DOI-2025-0005, Regulatory Reform
Submitted by Elmer P. Danenberger, July 21, 2025

These comments pertain to the OCS Oil & Gas Regulatory Program, with which I have been closely associated for 53 years, 38 years as a Federal employee and subsequently as a consultant and observer. I continue to have a strong interest in offshore operations and regulatory practices in the US and internationally.

The comments are mine alone and have not been funded, suggested, or reviewed by any other party.

Intended messages: The efficiency and effectiveness of the OCS regulatory program can be improved by (1) addressing regulatory fragmentation and (2) establishing a more adaptable regulatory framework for safety leaders.

1.Regulatory Fragmentation

"*Regulatory fragmentation* *occurs when multiple federal agencies oversee a single issue. Using the full text of the Federal Register, the government's official daily publication, we provide the first systematic evidence on the extent and costs of regulatory fragmentation.* ***We find that fragmentation increases the firm's costs while lowering its productivity, profitability, and growth. Moreover, it deters entry into an industry. These effects arise from regulatory redundancy and, more prominently, regulatory inconsistency between agencies****. Our results uncover a new source of regulatory burden: companies pay a substantial economic price when regulatory oversight is fragmented across multiple government agencies."*

A. BOEM-BSEE: The complex OCS regulatory regime (see the slide at the end of this segment) became even more fragmented in 2010 when the offshore management responsibilities of MMS were divided among 2 new bureaus. The result was increased regulatory redundancy, overlap, complexity, staffing, costs, and confusion.

To their credit, BOEM and BSEE have developed numerous MOUs/MOAs in an attempt to coordinate their redundancy. However, the functional overlap complicates virtually every element of the OCS regulatory program including plans and permits, financial assurance, pipelines, environmental reviews, enforcement, geologic data, royalty relief, and more.

Recommendation: BOEM and BSEE should be reintegrated to increase regulatory efficiency and effectiveness. At a minimum, all plan approval and permitting functions should be consolidated in BSEE, the operations bureau. This would significantly reduce the overlap.

B. Plpelines: The investigation of the 1989 South Pass 60 B platform explosion that killed 7 workers raised concerns about the inconsistency in regulatory practices for the platform, regulated by DOI, and the pipeline regulated by DOT. Decades later, DOT and DOI pipeline regulations and oversight practices are still inconsistent. Note the confusion regarding the applicable regulations following the Huntington Beach pipeline spill in 2021.

Recommendation: DOI and DOT should establish a single set of clear and consistent offshore pipeline regulations. Consideration should also be given to designating a single regulator that is responsible and accountable for offshore pipeline safety.

C. DOI-Coast Guard: While the root causes of the Macondo blowout involved well planning and construction decisions regarding the casing point, cementing of the production casing, and well suspension procedure, the blowout would likely have been at least partially mitigated (and lives saved) if the gas detection system was fully operable, the emergency disconnect sequence was activated in a timely manner, flow was automatically diverted overboard, or engine overspeed devices functioned properly. The DOI/USCG regulatory overlap led to “underlap” (gaps) as summarized below:

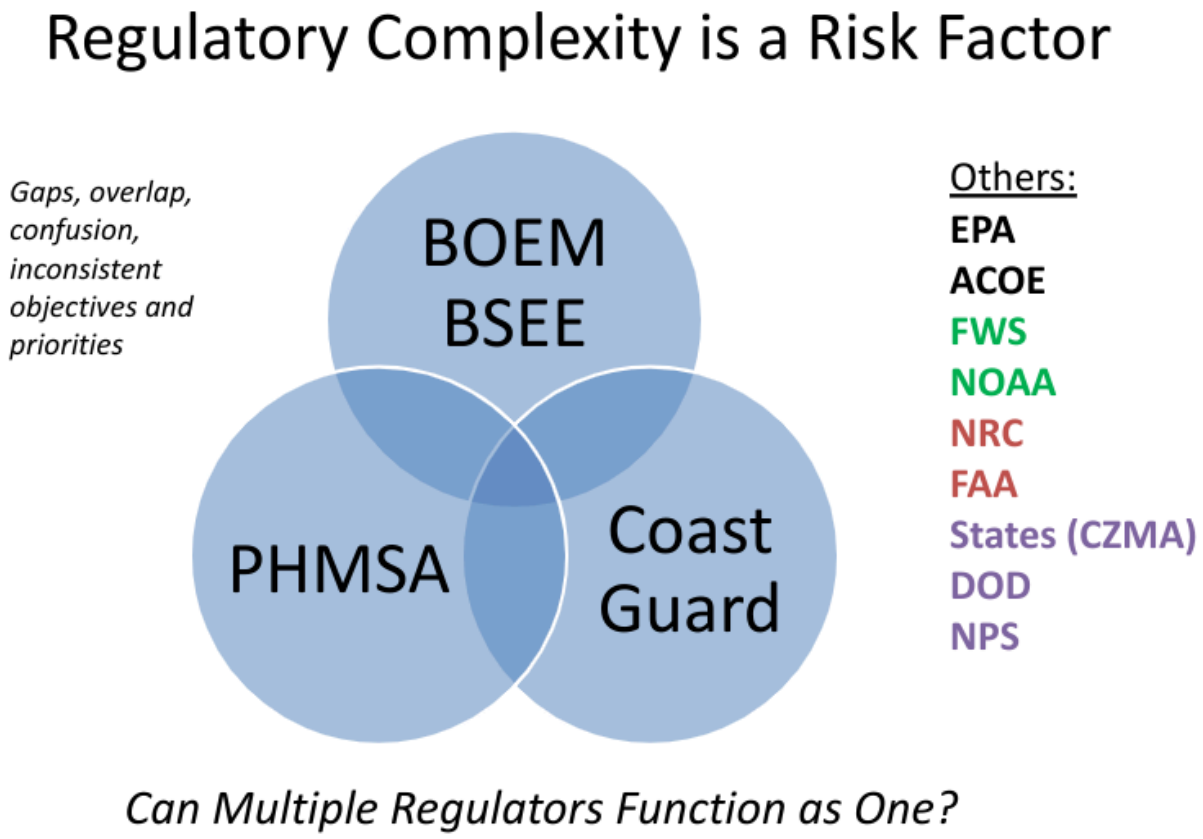
Blowout contributing factors with Deepwater Horizon jurisdictional overlap	**Jurisdiction** (perceived lead regulator listed first)
flow not automatically diverted overboard	DOI/USCG (also concerns about EPA discharge violations)
some gas detectors were inoperable	DOI/USCG
generators did not automatically shutdown when gas was detected	USCG/DOI

failure to activate emergency disconnect sequence in a timely manner (training deficiencies and chain-of-command complications)	USCG/DOI
engine overspeed devices did not function	USCG/DOI
hazardous area classification shortcomings	USCG/DOI

MOUs and MOAs are ineffective regulatory solutions because they are often unclear or inconclusive, and tend to be more about protecting turf than regulating efficiently. They also do nothing to ensure a consistent commitment among the various regulators. The contributing factors listed in the above Macondo table are still not clearly addressed in the current MOAs for MODUs and floating production facilities.

Helicopter safety is another example of MOA inadequacy. Three offshore workers and a pilot died in December 2022 when a helicopter crashed onto the helideck of a GoA platform during takeoff. The most recent Coast Guard – BSEE MOA for fixed platforms added to helideck regulatory uncertainty by assigning decks and fuel handling to BSEE and railings and perimeter netting to the Coast Guard. This is the antithesis of holistic, systems-based regulation.

Recommendation: In the interest of safety and efficiency, BSEE and the USCG should function as a joint authority, not as distinct regulators. This approach has worked well during hurricanes, and should be broadened to include ongoing operations.



2. Drilling Safety Leaders Pilot Program

DOI should consider alternatives to the traditional command and control regulatory regime that promote innovation and continuous improvement by establishing an adaptable regulatory framework for safety leaders.

A proposal for a pilot program for Drilling Safety Leaders is described in a separate attachment. I would be happy to discuss this proposal further if desired.