



BPXP Plea Agreement

2013

Annual Progress Report

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Preface

On the evening of April 20, 2010, a gas release and subsequent explosion occurred on the Deepwater Horizon drilling rig working on the Macondo exploration well for BP in the Gulf of Mexico. Eleven people died as a result of the accident and others were injured. We deeply regret this loss of life and recognize the tremendous loss suffered by the families, friends and co-workers of those who died.

The accident involved a well integrity failure, followed by a loss of hydrostatic control of the well. This was followed by a failure to control the flow from the well with the blowout preventer (BOP) equipment, which allowed the release and subsequent ignition of hydrocarbons. Ultimately, the BOP emergency functions failed to seal the well after the initial explosions. Multiple investigations and evidence presented in federal court have shown the accident was the result of multiple causes involving multiple parties.

We regret the impacts on the environment and livelihoods of those in the communities affected. We have, and continue to, put in place measures to help ensure it does not happen again. BP is committed to sharing what we have learned to advance the capabilities and practices that enhance safety in our company and the deepwater industry.

On November 15, 2012, BP reached an agreement with the US Government to resolve all federal criminal claims arising out of the incident. On January 29, 2013, the Plea Agreement was entered and BP Exploration & Production (BXP) plead guilty to federal crimes. The Plea Agreement can be found at:

<http://www.justice.gov/iso/opa/resources/43320121115143613990027.pdf>

As required by the Plea Agreement the following document summarizes the efforts that BXP have made to comply with the obligations of Paragraphs 5 through 31 of the Remedial Order (Exhibit B) of the Plea Agreement. Each of the Remedial Order obligations in 2013 were completed by BXP on time and were in compliance with the requirements.

Paragraph 23 of the Remedial Order requires BXP to create a public website where the following information must be posted:

- lessons learned from the Deepwater Horizon incident;
- annual progress reports summarizing BXP's compliance with Paragraphs 5 through 31 of the Remedial Order;
- annual summaries of recordable safety incidents, days away from work, hydrocarbon spills and the volume thereof; and
- an annual list of all incidents of non-compliance (INC) with the Bureau of Safety and Environmental Enforcement (BSEE) or the Bureau of Ocean Energy Management (BOEM) regulations or probation for which the defendant is cited, including corrective actions taken and penalties assessed.

The BXP public website is found at the following link:

<http://www.bxpcompliance.com>



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**Annual Progress Report
Safety and Environmental Management
Systems (SEMS) Audits
(Paragraphs 5-8)**

Safety and Environmental Management Systems (SEMS) Audits

BPXP utilizes Safety and Environmental Management System (SEMS) audits to assess conformance with its operating management system in the areas of health, safety and the environment. These audits are conducted by independent third parties following the “Third Party SEMS Auditing and Certification of Deepwater Operations Requirements” as specified by the Center for Offshore Safety (COS). To maintain the efficacy of the SEMS auditing program, BPXP established new requirements for its Drilling Rig Contractors to join the COS which prescribes SEMS auditing for its members.

In 2013, BPXP reviewed its portfolio of Platforms, Platform Rigs and contracted Deepwater Drilling Rigs and certified to the Bureau of Safety and Environmental Enforcement (BSEE) the following:

- The list of BPXP Platforms and Platform Rigs;
- The list of BPXP contracted Deepwater Drilling Rigs;
- The list of BPXP Drilling Rig Contractors; and
- The remaining term lengths for BPXP Drilling Rig contracts.

This information was used to inform BPXP’s SEMS Audit Schedule and identify which Drilling Rig Contractors were required to join the COS.

Letters were sent to existing Drilling Rig Contractors which requested they join the COS or confirm membership in the organization. BPXP confirmed through this process that all existing contractors are members of the COS. Additionally, BPXP revised the Gulf of Mexico (GoM) Standard Agreement for Drilling Rigs to require that new Drilling Rig Contractors join the COS.

In 2013, a SEMS audit of the Atlantis Platform and the West Capricorn Drilling Rig was completed per the SEMS Audits Schedule. The audit was conducted during the period May 29 to June 28 at BPXP’s Houston office, the Drilling Rig Contractor’s Houston office and the offshore facilities (Atlantis Platform and West Capricorn Drilling Rig). An Audit Plan, a final Audit Report and Corrective Action Plan were submitted to BSEE per the required timelines.

A change to the SEMS Audit Schedule was made in the fourth quarter of 2013 to switch the Thunder Horse Platform Rig SEMS audit in 2014 to 2016 and the Na Kika Platform SEMS audit in 2016 to 2014. BPXP also expects to add one Deepwater Drilling Rig (DS-4) in the latter half of 2014, but this will not change the proposed 2014 SEMS Audit Schedule. The DS-4 Drilling Rig Contractor is already a member of the COS. For 2014, two facilities audits have been selected for audit – the BPXP operated Na Kika Platform and the DS-3 Drilling Rig.

5-8.1 Measures Taken to Comply

In 2013, BPXP's efforts to enhance its SEMS Audit program included:

1. A review of BPXP's asset portfolio to identify safety and environmental risks and to prescribe an eight year SEMS Audit Schedule.
2. Working with the COS to encourage SEMS Audits of deepwater operations and develop standardized audit tools and programs.
3. Confirmation of COS membership for BPXP Deepwater Drilling Rig Contractors, and revision of BPXP contracts to require COS membership for new Deepwater Drilling Rigs.
4. Revisions to the BPXP SEMS Program to address new requirements.
5. Completion of SEMS audits for BPXP's Atlantis Platform and the West Capricorn Drilling Rig, including visits to BPXP's and the Drilling Rig Contractor's Office locations.
6. Submission of SEMS Audit documentation (Audit Plan, Audit Report and Corrective Action Plan) per required schedules to BSEE.

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**Annual Progress Report
Third Party Verification of Blowout
Preventers (BOP)
(Paragraph 9)**

Third Party Verification of Blowout Preventers (BOP)

BPXP has developed and implemented processes to sustain enhanced operational oversight of the testing and maintenance of subsea blowout preventers (BOP). Each time BPXP or its contractors initially latch a subsea BOP at the well site and each time the BOP is brought to the surface after it has been latched to a well, BPXP or its contractors, through a third party, verifies that all required surface testing and maintenance of the BOP were performed in accordance with the applicable API standard and manufacturer recommendations.

9.1 Measures Taken to Comply

Multiple processes, tools, and techniques have been deployed to sustain enhanced rigor and additional oversight to the BOP testing and maintenance activities. These activities include, but are not limited to:

- A revised process and associated checklist to verify that the relevant Applications for Permit to Drill (APD) include the requirement for Third Party Verification.
- A BOP register, which identifies each time a subsea BOP was unlatched and brought to surface after being latched to a well. This register indicates the date a BOP was latched at the well site, the date the BOP was unlatched and brought to the surface, the date(s) the verification occurred, identification of the third party verifier, a link to a copy of the verification letters and additional pertinent information.
- An electronic storage location for verification letters and BOP documentation.

9.2 Additional Information

9.2.1 Deepwater Drilling Rigs with Subsea BOPs

During the 2013 calendar year, BPXP operated nine subsea BOP equipped rigs in the Gulf of Mexico (GoM).

9.2.2 Third Party Verifiers

The BOP register contains each of the Drilling Rigs and has effectively tracked the required BOP activities. BPXP interchangeably utilize two third party verifiers to provide verification of surface testing and maintenance for each time BPXP or its contractors initially latch a subsea BOP at the well site and each time the subsea BOP is brought to the surface after it has been latched to a well. This verification confirms that such testing and maintenance are in accordance with manufacturer recommendations and API Recommended Practice or API Standard 53, as applicable.



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**Annual Progress Report
Deepwater Well Control Competency
Assessments
(Paragraph 10)**

Deepwater Well Control Competency Assessments

A Well Control Competency Assessment (WCCA) Plan that exceeds the competency requirements of 30 CFR § 250.1500-1510 (Subpart O) was developed and implemented for Deepwater Well Control Personnel in BPXP. The WCCA Plan implements an enhanced competency framework and more focused Deepwater Well Control training.

10.1 Measures Taken to Comply

The WCCA Plan was developed and submitted to the Bureau of Safety and Environmental Enforcement (BSEE) on July 26, 2013. BPXP re-submitted the plan on October 23, 2013, effectively addressing BSEE personnel comments and questions. The WCCA Plan includes, but is not limited to:

1. Identifying skill sets and other competencies needed to recognize, evaluate, respond, and remediate well control events.
2. Providing for the training and assessment of skills and competencies, including those associated with interfacing with Drilling Rig Contractors as provided in Well Control bridging documents.
3. Undertaking appropriate corrective actions for personnel who do not demonstrate the identified skills or competencies.

The WCCA Plan requires enhanced assessments for BPXP Well Control Personnel. During 2013, 21 BPXP Well Control Personnel were assessed against the WCCA Plan. Twenty (20) of the assessed individuals met the established requirements. Prior to implementation of the WCCA Plan, relevant Well Control Personnel previously had been assessed under the BPXP assessment program commenced in 2011 as a voluntary action commitment to BSEE.

In addition to the above assessments, the WCCA Plan includes a focused "Well Control Bundle" of training. This Well Control Bundle contains topics such as well control, pressure testing, well control bridging documents, drilling well control manual, and responsibilities and requirements for well monitoring. The Well Control Bundle training began late in 2013. By year end 2013, four BPXP Well Control Personnel have attended the course. Overall attendance will increase in 2014 with several courses scheduled.

10.2 Additional Information

10.2.1 Subpart O - IADC WellCAP Training

The International Association of Drilling Contractors (IADC) WellCAP program is adaptive and changes to meet industry specific needs. The IADC WellCAP program provides the fundamental knowledge and skills for well control personnel, resulting in a comprehensive organizational well control program. BPXP Well Control Personnel have continued to attend IADC WellCAP Supervisory Training. During 2013, more than 45 BPXP Well Control Personnel attended a) Drilling Surface and Subsea and/or b) Well Servicing training sessions.

10.2.2 Additional Training Capability

As a separate effort from the WCCA Plan requirements, BPXP purchased and implemented a state-of-the-art deepwater well control simulator. The well control simulator provides applied hands-on training for attendees and provides training capability ancillary to the WCCA Plan.

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Annual Progress Report Cement Design and Competency (Paragraph 11)

Cement Design and Competency

BPXP developed a procedure that establishes the framework for screening and selecting Cementing Technical Specialist candidates. This procedure outlines the necessary skills, qualifications, experience, and development for Cementing Technical Specialists as the qualified Subject Matter Expert (SME). Using this procedure to select Cementing Technical Specialists will help enhance the oversight on cement designs used for primary cementing of casing and exposed hydrocarbon zones. The selected Cementing Technical Specialists review and approve cement designs for Deepwater Drilling Operations.

11.1 Measures Taken to Comply

The *Procedure for Cementing Technical Specialist Candidate Screening* was developed and submitted to the Bureau of Safety and Environmental Enforcement (BSEE) on July 26, 2013, for approval. While the approval of the framework procedure is pending, BPXP had the Procedure evaluated by an independent third party cement expert. Although the third party cement expert found every element of the Procedure to be adequate or more than adequate, he recommended some improvements to the Procedure. The third party cement expert evaluation letter was submitted to BSEE on October 15, 2013, and BPXP was incorporating the recommendations in the Procedure at year end. In the interim, a process materially consistent with the *Procedure for Cementing Technical Specialist Candidate Screening* was utilized to assure the competency of the four existing Cementing Technical Specialists. All four of the Cementing Technical Specialists screened were found to be competent.

BPXP utilizes third party independent laboratories to test relevant cement slurry designs for primary cementing of casing and exposed hydrocarbon bearing zones relating to Deepwater Drilling Operations. A qualified Cementing Technical Specialist subsequently reviewed and approved more than 50 applicable cement designs and corresponding independent laboratory test results during the 2013 calendar year. These laboratory test results were included in the relevant Well Activity Reports (WAR) submitted to BSEE.

The name and title of the respective Cementing Technical Specialist who reviewed and approved the cement designs was included in each relevant Application for Permit to Drill (APD) for primary cementing of casing and exposed hydrocarbon-bearing zones related to the Deepwater Drilling Operation.



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**Annual Progress Report
Houston Monitoring Center
(Paragraph 12)**

Houston Monitoring Center

BPXP's Houston Monitoring Center (HMC) is located on the BP Westlake Campus in the Westlake 4 office building located at 200 Westlake Park Blvd, Houston, Texas 77079. The HMC started monitoring Drilling Rigs working offshore in the Gulf of Mexico in July of 2011. The HMC was designed to remotely monitor drilling data transmitted from offshore to onshore for drilling information, which includes pit volumes, pump pressures, flow rates out, gas units, and trip displacements. Its purpose is to provide additional monitoring for BPXP's Gulf of Mexico Deepwater Drilling Operations. It operates 24 hours a day, seven days a week throughout the year on rotational 12 hour shifts. There were no instances during the 2013 calendar year that the HMC was unavailable to monitor a Drilling Rig for more than eight consecutive hours.

12.1 Measures Taken to Comply

Multiple processes, tools, and techniques have been deployed in the maintenance of the HMC. These include, but are not limited to;

- maintenance of the real-time drilling monitoring center with the capability to monitor Well Control data such as active pit volume, pump pressure, flow rate out, gas units and trip displacement;
- continuous staffing of the HMC with relevant personnel who possess IADC WellCAP certification to monitor such data;
- a written contingency plan addressing appropriate steps and procedures when the operation of the HMC has been disrupted; and
- well control data backup and retention.

The HMC is staffed by several different roles including, but not limited to:

- Well Monitoring Specialists;
- HMC Well Site Leaders (WSL);
- Team Leader;
- Information Technology Specialists; and
- Software Application Support Specialists.

The HMC hosted numerous visitors during the Calendar Year 2013. These visitors included representatives from the U.S. Congress, U.S. Senate, Bureau of Safety & Environmental Enforcement (BSEE), U.S. Coast Guard (USCG), and state government officials.



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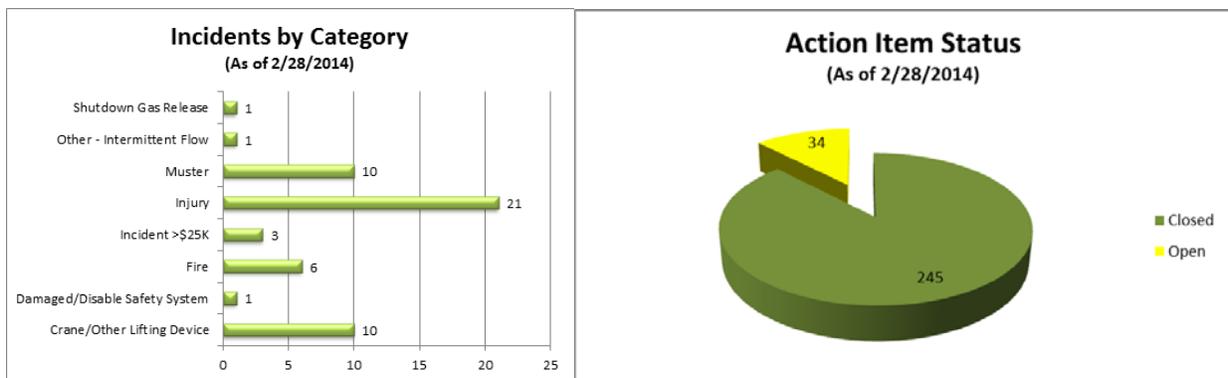
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**Annual Progress Report
Incident Reporting
(Paragraph 13)**

Incident Reporting

In 2013, BXPX revised its incident notification reporting and investigation practice to separately document incidents reported per the Bureau of Safety and Environmental Enforcement (BSEE) regulations in 30 CFR § 250.188. These incidents were reviewed quarterly to identify trends, address systemic issues and monitor closure of corrective and/or preventive actions.

In 2013, there were 53 incidents that were required to be reported to BSEE under 30 CFR § 250.188. The most common type of incident was injury, mostly to hands and fingers, followed by musters and cranes/lifting incidents. Following an analysis of the injuries sustained in 2013, BXPX has modified its safety focus for 2014 to include safety hazards related to the use of hand and power tools, tethered tools, working with gloves and working at heights. Most musters were the result of false indications and there were no personnel exposures during any of the muster events. Analysis of the cranes/lifting incidents has resulted in improvements to the training provided on beam clamps.



As a result of the 53 incidents, 279 actions were identified. Two hundred forty-five (245) of these actions have been closed and 34 remain open. Of the 34 actions that were open, one was overdue. The overdue action was closed within eight days of the due date in January 2014.

The completed actions resulted in 47 changes to the Safety and Environmental Management System (SEMS) plan; i.e. site-specific changes to BXPX or contractor safety and environmental work practices, systems and/or tools. The most frequent SEMS changes involved control of work improvements (17), mostly in the area of improved job risk assessments. Other common SEMS changes were in the areas of people development and accountability (11), dealing primarily with updates to roles and responsibilities, modifications to procedures and practices (11), and inspections and maintenance (5) involving new scheduled activities.

13.1 Measures Taken to Comply

In 2013, BXPX continued to improve its incident investigation processes to improve learning from incidents in order to prevent future harm to people, property and the environment. BXPX created a separate register of BSEE 30 CFR § 250.188 incidents to increase awareness of incidents such as injuries, fires, explosions, musters, gas releases, loss of well control, crane or other lifting incidents and property damage.

In addition, BXPX modified existing incident reporting processes and practices to ensure these incidents and their corresponding corrective and preventive actions were captured in the same register. The

revised practice was communicated to stakeholders working for or on behalf of BXP, to increase awareness, re-emphasize their roles and responsibilities for reporting all incidents and for implementing corrective/preventive actions. The incidents were reviewed quarterly to evaluate progress and assure proper classification, reporting, and timely closure of corrective/preventive actions. The incidents were also analysed to identify systemic trends and share learnings with similar facilities.

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**Annual Progress Report
Oil Spill Response Plan Training and
Exercises
(Paragraphs 14-19)**

Oil Spill Response Plan Training and Exercises

In 2013, BPXP maintained two crisis management centers; one in Westlake 4 office building located at 200 Westlake Park Blvd, Houston, Texas 77079, and the other located in Houma, Louisiana at the Houma Operations Learning Center (HOLC), 1597 Highway 311, Schreiver, Louisiana 70395-3237. BPXP utilized only the Houston Crisis Center for oil spill response training and exercises during the year.

The 2013 oil spill response training included position-specific training for all Incident Management Team (IMT) leadership roles and where applicable, covered the subject matter outlined in Incident Command System (ICS) 100, 200, 300 and Federal Emergency Management Agency Independent Study (FEMA IS) 700/800. The oil spill response exercises included notification drills for each BPXP 24-hour manned facility, activation of source control equipment suppliers such as Marine Well Containment Company (MWCC) and spill management team table top exercises to practice the scenarios in BPXP's Oil Spill Response Plan (OSRP). BPXP maintained a crisis management organization of six Crisis and Continuity Management/Emergency Response (C&CM/ER) advisors with responsibilities for maintaining readiness for crises. The BPXP Crisis Centers and crisis management staff were available from January 1, 2013, through December 31, 2013, to address emergencies and BPXP's ability to respond was not significantly reduced or impacted during the year.

BPXP periodically reviews its C&CM/ER program to assure compliance with legal and other requirements and to identify opportunities for continual improvement. In 2013, BPXP reviewed the existing crisis management organization and program and identified opportunities to enhance the awareness and capability of the IMT for oil spill response activity. Following the review, the C&CM/ER Team held multiple meetings with BPXP employees to communicate the crisis management organization and the minimum training and exercise requirements for positions in the IMT. The C&CM/ER Team also leveraged relationships with source control equipment suppliers and other industries to increase the number and variety of oil spill response training/exercise opportunities for the IMT staff. In addition to the internal awareness sessions, BPXP submitted descriptions of the crisis management organization and its oil spill response training and exercises offerings to the United States and invited the Bureau of Safety and Environmental Enforcement (BSEE) and the United States Coast Guard (USCG) to attend the training and exercises.

As a result of these activities, BPXP's crisis management organization and IMT leadership completed 100% of the training and exercises required to qualify them for their roles in the coming year. The USCG and BSEE participated in all BPXP oil spill response exercises and have already expressed interest for future exercises. BPXP will continue to communicate activities for crisis management to encourage feedback and increase transparency of its oil spill response operations in 2014.

14-19.1 Measures Taken to Comply

The C&CM/ER Team completed a review of the existing program and organization and identified improvements for oil spill response training and exercises. These improvements were documented in a Crisis Management Organization Training and Exercises Plan (CMOTEP), which was implemented in 2013.

The CMOTEP identifies the two BPXP Crisis Management Centers including addresses, Global Position System (GPS) location, site maps for each Crisis Center and a resources list of key resources that may be found at each location. In addition, the plan identifies the six C&CM/ER Advisors, their general qualifications, and their work schedule. The most recent submission of the BPXP Regional OSRP in Section 5 'Incident Command Post and Communications' also includes information on the BPXP Crisis Management Centers including addresses, GPS locations, site maps and a resource list of key resources that may be found at each location. In 2013, BPXP submitted to the United States a document describing the locations of the crisis management centers, its resources, number title and general qualification of staff and the staffing schedule. This document was submitted on June 15, 2013, prior to deadline of June 18, 2013. BPXP monitored for periods when no crisis management center was available. BPXP's crisis management organization identified zero periods in year 2013 when both Crisis Management Centers were unavailable.

The CMOTEP identifies the oil spill response training and exercises for IMT leadership roles. All training was completed per the CMOTEP as described below;

- BPXP trained members of its IMT leadership in position-specific training based on the BPXP Crisis and Continuity Management Organization, Training and Exercise Requirements for 2013. Where appropriate, this training included subject matter outlined in ICS 100, 200, 300 and FEMA IS 700/800 programs. In addition, each member in the specific positions participated in at least one table top oil spill response exercise during 2013 that involved the actual or simulated performance and coordination of response activities by several individuals and/or teams.
 - The training courses and exercises were planned, developed and conducted to emphasize BPXP's OSRP and Gulf of Mexico (GoM) specific Response Tactics Manual and for the purposes of continuing to build stronger capability in oil spill and source control response.
 - The 2013 Training and Exercise Plans built a foundation for the 2014 Training and Exercise Plan and continue to further the development of the Incident Management Team for BPXP in the GoM.
- BPXP personnel in IMT in specific positions participated in table top response exercises involving activation of MWCC to simulate mobilization of assets and personnel necessary to cap or cap/contain a subsea loss of well control.
- BPXP trained members of its IMT, who serve in a position of Operations Section Chief and Source Control Branch Director, in position-specific training based on the BPXP Crisis and Continuity Management Organization, Training and Exercise Requirements for 2013. Any IMT members that were unable to attend training or exercises were removed from the IMT roster for these positions.
 - The training was designed and conducted by MWCC. The course description and objectives of the training was also developed by MWCC. BPXP maintained its relationship and membership with MWCC for 2013 in its entirety.
- BPXP Oil Spill Response Coordinator (OSRC) and Deputy OSRC participated in MWCC and industry-initiated oil spill response drills during 2013. BPXP participated in four exercises with MWCC in which a source control was an objective. The dates of the exercises were January 15, 16 and October 1, 3 and 23. The OSRC participated in all of these exercises while the Deputy OSRC participated in the January 15 and 16 exercise. After Action Reports were completed on

each of the four exercises and these reports included a description of the exercise and the lessons learned.

- o The Preparedness for Response Exercises Program (PREP) Triennial Cycle Documentation Form documents the drill and what PREP requirements were completed and included in each After Action Report. In addition, the OSRC participated in an industry-initiated exercise including a source control objective with industry and MWCC in April and a Qualified Individual (QI) drill with industry in December 2013. In both events, BPXP OSRC recognized lessons learned from the exercises and documented these lessons following participation. The Deputy OSRC participated in an industry-initiated exercise including a source control objective with industry and Helix Well Containment Group in November 2013.

BPXP invited USCG and BSEE to attend the Table Top Oil Spill Response Exercises involving MWCC that were conducted on January 15, 16 and October 1, 3 and 23. In addition, the USCG and BSEE were provided the 2014 Training Plan and Exercise Schedule and notice was given to the USCG and BSEE of the schedule of Table Top Oil Spill/Source Control Exercises planned for 2014. The USCG and BSEE participated in the Table Top exercises that were held on January 15 and 16 and October 23. The USCG and BSEE were unable to attend the Table Top Oil Spill/Source Control Exercises held on October 1 and 3 due to the 2013 government furlough that occurred during this time.

14.19-2 Additional Information

BPXP's Crisis Management Organization (C&CM/ER Team) completed the activity listed below:

- Development of a document describing the position-specific oil spill response training and exercises completed in year 2013 (2013 Training Courses Descriptions and Objectives).
- Descriptions of exercises and documentation of lessons learned in After-Action Reports for each table top oil spill response exercise (2013 Exercises Summary).
- Completion of BPXP's PREP Triennial Documentation Form per 30 CFR § 254.42(e) (2013 Exercises National Summary Preparedness and Response Exercises Program (NPREP)).
- Development and submission of the BPXP 2014 Training Plan and Exercises Schedule to the United States.



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**Annual Progress Report
OSRP Best Practices
(Paragraph 20)**

OSRP Best Practices

In 2013, BXP made three submissions of the Gulf of Mexico (GoM) Regional Oil Spill Response Plan (OSRP) to the Bureau of Safety and Environmental Enforcement (BSEE), which included the following;

- a. Provisions to maintain access to a supply of dispersant and fire boom for use in the event of an uncontrolled long-term blowout for the length of time required to drill a relief well;
- b. Contingencies for maintaining an ongoing response for the length of time required to drill a relief well;
- c. Description of measures and equipment necessary to maximize the effectiveness and efficiency of the response equipment used to recover the discharge on the water's surface, including methods to increase encounter rates;
- d. Information regarding remote sensing technology and equipment to be used to track oil slicks, including oil spill detection systems and remote thickness detection systems (e.g., X-band/infrared systems);
- e. Information regarding the use of communication systems between response vessels and spotter personnel;
- f. Shoreline protection strategy that is consistent with applicable area contingency plans; and
- g. For operations using a subsea BOP or a surface BOP on a floating facility, a discussion regarding strategies and plans related to source abatement and control for blowouts from drilling.

The 2011 OSRP (Version 9) was submitted to BSEE on June 14, 2013, to describe where the aforementioned requirements were addressed. The 2013 OSRP (Version 10) was submitted to BSEE on June 28, 2013 as part of the regular two year OSRP review cycle required by 30 CFR § 254.30(b). Following review by BSEE GoM Region Oil Spill Response Division, additional comments were received and the GoM Regional OSRP was updated and resubmitted on November 7, 2013, as Version 11. For each version of the GoM Regional OSRP submitted in 2013, BXP provided a document describing where each best practice requirement was addressed within the OSRP.

20.1 Measures Taken to Comply

BXP updated its procedures for revising Oil Spill Response Plans to assure incorporation of best practices for oil spill response. A document describing where each new requirement is located accompanies each OSRP submitted to BSEE for approval.

In 2013, BXP's crisis management organization (C&CM/ER Team) completed the activity listed below:

- Submission of a document describing where the requirements of Paragraph 20 are addressed in the most recent version of any submitted OSRP. Submissions of OSRPs and document maps to best practice requirements in the OSRP, were made on June 14, 2013, June 28, 2013, and November 7, 2013.
- Notification of proposed modifications to OSRPs. BXP provided notification for the proposed changes per requirement.



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**Annual Report
Safety Technology Developed with Industry
(Paragraph 21)**

Safety Technology Developed with Industry

BPXP has submitted plans to the Bureau of Safety and Environmental Enforcement (BSEE) for two pilot Safety Technology Projects. Pilot Project Plan 1: "Real-Time Remote Blowout Preventer (BOP) Pressure Test Monitoring" which aims at extending the capabilities of digital BOP testing technology. The system will enable remote observation of pressure testing of subsea BOPs by personnel from onshore. Pilot Project Plan 2: "Real-Time Rig-Site Fluid Monitoring" will aim at identifying additional parameters that may be indicative of developing well control or lost circulation events.

21.1 Measures Taken to Comply

BPXP has had two review sessions with BSEE to discuss options for the Pilot Safety Technology Projects. The first meeting was held in Houston on June 20, 2013, where BPXP shared with BSEE and presented to them information on a series of Safety Technology plans for their consideration and overview. These technologies are all aimed at enhancing operational safety with respect to deepwater drilling. The pilot projects will be developed collaboratively with industry. Upon conclusion of the pilot projects independent feasibility testing and economic analysis will be conducted to determine if the projects will be implemented. On August 28, 2013, two projects were formally submitted to BSEE for consideration. The Pilot Project Plans are identified as:

1. Real-Time Remote BOP Pressure Test Monitoring; and
2. Real-Time Rig-Site Fluid Monitoring.

Each Pilot Project Plan consisted of the following:

- a. statement of performance goals;
- b. schedule for development, testing, and conducting the pilot project;
- c. estimated pilot project costs;
- d. a schedule for developing testing protocols and evaluation procedures;
- e. a schedule for developing feasibility testing procedures (independent analysis); and
- f. a schedule for developing economic evaluation procedures (third-party).

Subsequent to formal submission, BPXP met with BSEE to review the two pilot project plans at a meeting in New Orleans on September 17, 2013.



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**Annual Progress Report
Other Safety Technology Development
(Paragraph 22)**

Other Safety Technology Development

BPXP has been advancing three potential options for Other Safety Technology Development projects. The pilot project plans will develop new technologies in one or more of the following categories:

1. enhancing functionality, intervention, testing and activation of blowout preventer (BOP) systems;
2. enhancing well design; or
3. enhancing real-time monitoring on rig and onshore.

On September 22, 2013, the first pilot plan, entitled "BOP Health Monitoring" was submitted to the Bureau of Safety and Environmental Enforcement (BSEE) for approval. The pilot aims at providing real-time information diagnostics on the availability of various BOP functions and BOP positions.

22.1 Measures Taken to Comply

BPXP has had two review sessions with BSEE to discuss Other Pilot Safety Technology plan options. The first meeting was held in Houston on June 20, 2013, where BPXP shared with BSEE and presented to them information on a series of Safety Technology plans for their consideration and overview. These technologies are all aimed at enhancing operational safety with respect to deepwater drilling. On September 22, 2013, the BOP Health Monitoring Pilot Project Plan was formally submitted to BSEE for consideration.

The "BOP Health Monitoring" Pilot Project Plan consisted of the following information:

- a. statement of performance goals;
- b. schedule for development, testing, and conducting the pilot project;
- c. estimated pilot project costs;
- d. a schedule for developing testing protocols and evaluation procedures;
- e. a schedule for developing feasibility testing procedures (independent analysis); and
- f. a schedule for developing economic evaluation procedures (third-party).

Prior to the formal submission, BPXP met with BSEE to review the pilot project at a meeting in New Orleans on September 17, 2013.



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**Annual Progress Report
Transparency
(Paragraph 23)**

Transparency

BPXP has created a public website where the following information is communicated:

- lessons learned from the Deepwater Horizon incident;
- annual progress reports summarizing BPXP's compliance with Paragraphs 5 through 31 of the Remedial Order;
- annual summaries of recordable safety incidents, days away from work, hydrocarbon spills and the volume thereof; and
- an annual list of all incidents of non-compliance (INC) with the Bureau of Safety and Environmental Enforcement (BSEE) or the Bureau of Ocean Energy Management (BOEM) regulations or probation for which the defendant is cited, including corrective actions taken and penalties assessed.

The BPXP public website is found at the following link:

<http://www.bpxpcompliancereports.com>

The website was active and available on April 22, 2013. The initial launch of the public website contained the following documents:

- (a) Deepwater Horizon Containment and Response: Harnessing Capabilities and Lessons Learned;
- (b) Deepwater Horizon Accident Investigation Report; and
- (c) presentation slides on Advancing Global Deepwater Capabilities.

These lessons learned were not revised or updated in 2013. Updates will be posted when available.

The Annual Progress Reports, summaries and list of incidents are posted annually for the previous calendar year no later than March 31 of the following year (except for the 2017 Annual Report, which is due on or before January 28, 2018). Through the end of calendar year 2013, the BPXP Gulf of Mexico operations identified and tracked the following safety and performance metrics:

- 21 recordable injuries (zero fatalities) of which there were 14 days away from work or restricted work cases;
- 12 sheen on water spill reports of unknown origin;
- 75 hydrocarbon spills less than one barrel that totaled 3.7 barrels in volume;
- 5 hydrocarbon spills greater than one barrel that totaled 220 barrels in volume;
- 21 Incidents of Non-Compliance with BSEE regulations;
- Zero Incidents of Non-Compliance with BOEM regulations;
- Zero Incidents of Non-Compliance with Probation; and
- Zero penalties assessed by BSEE for 2013 Incidents of Non-Compliance¹.

¹ Does not include penalties assessed for 2012 BSEE Incidents of Non-Compliance (INCs).

23.1 Measures Taken to Comply

23.1.1 BPXP Public Website

The BPXP Public Website was available on April 22, 2013. The website is located at the following address:

<http://www.bpxpcompliancereports.com>.

23.1.2 BPXP Annual Summaries/List

BPXP Annual Summary of Recordable Safety Incidents

Through calendar year 2013, BPXP had 21 safety incidents resulting in injuries that were required to be reported to BSEE under 30 CFR § 250.188(a)(1) or (a)(2). Of the reported safety incidents, none included fatalities. Of these incidents, 14 were days away from work or restricted work cases according to 30 CFR § 250.188 (b)(1). A summary of the recordable safety incidents is provided on the BPXP Public Website at the following address:

<http://www.bpxpcompliancereports.com/go/doctype/5617/151485/>

The most frequent injury incident type was to hands/fingers. The corrective actions implemented to prevent recurrence of these incidents include elimination of the hazard, installing barriers to restrict access, creating new or updating existing risk assessments, conducting audits of performance against policy, creating new or updating existing procedures, creating new or updating existing training, and reviewing investigation findings with work crews.

BPXP Annual Summary of Hydrocarbon Spills and the Volume Thereof

Through calendar year 2013, BPXP reported to the National Response Center (NRC) and/or to BSEE hydrocarbon spills (including contractor reported spills) that were required to be reported under 30 CFR § 254.46(a) or (b). Twelve (12) of the spills reported were reported as spills of unknown origin in accordance with 30 CFR § 254.46(a)(3). No volume amount has been allocated toward spills of unknown origin. Seventy-five (75) hydrocarbon spill incidents were under one barrel and totaled 3.7 barrels in volume. Five hydrocarbon spill incidents were greater than one barrel and totaled 220 barrels in volume. The hydrocarbon spill incidents reported resulted in a total volume of 223.7 barrels spilled in the 2013 calendar year. The five hydrocarbon spill incidents greater than one barrel were drilling fluid releases of synthetic based mud (SBM). For the purposes of reporting, SBM spills (which comprise 98% of the total volume) are reported as 100% hydrocarbon, when in fact they contain approximately 50-75% hydrocarbon material. A summary of the hydrocarbon spills and volume thereof is provided on the BPXP Public Website at the following address:

<http://www.bpxpcompliancereports.com/go/doctype/5617/151485/>.

BPXP Annual List of Incidents of Non-Compliance

Through calendar year 2013, BPXP had zero Incidents of Non-Compliance with Probation, zero Incidents of Non-Compliance with BOEM regulations, and 21 Incidents of Non-Compliance with BSEE regulations.

For the INCs issued in 2013 by BSEE, no civil penalties have been assessed to BPXP as of December 31, 2013. One of the 2013 BSEE issued INCs has been referred for civil penalty review and is pending a determination by BSEE.² Outcome of the pending BSEE civil penalty review will be reported in a subsequent Annual Report. A list of the 21 INCs issued to BPXP from BSEE in 2013 along with the associated corrective actions and penalties assessed are provided on the BPXP Public Website at the following address:

<http://www.bpxpcompliancereports.com/go/doctype/5617/151489/>

² Does not include penalties assessed for 2012 BSEE Incidents of Non-Compliance (INCs).



BPXP Plea Agreement

2013

Annual Progress Report Rig Equipment - Two Blind Shear Rams (Paragraph 24)

Rig Equipment - Two Blind Shear Rams

BPXP has ensured that all applicable rigs are equipped with the appropriate blind shear ram (BSR) configuration. All dynamically positioned Drilling Rigs with subsea blowout preventers (BOPs) are equipped with no fewer than two blind shear rams and a casing shear ram. In addition, all moored Drilling Rigs with subsea BOPs are equipped with two shear rams, including at least one blind shear ram and either an additional blind shear ram or a casing shear ram.

24.1 Measures Taken to Comply

The subsea shear ram configuration identified above for all such Drilling Rigs was verified during the third party BOP verification process and recorded on their third party verification letters. Additionally, by May 29, 2013, each Application for a Permit to Drill (APD) for Deepwater Drilling Operations included the appropriate shear ram commitment.



BPXP Plea Agreement

2013

**Annual Progress Report
Safety Organization
(Paragraph 25)**

Safety Organization

BP launched the new global Safety and Operational Risk (S&OR) organization in early 2011 by combining several health, safety, environmental, and engineering teams into one team that is independent from the teams who drill and produce oil and gas and develop major projects and infrastructure. The “Safety Organization” is defined as the Global Wells and Gulf of Mexico (GoM) Region teams within BP’s Global S&OR organization who have responsibilities with GoM drilling operations. The Safety Organization was comprised of 43 individuals at year-end in the following areas:

- Engineering technical experts;
- Operations experts; and
- Health, safety, environmental and regulatory compliance experts.

BPXP has maintained the Safety Organization that has the authority to intervene or stop any operation that it deems unsafe. Further, every BPXP employee is empowered to intervene or stop any operation that it deems unsafe. This concept is well articulated in the BP Code of Conduct and the BP Induction for new employees. This concept is also emphasized in Leadership Field Inspections, Safety Observation Conversations, Hazard Identification (HAZID) Processes, Hazard and Operability (HAZOP) Studies, Go/No Go processes and rig assessments.

The Safety Organization has the formal authority to agree to certain operational decisions and the ability to intervene and escalate to cause corrective action. While accountability for safe, compliant, and reliable operations remains with drilling, operations, and project teams, the Safety Organization provides an independent view on the implementation of requirements and operating risk at BP businesses. A majority of the S&OR organization is located in sites interfacing regularly with the operating teams for drilling, operations, and projects. Many members of the S&OR organization have come from the operating teams and have deep knowledge and understanding of the drilling, operations and projects businesses and risks. The S&OR organization can also provide guidance and coaching to the operating teams to improve the health of the operations.

25.1 Measures Taken to Comply

In 2013 the Safety Organization developed registers, tools and processes for gathering, documenting, monitoring and improving the communication of intervened or stopped operation events and any major new safety-related requirements published by the Safety Organization. BPXP has used stop work examples to make procedural improvements and safer engineering designs that have been implemented and communicated to the organization.

BPXP prepared and submitted a document describing its Safety Organization for Deepwater Drilling Operations which included:

- a discussion of its authority to intervene or stop any operation that it deems unsafe;
- a description of the qualifications of the professionals and specialists working in the organization;
- a plan for how BPXP will encourage its employees and contractors to, where appropriate, exercise “stop work” authority and to seek assistance from the organization; and
- a description of how the organization will set clear requirements, including developing and updating management system standards.



BPXP Plea Agreement

2013

**Annual Progress Report
Third Party Auditor
(Paragraphs 26-31)**

Third Party Auditor

On April 25, 2013, BPXP submitted to the U.S. Department of Justice (DOJ) the names of potential candidates for the role of Third Party Auditor for the DOJ's approval. At the request of the DOJ, additional names of potential candidates were provided to the DOJ on July 29, 2013.

On December 12, 2013, the DOJ informed BPXP that it approved a candidate from the list that BPXP had submitted. At the end of 2013 the Third Party Auditor had not yet begun audit activities. Therefore, the Third Party Auditor found no deficiencies with BPXP's compliance with the Plea Agreement.