

**STATEMENT OF MICHAEL R. BROMWICH
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REGULATION, AND ENFORCEMENT
UNITED STATES DEPARTMENT OF THE INTERIOR
BEFORE THE
COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM
UNITED STATES HOUSE OF REPRESENTATIVES
ON THE CONTINUING REFORM OF
THE OUTER CONTINENTAL SHELF PROGRAM**

JULY 22, 2010

Thank you, Chairman Towns, Ranking Member Issa, and Members of the Committee for the opportunity to be here today with Secretary Salazar. I appreciate being included in this hearing and being part of the discussions about reorganization of the Outer Continental Shelf (OCS) program.

Overview

My appointment as the director of the Bureau of Ocean Management, Regulation and Enforcement began one month ago on June 21. I would like to take a moment to introduce myself and give you an overview of my vision and goals.

When the President and Secretary Salazar asked me to take this assignment, I was a partner in the law firm of Fried, Frank, Harris, Shriver and Jacobson. Even while in private practice I have had significant experience with turning around troubled government agencies. I served for six years as the Independent Monitor for the District of Columbia's Metropolitan Police Department and had just begun performing the same role for the Virgin Islands Police Department, which involved overseeing sweeping reforms of those Departments' use of force programs. I also conducted a comprehensive investigation of the Houston Police Department's (HPD) Crime Lab and provided HPD with extensive recommendations for reforming its Crime Lab, which had a long history of very serious problems.

In the private sector, I have conducted many major internal investigations for companies, including in the energy industry; reviewed the compliance programs and policies of major companies in a variety of industries, conducted extensive field reviews of such programs and made recommendations for their improvement; and represented companies and individuals in state and federal enforcement proceedings and criminal investigations.

From 1994 to 1999, I was the Inspector General for the Department of Justice. I conducted special investigations into allegations of misconduct, defective procedures and incompetence in the Federal Bureau of Investigation (FBI) Laboratory; the FBI's conduct and activities regarding the Aldrich Ames matter; the handling of classified information by the FBI and the Department of Justice in the campaign finance investigation; the alleged deception of a Congressional delegation by high-ranking officials of the Immigration and Naturalization Service; and the Justice Department's role in the Central Intelligence Agency crack cocaine controversy.

From 1987 through 1989, I served as Associate Counsel in the Office of Independent Counsel for Iran-Contra. I was one of three courtroom lawyers for the government in the case of *United States v. Oliver L. North*. I supervised a team of prosecutors and law enforcement agents that investigated allegations of criminal misconduct against government officials and private citizens in connection with provision of aid to the Contras in Nicaragua and serving as overall coordinator of the Iran-Contra grand jury.

From 1983 to 1987, I served as an Assistant U.S. Attorney in the U.S. Attorney's Office for the Southern District of New York. During my tenure, I tried a number of lengthy and complex cases and argued appellate matters before the Second Circuit. I served as Deputy Chief and Chief of the Office's Narcotics Unit.

From my past experience leading and reviewing the leadership of many government agencies, I have accumulated substantial knowledge about what works and what does not in organizations. Based on this experience, I am confident that I can lead this organization and implement the changes that are necessary.

MMS Reorganization

Secretary Salazar announced the restructuring of the Minerals Management Service (MMS) on May 19, 2010, by issuing Secretarial Order No. 3299. By this Order the Secretary separated the responsibilities performed by MMS and reassigned those responsibilities to the newly established Office of Natural Resources Revenue (ONRR), the Bureau of Ocean Energy Management (BOEM) and the Bureau of Safety and Environmental Enforcement (BSEE). The Order further established a process for providing the Secretary with an implementation plan for the restructuring. These three new entities will replace the Minerals Management Service, which Secretary Salazar renamed the Bureau of Ocean Energy Management, Regulation, and Enforcement (BOEM).

The reorganization of BOEM is a substantial endeavor that will pose significant challenges. The reorganization process must be planned both to achieve important structural goals and to engage employees and managers in an important and precedent-setting governmental transition. Internal and external communications will be critical throughout this process of change. The structure established in the Secretarial Order is based on the premise that the missions within BOEM – including OCS resource management, safety and environmental oversight and enforcement, and revenue collection – need to be clearly defined and distinct from each other.

Last week, on July 15, Secretary Salazar received an implementation plan for restructuring the department's offshore energy management and revenue management responsibilities, detailing a transition that could begin as early as October 1, 2010 and be completed in 2011. The Secretary is reviewing the plan and has forwarded it to congressional leaders for their review and comment.

The implementation plan provides a balance between the need to move quickly and the necessary analysis and planning required to effectively achieve an organizational change of this scope and complexity. It was drafted by Assistant Secretary for Policy

Management and Budget Rhea Suh, Assistant Secretary for Land and Minerals Management Wilma Lewis and Senior Advisor Chris Henderson. I have reviewed the plan and provided comments. The plan recommends that the Office of Natural Resources Revenue be transitioned under an accelerated timetable with the objective of transferring the largely intact Minerals Revenue Management function to the Assistant Secretary for Policy, Management and Budget on October 1, 2010. Further analysis and optimization of the operation will follow the transition.

The task of establishing the new Bureau of Ocean Energy Management and Bureau of Safety and Environmental Enforcement is more complex, requiring a careful and deliberate process to clearly define how roles and responsibilities will be divided, how ongoing interactions will be managed, what administrative resources each entity will need, and where and when new personnel will be added. The plan calls for six months of employee engagement and communication, detailed analysis, and planning to accomplish this, with a phased implementation beginning in January 2011 and continuing for about twelve months.

The plan notes that reorganization is not the sole means of addressing the problems in federal offshore energy management, but it is an essential element of a broader program that includes major new safety requirements, investigation of the BP Deepwater Horizon oil spill, legislative and regulatory reform, and programs to enhance enforcement and inspection activity.

Among its objectives, the restructuring must engage employees in the process of change; undertake detailed process mapping and redesign; address facilities needs; fully evaluate budgetary impacts and needs; evaluate existing employee skills; recruit new talent; and establish information technology plans. Timing and planning will be affected by ongoing BP Deepwater Horizon oil spill response efforts, as well as the organizational attention required to identify and implement new safety regulations.

The plan describes the missions and roles of the new organizations as follows:

The Office of Natural Resources Revenue will ensure the full and fair return to the American people of royalties and other monies owed for the utilization of public resources in the production of conventional and renewable energy and mineral resources both onshore and on the OCS. The new office will report to a Deputy Assistant Secretary for Natural Resources Revenue Management and Oversight within the Office of the Assistant Secretary for Policy, Management and Budget. The office will be responsible for collecting and disbursing funds, which have averaged more than \$13 billion per year over the past five years. Collections come from the Bureau of Land Management, the Bureau of Indian Affairs, and BOEM energy and minerals programs -- from the development of oil and gas resources, renewable sources (including geothermal), coal, lead, limestone, phosphates, potash, and sand-gravel.

The Bureau of Ocean Energy Management will foster environmentally responsible and appropriate development of the OCS for both conventional and renewable energy and mineral resources. The bureau will function as the resource manager for these resources on the OCS. It will be the primary contact for the public and coastal state governments interested in offshore energy and mineral development issues. The bureau will be headed by a Director under the supervision of the Assistant Secretary for Land and Minerals Management.

The Bureau of Safety and Environmental Enforcement will promote and enforce safety in offshore energy exploration and production operations and assure that potential negative environmental and other impacts on marine ecosystems and coastal communities are appropriately considered and mitigated. The bureau will be headed by a Director under the supervision of the Assistant Secretary for Land and Minerals Management. Applying independent regulation, oversight, and enforcement powers, the bureau will develop and enforce policy, rules, and regulations related to safe and environmentally sound development of OCS energy resources. Its program will include necessary engineering and safety reviews, inspecting operations for compliance, approving spill response plans, and reviewing National Environmental Policy Act activities

In addition to these new entities, I am establishing an Investigations and Review Unit within the BOEM to: 1) promptly and credibly respond to allegations or evidence of misconduct and unethical behavior by bureau employees as well as by industry; 2) oversee and coordinate the bureau's internal auditing, regulatory oversight and enforcement systems and programs; and 3) assure the bureau's ability to respond swiftly to emerging issues and crises, including significant incidents such as spills and accidents. As appropriate, the review unit's functions and capabilities will continue in the new organizations.

Mr. Chairman, this concludes my prepared statement. I would be happy to respond to questions.