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2 **JAMES DUPREE:**

3 All right. Thank you Director Romich and Tom  
4 for inviting us here to share our lessons learned  
5 and how we are advancing the deepwater  
6 capabilities in BP and how we want to contribute  
7 to that. So what I am going to do the next 20  
8 minutes, I am going to talk about what we have  
9 learned, what we are learning and what we have  
10 done and what we are going to do to make sure this  
11 never happens again.

12 (Inaudible - different speaker)

13 So there were several people mentioned it is  
14 about a year ago that the incident took place and  
15 nobody could have imagined the scale and the  
16 magnitude of the incident that we were going to  
17 respond to at the time. And many of the people in  
18 the room did respond as responders and part of the  
19 unified command, and I myself was one of the many  
20 VP executives that responded to lead the source  
21 patrol effort there in Houston. And I saw  
22 firsthand the dedication and what everybody did in  
23 order to resolve the issue and I want to thank  
24 everybody for that.

25 And so as we approach the one year

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1 anniversary, another thing we can't forget is that  
2 11 people lost their lives in this incident. And  
3 as BP we deeply regret what happened and the  
4 impact on the Gulf Coast and the impact on the  
5 economies. So our commitment and we are deeply  
6 determined to accelerate and further develop  
7 capabilities and practices to enhance safety, not  
8 only BP but in the deepwater industry. And we are  
9 committed to sharing our lessons learned but  
10 involvedly we were happy to participate in the  
11 ministerial form on Thursday last week. The map  
12 at the bottom of this slide illustrates that we've  
13 -- right after the incident we put together a  
14 group to capture all the lessons and that group  
15 has had a high demand on it from around the world.  
16 All the little map pictures of the little flags  
17 indicate where people from this team and BP's team  
18 has gone to meet with regulators, industry,  
19 contractors in order to share the lessons learned  
20 there has been a high demand on their time, a very  
21 large organization working that, and in also  
22 capturing what their concerns and thoughts are in  
23 bringing that back to us.

24 I want to introduce to the Panel the vice  
25 president from BP is Richard Morrison here. He is

1 in charge of this group, and in order to capture  
2 all the lessons learned and to work this issue  
3 globally. And he is at the disposal of the  
4 committee for further knowledge and what we are  
5 learning.

6 So as mentioned, there was some mention this  
7 morning there was a internal investigation inside  
8 of BP. This is the summary of that investigation.  
9 There were 50 technical experts that were brought  
10 together to do this investigation. I didn't  
11 participate in that investigation because I was on  
12 the response. But the slide summarizes four  
13 findings and eight critical factors that at the  
14 highest level, the well integrity was not  
15 established or failed. Fire departments entered  
16 the well, boarded undetected and well control was  
17 lost. Hydrocarbons then ignited and the BOP  
18 failed to seal the well. So one key point from  
19 our investigation is that we do believe it is  
20 multiparty and multicausal and it has lead to 26  
21 different recommendations in drilling, some of  
22 which we are implementing today and most of which  
23 we are implementing today inside of BP and will  
24 implement others in the future, and I will share  
25 some of those with you later when we talk about

1 the BOPs and cementing.

2 And so obviously the ----- have already seen  
3 some of the investigations ongoing. It was --  
4 there is a tremendous amount learned already  
5 through our own investigations. We heard from  
6 presidential commission, there are ongoing other  
7 investigations and there is a lot learned about  
8 the accident itself, the response and how broad  
9 the incident was and how it affects the industry.  
10 And so we are also working -- our job is to take  
11 all these lessons and try to incorporate them, but  
12 as you know some of them aren't complete. We want  
13 to take this globally and we also want to  
14 understand things like the Montero blowout and  
15 other issues in the past. So a reminder of the  
16 scale of the response brings back a lot of  
17 memories from the actual -- the 150 days I spent.  
18 There was 140 days. There was about a 10 day gap  
19 between the point I had arrived. I was there  
20 about an hour after the event happened, but as a  
21 reminder, you know, we were dealing with a well  
22 that was in 5,000 feet of water, 50 miles from  
23 shore, the pressure at the mudline at the sea  
24 floor was 2,240 psi, and it was around 39 degrees  
25 Fahrenheit. On the surface we had a large scale

1 response where we had 48,000 responders mostly  
2 from the Gulf states that were impacted. It was a  
3 five state theater response. We deployed 13.5  
4 million feet of boom. That is 2,500 miles of  
5 boom. That is the equivalent of going from New  
6 York or San Francisco with boom. That is a  
7 massive amount of boom. There was 125 aircraft  
8 flights that were going on, and over 6,500 vessels  
9 working the area. Probably around 50 vessels  
10 within one mile of the actual source. So when we  
11 think about it, we almost started a company  
12 overnight of 48,000 people to respond, two-thirds  
13 the size of BP with massive logistical challenges  
14 to overcome. So with all -- with everything that  
15 has been said this morning and I think will be  
16 said later on this afternoon, BP had to take these  
17 ----- and try to categorize them in five key  
18 areas. And these are these are the areas that we  
19 think where the learnings are but these are also  
20 the areas where we think we can advance the  
21 capability. So number one area is in prevention  
22 and drilling safety, the ability to keep control  
23 of the well from spud to abandonment. The second  
24 is containment. It is to stop the flow of oil.  
25 If number one doesn't work, it is the ability to

1 stop the flow of oil before it has an  
2 environmental impact. The second -- the third is  
3 the relief wells. The planning and preparation of  
4 the relief wells so that if the killing of the  
5 well from the top, we have the option to also stop  
6 the flow from the bottom. Authoritative learnings  
7 is around spill response and how to manage the  
8 vessels, the simultaneous operations around the  
9 site, so many airplanes and so much data coming  
10 together. And a third is crisis management, which  
11 is really about decision-making. You know, how --  
12 what is the best way. What did we learn about the  
13 best way to make good decision during the response  
14 with so many stake holders involved.

15 So what I wanted to do is take you through  
16 these five areas and briefly touch on them. So  
17 the first one is prevention and drilling safety.  
18 It is obviously I believe the highest priority in  
19 the future, so. And it can be attacked on  
20 multiple dimensions. And I am just going to  
21 highlight two. One is enhancing equipment and  
22 procedures. It is also in the area of BOP  
23 testing, cementing, well integrity testing, rig  
24 audits and how we work with contractors.

25 Now, what BP is doing in this area right now

1 is -- we have changed our equipment with BOPs to  
2 issue -- we run two blind shear rams on every  
3 deepwater well we drill. We are now requiring  
4 third-party testing, lab testing of our cement  
5 slurries, independent testing of cement slurries.  
6 We have a -- internally now on the BOPs we require  
7 verification of any third-party -- a third-party  
8 verification when any BOP is pulled out of the  
9 water. So it is verification of its testing and  
10 it is an achieved testing, verified by a third-  
11 party to ensure it can act and operate the way it  
12 is intended to operate and also we are looking at  
13 competency and studying competency internally.

14 So focus on safety and risk management, things  
15 that have happened inside the company, so we have  
16 got a newly formed independent line called safety  
17 and operation and risk. It has been discussed a  
18 lot by our CEO and Bob Dudley and I am sure you  
19 have heard a lot about it. It is a new  
20 independent organization that manages the safety  
21 and risk inside of BP, has direct line to the CEO,  
22 works in conjunction with the organization for  
23 risk management to assure that the risk and  
24 mitigation plans are appropriate, conversations  
25 that are being had are the correct ones and that

1 the mitigation plans are being acted upon in a  
2 prudent way.

3 At the same time, we took our drilling  
4 organization and reorganized the upstream and  
5 turned it into a global drilling organization so  
6 that we could systematically drive the system's  
7 standards throughout the drilling organization,  
8 and also it will bring the best of BP to every  
9 well we drill and be very consistent on how we do  
10 it.

11 Lastly, we changed our performance management  
12 practices to make sure that every -- that every  
13 employee is aligned directly to the safety, goals  
14 incorporation. And something else that has  
15 happened -- we are proud to announce that we had -  
16 - retired Admiral Skip Bowman who is from the  
17 Nuclear Navy join our Board. We have also had  
18 Brenda Nelson who brings deep auditing experience.  
19 There is a vice chairman of KPMG and the United  
20 Kingdom has also joined our Board. So we have  
21 strengthened out Board with individuals that  
22 understand high hazard activity and we have also  
23 strengthened our Board with individuals that  
24 understand auditing and independent auditing.

25 A little more on prevention and drilling

1 safety. So three key areas that we are actively  
2 working. And one is the procedures and technical  
3 practices refreshing all our procedures and  
4 technical practices and to emphasize -- with BOP  
5 management and an emphasis on third-party audits  
6 on the BOPs. And the second one was the BOP  
7 management. The third is cementing oversight and  
8 as I mentioned there was a key recommendation from  
9 investigation to strengthen our oversight by  
10 cementing. We are also implementing new standards  
11 for cementing and backup lab audits.

12 So moving onto the second area of the five key  
13 areas is containment. And no matter how good you  
14 are or how safe you think you are, there is no --  
15 there really is no substitute for a backup plan  
16 and preparation for the worst-case scenario here.  
17 And we are looking at this in multiple fronts on  
18 containment. It is really about the --  
19 implementing -- you have got to have immediate  
20 access to capping equipment. This has been a  
21 common theme as we have gone around the world and  
22 it has obviously been adopted by the regulatory  
23 that we should be able to access rapidly capping  
24 equipment in case of an accident. BP was the  
25 fifth member to join the MWCC. I am also on the

1 Board of the MWCC with Charlie here. BP has taken  
2 equipment from the incident, all the equipment  
3 used in the incident and moved it over to the  
4 MWCC. There were over 480 different procedures  
5 written with that equipment. We have taken down  
6 procedures, codified them, put them with the  
7 different pieces of equipment and we are now  
8 transferring that across to MWCC and training the  
9 MWCC team on how to execute the equipment so the  
10 lessons learned aren't lost, especially how to  
11 deploy the equipment and what worked and what  
12 didn't work.

13 I also said something about readily deployable  
14 so that immediate access capping equipment, the  
15 MWCC has set up a capping staff. There is other  
16 capping staffs being built. BP is the project  
17 manager of the capping staff being built in the UK  
18 right now. Something we need to look at is the  
19 quick -- how can we deploy things quicker? How  
20 can we get things to remote -- smaller types of  
21 systems that are similarly in the effect that it  
22 will be important in the future.

23 So that the second item here is the rapidly  
24 deployable collection systems. If you remember  
25 the Macondo event, you know, the riser had fallen

1 over at the time when we approached the well. You  
2 know, we actually had two sources of hydrocarbons  
3 fully -- and later on it became three. And we had  
4 -- we had hydrocarbons -- the riser -- we had a  
5 drill pipe sticking up that had oil come out of  
6 it, and then later on we had a kink in the riser.  
7 So debris -- there is a lot of debris involved in  
8 the area -- we had to clear that debris in order  
9 to prepare the well for capping. At that time,  
10 deploying collections systems is an option. And  
11 obviously, your first line of defense is to cap  
12 the well, but you can deploy collection systems to  
13 try to mitigate some of the impacts while you are  
14 moving the well or preparing the well site. And  
15  
16

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