

Opening Statement
Rep. Bart Stupak, Chairman
Committee on Energy and Commerce
Subcommittee on Oversight and Investigations
“The Role of the Interior Department in the Deepwater Horizon Disaster”
July 20, 2010

Last week, for the first time in 87 days, we heard some encouraging news. Finally, the flow of oil that has ravaged much of the Gulf of Mexico is temporarily under control.

Despite our relief that the flow of oil has abated, the consequences of the spill continue to mount. Eleven men lost their lives the day the Deepwater Horizon drilling rig exploded. The four states that border the Gulf of Mexico have suffered terrible economic and environmental devastation.

That is why we are continuing our investigation.

This is the fourth hearing that the Oversight & Investigations Subcommittee has held and the eighth hearing overall in the Energy and Commerce Committee.

Our first hearing exposed serious deficiencies involving the blowout preventer. This supposed failsafe had a dead battery, a leaking hydraulic system, an emergency switch that failed to activate, and dangerous modifications.

Our second hearing was a field hearing in New Orleans, 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 third hearing identified five key well design decisions relating to casing and cementing that increased the risk of a blowout. BP made a series of poor judgments before the blowout. The company took one shortcut after another in order to save time and money. And when the blowout occurred, BP was horrifically unprepared to deal with the consequences.

Today, the Oversight and Investigations Subcommittee and the Energy and Environment Subcommittee are jointly holding this hearing to examine the conduct of the regulators who have overseen oil and gas development in the Gulf of Mexico.

There has been a pervasive failure by the regulators to take the actions necessary to protect safety and the environment. These failures to regulate happened at the same time as federal officials offered oil and gas companies new incentives to drill in deeper and riskier waters in the Gulf of Mexico.

The number of producing deepwater wells increased from 65 in the 1985 to more than 600 in 2009. But the number of federal inspectors working for Minerals Management Service (MMS) has not kept pace with the number and complexity of wells and the distance inspectors must travel. MMS had 55 inspectors in 1985 and just 58 some 20 years later. Currently, MMS has approximately 60 inspectors in the Gulf of Mexico region to inspect almost 4,000 facilities. Inspection has not been a priority.

The Department of the Interior also backed off when oil and gas industry objected to proposals to strengthen government regulations. Reports prepared for MMS in 2001, 2002, and 2003 recommended two blind-shear rams on blowout preventers and questioned the reliability of their backup systems. Yet regulations finalized in 2003 during Secretary Gale Norton's tenure did not require a second blind-shear ram, backup systems on BOPs, or even testing of backup systems.

That same rulemaking identified “poor cementing practices” as one of the “main primary causes” of sustained casing pressure on producing wells. But an oil and gas industry coalition opposed mandatory requirements and the Department opted against any prescriptive cementing requirements.

Some helpful changes were made by Secretary Salazar and the Obama Administration. The abuse-prone royalty-in-kind program was phased out, new ethical standards were adopted, and stronger regulations were proposed. But these changes were more cosmetic than substantive. For the Deepwater Horizon and the BP well, it remained business as usual.

I want to thank former Secretaries Norton and Kempthorne for appearing today. I hope they will address what went wrong under their tenure and what lessons can be learned.

And I thank Secretary Salazar for appearing before the Committee. He has proposed – and begun implementing – many significant changes to the Minerals Management Service, now called the Bureau of Ocean Energy Management, Regulation and Enforcement. I would like to hear more about what he has planned and how he will ensure that these changes make a real difference.

I also want to extend my appreciation to Chairman Markey. Our subcommittees have worked collaboratively throughout this investigation and I thank him and Chairman Waxman for their leadership in this area and with respect to the Blowout Prevention Act of 2010.