

How Far Will the Trump Administration Go to Loosen Offshore Drilling Rules?

Proposals jeopardize safety precautions put in place after the Deepwater Horizon blowout.

By Adam Federman, The Nation 9/12/18

<https://www.thenation.com/article/how-far-will-the-trump-administration-go-to-loosen-offshore-drilling-rules/>

It is no secret that the Trump administration is pushing to vastly expand offshore oil and gas drilling. In early January Interior Secretary Ryan Zinke announced a new five-year plan for offshore leasing that would potentially open up more than 90 percent of federal coastal waters to energy development and include the largest number of lease sales in the program's history. From Alaska's Chukchi Sea and the rugged shores of the Pacific Northwest to the Gulf of Mexico and the Atlantic Coast, nothing was off the table. Zinke described it as one more step on the path to "achieving American Energy Dominance."

Less attention has been paid to the Interior Department's simultaneous efforts to loosen regulations governing offshore drilling, jeopardizing safety precautions put into place after BP's Deepwater Horizon disaster in 2010. One proposal under consideration would recombine the two bureaus responsible for managing offshore development and for enforcing environmental and safety regulations, respectively. The Obama administration separated those bureaus after the Deepwater blowout in order to eliminate conflicts of interest and strengthen industry oversight; recombining them was viewed as one way to reduce "burdens" on the energy

industry, a Trump-administration priority. The possibility of merging the bureaus was first raised in early 2017 and, according to current and former DOI employees, was favored by Secretary Zinke, even before an analysis had been drafted. In February, Zinke said a final decision would be made in the next 90 days.

But the department has since gone silent on the matter. According to a draft of an internal document weighing the pros and cons of a merger, which was obtained by *The Nation*, any effort to recombine the bureaus—a complex bureaucratic undertaking—would have to take place before October 1, in order to develop a fiscal-year 2019 budget proposal.

“If there is a decision to proceed with reorganization, it needs to be made quickly,” the report states. “The sooner this work can get started, the smoother the transition will be.” The 14-page document, titled “Considerations for the Recombination of BOEM & BSEE,” lays out three possible scenarios for merging the bureaus—a “light,” “moderate,” and “heavy” option. The report argues that a single agency overseeing leasing and regulatory enforcement would have a more coherent management philosophy, would be easier to navigate for the industry, and would result in greater efficiency and moderate savings.

But the report also raises questions about the wisdom of doing so: Any sort of reorganization would be time-consuming and costly, according to the report’s authors. The head of BOEM’s Office of Policy, Regulation, and Analysis said in an e-mail obtained through a FOIA request that merging the bureaus would “further tax our resources as we continue to fulfill our mission.”

Two sources with knowledge of the plan raised questions about whether it is still a priority, but so far it has not been officially taken off the table. DOI did not respond to a request for comment.

Prior to the BP oil spill, the same office that collected revenues from the offshore industry was also responsible for making sure those companies followed environmental rules. The office was called the Minerals Management Service (MMS), and it was long wracked by scandal and

corruption. In a series of scathing reports issued in 2008, DOI's inspector general described ethical lapses within the agency including financial conflicts of interest between industry and employees and a "culture of substance abuse and promiscuity."

After the Deepwater Horizon blowout, which killed 11 workers and led to the largest oil spill ever in US waters, MMS, with its close ties to industry, was an obvious target for reform. Within weeks Secretary Ken Salazar announced that the agency would be broken up into three separate entities: The Bureau of Ocean and Energy Management (BOEM), the Bureau of Safety and Environmental Enforcement (BSEE), and the Office of Natural Resources Revenue (ONRR).

"For most people who looked at [MMS] and its history it was a no-brainer," said William Reilly, who served as co-chair of the National Commission on the BP Oil Spill and was EPA administrator under George H.W. Bush. "The program had been run with, frankly, border-line incompetence for years."

Zinke, however, has suggested that the break up of MMS was an "overreaction," and has said that BOEM and BSEE may not be "working as well jointly as they should." An initial draft of the report outlining options for merging the bureaus was submitted in March 2017, according to documents obtained through a FOIA request. By late July 2017, though, BOEM Acting Director Walter Cruickshank, one of the report's authors and a longtime career employee, wrote in an e-mail that he'd received no feedback and that a final version had not been signed. A second revised draft was submitted in September 2017, along with a recommendation made by Cruickshank that is redacted in the FOIA documents.

Even the oil industry is not convinced the merger is a good idea. Some industry leaders "have already expressed concern that reorganization could slow down approvals of industry actions," the report reads. The National Ocean Industries Association, a leading offshore lobbying group, said in an e-mailed statement that a "merger could have very positive outcomes," but that it would require significant time and resources that might detract from the department's goals.

And the merger could provoke a backlash, particularly coming in conjunction with the administration's push to open new areas in American coastal waters to drilling. "There likely will be public criticism, especially from those who recommended the break-up of MMS or who otherwise oppose offshore oil and gas activities," the report states. Governors in nearly every state that would be impacted by the proposed five-year plan raised objections to it, fearing loss of tourism dollars and the potential scarring of beaches and wildlife in the event of a catastrophic spill. Florida Governor Rick Scott managed to secure a promise from Zinke that his state would be exempted from the plan, igniting an uproar from other governors. Some states have taken matters into their own hands. Recently, California Governor Jerry Brown signed complementary bills that would essentially prohibit any new offshore development, setting up yet another showdown with the Trump administration.

DOI has proposed a number of changes to two other safety measures drafted in the wake of the BP oil spill. Critics argue that changes to those policies, known as the "well-control rule" and the "production-safety-systems" rule, weaken oversight and leave too much to industry discretion. If the DOI also moves forward to recreate an entity like MMS—a single agency responsible for revenue collection, leasing, and environmental safety—it would amplify the message that the department is reversing important safeguards designed to prevent future spills even as it ramps up offshore production.

As the authors of the merger report put it, a top to bottom reorganization of BOEM and BSEE "would likely create a public reaction that we are undoing the post-*Deepwater Horizon* safety reforms."