

THE NEWS ROOM

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President's FY 2012 Budget Includes \$358.4 Million for BOEMRE Reorganization and Reforms to Strengthen Offshore Energy Management and Regulation

WASHINGTON, DC – President Barack Obama today announced his request for \$358.4 million to fund the Bureau of Ocean Energy Management, Regulation and Enforcement (BOEMRE) in fiscal year 2012. This represents a \$119.3 million, or 50 percent, increase above the 2010 enacted level, after adjusting for funding transferred to the Office of the Secretary as part of the ongoing reorganization of the former Minerals Management Service (MMS). The budget is designed to implement critical organizational and regulatory reforms in the wake of the Deepwater Horizon disaster, so that domestic offshore energy resources are developed in a safe and responsible manner.

“The Deepwater Horizon explosion and resulting oil spill have led to the exposure of significant weaknesses in the way this agency has historically done business,” said BOEMRE Director Michael R. Bromwich. “As we have pointed out for the past eight months, and as the President’s National Commission on the BP Deepwater Horizon Oil Spill and Offshore Drilling noted in their January 2011 report, this agency has been historically and dramatically underfunded.”

“This bureau has not had sufficient resources to provide an appropriate level of regulatory oversight of offshore oil and gas development. These shortcomings have become more pronounced as operations have moved into deeper and deeper waters,” Bromwich said. “The President’s budget request would, if enacted, provide us with the resources – including personnel, technical expertise, and equipment – needed to remedy that situation. We look forward to working with leaders in Congress to ensure that these critical resources are provided.”

The additional resources requested would be used to complete the reorganization of BOEMRE, separating the offshore resource management and enforcement programs; hire new oil and gas inspectors, engineers, scientists and other key staff to oversee industry operations; conduct detailed engineering reviews of offshore drilling and production safety systems, and develop new risk-based inspections and safety oversight strategies, including the establishment of real-time monitoring of key drilling activities; and implement more aggressive reviews of company oil spill response plans. Additional resources will also facilitate the timely review of offshore oil and gas permits.

Funding increases would be partially offset by \$65 million in inspection fees charged to industry, an increase of \$55 million over 2010 enacted levels. The fees will also apply to offshore drilling rigs for the first time. The President’s Commission specifically recommended the use of industry fees in its final report so that “[r]egulation of the oil and gas industry would no longer be funded by taxpayers but instead by the industry that is being permitted to have access to a publicly-owned resource.”

The request includes a total of \$23.1 million for the renewable energy program. The request will advance development of the nation’s abundant renewable energy resources on the Outer Continental Shelf in the Atlantic and Pacific oceans. This part of the request underscores the Administration’s commitment to transitioning toward clean energy sources and reducing the nation’s dependence upon fossil fuels.

The President's request will also ensure a smooth transition with minimal disruption to ongoing operations as the BOEMRE reorganization proceeds. MMS was renamed BOEMRE in June 2010 to more accurately describe the scope of the organization's oversight responsibilities. Pursuant to a Secretarial Order, the functions of the former MMS are being split among three separate, independent entities. On October 1, 2010, the revenue management function of the former MMS became the Office of Natural Resources Revenue (ONRR). Funding for ONRR is now reflected in the budget request for the Office of the Secretary. The request assumes that \$122.1 million in base funding from BOEMRE is transferred to the Office of the Secretary for ONRR revenue management activities.

In 2011, the remaining BOEMRE functions will be split into two bureaus: the Bureau of Ocean Energy Management, which will handle the leasing and environmental management functions of BOEMRE, and the Bureau of Safety and Environmental Enforcement, which will be responsible for the safety and enforcement functions of BOEMRE. This reorganization will be implemented on October 1, 2011, and will separate the inherently conflicting missions of resource development and enforcement. These reforms will lead to enhanced regulatory oversight and greater effectiveness in the management of the nation's offshore energy resources.

In FY 2012, the Coastal Impact Assistance Program will be transferred to the Fish and Wildlife Service, enabling BOEM and BSEE to focus on programs more directly aligned with their missions.

For details on the re-organization, go to: <http://www.doi.gov/news/pressreleases/loader.cfm?csModule=security/getfile&PageID=119590>.

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