

BP GoM Deepwater

**Health, Safety, Environmental (HSE) Compliance
Environmental Management System Internal (EMS)
Audit**

**Transocean
Deepwater Horizon
Atwater Valley 398
August 3, 2006**

Audit Team Members

**J. T. Siblo- The E&S Group, Inc.
Gary Butler-Transocean Team Leader
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Section 1

Introduction

The Health, Safety and Environmental (HSE) Audit Program consists of a combined compliance and management systems audit. This audit will assess compliance with regulatory requirements, Environmental Management Systems (EMS), Transocean's Safety and Environmental Management System, policies and procedures.

The BP Gulf of Mexico (GoM) Business unit conducts audits focused around HSE assurance.

The Audit will be confined to Transocean Drilling's Horizon rig, and will address HSE compliance issues arising from the drilling activities.

The Transocean Horizon Drilling Rig is located in BP's Atwater Valley Block 398. During the audit, drilling operations were not taking place due to a previous problem with well operations. Personnel on board during the audit was approximately 120.

This report summarizes the audit scope of work, audit findings and associated recommendations for corrective action. This report is based on "exceptions" to the regulatory requirements, policies, procedures and practices. Therefore, it does not provide details of the good practices observed during the audit.

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Section 2

Scope of Work

HSE Compliance and Environmental Management System Audit is representative of the significant aspects of the GoM drilling operation. The Audit will concentrate upon safety compliance and management systems, including:

- (i) Safety compliance,
- (ii) DODI policies and procedures

2.1 Scope and Objectives

The facility to be audited is the Transocean Horizon rig. The audit team consisted of three Transocean auditors, identified earlier in this document. The intent of the audit was:

- To confirm compliance with applicable regulations, Transocean policies and procedures and review related management systems that are in place to maintain compliance;
- To identify good management practices for shared learning;
- The Audit will be confined to the Horizon, and will address HSE compliance issues arising from the drilling activities;
- The Audit will address the management and knowledge of the base third party contractors and onboard BP personnel with respect to BP's Subpart "O" Training requirements.

2.2 Audit Criteria

The criteria used to evaluate GoM HSE compliance with regards to the policies, practices and procedures defined by the specific regulatory agency and in the GoM HSE Website. Additionally, Transocean's audit process was used as the primary method to assess safety and environmental regulatory compliance.

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2.3 Reference Documents

The following internal documents will be reviewed as part of this audit:

- Transocean Management System
- Transocean Internal Audit Checklist
- BP's GoM HSE Website
- Subpart "O" Audit Checklist

2.4 Audit Team Members

The audit team consisted of the following members:

J. T. Siblo- The E&S Group, Inc.
Transocean Audit Team:
Gay Butler- Team Leader
Grant Howard
Dan Reudelhuber

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Section 3

Audit Findings and Recommendations

Audit findings and recommendations are located in this report. The following is a summary of the findings:

3.1 *Environmental Compliance*

- No Findings

3.2 *Environmental Management System (EMS)*

- No Findings

3.3 *Safety*

Safety compliance and Transocean systems findings are contained in Principle Assessment Matrix audit report. Findings as follows:

- Grinder in weld shop left plugged into electrical outlet.
- Two grinders had capability of being locked in the on position with only one of the grinders tagged and identified.
- Oxygen and/or acetylene bottles on the main deck and in sack store did not have a check valve.
- No load test certificates for chain hoists.
- Many Jr. Appraisals reviewed did not contain clear written development plans.

System evaluation

- Location does not recognize the benefit of audits and assessments.
- Managers and supervisors place no priority on action plans and the results are inconsistent.

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- FOCUS process is not consistently used or reviewed for remedial actions.
- No systemic approach to dealing with the closure of action plans.
- The Company's expectations have not been communicated.

3.4 MMS Subpart "O" Training- Observation

- Transocean's Subpart "O" Training Plan met MMS requirements. Records reviewed indicated that employees holding positions designated in the Well Control Training Plan were current in well control training.

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