

**Testimony of Erik Milito, Upstream Director
American Petroleum Institute
Before the Subcommittee on Energy and the Environment
Of the House Science and Technology Committee
June 23, 2010**

Good morning Chairman Baird, Ranking Member Inglis, and members of the subcommittee. Thank you for the opportunity to address deepwater technology research and development.

My name is Erik Milito. I am the upstream director for the American Petroleum Institute. API has more than 400 member companies, which represent all sectors of America's oil and natural gas industry. Our industry supports 9.2 million American jobs – including 170,000 in the Gulf of Mexico related to the offshore development business – and provides most of the energy America needs.

First, our prayers go out to the families who lost loved ones, to the workers who were injured, and to all of our neighbors in the Gulf affected by this tragic accident.

In testimony last month, Secretary Salazar said the offshore oil and natural gas industry “is a very highly regulated industry.” Indeed, offshore operators are subject to significant federal regulatory requirements, including 27 statutory authorities, 88 Code of Federal Regulations parts, and 24 significant approvals and permits

However, our industry's top priority is to provide energy in a safe, technologically sound and environmentally responsible manner, and we therefore take seriously our responsibility to work in cooperation with government to develop practices and equipment that improve the operational and regulatory process across the board. We, therefore, support the government's ongoing review of the incident and the existing systems in place and industry will take the necessary steps to prevent accidents like this from occurring again.

As further proof of our commitment, API has been the leader for nearly nine decades in developing voluntary industry standards that promote reliability and safety through proven engineering practices. API's Standards Program is accredited by the American National Standards Institute (ANSI), the authority on U.S. standards, and undergoes regular program audits to ensure it meets ANSI's *Essential Requirements*. API's standards are developed through a collaborative effort with industry experts, as well as the best and brightest technical experts from government, academia and other stakeholders.

API maintains more than 500 standards – recommended practices, specifications, codes, technical publications, reports and studies – that cover all aspects of the industry, including 240 focused on exploration and production activities. The standards are normally reviewed every five years to ensure they remain current, but some are reviewed more frequently based on need.

API's standards are frequently referenced in federal regulations because they are recognized to be industry best practices. MMS, for example, references 78 API standards in its offshore regulations. Overall, nearly 100 API standards are referenced in more than 270 citations by government agencies, including USEPA, the Department of Transportation and OSHA, in addition to MMS.

Complementing our standards program, API has a separate industry quality program. First established in 1924, the API Monogram Program provides for the consistent and reliable manufacture of

equipment and materials in accordance with our standards and recommended practices. The program grants manufacturing licenses for more than 70 API equipment specifications.

The Monogram Program is governed by consensus committees consisting of technical experts from industry, government, academia and other stakeholders. More than 5,000 licenses have been issued to some 3,000 facilities in 70 countries to companies ranging from small firms to multinational corporations making a wide range of equipment.

The industry is committed to a goal of zero fatalities, zero injuries and zero incidents. It has already taken steps to improve safety and environmental performance in the aftermath of the Gulf incident. Immediately following the incident, we assembled the world's leading experts to conduct a top-to-bottom review of offshore drilling procedures, from operations to emergency response. Two industry task forces that are addressing issues related to offshore equipment and offshore operating practices delivered recommendations to the Interior Department last month. Two other task forces, to address subsea well control and oil spill response, have also begun their work.

We intend to use any findings from the incident investigations to continue to improve the technologies and practices to achieve safe and environmentally sound operations. As part of this process, we will work to develop new API standards and revise and adapt existing API standards to raise the bar of performance to a higher level.

We look forward to providing constructive input as this committee, the Congress and the Administration consider changes to existing policy.

This concludes my statement, Mr. Chairman. I welcome questions from you and your colleagues. Thank you.

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