

June 14, 2010

To All Interested Parties:

As the Founding Director of the Minerals Management Service (MMS), our current path and the political and philosophical arguments in the media trouble me.

The problem regarding the Deepwater Horizon explosion began in 1999. During that year, LSU submitted an unsolicited proposal to MMS to study and make safety recommendations for oil drilling at depths of 5,000 feet and below. Drilling at that depth requires different engineering, as the pressure per square inch is 2,000lbs, a ton per square inch. The political decision made was to ignore LSU's proposal.

By 2001, MMS professionals developed their own set of safety regulations for deep-water drilling. Again, the political decision was to ignore these safety recommendations. In 2009, with the same safety recommendations on the table, the political decision was to do nothing.

Every deep-water rig that BP possesses throughout the world, *except* for the United States, is equipped with an acoustic safety device that would have prevented the Deepwater Horizon explosion. Why? The reason is that it is not required by the United States government (USG MMS).

After the Deepwater Horizon explosion, MMS inspected sixteen other deep-water drilling platforms in the Gulf of Mexico and it was determined that those platforms all contained the acoustic equipment that would have prevented this blowout. The cost of this acoustic safety device is \$450K.

BP is leasing from MMS/USG's Outer Continental Shelf. The USG should cancel BP's right to operate on this lease forthwith and officially put the United States Coast Guard in charge, which is the agency with full authority.

The US Coast Guard should create, more fully, a war room with all affected USG agencies such as the Navy, Corp of Engineers, EPA, Fish and Wildlife etc., along with schools of petroleum engineering and private industry. Every suggestion should be fully vetted before making a decision and given time limits for a response; the US Coast Guard will then make the final decision in consultation with its war room group.

BP's average net profits over the last three years exceeded \$20 billion annually. As of December 31, 2009, BP's cash was approximately \$9 billion. BP should create a fund of \$10 billion for the affected areas of the oil spill in Louisiana. Through the Louisiana State Bond Commission, bonds would be sold with BP's guarantee. Initially, BP would place \$2 billion into the Fund and guarantee the principal and interest of the

bonds with letters of credit. This would require the U.S. Treasury to allow a lifting of the state's bond ceiling to accommodate this large of a municipal bond.

Proceeds of the fund would be used to address the environmental and economic devastation from the disaster. Additionally, an Environmental Impact Statement (EIS) and an economic impact statement detailing these needs must be included.

Further, the Louisiana Congressional Delegation should immediately move to have the office of the National Institute of Environmental Health Sciences (NIEHS) open an office in New Orleans, shifting the headquarters from Raleigh/Durham. NIEHS has an annual federal appropriation of \$720 million. NIEHS's mandate is to investigate health effects of existing products. Oil dispersant is covered under its charter. NIEHS does NOT handle research and development; therefore this would be out sourced to the local universities.

The USG should not be involved with BP's decisions regarding its dividends. Perennial boycotters have called for a boycott of BP. How will BP pay for the damage that they have inflicted upon our country? Over 20 years after the Exxon Valdez incident, where are the citizens of Alaska? The U.S. Supreme Court reversed the lower courts \$5 Billion dollar judgment. It would behoove BP to accept a \$10 Billion dollar fund as detailed above.

This would not affect BP's cash flow or their dividends. It would also toll the legal onslaught. The Louisianans impacted by the oil spill cannot wait for the legal process to take its course.

This funding could be completed in 120 days.

Thanking you in advance,

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