

TESTIMONY
OF
SENATOR BOB GRAHAM
AND
THE HONORABLE WILLIAM REILLY

BEFORE
THE COMMITTEE ON ENERGY AND NATURAL RESOURCES
UNITED STATES SENATE

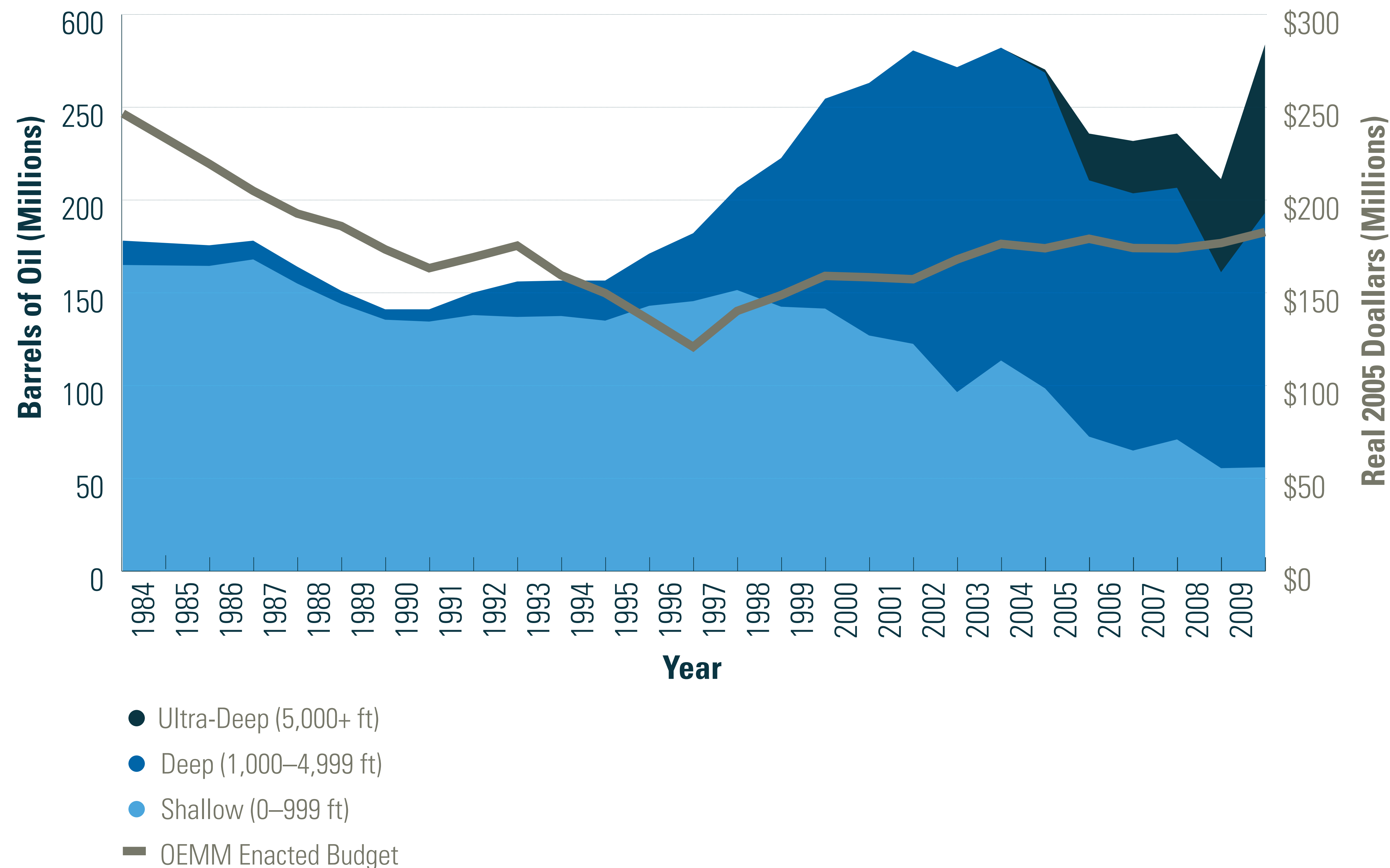
JANUARY 26, 2011

ATTACHMENTS

Examples of Decisions That Increased Risk At Macondo While Potentially Saving Time

Decision	Was There A Less Risky Alternative Available?	Less Time Than Alternative?	Decision-maker
Not waiting for more centralizers of preferred design	Yes	Saved Time	BP on shore
Not waiting for foam stability test results and/or redesigning slurry	Yes	Saved Time	Halliburton (and perhaps BP) on shore
Not running cement evaluation log	Yes	Saved Time	BP on shore
Using spacer made from combined lost circulation materials to avoid disposal issues	Yes	Saved Time	BP on shore
Displacing mud from riser before setting surface cement plug	Yes	Unclear	BP on shore
Setting surface cement plug 3000 feet below mud line in seawater	Yes	Unclear	BP on shore (approved by MMS)
Not installing additional physical barriers during temporary abandonment procedure	Yes	Saved Time	BP on shore
Not performing further well integrity diagnostics in light of troubling and unexplained negative pressure test results	Yes	Saved Time	BP (and perhaps Transocean) on rig
Bypassing pits and conducting other simultaneous operations during displacement	Yes	Saved Time	Transocean (and perhaps BP) on rig

MMS Budget and Gulf of Mexico Crude Oil Production, 1984-2009

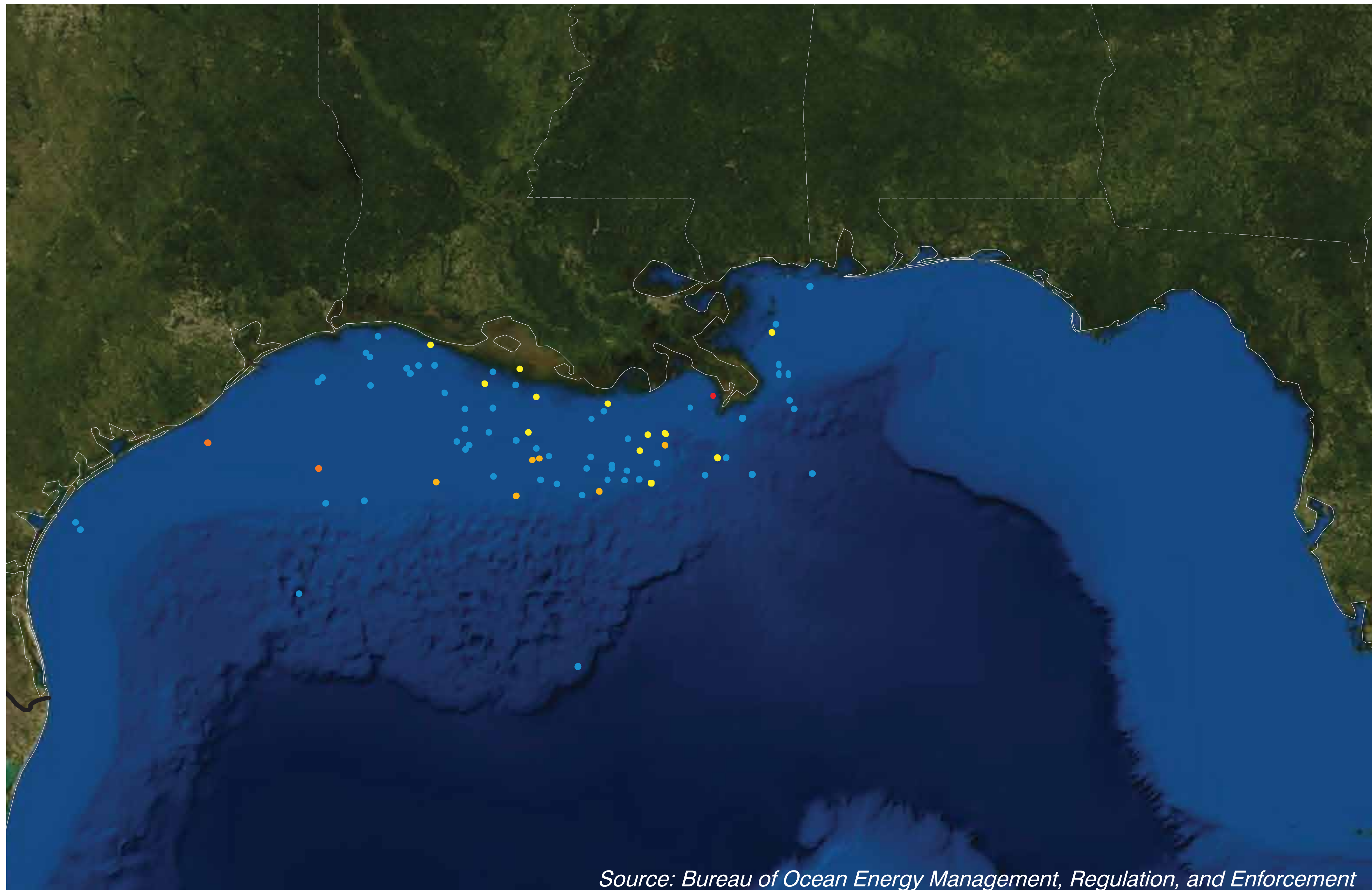


In the last twenty years, MMS’s leasing, environmental, and regulatory budget decreased or remained static while deepwater oil production in the Gulf of Mexico boomed.

Note: OEMM (Office of Energy and Minerals Management) has responsibility for renewable energy, leasing and environmental, resource evaluation, regulatory, and information management programs. It does not include revenue management or general administration.

Sources: “Budget Division: Congressional Budget Justifications,” Bureau of Ocean Energy Management, Regulation, and Enforcement, <http://www.boemre.gov/adm/budget.html>; Minerals Management Service, Deepwater Gulf of Mexico 2009: Interim Report of 2008 Highlights, (May 2009), 71-72, <http://www.gomr.boemre.gov/PDFs/2009/2009-016.pdf>; U.S. Energy Information Administration, This Week in Petroleum: Production, Proved Reserves and Drilling in the Ultra-Deepwater Gulf of Mexico, (May 26, 2010), <http://www.eia.gov/oog/info/twip/twiparch/100526/twipprint.html>.

Loss of Well Control Accidents



Loss of Well Control Accidents and Resulting Consequences

- Loss of Well Control
- Panel Investigation
- Fire or Explosion
- Fatalities
- Fire or Explosion with Fatalities or Injuries

Between 1996 and 2009, in the U.S. Gulf of Mexico, there were 79 reported loss of well control accidents—when hydrocarbons flowed uncontrolled either underground or at the surface.

The regulator considers the following three factors when determining whether or not an accident will undergo a panel investigation: the actual and potential severity of the incident; the complexity of the incident; and, the probability of similar incidents occurring.

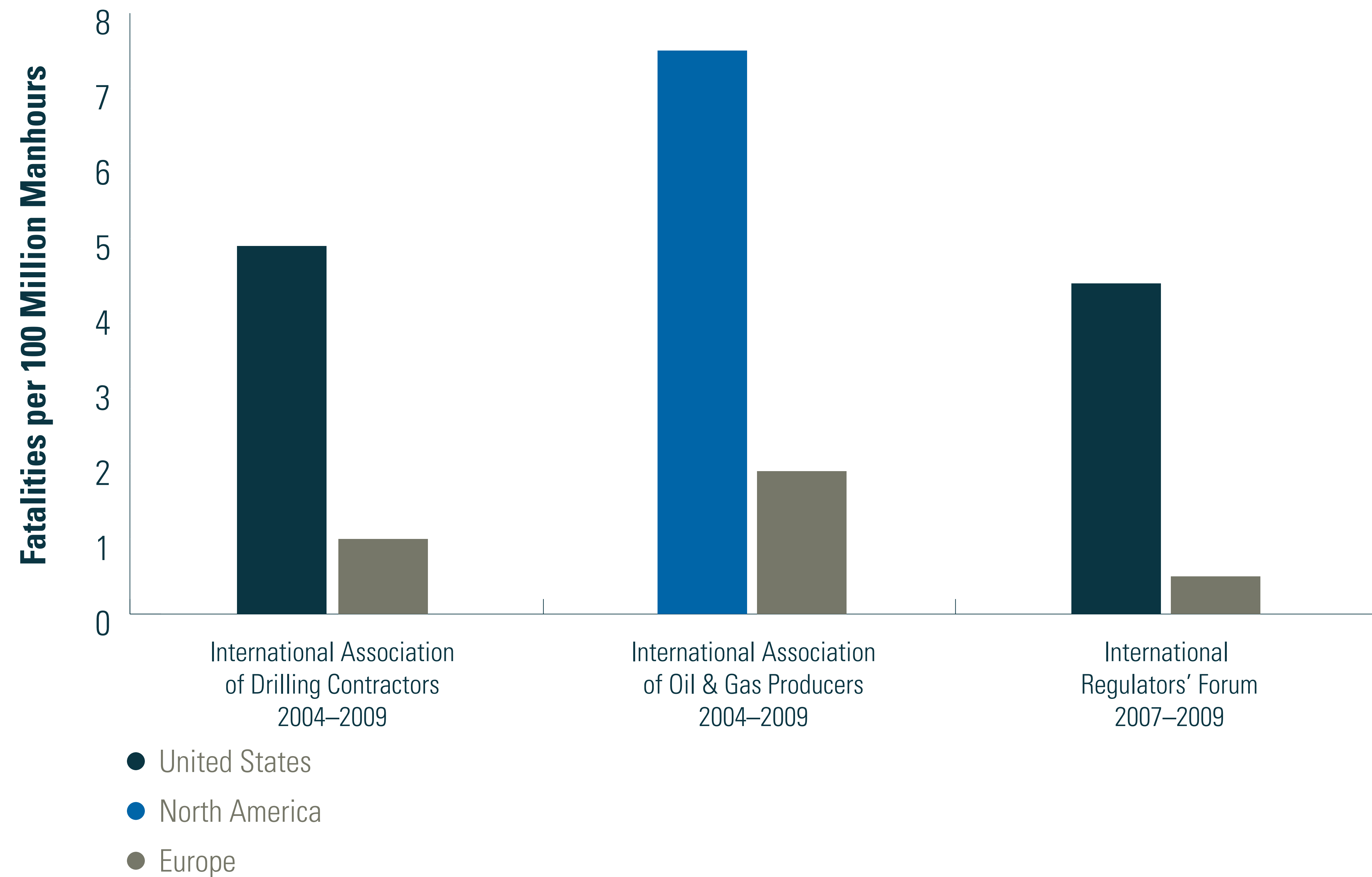
Loss of Well Control Accidents

Loss of Well Control Accidents & Consequences		
Date	Company	Consequence Code
01/24/96	Oryx Energy Company	
11/10/96	Norcen Explorer, Inc.	
11/27/96	Tana Oil and Gas Corporation	
12/03/96	Amoco Production Company	
01/10/97	BHP Petroleum, Inc.	
03/04/97	Shell Offshore, Inc.	
04/01/97	American Exploration Company	
05/31/97	Houston Exploration Company	
10/20/97	Freeport-McMoRan Resource Partners	
01/06/98	Hall-Houston Oil Company	
01/16/98	Chevron U.S.A., Inc.	
04/30/98	Vastar Resources Inc.	
07/08/98	Newfield Exploration Company	
11/22/98	Ocean Energy Inc.	
12/09/98	Petrobras America Inc.	
02/10/99	Union Pacific Resources Company	
08/11/99	Freeport McMoran Sulphur Inc.	
09/09/99	Newfield Exploration Company	
12/02/99	Apache Corporation	
12/05/99	Freeport McMoran Sulphur LLC	
01/02/00	Callon Petroleum Operating Company	
01/05/00	Apache Corporation	
01/12/00	Murphy Exploration & Production Company	
02/28/00	Murphy Exploration and Production Company	
03/22/00	Forcenergy Inc.	
04/07/00	Union Oil Company of California	
08/15/00	Houston Exploration Company	
11/18/00	Houston Exploration Company	
03/01/01	Forest Oil Corporation	
04/02/01	Newfield Exploration Company	
04/04/01	Matrix Oil & Gas, Inc.	
05/10/01	Devon Energy Production Company	
05/24/01	BHP Petroleum (Americas) Inc.	
07/06/01	Tri-Union Development Corporation	
07/13/01	William G. Helis Company	
10/24/01	Argo, L.L.C.	
11/21/01	BP Amoco Corporation	
01/12/02	BP Amoco Corporation	
08/08/02	BP Exploration & Oil Inc	

Date	Company	Consequence Code
09/07/02	El Paso Production Oil & Gas Company	
10/03/02	Murphy Exploration & Production Co.	
11/14/02	BP Exploration & Production Inc.	
12/06/02	Kerr McGee Corporation	
03/08/03	Anadarko E&P Company	
04/12/03	Helis Oil & Gas Corporation	
04/22/03	ChevronTexaco Corporation	
09/02/03	Manti Operating Company	
12/04/03	Walter Oil & Gas Corporation	
02/09/04	Energy Partners, Ltd.	
02/17/04	Orca Energy (Dunhill), L.P.	
02/22/04	ATP Oil & Gas Corporation	
10/21/04	Amerada Hess Corporation	
03/08/05	Hunt Oil Company	
05/28/05	W & T Offshore, Inc.	
11/30/05	W & T Offshore, Inc.	
12/01/05	Chevron USA.	
02/20/06	Forest Oil Corporation	
11/18/06	Dominion Exploration & Production, Inc.	
01/23/07	Fairways Offshore Exploration, Inc.	
03/16/07	East Cameron Partners, LP	
06/24/07	Stone Energy Corporation	
08/22/07	Apache Corporation	
09/07/07	Eni US Operating Co. Inc.	
11/20/07	BP Corporation North America Inc.	
12/03/07	Rooster Petroleum, LLC	
02/14/08	Apache Corporation	
04/23/08	Apache Corporation	
04/26/08	LLOG Exploration Offshore, Inc.	
05/06/08	Mariner Energy, Inc.	
08/19/08	Energy Resource Technology GOM, Inc.	
10/31/08	Chevron U.S.A. Inc.	
11/01/08	Union Oil Company of California	
12/20/08	El Paso E&P Company, L.P.	
04/19/09	LLOG Exploration Offshore, Inc.	
04/23/09	Stone Energy Corporation	
05/27/09	Stone Energy Corporation	
08/26/09	Stone Energy Corporation	
12/22/09	Not Listed	
12/29/09	Murphy Exploration & Production Company	

KEY: Loss of Well Control Panel Investigation Fire or Explosion Fatalities Fire or Explosion with Fatalities or Injuries

Fatalities from Offshore Oil Gas Operations



Note: Europe for the International Regulators' Forum Data Represents the United Kingdom, Norway, and the Netherlands

Source: IADC Incident Statistics Program, International Association of Drilling Contractors, <http://www.iadc.org/asp.htm>;

Safety Performance Indicators, International Association of Oil & Gas Producers, <http://www.ogp.org.uk/>;

IRF Country Performance Measures, International Regulators' Forum, <http://www.irfoffshoresafety.com/country/performance/>.