GAO Highlights

OIL AND GAS

Interior Urgently Needs Leadership and Oversight to Address IT System Development Failure

Why GAO Did This Study

The mission of the Department of the Interior's BLM's oil and gas program is to protect human health and the environment and ensure a fair return from energy production on federal lands. To help manage permitting, inspection, and enforcement for oil and gas activities, an updated IT system became operational in 2021.

In September 2020, GAO identified this effort to modernize as one of the 16 most critical information technology acquisitions across the federal government.

GAO was asked to review Interior and BLM's efforts to modernize. This report examines the extent to which (1) the modernization project had met user needs and cost, schedule, and performance goals; (2) BLM had approved project baselines; and (3) Interior has effectively overseen the project.

GAO reviewed agency documents and interviewed officials who use the system and were involved in developing it. GAO also reviewed leading practices for major IT modernization initiatives.

What GAO Recommends

GAO is making three recommendations to Interior and BLM, including developing a policy for project baselines, and strengthening leadership and oversight for the effort to replace the system. Interior partially concurred with one recommendation, concurred with the other two, and agreed to implement all of GAO's recommendations.
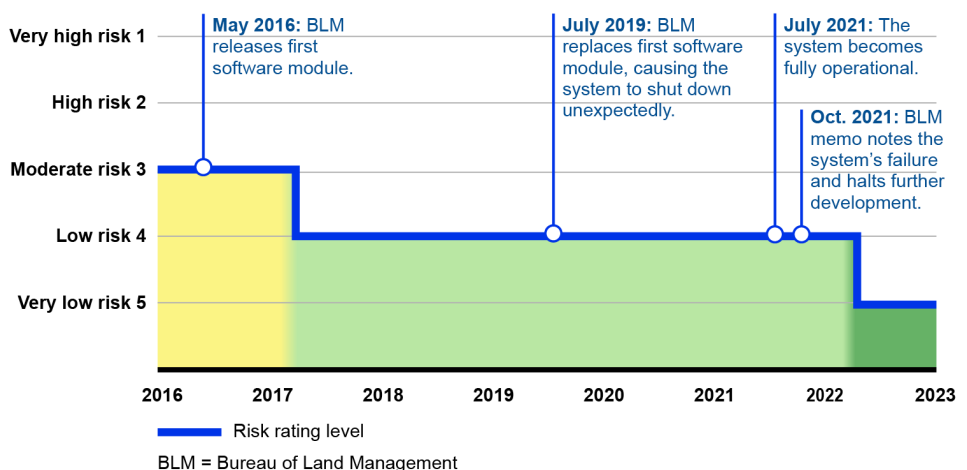
What GAO Found

The Bureau of Land Management (BLM) initiated an effort in 2013 to modernize its data system for tracking oil and gas activities on federal and tribal trust lands. After fully deploying this system, known as the Automated Fluid Minerals Support System 2, BLM declared it a failure in 2021.

- While BLM anticipated the modernization would increase productivity, it found that the new system required an additional 564,770 hours of labor to complete tasks in 2021 alone, costing over $19 million in lost productivity.
- The extent of the system's problems was so severe that Interior could not use the new system as the system of record for oil and gas activities, relying instead on paper records. According to BLM, the system remains operational but has continued to have significant reliability and data integrity issues.
- BLM found that the system cost at least $40 million—triple BLM's original estimate—and was fully deployed 4 years later than planned.

Although project baselines are important management tools to control cost, schedule, and performance, BLM did not have an approved baseline for the system until over 2 years into the effort. Contrary to federal requirements, Interior does not have a policy governing baselines and their review. Without such a policy, Interior risks other IT projects proceeding without control of cost and schedule.

Another key factor contributing to the system failing was the lack of effective leadership and oversight. Interior officials who oversee IT projects stated they were not aware of the system's failure until GAO raised it to their attention. After being notified of the failure, Interior has continued to publicly report that the system is a very low-risk investment. However, serious problems have continued since its deployment in 2021. As a result, BLM has started a new initiative intended to replace the system. Effective Interior leadership and oversight are essential to preventing a repeat of the problems that have plagued the system.

Automated Fluid Minerals Support System 2 Events Compared with Interior's Risk Ratings

BLM = Bureau of Land Management

Source: GAO analysis of the Department of the Interior's Chief Information Officer's risk ratings. | GAO-24-107223

United States Government Accountability Office