

**United States Senate Committee on Commerce, Science, &
Transportation
Lamar McKay
Chairman & President, BP America
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Chairman Rockefeller, Ranking Member Hutchison, members of the committee, I am Lamar McKay, Chairman and President of BP America.

We have all experienced a tragic series of events.

I want to be clear from the outset that we will not rest until the well is under control. As a responsible party under the Oil Pollution Act, we will carry out our responsibilities to mitigate the environmental and economic impacts of this incident.

We — and, indeed, the entire energy sector — are determined to understand what happened, why it happened, take the learnings from this incident, and make the changes necessary to make our company and our industry stronger and safer. We understand that the world is watching and that we and our industry colleagues will be judged by how we respond to these events.

Nearly one month ago, eleven people were lost in an explosion and fire aboard the Transocean Deepwater Horizon drilling rig, and seventeen others were injured. My deepest sympathies go out to the families and friends who have suffered such a terrible loss and to those in Gulf Coast communities whose lives and livelihoods are being impacted.

This was a horrendous accident. We are all devastated by this. It has profoundly touched our employees, their families, our partners, customers, those in the surrounding areas and those in government with whom we are working. There has been tremendous shock that such an accident could have happened, and great sorrow for the lives lost and the injuries sustained. The safety of our employees and our contractors and the safety of the environment are always our first priorities.

Even as we absorb the human dimensions of this tragedy, I want to underscore our intense determination to do everything humanly possible to minimize the environmental and economic impacts of the resulting oil spill on the Gulf Coast.

¹ The data described throughout this testimony is accurate to the best of my knowledge as of 8am Sunday, May 16, 2010, when this testimony was prepared. The information that we have continues to develop as our response to the incident continues.

From the outset, the global resources of BP have been engaged. Nothing is being spared. We are fully committed to the response.

And from the beginning, we have never been alone. On the night of the accident, the Coast Guard helped rescue the 115 survivors from the rig. The list of casualties could easily have been longer without the professionalism and dedication of the Coast Guard.

Even before the Transocean Deepwater Horizon sank on the morning of April 22nd, a Unified Command structure was established, as provided by federal regulations. Currently led by the National Incident Commander, Admiral Thad Allen, the Unified Command provides a structure for BP's work with the Coast Guard, the Minerals Management Service and Transocean, among others.

Immediately following the explosion, in coordination with the Unified Command, BP began mobilizing oil spill response resources including skimmers, storage barges, tugs, aircraft, dispersant, and open-water and near shore boom.

Working together with federal and state governments under the umbrella of the Unified Command, BP's team of operational and technical experts is coordinating with many agencies, organizations and companies. These include the Departments of Interior, Homeland Security, Energy, and Defense, National Oceanic and Atmospheric Administration (NOAA), US Fish & Wildlife Service (USFW), National Marine Fisheries Service (NMFS), EPA, OSHA, Gulf Coast state environmental and wildlife agencies, the Marine Spill Response Corporation (an oil spill response consortium), as well as numerous state, city, parish and county agencies.

"BP has been relentless and we've been relentless in our oversight because we all understand the stakes here," said Adm. Allen on May 14. "This has never been done before. This is an anomalous, unprecedented event."

The industry as a whole has responded in full support. Among the resources that have been made available:

- Drilling and technical experts who are helping determine solutions to stopping the spill and mitigating its impact, including specialists in the areas of subsea wells, environmental science and emergency response;
- Technical advice on blowout preventers, dispersant application, well construction and containment options;
- Additional facilities to serve as staging areas for equipment and responders, more remotely operated vehicles (ROVs) for deep underwater work, barges,

support vessels and additional aircraft, as well as training and working space for the Unified Command.

The actions we're taking

As Chairman and President of BP America, I am part of an executive team that reports directly to our Global CEO, Tony Hayward. I am BP's lead representative in the US and am responsible for broad oversight and connectivity across all of our US-based businesses.

BP itself has committed tremendous global resources to the effort. Including BP, industry and government resources – over 17,000 personnel are now engaged in the response. Among many other tasks, our employees are also helping to train and organize the more than 15,000 citizen volunteers who have come forward to offer their services.

Indeed, we have received a great many offers of help and assistance, and we are grateful for that. The outpouring of support from government, industry, businesses and private citizens has truly been humbling and inspiring. It is remarkable to watch people come together in crisis.

Our efforts are focused on two overarching goals:

- Stopping the flow of oil; and
- Minimizing the environmental and economic impacts from the oil spill.

Subsea efforts to secure the well

Our first priority is to stop the flow of oil and secure the well. In order to do that, we are using four vessels and nine Remote Operated Vehicles (ROVs) working on several concurrent strategies:

- **Riser Insertion Tube:** Our immediate focus is on a riser insertion tube option. This involves placing a tapered riser tube into the end of the existing, damaged riser and drill pipe, the primary source of the leak, until a watertight closure is achieved. The gas and oil would then flow under their own pressure up the riser tube to the *Enterprise* drillship on the surface.
- **Containment Recovery System:** Initial efforts to place a large containment dome over the main leak point were suspended as a build up of hydrates, essentially ice-like crystals, prevented a successful placement of the dome over the spill area. A second, smaller containment dome, measuring four feet in diameter and five feet high, called a "top hat," is being readied to lower over the main leak point, if needed. The small dome would be connected by drill

pipe and riser lines to a drill ship on the surface to collect and treat the oil. It is designed to mitigate the formation of large volumes of hydrates. It is important to note that this technology has never been used at this depth and significant technical and operational challenges must be overcome.

- **Dispersant injection at the sea floor:** We have conducted a third test round of injecting dispersant directly at the leak site on the sea floor using ROVs. Dispersant acts by separating the oil into small droplets that can break down more easily through natural processes before it reaches the surface. Sonar testing and aerial photographs show encouraging results. The Unified Command, supported by the Environmental Protection Agency and other agencies, has approved additional subsea application subject to ongoing protocols.
- **Drilling relief wells:** We have begun to drill the first of two relief wells to permanently secure the well. These wells are designed to intercept the original MC252 #1 well. Once this is accomplished, a specialized heavy fluid will be injected into the well bore to stop the flow of oil and allow work to be carried out to permanently cap the existing well. On Sunday, May 2nd, we began drilling the first of these wells, and as of May 16, the well had reached approximately 9,000 feet below sea level. A second drillship has been mobilized to the area and will begin drilling a second relief well on May 16. This relief well operation could take approximately three months.
- **“Top kill”:** An additional effort is known as a “top kill.” It is a proven industry technique for capping wells and has been used worldwide, though never in 5,000 feet of water. It uses a tube to inject a mixture of multi-sized shredded fibrous materials directly into the blowout preventer. The objective is for the material to travel up the BOP and clog the flow of the well at the pinch point. Once the pressure is controlled, heavy fluids and cement will be pumped down the well to kill it. We have completed the first part of this operation using an ROV to remove the BOP control pod, which was taken to the surface and refurbished with electronics. Re-installation of the control pod will allow us to control the BOP lines needed to inject from the surface. Manifold and bypass lines are in place to provide access to valves on the BOP. This procedure is ongoing and this attempt could take two or three weeks to accomplish.
- We have succeeded in stopping the flow from one of the three existing leak points on the damaged well. While this may not affect the overall flow rate, it should reduce the complexity of the situation to be dealt with on the seabed.

Attacking the spill

We are attacking the spill on two fronts: in the open water and on the shoreline, through the activation of our pre-approved spill response plans.

- **On the water**

On the open water, more than 600 response vessels are available, including skimmers, storage barges, tugs, and other vessels. The Hoss barge, the world's largest skimming vessel, has been onsite since April 25. In addition, there are 15, 210-foot Marine Spill Response Corporation Oil Spill Response Vessels, which each have the capacity to collect, separate, and store 4000 barrels of oil. To date, over 150,000 barrels of oil and water mix have been recovered.

Also on the open water, we are attacking the spill area with Coast Guard-approved biodegradable dispersants, which are being applied from both planes and boats. Dispersants are soap-like products which help the oil to break up and disperse in the water, which, in turn, helps speed natural degradation.

Thirty-eight aircraft, both fixed-wing and helicopters, are now supporting the response effort. Over half a million gallons of dispersant have been applied on the surface and more than a quarter of a million gallons are available. Typically, about 2,100 gallons of dispersant is needed to treat 1,000 barrels of oil.

To ensure that adequate supplies of dispersant will be available for surface and subsea application, the manufacturer has stepped up the manufacturing process, and existing supplies are being sourced from all over the world. The cooperation of industry partners has been superb and that is deeply, deeply appreciated.

- **Actions to protect the shoreline**

Near the shoreline, we are implementing with great urgency oil spill response contingency plans to protect sensitive areas. According to the Coast Guard, the result is the most massive shoreline protection effort ever mounted.

To ensure rapid implementation of state contingency plans, we have made grants of \$25 million to Louisiana, Mississippi, Alabama, and Florida.

To date, we have about 1.5 million feet of boom deployed in an effort to contain the spill and protect the coastal shoreline, and another one million feet are available. The Department of Defense is helping to airlift boom to wherever it is needed across the Gulf coast.

The Area Unified Command Center has been established in Robert, LA. Incident Command Centers have been or are being established at Mobile, AL; St. Petersburg, FL and Houma, LA.

Fifteen staging areas are also in place to help protect the shoreline:

- **Alabama:** Theodore, Orange Beach and Dauphin Island;
- **Florida:** Pensacola and Panama City.
- **Louisiana:** Amelia, Grand Isle, Venice, Port Fourchon, Shell Beach, Slidell, Cocodrie;
- **Mississippi:** Pascagoula, Biloxi and Pass Christian;

Highly mobile, shallow draft skimmers are also staged along the coast ready to attack the oil where it approaches the shoreline.

Wildlife clean-up stations are being mobilized, and pre-impact baseline assessment and beach clean-up will be carried out where possible. Rapid response teams are ready to deploy to any affected areas to assess the type and quantity of oiling, so the most effective cleaning strategies can be applied.

A toll-free number has been established to report oiled or injured wildlife, and the public is being urged not to attempt to help injured or oiled animals, but to report any sightings via the toll-free number.

Contingency plans for waste management to prevent secondary contamination are also being implemented.

Additional resources, both people and equipment, continue to arrive for staging throughout the Gulf states in preparation for deployment should they be needed.

Communication, community outreach, & engaging volunteers

We are also making every effort to keep the public and government officials informed of what is happening and are regularly briefing Federal, state, and local officials.

On the ground, in the states and local communities, we are working with numerous organizations such as fishing associations, local businesses, parks, wildlife and environmental organizations, educational institutions, medical and emergency establishments, local media, and the general public.

BP is leading volunteer efforts in preparation for shoreline clean-up. We have helped and will continue to help recruit and deploy volunteers, many of whom are being compensated for their efforts, to affected areas.

Volunteer activities at this time are focused on clearing the beaches of existing debris and placing protective boom along the shoreline. Our “adopt a boom” program is proving very successful in engaging local fishermen in the response. Over a thousand fishing vessels are signed up to deploy boom and assist with the response.

There are seven BP community-outreach sites engaging, training, and preparing volunteers:

- **Alabama:** Mobile;
- **Florida:** Pensacola;
- **Louisiana:** Venice and Pointe a la Hache;
- **Mississippi:** Pascagoula, Biloxi and Waveland.

A phone line has been established for potential volunteers to register their interest in assisting the response effort.

Coping with economic impacts

We recognize that beyond the environmental impacts there are also economic impacts on many of the people who rely on the Gulf for their livelihood. BP will pay all necessary clean up costs and is committed to paying legitimate claims for other loss and damages caused by the spill. We are already expediting interim payments to individuals and small business owners whose livelihood has been directly impacted by the spill - the men and women who are temporarily unable to work. We have already paid approximately 12 million dollars out to claimants, mostly in the form of these lost income interim payments. We intend to continue to replace this lost income for those impacted men and women for as long as the situation continues to prevent them from returning to their work.

We have been responding to these claims by individuals and small businesses that have had losses caused by injury to their property or to natural resources as quickly and efficiently as possible. We have a call center that operates 24 hours a day, 7 days a week. Starting this week, we will have an on-line claims filing system. We have nearly 700 people assigned to handle claims, with almost 350 experienced claims adjusters working in the impacted communities. We have 10 walk in claims offices in Louisiana, Mississippi, Alabama and Florida and we will open 7 more this week. We will continue to add people, offices and resources as required.

We are striving to be efficient and fair and look for guidance to the established regulations and other information provided by the US Coast Guard, which frequently handles and resolves these types of claims.

Commitment to investigate what happened

BP is one of the lease holders and the operator of this exploration well. As operator, BP hired Transocean to conduct the well drilling operations. Transocean owned and was responsible for safe operation of the Deepwater Horizon drilling rig and its equipment, including the blowout preventer.

The question we all want answered is “what caused this tragic accident”?

A full answer to this and other questions will have to await the outcome of multiple investigations which are underway, including a joint investigation by the Departments of Homeland Security and Interior (Marine Board) and an internal investigation that BP is conducting.

BP’s investigation into the cause of this accident is being led by a senior BP executive from outside the affected business. The team has more than 40 people. The investigation is ongoing and has not yet reached conclusions about incident cause. We intend to share the results of our findings so that our industry and our regulators can benefit from the lessons learned.

Investigations take time, of course, in order to ensure that the root cause of the failure is fully understood. But let me give you an idea of the questions that BP and the entire energy industry, are asking:

- What caused the explosion and fire?
- And why did the blowout preventer fail?

Only seven of the 126 onboard the Deepwater Horizon at the time of the incident were BP employees, so we have only some of the story, but we are working to piece together what happened from meticulous review of the records of rig operations that we have as well as information from those witnesses to whom we have access. We are looking at our own actions and those of our contractors, as is the Marine Board.

Conclusion

BP is under no illusions about the seriousness of the situation we face. In the last three weeks, the eyes of the world have been upon us. President Obama and members of his Cabinet have visited the Gulf region and made clear their expectations of BP and our industry. So have members of Congress, as well as the general public.

We intend to do everything within our power to bring this well under control, to mitigate the environmental impact of the spill and to address economic claims in a responsible manner.

Any organization can show the world its best side when things are going well. It is in adversity that we truly see what they are made of.

We know that we will be judged by our response to this crisis. No resource available to this company will be spared. I can assure you that we and the entire industry will learn from this terrible event, and emerge from it stronger, smarter and safer.