

**REMARKS AS PREPARED FOR BSEE DIRECTOR JAMES A. WATSON  
OFFSHORE SAFE LIFTING CONFERENCE  
JULY 16, 2013**

Good Morning. It's a pleasure to be speaking with you today. I want to thank the American Petroleum Institute for putting on this event and allowing me this opportunity to speak with you via this video teleconference.

As you most likely have already heard, it's with a heavy heart that I announced last week I will be leaving BSEE this summer to join the American Bureau of Shipping. I will miss BSEE dearly, though I leave knowing the Bureau is in good hands and going in the right direction. In the last two years BSEE has:

- Implemented the most aggressive offshore oil and gas regulatory reforms in the Nation's history following the Deepwater Horizon tragedy;

- Created an environment that allows for safe oil and gas exploration on the OCS, with the highest rig count in the Gulf of Mexico since 2009;

- Established a safety culture policy and completed the SEMS II rule; and

- Updated our oil spill response plans.

With all of these safety enhancements it is an exciting time to be working on the OCS. New technologies are being used to explore new frontier areas of the Gulf. Last year we issued 112 Deepwater New Well Permits, the most we have issued in over seven years. The increased activity throughout the OCS has made it more important than ever to continue to focus on a culture of safety.

All of us working offshore have the same goal. Safety at all levels, at all times. This isn't just a slogan for BSEE to put on bumper stickers. This is the guiding principal that drives every decision we make. Safety must come first.

It was this focus on safety that led to the development of this conference. In 2009 there were over 200 lifting incidents on the OCS resulting in more than 50 injuries. Those numbers were unacceptable, both to industry and to those of us with oversight responsibilities.

As a result the Minerals Management Service, in conjunction with the US Coast Guard, sent a letter to industry in April of 2009 asking everyone on the OCS to focus their efforts on improving lifting safety. Industry responded. One month later the Safe Lifting Committee held it's first kickoff meeting, and the first Safe Lifting Conference was held later that summer.

We appreciate this renewed focus on safety, and the improvements in reductions of incidents, but there is still much work to be done. It is more important than ever that industry stays engaged and focused on reducing lifting incidents.

The recently released 7<sup>th</sup> edition of lifting standards is a great example of the type of work that needs to continue. BSEE actively participated in the creation of these new standards, and we are currently evaluating them for incorporation into our regulations. Our participation in the development of these new standards is one illustration of our belief that safety is paramount and that industry and government must work together if we are to achieve our goal of zero accidents.

We believe in BSEE pursuing a hybrid approach to safety, one that is both flexible and strategic. There are times when BSEE needs to be prescriptive, such as the Drilling Safety Rule. However, there are also times when we believe in performance management, which is reflected in a comprehensive safety and environmental management program.

The human factor is one of the largest variables in safe offshore operations, including safe lifting operations, and the new SEMS II rule is an important step towards protecting workers and the environment from preventable accidents.

To improve safety and continue the development of a strong safety culture, we can't rely solely on deterrents. Shut-ins, INC's, and civil penalties are only one way to encourage the observance of all rules and regulations, but those things alone are not enough. Ultimately it is in all of our best interest to foster a strong safety culture and push each other to be better. We expect everyone in the lifting community, from top management to workers in the Gulf, to emphasize safety over all other competing priorities.

One of our goals with our newly finalized safety policy statement is to develop a set of guiding values that can lead your decision-making. The policy statement goes beyond a checklist approach, and recognizes that the human factor is the most critical element in offshore safety.

The policy statement establishes guiding values that should extend from the boardroom to the crane operators. A robust safety culture is the responsibility of everyone who works on the OCS. The human element is still the leading cause of lifting incidents and injuries, and there is much that can be done to adopt the values of our safety policy and reduce risk.

We want to collaborate with you on the best ways to continue to improve the safety culture on lifting operations, and there is no clearer example of how we want to move forward than the new SEMS II rule.

SEMS II builds on and enhances the original SEMS rule by calling for:

- Greater employee participation;
- Empowering field level personnel with safety management decisions; and
- Strengthening oversight with audits by accredited third parties.

As you work to implement SEMS II into your daily operations on the OCS, it is imperative that lifting safety is included in your plans. One way to do this is through a job safety analysis.

A thorough job safety analysis is an opportunity to examine prior incidents and look at the contributing factors. The analysis should look at human behavior, training, advance planning, and equipment. These are all contributing factors to incidents, and each factor should be examined through the lens of culture that puts safety first.

Another way to improve safety is through the development of certifications for crane operators. We would like to see industry take the lead on developing qualification criteria and training requirements for an industry run certification program. A certification program is one approach to addressing the human element, which is the biggest factor in lifting incidents.

However, we must also look at the equipment being used to ensure offshore workers are being provided safe technologies. Accidents can be prevented through the use of best available and safest technologies. One possible example is the use of boom cameras that have been shown to reduce risk in lifting operations.

Industry should identify best practices that can be shared across industry to respond to and correct safety risks. Whether it's through a new certification program or the development of new technologies, the point is that we expect you to come up with creative ways to prioritize safety and instill these values throughout your operations. If you prioritize safety above all else, accidents will be prevented and lives will be saved.

Working offshore involves risk, as everyone in the lifting community knows. At BSEE we aren't measuring our success by how many INC's are issued or the total amounts of civil penalties assessed within a given time.

We have to look comprehensively at safety and environmental protection. We measure our success by how well we prevent accidents and spills – how well we ensure Safety at All Levels, at All Times.

I challenge you to do the same.

Thank you for your time and attention.