

**Remarks of Secretary of the Interior Ken Salazar  
Woodrow Wilson International Center for Scholars  
September 30, 2010**

Good morning. Thank you all for coming.

And thank you to the Woodrow Wilson Center and Lee Hamilton for hosting this.

It will be sad to see Lee leave this institution. I had the privilege of working with him on the Iraq Study Group legislation when I was in the U.S. Senate. I came to know Lee as the true statesman he is: committed to country over party, solutions over hand-wringing.

He has left an indelible mark in his time here. So, to Lee and to the Woodrow Wilson Center: thank you for your example.

I thought it would be fitting to come here today – to a place that carries forward President Wilson’s vision - to talk about our changing energy future.

President Wilson understood the power of imagination in times of crisis. “We grow by our dreams,” he said.

Only if you can imagine a new world can you build it.

This is the moment to dream a new energy future.

The Deepwater Horizon oil spill shook us as a people. Eleven men died. The public watched as oil spilled into the Gulf of Mexico for 86 days. And armies of citizens, volunteers, and public servants battled to keep oil off our shores, to save birds and turtles, and to seal off a well below 5,000 feet of ocean.

It took the best engineers, our top scientists, and the relentless response of the United States government to beat back the oil and kill the Macondo well.

Today, the difficult job of recovery and restoration lies ahead. President Obama and Secretary Mabus charted the course for those efforts earlier this week, and the President has made clear that his Administration is committed to the campaign to restore the Gulf.

But the Deepwater Horizon oil spill also lays bare a more fundamental challenge that we must confront as a nation. Our energy policy has failed us, time and time again, for decades.

Our economy relies too much on foreign oil.

We are falling behind China and India in the race for clean energy technologies and clean energy jobs.

And our oceans, our coasts, and our climate are at risk.

So where do we go in the post-Deepwater Horizon world?

President Obama has charted a path to a safe, secure, and clean energy future.

He understands that the jobs of tomorrow are in clean energy.

Those jobs are in places like Holland, Michigan, where the Recovery Act's \$2.4 billion investment in advanced battery technology has helped get a new battery manufacturing plant under way. 300 people are helping build the plant, and another 300 will find jobs when it opens.

Clean energy jobs are in places like Pueblo, Colorado, not far from where I grew up. A wind tower manufacturing plant opening there will put over 500 people to work.

Across the country, the clean energy revolution is springing to life.

The U.S. installed a record 10,000 megawatts of new wind capacity in 2009, or enough to power over 2 million new homes.

And, thanks to our focus in the last year and a half on smart, coordinated permitting of renewable energy projects on public lands, we are evaluating permit applications for more than 4000 megawatts of new geothermal, wind, and solar energy capacity, including the largest solar projects in the world.

This Administration's focus on clean energy is making a real difference.

The trade industries estimate that up to 85,000 people now work in the wind industry in the U.S. and another 46,000 work in the solar industry. And our work on the new energy frontier has just begun.

But changing the game doesn't mean focusing only on clean energy development.

The truth is: we continue to need oil, gas, and conventional fuels as we transition to our clean energy future.

The Energy Information Agency projects that U.S. energy demands will rise 14% over the next 25 years.

To meet these demands, we need fundamental reforms to our nation's oil and gas programs. We should be producing oil and gas safer, smarter, and with stronger protections for the environment – both onshore and offshore.

On lands we oversee in the West, we need to make sure that oil and gas leasing is done in the right way and in the right places.

We're trying to fix a process that, for the last few years, has bred more and more conflict on the ground. In 1998, around 1% of the Bureau of Land Management's oil and gas leases were protested. Ten years later – in 2008 – forty percent of BLM's oil and gas leases were protested, including leases that the previous Administration offered near Arches and Canyonlands National Parks.

The onshore oil and gas reforms that BLM Director Bob Abbey and I announced in January are all about restoring common sense, order, and certainty to the Bureau of Land Management's leasing process.

The reforms bring public engagement, environmental analysis, and smart planning into the leasing process from the beginning.

Bob calls it “smart from the start.” It's the right approach.

Off our nation's coasts, the call for oil and gas reform could not be more clear.

The Deepwater Horizon oil spill laid bare fundamental shortcomings in the oil and gas industry's safety practices on the Outer Continental Shelf. For thirty years, under the oversight of both Democratic and Republican administrations and congresses, industry ventured into deeper and deeper waters without adequate oversight.

Drilling technologies accelerated, but safety technologies and the government's regulatory framework were left behind.

That gap is unacceptable.

That is why we have launched the most aggressive and comprehensive reforms to offshore oil and gas regulation and oversight in U.S. history.

We are raising the bar for safety, oversight, and environmental protection at every stage of the drilling process.

Let me take just a moment to walk, step by step, through exactly what is changing, from the planning stages, to permitting, to drilling, to blowout containment and spill response.

First – before companies can even buy leases or propose to drill on the Outer Continental Shelf – the United States government must decide where on the Outer Continental Shelf it is appropriate to develop.

Before they left office, the previous Administration proposed to allow oil and gas leasing off every coast.

Their proposal was based on limited public comment and environmental analysis that has been thrown out by federal courts.

We rejected that approach.

We cancelled all scheduled lease sales in the Arctic and put the North Atlantic, Pacific, and Bristol Bay, Alaska off limits to development.

And we established an open, science-based process for deciding whether and where to allow offshore oil and gas exploration and development. The lessons from the Deepwater Horizon spill will help guide that decision-making process.

Second, once the U.S. determines what areas on the Outer Continental Shelf may be appropriate for leasing and development, proposed lease sales and drilling projects need to undergo thorough environmental reviews based on sound science.

That's why Bureau of Ocean Energy Management, Regulation, and Enforcement (BOEM), with the collaboration of federal agencies like the Fish and Wildlife Service and the National Oceanic and Atmospheric Administration (NOAA), is conducting comprehensive new environmental analyses in the Gulf of Mexico and the Arctic. Those analyses will help inform future leasing and development decisions.

In addition, deepwater drilling projects in particular carry risks that need to be well understood.

That's why BOEM Director Michael Bromwich has directed his agency to limit the use of categorical exclusions under National Environmental Policy Act (NEPA) when reviewing deepwater drilling projects.

Third, at the permitting stage of the development process, operators need to clear a higher bar before being given permission to drill.

Operators must now meet new standards for well-design, casing, and cementing. Their drilling plans have to be certified by a professional engineer. And we have asked that Congress give BOEM more than 30 days to review exploration plans.

Moreover, before receiving a permit, operators need to show they are prepared to deal with catastrophic blowouts.

A loophole that the previous administration established in 2003 exempted certain operators from the worst-case discharge requirement in their exploration plans.

That loophole is closed.

Fourth, once drilling begins, oil and gas companies must adhere to tougher workplace and environmental safety standards.

Blowout preventers – like the one that appears to have failed on the Deepwater Horizon

rig – need to be recertified, inspected by third-parties, and meet new testing requirements.

The CEO's of energy companies must now – for the first time ever – put their signature on the line to certify that their rigs comply with all safety and environmental laws and regulations.

And BOEM is significantly expanding its team of inspectors to police offshore operations.

Fifth, if something does go wrong on a rig, companies need to be prepared to respond.

The Deepwater Horizon spill showed just how unprepared industry was for a deepwater blowout and oil spills.

I appreciate that in the last few months the oil and gas industry has committed \$1 billion to develop its blowout containment capabilities, and BP is contributing its equipment to that effort.

Under the authority of the United States, we will order those capabilities to be made available and quickly deployable if they are ever needed.

We are also continuing our work to institutionalize the experience, expertise, and leadership the U.S. government developed through the Deepwater Horizon source containment and spill response efforts. Indeed, we just convened a meeting at Interior of top experts in government and industry to discuss how we institutionalize blowout containment expertise.

Director Bromwich is also developing recommendations on issues related to the deepwater drilling suspensions based on eight public forums he has held around the country. I am looking forward to receiving his report soon.

Sixth - and finally - we are building a strong, independent agency to police offshore oil and gas operations.

Gone is the Royalty in Kind Program, which accepted oil and gas in lieu of cash as royalty payments on our nation's energy resources.

Gone is the Minerals Management Service, the agency that held conflicting missions of promoting energy development, regulating the industry, and collecting revenues.

Instead, we are building strong and separate agencies to carry out these independent missions.

Tomorrow in Lakewood, Colorado, we will stand up the new Office of Natural Resource Revenue, which will oversee royalty collections from energy development on public lands and waters. That agency is separate from the offshore leasing and regulation programs at BOEM.

Michael Bromwich – the former Inspector General for the Department of Justice –has hit the ground running as the head of BOEM.

Three months in, Director Bromwich has already stood up a new internal investigations and review unit within BOEM that will root out problems within the regulatory agency and target companies that aim to game the system.

And he has established a new recusal policy for BOEM employees that will reduce the potential for real or perceived conflicts of interest.

Director Bromwich's goal, and my goal, is to stand up a tough, strong, and independent agency to oversee offshore energy activities, and to make sure that the agency has the tools it needs to do its job.

We need the support of Congress in this effort. The Administration requested and Congress provided an immediate \$29 million in FY 2010 to carry out additional inspections and environmental analysis. We have also recently submitted a budget amendment to Congress that would provide an additional \$100 million in FY 2011 to implement the series of reforms we are putting in place.

Now, I want to be clear: our reform agenda is moving fast, but our work is far from complete.

Over the coming months, you can expect a dynamic regulatory environment as we continue to raise the bar for offshore oil and gas development.

Today, we are announcing two new rules: one that strengthens requirements for safety equipment, well design, and blowout preventers, and another that will reduce the risk of human error on rigs and platforms.

The first rule we are implementing today is called the Drilling Safety Rule. It is an emergency rulemaking that takes effect immediately.

Through the Drilling Safety Rule, we are making permanent tough new standards for well-design, casing, and cementing. A professional engineer must independently inspect and certify each stage of the proposed drilling process. And blowout preventers must be independently certified, meet new standards for testing and maintenance, and be capable of severing the drill pipe under the pressures anticipated for a well.

The Drilling Safety Rule will help prevent the possibility of blowouts by strengthening well bore integrity and well control equipment.

The second rule, called the Workplace Safety Rule, aims to reduce the human and organizational errors that are the root cause of many accidents and oil spills.

Under this rule, offshore operators must develop a comprehensive safety and environmental impact program to identify potential hazards when they drill, protocol for addressing those hazards, and strong procedures and risk-reduction strategies for all phases of activity, from well design and construction to operation, maintenance, and decommissioning. There should be no gaps in an operator's workplace safety program.

Many companies objected to this common-sense rule (also known as the "SEMS" rule) when we put it out for public comment before April 20. In my view, this rule is needed, and we will work to further enhance and refine it.

In the coming weeks, we will build on these two rules.

Specifically, based on our experiences in the last five months, Director Bromwich will proceed with a new rulemaking to further tighten the design standards for blowout preventers.

In this proposal, we will consider requiring that blowout preventers be equipped with two sets of blind shear rams, in addition to requirements for improved instrumentation and additional redundancies for actuating the rams.

We recognize that these additional BOP requirements will have a cost for industry. We will therefore consider these requirements through a standard rulemaking process.

Over the coming weeks and months, we will move forward with new design requirements for BOPs and other reforms that Director Bromwich determines necessary. We will also be proposing to consider additional safety management standards, such as a requirement that companies' safety management systems be verified by a third party.

We will be as clear and straightforward as possible as we implement these changes, but the oil and gas industry should expect a dynamic regulatory environment as we bring the U.S.'s offshore programs up to the gold standard.

Now: I want to take a minute to talk about the deepwater drilling suspension currently in place.

The deepwater drilling suspensions were vital to protecting the Gulf coast at a time when the region's oil spill response resources were fully dedicated to the Deepwater Horizon response. Imagine if there had been a second deepwater blowout in the Gulf this summer.

The suspensions have been important for another reason as well. They are providing us the time needed to bring the industry's safety practices, blowout containment capabilities, and spill response strategies to the place they need to be for deepwater drilling to resume.

Understandably, there are many different views on the deepwater drilling suspensions.

On one side, the same people who have long fought to weaken regulation and oversight

of the oil and gas industry have protested the suspensions from the start. They want us to ignore the new reality and go back to business as usual. But that's not an option.

On the other side, when we do lift the suspensions, some will say it is too soon. They will say there are still risks involved in deepwater drilling.

Yes, there will always be risks associated with deepwater drilling, but we will only lift the suspensions when I am comfortable that we have significantly reduced those risks.

The fact is: we still need oil and gas from the Gulf of Mexico to power our cars, our homes, and our industry. But we can make, and are making, drilling and production safer.

I began today with President Wilson's observation that to be able to build a new world, you have to be able to imagine it.

"We grow by our dreams," he said. I would add that we also grow by our courage. And it is in times of crisis that Americans have always found the courage to act most boldly.

I think about the dawn of the 20th century and President Teddy Roosevelt, who – seeing our open lands and wildlife disappearing - established our great wildlife refuges and national parks.

I think about the Great Depression, and the leadership it took to stand our nation up again.

And I think about my parents' generation, the Greatest Generation, who returned home from World War II to build a society of which they could be proud.

Challenges and crises spur imagination. They compel change. And they inspire action.

It is my hope that our grandchildren look back at this moment as a turning point. Let history show that we emerged from this crisis a stronger nation... a nation that transformed the way we use energy... a nation that built a clean energy economy with American workers, American resources, and American ingenuity. This is the moment to grow by our dreams.

Let us build a safe, secure, and clean energy future.

Thank you.