

Dangerous Drillers



Offshore Safety Lapses Continue Three Years After BP Spill



**NATURAL
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RANKING MEMBER, EDWARD J. MARKEY

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Offshore Safety Lapses Continue Three Years After BP Spill

BP's Deepwater Horizon oil spill exposed an industry culture that did not prioritize safety as offshore drilling operations expanded into deeper waters in the Gulf of Mexico and grew riskier and more complex. "The oil and gas industry currently has no discernible, broadly embraced culture of safety," concluded the independent commission that was tasked with recommending reforms to prevent another disastrous spill.¹ Likewise, a review by officials at the Department of the Interior (DOI) and its Office of Inspector General called for "a new culture of safety in which protecting human life and preventing environmental disasters are the highest priority..."²

Three years after the spill, instilling a new safety culture in the oil industry remains a challenge. The Democratic staff of the House Natural Resources Committee analyzed data from the Department of the Interior (DOI)—including company-by-company data, which has not been publicly disclosed before—to assess progress over the last three years, comparing accidents, inspections, violations and civil penalties before and after BP's Deepwater Horizon disaster.

The data show some notable improvements. In particular, the number of injuries from offshore accidents is down 50 percent over the last two years, as DOI has been more aggressive in handing out violations, and companies have had fewer well-control problems since DOI adopted stronger regulations in 2010.

However, some companies continue to suffer safety lapses. Companies with the most serious environmental or safety violations before the BP spill are still racking up the most violations today. BP, which is among the top violators since 2000, actually has been cited for more major offshore violations in the last two years than before the spill. A number of other top violators also have spilled oil into the Gulf or lost control of wells—as happened in the BP spill—in the last two years. Chevron, which was among the top violators every year for the last five years, had two spills last year, and Shell has had at least one spill a year for the last five years. Meanwhile, Apache, Mariner Energy Resources, and Stone Energy have all had loss-of-well-control incidents in the last two years after having similar incidents in years just before the BP spill.

This record suggests that some companies still are not being deterred from engaging in risky practices. Investigations into the BP spill have recommended more frequent inspections for high-risk facilities and boosting penalties for violators, including by levying stiffer sanctions for repeat violators. The data show, however, that facilities of top violators are still no more likely to be inspected than other facilities; that civil penalties are being imposed at about the same rate as before the BP spill; and that when such penalties are imposed, they are typically minuscule compared to company profits.

¹ National Commission on the BP Deepwater Horizon Oil Spill and Offshore Drilling, "Deepwater: The Gulf Oil Disaster and the Future of Offshore Drilling," January, 2011, available at <http://www.oilspillcommission.gov/final-report>.

² DOI Outer Continental Shelf Safety Oversight Board, "Report to Secretary of the Interior Ken Salazar," Sept. 1, 2010, available at <http://www.doi.gov/news/pressreleases/loader.cfm?csModule=security/getfile&PageID=43677>.

Part of the problem is that Congress still has not acted on recommendations to strengthen regulatory enforcement and raise penalties for violations of drilling safety standards. For example, House Republicans have blocked legislation introduced by Rep. Edward J. Markey (D-MA), ranking member of the House Natural Resources Committee, that would authorize higher sanctions for safety violations, as recommended by the DOI Outer Continental Shelf Safety Oversight Board, and establish a permanent dedicated industry fee program to support offshore drilling inspections and enforcement, as recommended by the National Commission on the BP Deepwater Horizon Oil Spill and Offshore Drilling.

Because of this inaction, former commission members last month gave Congress a dismal “D+” for post-BP-spill reforms.³ Congress improved from its “D-” grade last year by approving a trust fund for restoring the Gulf region, but until legislation is enacted to strengthen regulatory enforcement, a new safety culture will be difficult to achieve.

Signs of Progress

Even though Congress has not enacted legislation to strengthen enforcement, DOI nonetheless has adopted several reforms that appear to be having some positive effects. In particular, the Committee staff analysis found that:

- **Injuries from offshore drilling accidents dropped sharply in 2011 and 2012 as DOI stepped up enforcement efforts.** There were 60 fewer non-weather-related injuries in 2011 than in 2010 and 72 fewer such injuries in 2012 than in 2011. Non-weather-related injuries also declined in the two years before BP, but by much smaller amounts. The sharp decline over the last two years follows more aggressive oversight of offshore drilling safety by DOI since the BP spill. DOI issued 5,188 violations in the two years after the disaster compared to 4,008 violations in the two years prior. The department actually inspected fewer facilities over the last two years,⁴ but it identified more violations per facility inspected—.94 violations per facility from 2011-2012 compared to .60 violations per facility from 2008-2009 (derived from data in Appendix B).
- **Loss-of-well-control incidents declined after DOI adopted new safety regulations and issued more violations.** Loss-of-well-control incidents involving the uncontrolled flow of oil or gas—like the Deepwater Horizon disaster—decreased from an average of seven per year from 2007-2009 to three in 2011 and two in 2012 (see Table 1 on page 4). This improvement follows DOI’s adoption of new regulations in October 2010 to prevent blowouts and well-control problems. DOI also has issued 45 percent more violations related to blowout prevention and emergency shutdown devices after the BP spill (see Table 2 on page 5). Nonetheless, the fact that there have been five loss-of-well-control incidents since the BP disaster shows that risks still remain.

³ Oil Spill Commission Action, “Assessing Progress: Three Years Later,” April 17, 2013, available at <http://oscaction.org/osca-assessment-report-2013/>.

⁴ There are two factors underlying this decrease: (1) the number of active facilities (fixed facilities and mobile offshore drilling units) in the Gulf declined over the past five years, from 3,391 in 2007 to 2,607 in 2012; and (2) following the Deepwater Horizon spill, DOI said that it would initially conduct fewer inspections as it focuses on implementing reforms recommended by the BP Spill Commission and others.

Repeat Offenders

Despite the improvements noted above, oil companies that had the most problems before the BP spill—including BP—are still having accidents and racking up violations today. Specifically, the Committee staff found:

- **The top violators since the BP Deepwater Horizon spill were also top violators before the spill.** Thirteen of the top 15 violators since the spill were also top violators for at least one year from 2007-2009. Of these companies, Apache, Chevron, Energy Resource Technology, ExxonMobil, Mariner Energy Resources (acquired by Apache in November 2010), Stone Energy, and W&T Offshore also were among the 15 companies with the most violations from 2000-2012 (see Appendix D).
- **Companies that have had loss-of-well-control incidents since BP also had the most incidents before the BP Deepwater Horizon spill.** Black Elk, BP, Apache, Mariner Energy Resources, and Stone Energy were the only companies with multiple loss-of-well-control incidents from 2007-2012. Except for BP, each of these companies had a loss-of-well-control incident in 2011, and Black Elk and Apache-owned Mariner Energy Resources also had such an incident in 2012 (see Appendix A). Apache and Stone Energy had three and four loss-of-well-control incidents, respectively, in the three years before the BP spill.
- **Companies that have had spills in the last two years were among the top violators before the BP Deepwater Horizon spill.** Chevron, which had two spills in 2012, was among the top violators every year from 2007-2012. Shell, which has had at least one spill every year from 2007-2012 and eight total spills, was among the companies with the most violations from 2000-2012. Overall, companies spilled 2,474 barrels of oil and other chemicals into the Gulf in 2012, more than was spilled in non-weather-related accidents in 2007 and only slightly less than what was spilled in 2008 and 2009.⁵ There was also roughly the same number of Gulf spills in 2012 than in years before the BP spill. (see Table 1 on page 4). The dramatic drop in the amount spilled in 2011 is related to the fact that offshore drilling had not yet returned to pre-BP-spill levels.
- **BP has compiled more serious environmental or safety violations since the spill.** In 2012, BP had 25 violations, nine of which were major environmental or safety violations. This was the same number of violations BP had in total from 2007-2009, even though BP now has fewer facilities in the Gulf (see Appendix C). DOI identified 1.4 violations per BP facility inspected in 2012 compared to an average of .28 violations per BP facility inspected from 2007-2009. However, no penalties were assessed for last year's major violations or BP's eight major violations in 2011.⁶ BP paid only \$608,000 in civil penalties from 2000-2012—excluding the ongoing litigation related to the 2010 Gulf disaster—despite amassing 853 violations, 251 of which were for major environmental or safety violations (see Appendix D).

⁵ Based on oil and other spills over 50 barrels.

⁶ In some cases, it may take up to a year for civil penalty cases to become finalized, according to DOI.

Table 1: The Number of Barrels Spilled into the Gulf of Mexico from Non-Weather Related Spills and Loss of Well-Control Incidents, 2007 -2012

| Category | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
|--|-------|-------|-------|--------------------------------------|------|-------|
| Number of barrels spilled into the Gulf of Mexico ^a | 2,256 | 2,720 | 2,714 | 4.9 billion (estimated) ^b | 319 | 2,474 |
| Number of non-weather-related spills ^c | 4 | 5 | 10 | 4 | 3 | 7 |
| Loss of well-control incidents ^d | 7 | 7 | 5 | 4 | 3 | 2 |
| Injury-related accidents ^e | 416 | 316 | 281 | 273 | 213 | 141 |

^aCompanies also spilled 8,088 barrels into the Gulf from weather-related incidents during this period, such as hurricanes.

^bEstimate from the U.S. Coast Guard, "On Scene Coordinator Report *Deepwater Horizon* Oil Spill" (Washington, D.C., September, 2011), accessed at http://www.uscg.mil/foia/docs/dwh/fosc_dwh_report.pdf. At the time of this review, BSEE had not yet posted its assessment of the total amount spilled during the *Deepwater Horizon* incident.

^cThere were 31 weather-related incidents reported during this period, such as hurricanes and lightning strikes.

^dThere were 2 weather-related loss of well-control incidents during this period.

^eThere were 13 weather-related injuries during this period.

The Path Forward

The record described above suggests that oil and gas companies are still not being deterred from engaging in risky practices, and closer scrutiny and heavier penalties continue to be in order. The Committee staff's analysis suggests that the following recommendations by either the National Commission on the BP Deepwater Horizon Oil Spill and Offshore Drilling ("BP Spill Commission") or the DOI Outer Continental Shelf Safety Oversight Board ("Safety Oversight Board") could provide a path forward to addressing remaining safety issues:

- **DOI should focus inspections on the riskiest companies.** The BP Spill Commission recommended that DOI target inspections at high-risk facilities.⁷ However, DOI last year actually performed fewer inspections per facility for the top five violators than for other lower-risk companies. The top five violators (with the most major violations from 2007-2012⁸) received on average 1.60 inspections per facility compared to 1.68 inspections for other companies (see Appendix B).
- **DOI needs to assess more penalties for violations.** DOI is authorized to assess civil penalties for violations that either cause or threaten harm to human health or the environment, or are not corrected after a certain period.⁹ Such penalties are being assessed at about the same rate as before the BP disaster. From 2007-2009, DOI imposed civil penalties for major environmental or safety violations just 11 percent of the time. In

⁷ *Ibid.*, 1.

⁸ Democratic staff of the Natural Resources Committee developed a classification system for identifying major environmental or safety violations. See Appendix E for a description of the methodology.

⁹ *Ibid.*, 2.

the last two years, DOI has imposed penalties for such violations 8 percent of the time—actually a slight drop than before the BP disaster.

The Safety Oversight Board recommended that DOI reevaluate its enforcement tools, including sanctions for repeat offenders, but even the worst violators often pay little in DOI civil penalties. Of the 75 companies cited for major environmental or safety violations in 2011, only 19 received any civil penalties at all.¹⁰

Stone Energy, a top violator that has had a number of loss-of-well-control incidents, as noted above, has received just \$110,000 in civil penalties over the last five years (see Appendix C). Shell has had over 1,000 violations over the last 12 years and has had oil spills every year from 2007-2012 (including two in 2011), but paid only \$84,000 in civil penalties from 2000-2012 (see Appendix D). DOI also recently found major safety failures in Shell's 2012 Arctic drilling program.¹¹

- **Congress should authorize higher civil penalties for offshore safety violations.** The Safety Oversight Board found that current civil penalties are too low to provide a sufficient deterrent against violations. Rep. Markey introduced legislation in the last Congress (H.R. 501) that would have raised the maximum civil penalty to \$150,000 per day of non-compliance when human life, property, the environment, or the mineral deposit are threatened, and \$75,000 for other violations.

DOI recently issued a new rule (in effect since August 2011) raising the maximum civil penalty that may be imposed for offshore safety violations to \$40,000 per day of non-compliance.¹² However, this was only a small increase of \$5,000 to account for inflation as required by law and DOI lacks the statutory authority to raise fines further. The top offshore violators in 2012 earned an average of \$201 million per day—more than 5,000 times the maximum daily penalty they could receive from DOI.

DOI also only levied the \$40,000 penalty four times out of 736 major violations in 2012, the first full year of the new maximum penalty. From 2011-2012, DOI assessed companies about \$19,900 per day for major offshore safety violations, actually about \$3,100 less per day for such violations than from 2007-2009.¹³

¹⁰ Analysis includes 2011 only. We excluded 2012 from our comparative analysis for civil penalties because it can take up to a year to process civil penalties, according to DOI. Consequently, the data we collected in March 2013 on civil penalties may not be complete for 2012.

¹¹ Department of the Interior, "Review Of Shell's 2012 Alaska Offshore Oil And Gas Exploration Program," Mar. 8, 2013, available at <http://www.doi.gov/news/pressreleases/upload/Shell-report-3-8-13-Final.pdf>.

¹² The maximum fine per day was raised in 2011 from \$35,000 to \$40,000 based on an adjustment using the Consumer Price Index. See the Federal Register, Vol. 76, No. 126, Thursday, June 30, 2011, available at <http://www.bsee.gov/Inspection-and-Enforcement/Civil-Penalties-and-Appeals/Civil-Penalties/AD74FR38294June30-2011-pdf.aspx>.

¹³ Calculation is based on DOI's initial penalty assessment and does not include any changes made to the final penalty amount based on the company's actions to mitigate the violation.

Table 2: Comparison of Major Environmental or Safety Violations and Civil Penalties Before and After the Deepwater Horizon Incident.

| Category | Average Per Year | | Percent Change |
|--|------------------------|----------------------------|----------------|
| | Before DH ^a | After DH | |
| Major Environmental or Safety Violations Issued per Facility Inspected | .18 | .26 ^b | 44% |
| Major Environmental or Safety Violations Specific to Blowout Prevention or Emergency Shutdown Devices | 95 | 138 ^b | 45% |
| Number of violations where civil penalties were issued | 42 | 41 ^c | -2% |
| Share of companies issued civil penalties | 18% | 18% ^c | 0% |
| Total amount paid in civil penalties | \$1.8 million | \$1.7 million ^c | -6% |
| Share of major environmental or safety violations where a civil penalty was issued for an identical violation. | 11% | 8% ^c | -27% |
| Average Amount of Civil Penalty Issued Per Major Environmental or Safety Violation, Per Day ^d | \$22,946 | \$19,839 ^c | -14% |

Note: Civil penalties were calculated based on the date of the inspection.

^aAnalysis includes 2007-2009

^bAnalysis includes both 2011 and 2012.

^cAnalysis includes 2011 only. We excluded 2012 from our comparative analysis for civil penalties because it can take up to a year to process civil penalties, according to DOI. Consequently, the data we collected in March, 2013 on civil penalties may not be complete for 2012.

^dCalculation is based on DOI's initial penalty assessment and does not include any changes made to the final penalty amount based on the company's actions to mitigate the violation.

DOI is working on a number of reforms to improve its oversight of offshore oil and gas activities, according to a 2012 report by the Government Accountability Office. In particular, DOI plans to hire additional inspectors, develop specialties for inspection staff, and use inspection teams rather than individual inspectors. DOI also is considering whether companies should be fined automatically for certain violations.

House Democrats have pushed legislation to support such initiatives and other reforms recommended by the BP Spill Commission and DOI's Safety Oversight Board. However, the Republican majority has blocked this legislation while voting to expand risky offshore drilling all along the Atlantic and Pacific coasts, off Florida in the Eastern Gulf of Mexico and off Alaska. The sequester budget cuts also threaten to weaken offshore drilling safety by potentially taking away enforcement resources when more are needed.¹⁴

The BP spill devastated Gulf communities and businesses, and has done lasting damage to the environment and marine life. Yet so long as Congress gets a near failing grade on offshore drilling safety, the American people face similar risks as before the spill. Knowing what we know now, that should not be allowed to stand.

¹⁴ See Natural Resources Committee, Democratic Staff, "Republican Sequester or Shutdown Would Threaten Energy Development, Safety and the Environment," Feb. 19, 2013, available at http://democrats.naturalresources.house.gov/sites/democrats.naturalresources.house.gov/files/documents/2013-02-15_Sequester_Cuts.pdf.

Appendix A: Oil Spill and Well-Control Data

Table 3: Non-weather-related spills over 50 barrels, 2007-2012

| Company Name | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | Total |
|--|----------------|----------------|-----------------|----------------------------|--------------|----------------|----------------------------|
| Number of incidents / Barrels spilled | | | | | | | |
| Anadarko Petroleum | 1/1,061 | | 1/125 | | | 1/849 | 3/2,035 |
| ATP Oil & Gas | | 1/1,718 | | | | | 1/1,718 |
| BHP Billiton Petroleum (GOM) | 1/550 | | | | | | 1/550 |
| Black Elk Energy | | | | | | 1/480 | 1/480 |
| BP | | | 2/110 | 1/4.9 million ^a | | | 3/4.9 million ^a |
| Chevron U.S.A. | | | | | | 2/354 | 2/354 |
| Devon Energy Production ^b | | | 1/103 | | | | 1/103 |
| Eni US Operating | | | | | | 1/475 | 1/475 |
| Flextrend Development | | | | | 1/67 | | 1/67 |
| Hess | 1/457 | | | | | | 1/457 |
| Kerr-McGee Oil & Gas Corporation | | 1/682 | | | | | 1/682 |
| LLOG Exploration Offshore | | | 2/430 | | | | 2/430 |
| Mariner Energy Resources ^b / Rowan Drilling | | 1/70 | | | | | 1/70 |
| Murphy Exploration & Production | | 1/180 | 1/62 | | | | 1/242 |
| Noble Energy | | | | | | 1/96 | 1/96 |
| Shell | | 1/70 | 3/1,884 | 1/123 | 2/252 | 1/221 | 8/2,550 |
| Statoil Gulf of Mexico | | | | 1/75 | | | 1/75 |
| Stone Energy | 1/188 | | | 1/56 | | | 2/244 |
| Total | 4/2,256 | 5/2,720 | 10/2,714 | 4/4.9 million | 3/319 | 7/2,474 | 33/4.9 million |

^aEstimate from the U.S. Coast Guard, "On Scene Coordinator Report *Deepwater Horizon* Oil Spill" (Washington, D.C., September, 2011), accessed at http://www.uscg.mil/foia/docs/dwh/fosc_dwh_report.pdf. At the time of this review, BSEE had not yet posted its assessment of the total amount spilled during the *Deepwater Horizon* incident.

^bApache Corporation acquired Devon Energy on June 10, 2010 and Mariner Energy Resources on November 10, 2010.

Table 4: Loss of Well-Control Incidents, 2007-2012

| Company Name | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | Total |
|---------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|--------------|
| Fairways Offshore Exploration | 1 | | | | | | 1 |
| East Cameron Partners | 1 | | | | | | 1 |
| Stone Energy | 1 | | 3 | | 1 | | 5 |
| Apache | 1 | 2 | | | 1 | | 4 |
| Eni US Operating | 1 | | | | | | 1 |
| BP | 1 | | | 1 | | | 2 |
| Rooster Petroleum | 1 | | | | | | 1 |
| Murphy Exploration & Production | | | | 1 | | | 1 |
| Black Elk Energy Offshore Operations | | | | 2 | 1 | 1 | 4 |
| LLOG Exploration Offshore | | 1 | | | | | 1 |
| Mariner Energy Resources ^a | | 1 | | | | 1 | 2 |
| Energy Resource Technology | | 1 | | | | | 1 |
| Union Oil Company of California | | 1 | | | | | 1 |
| El Paso E&P Company | | 1 | | | | | 1 |
| LLOG Exploration Offshore | | | 1 | | | | 1 |
| Murphy Exploration & Production | | | 1 | | | | 1 |
| Total | 7 | 7 | 5 | 4 | 3 | 2 | 28 |

^aMariner Energy Resources Incorporated was acquired by Apache Corporation on November 10, 2010. However, we did not include loss of well-control incidents for Mariner Energy Resources in Apache Corporation's total because we only included those acquisitions that were tracked in BSEE's database for the purposes of our analysis.

Appendix B: DOI Inspection Data

Table 5: Aggregate Inspection Data for All Companies, 2000-2012

| Category | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 |
|------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Violations | 4,334 | 4,269 | 3,680 | 3,311 | 3,312 | 2,596 | 2,727 |
| Inspections | 6,662 | 5,947 | 5,668 | 5,338 | 5,496 | 5,056 | 4,795 |
| Facilities Inspected | 3,900 | 3,760 | 3,685 | 3,655 | 3,796 | 3,375 | 3,347 |
| Inspection Rate | 1.71 | 1.58 | 1.54 | 1.46 | 1.45 | 1.5 | 1.43 |

| Category | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
|------------------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Violations | 2,493 | 1,704 | 2,304 | 2,998 | 2,626 | 2,562 |
| Inspections | 4,481 | 4,622 | 4,902 | 4,302 | 4,025 | 4,525 |
| Facilities Inspected | 3,265 | 3,413 | 3,289 | 2,956 | 2,801 | 2,694 |
| Inspection Rate | 1.37 | 1.35 | 1.49 | 1.46 | 1.44 | 1.68 |

Table 6: Companies with the Most Major Violations from 2007-2012, and 2012 Inspection Rate

| Name of Company | Number of Major Environmental or Safety Violations | | | | | | | Total | 2012 Inspection Rate |
|---|---|-------------|-------------|-------------|-------------|-------------|--------------|--------------|-----------------------------|
| | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | | | |
| Apache ^a | 71 | 48 | 72 | 75 | 61 | 73 | 400 | 1.56 | |
| Mariner Energy Resources ^b | 37 | 34 | 37 | 29 | 45 | 18 | 200 | 1.49 | |
| W&T Offshore | 28 | 30 | 34 | 44 | 24 | 32 | 192 | 1.60 | |
| Freeport-McMoran | 11 | 17 | 25 | 46 | 49 | 38 | 186 | 1.73 | |
| Chevron | 19 | 17 | 31 | 27 | 44 | 40 | 178 | 1.68 | |
| Total Violations / Average Inspection Rate | 166 | 146 | 199 | 221 | 223 | 201 | 1,156 | 1.60 | |

^aApache Corporation acquired Devon Energy on June 10, 2010. However, we did not include violations or civil penalties for Devon Energy in Apache Corporation's total because we only included those acquisitions that were tracked in BSEE's database for the purposes of our analysis.

^bMariner Energy Resources Incorporated was acquired by Apache Corporation on November 10, 2010. However, we did not include violations for Mariner Energy Resources in Apache Corporation's total because we only included those acquisitions that were tracked in BSEE's database for the purposes of our analysis.

Appendix C: Data on Top Violators and BP from 2007-2012

Table 7: Number of Violations for the Top 15 Violators from 2007-2012

| Rank | Name of Company | Number of Violations | | | | | | Total |
|---|---------------------------------------|----------------------|--------------|--------------|--------------|--------------|--------------|---------------|
| | | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | |
| 1 | Apache ^a | 260 | 167 | 181 | 299 | 274 | 228 | 1,409 |
| 15 ^b | Arena Offshore | 51 | 69 | 26 | 58 | 66 | 34 | 304 |
| 9 | Black Elk Energy | 0 | 0 | 0 | 60 | 103 | 238 | 401 |
| 2 | Chevron | 109 | 80 | 105 | 156 | 165 | 152 | 767 |
| 10 | Energy Resource Technology | 53 | 46 | 30 | 56 | 85 | 74 | 344 |
| 11 | Energy XXI GOM | 60 | 45 | 34 | 28 | 100 | 74 | 341 |
| 12 | Exxon Mobil | 51 | 42 | 52 | 80 | 51 | 40 | 316 |
| 13 | GOM Shelf | 41 | 84 | 55 | 36 | 73 | 34 | 323 |
| 8 | Hilcorp Energy | 0 | 0 | 46 | 122 | 99 | 155 | 422 |
| 3 | Mariner Energy Resources ^c | 99 | 102 | 126 | 188 | 147 | 72 | 734 |
| 5 | Freeport-McMoRan | 49 | 62 | 121 | 178 | 142 | 129 | 681 |
| 7 | Merit Energy | 74 | 28 | 150 | 120 | 79 | 30 | 481 |
| 14 ^b | SPN Resources | 57 | 66 | 85 | 58 | 17 | 21 | 304 |
| 6 | Stone Energy | 62 | 66 | 116 | 206 | 111 | 109 | 670 |
| 4 | W&T Energy | 76 | 95 | 130 | 183 | 87 | 136 | 707 |
| Top Tier of Violators Subtotal | | 1,042 | 952 | 1,257 | 1,828 | 1,599 | 1,526 | 8,204 |
| Total Violations (All Violators) | | 2,493 | 1,704 | 2,304 | 2,998 | 2,626 | 2,562 | 14,687 |
| Percent of Total Violations | | 42% | 56% | 55% | 61% | 61% | 60% | 56% |

Note: The number of violations per year was calculated by inspection date.

^aApache Corporation acquired Devon Energy on June 10, 2010. However, we did not include violations or civil penalties for Devon Energy in Apache Corporation's total because we only included those acquisitions that were tracked in BSEE's database for the purposes of our analysis.

^bThis position was a tie between SPN Resources and Arena Offshore.

^cMariner Energy Resources Incorporated was acquired by Apache Corporation on November 10, 2010. However, we did not include violations for Mariner Energy Resources in Apache Corporation's total because we only included those acquisitions that were tracked in BSEE's database for the purposes of our analysis.

Table 8: Major Environmental or Safety Violations for Top 15 Violators from 2007-2012

| Number of Major Environmental or Safety Violations ^a | | | | | | | | |
|---|---------------------------------------|------------|------------|------------|------------|------------|------------|--------------|
| Rank | Name of Company | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | Total |
| 1 | Apache ^a | 71 | 48 | 72 | 75 | 61 | 73 | 400 |
| 12 | Arena Offshore | 17 | 26 | 9 | 19 | 23 | 8 | 102 |
| 8 | Black Elk Energy | 0 | 0 | 0 | 21 | 27 | 70 | 118 |
| 5 | Chevron | 19 | 17 | 31 | 27 | 44 | 40 | 178 |
| 13 | Energy Resource Technology | 18 | 16 | 9 | 12 | 25 | 21 | 101 |
| 11 | Energy XXI GOM | 14 | 8 | 13 | 7 | 33 | 30 | 105 |
| 15 | Exxon Mobil | 12 | 5 | 10 | 17 | 12 | 14 | 70 |
| 14 | GOM Shelf | 8 | 22 | 16 | 3 | 21 | 5 | 75 |
| 9 | Hilcorp Energy | 0 | 0 | 16 | 34 | 22 | 44 | 116 |
| 2 | Mariner Energy Resources ^b | 37 | 34 | 37 | 29 | 45 | 18 | 200 |
| 4 | Freeport-McMoRan | 11 | 17 | 25 | 46 | 49 | 38 | 186 |
| 6 | Merit Energy | 20 | 10 | 59 | 44 | 22 | 11 | 166 |
| 10 | SPN Resources | 13 | 28 | 42 | 18 | 6 | 8 | 115 |
| 7 | Stone Energy | 13 | 27 | 26 | 48 | 23 | 24 | 161 |
| 3 | W&T Energy | 28 | 30 | 34 | 44 | 24 | 32 | 192 |
| Top Tier of Violators Subtotal | | 281 | 288 | 399 | 444 | 437 | 436 | 2,285 |
| Major Environmental or Safety Violations (All Violators) | | 607 | 511 | 682 | 756 | 716 | 736 | 4,008 |
| Percent | | 46% | 56% | 59% | 59% | 61% | 59% | 57% |

Note: The number of violations per year was calculated by inspection date.

^aApache Corporation acquired Devon Energy on June 10, 2010. However, we did not include violations or civil penalties for Devon Energy in Apache Corporation's total because we only included those acquisitions that were tracked in BSEE's database for the purposes of our analysis.

^bMariner Energy Resources Incorporated was acquired by Apache Corporation on November 10, 2010. However, we did not include violations for Mariner Energy Resources in Apache Corporation's total because we only included those acquisitions that were tracked in BSEE's database for the purposes of our analysis.

Table 9: BP Violations, Number of Facilities Inspected, and Violation Rate, 2007-2012

| Category | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
|---|------------|------------|------------|------------|------------|------------|
| Major Environmental or Safety Violations | 0 | 0 | 3 | 2 | 8 | 9 |
| All Violations | 10 | 3 | 12 | 11 | 14 | 25 |
| Facilities Inspected ^a | 26 | 40 | 24 | 20 | 16 | 18 |
| BP Violation Rate (All Violations) | 0.4 | 0.1 | 0.5 | 0.6 | 0.9 | 1.4 |

^aAccording to BSEE officials, the number of facilities inspected annually also approximates the number of active facilities per company, because BSEE is required to inspect each facility at least once per year. The data show a rising number of violations even as BP had fewer facilities in the Gulf.

Table 10: Civil Penalties Paid By Top Tier of Violators for Violations Issued from 2007 -2012

| Civil Penalties Paid | | | | | | | | |
|----------------------|---|--------------------|------------------|--------------------|--------------------|--------------------|-------------------|--------------------|
| Rank | Name of Company | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 ^a | Total |
| 1 | Apache ^b | \$117,000 | \$50,000 | \$712,000 | \$45,000 | \$670,000 | \$30,000 | \$1,624,000 |
| 14 | Arena Offshore | \$0 | \$0 | \$0 | \$15,000 | \$0 | \$25,000 | \$40,000 |
| 5 | Black Elk Energy | \$0 | \$0 | \$0 | \$307,500 | \$71,250 | \$0 | \$378,750 |
| 11 | Chevron | \$0 | \$0 | \$0 | \$0 | \$65,000 | \$45,000 | \$110,000 |
| 5 | Energy Resource Technology | \$180,000 | \$0 | \$0 | \$125,000 | \$0 | \$0 | \$305,000 |
| 9 | Energy XXI GOM | \$0 | \$0 | \$0 | \$40,000 | \$80,000 | \$0 | \$120,000 |
| 8 | Exxon Mobil | \$65,000 | \$0 | \$60,000 | \$0 | \$0 | \$0 | \$125,000 |
| 13 | GOM Shelf | \$40,000 | \$0 | \$0 | \$35,000 | \$0 | \$0 | \$75,000 |
| 7 | Hilcorp Energy Company | \$0 | \$0 | \$25,000 | \$170,000 | \$15,000 | \$65,000 | \$275,000 |
| 2 | Mariner Energy Resources ^c | \$0 | \$0 | \$416,000 | \$460,000 | \$220,000 | \$0 | \$1,096,000 |
| 10 | Freeport-McMoRan | \$0 | \$30,000 | \$25,000 | \$20,000 | \$20,000 | \$25,000 | \$120,000 |
| 4 | Merit Energy | \$0 | \$0 | \$45,000 | \$351,250 | \$45,000 | \$0 | \$441,250 |
| 15 | SPN Resources | \$0 | \$15,000 | \$20,000 | \$0 | \$0 | \$0 | \$35,000 |
| 12 | Stone Energy | \$0 | \$45,000 | \$20,000 | \$45,000 | \$0 | \$0 | \$110,000 |
| 3 | W&T Energy | \$345,000 | \$25,000 | \$435,000 | \$180,000 | \$90,000 | \$0 | \$1,075,000 |
| | Top Tier of Violators Total | \$747,000 | \$165,000 | \$1,758,000 | \$1,793,750 | \$1,276,250 | \$190,000 | \$5,930,000 |
| | Total Civil Penalties Paid (All Violators) | \$2,439,750 | \$784,000 | \$2,173,000 | \$2,138,750 | \$1,724,250 | \$290,000 | \$9,549,750 |
| | Percent | 31% | 21% | 81% | 84% | 74% | 66% | 62% |

Note: The amount of civil penalties per year were calculated by inspection date.

^aAccording to the DOI, the civil penalty process can take up to a year. Consequently, the data we collected in March, 2013 wouldn't be representative of all the civil penalties issued for violations during 2012.

^bApache Corporation acquired Devon Energy on June 10, 2010. However, we did not include violations or civil penalties for Devon Energy in Apache Corporation's total because we only included those acquisitions that were tracked in BSEE's database for the purposes of our analysis.

^cMariner Energy Resources Incorporated was acquired by Apache Corporation on November 10, 2010. However, we did not include violations for Mariner Energy Resources in Apache Corporation's total because we only included those acquisitions that were tracked in BSEE's database for the purposes of our analysis.

Appendix D: Data on Top Violators from 2000-2012

Table 11: Number of Violations and Civil Penalties Paid by the Top Violators from 2000-2012

| Name of Company | Major Environmental or Safety Violations | Total Violations | Civil Penalties Paid |
|---|--|------------------|------------------------|
| | 2000-2012 | 2000-2012 | 2000-2012 ^a |
| Anadarko | 147 | 1,089 | \$190,250 |
| Apache ^b | 777 | 3,069 | \$2,496,000 |
| BP | 251 | 853 | \$608,000 |
| Chevron | 542 | 2,267 | \$1,416,000 |
| Devon Energy ^b | 234 | 1,181 | \$108,200 |
| Energy Resource Technology | 198 | 728 | \$414,500 |
| Exxon Mobil | 166 | 773 | \$180,000 |
| Forest Oil | 323 | 1,208 | \$894,000 |
| J.M. Huber | 115 | 835 | \$404,750 |
| Mariner Energy Resources ^c | 253 | 970 | \$1,126,000 |
| Newfield Exploration | 199 | 745 | \$62,000 |
| Shell | 200 | 1,033 | \$84,000 |
| Stone Energy | 306 | 1,262 | \$175,000 |
| Union Oil | 241 | 1,141 | \$246,500 |
| W&T Energy | 262 | 1,074 | \$1,111,000 |
| Top Violator Total | 4,214 | 18,228 | \$9,516,200 |
| Total Violations (All Violators) | 9,647 | 38,916 | \$21,747,900 |
| Percent | 44% | 47% | 44% |

Note: The timing of violations and civil penalties were calculated by inspection date.

^aAccording to the DOI, the civil penalty process can take up to a year. Consequently, the data we collected in March 2013 wouldn't be representative of all the civil penalties issued for violations during 2012.

^bApache Corporation acquired Devon Energy on June 10, 2010. However, we did not include violations or civil penalties for Devon Energy in Apache Corporation's total because we only included those acquisitions that were tracked in BSEE's database for the purposes of our analysis.

^cMariner Energy Resources Incorporated was acquired by Apache Corporation on November 10, 2010. However, we did not include violations for Mariner Energy Resources in Apache Corporation's total because we only included those acquisitions that were tracked in BSEE's database for the purposes of our analysis.

Appendix E: Methodology

In December 2012, Rep. Edward J. Markey (D-Mass.), ranking Democrat on the Natural Resources Committee, launched an investigation to examine the practice and oversight of oil and gas drilling on the outer continental shelf. In response to this inquiry, the DOI provided several tables of data on safety and drilling violations, civil penalties, and inspections from its Technical Information Management System (TIMS) database related to violations, inspections, platforms, rigs, and companies operating in the Gulf of Mexico.

Using the data provided by the DOI, the Democratic staff of the Natural Resources Committee calculated the number of violations and inspections for each company and its affiliates operating in the Gulf of Mexico from 2000 through 2012. We used 2007 as the starting point for many of our analyses because that was the first full year of DOI's updated reporting requirements for certain safety and environmental metrics, such as loss of well-control incidents and injury and accident reporting statistics.¹⁵ On the advice of DOI's Bureau of Safety and Environmental Enforcement (BSEE), Committee staff identified company affiliates by whether a particular company's name also referenced a parent company's name.¹⁶ We also incorporated acquisitions in our analysis to the extent that they were tracked in BSEE's company database.¹⁷

We identified top violators from 2007-2012 based on whether a company, including its affiliates, was above a particular threshold for the number of violations per year based on the range of values for each company in the data set. Once these companies were identified, we selected the 15 companies with the most violations from this group. All of the top 15 violators had at least 300 violations over the five-year period of our analysis. We identified top violators from 2000-2012 by calculating the total number of violations per company during this period and selecting the top 15 companies. All of our calculations related to violations and civil penalties are based on the date of the inspection when the violation was identified.

We also developed a classification system to distinguish the most serious environmental or safety violations from other violations. Where we refer to "major" violations in the report, we mean violations that BSEE characterized as posing an immediate threat to the health and safety of the public, including workers, or endangering the surface or subsurface environment.

Finally, we excluded 2010 from our comparative analysis because we determined it was not representative of normal operations due to the Deepwater Horizon incident and the subsequent moratorium on offshore drilling through October 2010.

¹⁵ These reporting requirements became effective on July 17, 2006. The final rule is available at <http://www.bsee.gov/Inspection-and-Enforcement/Accidents-and-Incidents/incidents/AC57-4-17-06-pdf.aspx>.

¹⁶ For example, we counted Chevron Corporation, Chevron Midstream Pipeline, L.L.C., Chevron Pipe Line Company, Chevron Texaco Corporation, and Chevron U.S.A., Incorporated as affiliates of Chevron.

¹⁷ For example, Energy Resource Technology acquired Remington Oil and Gas on July 31, 2006.