

Opening Statement
Rep. Bart Stupak, Chairman
Committee on Energy and Commerce
Subcommittee on Oversight and Investigations
“The Role of BP in the Deepwater Horizon Explosion and Oil Spill”
June 17, 2010

Today is day 59 of the BP oil spill that has devastated much of the Gulf of Mexico. Eleven men lost their lives the day the Deepwater Horizon drilling rig exploded and in the 59 days that have followed countless people have lost their livelihood as the oil spill closes fishing grounds and pollutes the shores of three states.

This is the third hearing that the Oversight & Investigations Subcommittee has held and the fifth hearing overall in the Energy & Commerce Committee. Our first hearing exposed problems discovered with the Blowout Preventer and several other factors that contributed to the disaster. Our second hearing was a field hearing in the New Orleans area where we heard from the widows of two men who died in the Deepwater Horizon explosion as well as shrimpers and other small business owners who have suffered from the environmental catastrophe that followed.

Our staff has spent weeks combing through hundreds of thousands of pages of documents and sitting through more than 50 hours of briefings by corporate, governmental and academic experts in an attempt to piece together what went wrong with BP’s exploration of the Macondo well. We have reviewed several questionable decisions BP made in the days and hours leading up to the explosion, and what we have learned so far is alarming.

We have learned that time and again BP officials had warning signs that this was – as one employee put it – “a nightmare well”. They made choices that set safety aside in exchange for cost cutting and time saving decisions. For example

- They disregarded questionable results from pressure tests after cementing in the well.
- BP selected the riskier of two options for their well design. They could have hung a liner from the lower end of the casing already in the well and install a “tieback” on top of the liner, which would have provided additional barriers to a release of hydrocarbons. Instead they lowered a full string of new casing, which took less time and cost less, but did not provide the same protection against escaping hydrocarbons.
- BP was warned by their cement contractor Halliburton that the well could have a “SEVERE gas flow problem” if BP lowered the final string of casing with only six centralizers instead of the 21 Halliburton recommended. BP rejected Halliburton’s advice to use additional centralizers and in an e-mail on April 16, a BP official involved in the decision explained: “it will take 10 hours to install them. ... I do not like this.”
- BP chose not to fully circulate the mud in the well from the bottom to the top, which was an industry recommended best practice that would have allowed them to test for gas in the mud.
- BP chose not to use a casing hanger lockdown sleeve, which would have provided extra protection against a blowout from below.

These are just a few of the issues that led up to the disaster. Once the Deepwater Horizon exploded and sank to the bottom of the sea, BP’s response to contain the leak and clean up the spilled oil was equally as poor. They issued lowball estimates of the amount of oil flowing from the well, which may have led to a scaled back response. We discovered that BP’s oil spill response plan was

virtually identical to other oil companies' plans. In a hearing Tuesday, ExxonMobil CEO Rex Tillerson admitted that once spills occur "We are not well-equipped to handle them." BP's peer oil companies all told us at Tuesday's hearing that they would not have drilled the well as BP did.

Our witness today, Mr. Tony Hayward, is the Chief Executive Officer of BP. Shortly after Mr. Hayward took over as the CEO in 2007, he held a town hall meeting with employees in Houston. At this meeting he discussed the need for BP to be leaner, with fewer people in decision making processes. An article from the September 27, 2007 Guardian newspaper titled "**Hayward Says Oil Company Has Become Too Cautious**" reads *"Assurance is killing us," Mr Hayward told US staff, noting that too many people were engaged in decision-making leading to excessive cautiousness, something that critics of its safety performance in the US might question.*"

We received notes taken by a BP employee who attended that meeting. The employee's notes summarize Mr. Hayward's as follows: "I don't think having all these layers of assurance reduce risk and it can actually increase it. The best way to reduce risk is to have deep technical competence where we need it. Individuals need to be accountable for risk and to manage it." I find this cavalier attitude towards assessing risk unbelievable given the fact that at the time BP had just been responsible for the largest oil leak in Alaska's history on the North Slope, as well as the 2005 Texas City refinery explosion which killed 15 workers and injured another 170.

I must ask Mr. Hayward whether it was wise to adopt his leaner decision making process with input from fewer people and a new approach to managing risk.

Under the leadership of Bob Malone, the former Chairman and President of BP America, BP created an independent office of the Ombudsman headed by Judge Stanley Sporkin. The Ombudsman's office was established because line workers reported fearing retaliation if they reported safety concerns to management. When the current Chairman and President Lamar McKay took over, I met with him and he suggested that he hoped to improve the culture enough to make the Ombudsman's office unnecessary so he could shut it down. I urged him not to eliminate the office because it serves a significant role in investigating employee complaints.

I am more concerned than ever. I am concerned that the corporate culture, from BP CEO Tony Hayward down to Chairman and President of BP America Lamar McKay, and Chief Operating Officer Doug Suttles and possibly down to the leadership on exploration rigs reflects a willingness to cut costs and take greater risks.

I look forward to hearing Mr. Hayward answer the many hard hitting questions our Committee members will ask today. I hope we will hear honest, contrite, and substantive answers. He owes it to America, he owes it to the families of those injured and killed on the Deepwater Horizon rig, and he owes it to the millions of people in the Gulf region who are suffering the consequences of BP's disregard for safety.