

SPECIAL EDITION 2011 NOIA SPRING MEETING REVIEW

Building on the near-record attendance at the National Ocean Industries Association (NOIA) 2010 Fall Meeting, NOIA's Spring Meeting in April was the largest gathering of NOIA members since 2005. The meeting centered on discussions of lessons learned, technological advances, and regulatory and legislative impacts since the Macondo well accident a year earlier.



Robert Gibbs

GENERAL SPEAKERS

ROBERT GIBBS

Former White House Press Secretary Robert Gibbs spoke about the challenges of running White House press briefings during the Gulf oil spill. "Some of these were the toughest briefings I ever gave at the White House," Gibbs said. "I am not the first to say that we were not prepared as a government to face this crisis."

Gibbs observed that since the event was played out in a 24 hour news cycle, there was a rush to get the latest angle of the spill story out, and there was a lot of misinformation disseminated as a result. Communications challenges included the spill camera, which Gibbs said "should have been seen as a way to show the public what was happening and how difficult it was to plug the well, but instead became a view into how industry and the government was failing."

Gibbs said that President Obama's decision to open up offshore areas that had never been opened before is one that

should get some credit. "Even though the OCS Plan was revised in December, you have a President who has made the tough political decision to open these areas once, and that is important," said Gibbs.

While he doesn't think a lot of legislation will make it to the President's desk in the next two years, Gibbs said he thinks a comprehensive energy bill stands a good chance of passing in this current economic environment."

Gibbs concluded by stating that while oil and gas exploration carries some form of risk, that doesn't change the growing demand for energy both at home and abroad. "I believe that government and industry can put into place a structure that ensures safety, effective response, and containment should an accident occur. There is a path forward," he said.

KIMBERLY STRASSEL

One of the most popular speakers of the annual meeting was Kimberly Strassel, a member of the Wall Street Journal Editorial Board and author of the weekly column Potomac Watch.

She drew upon her experience growing up in the Pacific Northwest where she witnessed the timber industry be strangled by government regulation and observed its impact upon the communities of that region. Parallels were drawn between that experience and the outcomes of EPA

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Kimberly Strassel

NOIA's mission is to secure reliable access to the nation's valuable offshore energy resources in order that they may be developed, produced and supplied in an environmentally responsible manner.



The Honorable William Reilly



Congressman Steve Scalise
(R-LA)

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regulatory actions, as well as the impact of the moratorium on the Gulf Coast region.

Strassel said she believes there are many opponents of the industry that would like to see the same kind of impacts to the oil and gas industry in the Gulf of Mexico that were seen in the timber industry of the Pacific Northwest.

She also spoke about the challenges facing the industry in the wake of the Macondo incident and encouraged the industry to remain actively engaged in having their voice heard regarding regulatory and legislative actions.

THE HONORABLE WILLIAM REILLY

The Honorable William Reilly, co-chair of the President's Oil Spill Commission addressed the membership at length to discuss the conclusions and recommendations of their recently completed report.

Although Reilly had some pointed criticisms of the companies involved in the Macondo accident and of the industry generally, he also admitted that the government's oversight was lacking in several key ways.

That said, Reilly acknowledged that offshore energy is vital to the nation and that we must find ways to move ahead safely.

Reilly also suggested that the United States could further increase protection of our oceans by assimilating the lessons learned from Macondo and "exporting" them via development treaties with countries such as Cuba, Mexico, Canada and the Arctic nations.

Reilly encouraged industry to use the Macondo tragedy as a learning opportunity, citing companies like Exxon that recovered from the Valdez spill to now represent a gold standard in safety.

CONGRESSMAN STEVE SCALISE (R-LA)

Citing the impact of record high gas prices on consumers and businesses in his home state of Louisiana, Congressman Steve Scalise said that Congress must act quickly to enact a national energy policy that will increase the supply of oil, explore alternative energy solutions, and lower gas prices.

An adamant supporter of lifting the moratoria on oil and gas leasing in the Outer Continental Shelf (OCS), Scalise said his is focused on decreasing our dependence on foreign nations for energy, and increasing domestic oil supply.

Scalise said he will continue to work to reverse the backward policies that prevent us from utilizing our nation's vast natural resources. "Even with all of the available resources right here in our own country, America continues to import billions of barrels of oil each year from foreign countries," he said.

While Scalise said he supports the pursuit of alternative sources of energy, he also stressed that American families need a strong national energy policy today that explores the existing oil and gas reserves we have here in America and off our nation's coast.

VIRGINIA GOVERNOR BOB MCDONNELL

Virginia Governor Bob McDonnell said he is leading his state to move quickly to be-

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come the “Energy Capitol of the East Coast.”

McDonnell told the NIOA membership that he has been working vigorously to push legislation through the state to open up Virginia’s waters in order to become the first state to access the Atlantic outer continental shelf’s energy resources.

The Governor touted his “all of the above” energy policy while noting that legislation recently passed in the state calls for 80 percent of Virginia’s royalty revenues from offshore exploration to go towards investing in renewable resources-- that includes proposing wind farms off the Virginia coast.

McDonnell was also very supportive of re-starting lease sale 220. Seismic studies estimate a minimum of 130 billion barrels of oil and 1.9 trillion cubic feet of natural gas lie in Federal waters offshore Virginia, and the the Governor said those resources have the potential to bring \$8 billion in capital investments and thousands of jobs to Virginia. However, he also noted the need for better information, pointing out that the seismic studies are at least 20 years old.

The Governor highlighted that the state has solid bi-partisan support for oil, natural gas and wind development off its coast and that he is hopeful the legislation just passed out of the U.S. House Natural Resources Committee will pave the way to get the sale of area 220 up and moving forward again.

BRIAN WESBURY

NOIA Members truly enjoyed hearing from Chief Economist Brian Wesbury and his argument that ‘It’s Still Not As Bad As You Think.’

Wesbury discussed the current panic we are seeing in response to the Deepwater Horizon tragedy, what he termed an ‘economic hypochondria.’ He then explained how this panic can cause many to believe that capitalism itself is failing. In any society, however, accidents happen, and will continue to happen, said Wesbury.

“There are both highs and lows in our economy, and though we may be in a low right now, things aren’t as bad as they seem and we will eventually be on our way up again,” Wesbury said.

GENERAL SESSIONS

LEGAL PANEL: “POST MACONDO - A NEW LEGAL FRONTIER?”

As government regulators and industry attempt to define and understand the “new normal” in the post-Macondo world, it is evident that one of the biggest changes will be the legal arena. There is heightened awareness that many laws, including the Marine Mammal Protection Act (MMPA), the Endangered Species Act (ESA) and the National Environmental Policy Act (NEPA) will be used to shape the future of oil and gas development in the Gulf of Mexico.

The members of the panel presented their views on the future. The panel consisted of attorneys with decades of experience both in energy related litigation and energy and natural resources policy.

Jack Haugrud is currently the Deputy Solicitor for Energy & Mineral Resources with the United States Department of the

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Governor Bob McDonnell
(VA)



Brian Wesbury

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(L-R) Gordon Arbuckle, David L. Bernhardt, Tom Campbell and Jack Haugrud

Interior. He outlined the various laws with which BOEMRE and the Department must comply and briefly mentioned the on going litigation concerning the Gulf of Mexico resulting from the Macondo accident.

Gordon Arbuckle of Patton Boggs, LLP, discussed the importance of getting the industry back to work. He further discussed the possible ramifications of the Oil Pollution Act of 1990, the use of the Oil Spill Liability Fund and the compensation scheme for those injured as a result of a spill. He also shared his views on various legislative proposals pending before Congress.

David L. Bernhardt, shareholder Brownstein, Hyatt Farber Schrek, LLP and former Solicitor for the Department of the Interior, provided insight on the use of NEPA and the ESA as a litigation tool. He also opined that lessons learned from on-shore development in the West will likely be the template for the Gulf of Mexico.

Tom Campbell is a partner of the Pillsbury Law firm and the leader of the firm's Crisis Management multidisciplinary team. He discussed the use of the MMPA and its potential use in the Gulf of Mexico. He also compared the damage assessment process used following the Exxon Valdez spill and how it is different from the current natural resource damage assessment being conducted in the Gulf of Mexico

2011 SAFETY IN SEAS AWARD PRESENTATION

Rick Martin of Compass Publications awarded Bristow Group the 2011 National Ocean Industries Association Safety in Seas Award, recognizing their outstanding contribution to the safety of life offshore for energy workers through their "Target Zero" program of training and safety tracking.

Bill Chiles, Bristow's President and CEO, was joined by Christopher Bond and Jon Stripling in accepting the award.

Bristow's award-winning nomination was selected by a blue-ribbon panel of judges from the U.S. Coast Guard, the National Academy of Science's Marine Board, and a former senior regulatory official with the Minerals Management Service. "Target Zero" is a comprehensive cultural and training system that seeks

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Representatives of Bristow received the 2011 Safety in Seas Award for their "Target Zero" program. (L-R) Rick Martin of Compass Publications, William Reilly, Co-Chair of the National Commission on the BP Oil Spill, and Christopher Bond, Bill Chiles and Jon Stripling of Bristow.

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to achieve zero accidents, zero harm to people and zero harm to the environment across Bristow's operations.

Building on statistical data that indicated human error contributed to four out of five accidents or incidents, Bristow's "Target Zero" has reduced the rate of air accidents in the Gulf of Mexico from two reportable air accidents and one air incident in 2007 to zero accidents or incidents, with similar results in subsequent years. Bristow has achieved a 47 percent improvement year on year in Lost Work-time Cases, with overall improvement from 2007 through 2009 of 88 percent.

When it comes to the environment, Bristow's "Target Zero" has maintained a record of zero environmental incidents and has stepped up pro-active efforts to ensure this stays constant.

LESSONS LEARNED: ADVANCING GLOBAL DEEPWATER CAPABILITIES

Richard Morrison, Vice President of Global Deepwater Response, BP, spoke on the company's commitment to sharing learnings globally to help prevent an accident on the magnitude of Macondo from ever happening again.

In addition to direct experiences with the Deepwater Horizon incident and response, BP has incorporated into its leanings, findings of the Deep Water Horizon (DWH) Joint Investigation Board (BOEMRE & USCG), U.S. Chemical Safety Board National Academy of Engineering, Montara Commission European Commission on Off-shore Safety, API and Joint Industry Task Forces, the Presidential Oil Spill Commission, and its own internal investigation.

Morrison said that BP acquired unique knowledge and experience across the following five key areas: prevention and drilling safety, containment, relief wells, spill response and crisis management. BP is continuing to develop capabilities across these five areas with a focus on technology innovation, further enhanced standards in drilling safety, ensuing inventory of response equipment and consumables in global BP deepwater basins, and sharing their lessons learned around the world.

COMMITTEE MEETINGS

PUBLIC AFFAIRS & EDUCATION COMMITTEE (PAEC)

POST-MACONDO: MEETING THE CRISIS MANAGEMENT & COMMUNICATIONS CHALLENGE

Using lessons learned from the Gulf oil spill, Kirk Sherr, President of Regester Larkin Energy Inc. North America delivered a presentation on crisis management and communications challenges.

Sherr explained how crisis management is a special challenge of energy companies, and offered consequences of getting crisis management wrong. He covered the fundamentals of good crisis management, offered critical success factors for big companies versus mid and small sized companies and examined behavioral pitfalls to avoid as well as best practices.

"In the end," Sherr said, "no amount of money will make up for a bad plan – or no plan – and poor execution." Most importantly, when faced with a crisis, "tell it all, tell it fast, and tell it truthfully," said Sherr. "Never think it will not or cannot happen to you."



Richard Morrison



Kirk Sherr

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THE HEALTH, SAFETY, SECURITY AND ENVIRONMENT COMMITTEE

SAFETY IN SEAS PROJECT REVIEW

The Health, Safety, Security and Environment Committee (HSSE) met in working session to review the developments of the last year and talk about the year ahead.

Chairman Dick Alario of Key Energy convened the session and invited Randall Luthi and Michael Kearns to review the work of the past year by the Joint Industry Task Forces. Formed in the aftermath of the spill, these four combined task forces brought together companies and trade associations to assess equipment, procedures, subsea containment and oil spill response. Their recommendations have informed the work of the federal government's agencies, the Oil Spill Commission, and the legislative inquiries on Capitol Hill. These groups will continue to finalize their reports over the coming months.

Following this review, Chairman Alario turned the discussion from ongoing HSSE efforts by industry to developing ones.

First, Don Jacobsen of Noble provided a brief overview of two new initiatives. Jacobsen has been appointed to both the Department of the Interior's Offshore Energy Safety Committee and to the industry's Offshore Energy Safety Center. Jacobsen sketched out the initial steps these two groups will take in furthering the development of safety practices for offshore activity.

Second, and in conclusion, the HSSE Committee invited NOIA members to offer guidance on whether a new task force or safety initiative, focused specifically on the service and supply sector, ought to be undertaken. The Bureau of Ocean Energy Management, Regulation and Enforcement has indicated that it will be developing plans for the direct regulation of these types of contractors, rather than regulating via the producer alone. This might raise a need for some direct action by NOIA to get ahead of the government's suggested regulations.

No clear decision was made in this HSSE Committee session, but we will continue to evaluate the need for such an initiative.



(L-R) Michael Kearns, NOIA; Randall Luthi, NOIA; Dick Alario, Key Energy and Don Jacobsen, Noble

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GOVERNMENT AFFAIRS COMMITTEE CONGRESSIONAL STAFF PANEL

NOIA Members had the opportunity to hear from five of the most consequential and influential staff members in Congress during the Government Affairs Congressional Staff Panel.

The panel consisted of Tim Charters, Majority Staff Director of the Energy and Minerals Subcommittee of the House Natural Resources Committee; Linda Lance, Majority Counsel for the Senate Energy and Natural Resources Committee; Kevin Simpson, Minority Counsel for the Senate Energy and Natural Resources Committee; Liz Craddock, Counsel to Senator Mary Landrieu (D-LA); and Bryan Zumwalt, Counsel to Senator David Vitter (R-LA). Luke Johnson, NOIA Director of Congressional and Regulatory Affairs served as moderator for the panel discussion.

Each of the congressional staff reported on their outlook for the 112th Congress and their legislative priorities. Questions posed and discussed by the panel included legislation to expand access to the

OCS, legislating lease sales, reforms to the permitting process, legislation to extend leases in the wake of the moratorium, the prospective 2012-2017 Five Year Plan, and the issue of non-producing leases.

TECHNOLOGY POLICY COMMITTEE WELL CONTAINMENT

The Technology Policy Committee chose to continue with the theme of Well Containment, which started at the Fall 2010 Meeting with a presentation from the Marine Well Containment Company (MWCC).

This time around, they had presentations from both Helix Energy Solutions Group, delivered by Vice President of Engineering, Majid Al-Sharif, and from SSP Offshore, delivered by CEO Paul Illingworth.

Both presentations focused on the need for effective well containment solutions in the Gulf, and the innovative technologies vtheir companies are bringing to the table.

This was well received by members, as containment is an issue that will continue to be at the forefront of our industry.

(L-R) Luke Johnson of NOIA; Tim Charters, Majority Staff Director of the Energy and Minerals Subcommittee of the House Natural Resources Committee; Linda Lance, Majority Counsel for the Senate Energy and Natural Resources Committee; Kevin Simpson, Minority Counsel for the Senate Energy and Natural Resources Committee; Liz Craddock, Counsel to Senator Mary Landrieu (D-LA); and Bryan Zumwalt, Counsel to Senator David Vitter (R-LA).

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BOARD OF DIRECTORS

The meeting of the Board of Directors was called to order by Burt Adams, CEO of OGRS, LLC and outgoing NOIA Chairman.

Len Paton, managing partner, PPHB and NOIA Treasurer, presented the financial report and summarized the report of the independent audit firm that had been discussed earlier in the meeting of the Finance Committee.

NOIA president, Randall Luthi summarized the key aspects of NOIA's policy work during the past year. The NOIA Political Action Committee (PAC) does more than help elect candidates who indicate a willingness to work with the oil and natural gas industry. It also earns NOIA, and the industry as a whole, broader respect in Washington. An association with a strong PAC demonstrates that it has a developed grass roots network, effective leadership, and a committed membership.

Nominating Committee Chairman, Jack Moore, presented a slate of members to be nominated to the Executive Committee and/or Board of Directors. The following were unanimously elected to join those currently serving:

EXECUTIVE COMMITTEE

Dick Alario

Chairman, President, CEO
Key Energy Services

John Reed

CEO
Global Industries Ltd.

BOARD OF DIRECTORS

William Dooley

Vice President
Operations
ENI Petroleum

Lynne Hackedorn

Vice President
Government/Public Affairs & Land
Cobalt International Energy

Matt McCarroll

President & CEO
Dynamic Offshore Resources, LLC

Court Ramsay

President
Aries Marine Corporation

Steven Roll

Vice President
Business Development & Operational Strategy
McDermott International

John Rynd

President & CEO
Hercules Offshore, Inc.

Warner Williams

Vice President
GOM Business Unit
Chevron North America E&P

The following were elected as officers of the association:

OFFICERS

Chairman

Jack Moore
President & CEO
Cameron

NOIA STAFF

Randall Luthi
President

Emily Toner
Assistant to the President

Franki Stuntz
*Chief Administrative
Officer & Director,
Member Development*

Ann Chapman
Director, Conferences

Michael Kearns
Director, External Affairs

Nicolette Nye
*Director, Public Affairs &
Editor, Washington Report*

Luke Johnson
*Director, Congressional &
Regulatory Affairs*

D'Anne Mica
*Director, Government &
Political Affairs*

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Vice Chairman

William Chiles
President & CEO
Bristow Inc.

Secretary

Douglas Polk
Vice President Industry Affairs
Vallourec & Mannesmann USA

Treasurer

Len Paton
Managing Partner
PPHB

President

Randall Luthi

wherever possible to those in the industry whom they considered to be viable candidates for NOIA membership.

If you know of anyone who should be encouraged to join with us in our work on behalf of the industry, please contact them, or call NOIA Director of Member Development, Franki Stuntz, for any assistance you may need.

FINANCE COMMITTEE

The Finance Committee, chaired by NOIA Treasurer, Len Paton, Managing Partner PPHB, reviewed the audited financial statements for calendar year 2010.

MEMBERSHIP COMMITTEE

The meeting of the Membership Committee was chaired by Scott Cameron, Vice President Deepwater Exploration & Appraisal, Shell Energy Resources Company.

The association received an unqualified clean audit opinion. The committee further reviewed a report from Treasurer Paton which detailed the association's revenue and expenditures in 2010 and the budgeted expenses for 2011.

Cameron made special note of the fact that during the past year NOIA has welcomed 37 new members into the association.

The committee discussed member development initiatives and reviewed a list of prospective members.

As a result of excellent member participation in the meeting, the list was expanded significantly with a number of members volunteering to contact their peers within the prospective member companies.

Cameron encouraged everyone to consider themselves to be part of the Membership Committee and to reach out

Copies of all financial statements and reports are available to all NOIA members and can be obtained by calling Franki Stuntz at the NOIA office at (202) 347-6900.

Copies of all presentations mentioned in this report are available on the NOIA member website at www.noia.org.

NEXT MEETING

The NOIA Membership will next meet October 13-15 for the 2011 Fall Meeting at The Broadmoor in Colorado Springs, Colorado. We hope to see you there!

NOIA SPRING MEETING: APRIL 13-15 WASHINGTON, DC



Congressman Jeff Denham (R-CA) and NOIA Past Chairman Jay Collins, Oceaneering International



Scott Cameron and Penelope Brown, Shell Energy Resources Company and Jim Osborn, Global Industries



Darrell and Theresa Hollek, Anadarko Petroleum and Chris Orth, Tidewater



Deidre Reed, Global Industries; Kathy Cobb, Halliburton and Sandi Gresham, Heerema



Jim Litton, Litton Consulting Group; new members Roger and Evelyn Medvin, CORE Laboratories; Maggie and Richard Williams, Fugro Chance



Dave and Regina Sellers, Edison Chouest Offshore; Tarrol and Nolan Roberts, Cameron



Jerry Schlieff, Caryl and Al Reese, ATP Oil & Gas Corporation



Bill New, New Industries; Kevin and Maria McEvoy and Jay Collins, Oceaneering International; Quinn Hebert, Cal Dive International



Jim Wicklund, Carlsen Capital; NOIA Vice Chairman Bill Chiles, Bristow Inc.; Matt McCarroll, Dynamic Offshore Resources



Brian Reinsborough, Nexen Petroleum USA; Lynne Hackedorne, Cobalt International Energy; Jon Hrobsky, Brownstein Farber Hyatt Schreck; new member Mike Bell, Marubeni Oil & Gas USA



Kevin and Maria McEvoy, Oceaneering International; NOIA Past Chairman Dean Taylor, Tidewater; Bob Potter, FMC Technologies



NOIA Past Chairman Larry Dickerson, Diamond Offshore Drilling; Jim Wicklund, Carlsen Capital; Rob Saltiel, Atwood Oceanics

NOIA SPRING MEETING: APRIL 13-15 WASHINGTON, DC



Cindy Taylor, Oil States International; Regan Wood, New Tech Companies; NOIA Past Chairman Larry Dickerson, Diamond Offshore Drilling; Marcella Donadio, Ernst and Young



Tom Moyers, Cameron; Marilyn and Rocky Becker, ExxonMobil Exploration Company; new member Doug Campbell, ProSep, Inc.



Congressman Steve Scalise (R-LA) and NOIA President Randall Luthi



Dan Houser, Steve Roll and Bruce Hatton, McDermott International; Congressman Steve Scalise (R-LA)



Ronnie Murphy, United Vision Logistics and Cindy Taylor, Oil States International



NOIA Past Chairman Boysie Bollinger, Bollinger Shipyards; NOIA Vice Chairman Bill Chiles, Bristow Inc.; NOIA Past Chairman Nathan Avery, GH Services



Stuart Brightman, TETRA Technologies; NOIA Treasurer Len Paton, PPHB; NOIA Chairman, Jack Moore, Cameron



Warner Williams, Chevron North America E&P and Paul Danos, Danos & Curole Marine Contractors



Greg Rhodes, Subsea 7; Jane and John Ellis, Mustang Engineering



NOIA Past Chairman Nathan Avery, Sally Rose Larson and Sally Avery, GH Services



Mary and Bill Yost, Baker Hughes; Dave Welch, Stone Energy Corporation



Becky and Kenny Nelkin, Candy Fleet Corporation and Mitzi Alario, Laborde Marine LLC

NOIA SPRING MEETING: APRIL 13-15

WASHINGTON, DC



Jim Shugart, Era Helicopters; Linda and Charles Kendrick, Halliburton



Jamie Vasquez, W&T Offshore; new member Bobby Donnes, American Fire & Safety LLC



NOIA Secretary Doug Polk and Marie Polk, Vallourec & Mannesmann USA; Richard Clark, Deep Gulf Energy



George Foster, Foster Marketing Communications; Kevin Parks, VAM Drilling; Frank Lyon, Newpark Resources



Todd Hornbeck, Hornbeck Offshore Services; Greg Rhodes Subsea 7



Brian Miller, BP; Dave Welch, Stone Energy Corporation; Luke Johnson, NOIA