

Mr. Naoki Ishii
President
MOEX Offshore 2007 LLC
Statement Prepared for the Hearing on
"The Gulf of Mexico Oil Spill: Ensuring a Financially Responsible Recovery
(Part II)"
Subcommittee on Federal Financial Management, Government Information,
Federal Services and International Security of the U.S. Senate Committee on
Homeland Security and Governmental Affairs
July 22, 2010

Chairman Carper, Ranking Member McCain, distinguished members of the Subcommittee, thank you for the opportunity to testify at today's hearing. I am Naoki Ishii, President of MOEX Offshore 2007 LLC ("Offshore"), based in Houston, Texas. Offshore holds a 10 percent minority non-operating interest in the Block 252 Mississippi Canyon lease on which the Deepwater Horizon rig was drilling.

We are deeply saddened by the tragedy of the Deepwater Horizon accident. Our thoughts and prayers go out to the families of those who were lost during the explosion and to all of those who have been affected by this spill. We understand the significance of this matter to the Gulf Coast and we will continue to cooperate with all of the parties who are responding to and investigating this accident.

Offshore is a non-operating minority investor in the Mississippi Canyon Block 252 lease. Our expertise lies in evaluating and investing in promising geologic formations for the production of oil and gas. We do not conduct actual field operations or activities to develop oil and gas. Drilling arrangements throughout the Gulf usually charge the operator of the project, BP in this case, with responsibility for all operational aspects of the project including selecting and managing contractors, planning and implementation, and making all engineering and design decisions, stopping the flow of oil in the event of a blowout, and otherwise responding to oil spills and managing the payment of claims that might arise in connection therewith.

When deciding to invest in the project, Offshore placed confidence in BP's expertise and experience in drilling deepwater wells in the Gulf. Offshore had no role in the selection or operation of the Deepwater Horizon rig. When Offshore made its investment in the project, the government approvals for the drilling plan were in place, and drilling operations had already commenced. As a minority non-operating investor, Offshore had no right or ability under the parties' contracts to alter the drilling plan, and further, Offshore was not aware of any reason to doubt the sufficiency or competency of the drilling plan.

During the drilling activities, BP provided us with some information regarding its progress and we monitored the project's costs consistent with our non-operating role. At no time did Offshore seek to influence any of BP's operational decisions. In addition, pursuant to the parties' contracts, Offshore had no right to control or direct the activities or operations which were being conducted.

Offshore has numerous concerns relating to the circumstances surrounding these extraordinary events and we are closely monitoring the ongoing investigations. In the interim, we have announced that we will relinquish all right, title, or interest that we might have to oil captured from the blown out well. It is our position that proceeds from the sale of the captured oil should go to assist those who have been affected by this tragic accident and to help restore the natural resources across the Gulf Coast.

Offshore looks forward to working in good faith with Congress, the Executive Branch, and with state and local governments to restore the Gulf Coast and to put the people of the Gulf region back to work.

I look forward to answering any questions you may have during this hearing. Thank you again for the opportunity to share our views.