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Opening Statement of Rep. Henry A. Waxman Chairman, Committee on Energy and Commerce Inquiry into the Deepwater Horizon Gulf Coast Oil Spill Subcommittee on Oversight and Investigations May 12, 2010

Last month, a blowout occurred on an oil rig drilling in deep water in the Gulf of Mexico. Eleven people lost their lives and an environmental calamity is now unfolding in the Gulf as oil gushes from the well and threatens the coast.

We are here today to begin the process of understanding what went wrong and what we need to do to prevent future catastrophes.

The investigation is at its early stages, but already we have learned some key facts.

BP, one of the world's largest oil companies, assured Congress and the public that it could operate safely in deep water and that a major oil spill was next to impossible. We now know those assurances were wrong.

Halliburton, one of the world's largest oil services companies, says that it had secured the well through a procedure called "cementing" and that the well had passed a key pressure test. But we now know this is an incomplete account. The well did pass positive pressure tests, but there is evidence that it may not have passed crucial negative pressure tests. According to a senior BP official, significant pressure discrepancies were observed in at least two of these tests, which were conducted just hours before the explosion.

Transocean, one of the world's largest operators of drilling rigs, says it has no reason to believe that the rig's failsafe device, called a blowout preventer, was not fully operational. But we have learned from Cameron, the manufacturer of the blowout preventer, that the device had a leak in a crucial hydraulic system and a defectively configured ram.

And we know there are major questions about the effectiveness of BP's response to the spill. The company said it could manage a spill of 250,000 barrels per day. Yet, it is struggling to cope with this blowout, which is releasing only 5,000 to 25,000 barrels per day.

The more I learn about this accident, the more concerned I become. This catastrophe appears to have been caused by a calamitous series of equipment and operational failures. If the largest oil and oil services companies in the world had been more careful, 11 lives might have been saved and our coastlines protected.

It is dangerous to drill for oil a mile below the ocean's surface. An accident can wreak environmental havoc that destroys livelihoods and imperils fish and wildlife. The oil companies make billions of dollars from taking these risks, but they don't bear the full costs when something goes drastically wrong.

In the course of our investigation, we have received over 100,000 pages of documents. The story that these documents and our interviews tell is a complicated one. At this early stage in the investigation, we have far more questions than answers. But we have learned some important facts, which Chairman Stupak, Chairman Markey, and I will describe in our statements.

There are four principal areas of inquiry that our Committee is pursuing. The first involves questions related to well integrity. We know there was a failure of the well because gas surged up the riser and exploded on the rig. We will be investigating what caused the breach in well integrity and who is responsible.

The second area of inquiry involves what happened on the Transocean drill rig. There are pressure monitors on the rig that feed information constantly to the drill operators, and there are panels on the rig that control the operations of the blowout preventer and the drill string. We will be examining what the drill operators knew and what decisions they made.

In the rest of my statement, I will discuss what we have learned about these two areas of inquiry.

Our third area of inquiry involves the blowout preventer, which is also called the B.O.P. This is supposed to be the last line of defense against a blowout of the well, but it failed. We have learned a lot about the blowout preventer, and Chairman Stupak will summarize this part of our investigation.

The final area of inquiry involves the response of BP and the other companies to the spill. They promised to contain any spill, but they aren't succeeding. Chairman Markey, who chairs our Energy Subcommittee and the Select Committee on Energy Independence, will cover this area of our inquiry in his opening statement.

We recently received a document from BP called "What We Know." It was prepared on May 6 and it summarizes what BP knew about the spill at that time. I want to focus on the first four bullets. I also ask for unanimous consent that this document and other documents cited during this hearing be made part of the official hearing record.

The first bullet says: "Before, during or after the cement job, an undetected influx of

hydrocarbons entered the wellbore." What this means is that there was a breach somewhere in well integrity that allowed methane gas and possibly other hydrocarbons to enter the well.

The second bullet says: "The 9 7/8" casing was tested; the 9 7/8 "casing hanger packoff was set and tested; and the entire system was tested." BP explained to us that this refers to a positive pressure test in the well. What this means is that fluids were injected in the well to increase pressure and to monitor whether the well would retain its integrity. The well passed this test.

Rigs like the Deepwater Horizon keep a daily drilling report. Transocean has given us the report for April 20, the day of the explosion. It is an incomplete log because it ends at 3:00 p.m., about seven hours before the explosion. But it confirms that three positive pressure tests were conducted in the morning to early afternoon.

The next bullet says: "After 16.5 hours waiting on cement, a test was performed on the wellbore below the Blowout Preventer." BP explained to us what this means. Halliburton completed cementing the well at 12:35 a.m. on April 20 and after giving the cement time to set, a negative pressure test was conducted around 5:00 p.m. This is an important test. During a negative pressure test, the fluid pressure inside the well is reduced and the well is observed to see whether any gas leaks into the well through the cement or casing.

According to James Dupree, the BP Senior Vice President for the Gulf of Mexico, the well did not pass this test. Mr. Dupree told Committee staff on Monday that the test result was "not satisfactory" and "inconclusive." Significant pressure discrepancies were recorded.

As a result, another negative pressure test was conducted. This is described in the fourth bullet: "During this test, 1,400 psi was observed on the drill pipe while 0 psi was observed on the kill and the choke lines."

According to Mr. Dupree, this is also an unsatisfactory test result. The kill and choke lines run from the drill rig 5,000 feet to the blowout preventer at the sea floor. The drill pipe runs from the drill rig through the blowout preventer deep into the well. In the test, the pressures measured at any point from the drill rig to the blowout preventer should be the same in all three lines. But what the test showed was that pressures in the drill pipe were significantly higher. Mr. Dupree explained that the results could signal that an influx of gas was causing pressure to mount inside the wellbore.

Another document provided by BP to the Committee is labeled "What Could Have Happened." It was prepared by BP on April 26, ten days before the first document. According to BP, their understanding of the cause of the spill has evolved considerably since April 26, so this document should not be considered definitive. But it also describes the two negative pressure tests and the pressure discrepancies that were recorded.

What happened next is murky. Mr. Dupree told the Committee staff that he believed the well blew moments after the second pressure test. But lawyers for BP contacted the Committee yesterday and provided a different account. According to BP's counsel, further investigation has

revealed that additional pressure tests were taken, and at 8:00 p.m., company officials determined that the additional results justified ending the test and proceeding with well operations.

This confusion among BP officials appears to echo confusion on the rig. Information reviewed by the Committee describes an internal debate between Transocean and BP personnel about how to proceed.

What we do know is that shortly before 10:00 p.m. – just two hours after well operations apparently resumed – gas surged from the well up the riser and the rig exploded in a fireball.

This hearing – and future hearings the Committee will conduct in the coming weeks – will explore these questions. Our goal is to learn what caused the fatal explosion so that Congress and the Executive Branch can act to prevent future disasters.

But as we focus on these narrow questions of what happened and why, we also need to keep the broader perspective in mind. Our national energy policy is broken and nothing illustrates this better than this massive spill. Our dependence on oil and other fossil fuels is fouling our beaches, polluting our atmosphere, and undermining our national security.

One lesson is already apparent from the catastrophe in the Gulf: we need an energy policy that emphasizes clean, renewable sources of energy. We can't snap our fingers and transform our energy economy overnight. If we do not have the courage to take on the oil companies and take decisive steps to reduce our over-reliance on oil – when the consequences of doing nothing are so clear – we may never start down the path toward a clean energy economy.

Mr. Chairman, I look forward to today's hearing, and I thank the witnesses for appearing and for their cooperation in our investigation.

What We Know

- Before, during or after the cement job, an undetected influx of hydrocarbons entered the wellbore;
- The 9 7/8" casing was tested; the 9 7/8" casing hanger packoff was set and tested; and the entire system was tested;
- After 16.5 hours waiting on cement, a test was performed on the wellbore below the Blowout Preventer (BOP);
- During this test, 1,400 psi was observed on the drill pipe while 0 psi was observed on the kill and the choke lines;
- Following the test, hydrocarbons were unknowingly circulated to surface while displacing the riser with seawater,
- As hydrocarbons rose to the surface, they expanded, further reducing the hydrostatic pressure. The well flowed and witness account suggest that the Annular Preventer in the BOP and the Diverter were activated;
- An explosion occurred, followed by a power failure;
- Witness accounts suggest that the Emergency Disconnect System was activated;
- The rig was evacuated;
- The BOP system failed to work as intended. Flow was not contained and the Lower Marine Riser Package did not disconnect;
- Modifications have been discovered in the BOP system;
- Leaks have been discovered in the BOP hydraulics system;
- BP launched an investigation which is ongoing.

Investigation Themes

- Cementing – design and execution;
- Casing – design and installation;
- Casing Hanger – design and installation
- BOP – configuration, maintenance and operation;
- Well Control Practices.