

**Bureau of Ocean Energy Management (BOEM)
and
Bureau of Safety and Environmental Enforcement (BSEE)**

**FY13 Budget Hearings
Chairman Simpson Opening Statement**

The Committee will come to order.

Today we meet to discuss the FY13 budget for the Bureau of Ocean Energy Management (BOEM) and the Bureau of Safety and Environmental Enforcement (BSEE). This is the ninth of sixteen budget oversight hearings the Subcommittee is holding this year.

The transition of the former MMS has been a long and expensive undertaking, but finally today we will discuss the budget of the two agencies charged with the management, safety and environmental protection of energy produced on the Outer Continental Shelf. I think we can all join in a collective sigh of relief that the last stage of this transition is over and the bureaus can move forward with their work. Knowing the time and effort this took by the Department and its staff, I'd like to say thank you for your hard work--and congratulations.

I'd like to start by going over what the Congress did last year in the Fiscal Year 2012 Omnibus Appropriations Act. Both bureaus received full funding as requested in the President's budget. This was not easy given the many cuts we had to make elsewhere in the bill to make this happen.

Congress also included additional fees--to the tune of \$52 million-- for the Bureau of Safety and Environmental Enforcement to help offset inspection costs. To ensure these fees were spent appropriately, we included language requiring at least 50% of these funds go towards approving permits. Today, I expect to hear how this is being implemented and how BSEE is moving forward more quickly to process permits.

Finally, the Congress also included language allowing the bureaus to hire highly-skilled employees at a higher pay scale. We recognized both bureaus' difficulty filling many positions due to competition from the oil and gas industry, which can pay much higher salaries. So we

gave the Department the authority needed to pay higher salaries for certain positions. Collectively, these provisions give the bureaus what they need to accomplish their mission. Gentlemen, there are no more excuses. As I've stated before, there will be no blank check coming from this Subcommittee. We expect results from appropriated dollars.

I'm also concerned about the FY13 requested increase of \$20 million for BSEE. After several years in a row of significant increases, the Subcommittee needs a thorough explanation of why another increase is necessary. Last year I asked you if you'd be asking for an increase in the following year--I'm going to ask that again. How many years in a row will this agency ask for additional funds? Where is the bureau in terms of hiring progress and what's the long term goal? How many inspectors is enough? What progress is fair for the Subcommittee to expect based on the amount appropriated? In this budget climate and until we see tangible results, this increase is difficult to consider.

Today gas prices are again rising and reliable domestic sources of energy are more important for our economy and homeland security than ever before. We depend on you to help us produce domestic energy and domestic jobs in a responsible way. The revenue from oil and gas off the OCS is a significant boost to the treasury, but in the past five years that number generally continues to go down while the demand for energy increases. With both bureaus fully functioning, we expect to see this revenue increase again.

Finally, I want to thank you for working with the Subcommittee on providing some of the information and transparency that has been lacking in past years. While we're still not completely satisfied, I do feel that both bureaus are moving in the right direction and doing a better job of accounting for appropriated dollars and answering the Subcommittee's questions. I look forward to working with both of you to continue building on this progress. Thank you for being here today.

With that, I'm happy to yield to the gentleman from Virginia, Mr. Moran for any opening remarks he may have.

(Mr. Moran remarks)

Director Watson and Director Beaudreau, we look forward to your testimony. You may proceed.