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Reorganization of Minerals Management Service raises doubts

By Katherine McIntire Peters | kpeters@govexec.com | September 27, 2010

A leader of the independent commission examining the blowout last April of BP's Macondo oil well in the Gulf of Mexico questioned whether the Obama administration's reorganization of the Interior Department agency charged with overseeing offshore drilling is sufficient to eliminate the conflict of interest inherent in rooting out unsafe practices and promoting energy development, which generates significant tax revenues for the [U.S. Treasury](#).

William K. Reilly, co-chairman of the National Commission on the BP Deepwater Horizon Oil Spill and Offshore Drilling, said at a hearing on Monday that having revenue collection responsibilities reside in the same department responsible for enforcing environmental and safety standards creates the perception of a conflict of interest, even though those functions now are handled by separate agencies within Interior.

Following the blowout, Interior Secretary Ken Salazar abolished the Minerals Management Service and divided its responsibilities among separate organizations within the department.

Reilly, who was administrator of the [Environmental Protection Agency](#) from 1989 to 1993, said the new separation of oversight responsibilities and revenue collection within Interior is an improvement over the way things worked at the now-defunct MMS, but it might not be sufficient.

He said in other countries with significant offshore energy operations, such as Norway and the United Kingdom, revenue collection is handled by a Cabinet-level department separate from the one responsible for inspecting rigs and enforcing environmental and safety standards.

Salazar said department officials believe they have addressed the conflict of interest by dividing the responsibilities among separate bureaus, which report to different senior officials.

Reilly also questioned whether Interior's new Bureau of Ocean Energy Management, Regulation and Enforcement would be able to shed the problems MMS experienced, which he described as "overly susceptible to industry influence, certainly outgunned and possibly captured."

BOEM Director Michael Bromwich said most employees are dedicated public servants who for years had languished in an agency that failed to provide the proper resources or training necessary for employees to meet their responsibilities.

"We have an agency that has been starved for a very long time, where the pressures were to process permits quickly and to push them out. That was the incentive system that has existed for a very long time.

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That's the incentive system the secretary and I are trying to change," Bromwich said.

BOEM now is advertising for two directors to create a formal training program to build regulatory enforcement capacity. In the past, MMS inspectors were trained through industry operator courses.

"We need a separate curriculum designed to train people to be inspectors," Bromwich said.

In addition, BOEM is working with the [Office of Personnel Management](#) to find ways raise the salaries of inspectors and other critical regulators.

"We're going to have to be very creative to think of ways to recruit and retain the best and the brightest people in oil and gas regions so we get truly quality people willing to go into public service and stay in public service. We're not going to be able to compete dollar for dollar with the oil and gas companies, but by pitching this as public service and trying to be more competitive than we are I think we're going to make some significant inroads," he said.

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Respectfully, for anyone suggesting that any profit-driven industry can oversee itself, please consider the facts of what MMS's mission is. Mines and Oil Companies pay for the usage of land OWNED by the United States and its tax paying citizens. This is not privately owned property or equipment, and not even nationally owned property open for general commercial use - like airspace. Even when profit-driven industries are left to regulate themselves (and no publically owned resources are in play), the corporate world fails miserably. In the case of American public lands, use for profit MANDATES our representative government perform the critical oversight mission to protect this nations interests. Private interests usually take care of themselves just fine and are NOT looking out for the American public - its not in their charter. Federal agencies are created solely for the public interest.
Don | Posted September 28, 2010 | 11:26 AM

The MSS reorganization may not be perfect, but it was a quick step in the right direction. We really need to focus on two things: (1) What further steps towards avoiding any conflicts of interest should be taken. (2) Why was nothing done about this for so long that... yet another mess was left for this new administration to clean up. Bottom line. When you find yourself in a hole, the first thing to do is STOP DIGGING!
don | Posted September 28, 2010 | 9:33 AM

As the former MMS re-examines its approach to industry-government partnerships, it might find it useful to review the lessons learned in a more successful voluntary industry-government regulatory partnership in place for several decades. The FAA works with industry to collect safety data that helps predict areas for increased inspection emphasis - with strong industry support. This is documented by Russ Mills, Kent State, in a new report for the IBM Center: "The Promise of Collaborative Voluntary Partnerships: Lessons from the Federal Aviation Administration"
John Kamensky | Posted September 27, 2010 | 7:54 PM

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