

Highlights of [GAO-12-203T](#), a testimony before the Subcommittee on Coast Guard and Maritime Transportation, Committee on Transportation and Infrastructure, House of Representatives

Why GAO Did This Study

The April 2010 explosion of the *Deepwater Horizon*, a mobile offshore drilling unit (MODU), showed that the consequences of an incident on an offshore energy facility can be significant. A key way to ensure that offshore energy facilities are meeting applicable security, safety, and production standards is through conducting periodic inspections of the facilities. The Coast Guard and the Department of the Interior (Interior) share oversight responsibility for offshore energy facilities. The Coast Guard is to conduct security inspections of such facilities, whereas based on an agreement between the two agencies, Interior is to conduct safety compliance inspections on some offshore facilities on behalf of the Coast Guard as well as its own inspections to verify production. This testimony addresses: (1) the extent to which the Coast Guard has conducted security inspections of offshore energy facilities, and what additional actions are needed; (2) the extent to which Interior has conducted inspections of offshore energy facilities, including those on behalf of the Coast Guard, and challenges it faces in conducting such inspections; and (3) the Coast Guard's oversight authority of MODUs. This testimony is based on GAO products issued from September 2008 through October 2011.

What GAO Recommends

GAO has previously recommended that the Coast Guard develop policies and procedures to monitor and track annual security inspections for offshore energy facilities and that Interior address its human capital challenges. The Coast Guard and Interior agreed.

View [GAO-12-203T](#). For more information, contact Stephen L. Caldwell at (202) 512-9610 or caldwells@gao.gov and Frank Rusco at (202) 512-3841 or ruscof@gao.gov.

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DEEPWATER HORIZON

Coast Guard and Interior Could Improve Their Offshore Energy Inspection Programs

What GAO Found

The Coast Guard conducted about one-third of its required annual security inspections of offshore energy facilities from 2008 through 2010 and does not have procedures in place to help ensure that its field units conduct such inspections in accordance with its guidance. The Coast Guard's guidance does not describe specific procedures for the way in which Coast Guard staff should track whether annual inspections have been conducted. For example, Coast Guard field unit supervisors and marine inspectors GAO interviewed from five of the six Coast Guard field units that are to conduct annual security inspections said that they do not maintain any tool to track whether such inspections had been conducted. GAO recommended in October 2011 that, among other things, the Coast Guard develop policies and procedures to monitor and track annual security inspections. The Coast Guard concurred and stated that it is planning to update its guidance for field units to address these issues.

Interior's inspection program has not consistently met its internal targets for production inspections, and faces human capital and reorganization challenges, but has met its limited target for compliance inspections conducted for the Coast Guard. In March 2010, GAO found that for four district offices it reviewed, Interior only met its production inspection goals once during fiscal years 2004 through 2008. Further, GAO reported that difficulties in hiring, training, and retaining key staff had contributed to challenges in meeting its inspections goals. However, in recent years, Interior reported that it met its 10 percent target to conduct compliance inspections of staffed, fixed offshore energy facilities on behalf of the Coast Guard. In fiscal year 2010, Interior reported that it exceeded its target and conducts such inspections on 169 of the 1,021 staffed, fixed offshore energy facilities and has met this target for such inspections for the previous 5 years. In May 2010, Interior reorganized its bureau responsible for overseeing offshore energy activities. In June 2011, GAO reported that while this reorganization may eventually lead to more effective operations, GAO is concerned with Interior's ability to undertake this reorganization while meeting its oversight responsibilities. Among other things, Interior plans to hire additional staff with expertise in inspections and engineering. Amidst these changes, Interior reported that it was difficult to determine how many inspections it would conduct in fiscal year 2012.

The Coast Guard has limited authority regarding the security of MODUs registered to foreign countries, such as the *Deepwater Horizon*. MODUs are subject to Coast Guard security regulations if (1) they are self-propelled or (2) they meet specific production or personnel levels. Whereas the Coast Guard may physically inspect a U.S.-flagged MODU to ensure compliance with applicable security requirements, the Coast Guard's oversight of foreign-flagged, self-propelled MODUs, such as the *Deepwater Horizon*, is more limited. The Coast Guard is conducting a study designed to help determine whether additional actions could better ensure the security of offshore energy facilities, including MODUs. Further, the Coast Guard has implemented a risk-based oversight policy for all MODUs to address safety and environmental protection issues. Although this policy does not directly address security, increased oversight resulting from this policy could help mitigate the risk of a terrorist attack to a MODU.