

Recommendations

We recommend that BSEE:

1. Correct the identified recordkeeping and documentation weaknesses in the GIUE files concerning after-action reports and operator selection justification

2. Develop and implement a GIUE selection strategy to ensure that the rationale for selecting companies to participate in GIUEs is documented and that these companies are tested within an established timeframe

3. Work with the various BSEE offices and the U.S. Coast Guard to develop a method that ensures the timely receipt and confirmation of an oil spill notification

Outdated Regulations and Agreements Undermine OSPD Activities

The OSPD follows criteria established more than 20 years ago: 30 C.F.R. § 254, the Oil Pollution Act of 1990, and various formal agreements with Alaska, California, Louisiana, and Texas. Over time, many provisions of these regulations

and agreements have become outdated and, as a result, the OSPD's ability to oversee industry oil spill preparedness has been hindered. OSPD needs:

- Updated regulations
- Specific enforcement authority
- Clear equipment testing regulations
- Updated agreements with coastal states

Need for Updated Regulations

Enacted in 1997, 30 C.F.R. § 254, which governs management of oil spill preparedness and response, does not address developments that have occurred since its enactment, including those impacting technology, scientific knowledge, lessons learned, and modeling techniques. Thus, the current regulation contains numerous shortfalls and gaps that need to be corrected.

The oil industry and OSPD officials we spoke with supported a regulatory update to incorporate these changes, which would improve OSPD's ability to provide effective oversight of industry oil spill preparedness. Also, OSPD has completed extensive analysis that has culminated in a document containing 28 specific areas that new regulations would address. These include:

- Minimum response times for the initial spill response
- Strengthened requirements for the use and monitoring of dispersants (chemical agents that break oil slicks into small droplets diluted throughout the water)
- Strengthened requirements for oil spill surveillance and tracking
- Inclusion of training and certification in the Incident Command System for managers and other responders
- Updated metrics for determining spill response equipment capability
- Strengthened requirements for *in situ* (onsite) burning of oil slicks (see Figure 2 below)

Figure 2. In situ (onsite) burning of spilled oil was one containment technique used during the Deepwater Horizon disaster. Source: The National Oceanic and Atmospheric Administration's Office of Response and Restoration.

The OSPD deals with regulatory gaps by issuing a Notice to Lessees (NTL) to clarify the regulations and strengthen the effectiveness of oil spill response plans. Although NTLs are not meant to stand in for permanent regulatory changes and are only considered guidance, the industry representatives we spoke with expressed concern that using NTLs in this manner might be binding. Instead, industry prefers making changes through the formal rulemaking process to facilitate public review and comment before a proposed rule becomes regulation.

Enforcement of Regulations

The OSPD does not have express statutory enforcement authority to require operator compliance either in the Oil Pollution Act of 1990 (OPA) or the Outer Continental Shelf Lands Act (OCSLA) of 1953. The OPA and the OCSLA do not expressly give the OSPD any authority to take action when it detects noncompliance with the C.F.R. As a result, the OSPD issues Incidents of Non-Compliance (INCs) under BSEE's overarching enforcement authority provided by the OCSLA, which mentions responsibility to protect against oil spills. This practice, however, is problematic.

Using INCs without express authority under OCSLA has created confusion as to whether OSPD has the requisite authority to issue INCs for noncompliance. The OSPD is pursuing a regulatory change under 30 C.F.R. § 254 to clarify its authority but, pursuant to guidance from the Department of the Interior's Office

of the Solicitor, the C.F.R. may have to be revised to issuing a "notice," which does not carry the weight of an INC to ensure operator action.

Moreover, the OSPD can resort to an alternative action—suspending approval of an oil spill response plan when noncompliance is detected. Because a facility cannot be operated without an approved plan, suspension essentially shuts the facility down. Thus, the OSPD has chosen to issue INCs without express authority as a more precise approach that doesn't essentially shut the facility down.

Uncertainty about OSPD's enforcement authority can hinder its ability to correct noncompliance. In performing their duties, preparedness analysts detect noncompliance with some frequency. During fiscal year 2017, for example, the OSPD issued 15 INCs. The primary reasons were (1) the operator did not have a contract with its oil spill removal organization, and (2) the operator failed to update its oil spill response plan. The correction of these and other issues are critical for ensuring industry preparedness and environmental protection.

Equipment Performance Testing

The OSPD considers verification inspections of response equipment an essential preparedness activity. Equipment is typically stored at onshore facilities of oil spill removal organizations or on offshore facilities. Inspections, which consist of records reviews, personal observations, and actual demonstrations, provide assurance that the equipment is ready to perform in accordance with the oil spill response plan. The current regulations, however, fall short by not authorizing the Government to conduct performance testing of all response equipment.

The OSPD is limited under 30 CFR § 254.45 to conduct performance testing for equipment that has been modified, has been damaged and repaired, or has a questionable oil recovery capacity. This leaves out equipment that is new or equipment about which the OSPD may have functionality concerns.

If the OSPD cannot require performance tests for all equipment, it has limited assurance that equipment needed during an actual spill will function properly.

Agreements With Coastal States

BSEE's formal agreements to coordinate oil spill preparedness functions with State governments are outdated. Currently, agreements are in effect with Alaska, California, Louisiana, and Texas. Depending on the State, these negotiated agreements have been in place anywhere from 12 to 23 years. The agreements need to be reviewed and updated to ensure agency commitment and the removal of inaccurate references, such as those to the former Minerals Management Service and the discontinued royalty-in-kind program.

A State of Texas official stated that the 2010 Deepwater Horizon oil spill had led to changes that should be reflected in a new agreement. Also, the OSPD's contact information had changed since the original agreement was signed in 1994. Moreover, sections concerning coordination of training and review of State versus Federal regulations need to be aligned with current policies and procedures.

California and Louisiana representatives were not aware that agreements with their States even existed.

A provision in the agreements provided for coordinated inspections of oil response equipment. Officials from Alaska and Texas that we spoke to, however, stated that such coordination was not being done. A Texas official further noted that the State does not know what the OSPD is looking for in its inspections and whether the inspections are the same as those conducted by Texas. These issues underscore the need for clarity in the provisions associated with State agreements, as well as clear follow-up provisions to ensure appropriate implementation.

Finally, no agreements exist with Alabama and Mississippi, although the OSPD conducts activities in both States. At a minimum, basic information such as contact names and telephone numbers, capabilities for each State, and clear delineation of State versus Federal responsibilities would improve coordination in the event of an oil spill.

Recommendations

We recommend that BSEE:

4. Revise the regulations under 30 C.F.R. § 254 for managing oil spill preparedness and response

5. Work with the Office of the Solicitor and Congress to resolve outstanding issues involving the OSPD's enforcement authority

6. Update and revise the existing agreements between BSEE and State governments for coordinating spill preparedness functions

7. Determine whether agreements with other States (e.g., Alabama and Mississippi) should be established

8. Coordinate inspections of response equipment with States, pursuant to existing agreements

Promising Practices

During the evaluation, interviewees shared ideas that could potentially improve certain functions of the OSPD and possibly other BSEE program areas. We are not making recommendations for these areas; we are presenting the practices for the OSPD's consideration.

Central Repository for Offshore Oil Spill Research

Our analysis disclosed that offshore oil spill research results are generally difficult for the research community and others to find online. Interviewees repeatedly told us that Government, industry, and academia produce considerable research but do not have a consistent way to house the work and let others know what research they are conducting. BSEE's website contains a searchable database, but the content is limited to only those research projects the Bureau has funded.

Numerous interviewees supported an initiative to develop a central repository that would feature quick, simple access to research publications from all sectors. Such a central repository would facilitate sharing knowledge from prior research, reduce the possibility of project duplication, and maximize the use of research funds.

Interviewees acknowledged that such an effort would entail significant effort and extend beyond BSEE's jurisdiction. They suggested that the OSPD could spearhead this initiative by collaborating with its international, governmental, industry, and academic partners. Alternatively, the Interagency Coordinating

Committee on Oil Pollution Research (ICCOPR) could be approached to host a repository.[3]

Open-Water Oil Spill Research

Oil spill research performed in the open water could enhance the quality of scientific results, potentially leading to improvements in spill recovery. Since open water would represent the most realistic test environment, some spill recovery methods and techniques ideally should be researched and evaluated in open water. Open-water testing could be a promising practice that OSPD could pursue for the future to improve oil spill preparedness.

The subject areas for research cover the three oil containment methods:

- Mechanical recovery (see Figure 3 on page 15)
- Dispersant chemicals
- In situ burning

Currently, testing is limited to the confines of manmade tanks, most notably the Ohmsett facility in New Jersey. Although sufficient for many research projects, a tank cannot fully duplicate conditions encountered in the ocean, such as in the Gulf of Mexico where most offshore oil and gas production occurs. Importantly, the restricted space of a tank cannot fully simulate how ocean currents, waves, and changing weather affect an oil slick that spreads and drifts over multiple days. Also, the volume of oil tested in a tank experiment is much less than could be discharged in a major spill in the sea. Further, the limited water depth of Ohmsett and other tanks are not ideal for testing subsea dispersants.

[3] The ICCOPR is composed of 15 member agencies, including BSEE, and was established to "coordinate a comprehensive program of oil pollution research, technology development, and demonstration among the federal agencies, in cooperation and coordination with industry, universities, research institutions, state governments, and other nations, as appropriate, and shall foster cost-effective research mechanisms, including the joint funding of the research."

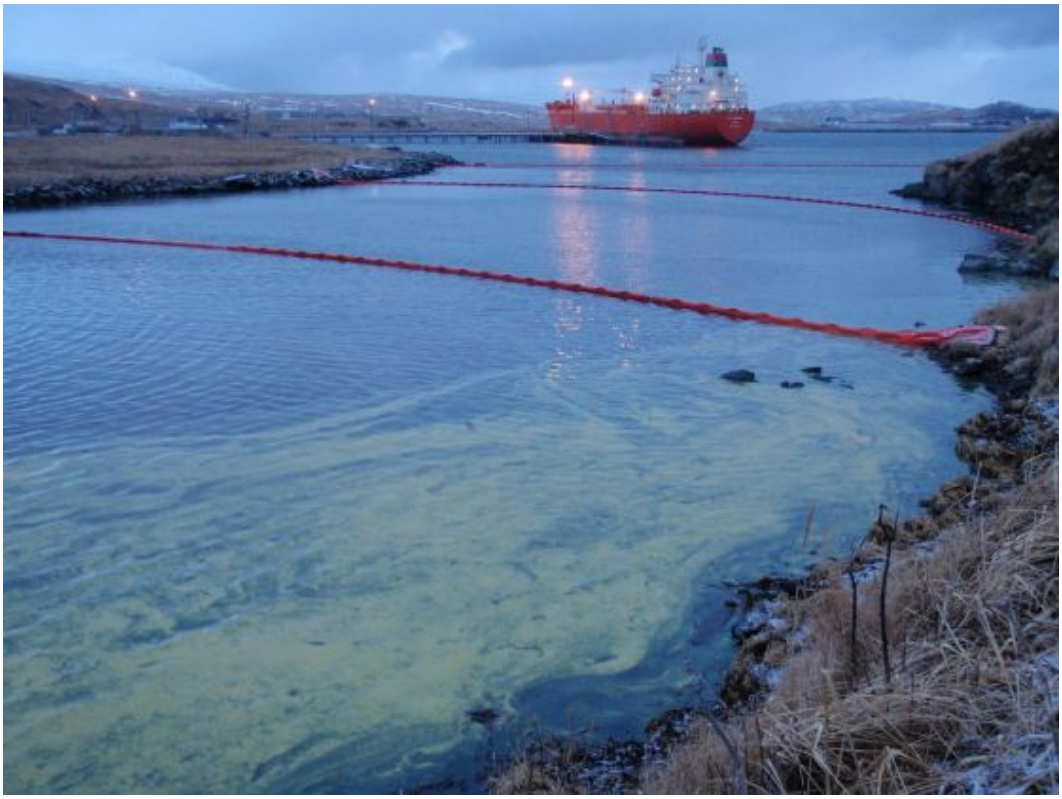

Figure 3. Boom equipment being used to contain an oil spill off the coast of Alaska. Source: The National Oceanic and Atmospheric Administration's Office of Response and Restoration.

The industry and Government officials we interviewed support oil spill research in U.S. open waters, with testing conducted under a highly planned, coordinated program, closely supervised by Government representatives. A promising example of such testing exists in Norway, which has conducted open-water oil spill research in the North Sea for 30 years. Representatives of the Norwegian Clean Seas Association for Operating Companies, an oil spill removal organization, conduct research annually, but only after completing a rigorous regulatory permitting process. The amount of discharged oil ranges from 100 to 150 cubic meters (equating to 629 to 944 barrels), considered sufficient to enable realistic spill scenarios.

Some individuals we interviewed stated that the U.S. Environmental Protection Agency does not permit the intentional discharge of oil in open waters. Agency representatives stated, however, that they are not opposed to such research and would consider a proposal. The permitting process would be stringent, include other agencies, and require a convincing rationale for not using existing controlled environments. Thus, pursuing open-water research holds the promise of helping government and industry learn more about oil spill planning and preparedness.

Preparedness Analyst Qualification System

In 2015, the OSPD instituted a performance-based capacity building initiative that potentially could benefit other BSEE program areas. Known as the Preparedness Analyst Qualification System, the initiative helps develop the knowledge and skills required of each preparedness analyst.

Preparedness analysts are the principal employees who enforce oil spill preparedness regulations for offshore facilities. They conduct GIUEs, inspect response equipment, observe industry's training exercises, and perform other preparedness activities.

This system involves a structured approach to obtain and certify baseline knowledge and skills for the preparedness analysts, and to foster consistency in the execution of their job responsibilities. This is accomplished through completion of a workbook, which serves as the analysts' on-the-job training and documentation guide.

The workbook lists 14 mandatory training courses and 8 major task areas. Each major task area comprises specific subtasks that the preparedness analyst must perform to demonstrate proficiency and understanding. The analyst must complete the workbook within three years by taking all listed training courses and completing each task to the satisfaction of a verifying official. Only after successfully completing the workbook and passing an oral examination does the analyst receive a letter of qualification.

This comprehensive and standardized system could be adopted by the OSPD's Response Research Branch and possibly other BSEE program areas, including its incident investigators, inspectors, and field engineers.

Gamification

The infrequent occurrence of spills makes it difficult to gauge whether an operator and its oil spill removal organization will respond quickly and effectively during an actual event. Further, for environmental protection, financial, and other practical reasons, GIUEs and other exercises do not involve intentional discharges of oil and usually do not require full-scale deployments of response vessels and associated equipment. Accordingly, the OSPD must rely on tests of an operator's preparedness.

Developments in computer-based training could enhance the OSPD's testing program. Gamification, for instance, employs elements of computer gaming to improve user engagement and learning (e.g., virtual reality with rules, challenges, and interaction). Gamification could include a computer simulation to more vividly illustrate a scenario (e.g., showing a video of a spreading oil slick from a drilling platform accident, a spill from an underwater pipeline break, or hurricane damage to an offshore platform).

An operator we interviewed has successfully used computer simulation in internal oil spill response exercises. In addition, the Norwegian Clean Seas Association for Operating Companies implements computer simulation in its oil spill preparedness program for training purposes and for testing various responses to hypothetical spills. Moreover, when evaluating a proposed drilling operation in a new area of the North Sea, it simulates oil spill responses in that area to update its preparedness strategy.

Conclusion and Recommendations

Conclusion

We concluded that BSEE has made steady progress in assisting industry to be prepared for an oil spill. As part of BSEE, the OSPD accomplishes its oversight role by conducting many activities to enhance industry's preparations for an incident. Further, other Government and industry stakeholders involved in spill preparedness have expressed satisfaction with how the OSPD accomplishes its work.

Nevertheless, we identified issues that impact the effectiveness of the OSPD's oil spill preparedness efforts. The OSPD has the opportunity to improve and enhance its operations by addressing these issues. Wherever oil is explored for, produced, and transported, the possibility of a spill will persist. Remaining properly prepared for the unexpected will help minimize the impacts of such events. To assist with this effort, we make the following eight recommendations.

Recommendations Summary

We recommend that BSEE:

1. Address the identified recordkeeping and documentation weaknesses in the GIUE files concerning after-action reports and operator selection justification.

   BSEE Response: BSEE concurred with this recommendation, stating it did an internal review of its recordkeeping and documentation weaknesses. The response described the various documentation policies that the OSPD has enacted since 2017 and affirmed BSEE's adherence to these policies.

   OIG Comment: Based on BSEE's response, we consider this recommendation resolved and implemented.

2. Develop and implement a GIUE selection strategy to ensure that the rationale for selecting companies to participate in GIUEs is documented and that these companies are tested within an established timeframe.

   BSEE Response: BSEE partially concurred with this recommendation, stating that the existing GIUE program is robust and assures regular testing of oil spill response plans. BSEE will formalize its annual GIUE planning strategy and continue to evaluate the number of GIUEs scheduled annually.

   OIG Comment: Although BSEE indicated only partial concurrence, we consider its planned actions as sufficient to consider this recommendation

as resolved but not implemented. We agree that industry, in accordance with regulations, has an active testing protocol for its oil spill response plans. The GIUE provides an important independent assessment of industry readiness and should be at the forefront of industry oversight. As such, an established timeframe for conducting GIUEs would enhance the overall effectiveness of the testing program. Accordingly, we continue to recommend BSEE enhance its GIUEs by adopting a strategy that ensures the greatest coverage of operators.

3. Work with the various BSEE offices and the U.S. Coast Guard to develop a method that ensures the timely receipt and confirmation of an oil spill notification.

   BSEE Response: BSEE concurred with this recommendation. Nevertheless, BSEE asserted that a delayed reply to a district office notification would not impact a spill response because the operator is obligated to immediately implement its oil spill response plan when a spill occurs. Also, the separate National Response System notification would alert the appropriate authorities. BSEE added that its Gulf of Mexico regional office is in the process of revising official policy and guidance, which will include updates to spill and incident reporting.

   OIG Comment: Based on BSEE's response, we consider this recommendation resolved but not implemented.

   While we don't disagree with BSEE's comment, the delayed GIUE responses or no response at all that we observed during the exercises demonstrates that exercises may not be taken as seriously as they should be. Actions taken in the initial minutes of a spill are critical both by the Government and the operator and a prompt notification with a response could save lives. Accordingly, we welcome BSEE's statement that its revision of official policy and guidance will address timely notification and response.

4. Revise the regulations under 30 C.F.R. § 254 for managing oil spill preparedness and response.

   BSEE Response: BSEE concurred with this recommendation, stating it is "actively pursuing a comprehensive set of potential regulatory revisions" as part of a bureauwide regulatory reform effort.

   OIG Comment: Based on BSEE's response, we consider this recommendation resolved but not implemented. We noted, however, the target date for completion of this recommendation is not until September 2022. Accordingly, we request a periodic report on the status of implementation.

5. Work with the Office of the Solicitor to resolve outstanding issues involving the OSPD's enforcement authority.

   BSEE Response: BSEE concurred with this recommendation and affirmed its commitment to clarifying the bureau's enforcement authority.

   OIG Comment: Based on BSEE's response, we consider this recommendation resolved but not implemented.

6. Update and revise the existing agreements between BSEE and State governments for coordinating spill preparedness functions.

   BSEE Response: BSEE concurred with this recommendation and has targeted four State agreements for updates.

   OIG Comment: Based on BSEE's response, we consider this recommendation resolved but not implemented.

7. Determine whether agreements with other States (e.g., Alabama and Mississippi) should be established.

   BSEE Response: BSEE concurred with this recommendation and committed to working with other State governments in the Gulf of Mexico to determine the need for agreements.

   OIG Comment: Based on BSEE's response, we consider this recommendation resolved but not implemented.

8. Coordinate inspections of response equipment with States, pursuant to existing agreements.

   BSEE Response: BSEE partially concurred with this recommendation. BSEE disagreed that equipment verification inspections were not coordinated with State offices, asserting that such inspections were a routine and ongoing part of OSPD's activities. Nevertheless, BSEE stated it would work with States to improve coordination of equipment verifications.

   OIG Comment: Based on BSEE's response, we consider this recommendation resolved but not implemented.

Appendix 1: Scope and Methodology

Scope

We evaluated the Bureau of Safety and Environmental Enforcement's Oil Spill Preparedness Division's (OSPD's) oil spill preparedness and research activities, as well as their operations from fiscal years 2012 through 2017.

Methodology

To accomplish our objective, we:

- Gained an understanding of the OSPD's operations, including oil spill planning, preparedness, response readiness, and research operations
- Interviewed OSPD officials and staff, observed work processes, and examined files
- Observed two Government-Initiated Unannounced Exercises (GIUEs) conducted by the OSPD
- Observed an OSPD inspection of response equipment deployed by an oil spill removal organization (OSRO)
- Interviewed other parties involved in oil spill activities (e.g., industry, OSROs, and Federal and State agencies)
- Reviewed relevant laws, regulations, policies, and procedures
- Reviewed budget, annual strategy, performance data, and other program information
- Conducted high-level analysis of oil spill incident data
- Identified promising practices

We visited the following:

- OSPD headquarters, Sterling, VA
- OSPD office, New Orleans, LA
- U.S. Coast Guard, Washington, DC

- Witt O'Brien's, the incident command contractor for two offshore operators, Houston, TX, for two BSEE GIUEs

- Clean Gulf Associates, Venice, LA, that participated in an equipment deployment for a GIUE

- Marine Spill Response Corporation, Port Fourchon, LA, to observe an equipment inspection

We also contacted and interviewed personnel from:

- OSPD offices in Anchorage, AK, and Camarillo, CA

- Oil and gas industry operators (Shell Oil Company, Anadarko Petroleum Corporation, Marathon Oil Corporation, ExxonMobil Corporation, all located in Houston, TX)

- American Petroleum Institute, a national oil and gas trade association, Washington, DC

- Oil spill removal organizations (Clean Gulf Associates, Harvey, LA; Marine Spill Response Corporation, Houston, TX; Alaska Clean Seas, Anchorage, AK; and OMI Environmental Solutions, Belle Chasse, LA)

- The following Federal agencies:

    - U.S. Fish and Wildlife Service, Lacombe, LA

    - National Oceanic and Atmospheric Administration, New Orleans, LA

    - U.S. Coast Guard, Washington, DC

    - Pipeline and Hazardous Materials Safety Administration, Washington, DC

    - Environmental Protection Agency, Washington, DC

    - BSEE's Gulf of Mexico Region Office, New Orleans, LA

- The following State government offices:

    - Alaska, Division of Spill Prevention and Response, Juneau AK

    - California, State Office of Oil Spill Prevention and Response, Los Alamitos, CA

    - Louisiana, Oil Spill Coordinator's Office, Baton Rouge, LA
    - Texas, General Land Office, Austin, TX
- Office of Emergency Management, Santa Barbara County, CA
- Norwegian Clean Seas Association for Operating Companies, Sandnes, Norway

In total, we interviewed more than 50 individuals from 22 stakeholder organizations representing both the Government and the private sector.

We tested the operation of internal controls over OSPD activities related to our objective in the areas of oversight, authority, and its exercises. BSEE provided computer-generated data related to its oil spill preparedness program, which we used but did not test for completeness and accuracy.

We conducted our evaluation 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.

Appendix 2: BSEE Response to Draft Report

The BSEE response to our draft response follows on page 25.

United States Department of the Interior

BUREAU OF SAFETY AND ENVIRONMENTAL ENFORCEMENT
WASHINGTON, DC 20240-0001

AUG 15 2018

Memorandum

To: Assistant Inspector General for Audits, Inspections, and Evaluations

Through: Joseph R. Balash
Assistant Secretary, Land and Minerals Management

From: Scott A. Angelle
Director

Subject: Response to Draft Evaluation Report on Oil Spill Preparedness (2017-EAU-043)

The Department of the Interior (DOI) appreciates the Office of Inspector General's (OIG) interest in DOI's Offshore Oil Spill Preparedness Program as evaluated in the report entitled, *BSEE Has Opportunities to Help Industry Improve Oil Spill Preparedness.* DOI also appreciates OIG's recognition that "BSEE has made steady progress in assisting industry to be prepared for an oil spill" as well as that "other Government and industry stakeholders involved in spill preparedness commended the accomplishments" of BSEE. This response provides clarifications to the report and responds to the eight recommendations directed to the Bureau of Safety and Environmental Enforcement (BSEE).

BSEE continuously strives to improve the Oil Spill Preparedness Program to meet the risks of oil spills from offshore facilities as well as the evolving practices and technologies needed to address them. To that end, BSEE is addressing the identified recordkeeping and documentation weaknesses that have been noted. Actions to address issues related to scheduling of government-initiated unannounced exercises (also called "GIUEs") and improving notification processes are being evaluated. Similarly, Oil Spill Preparedness Program staff are working closely with DOI's Office of the Solicitor to assess current regulations and enforcement authorities, as well as any viable next steps. BSEE also is pursuing updated and new agreements that will reaffirm BSEE's strong partnerships with State agencies and incorporate provisions to address the OIG recommendations.

BSEE generally concurs with the eight recommendations identified by the OIG, as laid out in Attachment 1. Additionally, BSEE will review and consider the four promising practices discussed in the report.

Should you or your staff have any questions concerning this response, please contact Linh Luu, Audit Liaison Officer, at 202.208.4120.

Attachments:
Attachment 1 - Response to OIG Recommendations
Attachment 2 - Clarifications on the OIG Draft Report
Attachment 3 - AAR Policy for OSPD Preparedness Analysts

cc: Nancy Thomas, Office of Financial Management

Attachment 1- Response to Recommendations

Recommendation 1: *Correct the identified recordkeeping and documentation weaknesses in the GIUE files concerning after-action reports and operator selection justification*

Response: BSEE concurs with this recommendation and has completed the necessary actions to address it. On February 11, 2017, the Chief of the Preparedness Verification Branch initiated an internal review of post-GIUE exercise actions with a specific focus on After Action Reports (AAR). The process employed for this review and the review's findings and recommendations were submitted in a written report to the Chief of the Oil Spill Preparedness Division (OSPD) on September 21, 2017. On January 30, 2018, the Acting Chief of the OSPD implemented a new policy for the OSPD staff that reinforces the GIUE AAR requirements outlined in the *Oil Spill Preparedness Division Manual: Standard Operating Procedures for 30 CFR 254 Regulatory Activities* (OSPD Manual) and specifically outlines how the GIUE AARs are to be drafted, including their required format and informational content. This required content includes a section that describes why the operator was chosen for the GIUE. Please see Attachment 3 to view the policy that was enacted. Additionally, OSPD adheres to the policies outlined by DOI and the Bureau regarding the processing and retention of records. In the performance of their duties, staff also are expected to reference the policy document "OSPD Case Files Guidance." The staff's record management skills are developed in the Preparedness Analyst Qualification Standards (Major Task #7 – Perform Proper Record-Keeping).

Target Date: Completed. Request closure of this recommendation.

Responsible Official: [redacted], BSEE Oil Spill Preparedness Division

Recommendation 2: *Develop and implement a GIUE selection strategy to ensure that the rationale for selecting companies to participate in GIUEs is documented and that these companies are tested within an established timeframe.*

Response: BSEE partially concurs with this recommendation. As noted in the report, operators must exercise their entire oil spill response plan at least once every three years. A GIUE is an additional exercise that the government may choose to execute to evaluate an operator's spill response capabilities and readiness. Hence, an operator's entire spill response plan is being tested at least once every three years whether or not a GIUE has been initiated.

BSEE conducts some of the most complex GIUEs executed within the Federal government and focuses closely on the quality of the development and delivery of each exercise. As outlined in the OSPD Manual, GIUEs are executed under the "30-30-30 Cycle," which identifies 30 days to plan, 30 days to execute, and 30 days to complete the final report. The time and resources needed to plan and execute high quality GIUEs are balanced with other required preparedness verification activities conducted by the staff including the reviews of oil spill response plans, inspections of industry oil spill response equipment, auditing of industry-initiated exercises and training, and participation in the key facets of the National Response System such as the numerous meetings of the Area Committees and Regional Response Teams supporting Alaska, California, and the Gulf of Mexico states.

Currently, BSEE selects an operator for a GIUE based on several risk-based factors as outlined in the OSPD Manual. Depending on BSEE's targeted need, a GIUE may be an Incident Management Team table top exercise, physical deployment of response equipment, a test of source control command and coordination, or a combination of any of these exercise types. No matter the exercise type chosen, BSEE strives to incorporate the participation of other federal and state officials in the planning and execution of each GIUE; their involvement is critical due to the complex interagency and interstate coordination required for spill responses of offshore facilities. Participating governmental partners may serve as exercise players (i.e., acting in the roles of the Federal or State On Scene Coordinators), exercise controllers, or exercise evaluators. Consequently, BSEE must closely coordinate in the 30-30-30 Cycle the participation of its partners who also may be restricted by their evolving activity schedules and/or travel budgets.

As previously stated in Recommendation 1, BSEE has instituted a standardized AAR template that includes documenting the justification(s) for selecting an operator for a GIUE. Additionally, BSEE will formalize its annual GIUE planning strategy that identifies types and minimum number of GIUEs to be conducted. BSEE will continue to evaluate the number of GIUEs scheduled annually to determine the optimum target number desired that takes into account risks posed from facilities and the overall offshore industry, interagency and interstate abilities to participate, competing preparedness verification obligations, and preserving the quality of exercise design and execution (quality versus quantity).

Target Date: September 30, 2020

Responsible Official: [redacted], BSEE Oil Spill Preparedness Division

Recommendation 3: *Work with the various BSEE offices and the U.S. Coast Guard to develop a method that ensures the timely receipt and confirmation of an oil spill notification.*

Response: BSEE concurs with this recommendation but does not agree with the OIG premise that a delayed callback or confirmation of a spill notification to the District office would adversely affect the success of the oil spill response. Upon awareness of a spill, the operator is obligated to implement their oil spill response plan which includes the activation of its listed spill response teams and equipment. Additionally, the operator must immediately notify the National Response Center operated within U.S. Coast Guard Headquarters – a key notification within the National Response System that triggers the initial awareness and response activities of the appropriate Federal and State government entities, including BSEE.

Currently, for oil spill and incident reporting in the Gulf of Mexico, operators are to contact staff in the Gulf of Mexico Region (GOMR) District offices during work hours, as well as after hours, as identified in policy and associated guidance. The Bureau is updating current policy and guidance. Specifically, by the end of FY 2018, GOMR will:

- Update internal policy and guidance related to oil spill and incident reporting as it relates to notification both during and after work hours;
- Update the existing Notice to Lessees and Operators that provides operators and other stakeholders guidance on who to contact in the case of oil spills and observed sheens and incidents; and

- Develop language related to oil spill and incident notification to be included in performance standards for relevant staff.

During FY 2019, GOMR will work with the Office of Policy and Analysis (OPAA) to develop and conduct a review to evaluate the sufficiency of this updated policy and guidance. Additionally, GOMR will work with OSPD's Gulf of Mexico Section to ensure that up-to-date contact information is included in oil spill response plans.

Target Date: September 30, 2020

Responsible Official: [redacted] Regional Supervisor for District Field Operations

Recommendation 4: *Revise the regulations under 30 C.F.R. § 254 for managing oil spill preparedness and response.*

Response: BSEE concurs with this recommendation and is actively pursuing a comprehensive set of potential regulatory revisions as part of BSEE's "Regulatory Reform 2.0" effort. OSPD agrees that industry practices and technologies have evolved and that the regulations need to be adjusted accordingly. OSPD has compiled a list of regulatory gaps and opportunities to improve the regulations based on internal reviews and analysis of recommendations from the Deepwater Horizon (DWH) oil spill after-action reviews, the *Report to the President from the National Commission on the BP DWH Oil Spill and Offshore Drilling*, and the *BP DWH Oil Spill Incident Specific Preparedness Review*. The revision opportunities also are being informed by the following:

- Collection and analysis of lessons learned through assessments of the BSEE's oil spill preparedness program activities and oil spill incidents, including the Macondo Well Blowout.
- Development of new response capability metrics and planning tools for mechanical recovery, in situ burning, and dispersants.
- Reviews of worst case discharge scenarios in each of the Outer Continental Shelf (OCS) Regions and conducting modeling to evaluate the best use of the different response capabilities to mitigate these spills.
- Analysis of offshore facilities handling of *de minimis* amounts of oil.

The OSPD submitted information on intended regulatory updates to the BSEE Regulatory Reform 2.0 Working Group in May 2018 for their consideration. The Working Group evaluated the proposed updates based on a number of factors including statutory limits and authorities, consistency with other requirements, the ability of industry to comply with new provisions, ability of BSEE to assure compliance, and the overall effect on oil spill preparedness. These proposed updates were included in BSEE's Regulatory Reform 2.0 submission to DOI's Assistant Secretary, Land and Minerals Management on July 23, 2018. BSEE will pursue revisions approved by the Working Group and Assistant Secretary.

Target Date: September 30, 2022

Responsible Official: [redacted], BSEE Oil Spill Preparedness Division

Recommendation 5: *Work with the Office of the Solicitor and Congress to resolve outstanding issues involving the OSPD's enforcement authority.*

Response: BSEE concurs with the recommendation and commits to clarifying its enforcement authority. BSEE will do this by (1) determining gaps in authority in consultation with DOI's SOL (projected completion January 1, 2019); (2) explore whether administrative solutions (e.g., regulations, NTLs) are viable methods to address this authority (projected completion June 1, 2019); and (3) determine need for legislation to close gaps (projected completion August 2020).

Target Date: September 30, 2020

Responsible Official: [redacted], BSEE Oil Spill Preparedness Division

Recommendation 6: *Update and revise the existing agreements between BSEE and State governments for coordinating spill preparedness functions.*

Response: BSEE concurs with this recommendation and has targeted the four agreements with the states of Alaska, California, Louisiana, and Texas for updates. As part of an internal programmatic review finished in November 2017, OSPD examined its oil spill preparedness regulatory activities and practices related to the state agreements. The analysis found that the OSPD and the four targeted states are generally following the terms of the agreements although some specific terms are no longer applicable or need to be revisited for clarification. In general, the OSPD found that the four agreements should be updated to clarify or update the following aspects:

- Terminology, agency names, and specific points of contact;
- Equipment verification processes, including providing operators credit for having undergone a federal or state verification activity;
- Information exchange practices, including those for facility and regulatory compliance;
- GIUE planning, conduct, and evaluation processes;
- Processes for requesting incident assistance; and,
- Enforcement actions.

Target Date: December 31, 2020

Responsible Official: [redacted], BSEE Oil Spill Preparedness Division

Recommendation 7: *Determine whether agreements with other States (e.g., Alabama and Mississippi) should be established.*

Response: BSEE concurs with this recommendation and commits to working with other States in the Gulf of Mexico to determine the need for agreements. As part of an internal program review finished in November 2017, BSEE identified the potential need for agreements with the

State of Alabama Oil and Gas Board (ASOGB) and the Mississippi State Oil and Gas Board (MSOGB). Both Alabama and Mississippi have active oil and gas leases in their state waters and federal offshore waters in the Central Planning Area of the Gulf of Mexico. OSPD has scheduled outreach to ASOGB and MSOGB in FY 2019 to determine their willingness to enter into formal agreements. BSEE will reach out to the Florida Department of Environmental Protection to determine if the State is interested in negotiating an agreement.

BSEE determined that there is currently no need for collaborative agreements with the Atlantic Coast States, Oregon, or Washington. There are no active oil leases in these states. Going forward, BSEE will work with any state as appropriate to negotiate any needed agreements if potential leasing activities would affect a state under the Bureau of Ocean Energy Management's National Leasing Program.

Target Date: September 30, 2020

Responsible Official: [redacted], BSEE Oil Spill Preparedness Division

Recommendation 8: *Coordinate inspections of response equipment with States, pursuant to existing agreements.*

Response: BSEE partially concurs with this recommendation. Despite statements to the contrary by some state officials in this report, coordination with the appropriate state offices is a routine and ongoing part of OSPD activities that includes equipment verifications, GIUE planning and execution, and reviews of oil spill response plans. For example, OSPD's Alaska Section staff has regularly communicated and coordinated preparedness activities with the Alaska Department of Environmental Conservation's Prevention, Preparedness and Response Program through that Department's North Slope/Outer Continental Shelf Unit Supervisor based in Anchorage, Alaska. As indicated in the appendix to this report, the OIG interviewed Alaska state personnel in Juneau, which is an office that oversees areas where BSEE is not currently active. Consequently, it may explain why a Juneau official was unaware of BSEE activities when asked as the Anchorage office rather than the Juneau office primarily engages with the Bureau.

BSEE will continue to work with the state programs to improve the coordination of the equipment verifications by validating current processes and points of contact and incorporating appropriate provisions in the updated and new agreements negotiated, as further described in BSEE's responses to Recommendations 6 and 7. The process will include the designation of specific contacts in each state and provision of a mechanism to ensure that state program managers and the designated contacts are aware of BSEE procedures and objectives for equipment verifications and other preparedness activities.

Target Date: September 30, 2019

Responsible Official: [redacted], BSEE Oil Spill Preparedness Division

Attachment 2: Clarifications to Draft Evaluation Report

BSEE recommends the following revisions and clarifications to the Draft Evaluation Report:

1. On page 3, the third bullet should read: "Supporting the National Response System including the National Response Team, Regional Response Teams, and Area Committees."

2. On page 3, second paragraph, the sentence should read: "The Ohmsett research facility, a large outdoor water-filled research tank managed by the OSPD and used for testing spill response equipment, as well as for training response personnel, is in Leonardo, NJ."

3. On page 3, second paragraph, the budget information is not presented accurately. The draft report states that OSPD's funding was $21 million in FY 2017, but it does not delineate the different sources of funding. This figure includes OSPD's FY 2017 OLSTF allocation (approximately $15 million); the Division's FY 2017 Ops Safety allocation ($1 million); and OSPD's prior-year OLSTF carryover allocations ($5 million).

4. On page 3, second paragraph, the statement regarding the OSPD organizational vacancies should read: "The eight vacancies, which represent 25 percent of OSPD's workforce, consisted of its Chief of the Oil Spill Preparedness Division, Chief of the Response Research Branch, two preparedness analysts, two researchers, and two support staff. At the conclusion of this study, the Chief of the OSPD and the Chief of the Preparedness Verification Branch were filled in an acting capacity."

5. On page 3, third paragraph, the draft report states that OLSTF funds represent about 70% of the Division's funding. This in inaccurate. OLSTF funds represent about 95% ($20 million out of $21 million). The 70% figure that the OIG cites appears to exclude OSPD's carryover funds; however, these funds are derived from the OLSTF, so they should be included.

6. On page 3, the third paragraph, the current state of the OSLTF should be recognized. Section 40416 of the Bipartisan Budget Act of 2018 temporarily reinstated the Oil Spill Liability Tax that expired on December 31, 2017, for the period beginning on March 1, 2018, through December 31, 2018.

7. On page 4, second bullet, it should be noted that the May 2015 pipeline break was from a facility that was not under the jurisdiction of the BSEE. This incident should be removed and the introduction to the list should be changed to say "Recent examples of spills from offshore facilities include: . . ."

8. On page 7, GIUE Selection Strategy and Frequency of Tests – third paragraph. OSPD reviewed the records for the operator concluded by the OIG evaluation team as having been tested three times in three years. OSPD reviewed its records and determined that the reported operator was actually two different operators with different oil spill response plans that had similar names – Operator A and Operator B. Operator A was tested of August 26, 2014. Operator B was tested on October 25, 2017. Operator A is a subsidiary

of Operator B and are two separate entities operating different offshore facilities with different oil spill response plans. As such, they were properly evaluated and exercised as two different operators – not the same. The third exercise attributed to the same operator was a mistaken duplicated data entry for Operator B (shown as cancelled).

9. On page 8, Spill Notification and Response – first and third paragraphs. These paragraphs provide a misleading impression of the importance of the notification call to BSEE in the oil spill response effort and incorrectly concludes that a delay by BSEE in confirming the notification call could adversely affect the success of the response effort. The time-critical element to a successful response is how quickly the response assets can be mobilized to secure the source and to contain or remove the spill. These assets are mobilized when an operator notifies their oil spill removal organization (OSRO) and the U.S. Coast Guard National Response Center (NRC), which notifies government agencies, including BSEE, of the event. Therefore, the regulations at 30 CFR § 254.46(a) require that the NRC be notified immediately so there is no delay in the response. The response assets are not mobilized when the operator notifies BSEE.

   The operators are required by 30 CFR § 254.46(b) to orally notify BSEE without delay. Also, the NRC immediately notifies the BSEE as part of their notification process. These redundant notifications provide BSEE with the opportunity to review the spill report for the purposes of possibly taking an investigatory action to determine causality and the need for future prevention actions. The report should mention that the NRC was properly notified during the two GIUEs that were observed.

10. On page 12, Agreements With Coastal States, fourth paragraph. The fourth paragraph asserts that inspections are not being coordinated with the States of Alaska and Texas. However, OSPD records show that there is active coordination and communication with both States. The officials chosen to be interviewed by the OIG for this report may not be aware of the activities conducted by other parts of their organizations and incorrectly assumed that the coordination was not taking place. A more accurate reflection of the situation would be to say that "the officials interviewed for this report were not aware of the coordination between their agency and OSPD."

Appendix 3: Status of Recommendations

In response to our draft report, BSEE generally concurred with the eight recommendations (see Appendix 2). Because implementation is ongoing and will take additional time to complete for most recommendations, we are classifying those as resolved but not implemented. The table below summarizes the status of the recommendations.

Recommendations	Status	Action Required
1	Resolved and implemented	No further action required.
2 through 8	Resolved but not implemented	We will refer these recommendations to the Assistant Secretary for Policy, Management and Budget to track their implementation.

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