



Forums on Offshore Drilling

*Drilling Safety:
Well Construction and Safety Equipment*

Pensacola, Florida
August 11, 2010



Purpose of the Forums

The current suspension of deepwater drilling is in effect until November 30, 2010, or until such earlier time as the Secretary determines that deepwater drilling operations can proceed safely with robust health and environmental protections in place.

Secretary Salazar directed BOEM to collect public and expert input about the following three issues pertaining to deepwater drilling activities:

1. Drilling and workplace safety.
2. Wild well intervention and containment techniques.
3. Oil spill response capabilities for offshore drilling and production facilities.

A purpose of the forums is to identify whether any modifications to the scope or duration of the deepwater drilling suspensions is warranted, based on the risks associated with specific types of operations.

We want to hear from you. Please fill out a comment card or submit your comments at www.BOEMRE.gov/forums



The Importance of Deepwater Drilling

- Tens of thousands of workers are employed in the Gulf of Mexico offshore oil and gas industry.
- Domestic energy production is important to the health of the economy, energy independence and national security.
- The Gulf of Mexico currently accounts for 30% of domestic oil production and 12% of domestic natural gas production.

The Importance of Drilling Safely : What is at Risk?

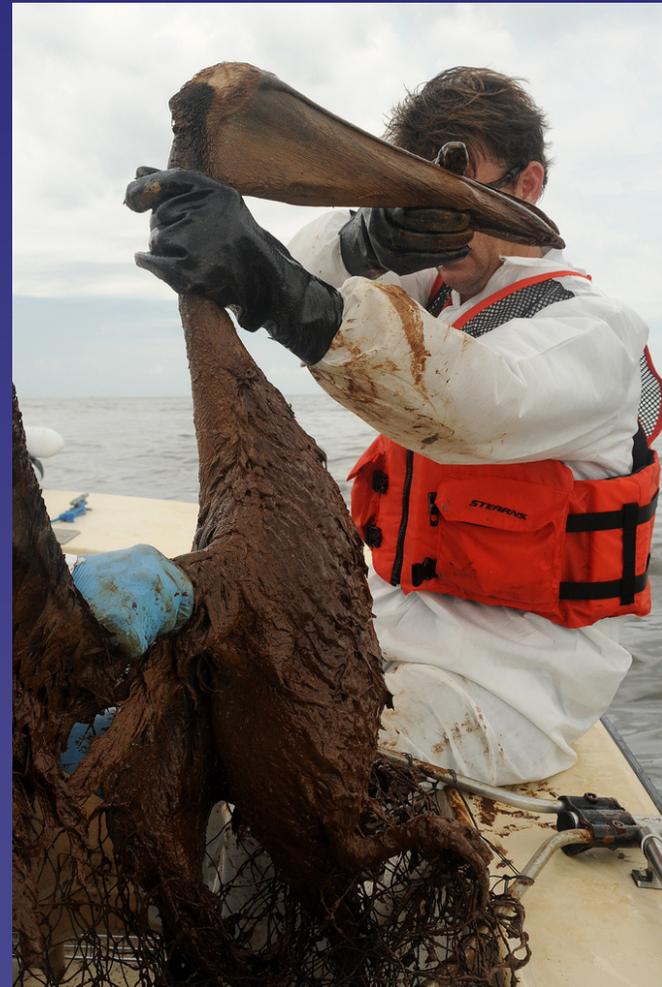


Deepwater spills have a devastating impact on:

- Fishing and Shrimping
- Tourism
- Wildlife
- The ocean and coastal environments
- Local communities

The Impact of the Deepwater Horizon Oil Spill

- 11 rig workers died in the Macondo well blowout and fire.
- The Deepwater Horizon oil spill has had a dramatic effect on the ocean and coastal environments in the Gulf of Mexico.
- Hundreds of miles of shoreline and wetlands in the Gulf states have been affected by the Deepwater Horizon oil spill.
- The entire Gulf ecosystem will be affected, including marine plankton, fish and shellfish, birds, marine mammals, and other wildlife.
- The Deepwater Horizon oil spill also has had a major impact on the fishing, shrimping, tourism, commercial retail and other industries in the Gulf of Mexico region.



Safety Lessons from Deepwater Horizon

- The Deepwater Horizon incident has highlighted the need to improve the industry's offshore drilling safety practices and procedures.
- While the various causes of the Deepwater Horizon incident have not yet been finally determined, many issues have emerged, including:
 - Well design and construction: the type of casing used by BP and the process of cementing the well have been questioned and criticized.
 - Well control equipment: the BOP failed to function properly.



Heightened Safety Risks of Certain Types of BOPs

- As the Deepwater Horizon incident underscores, safety risks vary significantly depending on the type of BOP.
 - Surface BOPs on fixed, bottom-resting fixtures, used in shallow-water drilling, carry the lowest risk profile because the wellhead and BOP are accessible to intervention with surface equipment.
 - Subsea BOPs are extremely difficult to repair while attached to the well, as the Deepwater Horizon incident has revealed.
 - Surface BOPs on floating facilities also present risks because the high pressure riser and casing from the seafloor to the rig can be exposed to dynamic stresses.
- We want to hear industry and expert input on the best ways to address these and other safety risks related to BOPs.

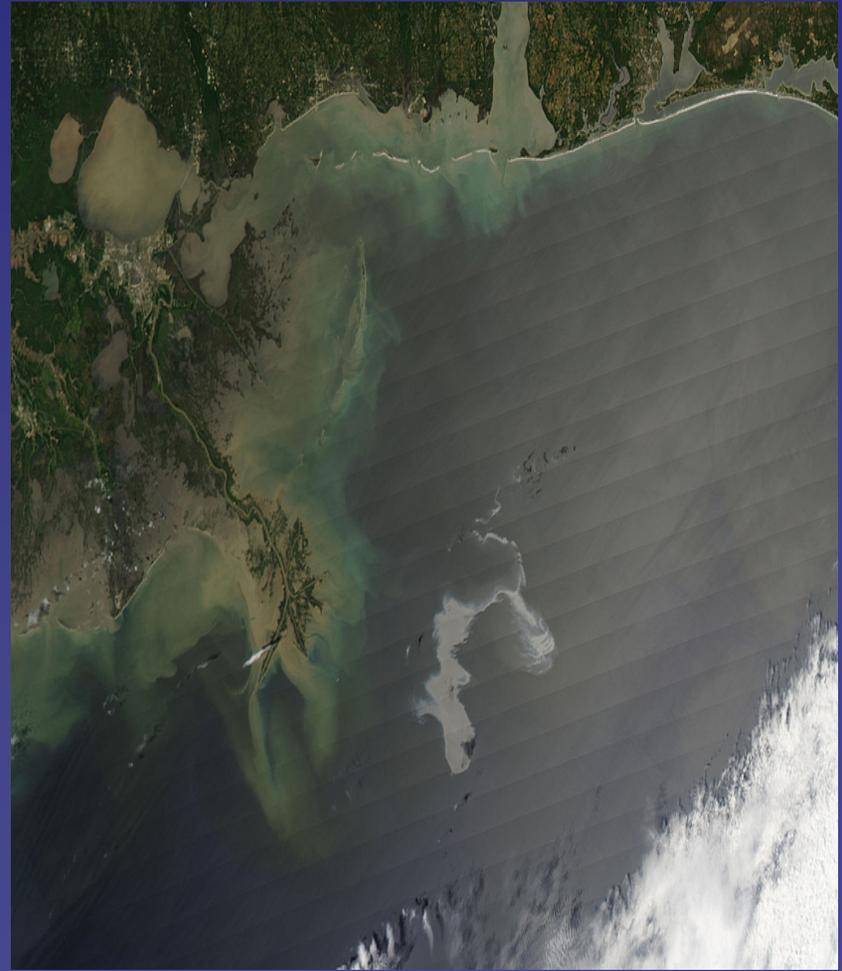




BOEM's New Safety Regulations

- April 30, 2010 Safety Alert containing a number of preliminary recommendations to operators and drilling contractors in the Gulf of Mexico.
- NTL-05 implementing certain safety measures outlined in the Department of Interior's 30-Day Report, such as:
 - Certification requirements for BOPs;
 - Requirements related to intervention capabilities of secondary control systems, such as remotely operated vehicles (ROVs);
 - Deadman systems and autoshear requirements;
 - Casing and cement design and casing installation procedures;
 - Compliance certifications;
 - Improvements of offshore inspection and regulation programs.
- Interim Final Rule that will establish additional safety measures in response to recommendations in the 30-Day Report.

We Must Improve Drilling Safety Practices and Equipment





Today's Panels

- Panel I:
 - *Bob Bemis, VP of Environment, Health and Safety, Noble Energy*
 - *Ford Brett, President, Petro Skills*
 - *Darryl Bourgoyne, Instructor, Director Well Facility, Louisiana State University*
- Panel II:
 - *Chris Nelson, Drilling Manager, Newfield Exploration*
 - *Conley Perry, West Engineering*
 - *Mike Van Gemert, West Engineering*
 - *Ross Frazer, Vice President, Engineering, ATP Oil & Gas*
- Panel III:
 - *Mike Wiggins, Mayor of Pensacola*
 - *Greg Evers, Florida House of Representatives*
 - *Kevin White, Commissioner, Escambia County FL*



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