Statement of

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before the House Committee on Natural Resources
for the oversight hearing on

*"Outer Continental Shelf Oil and Gas Strategy and Implications of the Deepwater Horizon Rig Explosion"*

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Chairman Rahall, Ranking Member Hastings, and members of the Committee, thank you for inviting me to speak before you today about Outer Continental Shelf (OCS) oil and gas strategy and implications of the recent tragedy in the Gulf of Mexico. My name is Randall Luthi, and I am the President of the National Ocean Industries Association (NOIA), which represents over 250 companies working to explore for and produce both traditional and renewable energy resources from the OCS.

Our members are engaged in activities ranging from exploration to production, engineering to marine and air transport, offshore construction to equipment manufacture and supply, shipyards to communications, geophysical surveying to diving operations, and the development of America's first commercial offshore wind farm.

This accident in the Gulf of Mexico and the recent tragedy in West Virginia remind us all that the development of energy comes with risk: a risk that must always be foremost in our mind, and minimized or eliminated. Indeed, America's innate pioneering spirit endures in the face of the most treacherous conditions: the outer reaches of space, beneath tons of earth, or miles below the ocean.

We, the members of NOIA, and the rest of the Nation mourn with the families who have lost loved ones and pray that they might find comfort. We remember their sacrifice by strengthening our resolve to demonstrate responsibility, accountability, leadership and cooperation in the wake of this tragedy. This vital industry must regain the public's trust.

Our members stand ready to provide information, expertise, and self critique of offshore operations, equipment, procedures and practices. We are committed to work with the Administration, the Congress, and this Committee to answer the many questions that are rightfully being asked; and to use this knowledge to reshape industry practices and procedures to minimize the chances of this ever happening again. We are asking ourselves the same questions, because one tragic and deadly accident is one too many for

our collective family of offshore employees and their loved ones to endure. We are committed to finding out what went wrong, whatever the cause, whether it be mechanical failure, human error, some as yet-identified factor or a combination of all, and fix it.

To that end, you are witnessing great cooperation from industry to find the cause and respond to the effects of the spill. Various task forces are working day and night to develop recommendations for increased safety and reliability. As more is learned concerning the cause of the accident, our members will assist in discussing short and long term actions required to improve subsea blowout preventer (BOP) stack testing, reliability and intervention. These solutions will require input from operators, exploration and service contractors, and equipment manufacturers. We must examine the design and execution of various industry practices for cementing, casing, BOP configuration, and well control.

Amidst these worthy questions, however, we must not lose sight of the fact that industry competitors have joined forces in an unprecedented response effort to find a solution to the problems in the Gulf. As outlined by the attachment, this includes NOIA's major and independent producers, as well as member service and supply companies who have stepped forward to offer vessels, helicopters, remotely operated vehicles, boom, dispersant, monitoring equipment and perhaps their most treasured assets, their best and brightest technical experts.

Nearly all of these companies and their employees live in the Gulf region. This accident is very personal to them. This is where they raise their children and grandchildren. They live and work there. Their neighbors are shrimpers, fisherman, boaters and tourism and hospitality workers. It is important to our member companies to look after their neighbors by conducting their businesses in a responsible manner that places safety above all else.

As we have listened to press reports and the testimony of others, a common thread appearing is that while technology to locate and harness oil and gas resources from the offshore has advanced by leaps and bounds over the past decades, we still have work to do to ensure that oil spill response technologies advance along with our ability to find and develop offshore resources ever farther from shore.

That is why NOIA is forming a Response Team of experts to make recommendations for robust and timely spill response and cleanup capabilities. We will seek participation from our fellow trade associations, response organizations such as the Marine Spill Response Corporation, as well as ecologists and scientists with expertise in oil, gas and the environment. This panel will examine the existing and cutting edge techniques in subsea capture, surface containment, and dispersal; the need to reconstitute an industry-funded spill response research and development fund; and the need to harmonize currently differing spill response regulations between the Minerals Management Service and the U.S. Coast Guard. This team of experts will use its collective knowledge and experience to provide recommendations for the future. If there is a better mouse trap, or a better way to use the mouse trap, this team will find it.

I will also address the reorganization of the Minerals Management Service. NOIA believes the current Administration is in the best position to determine what administrative changes are best for the agency at this time. We are encouraged that this restructuring appears to include the necessary funding and resources to ensure that oil and gas will be produced here in a safe and environmentally responsible manner. That is certainly the goal of our member companies and we look forward to working with the Administration and the Bureau of Ocean Energy Management, the Bureau of Safety and Environmental Enforcement, and the Office of Natural Resources Revenue.

In closing, let me state a simple fact: that for the foreseeable future we will continue to need the resources produced every day on the nation's Outer Continental Shelf. All forms of energy production – both traditional and renewable – are available off our shores. It is our responsibility to provide that energy in a safe and timely manner.

We know that we will continue to need that energy to fuel our cars, heat our homes, run our businesses, and grow our food. We know petroleum products are all around us: the ink in our pens, the lenses and frames in our glasses, the clothes on our back, the carpet beneath our feet and the chairs we are sitting on are all products of oil and natural gas. It is engrained in our daily lives in ways we never think about. And that will be the case for decades to come.

Now is the time to discuss the need for energy for our families and our economy. Now is the time to frankly discuss the need for a diverse energy portfolio, including fossil fuels and cutting edge renewables such as biofuels, wind, wave and tidal energy. We need them all. We can produce them all at home.

And now is also a time for review of our industry, both externally and internally. NOIA member companies remain committed to ensuring that we produce domestic energy and protect the safety of our workers and the environment. We look forward to working with this Committee to achieve those goals. Thank you; I look forward to your questions.

**NOIA Member Companies Engaged in Deepwater Horizon Response**

NOIA member companies are lending their resources in an unprecedented cooperative effort to stop the flow of oil and prevent further damage to the environment.

These resources include land-based and offshore facilities, aircraft, marine vessels, remotely operated vehicles (ROVs), a containment dome, subsea tooling, subsea video, dispersant, personnel, and technical expertise on suction systems, blowout preventers, dispersant injection, well construction, containment options, subsea wells, environmental science, emergency response, spill assistance, well intervention, and drilling and well competence.

**Aker Solutions**

Aker Solutions is on contract with BP and has been providing deepwater multipurpose vessels, first with the initial rescue operations and since then with subsea intervention support. Aker employees have volunteered to assist with clean-up activities in Mobile, Alabama.

**American Pollution Control (Ampol)**

- Ampol owns and operates a boom factory in New Orleans, which is currently dedicated 24 hours per day to production of 18" near shore boom and Ocean Boom
- Ampol has 6 vessels offshore providing skimming operations
- Ampol has 5 vessels offshore providing insitu burning operations
- Ampol has 1 vessel offshore to support the offshore operations
- Ampol has crews providing protection booming in Pensacola, Florida; Mobile, Alabama; Pascagoula and Biloxi, Mississippi; and Venice and Cocodrie, Louisiana
- Ampol has converted an offshore pipe lay barge to lay Ocean boom to protect White sand beaches in Alabama
- Ampol is working on protection booming of Marsh Island, Louisiana
- Ampol has crews loading the aircraft every day for dispersant spray operations out of Stennis, Louisiana
- Ampol has spill managers assisting BP in Mobile, Alabama and Houma, Louisiana command centers
- Ampol has boom experts inspecting the booms air freighted in from around the world
- Ampol has an insitu burn expert assisting the burn operations
- Ampol total personnel working on this BP project is 250 and growing
- Ampol is currently hiring and training up to 300 more personnel

**Anadarko**

Anadarko has 4 employees assisting BP technical teams.

**Bee Mar LLC**

Bee Mar's new build DP-2 platform supply vessel, the M/V Bee Sting, promptly answered the distress signal of the Deepwater Horizon on April 20th and joined several other vessels in performing a survivor search and rescue effort and attempting to contain the fire on the rig using its offship firefighting equipment. Bee Mar has also offered the use of its DP-2, ABS-classed Platform Supply Vessels and conventional Offshore Supply Vessels to assist in containing the oil spill. Additionally, Bee Mar is coordinating with environmental response companies and other vessel providers to develop new approaches to containing and cleaning up the spilled hydrocarbons.

**Bristow Group**

Bristow group, an offshore services company, has been providing aviation services to BP with 8 helicopters flying observation and spotting flights both morning and afternoon. Bristow is inspecting booms in location for oil containment. Bristow provided these services to BP for 'out of pocket' expenses only. This means that the aircraft and crews were utilized free and only fuel burn, direct operating costs and base set up in Mobile, Alabama were reimbursed. Bristow performed on a similar basis to FEMA during the 2005 hurricane evacuations and clean up/recovery efforts.

**Broadpoint**
Broadpoint has been providing both satellite and cellular service for communications to many of the vessels involved in the response. They are providing a video feed to BP back to their headquarters location in Robert, Louisiana.

**CalDive**
Cal Dive has one 100 foot utility boat offshore, with 7 men aboard assisting in the offshore spill response; they are working directly for BP. CalDive has submitted to BP and the USCG and the National Response Corporation a schedule of its entire 28 ship/barge fleet and 2000 person workforce in the Gulf of Mexico available to assist in the cleanup efforts.

**CapRock Communications**
With nearly 30 years of experience and service to customers in over 120 countries, CapRock Communications is a premier global satellite communications provider for the energy, maritime, government, engineering and construction and mining industries as well as for disaster recovery services. CapRock delivers highly reliable managed communication services including broadband Internet, voice over IP, secure networking and real-time video to the world's harshest and most remote locations.

CapRock Communications has provided VSAT (very small aperture terminal) communication packages, video services, short-notice orders and fast-response technical support for vessels supporting the relief wells and clean-up efforts in the Gulf of Mexico. In direct response to the current oil spill in the Gulf of Mexico, CapRock has provided increased bandwidth, remote video streaming, quick response time and several on-deck technicians to a support vessel involved in the clean-up efforts. Recently, the vessel had critical communications needs for its operations. Both the operator on board and the rig owner required remote video streaming links and other technologies to fully function in their support role for these efforts. Within hours of the request, CapRock issued technicians out to this vessel, installed video encoders for these streaming links and had systems fully operational within a few days. At least one of CapRock's technicians remained on the vessel for a longer period of time for ongoing support and to ensure the systems continued to operate at full capacity.

**Chevron**
Chevron is providing both direct and indirect support to BP and government to help stop the leak and assist with the spill response.

- Chevron has assigned technical experts to BP in the areas of subsea wells, subsea blowout preventer (BOP) intervention, subsea construction, environmental science, and emergency response
- Chevron has provided wildlife experts who work for Chevron Energy Technology Company, who are assisting with long term wildlife management plans and hurricane evacuation plans.
- Chevron has provided subsea equipment to BP
- Chevron personnel have joined the Coast Guard's local incident command response team in Louisiana, Mississippi and Alabama.
- BP has contracted the Chevron Pascagoula Refinery's marine wildlife rescue portable trailer as an additional resource
- BP has access to Chevron's Venice Shore base for spill response activities and equipment storage
- Chevron supports the work of Tier 3 spill response and cleanup cooperatives, such as Marine Spill Response Center, Clean Gulf, and Oil Spill Response Ltd., who provide personnel and equipment, such as dispersants, fire boom and radios

**ConocoPhillips (COP)**

- ConocoPhillips (COP) continues to work with BP and PHI (Petroleum Helicopters Inc.) to allow usage of COP's contracted helicopter for various issues related to the oil spill. BP is currently utilizing this resource up to 3 times per week. ConocoPhillips has extended the invitation for use of its shore bases in Fourchon and Dulac, Louisiana for staging and departure locations. ConocoPhillips remains in contact with BP's Logistics Group, US Coast Guard and the Terrebonne Sheriff's Office for any needs related to shore base and helicopter requirements.
- ConocoPhillips is providing IMAT (Incident Management Assistance Team) resources on a rotational basis to BP. ConocoPhillips continues to support BP with incident management assistance at all levels. ConocoPhillips' Crisis Management Emergency Operations Center is in communication with BP's Crisis Center to identify any additional assistance required.
- ConocoPhillips is providing technical experts to participate on the Joint Industry Task Force set up to review both offshore operating procedures and equipment used in Deepwater Drilling operations. The task force recommended changes in both areas to improve offshore safety and these recommendations were submitted to the Department of the Interior on Monday, May 17th. These groups will continue working with a long term focus on applying the findings from the incident investigation, revising existing API standards and submitting improvement suggestions to the Minerals Management Service.
- ConocoPhillips is a member of the Marine Preservation Association that directly contracts MSRC which provides oil spill response in the Gulf of Mexico. ConocoPhillips and others participate and fund the cost of making the clean up equipment and dispersants available. ConocoPhillips is also a member of the Norwegian Clean Seas Association that has provided resources for the clean-up effort.
- ConocoPhillips has reviewed BP's current plans, offered ideas, and environmental and wells related technical assistance to BP's VP of Drilling and Completion Engineering.
- ConocoPhillips has established a system for employees to make charitable contributions to non-profit agencies involved in the cleanup. Contributions will be matched by ConocoPhillips.
- ConocoPhillips is directing employees who are interested in volunteering to the central volunteer information site.
- At the request of the Department of the Interior, ConocoPhillips submitted a letter to the MMS on April 30th with recommendations covering immediate actions to be taken, short terms steps to reduce risks in current deepwater drilling and risk reduction steps for future drilling operations.

It should be noted that ConocoPhillips does not have any GOM drilling operations at this time, therefore has limited availability to boats or other equipment to offer BP to assist in the incident.

**Davis-Lynch Inc.**

Davis-Lynch is working with BP to supply the necessary equipment for the relief well being drilled.

**Delmar Systems**

Delmar, as a leading provider of mooring-related services, is consulting with BP regarding anchor/mooring solutions to be used in whatever solutions are finalized in a solution to contain the well flow leak and diverting oil and gas to the surface for further containment. Discussions are ongoing and Delmar is offering its full support of engineering, technical, planning and operational capability in addition to various specialty mooring equipment and hardware on a priority basis.

**Diamond Offshore Drilling**

Diamond Offshore Drilling is providing a 7000' hydraulic pod hose and pod reel, a BOP mandrel and a DWHC BOP connector.

**ExxonMobil**
ExxonMobil has teams of technical experts in its Upstream Research Company and drilling organization working to provide BP with engineering and technical expertise in a range of areas related to the response. The company also continues to support the work of spill response and cleanup cooperatives in the Gulf of Mexico. ExxonMobil has offered the use of a drilling rig as a staging base, two supply vessels, an underwater vehicle and support vessel and has provided experts to respond to BP's request for technical advice on blowout preventers, dispersant injection, well construction and containment options. The company also continues to support the work of Tier 3 spill response and cleanup cooperatives, such as MSRC, Clean Gulf, and Oil Spill Response Ltd., to provide personnel and equipment, such as dispersants, fire boom and radios. ExxonMobil is also identifying, procuring and manufacturing additional supplies of dispersant for potential use.

**FMC Technologies Inc.**
FMC's direct assistance to BP to support their Deepwater Horizon Response efforts fall into two areas:

- Personnel:
  FMC has supplied offshore personnel on the Discoverer Enterprise and Q4000 drill ships. The personnel on the Discoverer Enterprise are supporting BP's efforts to siphon oil from the leaking riser pipe to the surface. On the Q4000, FMC personnel are working with BP to support their efforts on the "Top Kill" initiative.

- Equipment:
  BP requested FMC to design and manufacture a special adapter to connect to flexible hoses and a subsea manifold for the "Top Kill" initiative. To complete this work, FMC assembled a team including engineers, manufacturing personnel, offshore personnel, and project management. All work, from concept, through final design, manufacturing, and shipment was completed in a matter of days.

**Global Industries**
Global Industries has been in touch with BP and has offered its entire fleet, including ROV's and the following DP vessels to provide deepwater support and possibly quarters vessels to the response initiative:

- DB Hercules
- DB Titan 2
- Global Orion
- Normand Commander
- Olympic Challenger

**Hereema**
Heerema offered to mobilize the heavy lift vessel "Balder" from Trinidad to help in any way possible and has provided BP detailed drawings and Material Take Offs of installation aids for buoyancy modules.

**Kiewit Offshore Services**
Kiewit Offshore Services regularly makes its services available in the event of a disaster or emergency, and has done so in this case, offering to assist BP and Transocean in any way they require.

**Marathon**
Marathon provided 2 support vessels that assisted in around-the-clock fire fighting and search and rescue following the explosion. Marathon offered to deliver ROV hot stab equipment; however BP found a closer option. Marathon offered services of deepwater drilling experts

**Marine Spill Response Corporation (MSRC)**

MSRC was formed in 1990 and became fully operational in 1993. Since that time MSRC has responded to over 700 incidents from vessels, barges, pipelines, refineries, terminals and off-shore operations. Additionally, MSRC mobilized significant resources to respond to 36 separate incidents for 22 different customers during Katrina/Rita in 2005. The response requested from BP in the first two days of the incident exceeded the total called on for any prior response, including Katrina/Rita.

**On-water/off-shore Response:**
The assets mobilized in the first 12 hours are far in excess of any regulatory planning requirements necessary to meet the worst case discharge of the largest tankers that transit in U.S waters. From just after mid-night (Central Daylight Time) on April 21, through mid-morning of April 21, BP activated the single largest mobilization of response resources for any incident in the twenty-year history of MSRC. This included:

- 6 specially built Oil Spill Response Vessels (OSRVs) from Miami, Florida and locals throughout the entire Gulf Coast to Corpus Christi, Texas. These OSRVs include high capacity skimmers, boom and boom boats as well as 4,000 barrels of temporary storage. Importantly, they also have two oil/water separators that allow for skimming operations to continue much longer.
- At present there are 10 of the 210' Responder Class OSRVs on scene, from as far away as Maine and New Jersey.
- Significant additional resources have been mobilized since the initial activation and the totals under MSRC direction include the following:
    - 1.4 million feet of boom
    - 463 contractor boats
    - 10 210' Oil Spill Response Vessels (OSRVs)
    - 4 Barges
    - 22 Shallow Water Barge Systems
    - 6 Fast Response Vessels (FRVs)
    - 244 MSRC personnel
    - 6800 Contractor personnel

**Dispersant Response:**
Concurrent with BP's initial activation of the OSRVs, BP activated MSRC's aerial dispersant capability, which includes a C130 and King Air 90. These were ready for spraying by mid-morning of April 21. At present aerial dispersants are not required under USCG regulations, but BP has been providing funding, along with other companies utilizing MSRC, as a contingency planning tool.

**Shore-line Response:**
Pending potential shore-line impact, BP requested MSRC mobilize the largest single resource base in MSRC's twenty-year history, and currently this stands at over 6,800 personnel under MSRC management. Boom deployed or pre-staged as of May 20 stood at approximately 1.4 million feet at key sites along the Gulf.

**Newfield Exploration**
Newfield sent a support vessel, the Odyssea Diamond, to assist during the rig fire on April 20. The vessel was subsequently utilized to tow 2 damaged lifeboats to Fourchon, Louisiana and was sent back to Newfield on April 22. Newfield released the Helix Q4000 semi-submersible intervention vessel to BP on April 30, requiring an early suspension of subsea well intervention operations at MC 506. The Q4000 remains on contract with BP at this time.

Newfield has donated through the Newfield Foundation to the following:

- $1500 to the Gulf of Mexico Foundation
- $2500 to the Nature Conservancy of Texas
- $5000 Texas Adopt a Beach Program

**Oceaneering**

Oceaneering is supporting BP with people--round the clock--to work on all manner of subsea ideas. One vessel is on location with 2 ROVs and there are 2 additional ROVs on a third party vessel that BP has hired to be on location. In addition, Oceaneering has ROVs on both of the two other drilling rigs that BP/Transocean is bringing to the location. Oceaneering equipment is providing the video feed from the ocean floor.

**Oil States International**
Oil States has offered emergency response accommodations and engineering assistance to BP.

**Plains Exploration & Production Company**
Plains Exploration & Production Company made any and all of its equipment and expertise available to BP and Transocean as it responds to the Deepwater Horizon incident.

**Seacor Holdings, Inc.**
Seacor Holdings, Inc. is in the business of planning for, responding to, and handling communications during emergencies. Seacor Holdings, Inc. is the parent company of Seacor Environmental Services, an emergency response, planning, consulting service and media advisor. Seacor has a large contingent of professionals working in different BP command centers, overseeing different operational requirements and other jobs.

- Seacor has provided boom, skimming vessels, boom deployment vessels, and is helping BP secure the various services and assets required to support the mobilization.
- Seacor's offshore marine support group has provided several large vessels, one as a command and communications center, equipped with systems to track marine assets and coordinate, and several that support deep water work, as well as several fast response vessels (25-30 knots) and smaller work boats.
- Seacor has two master mariners working for BP to help manage the ad hoc fleet of local boats retained to work on near shore operations.
- Seacor's aviation group, ERA, is flying USCG personnel and has offered to contribute flight tracking technology.

**Shell Oil**
Shell has provided the following:

- Initially, 6 vessels for fire fighting and search & rescue (released within 24 hrs.)
- A dynamically positioned vessel with a Remotely Operated Vehicle (ROV)
- An EC135 helicopter
- An ROV intervention hot-stab panel
- A spare Control POD
- Dispersant
- A Containment Dome
- An Autonomous Underwater Vehicle
- Sections of Co-Flexip pipe
- Technical experts in the areas of subsea wells, environmental science, and emergency response, providing Shell practices for consideration to advance safe operations in Deepwater (Safety Cases, well design, etc).
- Robert Training and Conference Center (RTCC) in Robert, Louisiana to provide full support of Unified Area Command including accommodations and press conferencing space including accommodations and press conferencing space.

Many Shell employees and contractors have asked how they can best assist in this response effort. Currently, we are encouraging all Shell employees and contractors interested in volunteering to do so via the "Volunteer" link on the Deepwater Horizon Response Unified Command website. As the beach and wildlife impact could potentially increase, Shell is actively looking for opportunities to employ groups of trained volunteers to provide assistance as appropriate.

**Statoil**
StatOil has offered both spill assistance and drilling and well competence.

**Stone Energy**
Stone Energy sent its M/V "Wisconsin" to the site the first night. It was released from service the next morning. Stone has also offered the use of its MC109 Amberjack platform as needed and stands ready to assist at any time. Stone Energy is looking into the potential to organize a group of industry volunteers through Louisiana Volunteers to Assist Disasters chaired by Margaret Trahan of Lafayette and with the advice of Dr Keith Ouchley of the LA Nature Conservancy. Stone Energy has made contributions to the trust (what trust)?

**Taylor Energy**
On Tues May 4th, Taylor Energy attended a Review of Preliminary Plans for Well Intersection and Dynamic Kill Operations on MC 252 #3 at BP's office to provide assistance as a peer Operator. Taylor Energy has recently drilled five successful intervention wells nearby at MC20 within the last sixteen months, with a sixth intervention well currently in progress.

**Teledyne RD Instruments**
Teledyne RD Instruments is providing Acoustic Doppler Current Profilers (ADCPs) to measure the speed and direction of the currents for the entire water column around the accident area.
Teledyne is also working with Horizon Marine to do vessel surveys to measure the size of the plume and help model where and when the oil slick will go.

**Tidewater**
Tidewater has 4 vessels assisting the cleanup.

- The Damon B. Bankston, was instrumental in the rescue of the 115 survivors from the rig, and is currently working in spill response efforts.
- Pat Tillman - has been on long term contract with BP and has carried various tools, equipment, and dispersant to the Macondo site.
- LeBouef Tide - on short term contract supporting BP operations and the spill response.
- War Admiral - on short term contract monitoring loop currents.