



National Commission on the  
BP DEEPWATER HORIZON OIL SPILL  
AND OFFSHORE DRILLING

**WILLIAM K. REILLY REMARKS**

On behalf of my fellow commissioners and also of our staff, I want to say what an honor it is to have been part of this Commission. One of the great satisfactions has been to have as my co-chair Bob Graham, who is both a statesman and a good friend. I have the greatest respect and admiration for my fellow commissioners who have taken this assignment seriously and invested much time and hard work in its findings and recommendations. I have worked with several fine staffs in my time and never one better than this one led by executive director Richard Lazarus. Not everyone believed the work of this commission could be completed in six months. Richard Lazarus did and he led the effort that brought it in on deadline and with no compromise in quality.

Any severe catastrophe of national significance strains public confidence, fosters widespread concern and anxiety, and creates an urgent need for candid explanation. It also creates an opportunity to point to new directions. That is what we have done.

We deeply appreciate the effort people in the affected Gulf regions made to tell us about their experiences, and the time and preparation witnesses before the Commission dedicated to their presentations. We thank President Obama for the opportunity to learn thoroughly about the crisis and to share our findings with the American public.

The concern that Americans – from all walks of life, from all regions, from all political perspectives – continue to have for the people of the Gulf is the sharpest rebuke possible to those who argue our country is hopelessly divided and unable to come together and solve its problems. This Commission has consciously conducted its proceedings to be respectful of witnesses, to identify issues candidly and without shrillness, and to make serious and constructive findings and recommendations.

I would draw special attention to the dedication of the literally tens of thousands of people who devoted themselves to responding to this disaster along with the remarkable ingenuity that created new technologies in real time to eventually cap the spill. Together they represent a capacity for problem solving that remains a central feature of the American character. That capacity is required as America charts the course for the future of offshore drilling.

As Sen. Graham said, our investigation shows that a series of specific and preventable human and engineering failures were the immediate causes of the disaster. But, in fact, it was the almost inevitable result of years of industry and government complacency and carelessness regarding safety.

In the wake of the nation's worst environmental disaster, we offer a message of hope for the future. Offshore drilling can be done safely. This is not a problem that eludes an answer. We have discovered the immediate and root causes of the *Deepwater Horizon* spill. We have identified how best to minimize the risks in the future. And, industry already possesses the technological know-how to get it right and has learned the painful lesson of failing to do so. This country's dependence on oil will continue for the foreseeable future. The simple truth is that the bulk of new finds are offshore and in deepwater, and potentially in the shallow waters of the Arctic, which present their own distinct challenges. We simply cannot walk away from these resources, even as we remain cognizant of the very real risks.

A key question I had at the outset is, do we have a single company, BP, that blundered with fatal consequences, or a more pervasive problem of a complacent industry? To believe that this was a singular event you have to believe also that Halliburton would not have supplied faulty cement to any other company than BP, and that Transocean would not have failed to recognize gas rising in the drill pipe on any but a BP well. Given that these contractors are major service providers to operators in all the world's oceans, that is hard to accept. But even if industry CEOs do not accept that the problems are pervasive, are systemic, they must acknowledge that protecting themselves from one or more poor performers will require an industry-wide response. We confront a fixable problem.

And it is in industry's self-interest to fix it. If this should happen again, if there should be a high-profile drilling mishap in an environmentally sensitive area somewhere in the US, the public and governmental response will be severe. This will be true even if it is a relatively minor event with much less serious damages, let alone the kind of cataclysm that we might have faced with Macondo. The confidence that the American people had in the safety of offshore drilling has been shattered and the fallout has affected every company drilling in the Gulf, no matter how excellent their safety record. In fact, it is the best performers that have the strongest interest in assuring safe operations across the board.

The Commission met and heard presentations from several companies with exemplary records for safety and environmental performance. Along with their sterling reputations, they had something else in common. All their deepwater exploratory rigs in the Gulf were shut down.

The Commission has recommended a series of reforms for government. They are vitally necessary. The embarrassing reality is that the understanding and expertise of government regulators has lagged far behind the technological advances that have made deepwater drilling possible. It will take time for them to catch up, even assuming Congress appropriates the required funds for new hires, for training, and better compensation, which we recommend. And that is one reason why industry must also step up to the challenge. It would be a terrible mistake to return to business as usual.

Today, each company views safety as its individual responsibility. But when even the safest companies' operations are shut down as they were during the deepwater drilling moratorium in the Gulf, the message is clear: all companies have a stake in ensuring that the laggards are brought to a high standard. Currently, the leaders have no means to police the corner cutters, and as we have seen, they would do well not to rely on government to do it. Much as the aviation and chemical and nuclear power industries have done in response to disasters, the oil and gas industry must move towards developing a concept of safety as a collective responsibility.

We recommend the creation of an oil and gas industry “Safety Institute”. Similar to organizations in other high-risk industries, such as the Institute for Nuclear Power Operations, this would be an industry-developed entity aimed at creating, adopting, and enforcing standards of excellence to ensure continuous improvement in safety and operational integrity offshore.

My observation of the oil industry indicates that there are several companies with exemplary safety and environment records. We heard from the leaders of many of these companies during the Commission’s work. I would challenge them to use their example and influence to champion a strong industry-wide culture of safety.

Another area where we must see an upgraded effort is spill response and containment. When I first learned of the *Deepwater Horizon* spill, I assumed that the government and the oil and gas industry, over the previous two decades, would have upgraded their safety and response capabilities from what I had witnessed firsthand in Prince William Sound in the aftermath of the *Exxon Valdez* spill 20 years ago. I expected that the industry would have made strides in containment, dispersant and clean-up technologies, and that this would help limit the impact of the spill.

To my shock, it quickly became clear that while the industry had devoted billions to the technologies required for deepwater drilling, it had devoted essentially nothing to creating a Plan B, to dealing with the utterly foreseeable consequences of a major spill. Neither had the government.

As a consequence, America was woefully unprepared to respond to and contain a massive deepwater oil spill. The Commission recommends increased and sustained public-and-private-sector research and development on technologies related to spill response.

We have made serious and even harsh criticisms of the lack of preparation that contributed to the Macondo explosion. But I would keep this in perspective: though we have been compared with the 911 Commission, what happened in the Gulf on April 20 occurred as the result of faulty decisions by well-intentioned men and women.

No one set out to kill people. This is not a story of evil and mass murder.

As we look forward, we need to recall the severe damage that has occurred. The environmental effects of the spill on the Gulf will take decades to fully assess. Over 200 million gallons of oil went into the Gulf, with some portion remaining in the ocean and possibly settling to the sea floor. The Macondo disaster placed further stress on coastal resources already degraded over many decades by a variety of economic and development activities, including energy production.

The bayous and wetlands of Louisiana have for decades suffered from destructive alteration to accommodate oil exploration. The Gulf ecosystem, a unique American asset, is likely to continue silently washing away unless decisive action is taken to start the work of creating a sustainably healthy and

productive landscape. No one should be deluded that restoration on the scale required will occur quickly or cheaply. Indeed, the experience in restoring other large, sensitive regions—the Chesapeake Bay, the Everglades, the Great Lakes—indicates that progress will require coordinated federal and state actions, a dedicated funding source, long-term monitoring, and a vocal and engaged citizenry, supported by robust non-governmental groups, scientific research, and more.

We recommend jumpstarting that process. The penalties paid by BP and other responsible parties for the oil spill should be primarily devoted to Gulf restoration. The Gulf will continue to be under severe stress as energy development continues. Congress should dedicate 80 percent of any Clean Water Act penalties to long-term restoration of the Gulf of Mexico in partnership with the states.

The future of oil exploration is in deepwater. And it may also be in the shallow waters of the Arctic, in a punishing environment with different challenges, precarious wildlife species, and a little understood ecology. The U.S., both its public and private sectors, has the chance to shape what that future looks like. This Commission has messages for the key actors in this enterprise.

The United States has a vital interest in how neighboring nations manage their offshore industries. Mexico and Cuba will be drilling in the Gulf of Mexico, and Russia, Canada and Greenland will explore and develop resources in the Arctic. We recommend engaging these countries and developing a common set of policies and standards regarding safety and the environment.

We recommend Congress exercise more diligent oversight of offshore drilling, to prescribe by statute a fully independent regulator removed from potential political influence, and to appropriate sufficient funds for it to do its job.

We recommend the Interior Department professionalize its regulators, and consult seriously with scientific agencies.

We recommend the industry accept fully the consequences and challenges of the move into deep water and organize industry-wide to better manage risks.

This, we believe, is the course the nation needs to chart. This will significantly reduce the risks of deep water drilling. And over time, successful demonstration of serious new oversight will restore the confidence of the country in a vital enterprise.