

## Why GAO Did This Study

Since the 1940s, the offshore oil and gas industry has installed more than 55,000 wells and 7,000 platforms on the outer continental shelf, mostly in the Gulf of Mexico. Interior is responsible for enforcing requirements for industry operators to safely decommission this infrastructure at the end of its useful life within deadlines set by regulations.

Delayed decommissioning increases environmental, safety, and financial risks. Over time, infrastructure becomes increasingly vulnerable to damage and deterioration from storms and corrosion, which can topple platforms, cause oil spills, and make decommissioning more expensive and dangerous. The federal government may become liable for these costs if industry defaults on its obligations.

GAO was asked to review Interior's oversight of offshore decommissioning. This report examines Interior's effectiveness in (1) enforcing decommissioning deadlines and (2) assuring industry capacity to meet them. GAO reviewed decommissioning regulations, procedures, guidance, and data; interviewed agency officials; and obtained perspectives from industry and environmental groups.

## What GAO Recommends

GAO is making four recommendations to Interior to strengthen BSEE and BOEM's decommissioning oversight and enforcement. Congress also may want to consider providing oversight by establishing a reporting mechanism or direction by clarifying how Interior should balance statutory priorities for offshore decommissioning.

View [GAO-24-106229](#). For more information, contact Frank Rusco at (202) 512-3841 or [ruscof@gao.gov](mailto:ruscof@gao.gov).

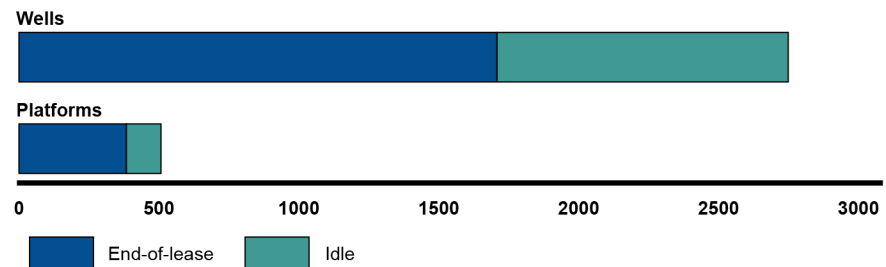
# OFFSHORE OIL AND GAS

## Interior Needs to Improve Decommissioning Enforcement and Mitigate Related Risks

### What GAO Found

The Department of the Interior's Bureau of Safety and Environmental Enforcement (BSEE) does not effectively ensure that industry operators meet decommissioning deadlines for offshore wells and platforms at the end of their useful lives. BSEE's administrative enforcement tools and its use of them are ineffective at incentivizing noncompliant operators—for example, citations for regulatory violations and orders to comply are essentially warnings. BSEE rarely takes more punitive actions such as issuing civil penalty fines, which can take years, or disqualifying operators, which has unclear trigger criteria. Long-standing uncertainties in the enforceability of some deadlines also undermine BSEE's effectiveness for idle infrastructure on active leases and end-of-lease infrastructure in the Pacific. These enforcement issues have contributed to widespread decommissioning delays that have grown into a substantial backlog. For example, for Gulf leases that ended in 2010 through 2022, operators missed BSEE's 1-year decommissioning deadline for more than 40 percent of wells and 50 percent of platforms—many of which still have not been decommissioned. Over 75 percent of end-of-lease and idle infrastructure in the Gulf was overdue under BSEE's deadlines as of June 2023—over 2,700 wells and 500 platforms.

End-of-Lease and Idle Offshore Wells and Platforms Overdue for Decommissioning in the Gulf of Mexico



Source: GAO analysis of Bureau of Safety and Environmental Enforcement data and documentation as of June 2023. | GAO-24-106229

Moreover, Interior's Bureau of Ocean Energy Management (BOEM) does not effectively assure that operators have the financial and technical capacity to meet decommissioning obligations in advance of potential delays, bankruptcies, or other defaults. Specifically, BOEM held about \$3.5 billion in supplemental bonds to cover between \$40 billion and \$70 billion in total estimated decommissioning costs as of June 2023. As a result, the federal government remains exposed to billions of dollars in financial risks from decommissioning liabilities if operators do not meet their obligations. BOEM has been working for over a decade on proposals to better address these risks but has not finalized changes in its approach. Additionally, BOEM has limited operator qualification standards that do not address decommissioning capacity or consider any past issues with meeting these obligations safely and timely.

Interior could better enforce decommissioning deadlines and mitigate the safety, environmental, and financial risks that unmet decommissioning obligations pose by ensuring BSEE and BOEM prioritize completing planned actions. Additionally, given the extended duration and magnitude of these issues and insufficient progress in Interior's efforts to address them, congressional oversight or direction may be warranted to better limit the growing scale of related risks.