

Competitor points to BP-driller relationship

July 12 2010, By SETH BORENSTEIN , AP Science Writer

(AP) -- The first public hearing by a presidential oil spill panel Monday zeroed in on the relationship between BP and the company it hired to drill the now exploded rig.

In an effort to fight a new drilling moratorium, a rival drilling executive and a Louisiana congressman said other oil operators shouldn't be tarred because of one bad apple: BP's Deepwater Horizon rig.

Larry Dickerson, president of a rival drilling company, told commissioners that the April 20 explosion and resulting oil spill were "the result of reckless operating mistakes."

He said errors were likely made in monitoring drilling mud, in decisions on when to use the blowout preventer and about whether BP PLC or its contractor, Transocean Ltd., was in charge of safety.

BP Senior Vice President Kent Wells testified at the start of the two-day hearing about what BP was doing to try to stop the leak. None of the seven commissioners asked him about the causes of the rig explosion, and Wells did not discuss the question of blame.

U.S. Rep. Steve Scalise, R-Louisiana, also in arguing to lift the drill ban said: "The vast majority of companies were doing things in a much safer way than BP was doing."

Dickerson, president of Diamond [Offshore Drilling](#) Inc., which is the No. 2 deepwater drilling contractor, said on the wells they run, they

would stop work immediately if something goes wrong. That's even if a customer, like BP, wants to keep going.

"It appears that somebody may not have adequately monitored what's coming out of the hole," Dickerson said. He said he didn't have first hand knowledge but based his comments on media reports.

In Washington, the Obama administration issued a revised moratorium through Nov. 30 on deep-water offshore drilling Monday to replace the one that was struck down by the courts as heavy-handed.

Interior Secretary Ken Salazar made the announcement, arguing that a pause is still needed to ensure that oil and gas companies implement safety measures to reduce risks and are prepared to handle spills.

Commissioner Fran Ulmer, former lieutenant governor of Alaska, said there needs to be "a higher standard of decision making" on drilling rigs about safety.

Dickerson said his company has had to shut down drilling in the name of safety. He said it is important that his operators have a "hands on the brakes" and not have to go back and forth with the customer.

"There's a natural friction between safety and caution and meeting schedules," Dickerson told reporters. "We need to resolve that in favor of safety."

Usually it is, but the BP spill is obviously different, he said. He declined to say who was to blame: BP, a sometime client of his, or Transocean, a competitor.

Dickerson's testimony turned the focus of the first day of commission hearings from the effects of the spill to who's to blame. Dickerson was at

the commission to tell them what a hardship the president's drilling moratorium was. But in criticizing what the Obama administration calls a "pause" in drilling, advocates placed the blame on BP.

In explaining why drilling is still safe and there's no need for a blanket stop to drilling, Dickerson pointed to how unusual the BP rig situation is.

Most of Monday's hearing was about the economic effects of the oil spill and the oil drilling moratorium that followed it.

Dickerson, who's company is down from 10 rigs to seven because of the moratorium, said the stoppage is "a slow-motion domino fall" in his industry.

Sen. Mary Landrieu, D.-La., told commissioners that the moratorium is costing jobs.

"120,000 people could be out of work in Louisiana alone," Landrieu said. "This is a very serious issue."

Commission co-chairman William Reilly, a former head of the U.S. Environmental Protection Agency, said the panel has no control over the moratorium, which is a Department of Interior policy. But the Interior Department on Monday said one of three reasons for the moratorium was "The collection and analysis of key evidence regarding the potential causes of the April 20, 2010 explosion and sinking of the Deepwater Horizon offshore drilling rig, including information collected by the Presidential Commission and other investigations."

The spill itself is causing non-oil businesses to lose jobs.

That impact could go from an environmental disaster to an "economic calamity," said Michael Hecht, president of Greater New Orleans Inc.

Hecht said one airline said reservations "dropped 45 percent month on month."

Keith Overton, representing Florida restaurants and hotels, said bookings were down 25 percent, costing billions of dollars. He blamed the media for giving the public the false idea that much of Florida's beaches are oiled.

"Our economy is being stifled because of these perceptions," Overton said.

While commissioners didn't ask questions of BP or Coast Guard officials about the cause, they talked about finding the answer to the question of why.

Commissioner Cherry Murray, dean of engineering at Harvard, said in a personal statement that she thought it might be an issue of people's natural proclivity "to become complacent."

Before the commission started, co-chairman and former Sen. Bob Graham said the panel wants to find out if the BP explosion was "an outlier" or something that could be more common.

More information: Oil spill commission:
<http://www.oilspillcommission.gov/>

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