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Statement of Rep. Henry A. Waxman
Chairman, Committee on Energy and Commerce
“The Role of the Interior Department in the Deepwater Horizon Disaster”
Subcommittee on Oversight and Investigations and the
Subcommittee on Energy and Environment
July 20, 2010

Chairman Stupak and Chairman Markey, I want to thank you for holding today’s hearing.

In the three months since the Deepwater Horizon explosion and blowout, we have held seven hearings. These hearings have focused on the actions of BP and other oil and gas companies.

We learned that BP repeatedly made dangerous choices to save time and money. We learned that Transocean’s blowout preventer had a dead battery, a leaking hydraulic system, and other serious flaws. And we learned that the entire oil industry is unprepared to deal with a significant blowout.

Today, we will be examining the role of the regulator.

We will learn that the Department of Interior under both President Bush and President Obama made serious mistakes. The cop on the beat was off-duty for nearly a decade. And this gave rise to a dangerous culture of permissiveness.

Secretary Salazar has testified before several committees, and we welcome his appearance today. What makes this hearing unique is that we will also be hearing from his two predecessors, former Secretary Gale Norton and former Secretary Dirk Kempthorne. This will allow us to examine the recent history of federal drilling regulation, and we thank them for their cooperation.

In many ways, this history begins with Vice President Cheney’s secretive energy task force. The energy task force was initiated during President Bush’s second week in office, and for weeks it met privately with oil and gas executives and other energy industry officials, whose identity the Administration steadfastly refused to disclose. Four months later, the Vice President released a report describing the Administration’s new energy strategy. The report directed the Interior Department to “consider economic incentives for environmentally sound offshore oil and

gas development.” As recommended in the report, President Bush immediately issued an executive order to “expedite projects that will increase the production ... of energy.”

Secretary Norton led implementation of the Bush energy policies at the Department of the Interior. She promoted new incentives and royalty programs to encourage drilling. But, she failed to act on safety warnings about blowout preventers. And she rejected proposals to strengthen standards for cementing wells. Those decisions sent a clear message: the priority was more drilling first, safety second.

Secretary Norton left amid the scandals involving Jack Abramoff to work as a general counsel for Shell, a major oil company. Her successor, Secretary Kempthorne, oversaw the Lease Sale to BP of the future Macondo well. Secretary Kempthorne also oversaw the deeply flawed assessment of potential environmental impacts associated with this lease sale, an assessment that did not anticipate the possibility or impacts of a catastrophic subsea blowout. As a result of those environmental assessments, BP did not have to include an oil spill response discussion, a site-specific oil spill response plan, or a blowout scenario in its exploration plan.

During the Bush Administration, there were a series of ethical scandals at the Department. It appeared that the Minerals Management Service’s (MMS) mission had become to serve the oil and gas industry by facilitating the expansion of deepwater drilling.

In many ways, Congress was complicit in this lack of oversight. The Energy Policy Act of 2005 granted royalty relief and subsidies to the industry, but did not strengthen regulatory requirements.

As a Democrat, I hoped the Obama Administration would do better and, in some ways, there have been reforms. The scandal ridden royalty-in-kind program was cancelled. Secretary Salazar instituted new ethics programs. And in the Department’s budget, Secretary Salazar requested more inspectors for offshore facilities.

But there is little evidence that these reforms changed the laissez-faire approach of MMS in regulating the BP well. MMS approved the drill plan and changes to the well design that we have questioned during our investigation.

The April 20 blowout was a wake-up call for the Administration. Secretary Salazar has now reorganized MMS, issued a 30-day safety report, developed a plan to implement the reorganization, asked the Department’s IG to examine culpability, and issued suspensions of new high-risk activity until there is evidence that blowout preventers are safe enough and the oil industry is able to respond to another spill.

These actions are long overdue. But they are necessary steps in the effort to revitalize drilling regulation, and I welcome the chance to learn more about them.

Chairman Stupak and Markey, thank you for holding today’s hearing.