

Comment on OMB Number 1014-0019

This Information Collection Activity is associated with approval of two Bureau of Safety and Environmental Enforcement (BSEE) forms. BSEE-0126 has an instruction to submit an original plus two copies with one marked "Public Information". BSEE-0128 has an instruction to submit original plus a copy marked "Public Information". BSEE is still in the paper collection and data entry paradigm.

BSEE needs to move forward towards all electronic submission of information from offshore operators. The BSEE eWell system has been in place since 2004 (http://www.bsee.gov/uploadedFiles/BSEE/BSEE_Newsroom/Hurricanes/2007/eWell.pdf). BSEE predecessor, Minerals Management Service did start down this path. BSEE in their FY 2013 budget request has an item for \$2.3 million e-Inspections program for the offshore inspectors. It is appended for ready reference. This concept is just as applicable to operators. The budget document indicates that e-Inspection program will result in cost avoidance due to the elimination of data entry technicians. That cost avoidance applies to operator submitted data also.

I have been advocating the use of pairing of electronic submission and data analytics also known as data mining to improve agency performance. BSEE sister agency, the Office of Natural Resource Revenue (ONRR) has been applying the approach I have been recommending. This approach has resulted in a gain of \$21 million for ONRR. The ONRR presentation slides are also appended.

In this period of budget sequester, BSEE needs to move towards electronic submission of data from the operators to avoid costs and then applying data mining to improve the internal processes of BSEE.

Ted D. Tupper

PO Box 445
Summerdale, PA 17093

tupper23@comcast.net
<http://tedspublicpolicy.weebly.com/index.html>

employee skills and productivity; reducing attrition through improved job satisfaction; and aiding in the recruiting process. Faced with serious staffing challenges, the NOTLC serves as a recruiting tool for future employees looking to be developed and provided with career guidance and mapping.

Impacts of Not Funding: This request establishes initial base funding for the NOTLC. Without this funding, BSEE will not be able to enhance its training policy and programs to maintain and improve the technical and professional capabilities of those employees responsible for ensuring operational safety on offshore facilities. Funding is fundamental to the success of the Bureau and our continued commitment to ensuring safety, environmental protection, and offshore resource conservation through vigorous regulatory oversight and enforcement.

e-Inspections for the Enforcement Program (+2,300,000; 0 FTE)

This request will enable BSEE to address the implementation of recommendations from the Outer Continental Shelf Safety Oversight Board Report dated September 1, 2010. Specifically, it will:

- Ensure that inspectors have appropriate technology, resources and support to conduct inspections and identify areas of non-compliance with safety, operational and environmental requirements;
- Meet business requirements and address user performance concerns by leveraging more current, web-based, user-friendly technologies together with existing tools already within the Department;
- Replace the out-dated paper-based inspection process with a modern electronic system for conducting the inspections mandated by the Outer Continental Shelf (OCS) Lands Act;
- Ensure more timely and accurate collection of inspection data and reduce costs associated with hand-writing on paper forms and entering data into the corporate database;
- Provide electronic inspection forms and data to the inspectors on ruggedized tablet PCs and allow electronic capture of inspection results quickly and accurately into a database;
- Provide immediate access to tools such as on-line policy manuals, Federal Regulations, NTLs, Safety Alerts, approved permits from the BSEE engineers, and more, thereby making the inspector more informed; and,
- Eliminate duplication of effort by eliminating the office data entry of the paper inspection form and subsequently reduce data input error.

This initiative will be developed using the existing Technical Information Management System (TIMS) data model on the foundational architecture, and the TIMS portal for the web-based front end. This project was begun with a six-month Proof of Concept (POC) in Fiscal Year 2011 that uses MS Access to test the concepts for the use of ruggedized tablet PCs for conducting rig inspections; downloading permit data, and uploading rig inspection data. Statistics about the success of the use of the tablets will be used to determine the design details and specific hardware for the full proposed e-Inspection project .

No new positions are requested for this activity. In fact, when fully implemented, this initiative could provide a potential cost avoidance of \$1.5 million per year. Currently the agency uses five data entry technicians for about 60 inspectors. Based on the Bureau's plans to triple the number of inspectors in the GOM, this would require hiring five to 10 additional technicians to record the additional inspection data in TIMS if BSEE cannot provide another way to input the data.

Impacts of Not Funding: Without this funding, BSEE will be challenged in upgrading its electronic systems and moving toward a comprehensive, cost-saving paperless inspection system. The current out-dated paper inspection system does not ensure the timely and accurate collection of inspection data. The Bureau would otherwise also need to hire additional data entry technicians to record inspection data. Also, the proposed e-Inspection application will help to ensure that inspectors use the same common application, process, procedures, and business rules for conducting inspections and capturing data. This will help to reduce inconsistent gathering and application of data, which will in turn reduce uncertainty within industry regarding enforcement of policies. Failure to implement an e-Inspection system will constrain our growing inspection workforce and require continued use of outdated, inefficient and error-prone work processes.

Wellbore Integrity (+1,395,000; +9 FTE)

Increased safety regulations implemented in November 2010 give BSEE the responsibility to determine whether operators have submitted adequate information demonstrating access and deployment capabilities for surface and subsea containment. Staffing is needed to ensure that BSEE can meet this responsibility, which includes the ability to conduct two new types of evaluations related to wellbore integrity:

1. Determining reservoir fluid gradients - This is a review of all of the sands (gas/oil/water) in a given borehole interval to model the static reservoir fluid gradient for a single sand or a combination of sands. The fluid gradient is then used to determine if the well casing design is adequate or whether the casing will fail causing fluids to breach the borehole and enter the surrounding strata.
2. Determining the consequence of a collapse or burst of the well casing at multiple depths in the well. This second review will indicate the likelihood for the reservoir fluid to be released and reach the sea floor.

These two additional analyses are performed on all Applications for Permit to Drill (APDs) in the GOM that require well containment under the Oil Spill Response regulations. The resulting data will inform continuing regulatory reforms and preserve the Bureau's independence.

Impact of Not Funding: This is a new activity. If resources are not sufficient, we cannot ensure that these evaluations will receive an adequate level of review and it will diminish the ability of the existing staff that must absorb this activity to focus on reserves inventory activities and other permitting. BSEE will not be able to independently establish well structure requirements and will have to continue to rely on industry assurances in the absence of adequate funding.



Upgrade to Minerals Revenue Management Support System

Operations Management Tool

- Tracks compliance activity, reporter interactions, and collections from compliance activity
- Allows ONRR to determine payor risk and schedule assignments based on risk
- Tracks and maintains all compliance documents via Electronic Work Papers

Flexible Disbursements

- Provides flexibility to distribute and disburse money without manual intervention in response to legislative changes
- Flexibility to disburse at the unique lease level/ program (geothermal, GOMESA, etc.)

Business Intelligence Software

- Capability to perform data analysis of payor and operator reported royalty and production information
- Tools for Volume Comparison, Price Monitoring, Adjustment Monitoring, Trending, and more

Interest Modernization

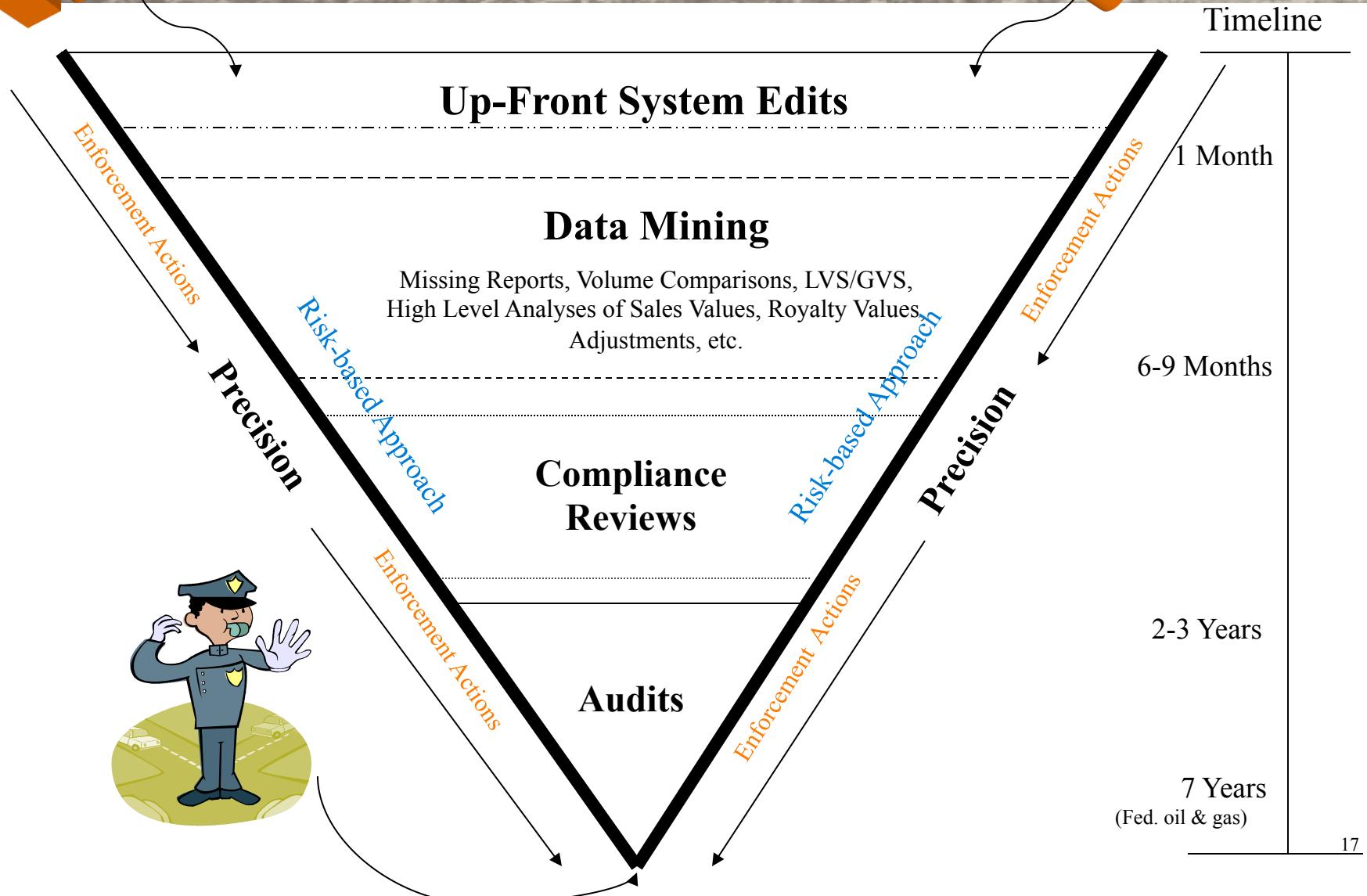
- Ability for easier, on-line review and reconciliation of interest calculations
- Allows for rule-based interest calculations based on lease type and program; e.g., royalty relief programs that have different interest rules

eCommerce Phase II

- Online rental allows payors to upload data and make annual lease rental payments through pay.gov
- Implements industry-recommended enhancements to eCommerce

PeopleSoft Upgrade

- PeopleSoft Upgrade from Version 8.9 to 9.1
- PeopleTools Upgrade from Version 8.4.9.18 to 8.5.1
- Database Upgrade from Oracle 10.4 to 11





eCommerce and Data Mining

Improving Data Quality

Problems Addressed by New Edits in eCommerce

- Indian Net Negatives
- Exceeding Allowance limits
- Incorrect Pricing
- Incorrect Royalty Rates
- OGOR/2014 Coding Errors
- Invalid Agreements



Problems Addressed by Data Mining

- Volume Variances
- Net Negatives
- Improper Adjustments
- Reporting Anomalies
- Agreement Misreporting
- Chronic Misreporting



Improving Data Accuracy

New Royalty and Production Reporting Edits:

- 14 edits in December 2011,
- 32 new or modified edits in October 2012, and
- 9 edits requiring additional study for future releases

Updated list of edits available at <http://www.onrr.gov/FM/ReptInfo.htm>

Total Data Mining Collections to Date = \$20,979,005.94*



	Exceptions Resolved	Collections to Date
Volume Comparison	61,932	\$16,941,333.34
RSFA – 6 Year Limitation on Adjustments	763	\$3,750,540.54
Net Negative Reporting	988	\$287,132.06



*As of August 2012

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Industry Compliance

• *Accurate Revenues and Data* • *Professionalism & Integrity*