Regulating the Hands That Fed Him

BSEE Director Scott Angelle Now Regulates the Oil and Gas Companies That Showered Him With Campaign Contributions
Acknowledgments
This report was written by Michael Tanglis, Senior Researcher for Public Citizen’s Congress Watch division. The report was edited by Vice President of Legislative Affairs Lisa Gilbert and Congress Watch Deputy Director Susan Harley.

About Public Citizen
Public Citizen is a national non-profit organization with more than 400,000 members and supporters. We represent consumer interests through lobbying, litigation, administrative advocacy, research, and public education on a broad range of issues including consumer rights in the marketplace, product safety, financial regulation, worker safety, safe and affordable health care, campaign finance reform and government ethics, fair trade, climate change, and corporate and government accountability.
“Build an organization that acts as the oil industry’s watchdog - not its partner.”¹

– President Barack Obama on the creation of the Bureau of Safety and Environmental Enforcement (BSEE)

“Help is on the way, help is on the way.”²

– Current BSEE Director Scott Angelle to Oil and Gas Executives

² Eric Lipton, “Trump Rollbacks Target Offshore Rules ’Written With Human Blood,’” THE NEW YORK TIMES (March 10, 2018), http://nyti.ms/2FF5xJT.
Key Finding

At least 17 percent of the companies that have paid civil penalties to the Bureau of Safety and Environmental Enforcement (BSEE) over the past five years have contributed directly\(^3\) to one of the political campaigns of current BSEE Director Scott Angelle. At least five of those companies have met with Angelle since he assumed office in May 2017.

Introduction

In 2010, the nation watched in horror for 87 days as more than 3 million barrels of oil spewed into the Gulf of Mexico.\(^4\) The spill, which became the largest oil spill in U.S. history, was the result of an explosion on the Deepwater Horizon oil rig in the Gulf of Mexico – which left 11 dead.\(^5\) The country demanded action to ensure no such disaster would ever happen again.

In response to Deepwater Horizon, President Obama promised reform.\(^6\) One of the many problems the Obama administration found was that the agency charged with issuing drilling permits was also in charge of industry oversight – the Department of Interior’s Minerals Management Service.\(^7\) “Over the last decade,” Obama declared from the Oval Office, “this agency has become emblematic of a failed philosophy that views all regulation with hostility - a philosophy that says corporations should be allowed to play by their own rules and police themselves.”\(^8\)

The Obama administration split up the Minerals Management Service. The Bureau of Safety and Environmental Enforcement (BSEE) was created as a federal agency with the exclusive mission of regulating offshore drilling. According to BSEE, its mission is to protect the environment and improve safety through its oversight of the offshore energy industry.\(^9\)

Obama knew there needed to be a clear separation between the oil and gas industry and its regulator. Before the creation of BSEE, “industry insiders were put in charge of industry oversight. Oil companies showered regulators with gifts and favors, and were essentially allowed to conduct their own safety inspections and write their own regulations,” according the former President.\(^10\)

On May 24, 2017, Scott A. Angelle began his work as BSEE director.\(^11\) Prior to joining BSEE, Angelle was the Commissioner of the Louisiana Public Service Commission, Louisiana’s public utility

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\(^3\) This includes instances where the CEO, Owner, or President and his or her family contributed directly to Angelle.

\(^4\) Steven Mufson, “BP’s Big Bill for the World’s Largest Oil Spill Reaches $61.6 Billion,” THE WASHINGTON POST (July 14, 2016), [http://wapo.st/2HFLlEn](http://wapo.st/2HFLlEn).

\(^5\) Joel Achenbach, “BP’s Cost Cuts Contributed to Oil Spill Disaster, Federal Probe Finds,” THE WASHINGTON POST (Sept. 14, 2011), [http://wapo.st/2piwQ1A](http://wapo.st/2piwQ1A).


\(^7\) Id.

\(^8\) Id.

\(^9\) Bureau of Safety and Environmental Enforcement, About Us, [https://www.bsee.gov/who-are/about-us](https://www.bsee.gov/who-are/about-us).

\(^10\) Id.

\(^11\) Bureau of Safety and Environmental Enforcement, Director, [https://www.bsee.gov/who-are/our-organization/leadership/director](https://www.bsee.gov/who-are/our-organization/leadership/director).
regulator, a position he was elected to in 2012. A native of Louisiana, Angelle is described as a "longtime ally" of the offshore drilling industry. The description is well-earned.

In 2004, he was appointed to the position of secretary of Natural Resources in Louisiana. As secretary, he dramatically expanded horizontal hydrofracturing, according to The Times-Picayune. In 2010, Angelle was appointed interim lieutenant governor of Louisiana – a position he held for six months. The highlight of his short tenure as lieutenant governor – according to him – was his efforts to end the offshore drilling moratorium put in place by the Obama administration in response to the Deepwater Horizon disaster.

Angelle also served on the board of directors of Sunoco Logistics between 2013 and 2016, for which he was paid close to a million dollars. Among other things, Sunoco controls thousands of miles of oil pipelines.

This report analyzes five years of BSEE civil enforcement penalty data, as well thousands of contributions to the political campaigns of Scott Angelle. It will also focus on how Scott Angelle continues to push to weaken the critical safety regulations enacted in response to Deepwater Horizon.

### BSEE Civil Enforcement 2013 - 2017

While BSEE has the ability to issue civil penalties as well as refer criminal cases to the Department of the Interior's Office of Inspector General (OIG), this analysis focuses on BSEE’s civil penalties only.

There were 189 civil penalties paid to BSEE from 2013 through 2017 which resulted in the payment of $16.5 million in total penalties. The penalties were paid by 54 companies.

In 2017, BSEE reported that just two fewer civil penalties were paid that year than had been in 2016. The total represents a continued decline from 2015, when BSEE reported significantly more penalties than both 2016 and 2017. [See Figure 1]
Between 2016 and 2017, BSEE reported a 13 percent decrease in the total dollar amount of paid penalties. The penalty total for both 2016 and 2017 were significantly less than the 2015 total of nearly $3.7 million. [See Figure 2]

The largest single penalty paid in 2017, which accounted for nearly half of the total penalty amount paid that year, was a $965,000 penalty paid in February 2017 by Energy XXI. According to BSEE, it found methane gas "bubbling up" from two wells Energy XXI had abandoned.21 Energy XXI has paid $1.3 million in penalties from 2013 through 2017 – the third most of any company over the three year period.

A recent exposé by the New York Times’ Eric Lipton highlighted Energy XXI, among other energy companies, as the companies that will benefit from the Trump administration’s efforts to undo Obama-era safety regulations.22

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22 Eric Lipton, “Trump Rollbacks Target Offshore Rules ‘Written With Human Blood’,” THE NEW YORK TIMES (March 10, 2018), http://nyti.ms/2FF5xIT.
Angelle’s Plans to Roll-Back Safety and Environmental Protection Regulations Will Save the Industry $900 Million

According to the *New York Times*, Scott Angelle told a group of oil and gas executives in September 2017 that “help is on the way, help is on the way.” Angelle has been eager to hear advice from the industry he now regulates, encouraging executives to call him, and telling oil and gas lobbyists “to the degree this industry wants to be part of the discussion, tell me where you want me to be and we will be there.”

While Angelle has pledged to continue the agency’s focus on safety, he has also openly acknowledged that he believes the agency should try to “drive performance” in offshore drilling. This is in sharp contrast to how the BSEE’s first director, Michael Bromwich, views the agency’s mission, “BSEE’s mission is not to expand domestic production,” Bromwich recently told the *Wall Street Journal*. Bromwich believes that under Angelle’s leadership, BSEE has become a “cheerleader for the industry.”

The BSEE under Angelle plans to roll back or amend many of the Obama-era offshore drilling safety regulations. The proposals from BSEE under Angelle would, among other things, loosen requirements on streaming real-time safety data to the shore so regulators could spot issues faster and remove a provision requiring that only approved third-parties inspect critical safety devices, according to the *Wall Street Journal*. Public Citizen submitted a public comment related to BSEE’s attempt to remove the requirement that approved third-parties inspect critical safety devices, among other issues. Public Citizen noted, “the federal government and the industry are not prepared to respond to the next offshore oil disaster, and the industry is not capable of self-policing.”

BSEE is also proposing to remove the word “safe” related to the required amount of pressure that must be applied during the drilling of a new well and loosen restrictions on the backup plans required related to the equipment used to seal wells during accidents. Many of the regulations Angelle plans to weaken were put in place to address issues found during the investigation into the Deepwater Horizon disaster.

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24 *Id.*
27 *Id.*
30 *Id.*
BSEE has claimed its efforts to roll back safety regulations will save the industry more than $900 million over the next decade. These significant savings for industry may well cost it in the long run: in 2016, BP reported the Deepwater Horizon disaster had cost it $61.6 billion since 2010.

**Companies Repeatedly Penalized by BSEE for Safety Violations Over the Past Five Years Contributed More Than $142,000 Directly to Angelle’s Political Campaigns**

This coziness to the industry Angelle is now tasked with regulating comes as no surprise. During his political career, which has included running for office three times, the oil and gas industry has showered him with campaign contributions.

After being elected to the Louisiana Public Service Commission in 2012, Angelle unsuccessfully ran for both governor of Louisiana in 2015 and for the state’s 3rd Congressional District in 2016. During his campaign for the 3rd Congressional District, Angelle’s top contributing industry was oil and gas, which contributed $151,000 to his campaign, according to the Center for Responsive Politics.

We compared Angelle’s political contributors to the list of companies penalized by BSEE from 2013 – 2017.

Our analysis found that at least nine companies, or executives connected to the companies and their family, that have paid BSEE a civil penalty over the past five years have also contributed to one of Angelle’s campaigns.

These nine companies or associated individuals have contributed $142,750 directly to Angelle’s campaigns in the past. They have also paid more than $3.6 million to BSEE over the past five years related to 47 separate incidents.

Meaning, at least 17 percent of the companies penalized by BSEE over the past five years have contributed directly to one of Scott Angelle’s campaigns. These companies have been responsible for 25 percent of the incidents for which civil fines were assessed and 22 percent of the total penalties paid. [See Table 1]

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34 Steven Mufson, “BP’s Big Bill for the World’s Largest Oil Spill Reaches $61.6 Billion,” THE WASHINGTON POST (July 14, 2016), [http://wapo.st/2HFLlEn](http://wapo.st/2HFLlEn).
March 22, 2018

Table 1 – Civil Penalty Summary (2013-2017) of Companies That Also Contributed to One of Scott Angelle’s Political Campaigns

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<tr>
<td>Arena Offshore</td>
<td>11</td>
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<td><strong>Total</strong></td>
<td><strong>47</strong></td>
<td><strong>$3,619,224</strong></td>
<td><strong>$142,750</strong></td>
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36 Civil penalty totals are calculated using summary of civil penalties paid documents posted on BSEE’s website, see Bureau of Safety and Environmental Enforcement, Safety Enforcement, Civil Penalties, https://www.bsee.gov/what-we-do/safety-enforcement/civil-penalties. As public BSEE data only includes fiscal year 2017, Public Citizen requested data on the civil penalties paid for the remainder of calendar year 2017. The data is on file with the author.

37 Id.


40 Louisiana Ethics Administration Program, Campaign Finance Search, Scott A. Angelle contributions from former Freeport-McMoran CEO James Flores, his family, and LLCs owned by Flores. The vast majority of contributions list a PO Box 1083 in Houston, TX 77251 address, http://www.ethics.la.gov/CampaignFinanceSearch/SearchResultsByContributions.aspx.


At least five of the nine companies from Table 1 have already met with Angelle as director, based on a review of his calendar obtained by The New York Times’ Eric Lipton.48

- Arena Energy, the company with the most civil penalties over the five year period that contributed $15,000 to Angelle’s campaigns, met with him for an hour on June 6, 2017.49
- Stone Energy met with Angelle for an hour on Friday June 9, 2017.50 Stone paid $325,000 in BSEE civil penalties over the past five years and contributed $250 to Angelle’s campaigns.
- Hilcorp Energy met with Angelle for 45 minutes on June 20, 2017.51 Hilcorp paid $465,000 in BSEE civil penalties over the past five years and contributed $5,400 to Angelle’s campaigns.
- A Chevron executive met with Angelle for two hours on August 25, 2017.52 Chevron paid more than $840,000 in BSEE penalties over the past five years and contributed $14,000 to Angelle’s campaigns.
- Shell, a company that has paid $84,000 in penalties over the past five years and contributed $2,500 to Angelle’s campaigns, has met with him multiple times – including a two hour meeting on June 5, 2017.53

To note, this analysis focuses on direct contributions to one of Angelle’s campaigns – but it is far from the only help he received from the industry. When Angelle ran for governor in 2015 for example, he received the support of a super PAC that was largely funded by a former Freeport-McMoRan – one of the nine companies – oil and gas executive, who contributed $1.25 million to the super PAC.54

Will Scott Angelle Bite The Hands That Fed Him?

Reading the 2010 speech by President Obama in which he decried how “industry insiders” were in charge of oversight and how “oil companies showered regulators with gifts and favors,” and in turn were allowed to regulate themselves,55 feels a bit like an episode of the Twilight Zone given the bizarre reversal of course that appears to be taking place under Angelle’s leadership of BSEE.

The Deepwater Horizon tragedy was only eight years ago. Many have not – and will not – fully recover what they lost. The regulations put in place in response “were written with human blood,”
Lillian Espinoza-Gala, an industry safety consultant and former offshore worker told the *New York Times*.\(^{56}\)

The BSEE’s mission statement makes no mention of increasing oil production.\(^{57}\) The name of the agency, the Bureau of Safety and Environmental Enforcement, makes it quite clear what the intent of the agency should be. President Obama was very clear about why the agency needed to exist.\(^{58}\)

Still, Scott Angelle insists increasing oil production is part of the agency’s mission. He says he believes the agency can promote an increase in oil production without sacrificing safety. But history tells us those two goals will often be in direct conflict.

Take for example the Deepwater Horizon disaster, the event that in large part led to the creation of the BSEE. A government report on the incident found that eleven people died in part because the operator of the well – BP – had “cut costs, reduced drilling time and increased risk,” according to the *Washington Post*.\(^{59}\) BP was able to increase oil production because they cut corners related to health and safety.

While a few of the companies that previously contributed to one of Angelle’s campaigns in the past paid a BSEE penalty in 2017 under his leadership, all of incidents occurred prior to Angelle’s appointment – meaning the investigations began under the Obama administration.

Many companies penalized by BSEE are repeat offenders. Arena Offshore and Chevron U.S.A for example, paid at least one penalty in each of the five years analyzed. The two companies also contributed nearly $30,000 combined to Angelle’s political campaigns in the past.

As such, under Angelle’s leadership, BSEE will be in a situation where it must decide on whether or not to penalize, and how much to penalize, companies that have contributed money – sometimes large amounts – to one of Angelle’s campaigns.

As Director of the BSEE, Angelle should put safety and environmental protection before the financial interests of the oil and gas industry. His assurances to oil executives that “help is on the way”\(^{60}\) in terms of removing safety regulations, is less than reassuring.

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\(^{56}\) Eric Lipton, “*Trump Rollbacks Target Offshore Rules ’Written With Human Blood’*,” *The New York Times* (March 10, 2018), [http://nyti.ms/2FF5x1T](http://nyti.ms/2FF5x1T).

\(^{57}\) Bureau of Safety and Environmental Enforcement, About Us, [https://www.bsee.gov/who-we-are/about-us](https://www.bsee.gov/who-we-are/about-us).


\(^{60}\) Eric Lipton, “*Trump Rollbacks Target Offshore Rules ’Written With Human Blood’*,” *The New York Times* (March 10, 2018), [http://nyti.ms/2FF5x1T](http://nyti.ms/2FF5x1T).