

ONE HUNDRED ELEVENTH CONGRESS  
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**House of Representatives**  
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**Opening Statement of Rep. Henry A. Waxman**  
**Chairman, Committee on Energy and Commerce**  
**The Role of BP in the Deepwater Horizon Explosion and Oil Spill**  
**Subcommittee on Oversight and Investigations**  
**June 17, 2010**

Mr. Chairman, thank you for holding this important hearing.

And Mr. Hayward, thank you for appearing before us today. Yesterday, BP pledged to establish a \$20 billion escrow account and to suspend its dividend payments. I'm sure these were not easy decisions for you. But they were the right ones, and I commend you for them.

Congress has multiple committees examining the Gulf oil spill. Some are evaluating the impact of the spill, some are working on the reorganization of our regulatory agencies, and some – including Chairman Markey's subcommittee – are drafting legislation to reform our oil exploration laws.

You are testifying today before the Oversight and Investigations Subcommittee. And this Subcommittee has a special role: to examine the facts, determine what went wrong, and make recommendations to prevent future spills.

When it is time for questioning, I and other members of the Subcommittee will ask you about a series of internal BP documents. They appear to show that BP repeatedly took shortcuts that endangered lives and increased the risks of a catastrophic blowout.

But what is equally important is what is missing from the documents.

When you became CEO of BP, you promised to focus “like a laser on safe and reliable operations.”

We wanted to know what you had done to keep this promise, so we asked what e-mails you had received and what documents you had reviewed about the Deepwater Horizon rig or the Macondo well before the blowout.

Deepwater drilling is inherently dangerous. As the entire country now knows, an uncontrolled blowout can kill rig workers and cause an environmental disaster. We wanted to know whether you were briefed about the risks and were monitoring the safety of the drilling operation.

We could find no evidence that you paid any attention to the tremendous risks BP was taking. We have reviewed 30,000 pages of documents from BP, including your e-mails. There is not a single e-mail or document that shows you paid even the slightest attention to the dangers at this well.

You are the CEO, so we considered the possibility that you may have delegated the oversight responsibility to someone else. We reviewed the e-mails and briefing documents received by Andy Inglis, the chief executive for exploration and production, and Doug Suttles, the chief operating officer for exploration and production and the person now leading BP's response to the spill.

According to BP, these are the senior officials who were responsible for the Macondo well. But they too were apparently paying no attention. We could find no evidence that either of them received any e-mails or briefings about the Deepwater Horizon rig or the drilling activities at the well.

BP's corporate complacency is astonishing.

The drilling engineer for the rig called Macondo a "nightmare well." Other BP employees predicted that the cement job would fail. Halliburton warned of a "SEVERE gas flow problem."

These warnings fell on deaf ears.

BP's corporate attitude may be best summed up in an e-mail from its Operations Drilling Engineer, who oversaw BP's team of drilling engineers. After learning of the risks and BP's decision to ignore them, he wrote: "who cares, it's done, end of story, will probably be fine."

There is a complete contradiction between BP's words and deeds. You were brought in to make safety the top priority of BP. But under your leadership, BP has taken the most extreme risks.

BP cut corner after corner to save a million dollars here and a few hours there. And now the whole Gulf Coast is paying the price.

Mr. Hayward, one of your most illustrious countrymen, Lord Keynes, once said: "The inevitable never happens. It is the unexpected always."

Given BP's apparent indifference to risk, we can now paraphrase Lord Keynes. The inevitable did happen. And it should have been expected.

Today's hearing will focus on BP's actions. But we learned from our hearing earlier this week that the other oil companies are just as unprepared to deal with a massive spill as BP.

We are seeing in the oil industry the same corporate indifference to risk that caused the collapse on Wall Street.

From the spill off Santa Barbara in 1969, to Exxon Valdez in 1989, to the BP blowout in 2010, the pattern of risks is clear. And so is the failure of the industry to anticipate spills and respond effectively.

And that is why reform is so urgently needed. Part of this reform must be legislation to put teeth into our regulatory system. But part must also be a transition to a clean energy economy. We are addicted to oil, and this addiction is fouling our beaches, polluting our atmosphere, and undermining our national security.

We can't snap our fingers and transform our energy economy overnight, but we need to start down the path to a clean energy future. If we don't, we will be confronted with an even worse spill 20 years from now.

Mr. Chairman, I look forward to today's hearing, and Mr. Hayward, I thank you for appearing and cooperating with our investigation.