

**STATEMENT OF
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BEFORE THE
SUBCOMMITTEE ON ENERGY AND ENVIRONMENT
COMMITTEE ON ENERGY AND COMMERCE
U.S. HOUSE OF REPRESENTATIVES**

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Thank you, Chairman Markey, Ranking Member Upton, and Members of the Committee, for the opportunity to discuss current activities at the Department of the Interior related to oil and gas exploration on the Outer Continental Shelf, and in particular, the Minerals Management Service's (MMS) participation in the ongoing response to the explosion of the Deepwater Horizon drilling rig.

Before I begin my testimony, I want to express how saddened I and all MMS staff are over the tragedy that began with the loss of life on April 20, on board the Deepwater Horizon, and continues as we speak with the oil spill in the Gulf. Many MMS staff have worked their entire careers in an effort to prevent this kind of thing from happening, and we will not rest until we determine the root causes so that we do everything possible to reduce the risk of its happening again.

The Deepwater Horizon oil spill has been declared a "spill of national significance" by the Department of Homeland Security and is of grave concern to the Minerals Management Service and the Department of the Interior. The Obama Administration and the Department are

dedicating every available resource to ensure that BP and other responsible parties meet their responsibilities to stop the flow of oil and clean up the pollution, and to comprehensively and thoroughly investigate these events.

At the President's direction, his entire team is dedicated to making sure the oil spill is stopped, the cleanup is completed, and the people, the communities, and the affected environment are made whole. We are fighting the battle on many fronts. MMS has chiefly been involved in overseeing efforts to stop the flow of oil permanently, in investigating the root causes of the explosion and subsequent oil spill, and in establishing new safety measures for oil and gas drilling.

I will focus my testimony today on MMS's roles and activities in the response effort. At present, approximately 170 MMS employees are stationed at various locations and command stations throughout the Gulf region responding to this crisis. From the night of April 20, MMS's highest priority has been to shut off the source of oil. Permanent closure of the well will take several weeks yet as BP finishes drilling a relief well to stop the flow of oil from the damaged well at its source. In addition to authorizing the drilling of two relief wells, we also have a team stationed at BP headquarters in Houston, overseeing efforts to engineer a solution that can stop the flow of oil at the wellhead. That effort has been joined by industry experts, scientists from the Department of Energy's National Labs, and Dr. Marcia McNutt, the director of the U.S. Geological Survey, all focusing their expertise on strategies to kill the well.

MMS's response to this Deepwater Horizon event began immediately upon notification of the explosion.

Staff were dispatched to the BP and Transocean Incident Command Posts in Houston and they were on site the morning of April 21. The same day, MMS established an Emergency Operations Center at our Gulf of Mexico Regional Office in New Orleans. By Friday, April 23, we had posted additional personnel at the Incident Command Centers for BP and Transocean in Houston, and at the MMS Emergency Operations Center, the Joint Information Center (JIC), the Unified Command and the U.S. Coast Guard Area (USGC) Command in New Orleans.

On April 23, MMS staff began working closely with BP to develop an acceptable exploration plan for the two relief wells that can permanently seal the leaking well. (Only one relief well is necessary; the second is being drilled as a precautionary back-up.) By April 26, Applications for Permit to Drill (APDs) for both relief wells were submitted by BP and underwent review by MMS engineers and management. Before approving the APDs, MMS had to review and approve all elements required in the APD. Some of these elements include the safety equipment such as the blow out preventers and diverters; well design; casing, cementing and drilling fluids programs; and many others. Additional testing measures were proposed by BP and required by MMS to increase the safety of the relief wells, which will go as deep as the original well and reach the same oil and gas reservoir.

Concurrently, the drilling rigs *Development Driller III* and *Development Driller II* were being moved to the site of the Deepwater Horizon oil spill. Drilling commenced on the first relief well

on May 2. MMS is actively overseeing all drilling and support operations for the relief wells, 24 hours a day - 7 days a week, with MMS personnel located on the *Development Driller III* (drilling relief well #1), *Development Driller II* (drilling relief well #2), and the *Q4000* (a deepwater intervention vessel assisting in the relief well activities).

Even before the relief well plans were submitted, MMS was also overseeing BP's efforts to close off the flow of oil at the wellhead. MMS oversight of this BP effort continues to this day. Initial attempts to close the blow-out preventer (BOP) using the approved secondary mechanism of a "hot stab" from a remote operating vehicle (ROV) did not succeed. Since then, efforts to re-engineer the BOP stack while it sits on the wellhead have had varying degrees of success. BP is currently attempting a "top kill" procedure to close off the flow at the wellhead. As we speak, final preparations are being made to push drilling mud into the well at a rate that will counteract the pressure of the oil and gas, and then, if the procedure is successful, seal the wellhead with cement. Again, all of these measures have been taken with the continuous oversight of MMS, and with BP, at our urging, consulting the broadest possible array of drilling engineers.

In addition to these intervention efforts at the wellhead, MMS also has overseen the effort to engineer containment of the flow of oil from the broken riser lying along the sea floor. BP has seen some success with the riser insertion tube tool, or RITT, which has brought some oil and gas directly to the surface and into a production vessel, reducing the amount of oil that is polluting the ocean. MMS personnel are on the vessel *Enterprise* monitoring the flow of liquid as it is brought onto the ship for containment and storage.

Currently, MMS's response is varied in both technical and geographic scope.

MMS engineers in Houston continue to review and provide input for various source control procedures and updates and recommendations to the MMS managers and engineers in the Unified Command in Robert, LA, prior to MMS approval of proposed activities. At the Unified Command, MMS regional managers actively participate in meetings, review and approve procedures, and provide support for ongoing Unified Command activities. MMS's regional engineers continue to provide information for the other command centers, MMS Headquarters and other Federal bodies, at the same time that they review procedures, and compile and send operation updates.

As I noted, another priority for MMS is to determine the root causes of these events. Under an agreement signed by Secretary Salazar and Secretary Napolitano, we have begun a joint investigation between the Coast Guard and MMS under the Coast Guard's formal Marine Board procedures to discover the root causes of the explosion and the resulting oil spill. That investigation will take several months. One major factor affecting this timeline is that investigators will need access to the BOP stack that must remain on the seabed until the well is permanently sealed. In addition, Secretary Salazar has established an Outer Continental Shelf Safety Oversight Board to conduct a full review of offshore drilling safety and technology issues. Also, later this week, the Secretary will deliver a report to the President on interim measures that can be taken to improve the safety of Outer Continental Shelf operations. And, at the request of the Secretary, the National Academy of Engineering, a highly regarded organization affiliated with the National Academy of Sciences, will conduct an independent, science-based analysis of the root causes of the Deepwater Horizon oil spill so that corrective steps can be taken to address

any engineering or mechanical shortcomings that may be uncovered. These efforts will all support the larger investigation the President has announced, which will be conducted by a special Presidential commission.

In addition to shutting down this well and investigating the root causes of the events, the MMS has taken several steps to increase offshore safety at the direction of the Secretary. We issued a safety alert to all operators reminding them of the urgency of conducting all operations within the requirements of MMS regulations and with the highest standards of safety in mind. Our offshore inspectors made an immediate sweep of inspections of all deepwater (water depth of 1000 feet or greater) rigs, and have now moved on to a thorough inspection tour of all deepwater production platforms. In accordance with the Secretary's direction, we also have placed a temporary moratorium on issuance of any permits for drilling new wells, pending the completion of the Secretary's report to the President regarding interim measures to increase drilling safety.

Broader reforms at MMS are also in the works. This tragedy and the massive spill for which BP and others bear responsibility have made the importance and urgency of the Secretary's reform agenda ever more clear. The Minerals Management Service has three distinct and conflicting missions - enforcement, energy development, and revenue collection - that must be divided. The Secretarial Order that Secretary Salazar signed last week will establish three separate entities as follows:

- The ***Bureau of Ocean Energy Management*** will be a new bureau under the supervision of the Assistant Secretary for Land and Minerals Management that

will be responsible for the sustainable development of the Outer Continental Shelf's conventional and renewable energy and mineral resources, including resource evaluation, planning, and other activities related to leasing.

- The *Bureau of Safety and Environmental Enforcement* will be a new bureau under the supervision of the Assistant Secretary for Land and Minerals Management that will be responsible for ensuring comprehensive oversight, safety, and environmental protection in all offshore energy activities.
- The *Office of Natural Resources Revenue* will be a new office under the supervision of the Assistant Secretary for Policy, Management, and Budget that will be responsible for the royalty and revenue management function including the collection and distribution of revenue, auditing and compliance, and asset management.

Over the next month, the Department will develop a schedule for implementing the reorganization in consultation with its jurisdictional Congressional committees. This reorganization will strengthen oversight of offshore energy operations, improve the structure for revenue and royalty collections on behalf of the American people, and help our nation build the clean energy future we need.

Finally, underscoring the importance of the Secretary's reorganization announcement, the Department of the Interior Inspector General issued a report this week detailing ethical lapses at

the Minerals Management Service (MMS) between 2000 and 2008. This report highlights the importance of Interior's ongoing agenda to reform the agency and of new ethics reforms implemented in early 2009. This deeply disturbing report is further evidence of the cozy relationship between some elements of MMS and the oil and gas industry. Several of the individuals mentioned in the Inspector General's report have resigned, been terminated, or referred for prosecution. Those individuals mentioned in the IG report for questionable behavior who are still with MMS will be placed on administrative leave pending the outcome of a personnel review. The Secretary has expressed his appreciation and full support of the Inspector General's strong work to root out the bad apples in MMS and we will follow through on her recommendations, including taking any and all appropriate personnel actions including termination, discipline, and referrals of any wrongdoing for criminal prosecution. The Secretary has also asked the Inspector General to expand her investigation to determine whether any of this reprehensible behavior persisted after the new ethics rules he implemented in 2009.

I assure you that MMS staff across the nation are fully engaged in response efforts to this tragedy, supporting our team members in the Gulf of Mexico Region, the Department and the Unified Command by providing information and personnel to support any necessary decisions and activities as we strive to respond to the immediate effects of this tragedy and ensure greater safety for drilling operations in the future.

Mr. Chairman, that concludes my prepared statement. I would be happy to respond to questions you or Members of the Committee have.