

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.