



U. S. Chemical Safety and Hazard Investigation Board

RECOMMENDATIONS STATUS CHANGE

SUMMARY

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| Report: | Macondo Blowout and Explosion |
| Recommendation Number: | 2010-10-I-OS-7 |
| Date Issued: | April 17, 2016 |
| Recipient: | Bureau of Safety and Environmental Enforcement (BSEE) |
| New Status: | Closed – Unacceptable Action/No Response Received |
| Date of Status Change: | November 14, 2017 |

Recommendation Text:

Drawing upon best available global standards and practices, develop guidance addressing the roles and responsibilities of corporate board of directors and executives for effective major accident prevention. Among other topics, this standard shall provide specific guidance on how boards and executives could best communicate major accident safety risks to their stakeholders, as well as corporate level strategies to effectively manage those risks.

Board Status Change Decision:

A. Rationale for Recommendation

On April 20, 2010, a multiple-fatality incident occurred at the Macondo oil well approximately 50 miles off the coast of Louisiana in the Gulf of Mexico during temporary well-abandonment activities on the Deepwater Horizon (DWH) drilling rig. Control of the well was lost, resulting in a blowout; the uncontrolled release of oil and gas (hydrocarbons) from the well. On the rig, the hydrocarbons found an ignition source. The resulting explosions and fire led to the deaths of 11 individuals, serious physical injuries to 17 others, the evacuation of 115 individuals from the rig, the sinking of the Deepwater Horizon, and massive marine and coastal damage from approximately 4 million barrels of released hydrocarbons.

The Macondo blowout has illuminated the potential severity of consequences from a single offshore incident and has served as a catalyst for examining major accident risk management in the offshore drilling industry. The U.S. Chemical Safety and Hazard Investigation Board (CSB) produced a four volume investigation report and issued 16 recommendations. Volume one was a detailed description of the incident, volume two contained the BOP failure analysis, volume three addressed human and organizational factors, and volume four contains the regulatory analysis. The CSB issued 11 recommendations to BSEE. As a part of the investigation, the CSB looked at the regulatory environment and the role that BSEE plays in it, as well as how major risks are not being properly managed at the Board level and, therefore, are not communicated with shareholders. **Recommendation No. 2010-10-I-OS-7** from volume three of the investigation report addresses those issues.

B. Response to the Recommendation

A letter from BSEE dated March 22, 2017, informed the CSB that BSEE did not believe they had the statutory authority from the Outer Continental Shelf Lands Act (OCSLA), which is where BSEE via the Department of the Interior derives its statutory authority), to implement the recommendation. They clarified this in several e-mails offering that the Securities and Exchange

Commission (SEC), Federal Trade Commission (FTC), Department of the Treasury, and the Department of Commerce were the appropriate regulatory agencies in which to direct the recommendation. In BSEE's final e-mail response, they informed the CSB that, given other priorities within BSEE, it is unlikely they will take any action on the recommendation in the immediate future and then suggested directing the recommendation toward industry trade organizations such as the American Petroleum Institute (API) and the International Association of Drilling Contractors (IADC).

The CSB responded that the SEC, FTC, Department of the Treasury, and Department of Commerce do not address enterprise risk management or safety. The CSB believes that since BSEE is the primary offshore federal regulatory agency whose mission is to promote safety and protect the environment, they are the best agency to implement this recommendation to the offshore oil and gas industry; and the CSB did issue API three recommendations that were appropriate for an industry trade organization. Lastly, the CSB believes having regulatory or enforcement authority is not a necessity for the issuance of effective major accident prevention guidance to corporate boards of directors and executives. As a demonstration of our belief in the importance of the recommendation as well as not needing regulatory authority to issue it, as BSEE does not intend to issue this guidance, the CSB will.

C. Board Analysis and Decision

As a result of the above information, the Board voted to change the status of CSB **Recommendation No. 2010-10-I-OS-7** to: **“Closed – Unacceptable Action/No Response Received.”**