

In Reply Refer To: MS 5250

APR 25 2007

Ms. Scherie Douglas
BP America Production Company
501 WestLake Park Boulevard
Houston, Texas 77079

Dear Ms. Douglas:

Your letter dated April 2, 2007, requested the reconsideration of a Notice of Incidents of Noncompliance Detected and Actions Taken (INC) issued March 20, 2007, for Lease OCS-G 19966, Mississippi Canyon Block 562, Rig "Transocean Deepwater Horizon", Well No. 1. The request is for reconsideration of Inc. No. F-121.

We completed a thorough review of all the documentation in reference to this incident. We found a MMS Safety Alert dated November 16, 1999, which states the reason for the separate external ground. The United States Coast Guard is the Governing Agency over permanent installed electrical components on MODUs and jack up rigs. However, portable equipment falls under the jurisdiction of MMS. The enclosed Safety Alert references the reason for denying your request for the Incident of Noncompliance to be rescinded.

Therefore, we hereby deny your request.

Sincerely,

Orig. Sgd. Troy Trosclair
Troy Trosclair
District Manager
New Orleans District

Enclosure

Bcc: INC File, OCS-G 19966, MC 562 Rig File
Justin Josey
Darryl Williams

PMcLean:ssw(BP19966deny.doc)

**Minerals Management Service
Incidents of Noncompliance INC
Cancellation Review Form District
Form A (Drilling Rig)**

SN INC
91318

Date Issued:	3/20/2007	Operator:	BP Exploration & Production Inc.				
Lease OCS-G:	G19966	Area/Block:	MC 562				
INC #:	F121	Inspector(s):	<table border="1"> <tr> <td>JUSTIN</td> <td>JOSEY</td> </tr> <tr> <td>DARRYL</td> <td>WILLIAMS</td> </tr> </table>	JUSTIN	JOSEY	DARRYL	WILLIAMS
JUSTIN	JOSEY						
DARRYL	WILLIAMS						
Rig Name:	T.O. DEEPWATER H						
Well Name:	001						

Rational For Considering INC Cancellation:

Regulations do not apply To MODUs we never the less believe that we are in compliance with API 14 fz, 6.1010.3.1

Inspector Review

JUSTIN	JOSEY	Initials _____	<input type="checkbox"/> Rescind
Comments:	<i>I agree with the operator. Safety alert does refer to "steam" Pressure washers.</i>		
DARRYL	WILLIAMS	Initials _____	<input type="checkbox"/> Rescind
Comments:			

Staff Review

DAVID	TROCQUET	Initials _____	<input type="checkbox"/> Rescind
Comments:			
PHILIP	MCLEAN	Initials _____	<input type="checkbox"/> Rescind
Comments:	<i>Agree with safety Alert</i>		
TROY	TROSCLAIR	Initials _____	<input type="checkbox"/> Rescind
Comments:			

Petroleum Engineering Technician Signature: _____ Date: _____



U.S. Department of the Interior
 Minerals Management Service
 Gulf of Mexico OCS Region

Safety Alert No. 183
 November 16, 1999

Contact: ~~Jack Leezy~~ *Tom Machado*
 504-736-2503 *2833*
T.L.

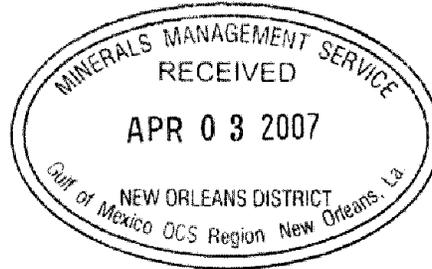
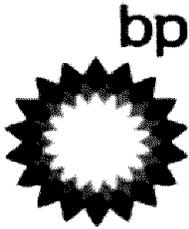
Electrical Shock Hazard

Recent MMS inspections have revealed that some portable electrical steam cleaning pressure-washing units are not wired as prescribed by the National Electrical Code. An electrical hazard exists in these 3-phase, 440-volt units if they are not provided with a separate external ground. This separate external ground must be in addition to the ground used inside the extension cord (power cord) supplying electrical power to the unit. Failure to attach a separate ground to the unit poses a potential threat of electrical shock to the user.

Operators are advised to review the installation of all portable electrical units to ensure that they are installed in accordance with the National Electrical Code and that they are operated according to the manufacturer's recommended safe-operating procedures. Consideration should be given to the location of these steam pressure-washing units relative to the proximity of production process equipment, as these units present an ignition source and may not be suitable for service in classified areas.

—GOMR—MMS—

Visit our Safety Information Website



Scherie Douglas
Gulf of Mexico Exploration
501 WestLake Park Boulevard
Houston, Texas 77079

Telephone: (281) 366-6843
Fax: (281) 366-3599
Scherie.Douglas@bp.com

April 2, 2007

Minerals Management Service
New Orleans District Office
990 N. Corporate Dr. Suite 130
New Orleans, LA 70123

Attn: Mr. Troy Trosclair

Re: Incident of Non-Compliance
Lease OCS-G 19966, MC 562, Well #1
ST00BP01

Dear Mr. Trosclair:

In response to the Notification of Incidents of Non-Compliance (Pinc No. F-121) issued by the Minerals Management Service on the "Transocean Deepwater Horizon" drilling rig, BP respectfully offers the following summary of the conditions surrounding the subject 'INC' and our interpretation of the regulations pertaining to the equipment cited for non-compliance on March 20, 2007.

Transocean Offshore Inc.'s MODU "Deepwater Horizon" drilling rig was on location at OCS-G19966, Mississippi Canyon Block 562 drilling Well No. 001 ST00BP01. The depth of the well at that time was 15,074' and the rig was engaged in by-pass drilling operations. At approximately 12:20 pm, a portable pressure washer on the drill floor was observed by the inspector to not be grounded properly. The particular description of non-compliance was the lack of an external ground wire. The pertinent regulation cited was 30 CFR 250.114 and 198. A rig mechanic was summoned to the rig floor and immediately attached a ground wire.

Since this time, we have had numerous discussions within our office regarding this incident. We appreciate the intent of MMS visits to our operations and understand that safety of personnel is the primary motivation for inspections. We understand that attaching an external ground wire to the subject pressure washer does no harm and is intended to increase the inherent safety of this equipment. However, we do not believe that operating the pressure washer without an external ground wire attached jeopardizes safety nor do we believe that operating in this manner violates any rules or regulations and this is the basis for our questioning this INC.

The following are the pertinent facts, as we understand them, regarding the federal and industry regulations that pertain to the grounding of portable electric devices and equipment on MODUs.

1. 30CFR250.114 & 198 apply to all electrical equipment on all platforms, artificial islands, fixed structures, and their facilities. The regulation further references API RP 14F and 14FZ and requires compliance with these recommended practices.

Neither CFR250 nor API 14F or 14FZ applies to MODUs without production facilities. Under the Memorandum of Understanding between the MMS, U.S. Department of the Interior and U.S. Coast Guard, dated December 16, 1998, the USCG is responsible for electrical systems on floating facilities.

2. U.S. Coast Guard regulation governing electrical systems on floating facilities is Title 46 CFR 120.370 General Grounding Requirements.

This rule specifies that '(b) Receptacle outlets and attachment plugs for portable lamps, tools, and similar apparatus operating at 100 volts or more, must have a grounding pole and a grounding conductor in the portable cord'. The pressure washer in question was in compliance with this regulation.

3. Despite not applying to MODUs, we nevertheless believe that we are in compliance with the grounding requirements suggested in API RP 14FZ, 6.10.3.1:

"Exposed, noncurrent-carrying metal parts of portable electrical equipment shall be grounded through a conductor in the supply cable to the grounding pole in the receptacle".

4. *Steam cleaning* pressure washers have been the subject of safety alerts in the past (Safety Alert No. 183, Nov. 16, 1999) recommending an external ground wire be attached in addition to the ground wire incorporated in the power cord. This is primarily due to the presence of electric heating coils in the water system and the resulting increased electric shock hazard.

The pressure washer in question is not a steam cleaning pressure washer.

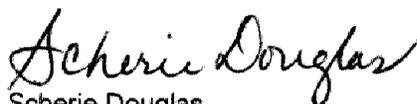
Please be assured that we take incidents regarding safety of personnel or the environment very seriously and very much value the job of MMS inspectors in keeping our operations safe. On the other hand, accepting this citation has Gulf-wide ramifications for BP's operations where this type of equipment or any other portable electric device is used. As such, we have not come to the decision to request that this INC be rescinded without serious discussion.

BP believes that the pressure washer in question was being operated in a safe manner and in accordance with all applicable safety regulations. Therefore, BP respectfully requests this Incident of Non-Compliance be rescinded.

The signed green copy of the Notification of Incidents of Non-Compliance is attached.

Should you have questions or require additional information, please contact me at (281) 366-6843.

Sincerely,



Scherie Douglas
Regulatory Specialist
North America Exploration

Attachment

