Innovation & Energy: An Administrative Analysis of the Bureau of Safety and Environmental Enforcement in Offshore Energy

Sean M. Harris

School of Public Affairs and Administration, Rutgers University

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Suzanne Piotroski, PhD

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Introduction

This paper will provide an administrative analysis on the Bureau of Safety and Environmental Enforcement (BSEE) within the Department of the Interior. It will first review an academic framework that gives support to a modern administrative design that better supports BSEE's mission, services, and organization. This framework will address the human element in management and organizational culture. It will assert that acknowledging principle human conditions within organizational design is essential in achieving optimal designs within modern administrations. The paper will review the agency's diverse operations within regulating traditional energy production and fostering the renewable energy industry. It will conclude with proposing an organizational design that optimizes managerial capability, creates operational synergies, and supports greater transparency.

Academic Review

This review will begin by establishing its base assumption in its management design theory through the work of Herbert Simon's bounded rationality and the complementary work of Amitai Etzioni's mixed scanning decision theory. Review will further consider concepts proposed by Joan Woodward, Tom Burns and G.M Stalker that establishes a link between work processes, organizational structure, and work culture. Reference to Mintzberg's Synthesis will demonstrate a framework of different organizational structures employed by management within public administration. These works will then be applied to support the observance that modern administrations require a combination of organizational structures. Moreover, when the essence of operation is correctly identified and aligned within organizational design, the organization can achieve synergies that result in a balanced administrative design between centralization and decentralization. This flexible administrative approach is responsive to the modern administrative environment that requires managerial efficiency, dexterity, and political sensitivity. Lastly, the work of Wylie Kilpatrick and Amitai Etzioni establishes a base for incorporating an empirical ethos within strategic planning that can serve as an accountability vanguard within modern administrative designs.

Bounded Rationality, Mixed Scanning, and the Work Process

Herbert Simon brought a critique to the school of administrative management that argued general principles of efficiency through specialization wasn't sufficient. Simon contended that deeper human considerations are necessary to achieve optimal efficiency within an organization. His position was supported by the work of Chester Barnard that stated people are influenced by numbering incentives within the work culture that include power, prestige, fulfillment of ideals, altruistic motives, and participation in organizations (Barnard, 1938). Further, Simon asserted that management often decides how to meet organizational goals while inherently constrained by a given number of limitations. He observed that managers are bounded by complex situations, time constraints, resources, and cognitive capacity. Therefore, managers cannot make fully rational decisions to completely maximize organizational interests, but instead satisfice them (Simon, 1948). This notion was termed bounded rationality, which established the need for open-system decision-making theory and contingency planning theory.

Amitai Etzioni's work attempted to establish a balance between rational decision-making theory and the prevailing theory of incrementalism. He acknowledged that decision makers operate within a limited scope, however, most decisions result in lasting and some large-scale implications for their organization. He suggested the use of a decision matrix called "mixed-scanning." Such a decision tool recognizes decisive points that permit consideration of broader alternatives that can be narrowed into specific incremental decisions in part of the broader direction. This allows for a blending of perspectives that allows for broad consideration on multiple issues, which can then be comprehensively analyzed in more rationalized models (Etzioni, 1967; Etzioni, 1986). Recognizing these decision provisions placed on management, captures the nature of human limitation, and must be reconciled with the demands of organizational models. Joan Woodward supports this concept of uniting human nature with organizational demands in her work, *Industrial Organization: Theory and Practice*. Her work acknowledges that effective management of production systems within organizations are outfitted to the work they perform.

Joan Woodward proposed that firms can be categorized by the work they performed. She established that management structures within production systems contained principal elements but were tailored to the type of production they were responsible for. Successful systems had similar numbers in management levels, spans of control, and ratios of management to work

production. However, successful systems captured work cultures that were specific to the demands of the labor (Woodward, 1965). This early work showed the importance of capturing the balance between the science of managing organizations and the art of managing people. These fundamental theories that reconcile human behavior with organizational management play a critical role in establishing synergies within an effective organizational design for modern public administrations.

Organizational Structures

Henry Mintzberg's review of organizational structures provides a fundamental assessment on the structural alternatives that managers of organizations pursue. His design presupposes a strategic apex that consists of top managerial heads of an organization. An operating core, to capture the organizations principal workers, and a level of middle managers that link the operating core to the apex. This relationship is supported by a technostructure that consists of analysists, program evaluators, strategic planners, systems engineers, and personal training staff. Lastly, a support staff operates within a capacity that provides auxiliary needs to the organization (Mintzberg, 1979). Considering the employment of the aforementioned functionary roles into varying design alternatives and role modification, this framework establishes five typologies of organizational structures.

A simple structure is used to describe an entrepreneurial setting that relies on direct supervision for the strategic apex. Machine bureaucracy is established under large organizations that rely on standardization of work processes by the technostructure agencies supported by political oversight. Professional bureaucracy relies on standardization of skills and knowledge in the operating core and assumes a professional service role. Divisionalized structure is a multidivisional organization that relies on a standardization of outputs where middle-line managers run independent divisions. Adhocracy consists of project organizations that have a highly organic structure with little formalization and relies on mutual adjustment as the key coordinating mechanism within and between project teams (Mintzberg, 1979). Being able to properly identify these relationships within the organization is important to establish a suitable foundation for organizational design.

Centralization and Decentralization

Leadership within modern public organizations should recognize the benefit of establishing an administrative equilibrium between centralization and decentralization within their organizational design. The term centralization in this analysis is considered to align with mechanistic organizational behavior and decentralization is considered to align with organic organizational behavior as defined in *The Management of Innovation* (Burns & Stalker, 1961).[1] As prescribed by Joan Woodard, different organizational demands will warrant a blueprint that blends Mintzberg's organizational structures. Achieving organizational equilibrium best positions the organization to respond expeditiously to dynamic organizational demands and efficiently to routine demands.

This practice is both feasible and essential for identifying and addressing complex political and operational needs of an organization. Centralization optimizes workflows that maintain organizational vision and standard operation, while conversely, decentralization provides organizational agility to address novel administration activities expeditiously. Case study, Managing Decentralized Departments: *The Case of the U.S. Department of Health and Human Services*, showed promise in such notions at the federal level within one executive administration. In this study, Secretary Donna Shalala, emphasized the prioritization of establishing an organizational design and culture that was adapted to the organizations political and operational environment (Radin, 1999). The changes observed in the U.S. Department of Health and Human Services achieved its optimal equilibrium by restructuring toward decentralization.

Shalala's restructuring was conducted under an effort to respond to challenges associated with complex and vague goals, disjointed accountability systems, varying program responsibilities, inconsistent program authorities, and the navigation of controversial issues/ miscellaneous constituencies. Her approach limited restrictive organizational hierarchies, reduced accountability levels, empowered Operating Divisions, and increased cross communication. This became paramount in facilitating organizational focus on substantive issues rather box checking management directives outside of the organization. Most notably, Secretary Shalala kept a

[1] Mechanistic organizations were defined as bureaucratic organizations designed along the lines of the classical approaches to management. These organizations behaved in a "machine like fashion." Organic organizations served as more flexible organizations that performed successfully in rapidly changing environments. These organizations placed less emphasis on communicating up and down the chain of command, controlling subordinate behavior, and strict adherence to job description. Greater emphasis was placed on lateral communication, networking, flexible work assignments, and facilitating supervision.

centralized vision active through numerous annual department and administration initiatives that captured multiple organizational tasks that crossed bureaucratic lines (Radin, 1999). When the above theories are employed properly optimal equilibrium within the organization, like in the case of Secretary Shalala will result.

BSEE's Mission, Services, and Organization

BSEE's mission is to promote safety, protect the environment, and conserve resources offshore through vigorous regulatory oversight and enforcement. It ensures that offshore energy sourcing solutions are safe and environmentally conscious on the U.S Outer Continental Shelf (OCS). Its regulatory functions that traditionally involved offshore oil and gas operation are now expanding into fostering renewable energy markets. The most notable regulatory work surrounding oil and gas involve: energy exploration, production, worker safety, emergency preparedness, environmental compliance, decommissioning and resource conservation (BSEE, 2024). BSEE also participates in environmental stewardship and engages in regulatory enforcement.

Exploration, Production, Worker Safety

BSEE performs both prescriptive and performance-based measures to ensure that industry standards are regularly improved and upheld. They have a strategic partnership with their neighbor agency the Bureau of Ocean Energy Management that oversees the grant and leasing process that gives use rights to companies that wish source oil and gas in the Alaska, Gulf of Mexico, and Pacific Regions (BSEE, 2024; BOEM, 2024). After leasing rights are established, exploration and operation begin, to which BSEE focuses on worker safety. The Offshore Safety Improvement branch provides oversight of aviation management, medical standards, offshore credentialling, safety and environmental management, and electrical standards. Within each functional area BSEE has develop standards established by industry leaders and internal expertise. Standard practice throughout all functional areas is directed through the coordination of data collection between industry and independent research that is used for future research, training, environmental initiatives, and current proposals (BSEE, 2024). The Safety Performance Enhanced by Analytical Review (SPEAR) workgroup is a critical asset that BSEE employs in this process that ensures their practices are supported by the timely communication of data that identifies leading safety and environmental data.

Emergency Preparedness and Environmental Compliance

The Oil Spill Preparedness Program ensures owners and operators have policies and procedures in place to mitigate substantial oil spills. The program ensures contingency planning, equipment testing, training, stress testing exercises, research and development programs, and stakeholders' engagement under the national response system. Each of these groups play a considerable role in maintaining a work environment that protects all aspects of life within the occupied area and impacted communities (BSEE, 2024). The laws that BSEE enforces to protect the natural environment, however, extend beyond oil spill prevention and response. The Environmental Compliance Program (ECP) ensures that environmental standards established by various statues and regulations comport with the agreements established in the leases, plans, and permits. Within this work, the ECP focuses on 6 areas of responsibility to include: Regulatory Program Coordination, National Environmental Policy Act (NEPA) compliance, Office Compliance Verification, Field Compliance Verification, Enforcement, and Communicatory Engagement (BSEE, 2024).

Decomissioning and Resource Conservation

Work processes must be safely and responsibly concluded post field exploration and production, this process is known as decommissioning. When a company agrees to the lease for offshore gas exploration and production the Right of Use and Easement contract includes the process of decommissioning. After work is completed, the drained well needs to be properly closed and production equipment disposed. This process is critical for BSEE to meet its environmental protection mission. More than 60% of facilities on the OCS are more that 25 years old, and over the past decade the industry has averaged 127 platform removals a year. The most common authority used for BSEE to initiate decommissioning is the identification of idle iron.

Idle iron is a common way that BSEE implements its authority to reclaim public rights to a lease area. Any infrastructure that no longer operational because it is no longer "economically viable" or severely damaged on active leases is considered "idle iron." Regional supervisors have provisional authority that grant lessee's partial pardon of complete structure removal. This decommissioning process is allowed under the rigs-to-reefs program administered by the National Oceanic and Atmospheric Administration (NOAA) (BSEE, 2024). This work is

conducted as part of a larger portfolio of exercises that BSEE utilizes in recognition of its environmental stewardship initiative on the OCS.

Environmental Stewardship and Enforcement

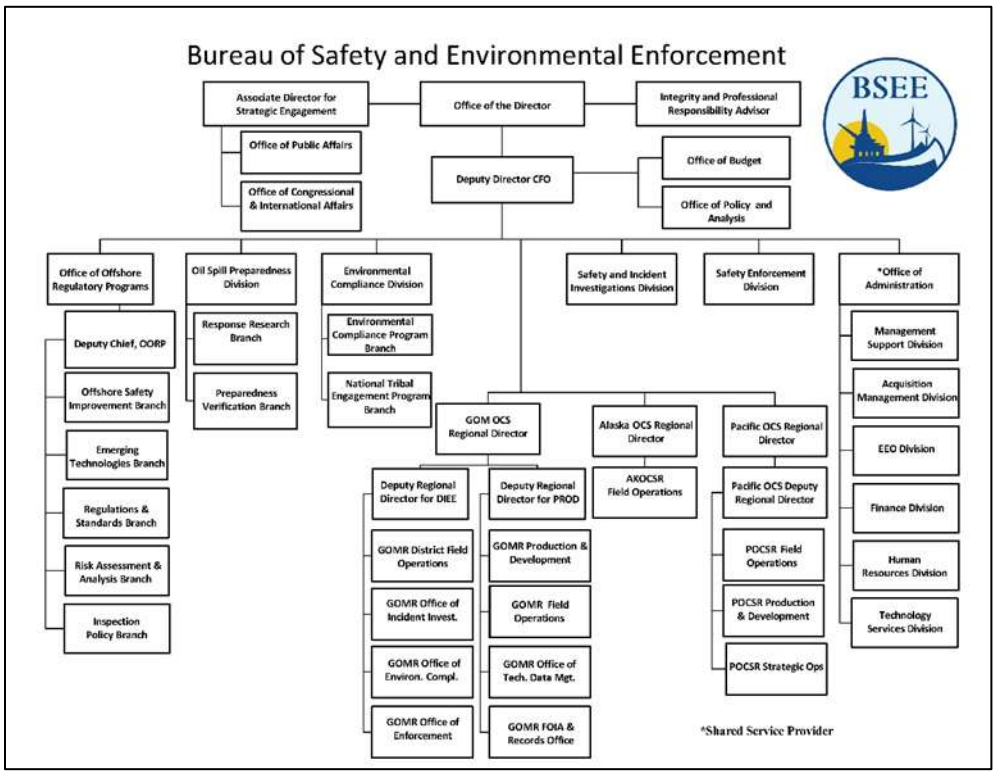
The newest operations being added to BSEE's environmental stewardship portfolio is carbon sequestration and renewable energy. The Infrastructure Investment and Jobs Act allowed for BSEE to begin granting lease, easements, and right-of-way on the OCS for carbon sequestration projects. Carbon sequestration is a process used to store CO2 gas in bedrock storage cavities. Incorporating climate change mitigation activities within traditional energy projects is one step the US energy industry is taking to improve the sustainability of its energy profile. A second mitigation activity is investment in renewable energy technologies. As the U.S updates its energy sourcing infrastructure more facilities will be removed and replaced with renewable energy infrastructure. BSEE assists in this development through overseeing the safety and environmental requirements for facility design, fabrication, instillation, operation, and decommissioning. It looks to leverage its experience in prior OCS regulation and adapting those procedures to fostering a new industry. Its current goal is to employ capacity to support 30 gigawatts of offshore wind by 2030 (BSEE, 2024). This is a research intensive branch of the organization and requires an organic management that can readily respond to new industry knowledge.

BSEE additionally has enforcement mandate in conjunction with its broad spectrum of regulatory efforts employed across industry. The BSEE National Enforcement Program (NEP) is managed by the Safety Enforcement Division that oversees all federal regulations on the OCS. When federal regulations are violated BSEE can issue fines and mandate corrective action. If operators fail to comply with BSEE's corrective action mandates they can file for civil penalties. All standards compliance cases that result in an incident undergoes investigation. The list of non-compliance actions taken by BSEE range from its most minor notary in an incident of noncompliance to a referral for criminal investigation (BSEE, 2024).

Organization and Strategic Plan

Last observation needed for this papers analysis is to review the current organizational design BSEE uses to employ the aforementioned work. It is organized around the Office of the Director that receives direct reporting activity from its Deputy Director, Associate Director for Strategic

Engagement, and its Integrity and Professional Responsibility Advisor. The Deputy Director directly manages the Office of Offshore Regulatory Programs, Oil Spill Preparedness Division, Environmental Compliance Division, 3 Regional Offices, Safety and Incident Investigations Division, Safety Enforcement Division, and the Office of Administration.



Organizational Structure for Bureau of Safety and Environmental Enforcement (BSEE, 2024)

This structure is currently employed to meet the 2023-2026 strategic plan that focuses on people, protection, reliability, and sustainability (BSEE, 2024). These strategic focuses are supported with 3 non-empirical goals.

Recommendation

The following recommendation reflects the review of BSEE's mission, services, organization, and applicable academic works within managing public administrations. It recognizes that decision making is constrained by human limitations and organizations that best position managers to overcome these constraints are arranged to support operational efficiency and adaptable control. Furthermore, varying operations within an organization inherently establish unique professional sub-cultures. Organizations that can capture the essence of its work within

its organizational design and align it with its mission best serves these cultures and efficiency demands of the organization.

This recommendation first suggests the use of empirical strategic planning that utilizes the theories of Kilpatrick and Etzioni. To achieve the goals associated within empirical strategic planning, the organizational design must undergo an appropriate division of its organizational structure defined by Mintzberg's synthesis. The various branches of the organization must then be rearranged within Mintzberg's "technostructure" to achieve an alignment of work culture and mission defined by Joan Woodward, Tom Burns, and G. M stalker. Restructuring the organization with respect to these theories will result in achieving the centralization and decentralization equilibrium recognized by Secretary Donna Shalala in the U.S Department of Health. This results in an organizational posture that enables expeditious response in dynamic administrative environments and consistency in routine administrative environments.

Empirical Strategic Planning

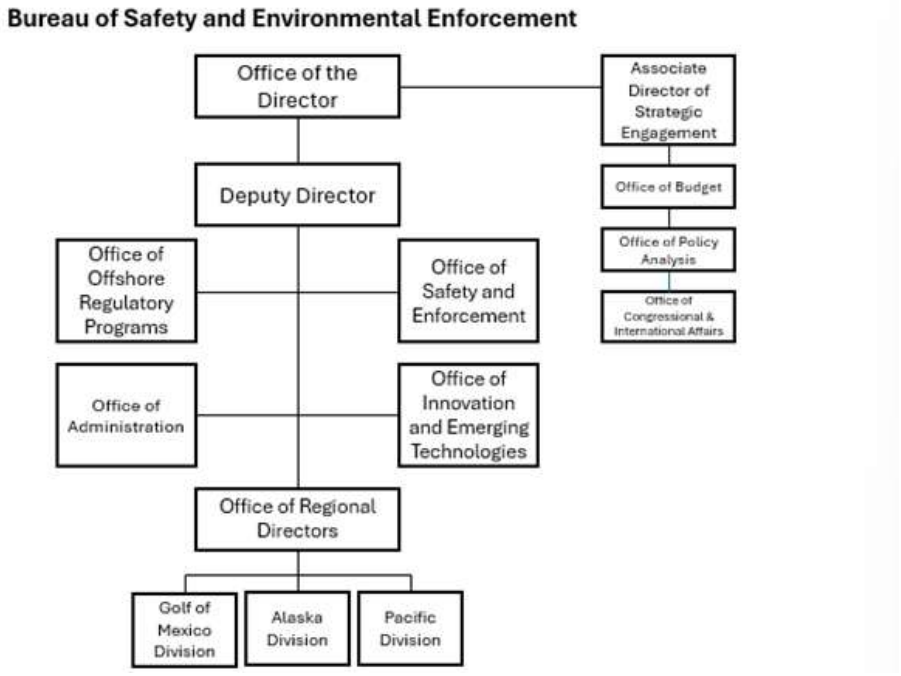
Deliberately shaping strategic plans, aligned with Etzioni's mixed-scanning decision theory to endorse empirical outcomes, provide invaluable fidelity to agency mission and public transparency. Additionally, it fosters operational designs supported by benchmarks and tangible goal setting, which ensure accountability within administrative leadership. As illustrated by Henry Mintzberg, strategic plans are the most instrumental product produced by the strategic apex of the organization. This visionary tool provides the organization extended leadership that permeates throughout the organization to include the management, technostructure, support staff, and principal core workers. As observed with Secretary Shalala, having clearly defined apex leadership within the modern administration can be an exceedingly effective model to achieve measurable outcomes.

When employing empirical strategic plans, the design should be modeled with the leading consideration of public fund expenditure. While variation from political considerations will be considered and measured, most of the empirical focus must start with current administrative capability within routine organizational activity. Upon this basis, quantity of services can be compared to the criteria of need, measurement of cost by criteria of organizational ability, cost of social impact compared to concepts of benefit, and the measurement of efficiency to the criteria of administrative aims (Waldo, 1948; Kilpatrick, 1936). This analysis, provided in annual

congressional budget justifications, can be used to relate expenditure directly to the success of administrative strategic plans. It can show the cost of maintaining established organizational designs, while providing reasonable expectation for the expansion of new administrative initiatives.

Proposed Organizational Design

The proposed design firstly considers the division of organizational structures defined by Henry Mintzberg. This design provides proper autonomy to offices responsible for establishing and securing empirical strategic planning within the strategic apex under the Associate Director of Strategic Engagement, who reports to the Office of the Director. The Office of the Director is then enabled to lead the organization toward its strategic plan through oversight of the Deputy Director. The Deputy Director manages the "operating core" via the Office of Regional Directors and the "technostructure" via the Office of Offshore Regulatory Programs, Office of Safety and Enforcement, and Office of Innovation and Emerging Technologies. Lastly, he manages the "support staff" by way of the Office of Administration.



The "technostructure" is reorganized to capture the essence of work defined by Joan Woodard and resulting sub-cultures. The Office of Offshore Regulatory Programs is identified as a machine bureaucracy that was designated to oversee the work of the Regulation and Standards

branch as well as the Inspection Policy Branch. The Office of Safety and Enforcement is identified as a divisionalized structure that is best served to oversee the Incident Investigations Branch, Risk Assessment & Analysis Branch, Oil Spill Response Research Branch, and Oil Spill Preparedness Verification Branch. The Office of Innovation and Emerging Technologies is identified as an adhocractic structure that is best purposed to oversee the Offshore Safety Improvement Branch, Emerging Technologies Branch, and Renewable Energy Branch. Lastly, the support staff within the Office of Administration oversees the Public Affairs Branch, Management Support Branch, Acquisition Management Branch, Human Resources Branch, Finance Branch, Human Resources Branch, and Technology Services Branch.

This recommendation considers principle human elements associated in the work of Herbert Simon and improves decision making for the Deputy Director through organizational restructuring using Mintzberg's synthesis. Further, it uses Etzioni's mixed-scanning decision theory to establish broad but measurable goals for the Director to execute empirical outcomes throughout the organization under its strategic plan. It recognizes organizational work cultures within the "technostructure" to achieve synergies within organizational design. The employment of this design will result in a centralized/ decentralized equilibrium that can handle the demands of a modern administration that requires both mechanistic and organic management models.

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