National Commission on the BP Deepwater Horizon Oil Spill and Offshore Drilling

Report to the President

www.oilspillcommission.gov
Our Mission

- Created by Executive Order May 21, 2010
- The President asked the Commission to
  - Examine the relevant facts and circumstances concerning the root causes of the Deepwater Horizon oil disaster;
  - Develop options for guarding against, and mitigating the impact of, oil spills associated with offshore drilling, taking into consideration the environmental, public health, and economic effects of such options
- The Commission did not attempt to:
  - Determine legal liability
  - Reformulate US energy policy
Costs of Blowout Significant

- Eleven men died, dozens injured
- Millions of gallons of oil released into Gulf
- Response Costs
- Environmental Damage
  - Marine and coastal ecosystems already severely stressed
  - Long-term impacts not yet known
- Economy
  - Seafood Industry
  - Tourism Industry
  - Oil and gas industry
- Residents of Gulf
  - Impacts on health
  - Increased depression
Key Findings on Causes of Explosion

• The Deepwater Horizon disaster was foreseeable and preventable

• The immediate causes of the Macondo well blowout can be traced to a series of identifiable mistakes made by BP, Halliburton, and Transocean

• The decisions made by these companies reveal such systemic failures in risk management that they raise questions about the safety culture of the industry.
Major Factors Leading to Blowout

- Flawed design for cement slurry
- High risk cementing procedures
- Misinterpretation of negative pressure tests
- Risky Temporary Abandonment Procedures
- Inattention to signs of “kicks”
- Failure to respond appropriately once the blowout began
- Bad communication
- Hurry and confusion
Government Also Failed

• Government regulations did not address several key causes of the blowout
• Regulators lacked the resources or technical expertise to address many issues
• The regulator, MMS, faced conflicts of interest in its diverse responsibilities:
  – Promote offshore leasing
  – Collect revenues from offshore leasing
  – Conduct environmental reviews
  – Review plans and issued permits
  – Conduct audits and inspections
  – Enforce safety and environmental regulations
MMS Resource Constraints

OCS Oil Production and MMS Budget

MMS Inspections
Lower Fatality Rate in European than US Operations

Fatalities from Offshore Oil and Gas Operations: Europe and the United States

http://www.irisoffshoresafety.com/country/performance/
What are the regulation differences?

• Safety Case instead of prescriptive regulations
• Financial capacity requirements
• Environmental analysis and planning prior to leasing and investment
• Cultural acceptance of government’s role
• Well financed and trained regulators
• Active engagement of other marine and coastal dependent industries in process
Arctic Resources – Ownership and Management

Bente Nyland
Director General

Arctic Dialogue Agenda
Bodø March 22 -24, 2011
Historic and prognosed production 1990-2030
Integrated ecosystem-based management plan

Sustainable use of natural resources and safeguarding of the environment
The Future of the Norwegian Continental Shelf

- Maintain the production levels from existing fields
- Maintain a prudent exploration activity level
- New border with Russia to be ratified
- Seismic acquisition in the northern areas
- Impact assessment study: Jan Mayen
- Petroleum White Paper; Spring 2011
- Management plan for the Barents Sea and the waters outside Lofoten and Vesterålen
- Update the knowledge base for the areas outside Lofoten and Vesterålen
- Management plan for the North Sea
Main challenges
• Environment, Fisheries, Logistics, Distance, Remoteness, Ice, Darkness…

Area management plan applied on the petroleum activity
• Among the strictest environmental regimes in the world

New technology is the key to developments in the area
• Land-based facilities (LNG)
• Sub-sea installations
• Sub-sea to shore Snøhvit2007
• Long distance multiphase flow 2020?

Developing the resource potential in the Arctic will demand substantial R&D effort in the years to come.
“The risk of a major accident is present in Norway and in all other nations with an oil and gas industry. Risk must accordingly be managed, with clear management responsibility at every level and in every company which participates in the industry.”

“The whole purpose of the PSA can be summed up in a single word: safety- for people, for the environment and for the material assets managed by the industry.”
The Future

- Offshore drilling will become more complex and riskier
  - Deeper, higher pressure
  - New regions
  - More remote (Alaska)
- Offshore drilling in nations adjacent to the U.S. is likely to accelerate
  - Mexico and Cuba in the Gulf
  - Russia and Canada in Arctic
- Offshore deepwater drilling can be done safely
Recommendations for the Arctic

• Drilling must be done with the utmost care because of the sensitive Arctic environment

• An immediate, comprehensive research program to provide a foundation of scientific information is needed

• Industry and the Coast Guard should address gaps with respect to:
  – Oil-spill response
  – Containment
  – Search and rescue

• The U.S. should promote the development of international drilling standards for the Arctic