

API MSA Luncheon

Peggy, Steve, Ben, Ladies and gentlemen, distinguished guests,

Paul, thank you for the kind introduction. In fact it is my experience that you also have a passion for our industry and the people who work in it. Josh, Congratulations on your well-deserved award.

It goes without saying that I am honored beyond words and can think of many others as or more deserving of this award.

It wasn't my plan to have a long presentation but with your forbearance, I would like to share some memories and a few current thoughts with you. When I came home from pilot training to fly in the reserves, Bob Crow pointed me to the mud companies and I hired on with Baroid in 1977. I became active as a charter member in the American Association of Drilling Engineers (AADE), belonged to API and SPE and attended meetings and functions regularly. AADE started here in New Orleans and Bubba Hale, Bob Freeman, Kerry Redmann and myself along with a number of others created a national organization, licensing New Orleans first before expanding to what is today a 6,000 plus member organization with 11 chapters and 19 student sections. I have had the pleasure to work with these men as well as a variety of others who have selflessly given to our industry. Here

in New Orleans they include Joe Leimkuhler, Paul Vining, Paul Hebert, Rick Farmer and many others. Today we have a new generation of leaders coming up and taking on local and national roles. Sam Cappel and Lisa Grant come immediately to mind.

Back in the 80's, I was invited to the API Board. I have been privileged to work with such talented leaders as Cheryl Collarini, Jim Rike, Bart Walker, Ben Waring, Carlos Guzman and more recently Jan Catalano, Ken Meyer, Peggy Bourgeois, John Dribus and the current board. It was on the API Board that I met the Education Committee Chair, my wife, Cathy. She and many of the others I mentioned have received the API Meritorious Service Award. All deserve to be recognized.

Through all these years, including a handful where I left the industry, I have been impressed with the oilfield focus on technology development and exchange and its dedication to its people. During the cyclical layoffs which unfortunately are part of the industry, the sense of loss as friends and coworkers leave their companies is as painful as losing family members. Indeed, the oilfield fosters a sense of family and community. The projects we undertake require a combination of tools, training and talent that brings us together working toward

common goals. Anything less is not a formula for success. Notwithstanding the lean times, many of us, many in this room, have worked with each other throughout the oilfield, raising our families together, going to the same churches and devoting our free time to improve the communities where we live. Over the years, we have become a more educated workforce. Technology has given us access to better tools and information and we have explored increasingly complex regimes.

A year ago next month, the Deepwater Horizon tragedy rocked our world. As it played out, day after day, week after week, we heard the media and administration label us as cowboys, were vilified for having developed “cozy” relationships with regulators, allowing us to cut corners and place cost savings above life and safe operations. These discoveries led to the dissolution of the MMS and creation of BOEMRE and a host of new regulations. Some of these were drafted by industry experts and will provide an additional margin of safety. For the record, I have served on committees and boards with MMS Managers and think we all benefitted from the exchange of ideas and knowledge that those interactions brought. No more, either by directive or perception, BOEMRE employees have resigned their involvement, now committed to regulating an industry in which they are less involved and informed.

We have never been good at Public Relations in the oilfield. People who work here know the truth but the public wants cheap, readily accessible energy and resents the industry that delivers it. The current administration is focused on green technologies that are decades away from providing meaningful energy and demonstrates a philosophical opposition to fossil fuels. The media has never focused on our industry except during times of disaster or rising prices when the focus is entirely negative. The Deepwater Horizon tragedy was felt at our core. It resulted in a moratorium which has since morphed into a permitorium. There is an arrogance in this administration that boggles the minds of those of us who work here. Delays in permits have crippled small companies and put many thousands out of work. The nation believes we are unsafe. Watching our friends and neighbors suffer while our government fails to act to put us back to work is frustrating.

API is trying to educate the public. The local and national website as well as national initiatives and advertising is trying to realistically portray the vital work we do.

For my own small part, I thought I would add some facts to the fiction.

The stigma of being labeled as an unsafe industry has grated on me for a year now. In preparing my remarks, I decided to find out the facts, good or bad. On the Department of Labor, Bureau of Labor Statistics website, I checked the 2009 safety results, the latest published.

For recordable incidents, Oil and Gas Extraction has an incidence rate of 1.6 per hundred workers. All private industry plus state and local government has a rate of 3.9. State government has a rate of 4.6 and local government has a rate of 6.3. So 1.6, 3.9, 4.6 and 6.3. Our rate is 41% of the national rate; 35% of state worker and a quarter of local government workers. Of the major index categories over 6 pages of statistics, only Financial Activities at 1.5 to our 1.6 had a lower rate though there were a handful of subdivisions in a few categories that had lower rates.

For time away from work, we have a rate of .9, against the national 1.9 and 2.3 for state government and 2.6 for local government. As a percentage we are 47% of the national rate, 39% of state government and 35% of local government. Again, there were very few industry classifications that had lower rates. Measure these statistics against the work we do and it is clear that we remain very focused on safety and environmental stewardship. We all strive for zero accidents and know

companies that occasionally have an accident-free year as Tidewater, a New Orleans based company did last year.

Oh, the rates for our industry compared to the US government, BOEMRE or the Department of the Interior? In one of the more amazing discoveries while looking at this, and exactly mirroring the arrogance of this administration that has declared us as unsafe, the government doesn't publish those statistics, doesn't even track them that I could find.

In closing, keep the faith, be proud of the work you do and the energy you provide to our nation, keep focusing on safety.

Thank you again for this honor!