Testimony of John Modine, Director, Global Industry Services
American Petroleum Institute
Before the National Commission on BP Deepwater Horizon
Oil Spill and Offshore Drilling
August 25, 2010

Good afternoon Chairman Graham, Chairman Reilly and members of the commission. My name is John Modine, and I am the director of Global Industry Services at the American Petroleum Institute. Among other responsibilities, I manage API's certification and training programs, which contribute to a better informed and more safety-conscious industry workforce.

I would like to address regulatory oversight of offshore drilling, the industry's safety standards and certification programs, and other industry initiatives that enhance safe operations in offshore development of oil and natural gas. As my colleague Erik Milito said, this is the context – or starting point – for our path forward on safety. Our hope is that we will take the best of what we have and make constructive, practical changes, so that we take full advantage of what is already in place and what we know works.

Over the decades, an enormous amount of effort on the part of both the regulators and operators has gone into staying safe offshore. Offshore oil and natural gas development has been conducted for nearly 60 years in the Gulf of Mexico. More than 42,000 wells have been drilled, including more than 2,000 deepwater wells. In that time, safety has been given increasing emphasis. It is now a well-entrenched part of the offshore culture and never out of the minds of the men and women who work on the rigs. And, as Erik has stated, the record in terms of spills has steadily improved.

The Gulf accident casts a shadow over that achievement, and it necessitates a look at all that has been done to look for ways to improve. We welcome that and have been conducting that review, as Erik also has described. But what has been done – what is already in place to increase safety – is considerable, and we need to shine a light on that and bring the best of it forward.

Federal regulation of oil and natural gas operators on the Outer Continental Shelf is extensive. As Secretary Salazar testified earlier this year, the offshore oil and natural gas industry "is a very highly regulated industry." There are 27 statutory authorities that apply to OCS oil and natural gas operations, as well as 88 regulatory parts and 24 significant approvals or permits.

But government regulation is not enough, and, as an industry, we have worked collectively for many years to establish safer equipment and operating practices. The huge investments in human capital and technology and the challenges of operating in the offshore environment require this. We understand the risks. Safety is our top priority.

The API standards program is a critical part of how the industry has been advancing safety and strengthening environmental stewardship. Since 1924, API has developed industry standards and practices that promote reliability and safety through the use of proven engineering

practices. The API standards program is accredited by the American National Standards Institute (ANSI), the authority on U.S. standard setting and the same organization that accredits programs at several national laboratories. Our program undergoes regular audits to ensure it meets ANSI's essential requirements of openness, balance, consensus and due process.

API standards are developed collaboratively by industry experts, technical experts from government, and other interested stakeholders. In fact, there are currently close to 80 government representatives serving as either members or observers on API standards committees, representing ten federal agencies, eight state organizations, and three national laboratories. Working together, we have helped create more than 500 standards, including some 240 exploration and production standards that address offshore operations. Seventy-eight of these standards are referenced in Bureau of Ocean Energy Management, Regulation and Enforcement regulations.

Government chooses to reference these standards, not just because of convenience or efficiency, but because they are a product of the industry's best technical thinking and have a proven track record of promoting safe operations. Earlier this week, we greatly expanded public access to our safety standards and all of those referenced in federal regulation.

Standards relating to offshore cover a range of areas, everything from blowout preventers to comprehensive guidelines for offshore safety programs. These standards provide all operators with solid engineering guidance and operational best practices. And standards are reviewed and improved periodically or in light of circumstances calling for immediate action, such as the incident in the Gulf. We are now reviewing all relevant offshore standards and have initiated work on a new one covering design of deepwater wells.

The industry also runs certification programs and conducts frequent workshops that enhance offshore safety. API's Monogram Program, which was established in 1924, provides for the consistent and reliable manufacture of equipment and materials used in the deepwater offshore and across the industry. The Monogram Program draws on the expertise of a wide range of technical experts, including those from government, academia, and other interested stakeholder groups in addition to those from industry. Reliable, well-built equipment is obviously critical to safe operations. We will conduct nearly 2,500 audits this year to verify that manufacturers are complying with API quality and manufacturing standards.

In a recent notice to lessees, the Bureau of Ocean Energy Management identified API as a qualified independent third party certifier of blowout preventers. They respect and depend on our programs.

API also provides the Training Provider Certification Program, which certifies schools globally that deliver training in accordance with industry standards and government regulations. This includes safety courses for offshore workers. An API certification is issued only after course-related documentation is completed and an on-site system audit is passed.

There are many other examples of industry safety training initiatives. The International Association of Drilling Contractors has an accreditation program – Rig Pass – for training courses for new rig employees. They also have WellCAP for training in drilling, workover and completion, well servicing, coiled tubing, snubbing, wireline operations, and underbalanced operations. The National Steps Network brings people together from the exploration and production industry to discuss safety incidents and best practices. API's own WorkSafe program trains and qualifies workers and contractors on their knowledge of industry safety standards. And SafeLandUSA provides accreditation for health, safety and environmental training in the industry.

Finally, industry trade groups sponsor dozens of workshops on offshore safety issues, such as lifting and hoisting and contractor safety. And industry representatives participate on a Coast Guard National Offshore Safety Advisory Committee, where there is a regular exchange of information on offshore safety.

In the necessary and understandable effort to get to the bottom of what happened in the Gulf accident, we are all looking to find and rectify every possible safety shortcoming. This is as it should be. But it is also important to recognize the strengths of a system that has helped avoid incidents. This system – expanded and improved in many ways over the years – provides a solid foundation to build on for all who want to enhance safety.

Thank you.