

American Petroleum Institute Verbal Comments on U.S. Chemical Safety and Hazard Investigation Board's Public Meeting on the First 2 volumes of the CSB Report on the April 20, 2010 Macondo Incident

Good evening. My name is Holly Hopkins and I am a Sr. Policy Advisor in Upstream and Industry Operations at the American Petroleum Institute (API). API appreciates the opportunity to provide verbal comments at the U.S. Chemical Safety and Hazard Investigation Board's (CSB) Public Meeting on the first 2 volumes of the CSB Report on the April 20, 2010 Macondo Incident.

API represents more than 600 companies involved in all aspects of the oil and natural gas industry including exploration and production, refining, marketing, pipeline, and marine transporters, as well as service and supply companies that support all segments of the industry. API and our members are significantly affected by the efforts of the CSB and are regularly called upon to respond to and implement the CSB's recommendations.

The oil and natural gas industry is committed to operating in a safe and responsible manner while minimizing our impact on the environment. Protecting the health and safety of our workers, our contractors and our neighbors is a moral imperative and a core value

for our industry.

No incident is acceptable. Our industry takes every incident seriously. Continued vigilance is essential in helping to prevent future incidents.

While API has not had the opportunity to fully review Volumes 1 and 2 of this report or its proposed recommendations, we do have the following general comments: The CSB analysis in volume 2 is focused solely on the BOP but fails to acknowledge the entire system and the systems-based approach that is essential for safe operations. Despite the focus on the BOP and its technical detail the report draws conclusions and recommendations related to the entire offshore operating system without presenting a legitimate analysis. The significant safety strides that are directly related to implementation of a systems-based approach must be referenced in the report if the report is going to draw conclusions and make recommendations beyond the BOP failure analysis technical findings. API requests the opportunity to submit documents that describe the tremendous progress made by the industry on offshore safety and specifically on progress made on systems based approach to the CSB.

Additionally, there are many comments throughout Volume 2 that compare the US and European regulatory approaches. As API has stated in prior public comments, industry is fully committed to safe operations, both on and offshore. This is particularly evident in the standards and programs developed by the industry, specifically Recommended Practice 75 on SEMS and the SEMS resources and initiatives of the Center for Offshore Safety. The U.S. requires SEMS for offshore operations and the program includes third party audits. Nothing has been presented by the CSB to support a sudden shift to the “safety case” regime. In other words, the CSB has not demonstrated how a “safety case” regime will result in a higher level of safety in actual operations over a fully functioning and properly managed safety and environment management system such as is described in API Recommended Practice 75. Additionally all the specific terms and concepts mentioned in the CSB recommendation are included in SEMS and were in fact commonly in practice before the SEMS regulatory requirement.

In the four years since the Macondo incident and CSB began its investigation, the oil and natural gas industry has methodically examined every aspect of offshore safety measures and operations to identify potential improvements in spill prevention, intervention, safety management and response capabilities.

The process started immediately after the 2010 Gulf of Mexico spill when industry, in cooperation with federal regulators, launched a systematic and comprehensive review. We convened four joint industry task forces to scrutinize all facets of the offshore drilling process, from equipment and operating procedures to subsea well control and oil spill response.

Working with the U.S. Department of Interior, as well as the Presidential Oil Spill Commission, industry experts developed new recommendations and standards that guide operations in both deep and shallow water exploration.

But we weren't starting from scratch. Offshore exploration and production has long been governed by hundreds of industry standards that have kept the process remarkably safe and successful. The API standards program has grown from our first published standard in 1924 to now more than 600 standards and technical reports. API currently maintains more than 270 operating standards, recommended practices and technical reports for safe exploration, drilling and production operations. API and its member companies are committed to ensuring that all industry standards contain the latest proven science and technologies; that they recognize industry proven engineering practices plus operational

procedures and that they incorporate lessons-learned from incidents and near misses.

The API Standards Program is accredited by the American National Standards Institute (ANSI), the authority on U.S. standards development, and our program undergoes regular audits to ensure it meets ANSI's *Essential Requirements* of openness, balance, consensus and due process. This is the same body that accredits programs at several national laboratories. API's standards are developed through a collaborative effort with industry experts, as well as the best and brightest technical experts from government, academia and other interested stakeholders.

API's standards are referenced in federal regulations because they are recognized to be industry's proven engineering practices. Overall, 130 API standards are referenced in more than 370 citations by government agencies, including the Bureau of Safety and Environmental Enforcement, the Coast Guard, the Environmental Protection Agency, the Federal Trade Commission, the Department of Transportation's Pipeline and Hazardous Materials Safety Administration and the Occupational Safety and Health Administration. Additionally, API's standards are the most widely used petroleum industry standards by state regulators, with 180 API standards cited over 3300 times in state regulations.

Part of API's standards development process includes revisions to the standards when technical or safety justification exists for such updates.

Drawing on lessons learned from Macondo, we revised existing standards and created several new ones, including standards dealing with well design, cementing, blowout prevention, subsea equipment for capping wells and protections for oil spill response workers.

One of the first recommendations implemented was boosting rapid subsea response capability for well containment. Thanks to the establishment in 2010 of new collaborative containment companies, state-of-the-art containment technology can be deployed quickly in the event of a spill.

The Center for Offshore Safety was created in 2011 to promote the highest level of safety for offshore drilling, completions and operations. Fully dedicated to safety management and safety culture as recommended in the Presidential Commission report, the center works with independent third-party auditors and government regulators to reinforce the industry's safety culture, support good safety management audit tools and audit practices and ensure good

operational safety practices are communicated throughout the industry. The Bureau of Safety and Environmental Enforcement has already adopted three of the center's guidelines into its own regulations.

The safety bureau is one of three new agencies formed from the reorganization of the former Minerals Management Service in response to Macondo.

In recent congressional testimony, the safety bureau's director, Brian Salerno, stated that 25 of the 33 BP Deepwater Horizon Commission recommendations "have been addressed or are being addressed through ongoing initiatives, including rulemakings."

Offshore development is an important element in realizing our full potential as an energy superpower. Even one incident is too many, and the oil and natural gas industry has dedicated the past four years to using the lessons learned from Macondo to enhance safety and operational practices.

To quote the co-chairs of the Presidential Oil Spill Commission, "offshore drilling is safer than it was four years ago" because industry and the government are working together to improve spill prevention

and response, implement new rules and foster a strong culture of safety within the industry.

In closing, any incident is both one too many and a powerful incentive for API and Industry to improve training, operating procedures, technology and industry standards. Our thoughts will always remain with the families of all those who lost their lives in this tragic accident. And we stand ready to continue to work with government regulators to improve safety.

Thank you.