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3 HEARING ON THE ROLE OF THE INTERIOR DEPARTMENT IN THE

4 DEEPWATER HORIZON DISASTER

5 Tuesday, July 20, 2010

6 House of Representatives,

7 Subcommittee on Oversight and Investigation

8 Joint with the

9 Subcommittee on Energy and Environment

10 Committee on Energy and Commerce

11 Washington, D.C.

12 The Subcommittees met, pursuant to call, at 10:00 a.m.,
13 in Room 2123 of the Rayburn House Office Building, Hon. Bart
14 Stupak [Chairman of the Subcommittee on Oversight and
15 Investigations] presiding.

16 Members present: Representatives Stupak, Markey Green,
17 DeGette, Capps, Doyle, Harman, Schakowsky, Gonzalez, Inslee,
18 Butterfield, Melancon, Matsui, Christensen, McNerney, Sutton,

19 Braley, Dingell, Waxman (ex officio), Burgess, Upton, Hall,
20 Stearns, Whitfield, Shimkus, Shadegg, Pitts, Sullivan,
21 Blackburn, Gingrey, Scalise, Griffith, Latta, and Barton (ex
22 officio).

23 Staff present: Phil Barnett, Staff Director; Bruce
24 Wolpe, Senior Advisor; Michal Freedhoff, Counsel; Caitlin
25 Haberman, Special Assistant; Dave Leviss, Chief Oversight
26 Counsel; Meredith Fuchs, Chief Investigative Counsel; Alison
27 Cassady, Professional Staff Member; Molly Gaston, Counsel;
28 Scott Schloegel, Investigator; Ali Neubauer, Special
29 Assistant; Karen Lightfoot, Communications Director, Senior
30 Policy Advisor; Elizabeth Letter, Special Assistant; Mary
31 Neumayr, Minority Counsel; Alan Slobodin, Minority Counsel;
32 Peter Spencer, Minority Professional Staff; Kevin Kohl
33 Minority Professional Staff; Garrett Golding, Minority
34 Legislative Assistant; and Jeanne Neal, Minority Research
35 Analyst.

|

36 Mr. {Stupak.} This meeting will come to order. Today
37 we have a joint hearing titled ``The Role of the Interior
38 Department in the Deepwater Horizon Disaster''. This is a
39 joint hearing before the Oversight and Investigation
40 Subcommittee and the Energy and Environment Subcommittee. I
41 will chair the first panel, and Chairman Markey will chair
42 the second panel. We will now hear from members for their
43 opening statements. The Chairman and the ranking members
44 will be recognized for five minute openings. All other
45 members will be recognized for two minute openings. I will
46 begin.

47 Last week, for the first time in 87 days, we heard some
48 encouraging news. Finally the flow of oil that has ravaged
49 much of the Gulf of Mexico is temporarily under control.
50 Despite our relief that the flow of oil has abated, the
51 consequences of this spill continue to mount. 11 men lost
52 their lives on the day the Deepwater Horizon drilling rig
53 exploded. The four states that border the Gulf of Mexico
54 have suffered terrible economic and environmental
55 devastation. That is why we are continuing our
56 investigation. This is the fourth hearing the Oversight and
57 Investigation Subcommittee has held, and the eighth hearing
58 overall in the Energy and Commerce Committee.

59 Our first hearing exposed serious deficiencies involving
60 the blowout preventer. This supposed failsafe had a dead
61 battery, a leaking hydraulic system, an emergency switch
62 which failed to activate, and dangerous modifications. Our
63 second hearing was a field hearing in New Orleans, where we
64 heard from the widows of two men who died on the Deepwater
65 Horizon explosion, as well as shrimpers and other small
66 business owners who have suffered from the environmental
67 catastrophe that followed. Our third hearing identified five
68 key well design decisions relating to casing and cementing
69 that increased the risk of a blowout. BP made a series of
70 poor judgments before the blowout. The company took one
71 shortcut after another in order to save time and money, and
72 when the blowout occurred, BP was horrifically unprepared to
73 deal with the consequences.

74 Today the Oversight and Investigation Subcommittee and
75 the Energy and Environment Subcommittee are jointly holding
76 this hearing to examine the conduct of the regulators who
77 overseen--who have overseen oil and gas development in the
78 Gulf of Mexico. There has been a pervasive failure by the
79 regulators to take the actions necessary to protect safety
80 and the environment. These failures to regulate happen at
81 the time as Federal officials offered oil and gas companies
82 new incentives to drill deeper and riskier waters in the Gulf

83 of Mexico. The number of producing deep water wells
84 increased from 65 in 1985 to more than 600 in 2009, but the
85 number of Federal inspectors working for the Minerals
86 Management Service, MMS, has not kept pace with the number
87 and complexity of the wells and the distance inspectors must
88 travel. MMS had 55 inspectors in 1985, and just 58 some 20
89 years later. Currently MMS has approximately 60 inspectors
90 in the Gulf of Mexico to inspect almost 4,000 facilities.
91 Inspection has not been a priority.

92 The Department of Interior also backed off when the oil
93 and gas industry objected to proposals to strengthen
94 government regulations. Reports prepared for MMS in 2001,
95 2002 and 2003 recommended two blind-shear rams on blowout
96 preventers and questioned the reliability of their backup
97 systems. Yet regulations finalized in 2003 during Secretary
98 Gale Norton's tenure did not require a second blind-shear
99 ram, backup systems on BOPs, or even testing of backup
100 systems.

101 The same rulemaking identified poor cementing practices
102 as one of the main primary causes of sustained casing
103 pressure on producing wells. But an oil and gas industry
104 coalition opposed mandatory requirements, and the Department
105 opted against any prescriptive cementing requirements. Some
106 helpful changes were made by Secretary Salazar and the Obama

107 Administration. The abuse-prone royalty-in-kind program was
108 phased out. New ethical standards were adopted, and stronger
109 regulations were proposed. But these changes were more
110 cosmetic than substantive. For the Deepwater Horizon and the
111 BP well, it remained business as usual.

112 I want to thank former Secretaries Norton and Kempthorne
113 for appearing today. I hope they will address what went
114 wrong under their tenure and what lessons can be learned.
115 And I want to thank Secretary Salazar for appearing before
116 the Committee. He has proposed and begun implementing many
117 significant changes to the Minerals Management Service, now
118 called the Bureau of Ocean Energy Management Regulation and
119 Enforcement. I would like to hear more about what he has
120 planned and how he will ensure that these changes make a real
121 difference.

122 I also want to extend my appreciation to Chairman
123 Markey. Our Subcommittees have worked collaboratively
124 throughout this investigation, and I thank him and Chairman
125 Waxman for their leadership in this area, and with respect to
126 the Blowout Prevention Act that we have reported out of
127 committee last week.

128 That concludes my opening statement.

129 [The prepared statement of Mr. Stupak follows:]

130 ***** COMMITTEE INSERT *****

|
131 Mr. {Stupak.} I next to turn Mr. Burgess, ranking
132 member of the Oversight and Investigation Subcommittee for
133 his opening statement.

134 Dr. {Burgess.} Thank you, Mr. Chairman, and this is a
135 day we have long awaited for. We finally get an opportunity
136 to talk to Secretary Salazar about some of the issues that
137 led up to the events surrounding the loss of the Deepwater
138 Horizon.

139 You know, early on in the tenure of this, in the month
140 of May, we had the executives from BP, Transocean and
141 Halliburton here at the table in front of us, and, just like
142 you, I was dismayed by all the finger pointing I saw. In
143 fact, it even rose to the level of the national
144 consciousness, where Jay Leno referred to it in his opening
145 monologue, and said, wasn't that a disgrace, all those
146 executives pointing the finger at each other? And he said,
147 President Obama has had enough of it. He said, no more
148 finger pointing, and then he promptly went out and blamed
149 Bush for the whole problem. Well, that is where we are this
150 morning.

151 Well, this hearing does come at a critical time. I am
152 grateful that we are able to refer to the oil discharging in
153 the Gulf in the past tense. We hope that that stays in the

154 past tense. We have had encouraging news that it seems under
155 control. There are serious environmental and economic
156 impacts to confront in the Gulf. BP caused the spill. Some
157 of the damage relates directly, though, to the
158 administration's decision-making in the aftermath of the
159 Deepwater Horizon explosion.

160 Most significantly, as we convene this hearing and
161 people continue to struggle mightily to clean up after the BP
162 spill, the Department of Interior has made decision upon
163 decision in recent weeks that we are told may kill upwards of
164 20,000 jobs in the Gulf Coast energy industry. Some of this
165 new wave of economic destruction is already occurring. This
166 is where we are hitting people when they are down and when
167 they need it the least. The governor of Louisiana this past
168 Saturday wrote a powerful op-ed in the ``Washington Post'',
169 and Mr. Chairman, I would like to submit that for the record.
170 In this editorial the governor describes what he sees as a
171 determined effort by the Secretary of the Interior, the
172 current Secretary of the Interior, to impose a second
173 economic disaster on the people of Louisiana. This second
174 economic disaster is one of the most pressing issues before
175 us, but there are other questions concerning the Department
176 of Interior's decision-making that we must explore today.
177 And the person most able to answer these questions and

178 provide us the necessary documents is the current Secretary
179 of the Interior, Ken Salazar, so I appreciate very much
180 finally having an opportunity to ask Secretary Salazar about
181 the Department's role in handling of the Deepwater Horizon
182 incident.

183 I understand the majority wishes to use the rearview
184 mirror as the examining lens to talk about this disaster.
185 Chairman Markey has explained to me before the recess, this
186 is so we me understand the totality of the Department's
187 contribution to the Deepwater Horizon disaster. For this
188 reason we will hear this morning from two former Secretaries
189 of the agency. Both, as it happens, are from the Bush
190 Administration, and, in fact, we are only going to question
191 former Secretaries from the Bush Administration. We are not
192 going back to question Secretaries from the Clinton
193 Administration. But we do have with us this morning, we are
194 grateful for the participation, the voluntary participation,
195 I might add, of Gale Norton and Dirk Kempthorne. I look
196 forward to their experience perspective, both as former
197 Cabinet Secretaries and former State--elected State
198 officials. But I question whether now, as private citizens,
199 they can really provide the Committee information as full and
200 complete as we could otherwise obtain through agency
201 documents through the current Secretary of the Interior.

202 Today Secretary Salazar will appear on a second panel.
203 The fact that a sitting Cabinet member responsible for the
204 critical decision-making in a time of crisis follows two
205 Interior--past Interior Secretaries--I don't think he is
206 here. I don't think he is listening to any of our opening
207 statements, unless he is tuned in with rapt attention to
208 C-SPAN, but he should be here. So, Mr. Secretary, Mr.
209 Salazar, if you are watching on C-SPAN, please come to the
210 Committee Room. We need you here. The American people need
211 you here. The people of the Gulf Coast of Louisiana need you
212 here.

213 Oversight of the Executive Branch means oversight of the
214 administration in power, not past administrations. Yet the
215 fruits of the Committee's Executive Branch oversight relating
216 to Deepwater Horizon, that has been underwhelming, as far as
217 the deliverables to date. Committee requests for documents
218 from the Department of Interior have amount to some 2,000
219 pages. A few e-mails, internal memoranda, and other
220 information. I hope we press for more cooperation, Mr.
221 Chairman. By contrast, majority, with minority support, has
222 effectively and aggressively investigated the companies
223 associated with the disaster, some 120,000 pages of
224 documents, all in the middle of one of the largest cleanup
225 operations. This is asymmetric oversight, and it inhibits

226 the Committee's ability to get the full facts and
227 circumstances behind this disaster. It inhibits our ability
228 to understand fully current and ongoing actions by this
229 administration in responding to this oil spill.

230 The majority tries to trace the Deepwater Horizon back
231 to the Bush Administration, and has technical regulatory
232 issues in his hearing memo to imply that the blowup protector
233 and cementing problems can be traced to that administration.
234 But the majority knows all available evidence suggests the
235 disaster resulted from the failure to follow existing
236 regulations and best industry practices, not that George W.
237 Bush prevented a second set of shear arms. And, in fact,
238 when we heard from the two ladies who lost husbands on the
239 Deepwater Horizon, which you referenced in your opening
240 statement, they said, we don't need more regulations, but we
241 do need someone to oversee and insist that the regulations
242 that are already in place are, in fact, followed.

243 The fact remains it was under Secretary Salazar that
244 BP's initial exploration plan was reviewed and approved by
245 the Minerals Management Service. It was under this
246 administration that BP's permit to drill the well was
247 granted, and all the inspections of the operation and
248 procedures were approved leading up to the explosion. We now
249 observe the Secretary making decisions to restructure the

250 agency in the middle of an environmental crisis. So we had a
251 single spinal cord response--a single spinal cord synapse,
252 when really we should have cortical centers representing
253 management evaluation.

254 Mr. {Stupak.} Finish up.

255 Dr. {Burgess.} How have these actions affected the
256 ability of the Department to conduct its ongoing work and
257 respond fully and effectively to the crisis? Do they inhibit
258 the Secretary to ensure safe well drilling operations? We
259 also see the Secretary appears to ignore--

260 Mr. {Stupak.} Mr. Burgess, I am going to have ask you
261 to finish--please.

262 Dr. {Burgess.} --State and local officials. Because of
263 the time it has taken to get the Secretary of the Interior
264 here, Mr. Chairman, I beg your indulgence to let me conclude.

265 Mr. {Stupak.} Well, Mr. Burgess, we have got a large
266 group here. We are not going to let everyone go over time
267 limits now. You are already a minute and a half over. I ask
268 you to finish.

269 Dr. {Burgess.} The question we need to answer is what
270 is going on in the--at the Department of Interior now really
271 based on sound agency safety analysis, given what we know
272 about offshore safety experience? Certainly we should try to
273 gather information on past actions and decisions by the

274 Department and--that have contributed to the current response
275 problems. I would like to understand whether the companies--
276 the oil companies had to rely on faulty government computer
277 models and what the Secretary plans to do about improving
278 those models. But we should not focus on the past--

279 Mr. {Stupak.} Mr. Burgess, I am going to ask you to
280 stop now.

281 Dr. {Burgess.} --our most important activities
282 happening right now by this administration during this
283 crisis. Thank you, Mr. Chairman. I will--

284 [The prepared statement of Dr. Burgess follows:]

285 ***** COMMITTEE INSERT *****

|
286 Mr. {Stupak.} Mr. Burgess, you asked for understanding.
287 I am going to ask for your understanding. We are going to
288 keep strict time limits today. We have two committees. We
289 have got a full panel here. We are going to observe the time
290 limits, okay? That goes for everybody. Mr. Markey, your
291 opening statement, please.

292 Mr. {Markey.} All right. Thank you, Mr. Chairman. I
293 thank you for your leadership, and Chairman Waxman's
294 leadership upon this issue. I do believe that President
295 Obama is wise in the maintenance of his moratorium in ultra-
296 deep waters. If we are going to drill in ultra-deep waters,
297 we should ensure that it is ultra-safe, and in the event of
298 an accident, that a response would be ultra-fast. Right now
299 we are not sure that that is the case. That is why the
300 President is wise.

301 Oil is not the result of spontaneous generation. The
302 conditions for its creation are set millions of years before.
303 Organisms die and decay. Heat, pressure and time do the
304 rest. Just as with the slow creation of fossil fuels, the
305 condition that created the BP disaster in the Gulf were put
306 in motion many years ago. Increasing pressure from the oil
307 industry to relax regulations, and the willingness of
308 regulators to take the heat off companies did the rest. 10

309 years before BP oil spill, in January of 2000, a directive
310 issued by the Department of Interior under the Clinton
311 Administration stated that the methods used to model spills
312 ``are not adequate to predict the behavior of spills in deep
313 water'', and that a new model would be required.
314 Unfortunately, this never happened. The Bush Administration
315 never followed through.

316 Nine years and three months before the BP oil spill,
317 just two weeks after taking office, President Bush created
318 the Cheyney Energy Task Force. The task force met in secret,
319 largely with representatives of the oil, gas and other energy
320 industries. A little less than nine years before the spill,
321 on May 16, 2001, the Cheyney Energy Task Force submitted its
322 report. The report asserts that exploration and production
323 from the outer continental shelf has an impressive
324 environmental record. The report further states that
325 existing laws and regulations were creating delays and
326 uncertainties that can hinder proper energy exploration and
327 production projects. We are warned that substantial economic
328 risks remain to investment in deep water, and that the
329 Interior Department must therefore be directed to consider
330 economic incentives for environmentally sound offshore oil
331 and gas development. With the Cheyney Task Force report, the
332 first condition for this disaster, rewriting the offshore

333 drilling policies to prioritize speed rather than safety, was
334 set in motion.

335 Eight years before the spill the Interior Department
336 began issuing regulations that would extend and ultimately
337 expand the royalty-free drilling given to oil companies for
338 offshore oil and gas production. But financial incentives
339 weren't enough, so the Bush Administration's Interior
340 Department made the choice to assert that a catastrophic
341 spill could not occur.

342 Seven years before the spill the Bush Administration
343 exempted most Gulf of Mexico lease holders from having to
344 include blowout scenarios in their oil and gas exploration or
345 production plans. Oil companies were also no longer required
346 to say how long it would take to drill a relief well, and how
347 a blowout could be contained by capping the well. BP
348 therefore included no such information in its plans for the
349 Deepwater Horizon well.

350 Three years to the month before this spill, in April of
351 2007, the environmental impact statement approved by the Bush
352 Administration for drilling in the Gulf of Mexico said that
353 since blowouts are ``rare events and of short duration'', the
354 potential impacts to marine water quality ``are not expected
355 to be significant.'' The analysis concluded that the most
356 likely size of a large oil spill would be a total of 4,600

357 barrels, and that ``a sub-surface blowout would have a
358 negligible impact on Gulf of Mexico fish resources or
359 commercial fishing.'' A few months later in 2007, in the
360 Bush Administration's Interior Department, it completed
361 another environmental review and issued ``a finding of no new
362 significant impact.'' No further environmental review was
363 needed, according to the Bush Administration.

364 On April 20, 2010 the regulatory house of cards erected
365 over an eight year period by the Bush/Cheyney Administration
366 collapsed with the explosion on the BP Deepwater Horizon rig.
367 Today we will hear from the nation's last three Secretaries
368 of Interior, who have presided over our nation's leasing of
369 offshore oil and gas since January 2001. I welcome the
370 Secretaries, and we look forward to their testimony.

371 [The prepared statement of Mr. Markey follows:]

372 ***** COMMITTEE INSERT *****

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373 Mr. {Stupak.} Thank you, Mr. Markey. Mr. Upton,
374 opening statement, five minutes.

375 Mr. {Upton.} Thank you, Mr. Chairman. What happened on
376 the Deepwater Horizon rig was truly a national tragedy. We
377 all hope that the recently installed well cap will hold and
378 not an ounce of oil will leak from that well ever again.
379 Once this happens, our focus needs to shift to the cleanup
380 and getting folks back to work. Citizens of the Gulf are
381 facing unprecedented hardships. They don't need to be
382 further burdened by job killing policies being pushed by the
383 Congress or the administration.

384 Of course, we do want answers. We want all the answers.
385 We must work to ensure a disaster like this never happens
386 again. Since that rig exploded, and as millions of gallons
387 of oil leaked into the Gulf, our economy and our national
388 security posture has been weakened. A joint investigation of
389 the causes of the Deepwater Horizon blowout explosion and
390 spill are currently being conducted by the Coast Guard and
391 MMS. In addition, President Obama announced a presidential
392 commission that will investigate and report.
393 The team of engineers tapped by Secretary Salazar to examine
394 what went wrong on the Horizon rig recently wrote, ``We
395 believe the blowout was caused by a complex and highly

396 improbable chain of human errors coupled with several
397 equipment failures and was preventable. The petroleum
398 industry will learn from this it can and will do better. We
399 should not be satisfied until there are no deaths and no
400 environmental impacts offshore ever. However, we must
401 understand that, as with any human endeavor, there will
402 always be risks.'" Secretary Salazar pointed to this team of
403 engineers to rationalize the moratorium. Not only did the
404 engineers disagree, so did the courts. The court has
405 overturned the Salazar drilling moratorium a number of times.

406 The Gulf accounts for nearly a third of the United
407 States' oil production. Knee jerk reactions and finger
408 pointing won't make drilling any safer, and certainly isn't
409 productive for the citizens of the Gulf. Let us learn from
410 this awful mistake, fix the problem, clean up the Gulf, and
411 move forward to fix our ailing economy and create private
412 sector jobs.

413 I yield back.

414 [The prepared statement of Mr. Upton follows:]

415 ***** COMMITTEE INSERT *****

|
416 Mr. {Stupak.} Thank you, Mr. Upton. Mr. Chairman--
417 Chairman Waxman for an opening statement, please.

418 The {Chairman.} Thank you very much, Chairman Stupak
419 and Chairman Markey, for holding this joint Subcommittee
420 hearing. I think it is an important hearing. During the
421 last three months since the Deepwater Horizon explosion and
422 blowout this committee, and its subcommittees, has held seven
423 hearings, and those hearings have focused on the actions of
424 BP and other oil and gas companies, and we learned that BP
425 repeatedly made dangerous choices to save time and money.
426 Transocean's blowout preventer had a dead battery, a leaking
427 hydraulic system, and other serious flaws. And we learned
428 that the entire oil industry was unprepared to deal, and is
429 unprepared to deal, with a significant blowout.

430 Today we are going to examine the role of the
431 regulators. We will learn that the Department of Interior
432 under both President Bush and President Obama made serious
433 mistakes. The cop on the beat was off duty for nearly a
434 decade, and this gave rise to a dangerous culture of
435 permissiveness. Secretary Salazar has testified before
436 several committees, and we welcome his appearance today.
437 What makes this hearing unique is that we will be hearing
438 from two of his predecessors, former Secretary Gale Norton

439 and former Secretary Dirk Kempthorne, and I welcome both of
440 them to our committee. This will allow us to examine the
441 recent history of Federal drilling regulation and look at it
442 in a broader context.

443 Mr. Markey pointed out, and he is right, in many ways
444 this history begins with Vice President Cheney's secretive
445 energy task force. This was initiated during President
446 Bush's second week in office, and for weeks it met privately
447 with oil and gas executives and other industry officials
448 whose identity the administration steadfastly refused to
449 disclose. Four months later the vice president released a
450 report describing the new energy strategy for the
451 administration. The report directed the Interior Department
452 to ``consider economic incentives for environmentally sound
453 offshore oil and gas development''. As recommended in the
454 report, President Bush immediately issued an executive order
455 to expedite projects that will increase the production of
456 energy.

457 Secretary Norton led the implementation of the Bush
458 strategy for the Department of Interior. She promoted new
459 incentives and royalty programs to encourage drilling. But
460 she failed to act on safety warnings about blowout
461 preventers, and she rejected proposals to strengthen
462 standards for cementing wells. Those decisions sent a clear

463 message. The priority was more drilling first, and safety
464 second.

465 Secretary Norton left amid the scandals involving Jack
466 Abramoff to work as general counsel for Shell, a major oil
467 company. Her successor, Secretary Kempthorne, oversaw the
468 lease sale to BP of the future Macondo well, and Secretary
469 Kempthorne also oversaw the deeply flawed assessment of
470 potential environmental impacts associated with this lease
471 sale, an assessment that did not anticipate the possibility
472 or impacts of a catastrophic sub-sea blowout. As a result of
473 these environmental assessment, BP did not have to include an
474 oil spill response discussion, a site specific oil spill
475 response plan, or a blowout scenario in its explanation plan.
476 In many ways Congress was complicit in its oversight. The
477 Energy Policy Act of 2005 granted royalty relief and
478 subsidies to the industry, but did not strengthen regulatory
479 requirements.

480 As a Democrat, I hoped the Obama Administration would do
481 better, and in some ways there have been reforms. The
482 scandal-ridden royalty-in-kind program was cancelled.
483 Secretary Salazar instituted new ethics programs, and in the
484 Department's budget Secretary Salazar requested more
485 inspectors for offshore facilities. But there is little
486 evidence that these reforms changed the laissez-faire

487 approach of MMS in regulating the BP well. MMS approved the
488 drill plan and changes to the well design plan that we have
489 questioned during our investigations.

490 The April 20 blowout was a wakeup call for this
491 administration, and for Congress. Secretary Salazar's now
492 reorganized MMS issued a 30 day safety report, developed a
493 plan to implement the reorganization, and asked the
494 Department IG to examine culpability and issue suspensions of
495 new high risk activity until there is evidence that blowout
496 preventers are safe enough and the oil industry is capable to
497 respond to another spill.

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

501 Chairman Stupak and Markey, thank you for holding the
502 hearing, and I hope we can learn the extra part of our
503 investigation as to what the regulators were doing during
504 this 10 year period. Yield back my time.

505 [The prepared statement of Mr. Waxman follows:]

506 ***** COMMITTEE INSERT *****

|
507 Mr. {Stupak.} Thank you, Mr. Chairman. Mr. Barton for
508 an opening statement, please.

509 Mr. {Barton.} Excuse me. Thank you both Chairmans, and
510 Full Committee Chairman Waxman, for this hearing. I welcome
511 our two former Cabinet Secretaries, who are both friends of
512 mine. We appreciate you all voluntarily coming today.

513 Three months ago today an explosion tore through the
514 Deepwater Horizon drilling ship. It killed 11 men. It has
515 filled great swaths of the Gulf of Mexico with crude oil. As
516 the spreading spill has focused the nation's attention on
517 what we need to do to stop it and prevent it from--in the
518 future, our job here in this committee has been to conduct a
519 bipartisan investigation to identify what went wrong and try
520 to figure out if there is a way that we can help prevent it
521 from the future.

522 Last Thursday the Full Committee put together some of
523 the results of the fruits of our investigation to pass out
524 the Blowout Prevention Act of 2010. This bill passed this
525 committee 48-0 on a bipartisan basis. It will improve safety,
526 it will protect the environment, and yet it will allow
527 responsible drilling to go forward in the outer continental
528 shelf. Having said that, we still have a lot of work to do.
529 As has been pointed out, right now it appears that the leak

530 has been stopped, but we certainly haven't stopped the
531 economic and environmental harm in the Gulf of Mexico. I
532 believe that this Committee's bipartisan oversight is
533 providing the most powerful searchlight for getting to the
534 truth so that we can address in the very near future what
535 additional steps, in addition to the Blowout Prevention Act
536 that we passed last week, need to be done to prevent this
537 tragedy from ever happening again. We have found and
538 spotlighted a number of disturbing BP decisions, in some
539 cases non-decisions, that were made or not made at critical
540 moments that, if they had been made differently, perhaps this
541 accident may not have occurred.

542 Having said that, we need to remember that the drilling
543 in the outer continental shelf and Federal waters is a
544 regulated Federal industry. And today, finally, we are going
545 to begin to look at the role of the regulator in this case,
546 the Department of the Interior. We are going to see if
547 perhaps past decisions and current practices have led to the
548 accident that we all wish had not occurred. We want to
549 understand why the Department has allowed BP to do what it
550 did. Was the Department really watching what was going on at
551 the drilling operation? Keep in mind that the blowout
552 preventer that failed on April the 20th passed inspection only
553 two weeks before.

554 Americans want to understand what the Obama
555 Administration's response to the oil spill was and is, both
556 in terms of what it did not do to stop the spread of oil and
557 what it is doing right now, apparently, to stop energy
558 production. It was the Obama Administration, not the Bush
559 Administration, that didn't waive the Jones Act so that some
560 of our foreign friends could bring in their oil spill
561 equipment. It was the Obama Administration, not the Bush
562 Administration, that wouldn't waive certain environmental
563 impact studies so that our friends in Louisiana and
564 Mississippi and Alabama could put up some berms that could
565 have prevented the oil from reaching their beaches. It was
566 the Obama Administration, not the Bush Administration, that
567 made the decision not to transfer pre-position equipment in
568 other parts of the country for oil spills to the Gulf of
569 Mexico to help in this spill. It was Secretary Salazar, not
570 Secretary Barton or Secretary Kempthorne, that either made or
571 didn't make those decisions.

572 What we have right now is a worst case scenario. The
573 folks that depend on their livelihood for tourism on the
574 beaches of the Gulf are not having the tourists come because
575 tourists are afraid that the beaches might be soiled. The
576 people that depend on their livelihood for fishing and
577 recreation in the Gulf are not allowed to fish or recreate in

578 the Gulf, and the people who depend on their livelihoods by
579 drilling and working on these offshore rigs and the service
580 facilities that service them are out of work because they are
581 shut down. So we kind of have a lose-lose-lose situation,
582 Mr. Chairman. We hope in the very near future that we can
583 put it together in a win-win-win situation.

584 The majority has invited former Cabinet Secretaries
585 Norton and Kempthorne today, and we thank them for
586 voluntarily appearing, for the transparent purpose, in my
587 opinion, of attempting to focus blame on the Bush
588 Administration. But as I have pointed out, the decisions and
589 the non-decisions that are being made and have not been made
590 are not being made by these two individuals. They are being
591 made by Secretary Salazar and President Obama. So I would
592 hope that we will focus most of the attention in today's
593 hearing on the current Cabinet Secretary and not the past
594 Cabinet Secretary.

595 I see my time has expired, Mr. Chairman. I will put the
596 rest of my statement into the record, but thank you for
597 holding this hearing.

598 [The prepared statement of Mr. Barton follows:]

599 ***** COMMITTEE INSERT *****

|
600 Mr. {Stupak.} Thank you, Mr. Barton. Chairman Dingell,
601 opening statement, please, five minute.

602 Mr. {Dingell.} Thank you, Mr. Chairman. I would like
603 to welcome our two witnesses today to the Committee,
604 Secretary Norton and Secretary Kempthorne. It is a pleasure
605 to see two old friends here before the Committee. Thank you
606 for being here.

607 Chairman Stupak and Chairman Markey, I thank you for
608 holding this hearing today. It is very important, and I
609 think it is extremely important that we continue to hear
610 about the real and serious problems that have come to light
611 as a result of the disaster in the Gulf. As this Committee
612 has heard before, I am author of both the National
613 Environmental Policy Act and the Marine Mammal Protection
614 Act. I view these laws as my children, and while they have
615 grown up, I find I still need to defend them from time to
616 time against failures of proper administration. NEPA is a
617 fairly simple statute. It simply requires agencies to look
618 before their--before they leap.

619 Now, as a poor Polish lawyer from Detroit, I just don't
620 see how an agency can look before it leaps when it grants
621 broad categorical exclusions. These broad categorical
622 exclusions require very broad statutory response to a

623 situation within the agency. In other words, the agency
624 can't simply go out and just say, well, we are going to give
625 a relief from the statute. It has to make certain findings
626 and do a large number of things, which I do not believe could
627 be said were done in the instances before us. I am pleased
628 that the legislation reported by the House Resources
629 Committee effectively takes these categorical exclusions off
630 the table, although I must repeat I do not believe that it is
631 necessary so to do.

632 It has become clear that the Minerals Management
633 Services is a dysfunctional agency. It has been that over a
634 goodly period of time, and remained so until this
635 administration came in to commence a change after the
636 disaster in the Gulf. And it is unfortunate that it took a
637 massive calamity and a tragic loss of life to bring this
638 about. An Inspector General report in 2008 implicated a
639 dozen officials of criminal and unethical behavior. I am
640 pleased that the legislation recently reported by the
641 Committee on Natural Resources will codify the changes put in
642 place by Secretary Salazar and does away with the Mineral
643 Management Service. Time will only tell whether the changes
644 have been enough, and I hope that they will, but I would
645 observe that a lot will depend upon administration.

646 As this Committee knows, BP in particular has a long

647 history of cutting corners, and the testimony before us
648 showed that to be the case. I know that you, Mr. Chairman
649 Stupak, offered an amendment in the markup Blowout Prevention
650 Act consideration last week to address whether or not permits
651 could be granted to habitually bad actors. Regrettably, it
652 was not agreed to. I am pleased that the Natural Resources
653 Committee has adopted a similar amendment in their
654 legislation by unanimous consent, and I hope that it will be
655 included when the legislation reaches the floor.

656 This is not, and should not, be a partisan issue. I
657 hope that none of my colleagues, and I hope the Congress,
658 again, will not treat it in that fashion. This is simply an
659 issue of where we need to find out what is going on and to
660 commence to address the corrections that need to be made so
661 that we may go forward with a sound energy policy, and also
662 with proper protection for the environment.

663 I would just like to mention my--to my two good friends,
664 the Secretaries, that the refuge that you saw when you were--
665 came up into Michigan to visit with us on the Detroit River
666 now constitutes something close to 6,000 acres. The
667 Canadians will shortly be coming in, and your good work is
668 appreciated not only by this member of the Committee, but,
669 very frankly, by the citizens in the area, so I hope you feel
670 welcome here this morning.

671 Mr. Chairman, I thank you for your courtesy.

672 [The prepared statement of Mr. Dingell follows:]

673 ***** COMMITTEE INSERT *****

|
674 Mr. {Stupak.} Thank you. Mr. Whitfield for an opening
675 statement. Two minutes, please.

676 Mr. {Whitfield.} Thank you, Mr. Chairman, and thank
677 you, Secretary Norton, Secretary Kempthorne, for joining us
678 today. I want to reiterate my agreement with Mr. Dingell
679 that this should not be a partisan issue. And yet when I
680 read the Democratic memorandum to the Democratic members of
681 this committee, 10 out of 13 pages referred to the Bush
682 Administration and decisions that the Bush Administration had
683 made and didn't make. And there was an insinuation that the
684 Bush Administration was responsible for the BP blowout. I
685 think we do a disservice to the American people when we try
686 to place blame on anyone when we don't know the reason for
687 this blowout. The report is not due for nine more months,
688 and it is being investigated. And at the end of that
689 investigation, hopefully we will know and be able to move
690 constructively forward to solve the problem.

691 There are many people throughout the United States and
692 the world today that believe it is unsafe to drill offshore,
693 and--on the outer continental shelf. And yet we know that
694 the last major oil spill from a platform occurred in 1969,
695 off the coast of Santa Barbara. There are 7,000 active
696 leases in the Gulf today. There are 1.7 million barrels of

697 oil per day being produced. There are 602 active wells
698 today. So it is not like it is inherently dangerous, but yet
699 the loss of one life is too many. And I will also note that
700 in former documents from the Department of Interior it
701 states--stated that natural cracks in the sea bed causes more
702 oil seepage, 150 times larger in volume, than oil spill due
703 to outer continental shelf oil and gas activities.

704 So I look forward to the testimony today, and hopefully,
705 with their testimony and the testimony of experts in the
706 report, we will know what actually happened at the BP site.
707 Thank you.

708 [The prepared statement of Mr. Whitfield follows:]

709 ***** COMMITTEE INSERT *****

|
710 Mr. {Stupak.} Thank you, Mr. Whitfield. Ms. DeGette,
711 two minutes, opening statement, please.

712 Ms. {DeGette.} Thank you very much, Mr. Chairman, for
713 holding this hearing. The former MMS, which is, as you said,
714 now the Bureau of Ocean Energy Management Regulation and
715 Enforcement, has been involved in all of these issues. They
716 regulate and they oversee drilling activities, and it was
717 their job in this case to monitor offshore drilling, inspect
718 violations, and to collect royalty revenue.

719 One of the things that really dismays me, having been in
720 Congress now for a while, is how you can take an agency like
721 this, that has been, frankly, having trouble for many years,
722 and make it a partisan issue on both sides of the aisle.
723 Because the truth is the MMS has been dysfunctional for many
724 years. That is why I want to welcome both of the former
725 Secretaries who are here today, in particular my friend
726 Secretary Norton, who I have known for many years in
727 Colorado. And also, why I look forward to listening to the
728 testimony of another Coloradoan on our next panel, Mr.
729 Salazar. Because until we get the full picture, we can't
730 completely revamp this agency. And until we revamp this
731 agency, we can't guarantee that we have appropriate
732 regulatory oversight over this--over drilling. And until we

733 can get appropriate regulatory oversight over drilling, we
734 can't be sure that we should be having safe deep water
735 drilling, and that is the way it is.

736 At this point the administration is trying to revamp the
737 former MMS. They are eliminating conflicts of interest.
738 They are eliminating the royalty-in-kind program, and they
739 have hired Michael Bromwich to oversee this reorganization.
740 Last we heard from him in the Natural Resources Committee, he
741 was brand new on the job and didn't have anything new to add.
742 So these are all positive steps, but until we get the
743 historical view of what happened with this agency, we won't
744 adequately be able to make it effective, and we won't be
745 adequately able to perform our regulatory functions.

746 Thank you very much, Mr. Chairman.

747 [The prepared statement of Ms. DeGette follows:]

748 ***** COMMITTEE INSERT *****

|
749 Mr. {Stupak.} Thank you, Ms. DeGette. Mr. Shimkus,
750 your opening statement, please?

751 Mr. {Shimkus.} Thank you, Mr. Chairman, and Secretary
752 Norton, Secretary Kempthorne, welcome. I wish Secretary
753 Salazar would be listening to some of these opening
754 statements. Our colleagues have been real involved with
755 this, as you can imagine. He should be hearing these. I
756 agree with my colleague, Dr. Burgess.

757 Point one is, remember, the President announced
758 expansion of oil and gas drilling in the OCS a week before
759 the explosion. Point two, in the military there is a clear
760 sign when a change of command occurs. The outgoing commander
761 grabs a flag and hands it over to the incoming commander.
762 And when that occurs, the mission changes from the outgoing
763 commander to the incoming commander, and the incoming
764 commander is responsible for all his unit does or fails to
765 do. I think there is a lesson to be learned here, that there
766 is going to be a time when this administration is going to
767 have to accept some responsibility. Maybe not all, but at
768 least a smidgen, a little bit. They are going to have to
769 say, yeah, this did happen on our watch. Yeah, we didn't
770 really reorganize MMS when we first got in. Yeah, it took
771 the disaster for us to do that. Yeah, maybe we were too slow

772 to deploy assets. I think it would help in a--in, really, a
773 bipartisan manner that they accept a little bit. In the
774 military, it happens day one, and as a Commander-in-Chief,
775 you would think he would learn that.

776 I will focus on a lot of things today, but in my
777 remaining time, I just want to highlight three things. I am
778 an avid Facebook guy, and I mentioned the moratorium, and
779 the--and rigs being moved, and one of my opponents put on
780 there, I will believe it when I see it. Well, Diamond
781 Offshore Drilling, Incorporated announces relocation of deep
782 water ocean confidence to the Congo. Three deep water
783 drilling rigs to be moved from sites south of Cameron Parish.
784 Brazil sees silver lining in BP spill, more rigs. If we
785 don't move carefully on this, we are going to increase our
786 reliance on imported crude oil.

787 Thank you, Mr. Chairman. I yield back my time.

788 [The prepared statement of Mr. Shimkus follows:]

789 ***** COMMITTEE INSERT *****

|
790 Mr. {Stupak.} Thank you, Mr. Shimkus. Mr. Inslee for
791 an opening statement, please. Two minutes.

792 Mr. {Inslee.} I will resume my time. Thank you, Mr.
793 Chairman.

794 [The prepared statement of Mr. Inslee follows:]

795 ***** COMMITTEE INSERT *****

|
796 Mr. {Stupak.} Okay. Mr. McNerney, opening statement,
797 two minutes.

798 Mr. {McNerney.} Thank you, Mr. Chairman. I want to
799 thank Secretary Norton, Secretary Kempthorne, for
800 participating. It may not be an easy morning for you, and I
801 appreciate that.

802 The oil spill is clearly a tragedy, and there are no
803 winners in this situation. But as tempting as it is to use
804 this hearing as an opportunity for partisan finger pointing,
805 our duty and responsibility is to identify the causes of the
806 tragedy and put rules in place to prevent this sort of
807 disaster from happening again in the future.

808 I hope we can accomplish this here today, but the
809 obvious fact is that once a deep water blowout takes place, a
810 massive spill is inevitable. Of course, once a spill takes
811 place, we need to have an effective plan to quickly stop the
812 spill and clean up the contamination. However, the real
813 challenge is to prevent such occurrences from happening in
814 the first place, and so it is understandable that we should
815 place our emphasis on prevention. What went wrong, and how
816 do we avoid these problems in the future?

817 So I look forward to working with my colleagues on
818 achieving this goal, and I hand back the balance of my time.

819 [The prepared statement of Mr. McNerney follows:]

820 ***** COMMITTEE INSERT *****

|
821 Mr. {Stupak.} Thank you, Mr. McNerney. Mr. Griffith
822 for an opening statement, please.

823 Mr. {Griffith.} I would like to thank the Chairman for
824 calling this important hearing today. Thank you also to
825 these witnesses who have come before our subcommittee to
826 discuss the administration's role in the recovery response of
827 the Deepwater Horizon drilling disaster that has affected our
828 Gulf States.

829 It is essential that we continue to investigate why a
830 disaster of this proportion took place, but more importantly
831 we need to look into the agency's response to the explosion
832 and the spill. As the investigation and reviews continue, I
833 think that Congress must question the administration's
834 response to the disaster. Bureaucracy is rarely able to
835 facilitate a quick response. Even the bureaucracy, without
836 leadership, is frozen in place, and this event has been yet
837 another demonstration of government slowing in recovery.

838 It is time to take a good hard look at the Federal
839 response. It would have been wise for the administration to
840 have called on all possible resources to help in the initial
841 aftermath of this disaster, but this was not done. The
842 American public must gain trust in their government for an
843 appropriate response in times such as these. This means that

844 the Federal government has to get the emergency response
845 right. While the days and weeks tick by after the spill,
846 most of us saw a lack of urgency in the Federal response.

847 The one reaction we have seen from the government is the
848 administration has shut down oil drilling and enforcing a
849 moratorium in the Gulf. The Gulf of Mexico accounts for 24
850 percent of our oil production. It affects roughly 170,000
851 jobs, the economy and our energy security. As Louisiana
852 Governor Jindal stated, the moratorium is a second man-made
853 disaster. If we enact policies that drive drilling out of
854 U.S. waters, we will cease to be able to ensure that crude
855 oil and gas production be done in a safe and environmentally
856 friendly manner. It is the duty of Congress to find out
857 exactly what happened so that we can most effectively craft
858 policy to prevent future incidents like this.

859 I am glad that we have witnesses here today to explain
860 the questionable response of the administration to the spill.
861 As Congress draws conclusions into how to prevent another
862 spill from ever happening again, I hope that we can gain
863 insight into why the administration's response to the spill
864 was seen by the American public as slow, and at times absent.

865 Thank you for being here today. We appreciate you
866 volunteering to be here, and I look forward to your
867 testimony. And Mr. Chairman, I yield back the balance of my

868 time.

869 [The prepared statement of Mr. Griffith follows:]

870 ***** COMMITTEE INSERT *****

|
871 Mr. {Stupak.} Thank you. Next, Mr. Green for an
872 opening statement, please.

873 Mr. {Green.} Thank you, Mr. Chairman, for holding the
874 hearing. Again, welcome our former Secretaries, former
875 Senator and Governor to our panel. And I would like my full
876 statement be placed in the record. And clearly there are
877 several decisions made along the way that led to a regulatory
878 environment where an environmental disaster of this magnitude
879 could take place, and I look forward to testimony.

880 However, I want to take the use of my time today to
881 focus on a separate issue that I will bring up when Secretary
882 Salazar is present. I remain extremely concerned about what
883 the offshore drilling moratorium means to the Gulf Coast and
884 our country's future energy supply. The court--recent court
885 decision to lift the--moratorium was an important step to
886 keeping vulnerable oil and gas jobs in the Gulf States and
887 keeping them--our economies viable. However, with the
888 administration's new reissued moratorium, these job losses
889 are back in play.

890 I would like to ask unanimous consent to place into the
891 record a letter that Congressman Kevin Brady and I, along
892 with other members of Congress, sent suggesting a solution to
893 the deep water ban that would put people back to work, Mr.

894 Chairman.

895 Mr. {Stupak.} Without objection.

896 [The information follows:]

897 ***** COMMITTEE INSERT *****

|
898 Mr. {Green.} It is my strong belief that a moratorium
899 is allowed to continue the full six months or longer would
900 significantly damage our already weakened economy along the
901 Coast and cost tens of thousands of jobs, reduce local
902 payrolls by nearly \$2 billion and threaten the survival of
903 many--related small business, mid-size businesses.
904 Additionally, offshore oil and gas production support
905 companies throughout the Gulf of Mexico engaged in shallow
906 water drilling activities continue to be severely affected by
907 the continued de facto moratorium.

908 And Mr. Chairman, I would like to ask unanimous consent
909 for a letter to be placed in the record--Secretary Salazar
910 that Congressman Boustany and I, plus a number of members of
911 Congress, sent to Secretary Salazar at the end of May.

912 Mr. {Stupak.} Without objection.

913 [The information follows:]

914 ***** COMMITTEE INSERT *****

|
915 Mr. {Green.} We have actually issued one shallow water
916 drilling permit last week. And--even though the moratorium
917 was released at the end of May. As a result, 19 jack up
918 rigs, representing over 35 percent of the available shallow
919 water drilling rigs in the Gulf of Mexico, are now without
920 work and idle, putting at risk thousands of jobs in the Gulf
921 of Mexico and orderly production of domestic resources. And
922 I would like to--look forward to hearing from the secretary.

923 Mr. Chairman, I appreciate your patience, and we want to
924 get to the bottom of what happened, but we also need to have
925 domestic production of oil and natural gas in our country.
926 So I yield back my time.

927 [The prepared statement of Mr. Green follows:]

928 ***** COMMITTEE INSERT *****

|
929 Mr. {Stupak.} Mr. Latta, opening statement, please, two
930 minutes.

931 Mr. {Latta.} Thank you, Mr. Chairman, Mr. Burgess.
932 Again, thank you for holding this subcommittee hearing on the
933 Interior Department's role in the Deepwater Horizon disaster,
934 and I also want to thank our witnesses for appearing today.

935 Last month I had strong words for the BP CEO, Tony
936 Hayward, when he testified in front of our Oversight and
937 Investigation Subcommittee, and since then I have reiterated
938 that BP needs to be held accountable for this disaster of
939 epic proportions. However, I also have been awaiting the
940 opportunity to hear from and question Department of Interior
941 officials regarding their role in the Deepwater Horizon
942 disaster, especially since President Obama has repeatedly
943 said that he and his administration are in charge and take
944 responsibility for the response effort, as the law so
945 requires.

946 Earlier this month I traveled with some of our
947 colleagues to the Gulf to tour the Louisiana coast and meet
948 with community leaders and residents who have been affected
949 by the disastrous BP oil spill. While I was encouraged by
950 the spirit of the hard working local residents, it is clear
951 that they are frustrated by the Federal response and the lack

952 of coordination amongst government agencies. The trip
953 reinforced my belief that it is critical we find out what
954 went wrong and how and why it happened. This includes a
955 through investigation into the current administration's
956 actions leading up to the incident and during the response.

957 Furthermore, I believe the administration's moratorium
958 on deep water drilling in the Gulf is devastating the region,
959 and I would like to hear about the Interior's role in making
960 this decision. The recent report by a nationally known--
961 renown economist from LSU states that the loss of 8,000 jobs,
962 nearly a half a billion dollars in wages and over 2.1 billion
963 in economic activity will be triggered in just the first six
964 months of this moratorium. The administration would have
965 been better advised that stopping the flow of oil instead of
966 focusing on imposing a drilling moratorium, this in spite of
967 a Federal Judge overturning the first moratorium ban, calling
968 it arbitrary and capricious.

969 Mr. Chairman, I look forward to hearing the testimony
970 today, and I yield back.

971 [The prepared statement of Mr. Latta follows:]

972 ***** COMMITTEE INSERT *****

|
973 Mr. {Stupak.} Thank you, Mr. Latta. Mr. Doyle, for an
974 opening statement, please.

975 Mr. {Doyle.} Thank you, Mr. Chairman, for holding this
976 hearing on the role of the Interior Department in the
977 Deepwater Horizon disaster. I am grateful for the excellent
978 work this committee has done on investigating the causes of
979 the Deepwater Horizon accident and addressing them through
980 legislation.

981 You know, if there is any silver lining to this tragedy,
982 I hope it is a renewed effort to engage in intelligent
983 regulations of the industries that operate in our waters and
984 our lands. Like most of you, I am frustrated to learn that
985 permits were granted for deep water drilling, and Macondo
986 well specifically, without proper safety requirements or oil
987 spill response plans that included the ability to cap a leak
988 should the infallible blowout preventer fail. It is even
989 more frustrating to learn that required environmental impact
990 statements were waived so that drilling the Macondo well
991 could commence more quickly.

992 Unfortunately, that seemed to set the tone for drilling
993 operations on the Deepwater Horizon. As this committee's
994 investigation has proven, BP cut corners every step of the
995 way, and the least protective measures were taken to speed up

996 production of the well. It resulted in one of the worst
997 environmental tragedies we have ever seen and further
998 economic hardship in communities along the Gulf.

999 Mr. Chairman, today I am not interested in assigning
1000 blame. I think there is enough to go around. Instead I hope
1001 we recognize what a great opportunity we have with the
1002 Secretaries of the Interior from the last 10 years before us.
1003 I look forward to hearing from Secretary Salazar, and I want
1004 to thank Secretaries Norton and Kempthorne for your
1005 willingness to be here today.

1006 While the recent reforms at the Mineral Management
1007 Service are a good start, there is still much more to do. If
1008 we are going to continue accessing the oil and gas resources
1009 in the Gulf of Mexico, we need smarter and more sufficient
1010 regulations of the industry. This tragedy has proved that
1011 blowout preventer is not a failsafe tool of the last resort.
1012 We are working in this Congress to bring about better
1013 research and development and technologies that can ensure the
1014 safety of offshore drilling. In fact, much of this R&D is
1015 being done in my hometown of Pittsburgh, at the National
1016 Energy Technology Laboratory. I know firsthand that, given
1017 the resources of the scientists and engineers at NETL, we are
1018 entirely capable of producing technologies that bring us into
1019 the 21st century of energy development.

1020 So, Mr. Chairman, I thank you and look forward to the
1021 testimony today.

1022 [The prepared statement of Mr. Doyle follows:]

1023 ***** COMMITTEE INSERT *****

|
1024 Mr. {Stupak.} Thank you, Mr. Doyle. Mr. Gingrey,
1025 opening statement.

1026 Dr. {Gingrey.} Mr. Chairman, thank you for calling
1027 today's hearing. Even though recent efforts have hopefully
1028 halted major oil leaks, it is critically important that we
1029 get to the bottom of the cause of the Deepwater Horizon
1030 accident that has severely devastated the Gulf Coast.

1031 As a member of the O&I Subcommittee, I was present at
1032 the hearing in which we had the opportunity to pose
1033 questions to BP CEO Tony Hayward. At the outset of that
1034 hearing I, along with a number of my Republican colleagues,
1035 raised concerns as to why we were not also hearing from the
1036 administration to discuss its oversight role to help avoid
1037 future accidents of this nature. Mr. Chairman, despite these
1038 efforts and the economic and environmental destruction that
1039 has resulted from the Deepwater Horizon explosion, I am
1040 disappointed that it has taken the Committee three months to
1041 the day of the accident to hear from the Secretary of the
1042 Interior. There are several important questions that the
1043 administration needs to answer to help us find the best way
1044 to move forward.

1045 What was the role of Interior leading up to and in the
1046 aftermath of the explosion on April 20? Have the

1047 reorganization efforts of the Minerals Management Service in
1048 any way impeded Interior from being able to properly
1049 investigate and respond to the crisis? In fact, what is the
1050 purpose of renaming MMS to the Bureau of Ocean Energy
1051 Management Regulation and Enforcement, BOOEMRAE? Does that
1052 only create confusion for the public, media, members of
1053 Congress, the agency responding to the crisis? Lastly, what
1054 impact will the administration's decision to impose a six
1055 month moratorium have on the Gulf Coast's ability to create
1056 jobs and make us less dependent on foreign oil?

1057 Mr. Chairman, although I am pleased that we are finally
1058 hearing from the administration on the Deepwater Horizon
1059 disaster, I hope that we do not use this hearing to simply
1060 score political points, as some of my colleagues have said.
1061 Today we have the opportunity to move forward with answers
1062 and ideas for reform. We owe it to the families who lost
1063 loved ones on April the 20th. We owe it to the Gulf Coast
1064 region that has continued to struggle economically as a
1065 result of this disaster, and finally we owe it to our
1066 country, as we continue to compete successfully, hopefully,
1067 in an energy dependent global economy.

1068 And I yield back, Mr. Chairman.

1069 [The prepared statement of Dr. Gingrey follows:]

1070 ***** COMMITTEE INSERT *****

|
1071 Mr. {Stupak.} Ms. Capps for an opening statement.

1072 Mrs. {Capps.} Thank you, Mr. Chairman, and welcome to
1073 our honorable witnesses. It is painfully clear that BP's oil
1074 spill dwarfs any environmental disaster in our nation's
1075 history. The first steps, of course, are to stop this leak,
1076 contain the spill and attend to its devastating consequences.
1077 President Obama and his administration swiftly responded to
1078 the BP disaster from day one, mobilizing resources to
1079 minimize harm to the health, economy and environment of the
1080 Gulf Coast.

1081 The President established an independent commission,
1082 modeled on legislation I introduced with Chairman Markey, to
1083 investigate the cause, the response and the impact of BP's
1084 spill. The President announced tougher safety requirements
1085 for offshore drilling and a strong inspection regime, and he
1086 took appropriate steps to ban new deep water wells and other
1087 exploratory drilling in sensitive areas.

1088 While we need immediate regulatory reform to make
1089 existing offshore oil development safer, we must also be bold
1090 and forward thinking in our response. The legacy of a safer,
1091 cleaner energy policy is the only possible silver lining to
1092 be found in this unthinkable catastrophe, and it is from what
1093 many of us on this side of the aisle had been pushing for

1094 years. The good news is there are lots and lots of ideas and
1095 proposals we can draw from.

1096 Unlike its predecessor, the Obama Administration has
1097 made immediately--immediate investments in efficiency,
1098 renewables and alternatives. The best way to protect the
1099 environment is simply to use less energy. Increases in
1100 efficiency and renewables can also create jobs and provide a
1101 boost to our domestic economy. Most importantly, these
1102 advances can be implemented now, with immediate benefits and
1103 results. Finally freeing ourselves from our costly oil
1104 addiction would be a fitting tribute to the terrible tragedy
1105 being borne by the people of the Gulf.

1106 I applaud the Committee's efforts for continuing to
1107 shine the spotlight on this tragedy and for laying out the
1108 steps that we must take to keep situations from--like this
1109 from happening in the first place.

1110 I yield back.

1111 [The prepared statement of Mrs. Capps follows:]

1112 ***** COMMITTEE INSERT *****

|
1113 Mr. {Stupak.} Thank you, Ms. Capps. Mr. Pitts, your
1114 opening statement, please?

1115 Mr. {Pitts.} Thank you, Mr. Chairman. Thank you for
1116 holding this hearing on the role of the Department of
1117 Interior in the Deepwater Horizon disaster. I would like to
1118 welcome Secretary Kempthorne and Secretary Norton.

1119 The oil spill is indeed a tragedy in the history of our
1120 country. Not only have lives been lost, but massive amounts
1121 of oil have been leaked into the ocean, causing horrific
1122 effects, environmental and economic. It is imperative that
1123 we thoroughly understand what happened aboard Deepwater
1124 Horizon before, during and after the explosion so that it
1125 never happens again. Indeed, it is of the utmost importance
1126 that due diligence be done by those investigating the root
1127 causes of the Deepwater Horizon blowout explosion, and I am
1128 anxious to read the reports that have been commissioned, once
1129 they are finished.

1130 I do have several questions for our witnesses today
1131 which focus on the offshore drilling moratorium and the
1132 re-organization of MMS. I would like to know whether the
1133 change up in MMS has helped or hindered MMS's ability to
1134 investigate and respond to the current crisis.

1135 Regarding the moratorium, I was struck by Governor's

1136 Jindal's editorial in the ``Washington Post'' this weekend
1137 where he categorized the moratorium as ill-advised and ill-
1138 considered. In addition, he said, ``The moratorium will do
1139 nothing to clean up the Gulf of Mexico, and it already is
1140 doing great harm to many hard working citizens.'' I am
1141 interested to hear the administration's rationale for the
1142 original moratorium and their rationale for continuing to
1143 pursue this policy, even after it has been struck down in the
1144 courts. Louisiana and the coastal States are already facing
1145 a horrific disaster, and we should make sure this moratorium
1146 does not worsen the blow.

1147 I look forward to hearing from our witnesses today, and
1148 I yield back.

1149 [The prepared statement of Mr. Pitts follows:]

1150 ***** COMMITTEE INSERT *****

|
1151 Mr. {Stupak.} Thank you, Mr. Pitts. Mr. Melancon,
1152 opening statement, please. Two minutes.

1153 Mr. {Melacon.} Thank you, Mr. Chairman, for holding
1154 this hearing today. I want to note that it has been 91 days
1155 since this disaster began, and Congress has held many
1156 hearings, and in recent weeks we have also started to move
1157 several pieces of relevant legislation. It was, and remains,
1158 important to ensure that the families of those 11 men have
1159 died on this rig have appropriate recourse and means to move
1160 on with their lives. It is impossible to say that they can
1161 ever be made whole again, and that is why I believe it is
1162 important for our work in Congress to focus on making sure an
1163 event like this never happens again.

1164 I thank the Chairman for holding this hearing today. We
1165 had been drilling in the Gulf of Mexico for decades, and our
1166 coastal States are home to the most sophisticated energy
1167 exploration and production technologies in the world. But
1168 this tragedy has shown us that occasionally our innovation to
1169 produce can outpace our innovation to prevent and to respond
1170 to blowouts or other such accidents in the Gulf or any other
1171 waters.

1172 The Minerals Management Service, MMS, or Bureau of Ocean
1173 Energy Management, as is now called, should play an important

1174 oversight role in the Gulf and other U.S. waters. It is the
1175 Department's responsibility to protect our people and the
1176 environment that we all call home. It has become painfully
1177 apparent that this function was performed inadequately in the
1178 lead-up to the Deepwater Horizon. Those deficiencies in the
1179 Department were deep-seated, and I applaud the Secretary and
1180 current employees of the agency for recognizing these
1181 weaknesses and working hard to correct them. I support the
1182 Secretary's request for an increase in the number of
1183 inspectors available to ensure that safety requirements are
1184 adhered to in the Gulf. These inspectors can work with the
1185 leading minds in offshore production to make certain that we
1186 still supply the country with a safe stable source of
1187 domestic energy.

1188 But in closing, I would like to say that while Louisiana
1189 and other states face the ever encroaching tide of oil, I
1190 intend to make sure that another wave of economic devastation
1191 does not deliver a second strike to my state. The current
1192 deep water moratorium and de facto shallow water moratorium
1193 have already led to hundreds, if not thousands, of lost jobs,
1194 and threaten to decimate the rest of the economy along
1195 coastal Louisiana, at least whatever economy there is left
1196 after the oil spill has done its damage.

1197 These moratoriums are ill-advised, and in some cases

1198 could even add more risk to the environment than allowing the
1199 existing wells to be finished according to plan. Abandoning
1200 a well in the middle of the process has its own unique risks,
1201 and I believe that we must ask ourselves, does this
1202 moratorium make us any safer, and what is the real cost to
1203 our economy?

1204 I thank you again for holding this hearing, and I look
1205 forward to discussing the issue of the moratorium and the
1206 drilling and cleanup in the Gulf of Mexico, and I yield back
1207 the balance of my time.

1208 [The prepared statement of Mr. Melancon follows:]

1209 ***** COMMITTEE INSERT *****

|
1210 Mr. {Stupak.} Thank you. Mr. Sullivan, opening
1211 statement, please.

1212 Mr. {Sullivan.} Thank you. Chairman Markey and
1213 Chairman Stupak, thank you for holding this hearing today to
1214 address the Department of Interior's actions regarding the
1215 Deepwater Horizon incident. I welcome Secretary Salazar to
1216 this hearing, as well as two previous Department of Interior
1217 Secretaries, Gale Norton and Dirk Kempthorne.

1218 There is no question that the BP oil spill is a tragedy.
1219 In fact, it is the worst environmental disaster in our
1220 nation's history. I believe we must do everything in our
1221 power to find out what caused to explosion and to ensure
1222 nothing like this ever happens again.

1223 Unfortunately, the administration is prematurely acting
1224 on this tragedy from a regulatory angle while the
1225 investigation to the disaster is not complete, which is why I
1226 am furious that the Department of Interior issued a new ill-
1227 advised moratorium on responsible offshore drilling after
1228 their previous two efforts failed in Federal Court. A
1229 Federal Judge even called the Obama Administration's efforts
1230 arbitrary and capricious before throwing out their
1231 moratorium.

1232 This new moratorium risks killing between 20,000 and

1233 50,000 jobs, and will increase our reliance on foreign oil at
1234 a time when our nation's economy can least afford it. During
1235 this hearing and the continuing investigation, it is
1236 important that we do not lose sight of the fact that 30
1237 percent of the total U.S. production of crude oil comes from
1238 offshore. If we were to ban or restrict offshore drilling,
1239 we would simply increase our national dependence on foreign
1240 oil, which makes our national less secure, and in the short
1241 term and long term it increases the cost of energy.

1242 I am pleased to see Secretary Salazar before us today.
1243 Given the integral role of the Federal oversight in offshore
1244 drilling operations, it is critically important to get his
1245 take on what safety lapses occurred, and if any regulatory
1246 breakdowns happened that may have contributed to this
1247 terrible accident. I am also interested in hearing Secretary
1248 Salazar's justification for the continued moratorium on deep
1249 water drilling and permitting.

1250 I look forward to the hearing and testimony of our
1251 witnesses, and I yield back the balance of my time.

1252 [The prepared statement of Mr. Sullivan follows:]

1253 ***** COMMITTEE INSERT *****

|
1254 Mr. {Stupak.} Thank you, Mr. Sullivan. Mr. Gonzalez,
1255 opening statement.

1256 Mr. {Gonzalez.} Waive opening.

1257 [The prepared statement of Mr. Gonzalez follows:]

1258 ***** COMMITTEE INSERT *****

|
1259 Mr. {Stupak.} Ms. Christensen, opening statement.
1260 Dr. {Christensen.} Thank you, Mr. Chairman. I too
1261 waive my opening statement. I would just like to welcome
1262 Secretary Norton and Secretary Kempthorne.

1263 [The prepared statement of Dr. Christensen follows:]

1264 ***** COMMITTEE INSERT *****

1265 Mr. {Stupak.} Ms. Harman, opening statement.

1266 Ms. {Harman.} Thank you, Mr. Chairman, and welcome our
1267 witnesses.

1268 When then Senator Kempthorne was in the Senate, he
1269 served on the Senate Intelligence Committee. I served on the
1270 House Intelligence Committee for eight years, and remember
1271 well the times we collaborated on bipartisan sensible policy
1272 to hopefully add to our intelligence capability in the effort
1273 to keep our country safe. I would like to think that if
1274 Senator Kempthorne were back in the Senate, or were to do
1275 something astonishing and become a House member and sit on
1276 this panel, he would want us to work on a bipartisan
1277 bicameral basis to solve this problem. And he is nodding his
1278 head, so he would. I welcome that, and I am delighted to see
1279 you again.

1280 This is not about, or should not be about, the blame
1281 game, as many have said on both sides. I don't see it that
1282 way. I see this as a clear disaster, both in environmental
1283 and human terms, but one that we should come together to fix.
1284 This Committee has a long record of fixing tough problems and
1285 crafting regulatory schemes that work. And so, Mr. Chairman,
1286 I welcome the testimony of our witnesses, and I welcome
1287 Senator, Governor, Secretary, private citizen Kempthorne, and

1288 our other former Interior Secretary, to help us solve this
1289 problem.

1290 Thank you, Mr. Chairman. I yield back.

1291 [The prepared statement of Ms. Harman follows:]

1292 ***** COMMITTEE INSERT *****

|
1293 Mr. {Stupak.} Thank you. Mr. Hall for an opening
1294 statement, please.

1295 Mr. {Hall.} Thank you, Mr. Chairman. I am pleased that
1296 we are having this hearing today. I would also like to thank
1297 Honorable Gale Norton and Honorable Kempthorne. They are--
1298 and, of course, Secretary Ken Salazar.

1299 After three full months we are still trying to figure
1300 out what the precise causes is of what happened on the
1301 Deepwater Horizon on April the 20th. The sun came up on April
1302 the 20th, May the 20th, June the 20th and now it is--today it
1303 is exactly, time-wise, July the 20th. And I know--I have in
1304 my area a friend whose twin brother's boy was one of the 11
1305 that were lost there, so we felt the loss even down into the
1306 Northeast part of Texas.

1307 But what really kind of unnerves me and gives me really
1308 problems is the President's first statements about this, when
1309 he said, have we come to this? An event that he is using to
1310 trash all energy thrusts. Not trying to redistribute the
1311 wealth, but apparently trying to destroy the wealth if it is
1312 involved in the energy business. Not to give light to the
1313 situation, but to turn off the lights all over our nation.
1314 We need to be producing our own energy through the bill that
1315 was passed several years ago that included not just drilling,

1316 but all of the above as answers to disasters like the
1317 Deepwater Horizon tragedy that we have.

1318 These unanswered questions should serve to advise
1319 against the temptations to overreact to the disaster,
1320 especially given the importance of the offshore oil and gas
1321 industry to the Gulf Coast economy and America's energy
1322 dependence goals. I am troubled by the rush to pass
1323 legislation on these. These bills will not solve the ongoing
1324 problems in the Gulf.

1325 I do believe we need to re-evaluate the safety
1326 procedures and drilling procedures we have in place now to
1327 fix what went wrong and make sure it doesn't happen again,
1328 but that is what I am told these investigations are doing as
1329 we speak. And only once we know exactly what happened can we
1330 address the problem. We need to re-learn to prevent
1331 overreaction and over-regulating the oil industry before we
1332 know what went wrong.

1333 It makes sense to continue pursuing improvements to safe
1334 and environmentally responsible drilling operations, as well
1335 as effective spill response systems, but to impose a drilling
1336 moratorium is just a knee jerk reaction that will not solve
1337 the problem, will not clean up the spill, and amplifies a
1338 lack of employment in the Gulf region. We should lift the
1339 moratorium immediately and get these folks back to work.

1340 I thank you, Mr. Chairman, yield back my time.

1341 [The prepared statement of Mr. Hall follows:]

1342 ***** COMMITTEE INSERT *****

|
1343 Mr. {Stupak.} Thank you. Mr. Butterfield, opening
1344 statement, please.

1345 Mr. {Butterfield.} Thank you, Mr. Chairman, for
1346 convening this very important hearing, and I certainly thank
1347 the two witnesses for their testimony.

1348 Mr. Chairman, news of the BP well may be improving, and
1349 the American people may be feeling better about this. The
1350 fact remains that the damage is done. While much of our
1351 attention has centered on the environmental impacts, let us
1352 not forget that the explosion killed 11 American citizens.
1353 As the facts continue to come into clear view, it appears
1354 that the company's bottom line--yes, its bottom line, not
1355 safety, not concern over its employees or environmental
1356 risk--was the primary concern. And so strong bipartisan
1357 regulations are necessary to ensure the public's trust, the
1358 ocean and everything beneath it, belong to the American
1359 people, not private corporations.

1360 The agreement between the people and these corporations
1361 to permit offshore drilling is meant to guarantee the safety
1362 and security of these irreplaceable resources while
1363 furthering commerce. Unfortunately, the technology of deep
1364 sea drilling has far outpaced the rulemaking and oversight
1365 needed to provide the public with security and certainty. We

1366 must use today's hearing to clarify the policy choices made
1367 within the Minerals Management Service.

1368 Without proper understanding of the guiding principles
1369 that took us to this point, we cannot be expected to write
1370 better policy for the future. This is an enormous tragedy
1371 that necessitates a thorough review, and, yes, overhaul of
1372 our regulatory strategy. Such an overhaul will once again
1373 allow the commerce to thrive, and environmental security to
1374 be secured for the trust of the American people.

1375 Thank you, Mr. Chairman, and I yield back.

1376 [The prepared statement of Mr. Butterfield follows:]

1377 ***** COMMITTEE INSERT *****

|
1378 Mr. {Stupak.} Thank you, Mr. Butterfield. Mr. Shadegg
1379 for opening statement.

1380 Mr. {Shadegg.} Thank you, Mr. Chairman. I want to
1381 thank you for holding this important hearing. I want to
1382 thank all of our witnesses for appearing today, and
1383 especially Secretary Norton and Secretary Kempthorne.

1384 It is critical to the nation, and critical both for
1385 environmental reasons and also for energy reasons, that we
1386 find out what went wrong. Some want to blame the lack of
1387 regulatory structure, the lack of laws, the lack of
1388 regulations. Others want to blame the lack of enforcement
1389 and concerns in that area. In fact, there may have been
1390 blatant violations of the law. Indeed, most of the evidence
1391 we have heard so far in this Committee has indicated that BP
1392 was a bad actor, that, in the drilling of this well and its
1393 construction and its operation, it ignored warnings time and
1394 time again and cut corners. We need to find out exactly what
1395 happened in this instance, and we need to make sure that no
1396 bad actors can ever engage in that kind of conduct again.
1397 That is essential not only for the protection of our
1398 environment, but also for the protection of our economy.

1399 I think it is very important to point out that this is a
1400 process that is necessary for the sake of our future. It is

1401 not, and should not be, a blame gaming--or a blame assigning
1402 task. I agree with my colleague Mr. Doyle when he says there
1403 is plenty of blame to go around. That should not be the
1404 purpose of these hearings. We do not need to engage in
1405 finger pointing. What we need to do is to find out what went
1406 wrong. Unfortunately, some want to view this just as a
1407 crisis to be exploited. I believe it is a crisis to be
1408 addressed and resolved and to ensure that it never happens
1409 again.

1410 I am deeply concerned about the moratorium that has been
1411 enacted, and I share the comments of many of my colleagues,
1412 Mr. Green, Mr. Melancon, and others on both sides of the
1413 aisle who are concerned about the moratorium which the
1414 administration has imposed. I believe that that moratorium
1415 was ill-advised, and I find it not surprising that it was
1416 rejected both by United States District Court and then by
1417 United States Circuit Court of Appeals. I am disappointed
1418 that the administration acted in enacting that initial
1419 moratorium on a report which Secretary Salazar apparently
1420 changed after he received recommendations from the scientists
1421 who wrote it. Indeed I have here a letter, which I will
1422 later put into the record, in which eight of the 15
1423 scientists who work on the report say that it misrepresents
1424 their views.

1425 While a moratorium of some sort may indeed have been
1426 necessary, it seems to me we should have been looking at a
1427 narrow moratorium, one that only looked at bad actors, one
1428 that was not open ended in time, one that was focused on what
1429 things we knew then were wrong. And I look forward to the
1430 testimony of our witnesses so that we can try to discern what
1431 action we need to take to ensure this never happens again.

1432 [The prepared statement of Mr. Shadegg follows:]

1433 ***** COMMITTEE INSERT *****

|
1434 Mr. {Stupak.} Thank you, Mr. Shadegg. Ms. Matsui,
1435 opening statement, please.

1436 Ms. {Matsui.} Thank you, Mr. Chairman, for calling
1437 today's hearing. I would like to thank Secretary Salazar and
1438 former Secretaries Kempthorne and Norton for appearing before
1439 us as witnesses today.

1440 I think we can all agree that the BP oil spill reminds
1441 us of the dangers of offshore drilling, as well as the severe
1442 environmental and economic impacts when something goes wrong.
1443 As this unprecedented disaster continues to unfold, it has
1444 raised significant questions about industry practices and
1445 regulatory standards relating to oil and gas drilling. In
1446 our ongoing investigations about the causes of this
1447 catastrophe, we learned that BP ignored important safety
1448 precautions and largely dismissed industry's best practices
1449 related to well design and other infrastructure that could
1450 have prevented such an accident.

1451 We now know that there were issues with MMS and its
1452 oversight of offshore drilling activities. It is for these
1453 reasons that I have been pleased to see the Interior
1454 Department's recent overhaul of Federal regulations relating
1455 to oil drilling and exploration activities. And BP and the
1456 government need to ensure that the well is both properly and

1457 permanently plugged. Moreover, with the cost of the debacle
1458 now approaching \$4 billion, not including lives lost,
1459 livelihoods in peril and environmental depredation yet to be
1460 measured, we must make sure that nothing like this ever
1461 happens again. And within that context, Congress must
1462 continue to examine the Interior Department's role now and in
1463 the past in regards to the oversight and management of these
1464 critical regulatory bodies.

1465 Thank you, Mr. Chairman, for calling today's hearing. I
1466 look forward to the testimonies of the witnesses before us,
1467 and I yield back the balance of my time.

1468 [The prepared statement of Ms. Matsui follows:]

1469 ***** COMMITTEE INSERT *****

|
1470 Mr. {Stupak.} Thanks, Ms. Matsui. Ms. Blackburn for
1471 opening statement, please.

1472 Mrs. {Blackburn.} Thank you, Mr. Chairman. You know,
1473 as we have another of our hearings on what happened with the
1474 Deepwater Horizon, I think it is so important that we all
1475 remember and express our sympathies to the families that are
1476 in the Gulf region that have been so deeply impacted with
1477 this. I grew up in South Mississippi, and every time I call
1478 home, or I am talking with friends from college, or friends
1479 that I grew up with, or family members, I am again reminded o
1480 of the very deep and personal impact, whether it is the loss
1481 of life, the loss of jobs, the loss of faith in the
1482 institutions that we have, the loss of faith in an employer,
1483 the frustration with government agencies, the frustration
1484 with the slow response times.

1485 I--there really is many lessons to be learned, and we
1486 need to be respectful of that process, so I thank you all for
1487 being here with us today as we continue to work through this
1488 process. And as you have heard from my colleagues, this is
1489 something we want to review. Not place blame, but get it
1490 right, and make certain that a steadfast process is in place.

1491 Three questions I am going to have for the Secretary and
1492 for the two former Secretaries, whom we welcome. I want to

1493 get the--your thoughts on the new moratorium. What do you
1494 think this is going to do to save the jobs? How do you think
1495 this is going to help business investment? I see that as a
1496 bit counterintuitive when I am talking to those in the Gulf,
1497 so I want to look at that decision process and the
1498 expectations of that.

1499 Secondly, I want to hear from the Secretary on why this
1500 Department has failed to comply with numerous requests by
1501 members of Congress for documents in response to the spill
1502 and the cleanup operations. And I say this because, due to
1503 the frustration with BP and with government agencies and with
1504 the--this administration, people have come to their member of
1505 Congress and have not received--we have not been able to get
1506 the information that need.

1507 And third, I want to know, from the Secretary, how they
1508 think the new Department of--Bureau of Ocean Energy is going
1509 to police waste, fraud and abuse of Federal funds and
1510 actually conduct regulatory oversight.

1511 Mr. Chairman, I thank you. I yield back.

1512 [The prepared statement of Mrs. Blackburn follows:]

1513 ***** COMMITTEE INSERT *****

|
1514 Mr. {Stupak.} Thank you. Ms. Schakowsky, opening
1515 statement, please.

1516 Ms. {Schakowsky.} Thank you very much, Mr. Chairman,
1517 and I will be brief.

1518 In the face of this unprecedented disaster, every branch
1519 of government must be part of the solution, cleaning up the
1520 mess, ending the flow, compensating adequately the people,
1521 and, of course, preventing this from happening again. And,
1522 of course, we have to understand what happened, and that is
1523 the focus of this hearing. And I appreciate so much the
1524 witnesses that are here today so we can look at the
1525 Department of Interior.

1526 But I have to say, I haven't heard much about the
1527 responsibility of this Congress and this Committee. After
1528 all, we all did hear about the Inspector General's report
1529 September 8, 2008 about the staff at the--at MMS and the
1530 gifts and the gratuities, et cetera. We knew about that, and
1531 hindsight, of course, is 20/20, but the failures at BP were
1532 knowable as well. We had hearings about the refinery fire.
1533 And we also could have known that between 1985 to today the
1534 number of inspectors at MMS has risen only from 55 people in
1535 1985 to 60 today, while the number of wells has increased
1536 from 65 to 602. So clearly we are going to have to have more

1537 inspectors, our Committee's going to have to be more involved
1538 on an ongoing basis in oversight, and we are going to have to
1539 have the proper systems and the proper resources in place to
1540 get the job done. So this is clearly part of that
1541 investigation, but we have to see ourselves as an integral
1542 part of that--of the solution as well. And I thank you, Mr.
1543 Chairman, for making sure that that is the case.

1544 I yield back.

1545 [The prepared statement of Ms. Schakowsky follows:]

1546 ***** COMMITTEE INSERT *****

|
1547 Mr. {Stupak.} Thank you. Mr. Scalise, opening
1548 statement. Two minutes please.

1549 Mr. {Scalise.} Thank you, Mr. Chairman. No other state
1550 has been more affected by the BP disaster than my home state
1551 of Louisiana, and we battle the effects of the oil each and
1552 every day. But make no mistake. The effect of this disaster
1553 is reaching far beyond the Louisiana state line. The
1554 offshore jobs being lost right now are American jobs. In the
1555 marshlands where the oil continues to infiltrate, those are
1556 America's wetlands and our first line of defense against
1557 hurricanes and gulf storms.

1558 We know that MMS, the federal regulator responsible for
1559 reviewing and approving offshore operations, just weeks
1560 before the explosion certified that the rig and the blowout
1561 preventer met the safety and environmental requirements and
1562 allowed the Deepwater Horizon to continue operating.

1563 I have said for months now if the blowout preventer was
1564 intended to be the last line of defense, then President
1565 Obama's regulating agency was established as the first line
1566 of defense, and we should fully understand the role that they
1567 played in this disaster. As the people of Louisiana continue
1568 to fight the oil each day, President Obama and his
1569 administration are taking what is already a human and

1570 environmental tragedy and turning it into an economic tragedy
1571 by continuing to pursue a reckless and harmful moratorium on
1572 offshore drilling.

1573 This drilling ban will result in the loss of over 40,000
1574 high-paying Louisiana jobs and will leave America more
1575 dependent on Middle Eastern oil. Some suggest we have to
1576 choose between safety and jobs. This is a false choice. We
1577 can and must preserve the jobs while demanding safe energy
1578 exploration. The two can and should peacefully coexist.

1579 Make no mistake. This ban has nothing to do with
1580 ensuring safety. Instead, it exploits this disaster in an
1581 effort to pursue a political agenda. As a matter of fact, a
1582 majority of the experts hand-picked by this administration to
1583 do an initial 30-day offshore safety report opposed this
1584 moratorium and have said that six-month drilling moratorium
1585 will actually reduce long-term safety.

1586 While some might claim that a pause on drilling is a
1587 reasonable step to take, make no mistake. There is no such
1588 thing as hitting some magical pause button on offshore
1589 drilling by issuing a reckless moratorium. If this happens,
1590 you will reduce safety in the gulf because the most
1591 technologically advanced and safest rigs will leave first.
1592 And the most experienced crews that work on these rigs who
1593 have decades of industry experience will be the first to

1594 leave, seeking work elsewhere. And since our country's
1595 demand for oil has not dropped, more oil will be imported on
1596 tankers, which account for 70 percent of all oil spills.

1597 In conclusion, instead of exploiting this disaster, the
1598 President must work with us to fight the oil, improve the
1599 safety of offshore drilling and put a halt to further
1600 consideration of a moratorium that will reduce safety, kill
1601 jobs, and leave us more dependent on foreign oil. Thank you,
1602 and I yield back.

1603 [The prepared statement of Mr. Scalise follows:]

1604 ***** COMMITTEE INSERT *****

1605 Mr. {Stupak.} Ms. Sutton, opening statement please.

1606 Ms. {Sutton.} Thank you, Chairman Stupak and Chairman
1607 Markey, for holding this hearing. The explosion on Deepwater
1608 Horizon resulted in the deaths of 11 workers and injured many
1609 additional workers. And since that time, we have witnessed
1610 the worst environmental disaster in our nation's history.

1611 Recent news reports state that BP had the Deepwater
1612 Horizon rigs failed blowout preventer was modified in China,
1613 and other shortcuts were taken to maximize profits at the
1614 expense of safety.

1615 And the costs have been great. BP set aside \$20 billion
1616 for compensation, and the federal government has billed BP
1617 hundreds of millions of dollars for cleanup costs. And
1618 according to the administration, approximately 40,000
1619 personnel are involved in the cleanup and the protection of
1620 the shoreline and the wildlife.

1621 Over 6,400 vessels are assisting with the cleanup, and
1622 while the cleanup continues, approximately 84,000 square
1623 miles of federal waters in the Gulf of Mexico remain closed.
1624 Hardworking Americans are out of work and applying for
1625 compensation at BP. And three months later, a cap on the oil
1626 well is finally in place. Although leaks and seepage have
1627 been detected.

1628 The costs have been great indeed and have highlighted
1629 the costly need to ensure that offshore drilling operations
1630 are safe. We cannot afford an additional oil spill disaster.
1631 Significant steps have been taken, including dividing the
1632 Mineral Management Service into three separate organizations
1633 to prevent conflicts of interest going forward.

1634 But as we have witnessed over the last three months, the
1635 costs of the status quo have been far too great, and we must
1636 take appropriate action to make sure that this type of
1637 tragedy and its aftermath do not happen again. So thank you
1638 for being here.

1639 [The prepared statement of Ms. Sutton follows:]

1640 ***** COMMITTEE INSERT *****

|
1641 Mr. {Stupak.} Thank you, Ms. Sutton. Our last opening
1642 statement, Mr. Braley of Iowa please.

1643 Mr. {Braley.} Thank you, Mr. Chairman. I will waive my
1644 opening.

1645 [The prepared statement of Mr. Braley follows:]

1646 ***** COMMITTEE INSERT *****

|
1647 Mr. {Stupak.} Okay, that concludes the opening
1648 statement by all members of our Oversight Investigation
1649 Subcommittee and the Energy and Environment Subcommittee. We
1650 have our first panel of witnesses before us. We thank them
1651 for being here. We have the Honorable Gail Norton, who was
1652 the Secretary of Interior from 2001 through 2006. And we
1653 have the Honorable Dirk Kempthorne, who was Secretary of the
1654 Interior from 2006 to 2009. Thank you for being here.

1655 Secretary Norton and Secretary Kempthorne, we appreciate
1656 you being here, and you have appeared here voluntarily. And
1657 once again we appreciate that. It is the policy of this
1658 subcommittee to take all testimony under oath. Please be
1659 advised that you have the right under the rules of the House
1660 to be advised by counsel during your testimony. Do either of
1661 you wish to be represented by counsel? Secretary Norton?
1662 Secretary Kempthorne? Okay, both indicate no. Let the
1663 record reflect the witnesses replied in the affirmative. You
1664 are now under oath. We begin with five-minute opening
1665 statement. And, Secretary, if you don't mind, we will start
1666 with you. Secretary Norton, opening statement please.

1667 [Witnesses sworn.]

|
1668 ^TESTIMONY OF THE HONORABLE GALE NORTON, SECRETARY OF THE
1669 INTERIOR, 2001-2006; AND THE HONORABLE DICK KEMPTHORNE,
1670 SECRETARY OF THE INTERIOR, 2006-2009

|
1671 ^TESTIMONY OF GALE NORTON

1672 } Ms. {Norton.} Thank you. Mr. Chairman and members of
1673 the committee, I am deeply saddened and appalled by the
1674 Deepwater Horizon disaster. It is vitally important that
1675 Americans determine the causes of the accident and that we
1676 take steps to ensure that offshore production can continue
1677 safely. The explosion and the oil spill have been a tragic
1678 disaster with unprecedented impact on the affected families,
1679 communities, and ecosystems.

1680 It is disturbing to watch the damage unfold, and my
1681 thoughts have been with the people of the gulf region. As I
1682 consider the Deepwater Horizon disaster, I am constantly
1683 reminded of my earliest exposure to accident investigation.
1684 My father who devoted his career to aviation was occasionally
1685 involved in investigating the causes of crashes of small
1686 planes. I learned about the National Transportation Safety
1687 Board and its process for unraveling accident causation, then
1688 feeding that information back to manufacturers and pilots.

1689 As with the devastating aircraft crash, we need to
1690 objectively seek the truth of what happened in the Gulf of
1691 Mexico so we can learn lessons that may prevent future
1692 tragedies. All those affected deserve an objective
1693 systematic analysis of the problems. Emotional and hasty
1694 reactions should not form the basis for long-term policy,
1695 whether we are talking about flying in airplanes or tapping
1696 offshore resources. Getting the balance right between risks
1697 and benefits requires knowledge and professional inquiry.

1698 It has been nine years since I took the helm at the
1699 Department of the Interior. I am not as conversant about
1700 offshore issues as I once was, and I will only mention a few
1701 things in my experience at this point in time.

1702 The importance of domestic energy production was brought
1703 shockingly into focus by the terrorist attacks of September
1704 11, 2001. Until then, it has been risky to rely on
1705 unfriendly nations as the source of so much of our oil
1706 supply. But the attacks transformed that risk into a matter
1707 of grave national security. Offshore petroleum's role as the
1708 source for roughly a third of American production gave it an
1709 important focus.

1710 Without question, the most powerful OCS experience for
1711 me was the 2005 hurricane season. Over 4,000 offshore
1712 platforms were operating in the Gulf of Mexico when

1713 Hurricanes Rita and Katrina pummeled the area. Safety and
1714 spill prevention measures were put to a severe test.
1715 Amazingly, despite two category-five hurricanes, the amount
1716 of oil spilled from wells and platforms was small. The
1717 shutoff valves located at the sea floor operated as intended.
1718 They prevented oil from leaking into the ocean floor when the
1719 platforms were destroyed.

1720 There was one weakness in that industry's strong
1721 hurricane performance. The hurricanes dislodged 19 mobile
1722 drilling rigs from their moorings. Once cut loose, they
1723 drifted for miles, dragging pipelines behind them and
1724 endangering other platforms with which they might collide.

1725 The amount of oil released was relatively small, and a
1726 significant problem had been revealed. I brought MMS and
1727 industry together to figure out a solution. After my
1728 departure from Interior, MMS completed this process and
1729 strengthened its mooring standards. We found out about the
1730 problem, and we solved it.

1731 There has been a great deal of media attention to the
1732 ethics of the Minerals Management Service. It pains me to
1733 see the vilification of MMS and its employees. I want to
1734 speak in defense of the vast majority of hard-working and
1735 professional men and women in the Minerals Management
1736 Service.

1737 As revealed by inspector general reports after I left
1738 the department, a handful of employees blatantly violated
1739 conflict of interest requirements. Their actions were wrong
1740 and unacceptable, but MMS has over 1,700 employees. The very
1741 few misbehaving employees have been blown out of proportion
1742 to create a public image of the MMS as a merry band of rogue
1743 employees seeking favor from industry. The public servants I
1744 encountered were entirely different.

1745 I will never forget a meeting with the MMS employees
1746 after Hurricanes Rita and Katrina. They were in temporary
1747 headquarters because their New Orleans headquarters was no
1748 longer available. They were crammed into a couple of rooms,
1749 makeshift desks, working hard to keep up with all of the
1750 demands that were coming through at that time, approving
1751 pipeline repairs, addressing environmental and safety issues,
1752 expediting all of the requests, trying to regulate with
1753 common sense in incredibly difficult circumstances.

1754 These employees coped with submerged homes, families who
1755 were in limbo and essentially homeless, but they were working
1756 out of dedication, serving their country, serving their gulf
1757 coast communities. These are the people who represent the
1758 Minerals Management Service to me.

1759 Industry and offshore energy supporters were always
1760 conscious of the political reaction and industry setbacks

1761 occasioned by the 1969 Santa Barbara oil spill and reinforced
1762 by the Exxon Valdez. No one wanted to repeat those failures,
1763 so industry had an incentive to maintain strong environmental
1764 protections. That, coupled with regulation, encouraged
1765 careful planning and adequate safety precautions. That
1766 formula worked well.

1767 Three months ago and for the many years proceeding, the
1768 regulatory and response structure was based on a past history
1769 of success. Since 1980, the largest spill from a blowout in
1770 federal waters was only 800 barrels. All of the plans in
1771 both Republican and Democratic administrations were adopted
1772 against this backdrop of safety.

1773 Unfortunately, now the federal government must establish
1774 future policies in the aftermath of a worst-case scenario
1775 beyond anything most people contemplated.

1776 I hope Congress will follow the process that has served
1777 us so well in the aviation field, study what caused the
1778 accident and then adopt new or additional procedures on that
1779 basis.

1780 Offshore regulators need to have a good working
1781 relationship with industry to understand what they are
1782 regulating and to avoid imposing one-size-fits-all rules that
1783 ultimately decrease safety. For half a century, the Gulf of
1784 Mexico has produced a third of our nation's oil, a huge

1785 economic benefit to America with an impressive safety record.

1786 The federal government should not throw out a system

1787 that was so successful for so long without understanding

1788 where the problems really are. Thank you.

1789 [The prepared statement of Ms. Norton follows:]

1790 ***** INSERT 1 *****

|
1791 Mr. {Stupak.} Thank you. Secretary Kempthorne, opening
1792 statement please.

|
1793 ^TESTIMONY OF DIRK KEMPTHORNE

1794 } Mr. {Kempthorne.} Mr. Chairman, thank you very much to
1795 all members of the committee. I am Dirk Kempthorne, and I
1796 have testified before Congress as a United States senator, as
1797 the governor of Idaho, as a cabinet member. This is my first
1798 time testifying that I have been in the elevated position as
1799 a private citizen.

1800 My responsibilities as secretary ended at the Department
1801 of Interior 449 days ago. Ninety days ago, the BP oil spill
1802 exploded into the nation's consciousness. The accident of
1803 BP's Deepwater Horizon oil rig caused 11 families to bury
1804 their sons, husbands, and fathers. The accident injured 17
1805 workers. It forced fishermen and others to lose their
1806 livelihoods. It engulfed the Gulf of Mexico with oil slicks
1807 that now are close to beaches and marshes in the bayou.

1808 Out of respect for Congress where I served for six years
1809 and out of respect for these two committees, I accepted your
1810 request that I talk with you about the tragic oil spill. In
1811 light of leaving Interior 18 months ago and without access to
1812 Interior staff or briefing documents, I preface all of my
1813 remarks with the understandable caveat, as I recall. Until
1814 now, I have declined multiple media requests to comment in

1815 the belief America was best served by letting those in charge
1816 to stay focused on job number one of stopping the oil spill.

1817 As you can appreciate, I cannot provide any insight
1818 about the exploration plan and the many dimensions of the
1819 application for the permit to drill which culminated in the
1820 Deepwater Horizon accident because these were evaluated and
1821 approved after I left Interior.

1822 For 40 years prior to this accident, the Interior
1823 Department and the industry it regulated had a remarkable
1824 record of success in safely developing and producing energy
1825 from oil platforms and drilling rigs.

1826 Secretary Norton and I took note of this remarkable
1827 safety record and so did our successor, Secretary Salazar.
1828 Before the BP oil spill, Secretary Salazar on March 31 of
1829 2010 announced he had revised the 2007/2012 five-year plan.
1830 This plan called for developing oil and gas resources in new
1831 areas while protecting other areas. On the issue of safety,
1832 Secretary Salazar said, and I quote, ``Gulf of Mexico oil and
1833 gas activities provide an important spur to technological
1834 innovation, and industry has proven that it can conduct its
1835 activities safely.'' That statement, Mr. Chairman, is
1836 consistent with my own impressions while serving as the
1837 secretary of the Interior.

1838 By requesting me to attend, you are asking about the

1839 record of the Bush administration on offshore energy
1840 development. I offer these perspectives from my experience
1841 as secretary. This hearing gives me an opportunity to
1842 address an issue about the ethical culture at the Minerals
1843 Management Service. Let me address the issue of ethics head
1844 on.

1845 Shortly before leaving office, I was summoned to
1846 Congress to testify on inspector general reports about
1847 unethical conduct within the Minerals Management Service. On
1848 September 18, 2008, I unequivocally told Congress that the
1849 conduct disgusted me and there would be prompt personnel
1850 action. Because that action was underway, I was advised by
1851 lawyers at the Department of Interior that I could not
1852 discuss it in detail. Now I can, including the fact that we
1853 fired people.

1854 It should be part of this hearing record that Johnny
1855 Burton, who had been director of MMS during Secretary
1856 Norton's tenure, has publically stated upon hearing about
1857 this conduct, that she personally requested the IG to
1858 investigate. It should also be part of this hearing record
1859 that those involved were fired, retired, demoted, or
1860 disciplined to the maximum extent permissible.

1861 The facts are that all of these actions were taken
1862 before I left office. I would add a statement that Inspector

1863 General Earl Devaney said in a testimony before the House
1864 Natural Resources Committee on September 18, 2008, and I
1865 quote, ``I believe that the environment of MMS today is
1866 decidedly different than that described in our reports.''
1867 And I agree with the IG that 99.9 percent of DOI employees
1868 are ethical, hard-working, and well-intentioned.

1869 Mr. Chairman, members of the committee, they are part of
1870 your team. There are good people there.

1871 I received another report critical of the MMS Service
1872 Royalty program. Again I took action. The current
1873 administration puts stock in the Don Carey report reviewing
1874 MMS. I would like the record to note that I personally
1875 called former senators Jake Garn, a Republican, and Senator
1876 Bob Carey, a Democrat, and asked them to conduct a
1877 bipartisan, independent and thorough examination of this
1878 program with no preconceived outcomes. They did with other
1879 talented experts.

1880 They issued a report that recommended 110 actions to
1881 improve the program, including, as I recall, 20
1882 recommendations directly from the inspector general's office.
1883 We methodically implemented all of the recommendations that
1884 could be done while we were still in office, which, as I
1885 recall, was about 70.

1886 Mr. Chairman, I would ask that the testimony of

1887 Inspector General Earl Devaney and I gave to Congress in
1888 September of 2008 be made part of the record as well as the
1889 Don Carey report.

1890 Mr. {Stupak.} Without objection, it will be.

1891 [The information follows:]

1892 ***** COMMITTEE INSERT *****

|
1893 Mr. {Kempthorne.} Also, while I was Secretary of
1894 Interior not once but twice increased royalty rates companies
1895 paid for energy produced for deepwater offshore leases. In
1896 2007, we increased the royalty rate from 12.5 percent to
1897 16.67 percent. In 2008, the royalty rate was again increased
1898 to 18.75 percent. This is a 50 percent increase in royalty
1899 rates paid by oil companies for the right to produce oil and
1900 gas from federal waters.

1901 I can report to you that these increases came as a
1902 result of a conversation I had with President George Bush.
1903 He believed and I agreed that a 12.5 percent royalty rate was
1904 too low. I would also note that not once but twice budgets
1905 that I submitted called for Congress to repeal sections of
1906 the 2005 Energy Policy Act that provided additional price
1907 incentives for deepwater oil and gas development.

1908 As secretary, I was required by the Outer Continental
1909 Shelf Lands Act to issue a five-year plan covering the years
1910 2007 to 2012 for offshore oil and gas development. Once we
1911 finished that plan, it was required by law to be submitted to
1912 Congress for a 60-day review. Congress had the power to
1913 reject that plan. Congress did not. In fact, as I recall, I
1914 don't think any legislation was introduced calling for the
1915 plan to be rejected. The plan is here.

1916 This plan was developed after extensive consultation
1917 with members of Congress, state and local official, industry,
1918 and environmental organizations. We received comments from
1919 more than 100,000 interested citizens. 75 percent of the
1920 comments received from the public supported some level of
1921 increased access to the domestic energy resources of the
1922 outer continental shelf.

1923 My five-year plan, Mr. Chairman, was met with both draft
1924 and final environmental impact statements. A relevant fact
1925 is that these EISs, along with environmental assessments and
1926 oil spill response plans, were based on the probability that
1927 a significant oil spill was small. The environmental impact
1928 statement used historical information and models. When the
1929 2007 and 2012 five-year plan was written, there had not been
1930 a major oil spill in 40 years. One very real consequence of
1931 the Deepwater Horizon accident is that these historical
1932 assumptions will be forever changed.

1933 An additional significant development was taking steps
1934 to implement congressional direction and further the work
1935 that Secretary Norton set in motion to development offshore
1936 wind, wave, and ocean current strategies.

1937 Mr. Chairman, I would conclude with two thoughts. One,
1938 as you appropriately deal with this issue, and I appreciate
1939 the tone which has been set by so many of the members of this

1940 committee, that this is an opportunity to bring out issues
1941 that are before us, to find out what worked, what did not
1942 work, and what is the path forward.

1943 But I would encourage all officials working on this to
1944 keep in mind the great resources that you have with the
1945 states with the governors in those gulf coast states, proven
1946 leaders who are pragmatic and want to be partners. They also
1947 have solutions to this.

1948 And second, the consequence of the Deepwater Horizon
1949 accident is that it will forever change the offshore energy
1950 industry. Never again will a cabinet secretary take office
1951 and be told that more oil seeps from the seabed than has been
1952 spilt from drilling operations in U.S. waters. Never again
1953 will decision makers not include planning for events that
1954 might be low probability events but which in the unlikely
1955 event they occurred, would be catastrophic. Thank you, Mr.
1956 Chairman.

1957 [The prepared statement of Mr. Kempthorne follows:]

1958 ***** INSERT 2 *****

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1959 Mr. {Stupak.} Let me thank both secretaries for your
1960 testimony and thank you again for voluntarily appearing.
1961 Caution to members. We have 34 members here, and if we all
1962 take five minutes each, that is going to bring us pretty
1963 close to the three-hour limit. So I am going to be going to
1964 push members to keep your questions within that five-minute
1965 range. Otherwise we will have a runaway committee as opposed
1966 to a runaway well. And we will try to keep some control of
1967 it.

1968 Let us begin with Chairman Waxman for questions please.

1969 The {Chairman.} Thank you very much, Mr. Chairman. I
1970 will abide by your admonition on the time. Secretaries
1971 Norton and Kempthorne, I have some questions about the goals
1972 of the Bush Administration's national energy policy.
1973 President Bush and Vice President Chaney's energy task force
1974 suggested several ways to boost offshore production of oil
1975 and gas.

1976 The Cheney task force recommended that the Interior
1977 Department offer new economic incentives to encourage
1978 industry to pursue offshore oil and gas development. These
1979 incentives included a proposal to reduce the royalties
1980 private companies have to pay the American people when they
1981 take oil and gas from public land. The task force also

1982 recommended that the Interior Department identify and reduce
1983 impediments to exploration and production both onshore and
1984 offshore.

1985 Secretary Norton, were those components of the Bush
1986 energy plan?

1987 Ms. {Norton.} To the best of my recollection,
1988 Congressman, as to economic incentives, we employed the
1989 economic incentives on royalty relief that were put in place
1990 by--

1991 The {Chairman.} My question is the general statement of
1992 that energy plan was to provide incentives and to reduce
1993 impediments in order to develop more energy supplies. Wasn't
1994 that what the plan was all about?

1995 Ms. {Norton.} We were facing a very serious energy
1996 crisis at that point in time.

1997 The {Chairman.} I am not asking for justification.
1998 There is nothing wrong with that.

1999 Ms. {Norton.} We were looking to increase the energy
2000 production.

2001 The {Chairman.} Now, immediately after the task force
2002 released its report, the President issued two executive
2003 orders. Now, this task force that Vice President Cheney
2004 chaired was a subject that I know a lot about because I was
2005 trying to just find out who he met with, and we never even

2006 got the list of the executives from industry that he met
2007 with. I don't know what the secret was all about, but I had
2008 to go to the Supreme Court to try to get that information.

2009 So the task force released its report. Then the
2010 President issued two executive orders intended to increase
2011 energy production. One of these orders required agencies to
2012 compile every rule making and analysis of whether the rule
2013 would adversely affect energy supply.

2014 The other order directed agencies to expedite a review
2015 of energy exploration permit and accelerate the completion of
2016 energy-related projects. Secretary Norton, in August of
2017 2001, Stephen Guiles, your deputy secretary, wrote a memo to
2018 the Council on Environmental Quality stating that the
2019 department ``is fully committed to playing a role in this
2020 effort.'' Secretary Norton, during your tenure, did the
2021 Department of the Interior support President Bush's policy of
2022 expediting drilling on the Outer Continental Shelf?

2023 Ms. {Norton.} We took many actions looking at what
2024 could be done to make sure that the permitting in place and
2025 so forth was done in--

2026 The {Chairman.} You were trying to--

2027 Ms. {Norton.} It really was not--

2028 The {Chairman.} --comply with the policy of the
2029 administration, weren't you?

2030 Ms. {Norton.} There was really not much change as to
2031 the OCS. We worked primarily at on-shore areas and the
2032 permitting process in those areas.

2033 The {Chairman.} Okay, I have a limited time, but the
2034 answer is yes. You were trying to do this within your
2035 purview.

2036 Secretary Kempthorne, when you lead the department,
2037 isn't it true that the Bush Administration plan and the
2038 resulting Energy Policy Act of 2005 specifically encouraged
2039 deepwater and ultra deepwater drilling in the Outer
2040 Continental Shelf.

2041 Mr. {Kempthorne.} That was so.

2042 The {Chairman.} Okay, what concerns me is that in the
2043 task force report and the President's executive orders, I
2044 have no problems with those reports in themselves. But I
2045 don't see any consideration for the importance of improving
2046 drilling safety while we encouraged more exploration.
2047 Committee staff reviewed your testimony each of you gave to
2048 the Congress when you were secretary and found no discussion
2049 of strengthening safety standards for blowout preventers, no
2050 discussion of best practices for well design, and no
2051 discussion of how we assure that industry can respond to a
2052 large oil spill.

2053 Both of your testimonies talk about the safety record of

2054 offshore drilling, but it seems to me that one of the things
2055 we have learned is that deepwater and ultra deepwater
2056 drilling might involve different risks than shallow water
2057 drilling and it wasn't appropriate to rely on assurances
2058 based on shallow water drilling experiences.

2059 I am not trying to lay the Deepwater Horizon disaster at
2060 the feet of the Bush Administration. In fact, I look forward
2061 to hearing from Secretary Salazar on some of these same
2062 questions. But I am trying to understand how we got here
2063 today, how Congress and the regulators accepted the
2064 industry's promises of safety as we press full steam again
2065 into the deepest waters of the Gulf of Mexico without
2066 verifying that industry could deliver on its promises.

2067 It is as if we said we are going to raise the speed
2068 limit to 100 miles an hour without thinking twice about how
2069 to strengthen seatbelts or improve airbags. The American
2070 people deserve these answers. They deserve an energy policy
2071 that considers the need for better safety rules as industry
2072 takes greater risks to find oil and gas.

2073 Thank you, Mr. Chairman.

2074 Mr. {Stupak.} Thank you, Mr. Chairman. Mr. Barton for
2075 questions please.

2076 Mr. {Barton.} Thank you, Mr. Chairman. I am going to
2077 try to hold it to the five minutes just as Chairman Waxman

2078 did. I might point out that if we had followed regular
2079 procedure and had the incumbent Cabinet secretary here first
2080 where most of the questions are, we wouldn't take up as much
2081 time with two prior Cabinet secretaries who have no official
2082 standing, but that is just me kind of saying we ought to use
2083 the regular order instead of this unusual order.

2084 But having said that, we are glad you folks are here.
2085 As we all know, the Jones Act requires U.S. flag ships with
2086 U.S. crews to operate in the Gulf of Mexico, but we do have
2087 existing statutory authority that the President can waive
2088 that in times of emergency. We had a lot of international
2089 equipment that was available to come help us with the oil
2090 spill that wasn't allowed to come because the Obama
2091 Administration wouldn't waive the Jones Act.

2092 Do either of you have a comment on that?

2093 Ms. {Norton.} While this was not anything that I dealt
2094 with directly, I do know that the situations that occurred
2095 with large oil spills in recent history had been in other
2096 countries. And so other countries have learned from those
2097 experiences. And it makes sense to me to take advantage of
2098 the equipment and the personnel that are available. I do
2099 know that President Bush waived the Jones Act as quickly as
2100 possible after Hurricanes Rita and Katrina so that we could
2101 bring in assistance from other countries.

2102 Mr. {Barton.} Secretary Kempthorne?

2103 Mr. {Kempthorne.} Mr. Barton, the magnitude of this
2104 catastrophe would suggest that you should be able to array
2105 all assets made available to you, and I do not believe that
2106 was what occurred.

2107 Mr. {Barton.} Okay, we have also given authority to
2108 waive certain EPA environmental review requirements in times
2109 of emergency. This authority was used in Katrina. Several
2110 governors of the gulf coast, the governor of Louisiana, I
2111 believe the governor of Mississippi, asked for such a waiver.
2112 As of yet, that waiver has not been implemented, and so you
2113 had the ironic situation where the Coast Guard was attempting
2114 to facilitate the creation of berms to prevent known oil from
2115 reaching the beaches, and yet the EPA was refusing to grant a
2116 waiver so that--because of some potential impact that was
2117 unknown at the time.

2118 Do either of you have a comment on why the Obama
2119 Administration wouldn't listen to and work with the affected
2120 governors of the states on this issue?

2121 Ms. {Norton.} Once again, drawing from the Rita and
2122 Katrina experiences, we tried to do everything we could to
2123 move ahead as quickly as possible with common sense. And I
2124 really cannot comment about all the aspects of the current
2125 administration's decision-making. I am not there. I don't

2126 know the details.

2127 Mr. {Kempthorne.} Mr. Barton, if I may add, I
2128 referenced in my comments that we need to utilize these
2129 governors, very talented people. When I was governor of
2130 Idaho and we had Katrina and Rita, I was in continual
2131 telephone communication with Governor Barber, Governor
2132 Blankill, Governor Perry. On a moment's notice, they would
2133 say the needs that they might have, and I could implement the
2134 Idaho National Guard. C130 it would leave, a variety of
2135 things, a convoy that would go because they would run out of
2136 diesel fuel for first line responders.

2137 We moved faster than the federal bureaucracy was moving.
2138 We are still the United States of America, and this working
2139 together with the states, I think, can yield great results.
2140 And so again I just urge the partnership with those that are
2141 down in the gulf coast region.

2142 Mr. {Barton.} There is one more question I want to ask
2143 in the last one minute. Much is made by some of my friends
2144 on the majority of the fact that when we passed the Energy
2145 Policy Act, we put in some ultra deep language, and when that
2146 language was implemented, the Clinton Administration made the
2147 decision not to require a price trigger for royalties, but we
2148 did provide a volumetric trigger.

2149 Those were put in place when oil per barrel was below

2150 \$30 a barrel. I think it was even below \$20 a barrel.
2151 Obviously now it is \$70 or \$80 a barrel. It makes no sense
2152 not to have some sort of a price royalty trigger. But it was
2153 the Clinton Administration that made that decision initially,
2154 not the Bush Administration. Isn't that correct?

2155 Ms. {Norton.} Yes, Congressman. We found that the
2156 Clinton Administration had omitted price thresholds from some
2157 of the leases that were issued. My administration put in
2158 place price thresholds on all of the leases that went
2159 forward.

2160 Mr. {Barton.} The new leases.

2161 Ms. {Norton.} On the new leases.

2162 Mr. {Barton.} Okay.

2163 Ms. {Norton.} There has been a lot of litigation about
2164 that, and I won't go through the history of--

2165 Mr. {Barton.} Well, in hindsight, you know, we should
2166 have had a price trigger, but a contract is a contract. So
2167 we put them in place for future. But since the Clinton
2168 Administration didn't have them in place at the time when
2169 prices were so low, those contracts have been honored.

2170 With that, Mr. Chairman, I know my time is expired. And
2171 I thank you, and I thank our two witnesses for being here
2172 today.

2173 Mr. {Stupak.} Thank you, Mr. Barton. Secretary

2174 Kempthorne, you were secretary when the lease sale for 206,
2175 which included the BP's McCondill well was let. Is that
2176 correct?

2177 Mr. {Kempthorne.} That is correct.

2178 Mr. {Stupak.} And I believe you said that it was a big
2179 sale record. \$3.7 billion was the lease sale for 206 include
2180 \$34 million for the block containing the McCondill well. And
2181 you indicated that we had won the championship. We had won
2182 the championship, but one of the things we have been
2183 struggling with is a bad actor policy. For instance, British
2184 Petroleum has 760 violations, egregious willful violations in
2185 a five-year period, where the next biggest oil company has
2186 only eight.

2187 Was there anything that you could have done as secretary
2188 and said thank you for your bid of \$34 million, but we are
2189 not going to let you drill in this area based on your past
2190 record? Is there any authority for you to do that?

2191 Mr. {Kempthorne.} Mr. Stupak, I don't believe that that
2192 is part of the current matrix.

2193 Mr. {Stupak.} If it is not, should it be? Should the
2194 secretary be able to say thank you for the bid. Even though
2195 we are the highest bidder and we have to give you this lease,
2196 we are not going to because of your past history?

2197 Mr. {Kempthorne.} Mr. Chairman, many of us in our daily

2198 lives and decisions we have to make have to do due diligence.
2199 If that could be part of the matrix, I think, is certainly a
2200 very fair question.

2201 I would also, if I may, Mr. Chairman, with regard to
2202 winning the championship, we were there in the big dome of
2203 the New Orleans Saints, and it was an atmosphere of New
2204 Orleans trying to come back. And so it was in that context.

2205 Mr. {Stupak.} Well, they did win the big championship.

2206 Ms. {Norton.} Mr. Chairman, if I could just add a quick
2207 comment on--

2208 Mr. {Stupak.} Sure.

2209 Ms. {Norton.} --the substance of your question. I
2210 think it makes sense to have a bad actor set prohibition
2211 against participating. I do think there are some problems
2212 with entering into subjective aspects of the decision making
2213 about who wins the highest bid. I think having a clear high
2214 bid and awarding on that basis is something that provides a
2215 lot of protection against manipulation of the system.

2216 Mr. {Stupak.} Well, right now the law requires you if
2217 it is the high bid, you have to accept it, right?

2218 Ms. {Norton.} That is right.

2219 Mr. {Stupak.} No matter what the history is.

2220 Ms. {Norton.} Having a separate bad actor provision
2221 makes a lot of sense.

2222 Mr. {Stupak.} Let me ask you this, Secretary Norton.
2223 Throughout out investigation, we have learned that Deepwater
2224 Horizon explosion was caused by a series of shortcuts that BP
2225 took in the final hours and days before the explosion. The
2226 final step in the disaster was the failure of the blowout
2227 preventer to cut the pipe, stop the blowout, and seal the
2228 well.

2229 BP's CEO Tony Hayward called this device a failsafe and
2230 indicated that his and British BP officials were shocked when
2231 it failed. Frankly, I am surprised that anyone would be
2232 surprised given the mounting evidence that BOPs weren't
2233 failsafe at all

2234 In 2001, MMS received a report that concluded that all
2235 Sub-C BOP stacks should have two blind shear rams to reduce
2236 the likelihood of a blowout. Blind shear rams are used to--
2237 used as a last resort in emergency to cut through the drill
2238 pipe and close an out-of-control well.

2239 So, Secretary Norton, after receiving this report, did
2240 the Department of Interior require two blind shear rams on
2241 Sub C BOPs?

2242 Ms. {Norton.} The Department of the Interior looked at
2243 the issue and addressed it with a regulation saying that
2244 blind shear rams must be capable of shearing the drill pipe
2245 and that they have to be sufficient for the--

2246 Mr. {Stupak.} But you didn't require two as was
2247 recommended?

2248 Ms. {Norton.} We required four types of blowout
2249 preventers be present on each of the wells.

2250 Mr. {Stupak.} That was above the surface.

2251 Ms. {Norton.} We have a quintuple.

2252 Mr. {Stupak.} I am talking about subsurface. The ones
2253 that you required was surface BOPs, which are easily
2254 accessible. We are not dealing with a mile down. I am
2255 talking about Sub C, and the report dealt with Sub C.

2256 Ms. {Norton.} In order to--our regulation required that
2257 there be a blind shear ram that was sufficient to address the
2258 situation.

2259 Mr. {Stupak.} But the recommendation was two so we had
2260 a backup redundancy so we could have a failsafe system. And
2261 do I understand you didn't require the two then?

2262 Ms. {Norton.} Regulations do not require two. That is
2263 something that can be looked at in the future.

2264 Mr. {Stupak.} Right, you issued a regulation in 2003,
2265 and you didn't make it part of it.

2266 Ms. {Norton.} The experts in MMS looked at that issue
2267 and determined that what needed to be addressed was having--

2268 Mr. {Stupak.} That they should be able to do it, but
2269 they recommended two.

2270 Ms. {Norton.} They set in play--

2271 Mr. {Stupak.} Let me ask you this though.

2272 Ms. {Norton.} --that said they had to be able to
2273 address--

2274 Mr. {Stupak.} My time is just about up. MMS received
2275 another report that painted, and I quote, ``a grim picture of
2276 the ability of the BOPs to cut pipe when necessary.'' In
2277 response, MMS took one minor step. The agency began
2278 requiring each well operator to provide information showing
2279 that the BOP blind shear ram was capable of shearing the
2280 drill pipe, as you said. But it is unclear to what extent
2281 this information was reviewed.

2282 Frank Patent, the New Orleans district drilling engineer
2283 for MMS, testified before the Marine Board of the
2284 investigation on this Deepwater Horizon and said that he was
2285 never told to look for this information when reviewing
2286 drilling applications.

2287 So my question is how do you explain Mr. Patent's
2288 testimony? He was the New Orleans drilling engineer, and yet
2289 even he seemed to be unaware of requirement that companies
2290 demonstrate that blowout preventers could even cut the pipe?

2291 Ms. {Norton.} The regulations are there. They are very
2292 clear about the need to have blowout prevention devices that
2293 are going to function in the circumstances. They have to be

2294 maintained. They have to be checked, and I can't address
2295 what happened several years after my watch and why he may not
2296 have had that information.

2297 Mr. {Stupak.} But when you did the final regulation,
2298 you had about three reports to your agency and you issued a
2299 final rule in 2003. You just had verification that companies
2300 were supposed to verify that they had ram shear, not two,
2301 just one ram shear, correct?

2302 Ms. {Norton.} If you look at Secretary Salazar's 30-day
2303 report to the President following the Deepwater Horizon
2304 disaster, they looked at those studies and found that those
2305 studies reinforced the regulation as it was written.

2306 Mr. {Stupak.} I am looking at the federal register
2307 which would be your rule that you submitted, and it was
2308 absent of all that. You left it to the discretion of the oil
2309 companies.

2310 Ms. {Norton.} We put in place a requirement that they
2311 had to have sufficient blowout prevention devices to maintain
2312 control of the well.

2313 Mr. {Stupak.} Mr. Burgess, questions?

2314 Dr. {Burgess.} Thank you, Mr. Chairman. We have heard
2315 some references--and Secretary Kempthorne, I really
2316 appreciate you bringing up the role of the states in the
2317 response to what has happened in the gulf. And it seemed

2318 like what should be all hands on deck all the time isn't
2319 exactly what is happening. We have heard it referenced here
2320 a couple of times in the Q and A period.

2321 We have taken now--I have taken three trips down to the
2322 gulf. Governor Jindal very much publicized recommendation
2323 that he be able to build sand berms to the east of the
2324 Chandelier Islands to protect those areas. Our last trip
2325 down there, we heard about the placement of some rocks,
2326 building rock berms in some of the--near some of the barrier
2327 islands, near Grand Isle, Louisiana because if the oil enters
2328 through the cuts in the barrier island, then getting into
2329 that very sensitive area of the interior will--the recovery
2330 period could be quite, quite prolonged.

2331 So the mayors and the parish commissioners are desperate
2332 to be able to put the rocks in place. They are desperate--BP
2333 has provided the rocks. They are sitting on barges in the
2334 Mississippi. They can't sit there forever. Sooner or later,
2335 they are either going to have to be used or sent back, and it
2336 is this type of tension between the folks on the ground,
2337 secretary of interior, the Environmental Protection Agency.

2338 Do either of you recall--you have dealt with some pretty
2339 big disasters between Rita and Katrina, and, Secretary
2340 Kempthorne, I think you had some big forest fires that went
2341 on during your tenure. Do you ever recall having this type

2342 of tension between the various federal agencies that are
2343 responsible for controlling the disaster, the cleanup
2344 thereafter, and the overseeing the effects on the
2345 environment? Can any of you recall this type of scenario?

2346 Mr. {Kempthorne.} Congressman Burgess, again it is
2347 catastrophic in its sheer magnitude. Yes, it is going to be
2348 stressful for everybody involved, but I like your adage of
2349 all hands on deck. I think if you can create an atmosphere
2350 of collaboration, of utilizing the resources that you have,
2351 identifying what is the major hurdle that we have currently
2352 facing us? What can we do? What are the assets that could
2353 be deployed? Where might we have flexibility? Where might
2354 we be able to go and utilize some practices that, based on
2355 past practices, we think would have a benefit?

2356 The barrier islands is a project that has been reviewed
2357 for some years because you, in essence, have lost the barrier
2358 islands. There does need to be the restoration of those. I
2359 think the term was to the 1917 topographic area. It is
2360 something that the governor has been fully engaged on. I was
2361 engaged on as secretary of the interior, and, yes, I do think
2362 we should be moving in that direction. And I do think that
2363 you can have waivers so that you can do the pragmatic without
2364 causing long-term adverse consequences.

2365 Dr. {Burgess.} But this is really troubling, and the

2366 problem is that everybody sits in a room. Someone at some
2367 level says no, and then that's the end of the discussion.
2368 And there should be--I think there is under the whole
2369 pollution act, one guy who sits at the other end of
2370 Pennsylvania Avenue who is able to cut through all that and
2371 get this stuff done, who has that flexibility. And it is the
2372 nonengagement of the White House right now in some of these
2373 things that is so frustrating.

2374 Mr. {Kempthorne.} Congressman Burgess, when I was
2375 secretary of the interior, we had a water crisis down in
2376 southeast part of the country, Alabama, Georgia, and Florida,
2377 and it was escalating. And I was told after a cabinet
2378 meeting I was going to southeast United States. And I said
2379 why am I going? Because the President wants you to step into
2380 this and see what we can do to resolve it. By getting all
2381 the principals in one room with the assets with the
2382 authority, you are able to calm and have a path forward with
2383 the proper decisions made.

2384 Dr. {Burgess.} Seems in this case, we get everybody in
2385 the room, and then someone says no. And then we have got two
2386 more weeks to go to get another answer. Let me just ask a
2387 question to either one of you. How difficult--Secretary
2388 Kempthorne, you referenced that the people were let go from
2389 MMS after some of the difficulties.

2390 How difficult is it to fire someone from a federal
2391 agency like MMS?

2392 Mr. {Kempthorne.} There is due process. You have to
2393 protect the rights of the individual, of the employee. You
2394 can imagine how difficult it was for me in that particular
2395 hearing knowing that we were issuing letters to employees
2396 that they are going to be dismissed, but there is a 30-day
2397 clock that is running to see if they are going to contest it.
2398 And then what due process do we have?

2399 So it is the law that has been implemented by this body
2400 that we adhere to, and it is proper because you protect the
2401 rights of the individuals.

2402 Dr. {Burgess.} But let me just ask are these
2403 individuals covered by union contracts?

2404 Mr. {Kempthorne.} I don't know, sir.

2405 Dr. {Burgess.} Is MMS part of a federal union, a
2406 federal employees' union?

2407 Ms. {Norton.} I am not aware that it is, but I really
2408 don't know. There may be some employees, but I am not sure
2409 how they are affected.

2410 Dr. {Burgess.} Mr. Chairman, I will yield back.

2411 Mr. {Stupak.} Thank you, Mr. Burgess. Mr. Inslee for
2412 seven minutes for questions.

2413 Mr. {Inslee.} Thank you. Thank the witnesses for being

2414 here. We are going to ask some questions today. I want to
2415 make sure you understand the purpose of my questions is to
2416 try to figure out how we move forward, not to make you feel
2417 uncomfortable. Although this is an uncomfortable situation.

2418 While the Cheney energy task force was going forward, it
2419 was secret. Many of us tried to obtain information about it.
2420 It was very frustrating that we could not. I think it is
2421 unfortunate now that that secret of the secret task force has
2422 been revealed, which was that the administration, that
2423 administration pursued a policy of a very, very large
2424 expansion of offshore drilling with no, as far as I can tell,
2425 commitment expansion of safety regulations.

2426 So I want to ask you why that is and how that occurred
2427 so we can see that that does not happen in the future. I
2428 want to follow up on some of Mr. Stupak's questions about the
2429 blowout preventer. It is really stunning to me that these
2430 blowout preventers were apparently considered a failsafe
2431 device, but all the information available to the department
2432 even then was that they were repeatedly failing.

2433 The study in December 2002 by West and Gerring, given to
2434 the department. It showed that 50 percent, at best, of them
2435 functioned when tested. And later on, we now know at 2009
2436 that only 45 percent of them worldwide have been shown to
2437 work under real-world conditions. And yet, as far as I can

2438 tell, there weren't actions taken to improve their
2439 performance despite the department's known information about
2440 this.

2441 For instance, in 2003, MMS received a report concluding
2442 that oil and gas companies should ensure that critical backup
2443 systems, such as deadman's switches and remotely controlled
2444 operator vehicles, actually worked. This seems like common
2445 sense. And we know on this particular rig, the deadman's
2446 switch did not work.

2447 So I could ask you, Secretary Norton, after receiving
2448 the report requiring or suggesting that we ensure the
2449 performance of critical backup systems, did the department
2450 require testing of backup systems or ensure that Sub C BOPs
2451 had backup systems?

2452 Ms. {Norton.} First of all, I have not had access to
2453 people in the Minerals Management Service to be able to
2454 describe and discuss what those procedures were exactly. I
2455 do know that we adopted a regulation that was a strong
2456 regulation requiring blowout prevention devices, and that
2457 was--some of that was done over the objection of industry.
2458 And we went further than industry asked to get regulations in
2459 place in 2003.

2460 Studies were done at the request of the department, and
2461 we looked at the results of those studies. And as reflected

2462 in Secretary Salazar's report to the President, those studies
2463 and their results were incorporated in the regulations that
2464 were adopted by my department.

2465 Mr. {Inslee.} Well, let me--

2466 Ms. {Norton.} If I can--

2467 Mr. {Inslee.} Go ahead.

2468 Ms. {Norton.} --point out that, you know, based on what
2469 we have seen and what has been reported in the media, it
2470 appears that BP violated all of those regulations that were
2471 on the books throughout the administrations.

2472 Mr. {Inslee.} Thank you, and let me help you. Our
2473 research has shown that, in fact, you did not issue a
2474 regulation requiring performance standards for critical
2475 backup systems. You did not issue such regulation on deep
2476 sea subsurface blowout preventers, and this may have been one
2477 of the reasons this whole thing happened.

2478 I want to ask you about the cementing failure. One of
2479 the failures in this particular instance was in centralizing
2480 the pipe. You may have heard that essentially BP decided not
2481 to use the recommended number of centralizers, did not do a
2482 cement bond lock, did not use a lockup sleeve to keep the
2483 casing in place if pressure built up.

2484 So I would like to know during your term, Secretary
2485 Norton, were there any specific regulations put in place that

2486 would have required BP to adequately centralize the casing?

2487 Ms. {Norton.} I have to admit, Congressman, I don't
2488 know what centralizing casing means.

2489 Mr. {Inslee.} What it means is--

2490 Ms. {Norton.} However, I can say that our regulation
2491 required that a company used pressure--they had to pressure
2492 test the casing shoe, run a temperature survey, run a cement
2493 bond log, or use a combination of those techniques if there
2494 was any indication of an inadequate cement job.

2495 Mr. {Inslee.} Well, let me help you out. I know that
2496 in June 2000, MMS proposed a new rule regarding cementing
2497 that raised the question whether to require industry best
2498 practices be forward. In other words, MMS suggested or at
2499 least considered at one time requiring prescriptive cementing
2500 practice requirements.

2501 After listening to industry, and as far as we can tell
2502 only industry, the agency apparently did not adopt those
2503 requirements. Are you aware of any independent studies
2504 commissioned by MMS to identify best cementing practices? Or
2505 did the department depend just on industry input in that
2506 decision?

2507 Ms. {Norton.} I believe that the 2000 reference you are
2508 referring to was only as to producing wells and so would not
2509 have applied to the Deepwater Horizon situation. This is an

2510 issue that certainly needs to be looked at and considered
2511 based on the information that comes from what went wrong in
2512 the Deepwater Horizon situation. Obviously, there has to be
2513 a look at, you know, what regulations are necessary going
2514 forward.

2515 My general understanding is that we looked at the
2516 studies that were done and incorporated those requirements to
2517 the best estimate of the Minerals Management Service experts.

2518 Mr. {Inslee.} Well, this was a consideration of
2519 cementing in the original drilling. That is when you do the
2520 cementing, and we have been told--our research has shown in
2521 June it was suggested only comments were received from the
2522 industry, and, as far as we can tell, you did not take any
2523 action regarding requiring specific practices in cementing.
2524 I just ask you just specifically. Did you require anything
2525 that required cement bond log tests?

2526 Ms. {Norton.} Congressman, I am not an expert on cement
2527 bonds, and I really would have to get back to you with
2528 additional information because I do not know that level of
2529 detail. And as secretary, we did not look at that level of
2530 detail. We relied on the experts, really the ones who
2531 understand.

2532 Mr. {Inslee.} Let me ask you a broader question. After
2533 the administration following the secret Cheney energy task

2534 force decided to greatly expand offshore deep water drilling,
2535 did you take actions to, in any significant way, improve the
2536 safety of deep water drilling?

2537 Ms. {Norton.} We had a very strong safety program that
2538 was recognized internationally, and I personally attended a
2539 meeting of the International Offshore Safety Regulators, the
2540 equivalent of MMS from around the world. And the MMS program
2541 was very highly regarded in my discussions with people.

2542 Mr. {Inslee.} I must--

2543 Ms. {Norton.} And I had--

2544 Mr. {Inslee.} --regret to say--I am running out of
2545 time. I am sorry for the time. I would just like to close
2546 by saying we regret that experience did not prove your
2547 observation correct. Thank you.

2548 Mr. {Stupak.} Mr. Griffith, for questions please, five
2549 minutes.

2550 Mr. {Griffith.} Thank you, Mr. Chairman. I think
2551 sometimes we get, or at least in my opinion, somewhat off the
2552 subject. I think we know the military axiom that after the
2553 first shot is fired, the battle plan goes to hell.

2554 So we can talk about cement. We can talk about
2555 regulations. We can talk about pressure gauges. We can talk
2556 about pounds per square inch, but the fact of the matter is
2557 that after this disaster occurred, did we recognize it? And

2558 after that first shot was fired or after that first blowout
2559 occurred, where was the leadership for the crisis? It was
2560 not to go back to the book and see who missed a pounds per
2561 square inch or who missed a sentence of a regulation. But as
2562 it occurred and as we watched it occur and unfold, did
2563 leadership recognize the significance of it and provide the
2564 leadership to correct it?

2565 That is really what this is all about. There will never
2566 be a document 10 feet high on the regulation of offshore
2567 drilling that will be foolproof and will protect us from this
2568 disaster. The question in my mind is who in the
2569 administration, in the executive branch, had the ability to
2570 call EPA, the Coast Guard, the governors, put them in a room,
2571 say to them this is a national tragedy and a disaster. Fix
2572 it. Where was George Patton during this disaster, or was
2573 there a George Patton there? I would like to hear that
2574 answer from either one of you.

2575 Mr. {Kempthorne.} Congressman Griffith, I appreciate
2576 the analogy. I believe that our examples where that is
2577 exactly the type of process that must occur for results to be
2578 achieved. Did it or did it not? I am not in a position to
2579 comment, nor am I today going to sit here in criticism of my
2580 successor who has a very tough job and an unenviable position
2581 with the terrible thing that has happened.

2582 So again that is why I decline many media opportunities
2583 because I think the team on the field has to have running
2584 room. But I will tell you, Congressman, that that is the
2585 formula, and I have seen it time and time again. I believe
2586 unfortunately that when you have seen comments made that are
2587 contradictory of other comments within the same
2588 administration, it would suggest they are not in that same
2589 room. And that is something that I think is worth noting.

2590 Mr. {Griffith.} Thank you, and I would like to yield
2591 the balance of my time to the ranking member, Congressman
2592 Burgess.

2593 Dr. {Burgess.} I thank the gentleman for yielding. Mr.
2594 Chairman, I want to make a unanimous consent request. I have
2595 a report from the Department of the Interior dated May 27,
2596 2010, ``Increased Safety Measures for Energy Development on
2597 the Outer Continental Shelf.'' Part three details existing
2598 well control studies, and they talk about the technical
2599 assessment and research program and list almost 25 studies of
2600 the funded well control research from 1990 through 2010. The
2601 bottom line reads ``The results of this study confirmed that
2602 the regulatory decision to require operators to submit
2603 documentation that shows the shear rams are capable of
2604 shearing the pipe in the hole under maximum anticipated
2605 surface pressures.'' There is no notation as to the number

2606 of shear rams that should be required. This is Secretary
2607 Salazar's report, and again I think it answers some of the
2608 questions that were put to Secretary Norton during the
2609 previous lines of questioning.

2610 And then since I do have a few extra moments, let me
2611 just opine that one of the concerns that I have had with the
2612 current administration is the lack of transparency, that we
2613 keep hearing about the lack of transparency in the -- with
2614 the Cheney energy task force. That certainly preceded my
2615 time, but I hope the chairman will help me when we make
2616 requests of the administration. I would like to know who was
2617 around the President's table when perhaps he was advised by
2618 the energy czar, Carol Browner, when he was advised by
2619 Secretary Chu about what the response should be to control
2620 this well. The President said he had been assured that there
2621 were no real dangers in offshore drilling when he gave his
2622 speech earlier in the year. Who was involved in that?

2623 So I hope the chairman will join with me in an effort to
2624 gain more transparency from the administration when we
2625 request this documentation, and I will yield back the balance
2626 of my time.

2627 Mr. {Stupak.} Gentleman's time has expired. Mr.
2628 McNerney from California. Questions please, five minutes.

2629 Mr. {McNerney.} Thank you, Mr. Chairman. Secretary

2630 Norton, Secretary Kempthorne, I certainly appreciate your
2631 thoughtful opening comments, and I appreciate your defense of
2632 the employees of the department. I haven't been here that
2633 long, but my staff and the staff of all the committees, they
2634 work very hard. And they are committed, and they are
2635 patriotic. So I certainly appreciate most employees are very
2636 commendable.

2637 Now, I have a question. It is a simple question. Was
2638 there a philosophy during your tenure that there should be
2639 less or minimal oversight of offshore drilling and that the
2640 drilling operators were capable of policing themselves? So
2641 it is sort of an open-ended, philosophical question. You can
2642 go first, Secretary Norton.

2643 Ms. {Norton.} Congressman, I believe there was an
2644 attitude, and frankly it was not one that we created by
2645 something we did, but it was a longstanding attitude of
2646 mutual problem solving, of really, you know--while MMS
2647 certainly had a regulatory and oversight role and they, in my
2648 experience, were diligent about that, they also wanted to
2649 work with the expertise that industry had.

2650 Industry was at the cutting edge, coming up with new
2651 technologies every day, and you can't just sit back and be
2652 distant from that and still be able to have the proper
2653 regulatory and oversight law.

2654 Mr. {McNerney.} Well, I mean the sort of thing I am
2655 thinking of is during, partly during your tenure, there was a
2656 drastic reduction in the ratio of inspectors to deep water
2657 wells, and that sort of reflects on, I think, the philosophy
2658 that I am trying to get at here.

2659 Ms. {Norton.} I would be happy to provide additional
2660 information, but we requested a number of years increases in
2661 resources for the Minerals Management Service in order to
2662 keep pace with rising workloads.

2663 Mr. {McNerney.} Okay, I would like to follow up and ask
2664 a question about the exemption the Department of the Interior
2665 gave leasees during the Gulf of Mexico--or in 2003. Before
2666 2003, leasees had to provide a blowout scenario with their
2667 exploration, development, and production plans. The scenario
2668 was supposed to estimate what might happen in a blowout at
2669 the well site and include the flow rate, overall amount, and
2670 the duration of an oil leak from a potential blowout. In
2671 addition, leasees were supposed to provide information about
2672 their ability to secure rig, drill a relief well, and how
2673 long that drilling might take place. That sounds like a good
2674 idea. Do you agree that that would be a good thing to have?

2675 Ms. {Norton.} We have looked at that particular issue
2676 that you raised and tried to determine exactly what some of
2677 those documents meant. My best reading of it is that that

2678 information was viewed as having been provided in a different
2679 set of documents with a broader application. And the
2680 document you are referencing is simply saying it did not have
2681 to be duplicated in other documents.

2682 Mr. {Kempthorne.} Congressman, may I respond to your
2683 first question--

2684 Mr. {McNerney.} Sure.

2685 Mr. {Kempthorne.} --so that I am on record. The
2686 question whether or not there was an effort or philosophy to
2687 have less or minimal oversight.

2688 Mr. {McNerney.} Correct.

2689 Mr. {Kempthorne.} And I would say absolutely not.
2690 Absolutely not. Repeatedly, the atmosphere and the
2691 philosophy was that we achieve the highest of environmental
2692 standards, that we do protect the environment. We do know
2693 that there is a need for the well-being of the families so
2694 that we have fuels so that they can have an economy, so that
2695 they can have warmth, so that they can produce food. But
2696 that you do not do that at the risk of jeopardizing the
2697 overall environment.

2698 I would also just note that MMS's civil criminal
2699 penalties program pursued from 2001 to 2008 280 cases of
2700 noncompliance with MMS regulations, and the last three years
2701 was the highest area where that was pursued.

2702 Mr. {McNerney.} Okay, I am not sure that the results of
2703 those years, in my mind, line up with what you are saying or
2704 align with what you are saying. It appears in my mind that
2705 there is more reliance on industry to clean itself up and to
2706 police itself. And that is basically what happened with BP.
2707 They weren't given enough oversight, and I was going to
2708 follow up again with Secretary Norton.

2709 Then in 2003, the Department of Interior created an
2710 exemption for the blowout scenario requirement that I
2711 mentioned earlier. And in my mind, that exemplifies that
2712 philosophy of less oversight and more reliance on industry.
2713 It appears that my time is up. So I yield back.

2714 Mr. {Stupak.} Thank you. Mr. Shimkus for questions,
2715 five minutes.

2716 Mr. {Shimkus.} Thank you, Mr. Chairman. Again I
2717 appreciate you all coming, and in my opening statement, you
2718 know, I talked about command changes and taking
2719 responsibility. First question is when you were both sitting
2720 secretaries, do you remember a hearing where the previous
2721 secretaries going back to the Clinton Administration were
2722 asked to testify on the same day that you were testifying?
2723 Secretary Norton, did that ever happen?

2724 Ms. {Norton.} No, that did not.

2725 Mr. {Shimkus.} Secretary Kempthorne?

2726 Mr. {Kempthorne.} No, sir.

2727 Mr. {Shimkus.} Thank you. You know my good friend from
2728 Illinois, Congressman Lahood, Secretary of Transportation
2729 now. And I don't think he has had any testimony coming up
2730 here where he has had Secretary Peters or Secretary Minez.
2731 So it is just interesting that we are doing in this light,
2732 but having said that, what I have been--we know it is a
2733 catastrophe. We are hoping the cap holds. We are doing the
2734 cleanup. BP should be held responsible. I think we are all
2735 in, you know, on that message and focus on helping, you know,
2736 the gulf coast states recover.

2737 And the issue is how do we decrease our reliance on
2738 imported crude oil. And, I think, Secretary Norton, you kind
2739 of talked about the change after September 11, understanding
2740 that we have to really get away, and I am an all-of-the-above
2741 energy guy. Nuclear, solar, wind, coal-to-liquid, OCS
2742 expansion.

2743 In fact, I did mention in my opening statement President
2744 Obama talking about a new, green--moving on a carbon bill
2745 would include opening up more OCS. I mean that was a week
2746 before this disaster happened. So do you think--and I rely a
2747 lot on my friend and colleague and roommate, Steve Scalise,
2748 on some information on gulf issues. Is a moratorium an
2749 appropriate response, stopping operating wells that are, you

2750 know, operating in line right now? Is that a proper
2751 response? I understand doing research on the disaster, but a
2752 moratorium, Secretary Norton?

2753 Ms. {Norton.} In my mind, to go back to my aircraft
2754 analogy, you don't ground all of the airplanes because there
2755 was one problem. You have to look and, as they did, do a
2756 complete up-and-down inspection of the existing rigs and make
2757 sure that that problem doesn't exist. There might be other
2758 steps that should have been taken. Maybe they were, and
2759 maybe they weren't. But the important thing is to address
2760 the issues, not send the drilling rigs overseas where they
2761 may not return for many years and not send the jobs to other
2762 countries in order to resolve the issue.

2763 Mr. {Shimkus.} Secretary Kempthorne?

2764 Mr. {Kempthorne.} Yes, Congressman, I believe that the
2765 action was taken which was a safety review immediately after
2766 where they look at, in the deep water, some 30 different
2767 drill rigs. After that review, I think there was only one
2768 area of noncompliance. Everything else was being adhered to
2769 with regard to the regulations that are on the books. That
2770 was appropriate.

2771 The gulf coast is being devastated, and all of us are
2772 for safety. But I believe, Congressman, the result, if a
2773 moratorium is put in place, is the only absolute is that you

2774 will further cause disruption to the economy of the gulf
2775 coast states when really they need to have an opportunity for
2776 recovery.

2777 Mr. {Shimkus.} And just let me--and I will end on this.
2778 In my opening statement, I talked about the Diamond Offshore
2779 announced Friday it is an Ocean Endeavor drilling rig was
2780 moving. This was July 9. I have Brazil sees silver lining,
2781 more rigs. Three deep water drilling rigs to be moved from
2782 sites south of Cameron Parish.

2783 If they are in the process of moving, as some are, do
2784 they come back, Secretary Norton?

2785 Ms. {Norton.} In my experience, those are long-term
2786 contracts, and once they are moved, once you go through the
2787 trouble and expense of moving them away, then they tend to
2788 stay in those locations. And it is going to be very hard for
2789 that industry to be rebuilt.

2790 Mr. {Shimkus.} Secretary Kempthorne?

2791 Mr. {Kempthorne.} I agree with that statement,
2792 Congressman. In the big picture, how far are we away from
2793 having another situation that may see us at \$4 a gallon
2794 gasoline? We are too reliant upon foreign sources of our
2795 energy. We are too reliant, and so if we now pursue a policy
2796 that continues to diminish our own development here within
2797 our own shores on our own land, I do not think it bodes well

2798 for the country.

2799 Mr. {Shimkus.} Thank you, Mr. Chairman.

2800 Mr. {Stupak.} Thank you, Mr. Shimkus. Mr. Melancon for
2801 questions. Five minutes, sir.

2802 Mr. {Melancon.} Thank you, Mr. Chairman. Secretary
2803 Kempthorne and Norton, thank you all for being here today.
2804 First, let me just say that I agree with the analogy that the
2805 rank-and-file MMS employees. I think the morale particularly
2806 in Louisiana is very down. The harsh criticism for people
2807 that are trying to do the right thing. My concern is that
2808 they don't want to do anything for fear of being criticized,
2809 and that is going the wrong direction. So I understand, I
2810 think I understand human nature.

2811 During your period, Secretary Norton, do you recall how
2812 many times that you may have had any oversight hearing that
2813 you participated in that dealt with OCS drilling or any of
2814 the rules or regulations or legislation that was going
2815 forward? Do we have a reauthorization in there anywhere?

2816 Ms. {Norton.} We dealt issues usually as one small part
2817 of the discussion of the overall especially Energy Policy Act
2818 of 2005.

2819 Mr. {Melancon.} Was there anything, any legislation
2820 that came forward that addressed OCS in '01 or '03?

2821 Ms. {Norton.} Ordinarily what we dealt with and what

2822 you dealt with were questions about where, you know, what
2823 areas should be open for exploration and production as
2824 opposed to the specifics. There were also, of course, issues
2825 as to incentives and whether those should exist or not. That
2826 is my main recollection.

2827 Mr. {Melancon.} And where I am--what I am trying to
2828 understand, and this goes back to, I guess, the first hearing
2829 that we had here since the Deepwater Horizon incident, and
2830 Mr. Dingell brought up the subject of the waiver of Neepa,
2831 waiver of the Environmental Impact Statement. And my
2832 appreciation and understanding is that somewhere along the
2833 line the law or rules were changed that provided that you had
2834 to be able to do the EIS within 30 days or the department got
2835 the option of waiving the EIS.

2836 Ms. {Norton.} I think what we see overall, The Outer
2837 Continental Shelf Lands Act creates a structure of five-year
2838 planning, and there are various stages in that process where
2839 extensive environmental analysis is done. And each of the
2840 subsequent steps relies on the blotter analysis and the more
2841 in-depth analysis. It is done on this regularly scheduled
2842 basis.

2843 The categorical exclusion issue that has been discussed
2844 is one that really goes back to procedure in place since the
2845 1980s and was not changed, as far as I know, within my

2846 administration as to the offshore activities that we have
2847 been talking about. That is the best of my recollection.

2848 Mr. {Melancon.} Now, because I guess some of the
2849 concern that I have is that, the difficulty I have is
2850 understanding how do you waive the law and who gets that
2851 authority? After Katrina, I couldn't get people to waive
2852 rule, much less an idea that might have been good or bad.
2853 And so if there was, you know, a law--and this is one of the
2854 things I have not investigated to a large extent. NEEPA was
2855 there. EIS was required. Would it had to have been law to
2856 change the--give a waiver?

2857 Ms. {Norton.} If I can understand the key issue here,
2858 there is in NEEPA a provision for what they call categorical
2859 exclusions, and we did put some of those in place for
2860 everything from fuels treatments for forest fire prevention
2861 to some of the energy issues. And when we did that, we did
2862 that by looking in depth at, you know, what the analysis had
2863 shown in the past, how the process worked, and how that
2864 particular issue fit in with our environmental decision
2865 making.

2866 And so some of--and we had to go through the Council on
2867 Environmental Quality that has to approve the categorical
2868 exclusions. And so while I know we did that process on some
2869 things, I don't think we changed anything on the offshore

2870 issues.

2871 Mr. {Melancon.} If I were secretary and I wanted to
2872 find out if somebody--if there were a person in the
2873 department that I could go and ask the question of can you
2874 tell me how this waiver came about, who would I be able to go
2875 and ask that, would have the institutional knowledge or would
2876 be able to maybe answer that question for me?

2877 Ms. {Norton.} We can get back to you with some answers.

2878 Mr. {Melancon.} I mean I am not--I am just trying to
2879 figure out how we got to that point, and--because I can't
2880 seem to get anybody to give me a concise answer of how that
2881 waiver came about. And particularly if it is, in fact, so,
2882 how several states got no waivers and you had to go through
2883 the EIS--and my time has run out--and some, to waive it, it
2884 couldn't be done in 30 days. But that is, I think, the time,
2885 and thank you for being here and yield back.

2886 Mr. {Stupak.} Thank you, Mr. Melancon. Mr. Latta for
2887 questions please. Five minutes.

2888 Mr. {Latta.} Thank you, Mr. Chairman. And again to our
2889 witnesses, thanks very much for appearing before the
2890 committee today. Really appreciate your testimony and your
2891 time, and lots of questions to ask in five minutes. But we
2892 are not going to get to them all.

2893 But, Madame Secretary, I was interested on page four of

2894 your testimony, that if I could just repeat a little bit of
2895 it. You said ``without question the most powerful OCS
2896 experience for me was the 2005 hurricane season. Over 4,000
2897 offshore platforms were operating in the Gulf of Mexico when
2898 Hurricanes Rita and Katrina pummeled the area. Safety and
2899 spill prevention managers were put to a severe test.'' Going
2900 on, you said ``a number of the mostly older platforms were
2901 destroyed by the storms fury. Amazingly despite the strength
2902 of the hurricane, the amount of oil spilled from the wells
2903 and platforms was quite small. The shutoff valves located at
2904 the sea floor operated as intended. They prevented oil from
2905 leaking into the ocean even when the platforms were severely
2906 damaged. The spill prevention techniques upon which the
2907 industry and government relied on passed the hurricane
2908 test.''

2909 And this is kind of where you had to look in that giant
2910 crystal ball. We had testimony recently from--pardon me--
2911 from BP, Mr. Hayward. And listening to the testimony, a lot
2912 of us were looking and thinking, you know, was this a lot of
2913 human error? Because if, you know, again if we are talking
2914 about 4,000 rigs that were out there at the time and they
2915 were put to that supreme test, what happened here? If you
2916 could just maybe hypothesize about that.

2917 Ms. {Norton.} Obviously we really need to have the

2918 answers from the scientific inquiry before any of us can say
2919 exactly what happened. You know based on the reports that I
2920 have read, it certainly looks like there were a number of
2921 decisions made in those last few days and hours that need to
2922 be called into question and may show us that there were
2923 violations of the standards that should have been applied.

2924 Everybody involved with the offshore industry has always
2925 understood that this is a very challenging environment, and
2926 it is one where there have to be very high performance
2927 standards. And the performance that we saw in the hurricanes
2928 met those standards and really gave me a great deal of
2929 confidence that we had systems in place that worked and could
2930 work well.

2931 Mr. {Latta.} Please follow up then. As your experience
2932 as secretary at the department, you said just now that maybe
2933 something was occurring just prior to this accident. How
2934 often would someone from MMS or the Department of Interior be
2935 seeing what was going on on this rig or any changes that
2936 would have occurred that maybe something here on the federal
2937 side would say maybe you shouldn't be doing that?

2938 Ms. {Norton.} It is my understanding there would be
2939 fairly regular communication. Have to have a helicopter to
2940 fly out to the rig to actually have an inspector there, and
2941 that--the frequency of that depends on a lot of different

2942 factors: the weather, the timing of being able to do monthly
2943 visits and so forth. But there was very frequent
2944 communication by telephone and so forth between people in the
2945 MMS and the offshore platforms as I understand it.

2946 Mr. {Latta.} Thank you. And, Secretary Kempthorne,
2947 first I want to respect you not wanting to second guess the
2948 folks who have come after you, but some of us were down at
2949 the coast earlier in July, this month. And again we talked
2950 to a lot of those local officials, and, you know, we were
2951 just confounded as to, you know, the lack of getting back and
2952 forth from the local side and back up through the chain of
2953 command on the federal side.

2954 And, you know, I also noticed in your testimony that as
2955 you read it that, you know, you were talking about the
2956 governors down in--always second guessing the folks down
2957 there. Now, and I know you just said you don't want to
2958 second guess, but, you know, from what you have seen, could
2959 the local officials on the ground actually have been right on
2960 some of these decisions that they have seen since they were
2961 there but they are being again overruled by the federal
2962 government?

2963 Mr. {Kempthorne.} I would be surprised if they are not
2964 correct on a number of the issues that they have raised
2965 because they live there. I have a background in local

2966 government, state government, and federal. The perspective I
2967 have been able to pull upon from local and state, it is
2968 pragmatic. It is on-the-ground. It is--you must deal with
2969 things hour by hour, and so I really do think they are a
2970 tremendous resource of ideas, resources that they can bring
2971 to bear with sheer manpower and a variety of innovations.
2972 And you want to create that atmosphere so that they feel that
2973 they are a part of a partnership in solving this problem.

2974 Mr. {Latta.} Well, I thank you for that, and I thank
2975 you again for both being before us. And I yield back. Thank
2976 you.

2977 Mr. {Stupak.} Mr. Green for questions please.

2978 Mr. {Green.} Mr. Gonzalez. I will pass, Mr. Chairman.

2979 Mr. {Stupak.} Mr. Gonzalez, and it is up to you for
2980 seven minutes. You have seven minutes since you waived your
2981 opening. Seven minutes.

2982 Mr. {Gonzalez.} I appreciate it. Thank you, Mr.
2983 Chairman, and welcome to the witnesses. We really appreciate
2984 your presence here today. Secretary Norton, you have
2985 indicated the analogy that has been used on the floor and
2986 elsewhere is if you have one plane crash you don't suspend
2987 all air service and such, but isn't it the truth that we do
2988 have recalls and we take everything off the road or out of
2989 the air if it is a specific model, for instance, that has

2990 maybe a structural defect? So if we were able to identify,
2991 let us say, 747's had a structural defect, a couple of
2992 crashes or just one, the result would be we would bring them
2993 all in and it would be examined and we would remedy the
2994 problem so we would have that particular scenario play out,
2995 would we not?

2996 Ms. {Norton.} And I think that is consistent with the
2997 idea of having a safety review and checking and inspecting
2998 those aircraft and then getting them back into service as
2999 quickly as possible.

3000 Mr. {Gonzalez.} But your frame of reference is to
3001 existing regulations that basically have failed that didn't
3002 stop this particular occurrence from happening. Now what I
3003 am saying is I disagree with the Administration on one size
3004 fits all moratorium, and I think we are going to get some
3005 specificity and such, but the question really comes down to
3006 the following. We had all of the major players that are
3007 involved in deep water exploration production here. None of
3008 them said--now they all disagreed with the way BP conducted
3009 itself and the way they were trying to plug the hole and
3010 such, but none of them said that if there was a blow out at
3011 that depth that they could really guarantee that their blow
3012 out preventers would have in fact worked, point one. Point
3013 two was none of them, none of them, said that their plan for

3014 containment and clean up was any different than BP's.

3015 So are we really at a point right now where we can make
3016 these determinations as to the adequacy and sufficiency of
3017 what we have out there that would be applied to these rigs?
3018 Now I am going to agree with you that different points of
3019 production, exploration and such, I think you can have
3020 certain rules and continue the activity out there, but how do
3021 you guard against a similar situation when everybody from the
3022 industry pretty well agrees and maybe my colleagues would
3023 disagree with my representation, but that is the way I
3024 remember the testimony. No one is saying that the blow out
3025 preventer if activated, if properly activated, would have
3026 remedied the situation, and no one is disagreeing that the
3027 containment policy and plans are any different from one
3028 producer to another.

3029 So a moratorium seems the proper thing to do. As I
3030 said, one size fits all, I don't agree with that. But
3031 wouldn't you agree that is a prudent thing for the
3032 Administration to have done?

3033 Ms. {Norton.} One concern with a moratorium is--
3034 certainly our experience with offshore is they tend to stay
3035 in effect and once--we certainly have seen that with the
3036 history of moratoria in our country, and things that were put
3037 in place for a few years have extended on and on and on for

3038 many years. I think given the delicate state of our economy
3039 right now, I think given the number of jobs that are at
3040 stake, given the devastation of the economy in the Gulf
3041 Coast, we really need--

3042 Mr. {Gonzalez.} Madam Secretary, I understand the
3043 economic consequences, and with the greatest respect and
3044 admiration for my colleagues from Louisiana, I am from Texas.
3045 I sort of understand the economic impact of these things.
3046 However, I think even former Secretary Kempthorne indicated
3047 that you need to move forward, have the economic
3048 considerations, but not in total denial of the realities of
3049 what might be in jeopardy. That is all I am saying, and I
3050 think the Administration is going to fine tune and tweak it.
3051 Now this Administration is never going to satisfy some of
3052 those that believe there should be some sort of ceremony on
3053 changing of command and we don't have a General Patton, but
3054 you are not going to see President Obama parachute onto an
3055 oil rig with a mission accomplished sign. It is not going to
3056 happen, and I am grateful that that is not going to happen
3057 because it is meaningless.

3058 Now let me ask you, former Secretary Kempthorne. You
3059 seem to be indicating that this Administration and the
3060 Secretary of Interior is dismissing out of hand any
3061 suggestion or recommendation being made by any of the

3062 governors or local officials. Is that a fact?

3063 Mr. {Kempthorne.} Congressman, no, I don't believe I
3064 used any of those particular words, and also would reiterate
3065 that I did not come today in any way to be a critic of my
3066 successor. He is in a tough situation. I applauded his
3067 nomination. Mr. Salazar and I are friends. But I do
3068 believe, Congressman, you do have to create an atmosphere so
3069 that the local officials and the state officials do feel that
3070 they are part of this, and all I can do because I am not
3071 privy, I am not privy to the information, the data that
3072 Secretary Salazar is receiving, but I do see as an observer
3073 reports and reactions of the media of local and state
3074 officials which would suggest we have not yet reached that
3075 crescendo--

3076 Mr. {Gonzalez.} But isn't that a product of the
3077 frustration that these officials are feeling because of the
3078 magnitude of what is happening to their economies, what is
3079 happening to their shorelines. I mean I understand the
3080 frustration, but I think you just said something that is very
3081 important, and that is none of us is privy to what is going
3082 on in those rooms when those suggestions and recommendations
3083 are being made. Now would you say that any recommendation or
3084 suggestion that is being made by either a governor or a local
3085 official should be adopted?

3086 Mr. {Kempthorne.} Not just because they made it but I
3087 believe again based on my experience that often it is backed
3088 up with pragmatism, with actual realities and results, and
3089 they should be very, very carefully considered with a view
3090 towards seeing what is practical and can we, in fact,
3091 implement it because just as you said, Congressman, the
3092 devastation in the Gulf Coast, they are all feeling it, and
3093 they would like to be part of the solution, and I think they
3094 do have--

3095 Mr. {Gonzalez.} Is there any reason for you to believe
3096 that they are not carefully being weighed and analyzed and
3097 evaluated because I think that is an assumption that has been
3098 made by many, which I don't think is true.

3099 Mr. {Kempthorne.} Congressman, I don't believe I am in
3100 a position to judge that.

3101 Mr. {Gonzalez.} Well, I appreciate that. Thank you
3102 very much for your testimony today. Yield back, Mr.
3103 Chairman.

3104 Mr. {Stupak.} Thank you, Mr. Gonzalez. We have a
3105 pending motion by Mr. Burgess who wants the May 27, 2010,
3106 report, the 30-day safety report, and he read from page 8, to
3107 be made part of the record. The 30-day safety report
3108 acknowledges existing regulations as it must. It notes that
3109 these are the minimum requirements for the safe operation,

3110 and it recommends two blind share rams. This is the point of
3111 what we have learned. Minimum requirements may not be
3112 sufficient. That is why I say when there is no serious
3113 enforcement, that is why I am glad this committee reached a
3114 bipartisan agreement on the Blowout Prevention Act, which
3115 would mandate redundancy that the department failed to put in
3116 place way back in 2003. So without objection, the May 27
3117 report of the Department of Interior is made part of the
3118 record. Ms. Blackburn, questions?

3119 Mrs. {Blackburn.} Thank you, Mr. Chairman. I thought
3120 we were still on the motion there. I do have a couple of
3121 questions. Before coming to Energy and Commerce, I was on
3122 the Government Oversight and Reform--Government Reform
3123 Committee and of course on Government Oversight and
3124 Investigations here. And I have sat through hearing after
3125 hearing. Those in front of us will talk about how resistant
3126 to change the agencies are, and how difficult change and
3127 reform comes, so I would like to hear from each of you, when
3128 you look at Secretary Salazar's desire to institute some
3129 changes, what do you think the institutional resistance is
3130 going to be, how much of it is going to be there. I would
3131 also like for you to address how you think he best dealt with
3132 the ethical problems that are DOI and at MMS, and how you
3133 confront that.

3134 And then the third thing, and, Secretary Norton, I think
3135 that you are going to be in the best place to address this,
3136 if you could just articulate a little bit about how during
3137 your tenure you worked in the aftermath of Katrina with your
3138 state and local officials to get the information going
3139 forward with them. So those are the 3 things that I would
3140 love to touch on. And, Madam Secretary, if you will go first
3141 and then Secretary Kempthorne, if you would answer after her.

3142 Ms. {Norton.} Thank you, Congresswoman, for that
3143 question. The issue of ethical changes is one that I think
3144 Secretary Kempthorne can go into because he really dealt with
3145 that during his time. It was in my administration that I
3146 think people became aware of that, the leadership of MMS
3147 either right before or right after I left office went to the
3148 Inspector General having heard these rumors and initiated the
3149 process that led to the changes that Secretary Kempthorne
3150 brought about. I think we need to look at what is the end
3151 result we want to achieve because, yes, you certainly want to
3152 have employees adhering to ethical standards, but if you let
3153 the idea of having a strong separation between industry and
3154 employees go too far, you cut off the lines of communication.
3155 I think the important issues right now are capabilities, our
3156 skills, our expertise, our resources that are available for
3157 the oversight process, the regulatory process. I tend to

3158 think of this as having been 8 years as an attorney general
3159 as a community policing kind of issue.

3160 We used to have police that would ride around in their
3161 cop cars and have their windows rolled up and enforce the
3162 laws as someone who was imposing and who was us versus them
3163 kind of atmosphere with the community. And we learned that
3164 it was much more effective to have police who were out in the
3165 community working with people who would get tips about what
3166 the problems were, who understood the nuances of that
3167 neighborhood and what its problems were. And so I think you
3168 have to have a happy medium. You have to have very high
3169 ethical standards but you can't go so far that you only hire
3170 people who have no experience and no real understanding and
3171 expertise about what decisions need to be made.

3172 Mrs. {Blackburn.} Thank you. And then could you speak
3173 to Katrina, the aftermath of Katrina, and how you worked with
3174 the local and state?

3175 Ms. {Norton.} My primary role in Katrina was dealing
3176 with the offshore energy and so that really was more a state-
3177 -excuse me, a purely federal program. But we certainly did
3178 have interaction throughout the administration with the state
3179 and local officials. And I know I was very proud of people
3180 in my department who really even as federal agencies lent
3181 their efforts to lots of local recovery efforts, at emergency

3182 response efforts, at just--

3183 Mrs. {Blackburn.} Let me interject here again. So you
3184 responded to the requests you got directly and giving the
3185 information needed?

3186 Ms. {Norton.} Yes, we did.

3187 Mrs. {Blackburn.} Okay.

3188 Ms. {Norton.} What we tried to do was empower people to
3189 make those decisions and to be cooperative and do that right
3190 away.

3191 Mrs. {Blackburn.} Thank you. Yes, sir.

3192 Mr. {Kempthorne.} Congresswoman Blackburn, my tenure at
3193 the Department of Interior, I will tell you was a period in
3194 my life that I was very proud to serve with those people,
3195 dedicated public servants. It is a large organization,
3196 73,000 people, but I will tell you that I was impressed, day
3197 in and day out, with their attitude. Yes, at times they were
3198 down in the mouth about certain things.

3199 I remember, too, at my confirmation hearing there were a
3200 number of issues that were brought forward, some of which
3201 that had been there for years, and I made it a to-do list to
3202 try and go down and resolve some of these issues. On one
3203 occasion I brought in a group of the employees, including
3204 those from the region that was affected. I said you need to
3205 tell me about this issue, because I don't understand it yet.

3206 They began by saying, well, we have been working on it for 15
3207 years, and I said, all right, I have to stop you because I
3208 don't have 15 years. We may not reach perfection but we will
3209 reach a decision, so let us discuss it. We did, thorough
3210 discussion. That afternoon, I said here is my
3211 recommendation. Can you all live by this? We got through
3212 it, and the attitude was hallelujah, we have a decision and
3213 will go forward.

3214 You referenced about the ethics that is there. I will
3215 tell you that I worked closely with Inspector General Bill
3216 Devaney on a continual basis, and that is why I wanted his
3217 testimony as part of this record. I believe that the seeds
3218 for what is bringing about the positive opportunities in MMS
3219 were planted by the actions while still in office that we
3220 took concerning the royalty in kind program, the calling of
3221 Senator Kerrey and Senator Garn and asking them personally if
3222 they would head up a talented group of people to do so. That
3223 has been pointed to by the current Administration that it is
3224 good substance. They are adhering to that. Seventy some
3225 suggestions were implemented before we left.

3226 You asked about change. All of us, all of us, have an
3227 inclination perhaps to be resistant to change, but I have to
3228 say that in the proper atmosphere I was impressed on
3229 different occasions how nimble that the Department of

3230 Interior could be if given a direction and a purpose. The
3231 concern I would raise is simply that in this atmosphere where
3232 there have been sharp comments made regarding MMS, I think it
3233 can have a demoralizing effect on very good people. And as
3234 Inspector General Devaney said, 99.9 percent of people at DOI
3235 are good, hard-working, ethical people. I am afraid that
3236 with the sharp criticism even coming from their own leaders
3237 it doesn't create a team atmosphere and so their concern--
3238 and they may not be making decisions that they should be
3239 making as part of the responsibility because they are worried
3240 about the repercussions. So I think that there needs to be
3241 concern given toward the atmosphere of leading a department
3242 in the right direction on behalf of the people of the
3243 country.

3244 Mrs. {Blackburn.} Thank you. Yield back.

3245 Mr. {Stupak.} Mr. Markey for questions, please.

3246 Mr. {Markey.} Thank you. Mr. Chairman. Secretary
3247 Norton, in your responses to Chairman Waxman, you denied that
3248 changes in OCS drilling policy were undertaken as part of the
3249 Interior Department's efforts to implement the Cheney Energy
3250 Task Force plan. In 2001, in reality the Department of
3251 Interior under your all leadership stopped even considering
3252 the possibility of a worst case oil spill when it was
3253 evaluating the potential environmental impacts of deep water

3254 oil and gas production activities. Secretary Norton, do you
3255 agree that it was wrong for you to ignore the potential for a
3256 worst case oil spill for deep water oil and gas production
3257 activities?

3258 Ms. {Norton.} Congressman, I am sorry, I do not know
3259 the documents to which you are referring. I don't know
3260 exactly what it is that you are referring to in that
3261 decision. I apologize. I don't recall.

3262 Mr. {Markey.} Well, it is true that you--and I have the
3263 document right here in my hand and I will give it to you so
3264 that you can review it later, but I will just summarize it
3265 for you that you stopped considering the possibility of a
3266 worst case scenario spill in 2001. Your 2001 strategy for
3267 post-release ANEBA compliance in deep water areas of the Gulf
3268 of Mexico did, in fact, change the manner in which the
3269 Interior Department evaluated worst case impacts. Let me
3270 read to you what the Interior Department staff informed our
3271 staff about these changes in 2001. These analyses ``do not
3272 include oil spills as part of the review.'' In other words,
3273 environmental assessments no longer had to include the worst
3274 case spill scenarios that had been used previously by the
3275 Clinton Administration.

3276 Madam Secretary, you chose to replace a real world worst
3277 case analysis with a paper exercise that was not at all

3278 realistic. As the Interior staff had some qualms, my staff,
3279 ``The belief at the time was that blowouts were such a low
3280 probability event that the time and effort being expended on
3281 analyzing them for site-specific environmental assessment was
3282 not worth the effort.'' Do you agree, Madam Secretary, that
3283 that decision was a mistake?

3284 Ms. {Norton.} I think going forward you are going to
3285 have to grapple with the aftermath--

3286 Mr. {Markey.} Do you agree that the decision that you
3287 made at that time was a mistake?

3288 Ms. {Norton.} You can't stop all drilling in the
3289 future--

3290 Mr. {Markey.} I am not asking for any stopping--no one
3291 here wants to stop all drilling in the future. No one, so
3292 stop putting the red herrings out here. Did you make a
3293 mistake in 2001?

3294 Ms. {Norton.} I don't know the document you are
3295 referring to. I haven't had the chance to look at it. It
3296 seems to me that you have to have a reasonable analysis and
3297 that is both today--

3298 Mr. {Markey.} Was it reasonable to not do a worst case
3299 scenario analysis for a spill? Yes or no.

3300 Ms. {Norton.} It was reasonable to take into account
3301 what the history had been. The history was--

3302 Mr. {Markey.} So you don't any longer--

3303 Ms. {Norton.} There were very few large spills.

3304 Mr. {Markey.} Okay. Let me go on to the second
3305 question.

3306 Ms. {Norton.} I think we now have seen a very different
3307 change.

3308 Mr. {Markey.} In 2003, Madam Secretary, the Department
3309 of Interior also under your leadership actually exempted most
3310 Gulf of Mexico lessees from including blowout scenarios in
3311 their oil and gas exploration or production plans. They were
3312 also exempted from a requirement to provide information about
3313 how long it would take to drill a relief well and how a
3314 blowout could be contained by capping the well or by other
3315 means. This policy was reiterated in both 2006 and 2008. As
3316 a result, BP didn't include any of these blowout scenarios or
3317 relief well plans in its plans for the Macondo. In
3318 retrospect, do you think, Madam Secretary, that this
3319 exemption was a good idea?

3320 Ms. {Norton.} My understanding is that under the Outer
3321 Continental Shelf Lands Act there is a process of looking at
3322 things on a broad scale that really ought to focus on--

3323 Mr. {Markey.} Do you think it was a mistake to create
3324 those exemptions in retrospect?

3325 Ms. {Norton.} But it is appropriate to deal with those

3326 kinds of issues in an offshore situation by looking at those
3327 in the big scale basis and then for the individual wells,
3328 individual plans of exploration, you focus on those things
3329 that apply to that--

3330 Mr. {Markey.} Madam Secretary, again--

3331 Ms. {Norton.} And so you have things on a broad scale
3332 basis--

3333 Mr. {Markey.} Madam Secretary, there was a D regulatory
3334 ticking time bomb that was set while you were Secretary that
3335 has now exploded in terms of this blowout preventer and other
3336 devices not having been properly regulated. Do you believe
3337 in retrospect if was a mistake to create those exemptions?

3338 Ms. {Norton.} I haven't seen anything that would
3339 indicate that there is a cause and effect relationship
3340 between the Deep Water Horizon decisions that were made by BP
3341 and what this analysis is that you are talking about.

3342 Mr. {Markey.} A climate, Madam Secretary, of
3343 complacency was created by boosterism, which has now led to a
3344 catastrophe and that boosterism, that complacency, was this
3345 deregulatory environment which was created during that 8-year
3346 period. It affected blowout preventers. It affected the
3347 spill response plans that needed to be put in place. It, in
3348 fact, dealt with all aspects of what it is that we are now
3349 dealing with as a consequence of those decisions. Mr.

3350 Chairman, thank you.

3351 Mr. {Stupak.} Mr. Scalise for questions, please, 5
3352 minutes.

3353 Mr. {Scalise.} Thank you. Mr. Chairman. Starting with
3354 the moratorium that has been discussed a lot. I want to go
3355 back to the 30-day safety report. And the President and
3356 Secretary Salazar had put together a commission and they
3357 brought in experts, scientists, engineers that were
3358 recommended that came together and did a 30-day report. And
3359 in it they actually recommended some safety changes that
3360 should be made which I think were very reasonable
3361 recommendations but afterwards when the moratorium, the 6-
3362 month moratorium, was issued it was alluded that the 30-day
3363 commission supported the moratorium. They had to come out
3364 the next day and correct that and make it clear that they
3365 actually were against the moratorium, and they gave some
3366 really good safety reasons.

3367 And I want to ask your opinion on this because it hasn't
3368 really been discussed a lot nationally when you talk about
3369 this moratorium that is going on that potentially has a
3370 greater devastating impact on our state long term than the
3371 spill itself because of the negative impact on jobs, and some
3372 people are trying to make this a choice between jobs and
3373 safety. But, in fact, the scientists that the President

3374 himself recommended, not our scientists, it is the
3375 President's scientists, they said you would reduce safety in
3376 four different areas if you have a moratorium because, number
3377 one, your most experienced rigs would leave first, the rigs
3378 that are the newest and the most technologically superior,
3379 your most experienced crew members. They cannot put some
3380 kind of mysterious 6-month pause on their life. They are not
3381 going to just sit idle and collect unemployment as the
3382 President suggested to them. They are going to have to go do
3383 something else to earn a living for their families so you
3384 lose those most experienced crew members.

3385 There are high risks involved with stopping and starting
3386 operations, and then the final point is our country's
3387 dependence on oil hasn't decreased, so as you take maybe 20
3388 percent of the oil supply that the nation consumes away that
3389 is going to have to come from somewhere else and that is
3390 going to be imported by Middle Eastern countries, many of
3391 whom don't like us, but it is going to be imported by
3392 tankers, and 70 percent of all the spills come from tankers,
3393 so you actually increase the likelihood of spills and you
3394 reduce safety by getting rid of that experienced work force
3395 and those vital and scarce resources in those rigs.

3396 So with all of that said, I haven't seen a lot of
3397 discussion on the other side about the decrease in safety

3398 associated with this moratorium that the federal judge said
3399 should go forward. I want to get your take on that. Ms.
3400 Norton.

3401 Ms. {Norton.} I think there is some legitimate concern
3402 about losing the most sophisticated of the rigs to other
3403 countries and to making sure that we are not losing all the
3404 personnel that are most experienced to other places, all of
3405 those good jobs. I also think you have raised a very good
3406 point with the tanker safety because you are absolutely right
3407 that in our past experience before we got to the Deep Water
3408 Horizon experience, it had been tankers that were the largest
3409 source of oil from the industry overall as opposed to from
3410 the platforms.

3411 Mr. {Scalise.} Mr. Kempthorne.

3412 Mr. {Kempthorne.} Yes. Congressman, you raise very
3413 valid points, many of which I happen to agree with. And I
3414 think included in yours is the fact that this it not mutually
3415 exclusive. We can have a safety record and in 40 years we
3416 did. There is a question as to what caused this current
3417 tragedy of 90 days ago. Was it the regulations that for 40
3418 years or a number of years were on the books and we did not
3419 see this catastrophe or was it decisions made, human
3420 decisions made, in the implementation after the application
3421 for the drilling permit was granted. I cannot comment with

3422 regard to the safety group and how a letter may have surfaced
3423 where they felt that they were being misrepresented. I
3424 cannot do that, and I think--

3425 Mr. {Scalise.} And that has been entered into the
3426 record.

3427 Mr. {Kempthorne.} Yes, and that will be something that
3428 your next guest will have the opportunity to address, I would
3429 imagine. But again it was appropriate to go and look at the
3430 safety. Had you found that there were a number of problems
3431 that surfaced immediately then you would have consideration
3432 of what else to do but you did not. I think there was only
3433 one concern that was identified.

3434 Mr. {Scalise.} And I think if you go back and you look
3435 a lot of the rigs that are operating in deeper waters because
3436 this disaster occurred at 35,000 feet. There are people out
3437 there in 8,000, 9,000, 10,000 feet that follow a different
3438 set of safety standards and don't have these kind of problems
3439 because they play by the rules and, in fact, we saw,
3440 unfortunately, this was an avoidable tragedy because of the
3441 things that weren't followed. But hopefully we can get into
3442 more of that later. But I also want to touch on another
3443 point and that is this chain of command issue. Clearly, when
3444 I talk to leaders on the ground their biggest frustration is
3445 that they are spending more time battling the federal

3446 government than the oil because you don't have that all hands
3447 on deck urgency approach taken by the federal government that
3448 needs to start now. Unfortunately, we are 3 months in and we
3449 still don't have it. But, finally, Mr. Kempthorne, what were
3450 federal revenues for offshore drilling that would come into
3451 the federal treasury in your last year as secretary?

3452 Mr. {Kempthorne.} Approximately \$23 billion.

3453 Mr. {Scalise.} Clearly, that would be in jeopardy in a
3454 moratorium.

3455 Mr. {Stupak.} The gentleman's time.

3456 Mr. {Scalise.} Thank you. I yield back.

3457 Mr. {Stupak.} You answered the last one, Mr. Secretary,
3458 23 billion, you said?

3459 Mr. {Kempthorne.} Yes, sir.

3460 Mr. {Stupak.} Mr. Braley for questions.

3461 Mr. {Braley.} Thank you, Mr. Chairman. I would like to
3462 begin by offering the Congressional Research Service report
3463 for Congress titled the 2010 Oil Spill Minerals Management
3464 Service and National Environmental Policy Act dated June 1,
3465 2010.

3466 Mr. {Stupak.} Yes, we will take a look at it. We will
3467 hold it in abeyance for now. Go ahead.

3468 Mr. {Braley.} One of the things that this report
3469 identifies is that there are four different stages of the

3470 review process that are supposed to take place on every oil
3471 lease in the Outer Continental Shelf. The first is the
3472 development of a 5-year program, then a plan for a specific
3473 lease sale, then approval of the exploration plan, and then
3474 approval of a development and production plan. Would both of
3475 you agree with that?

3476 Ms. {Norton.} Yes.

3477 Mr. {Braley.} And these four stages are based on the
3478 Outer Continental Shelf Liability Act. That is your
3479 understanding of the statutory basis for those requirements?

3480 Ms. {Norton.} The Outer Continental Shelf lands, yes.

3481 Mr. {Braley.} Yes. You have to say yes so that it is
3482 part of the--yes. And one of the things that the courts
3483 interpreting that act have concluded is that one of the basic
3484 premises of this review process is a tiered environmental
3485 review assuming that the level of scrutiny increases as a
3486 lease moves toward approval of the development and production
3487 plan. Would you both agree with that?

3488 Ms. {Norton.} Yes.

3489 Mr. {Kempthorne.} Yes.

3490 Mr. {Braley.} One of the things that disturbs me about
3491 this report and about the circumstances that led up to this
3492 disaster is that the requirements for blowout scenario differ
3493 depending upon which part of the Gulf is affected. Are you

3494 both aware of that?

3495 Ms. {Norton.} Yes and no because the flow of currents
3496 might be different. The terrain that is on the shoreline
3497 might be different. But in many ways the impacts are going
3498 to be the same. Whether the Deep Water Horizon was 10 miles
3499 one way or the other would not have the same impact as it
3500 would on shore--

3501 Mr. {Braley.} Madam Secretary, I am not talking about
3502 those issues. I am talking about the regulatory framework
3503 itself that requires blowout prevention scenarios to be part
3504 of this review process. Can you explain to me, for example,
3505 when the State of Florida is the affected state, which is the
3506 eastern Gulf, there is a mandatory requirement for a blowout
3507 scenario, and yet when the State of Texas is the affected
3508 state, the western Gulf region or the central Gulf region
3509 which is the part most devastated by this disaster there is
3510 not a mandatory requirement for a blowout scenario under the
3511 regulation?

3512 Ms. {Norton.} That is something that I have not been
3513 able to trace exactly what the rationale was behind that. I
3514 don't have access to the people within the Minerals
3515 Management Service to ask exactly what the thinking was on
3516 that. I think it could either have been because those things
3517 in areas to which you refer, those are already handled in

3518 other documents and through other analyses that are done
3519 routinely.

3520 Mr. {Braley.} My review of the regulation makes it
3521 clear that there are specific preferences given to individual
3522 states, and can you think of any legitimate reason why the
3523 residents of the central Gulf would have less interest in
3524 extensive environmental review than residents of the State of
3525 Florida?

3526 Ms. {Norton.} There is something called the Coastal
3527 Zone Management Act that has a significant impact on offshore
3528 development, and it does require the federal government to
3529 take into account the plans of the various states as
3530 decisions are being made offshore.

3531 Mr. {Braley.} Do you agree that the impact of
3532 devastation is the same regardless of where that blowout
3533 would occur?

3534 Ms. {Norton.} It certainly has shown to be a different
3535 devastation here and a terrific impact.

3536 Mr. {Braley.} Now, Mr. Kempthorne, part of the other
3537 information included on page 13 of this report is an
3538 indication that while MMS regulations require disclosure of a
3539 blowout scenario and exploration plans, MMS provided an
3540 exception in a 2008 notice to lessees on this particular
3541 lease, which would have been during your tenure, is that

3542 correct?

3543 Mr. {Kempthorne.} That would be during my tenure.

3544 Mr. {Braley.} And the exception exempted OCS actions in
3545 the Gulf from blowout scenario requirements under certain
3546 conditions, and those are the exact conditions I am referring
3547 to which did not require a mandatory blowout scenario for the
3548 central Gulf. Were you aware of that?

3549 Mr. {Kempthorne.} Congressman, there is a longstanding
3550 provision that allows a regional director to limit
3551 information that needs to be submitted.

3552 Ms. {Norton.} I think why we are both struggling--

3553 Mr. {Braley.} Excuse me. I only have 2 minutes left.
3554 Here is the problem I am having. BP submitted information to
3555 Minerals Management Service at the earlier stages of this
3556 lease indicating there was a 99 percent chance of a blowout
3557 over the 40-year period of the lease, a 99 percent
3558 probability, and that the most likely scenario would be a
3559 10,000 barrel release as part of that blowout, and BP had
3560 also discussed a worst case scenario response in its initial
3561 exploration plan and it considered a worst case scenario to
3562 be a blowout at the exploratory stage leading to a spill of
3563 3857 barrels of crude per day.

3564 And even with that information, MMS approved BP's spill
3565 response plan for worst case scenario, and despite all that

3566 information that was in the leasing record BP sought and
3567 received a categorical exclusion from an environmental impact
3568 duty at the later phases of this process. And given what you
3569 admitted to me earlier about the intention being a more
3570 strict scrutiny of the environmental impact as a lease
3571 progresses toward production can either of you explain to me
3572 why that happened?

3573 Ms. {Norton.} I don't know the specific details you are
3574 citing but the categorical exclusion for those kinds of
3575 things has been part of the Outer Continental Shelf Lands
3576 Management since the 1980's, and so it is the way in which
3577 those things have been handled throughout basically the
3578 existence of the program.

3579 Mr. {Braley.} This report raised the disturbing
3580 scenario that the approval process of the categorical
3581 exclusion eliminating the need for an environmental impact
3582 statement later on in the development of this lease turned
3583 the expected level of scrutiny on its head so that instead of
3584 having a stricter scrutiny of that environmental impact at
3585 the later stages moving towards development and production a
3586 waiver was granted rather than requiring a more intense level
3587 of review, and that makes no sense.

3588 Ms. {Norton.} Well, you need to look more into the
3589 details of the specific proposal as you move closer to that

3590 specific proposal. The concept of the Outer Continental
3591 Shelf Lands Act is that you look at those large scale issues
3592 on a large scale basis.

3593 Mr. {Braley.} And I understand that, and my time is
3594 running out, so let me just close with this. Do you not
3595 agree that in light of what we know now that policy of giving
3596 categorical exclusions which seems to be the opposite of the
3597 intended stricter scrutiny as you get closer to production
3598 should be re-evaluated by MMS?

3599 Ms. {Norton.} I certainly do think you need to look at
3600 these things going forward and look at your overall process,
3601 so I do think you need to look at how those things need to
3602 relate in the future and especially as you are talking about
3603 how something that is a very catastrophic event but has a
3604 very small probability of actually happening.

3605 Mr. {Braley.} Well, this had a 99 percent probability
3606 of happening in a 40-year lease.

3607 Ms. {Norton.} I frankly question that. I think that
3608 may not have been a correct reading.

3609 Mr. {Braley.} Well, I am reading from the report, and I
3610 yield back.

3611 Mr. {Stupak.} And, Mr. Braley, would you provide a copy
3612 of that report so the minority can look at it?

3613 Mr. {Braley.} Absolutely.

3614 Mr. {Stupak.} So your motion is still pending on
3615 whether or not it will be accepted. Secretaries, can you go
3616 20, 25 more minutes?

3617 Mr. {Kempthorne.} You are anxious for your next guest
3618 to join you.

3619 Mr. {Stupak.} We are anxious to have him too. A few
3620 more questions, if you may. Let us start myself, Mr.
3621 Burgess, and whoever else will go and attempt to cut it off.
3622 Okay. How is that? Fair enough? Let me ask this. It seems
3623 like we have the energy task force in 2001 saying let us get
3624 our energy going, and we have a couple executive orders to
3625 expand offshore drilling, get things rolling. It seems like
3626 throughout all of our hearings we developed a technology to
3627 drill deeper and in more sensitive areas, and hopefully we do
3628 it in a safe manner, but we never developed the technology to
3629 have a clean up. Is that fair to say? We are using the same
3630 technologies from the 1920's, booms and trying to skim it and
3631 burn it off. Fair to say?

3632 So let me ask this question. In the government models,
3633 we always talk about worst case scenarios, government models,
3634 the last time they were updated was 2004, and they dealt with
3635 surface spills, nothing deep water. In 2005, MMS modeling
3636 team recommended that the spill plans need to be upgraded to
3637 deal with deep water releases. Any reason why that was not

3638 done? Madam Secretary, it was 2005, you were still there.
3639 Do you remember their report recommending doing some deep
3640 water modeling because that is what we based everything upon.

3641 Ms. {Norton.} Congressman, I do not recollect that
3642 report.

3643 Mr. {Stupak.} I will ask Secretary Salazar the same
3644 thing. Mr. Kempthorne, any idea that we had that request
3645 there that was never done?

3646 Mr. {Kempthorne.} No, Mr. Chairman, I do not.

3647 Mr. {Stupak.} Okay. Let me ask this. You both
3648 mentioned the history of no spills and internationally, I
3649 think, Secretary Norton, you mentioned we were looked at
3650 favorably. I am looking at a report here, SINTEF. It is
3651 dated July 24, 2001, and SINTEF is actually out of Norway,
3652 and they were asked to do a report from Minerals Management
3653 Service. And in there they are talking about the study of
3654 the BOPs, blowout preventers, and what goes wrong and kicks
3655 in the wells. And I thought it was very interesting of the
3656 83 wells drilled in deep waters ranging from 1,300 feet to
3657 6,500 feet there were a total of on these 83 wells 117 BOP
3658 failures and 48 well kicks. This is off 26 different rigs.
3659 So if you take a look at that, we have 117 BOP failures, 48
3660 well kicks. That would be two incidents per well or 6
3661 incidents per rig, and this report goes on and says an

3662 alternative BOP configuration and a BOP test procedure that
3663 will improve safety availability and save costly rig time has
3664 been proposed. Do you know whatever happened to this report,
3665 Madam Secretary?

3666 Ms. {Norton.} I don't recall ever seeing it.

3667 Mr. {Stupak.} Okay. And when you did the 2003
3668 rulemaking, you didn't take this into consideration then
3669 because you don't remember seeing it?

3670 Ms. {Norton.} I would imagine that someone in the
3671 Minerals Management Service who had responsibility and who
3672 had the technical expertise to evaluate that did so but I as
3673 secretary did not see that.

3674 Mr. {Stupak.} It was interesting that we hired a
3675 Norwegian--MMS hired a Norwegian company to do it and they
3676 relied--you know, Gulf of Mexico versus Norway because they
3677 are up in the North Sea and they found that we had more kick
3678 backs, we had more problems with pressure, which actually
3679 were the issues that led to the problems with Deep Water
3680 Horizon. I will conclude my questions right there. I will
3681 turn to Mr. Burgess for 5 minutes for questions.

3682 Dr. {Burgess.} Mr. Chairman, if Secretary Salazar is
3683 here, I am perfectly prepared for him to come and ask to
3684 begin the second panel.

3685 Mr. {Stupak.} Are you waiving?

3686 Dr. {Burgess.} If the Secretary is here. Are you ready
3687 to start the second panel?

3688 Mr. {Stupak.} No. We will be starting at 2:00.

3689 Dr. {Burgess.} At 2:00. Is the Secretary here?

3690 Mr. {Stupak.} No.

3691 Dr. {Burgess.} Okay. Has he been--

3692 Mr. {Stupak.} So have you waived?

3693 Dr. {Burgess.} No, I am not going to waive. Has he
3694 been watching this on C-SPAN as you said he might be?

3695 Mr. {Stupak.} That is a good question. You should ask
3696 him.

3697 Dr. {Burgess.} I mean I am offended that we have been
3698 here all day. People have been asking good questions and
3699 making reasonable statements and--

3700 Mr. {Stupak.} Mr. Burgess, you know darn well that the
3701 Secretary has his staff here and he may very well be watching
3702 it but I haven't had--

3703 Dr. {Burgess.} The Secretary has so little interest
3704 that he wouldn't even notice that we were winding down and
3705 that the committee had dwindled to a less than critical mass.
3706 Let us do--

3707 Mr. {Stupak.} Well, if you have no further questions.

3708 Dr. {Burgess.} I do have some questions.

3709 Mr. {Stupak.} Okay.

3710 Dr. {Burgess.} Let us visit for just a minute some of
3711 the questions that Mr. Markey was asking and not really
3712 allowing for a response. Secretary Norton, when you became
3713 secretary and you inherited the agency from Secretary
3714 Babbitt, were there specific regulations relating to deep
3715 water drilling that had been proposed by the previous
3716 administration?

3717 Ms. {Norton.} Yes, there were some regulations as to
3718 blowout preventers and cementing and so forth that had been
3719 proposed in 2000.

3720 Dr. {Burgess.} And what was the result of that? Did
3721 you proceed with the implementation of those regulations or
3722 did you shut them off because it was a new administration?

3723 Ms. {Norton.} They were proposed in the previous
3724 administration in 2000. They were finalized in my
3725 administration. There were very few changes that took place
3726 between the proposed and the final. The one key thing that
3727 we added in to that was a requirement that the companies look
3728 at the deep water technology and how they were using stronger
3729 pipes and needed to have stronger shear rams in order to deal
3730 with those kinds of more hardened pipes. And so we put in
3731 place a new requirement that had not been in the previous
3732 proposal that required industry to do that. We put in place
3733 several requirements in those regulations over the objection

3734 of industry.

3735 Dr. {Burgess.} So if that is a deregulatory ticking
3736 time bomb that was set in motion that really doesn't compute
3737 then, does it?

3738 Ms. {Norton.} No.

3739 Dr. {Burgess.} Was the deregulatory ticking time bomb
3740 then started during the Clinton Administration or is in fact
3741 the deregulatory ticking time bomb simply a straw dog or a
3742 red herring as the chairman put it to you? He said it is
3743 just a red herring that he is throwing out. There is no
3744 question. I got a list here. I referenced earlier some 23
3745 or 25 studies that were done by the Technology and Assessment
3746 Research Program. Someone has been kind enough to provide me
3747 what must be 100 or 150 such studies--600. I beg your
3748 pardon, 600 studies that have been done. Not every one of
3749 these studies will lead to a new regulation but the studies
3750 are done for good reason to address problems that are out
3751 there, but then they become part of the investigatory process
3752 that leads to the rulemaking that eventually then governs the
3753 rules. It would be very difficult to run any industry--my
3754 background is in medicine but if somebody came and sat down
3755 600 new regulations, oh, wait, we may do that.

3756 But, nevertheless, it becomes very, very difficult to
3757 run anything with having this level of regulation but at the

3758 same time your agency, both of you, was charged with looking
3759 at these things putting what you thought was out for
3760 reasonable proposed rulemaking and then setting the
3761 regulations and setting the rules, is that not correct?

3762 Ms. {Norton.} Yes, and there is also behind that a
3763 whole set of industry standards, some of which were adopted
3764 by MMS and some of which remained industry best practices.
3765 And that also took into account--those things were changed
3766 much more frequently than the regulations to take into
3767 account advances in learning from all these various studies.

3768 Dr. {Burgess.} You know, we had one hearing here where
3769 we had 5 or 6 executives from the big oil exploration
3770 companies, and one of the things that really struck me that
3771 morning, of course, 5 to 1 said they wouldn't have done what
3772 BP did as far as the drilling practices. But from the
3773 individuals who were here that actually worked had worked
3774 their way up in their companies and started on the offshore
3775 rigs, a lot of sensitivity to the fact that you sometimes
3776 would have to shut down a well. You sometimes would not be
3777 able to bring a well in because it was simply too dangerous.
3778 And one of the executives even made the comment in response
3779 to one of the Democrat's questions that if you start going
3780 too fast you are going to get someone killed.

3781 It is important to have people who worked in the

3782 industry as part of the process so the fact that it could be
3783 done in some sort of vacuum without taking into account the
3784 people who actually know how to run the business on the face
3785 of it is preposterous. Mr. Chairman, you have been kind. I
3786 will yield back the balance of my time, and we have others
3787 who want to fill the void that Secretary Salazar has left.

3788 Mr. {Stupak.} It should be noted that you are over your
3789 time, but that is all right. Mr. Markey, questions, please.

3790 Mr. {Markey.} Thank you, Mr. Chairman, very much.
3791 Secretary Kempthorne, you heard me question Secretary Norton
3792 earlier on the 2003 decision by the Interior Department to
3793 exempt Gulf of Mexico lessees from actually including a
3794 blowout scenario in their oil and gas exploration plans, but
3795 this policy was also continued in both 2006 and 2008 when
3796 decisions about the BP Macondo well were being made on your
3797 watch. In retrospect, Mr. Secretary, wasn't your decision
3798 wrong? Shouldn't there have been, in fact, planning for a
3799 blowout scenario?

3800 Mr. {Kempthorne.} Congressman Markey, I have a great
3801 deal of faith in the professionals there at MMS that deal
3802 with this, the different levels, the regional directors, et
3803 cetera. And, again, based upon what had been a 40-year
3804 record--

3805 Mr. {Markey.} In retrospect, do you believe that

3806 decision was wrong informed by what has happened?

3807 Mr. {Kempthorne.} Again, based on what had been a 40-
3808 year history, I believe they took the appropriate action--

3809 Mr. {Markey.} Was the advice they gave you wrong?

3810 Mr. {Kempthorne.} They gave me the best advice--

3811 Mr. {Markey.} Was the advice wrong?

3812 Mr. {Kempthorne.} I will just repeat my answer.

3813 Mr. {Markey.} You are not willing to say the advice you
3814 got was wrong?

3815 Mr. {Kempthorne.} Again, based on the 40 years--

3816 Mr. {Markey.} And I am asking you in retrospect now was
3817 the advice wrong?

3818 Mr. {Kempthorne.} The advice that I was given based on
3819 a 40-year--

3820 Mr. {Markey.} The advice you were given with regard to
3821 whether or not there should in fact be a closer inspection of
3822 a potential for a blowout scenario, was it right or wrong,
3823 the advice you got?

3824 Mr. {Kempthorne.} At the time with the knowledge that
3825 they had--

3826 Mr. {Markey.} No, today. Today was it--as you look
3827 back, are you willing to say the advice you received was
3828 wrong and the policy should have been changed back in 2006 or
3829 2008?

3830 Mr. {Kempthorne.} Mr. Markey, I don't think we have
3831 that hindsight.

3832 Mr. {Markey.} You have the hindsight. We are looking
3833 for wisdom. We are trying to pass legislation. Should that
3834 decision have been made given what you know today?

3835 Mr. {Kempthorne.} I think it is something that can be
3836 evaluated.

3837 Mr. {Markey.} I think that honestly that is a
3838 completely unacceptable answer. The American people want to
3839 know that the people who are making the decisions at the time
3840 understand that it was wrong, that a blowout could occur,
3841 that a spill could occur that would be catastrophic, and
3842 until you are willing to say it was a mistake then I think it
3843 is going to be very hard for the American people to accept
3844 that we are going to be able to move forward without the
3845 likelihood that we will ever see this kind of an accident
3846 again if there is a Republican administration that comes back
3847 into office again.

3848 Mr. {Kempthorne.} Well, Mr. Chairman and Mr. Chairman,
3849 I think in the atmosphere that this committee was called, the
3850 fact that we came here voluntarily, that this assignment of
3851 blame is not something that--

3852 Mr. {Markey.} I am not asking you to blame--I am asking
3853 you if in retrospect you still believe that it was the right

3854 decision or the wrong decision. I am absolutely not asking
3855 for you to say anything other than that. Was the decision
3856 wrong?

3857 Mr. {Kempthorne.} And, Congressman, all I will say is
3858 based upon a record and based upon the expertise of the
3859 professionals at the time that is the reality.

3860 Mr. {Markey.} I know it is the reality but it would be
3861 helpful if you could say we were wrong, we made a mistake.
3862 And I understand you don't want to do that, but it is obvious
3863 that that was the case. Secretary Kempthorne, the
3864 environmental impact statement for drilling in the Gulf of
3865 Mexico that was prepared by the Interior Department in April
3866 of 2007 under your leadership concluded that since blowouts
3867 are rare events and are of short duration the potential
3868 impacts to marine water quality are not expected to be
3869 significant, and the most likely size of a spill would be a
3870 total of 4,600 barrels total. In retrospect, don't you think
3871 that the department's analysis of the impacts of a blowout
3872 were inadequate? Wouldn't you agree that that conclusion was
3873 wrong?

3874 Mr. {Kempthorne.} Congressman, I would reference back
3875 what I said in my opening comments, and that is that even
3876 though we had a 40-year track record that because of the
3877 catastrophe that happened 90 days ago it has re-evaluated

3878 everything. I will also note that in the current
3879 Administration's preliminary revised program for OCS 2007-
3880 2012, it also uses those same assumptions.

3881 Mr. {Markey.} Secretary Norton, back in 2004 in terms
3882 of spill response your assumption was in the model you used
3883 that there would only be 1,000 barrels of oil that would be
3884 spilled. It assumes that the spill will happen on the
3885 surface of the ocean and doesn't include any deep water
3886 analysis and it doesn't include the use of dispersants and
3887 doesn't even contemplate a blowout that takes days, let alone
3888 months, to stop. Do you agree now that such a plan was
3889 completely inadequate?

3890 Ms. {Norton.} That statement was based on information
3891 available at the time. We don't have access to go back to
3892 the people who made those recommendations, did that modeling,
3893 did all of that--

3894 Mr. {Markey.} In retrospect, were the recommendations
3895 wrong?

3896 Ms. {Norton.} I have no idea of the context in which
3897 that was made. I have no idea what it applied to. I have no
3898 idea what was the decision that you are talking about so I
3899 can't say whether--I don't have any information which--

3900 Mr. {Stupak.} Point of order. Time has expired. Mr.
3901 Gingrey for questions, please.

3902 Dr. {Gingrey.} Mr. Chairman, thank you. Secretary
3903 Norton and Secretary Kempthorne, I didn't do this in my
3904 opening statement but I would certainly like to take a brief
3905 moment to thank both of you. You are here today at the
3906 request of the subcommittee to discuss your time at the helm
3907 of the Department of Interior during the Bush Administration.
3908 You are here as private citizens and you are doing it
3909 voluntarily, and I am deeply appreciate of that, and I think
3910 most members of the committee feel the same way. Both of you
3911 had interest and experience with MMS during your tenure.
3912 Secretary Norton, you witnessed firsthand the devastation
3913 that was caused by Katrina and Rita in 2005 and you had the
3914 opportunity to see up close and personal how MMS was able to
3915 respond to what could have been an ecological disaster. And,
3916 Secretary Kempthorne, in your testimony I think you mentioned
3917 the issues that arose with some individuals who were
3918 summarily dismissed from their position at MMS due to
3919 unethical conduct, I think was what you said.

3920 Therefore, both of you had very unique experiences with
3921 MMS and that leads me to finally have a question. Based on
3922 the structures that you had in place at MMS during your
3923 tenure, I would like to ask both of you to respond to this,
3924 if you will, had this accident occurred on your watch, this
3925 Deep Horizon tragedy, would you have used that as a means to

3926 reorganized MMS like it was done here recently?

3927 Ms. {Norton.} The new structure doesn't differ that
3928 much from the previous structures because previously the
3929 revenue aspects of it and the regulatory aspects have always
3930 been in separate divisions of MMS. And, no, I don't think I
3931 would have used it as an opportunity or as an occasion for
3932 reorganization. That is something that is within the purview
3933 of an existing secretary.

3934 Dr. {Gingrey.} Certainly. And, Secretary Kempthorne.

3935 Mr. {Kempthorne.} Congressman, first of all, I want to
3936 thank you for your comments concerning our being here today.
3937 It is the purview of the incumbent secretary to organize as
3938 deemed appropriate. I think you are raising the question of
3939 timing and in that catastrophe when those are your human
3940 resources, when you need everybody pulling together, I think
3941 you want to have as much of an atmosphere that you will work
3942 together cohesively instead of having concerns about who may
3943 be singled out next, and so it is a question of timing and
3944 the creation of a proper atmosphere.

3945 Dr. {Gingrey.} And I appreciate both former
3946 secretaries, Mr. Chairman, in their response and I certainly
3947 feel the same way. I mean, you know, you go through all this
3948 dancing around changing the--rearranging as the old
3949 expression goes the deck chairs on the Titanic, and you come

3950 up with a new name which sounds like--reminds me of
3951 vegetarian vegetables soup that I remembered as a kid and you
3952 got a whole new name but have you really done anything. And,
3953 more importantly than that though is the distraction of
3954 trying to do that when the focus really needs to be on the
3955 clean up and the response and it just doesn't--I think there
3956 is a lot of posturing in my humble opinion, and I think
3957 really your response sort of reinforces my suspicion in
3958 regard to that.

3959 I got a little bit more time left so as a follow-up for
3960 both of you, can you please comment on the nature of how
3961 long--on the nature of how a long-term moratorium on offshore
3962 energy exploration would negatively impact the economy of the
3963 Gulf Coast and based on your experience how it would make us
3964 more dependent on foreign sources of energy. I realize that
3965 may have already been asked but I wasn't here and I would
3966 love to hear your response to that. First you, Secretary
3967 Norton, and then Secretary Kempthorne.

3968 Ms. {Norton.} One thing I don't think we have said
3969 before is that when companies make decisions for offshore oil
3970 wells, a platform is a multi-billion dollar decision. You
3971 need to have some long-term predictability. There are years
3972 of planning that go into that kind of thing. And so to have
3973 all the drilling rigs be off in other countries because of

3974 the moratorium is going to have repercussions far beyond the
3975 6 months. It is not that you reach the end of 6 months and
3976 then everything goes right back into gear. There are many,
3977 many, many years of delay of impact of moving jobs away that
3978 are potentially involved.

3979 Mr. {Stupak.} Yes. Secretary Kempthorne has a right to
3980 respond to that question.

3981 Mr. {Kempthorne.} Mr. Chairman, thank you very much.
3982 Congressman Gingrey, I would preface it by saying I felt it
3983 was an extremely appropriate step to do a safety review.
3984 They did so. And with regard to--as I recall, it is
3985 approximately some 30 drill rigs in the deep water. Of those
3986 that were reviewed it was found that perhaps it was only one
3987 situation where there was a noncompliance of some element but
3988 the vast majority of all of the specifics of adherence to the
3989 regulations were in place. It was good to pause. It was
3990 good to take a look at that. But we also need to consider
3991 the big picture which is the energy security of the country.
3992 I believe we are too reliant upon foreign source of energy.
3993 I also believe that this devastation, which has been horrible
3994 by every imagination including the 11 families that grieve
3995 and what it has done to the environment there, but a
3996 moratorium will compound the devastation by the economic
3997 devastation that will continue by the loss of jobs. And the

3998 Gulf Coast region needs an opportunity to recover and not
3999 have further devastation.

4000 Dr. {Gingrey.} Thank you. And, Mr. Chairman, thank you
4001 for your indulgence.

4002 Mr. {Stupak.} Before we go to Mr. Scalise, Mr. Braley,
4003 we have a matter pending with Mr. Braley. He asked for the
4004 2010 Oil Spill Minerals Management Service and the National
4005 Environment Policy Act June 4 CRS report be entered in the
4006 record. Without objection, that will be done. Also, myself,
4007 Mr. Waxman and Chairman Markey, we all referred to different
4008 studies, the shear ram capability study September, 2004, by
4009 West Engineering, another report by West Engineering,
4010 evaluation of secondary invention methods and well control,
4011 again March, 2003, a mini shear study again by West
4012 Engineering, December, 2002, and the SINTEF report of July
4013 24, 2001. Without objection, those will all be made part of
4014 the record.

4015 Dr. {Burgess.} Mr. Chairman.

4016 Mr. {Stupak.} Yes, Mr. Burgess.

4017 Dr. {Burgess.} Also, I would ask that Governor Jindal's
4018 op ed from the Washington Post from last Saturday be made
4019 part of the record.

4020 Mr. {Stupak.} Without objection, it will be made part
4021 of the record.

4022 [The information follows:]

4023 ***** COMMITTEE INSERT *****

|
4024 Mr. {Stupak.} Mr. Scalise, I think we have about 3
4025 minutes left if you want to ask questions for 3 minutes.

4026 Mr. {Scalise.} Thank you, Mr. Chairman. I will ask
4027 both of you, did either of you issue the permit for the
4028 Macondo well, for BP to drill the Macondo well? Ms. Norton.

4029 Ms. {Norton.} Definitely not.

4030 Mr. {Kempthorne.} No, sir, we did not.

4031 Mr. {Scalise.} I am just saying that to point something
4032 out. I mean there are a lot of people in this Administration
4033 that seem to want to run around and blame other people for
4034 things. They issued it. There is no doubt in the time line.
4035 It is even submitted in the committee report. It was issued
4036 on May 22, 2009, and neither of you were there. I think what
4037 is really amazing to me is that it seems like every time
4038 there is a problem this Administration wants to try to find
4039 somebody else to blame instead of trying to just roll up
4040 their sleeves and do their job and help solve the problem.
4041 And I think we wouldn't have so many of these issues that we
4042 are dealing with, especially the issues that my local leaders
4043 are facing today, 3 months later, if the Administration was
4044 just willing to say let us do our job. Let everybody get in
4045 a room, and when there is a problem whether it is sand berm
4046 which took over 3 weeks to issue--Governor Jindal could have

4047 protected 10 miles of our marsh in the period of time it took
4048 to get that permit issued and still to this day they are
4049 waiting to get an answer back on a rock barrier plan to
4050 provide protection to some of these other real fragile
4051 ecosystems where you got pelican nests and other very vital
4052 resources.

4053 And instead of getting everybody in the room the
4054 approach would be sit in that room and nobody leaves until
4055 you figure out a way to get it done, and if this plan on the
4056 table is not the way to do it, and there is no perfect plan
4057 right now, but whoever's plan is better, let us do it, but
4058 your answer can't just be we are denying your plan and
4059 everybody leaves and nothing gets done and more oil gets into
4060 marshes that didn't have oil the day before. And that is the
4061 problem we are facing. So maybe they don't want to own up to
4062 the fact that they issued the permit and they are trying to
4063 blame other people, but the bottom line is we just want to
4064 get these problems solved and we want the attention of this
4065 Administration focused on doing their job under the law. The
4066 Oil Pollution Act says it is the President's job to protect
4067 the coast. Unfortunately, he is not doing that. Our local
4068 leaders are trying to do it and they are being blocked by the
4069 federal government. There is no excuse for that.

4070 Getting back to the moratorium. While there is a

4071 moratorium that even though the federal courts have said is
4072 arbitrary and capricious and the Administration doesn't have
4073 the legal authority to issue a moratorium they are saying
4074 that there is not a shallow water moratorium but, in fact,
4075 there are over 40 permits pending for new drilling in shallow
4076 waters which haven't been issued so there is a de facto
4077 moratorium on shallow water drilling. Can you talk about the
4078 differences between shallow and deep water drilling and the
4079 consequences of having the shallow water moratorium, which is
4080 causing even more job losses that even though this
4081 Administration says there is no moratorium they are not
4082 allowing any people being laid off.

4083 Ms. {Norton.} There are often different drilling rigs
4084 that are involved in different areas but whether the
4085 moratorium is in shallow water de facto or in deep water if
4086 you are actually going to have projects moving ahead and
4087 actually going to have the jobs that come from those
4088 projects, you need to have predictability and so there needs
4089 to be overall predictability, a focus on safety but also a
4090 focus on solving the real problems and letting the things
4091 that are dependable move ahead.

4092 Mr. {Scalise.} Mr. Kempthorne.

4093 Mr. {Kempthorne.} I really can't add anything to that,
4094 Congressman. I appreciate that.

4095 Mr. {Scalise.} Okay. And I know you both touched on it
4096 a little bit, but I want to get back to this concept of a 6-
4097 month pause. When Secretary Salazar says I just want to hold
4098 my finger on the pause button for 6 months and then at the
4099 end of 6 months maybe let it go and start things up again as
4100 if magically everybody just sits around waiting for 6 months
4101 and you start it up again. We are already seeing that some
4102 of those deep water rigs are leaving. Some have already
4103 signed contracts to leave the country and take those good
4104 jobs with it and the energy producing capabilities with it,
4105 and many others are already in negotiations, and at some
4106 point soon they are going to be signing their contracts too.
4107 But if you waited for 6 months--I just want to address that
4108 because I do think it is disingenuous for people to go around
4109 and say there is just a 6-month pause and then we will start
4110 everything up again.

4111 If you really do want to halt drilling for a long period
4112 of time, that is a policy decision and we can debate that,
4113 but I don't think it is fair to the American people to
4114 insinuate that you can just stop everything for 6 months and
4115 then start it back up again magically and everything will
4116 work just fine. If you could both address this. At what
4117 point down the road do you severely limit the ability for an
4118 industry to come back in a short period of time and, in fact,

4119 maybe years?

4120 Ms. {Norton.} I know from our hurricane experience with
4121 Rita and Katrina that, yes, there was a lot of damage that
4122 had to be repaired but it took far--

4123 Mr. {Scalise.} I commend you on your work in getting
4124 those issues addressed quickly.

4125 Mr. {Stupak.} Your time has quickly evaporated, Steve.

4126 Ms. {Norton.} We just found it took a whole lot longer
4127 for the industry to recover, for the energy production to
4128 recover than we would have expected.

4129 Mr. {Stupak.} Secretary Kempthorne, did you want to add
4130 something?

4131 Mr. {Kempthorne.} Very brief, if I may. Businesses
4132 need to have business plans. They need to have
4133 predictability as long as you put this question as to whether
4134 or not and when they might be able to come back. Also, we
4135 need to put it into human terms. The employees that draw
4136 their livelihood from the drill rigs and that entire
4137 industry, what do they do for 6 months during the pause? How
4138 do they derive their income for their families?

4139 Mr. {Scalise.} Thank you, Mr. Chairman.

4140 Mr. {Stupak.} Well, that concludes all time for this
4141 panel. I want to once again thank Secretary Kempthorne and
4142 Secretary Norton who voluntarily came here and gave of their

4143 time to help us with this problem, this disaster that our
4144 country is facing, and we thank you for your insight and the
4145 answers to all of our questions. With that, this hearing
4146 will be in recess until 2:05. We will take a 10-minute
4147 break. We will be right back with the next panel. We are in
4148 recess.

4149 [Recess.]

4150 Mr. {Markey.} {Presiding} We welcome everyone back.
4151 Again, this is a joint subcommittee hearing of the Oversight
4152 and Investigations Subcommittee of the Energy and Commerce
4153 Committee, and the Energy and Environment Subcommittee. We
4154 have been conducting this investigation jointly for 90 days,
4155 and we will continue to do so today. Our sole witness on our
4156 second panel is the Secretary of Interior, Ken Salazar, who
4157 was confirmed as Secretary of Interior on January 20, 2009.
4158 Prior to that service, he served in the United States Senate,
4159 representing the State of Colorado and before that he served
4160 Colorado as its Attorney General. So we welcome you, Mr.
4161 Secretary. It is the policy of this committee to take all
4162 testimony under oath and please be advised that you have the
4163 right under the rules of the House to be advised by counsel
4164 during your testimony. Do you wish to be represented by
4165 counsel?

4166 Secretary {Salazar.} No.

4167 Mr. {Markey.} Then would you please rise and raise your
4168 right hand to take the oath?

4169 [Witness sworn]

4170 Mr. {Markey.} Let the record reflect that the witness
4171 replied in the affirmative. You are now under oath. So now
4172 we will welcome you again, Mr. Secretary. Whenever you feel
4173 comfortable, we ask you to please begin your testimony.

|
4174 ^TESTIMONY OF THE HONORABLE KEN SALAZAR, SECRETARY OF THE
4175 INTERIOR

4176 } Secretary {Salazar.} Thank you very much, Chairman
4177 Markey and Chairman Stupak, and Ranking Members Upton and
4178 Burgess for this opportunity to come and testify in front of
4179 this committee concerning the Deep Water Horizon tragedy and
4180 what it has meant for this country and for this government
4181 and for the Department of Interior. Let me at the outset say
4182 that from April 20 until today, including this morning, we
4183 have continued a nonstop and relentless effort to kill the
4184 well to stop the oil from leaking from the well, and to do
4185 everything we can to keep the oil from coming on shore. It
4186 has been a coordinated effort on the part and at the
4187 direction of President Obama that has included the whole of
4188 government and putting every resource that we have and that
4189 the President has directed. We will not rest until we have
4190 this problem fully under control.

4191 The status of the well today, since I thought it might
4192 be of interest to the committee, is that it continues under
4193 shut in having pressure of approximately 6800 psi. There is
4194 an intensive monitoring program which we have directed BP to
4195 implement so that we can monitor seeps and any other kind of

4196 changes as the well integrity test continues. The essence of
4197 the regime that we are under right now is a 24-hour license
4198 that BP is given every 24 hours and based on the review of
4199 the seismic, acoustic, sonar and other information that we
4200 are getting then we make a decision about whether they can
4201 move forward for another 24 hours. The rationale for that
4202 intensive surveillance program is that it is important for us
4203 that this well maintained well integrity so that we don't
4204 have a catastrophe with the well bore essentially blowing out
4205 and then having all the contents of the reservoir blowing out
4206 into the sea.

4207 So we continue to spend a great amount of time. In
4208 fact, this morning as this hearing was going on, that is what
4209 I was working on. I did listen to parts of the testimony,
4210 including parts of the testimony from my predecessor,
4211 Secretary Kempthorne and Secretary Norton. Let me at the
4212 outset say that this is a tragedy because 11 people have been
4213 killed, and there has been environmental devastation in the
4214 Gulf of Mexico which we are dealing with now. And will
4215 continue to deal with into the future. There is a tendency
4216 to blame everybody who is involved and in my point of view
4217 there is a shared responsibility, a collective
4218 responsibility, for how we respond to this issue. I would
4219 suggest to all of you that based on your investigations and

4220 based on preliminary investigations from BP as well as
4221 preliminary investigations that I have seen that indicate
4222 that there were corners that were cut by BP as it moved
4223 forward with respect to this well construction.

4224 You are as a committee very aware of what some of those
4225 are and you have reported on some of your findings. I would
4226 also say that prior administrations and this Administration
4227 have not done as much as we could have done relative to
4228 making sure that there was safer production in the Outer
4229 Continental Shelf. I believe that after drilling some 40,000
4230 wells in the Gulf of Mexico that all of the nation, including
4231 the institutions of government, the Congress, as well as
4232 executive branch and multiple administrations were lulled
4233 into a sense of safety. And what the Deep Water Horizon
4234 perhaps drives home more than anything else is that we need
4235 to revisit that basic assumption with respect to safety.

4236 Let me say that since I came in as Secretary of the
4237 Interior the President and I discussed the reform agenda of
4238 the department and made the reform agenda a high priority of
4239 mine from day one. Specifically with respect to the former
4240 Minerals Management Service we moved forward with an ethics
4241 reform program in the Department of Interior to do away with
4242 the sex and drug scandals that we had seen in Lakewood and
4243 other places, and most of the activity that has been

4244 uncovered by the Inspector General is activity that has
4245 either been referred over to prosecution or appropriate
4246 actions have been taken with respect to the firing,
4247 suspensions or other disciplines of those employees who were
4248 involved. I will also say on that note that most of the
4249 employees at the Minerals Management Service continue to do
4250 their work every day. They are working very, very long hours
4251 now as we try to bring, for example, the Macondo well under
4252 control.

4253 We also moved forward with the reform agenda by
4254 terminating the Royalty-in-Kind program because the Royalty-
4255 in-Kind program had become essentially a magnet for the kind
4256 of corruption and ethics lapses that we had seen over the
4257 last 8 years, and so the termination of the Royalty-in-Kind
4258 program was a decision that I made early on to try to bring
4259 an end to the prior corruption. Thirdly, the Outer
4260 Continental Shelf and the plans that are put into place, many
4261 of you will recall that on the last day of the prior
4262 administration there was a new plan that was put forth for
4263 the OCS that essentially covered the entire OCS with respect
4264 to future development. We changed the OCS plan. There were
4265 some very extensive set of hearings and we were dealing with
4266 two different sets of plans, one from 2007-2012, and the new
4267 plan that was proposed from 2010-2015, and we narrowed it

4268 down so that we are protecting special places in the Arctic,
4269 the Chukchi and Bristol Bay where we cancelled 5 leases in
4270 that area. We took the Pacific off from drilling activity
4271 and proposed that we move forward in a thoughtful way with
4272 respect to areas in the Atlantic as well as with respect to
4273 the Gulf.

4274 Our intention was to stay away at least 125 miles from
4275 the shores of Florida. And, finally, as you, Mr. Chairman,
4276 with your advocacy, we have followed on your direction that
4277 we do everything that we can to stand up renewable energy in
4278 the offshore especially in the Atlantic. We see great hope
4279 in that possibility. We believe that huge amount of
4280 electricity can be generated from wind and that is an effort
4281 that is well underway. Finally, just in terms of how we have
4282 moved forward since April 20 and before. We had been working
4283 on moving forward with additional safety requirements and
4284 additional training for employees. We also raised the bar on
4285 industry, the 30-day safety report, which I prepared at the
4286 direction of the President, set forth a number of
4287 recommendations with respect to blowout preventers, venting,
4288 casing, and a whole host of other things that should make
4289 drilling more safely.

4290 We have moved forward with a safety notice to lessees
4291 which essentially is a recall of the blowout prevention

4292 mechanisms and requirement responder casing and well design
4293 requirements. That notice to lessees has been sent and we
4294 also have sent a notice to lessees with respect to blowout
4295 prevention. We are moving forward with the reorganization of
4296 what was formerly the Minerals Management Service and created
4297 the Bureau of Ocean Energy Management, Regulation, and
4298 Enforcement. That effort is led by the Assistant Secretary
4299 of Land and Minerals, Wilma Lewis, who was a former United
4300 States Attorney and Inspector General with the Department of
4301 Interior, and the agency itself will be led by Mike Bromwich,
4302 who also was an Inspector General for a very long time in the
4303 Department of Justice and who has been involved in the
4304 organization matters within the private sector.

4305 The reorganization of the new MMS, the new Bureau of
4306 Ocean Energy, essentially will have 3 units. There will be
4307 an Office of Natural Resource Revenue, and that is to
4308 separate the revenue collection function from the other
4309 functions related to leasing the resource. A second unit
4310 will be one of Bureau of Ocean Energy Management unit, which
4311 will essentially make the decisions about where it is that we
4312 will be leasing the OCS resources for development. And the
4313 third unit will be one that will be focused exclusively on
4314 safety and environmental enforcement. This will not come
4315 cheap. When one looks at what has happened in the 1990's and

4316 through the first decade of this century the staffing levels
4317 at MMS have essentially remained static. We have made
4318 requests for additional staff in the last few years. The
4319 proposal that we have before the Congress and before OMB
4320 contemplates an additional 445 inspectors to help us in
4321 carrying out this very important duty for the American
4322 people.

4323 I will comment just briefly on the moratorium because I
4324 know many of the members of this committee are interested in
4325 that. It is a moratorium that I have reissued that will stay
4326 in place until November 30 until I am satisfied that we have
4327 received appropriate and adequate answers to 3 essential
4328 questions. First, whether or not drilling can continue in a
4329 safe manner. Second of all, whether or not there is an
4330 adequate strategy to deal with blowout containment, issues
4331 like the one that we are facing, and, thirdly, that there is
4332 an adequate oil spill response capability that is out there.
4333 In conclusion, Mr. Chairman, I am hopeful that working with
4334 the members of this committee and members of the Congress
4335 that the legacy of this crisis will be four fold. First,
4336 that we will move forward to an era of safer production of
4337 oil and gas in the Outer Continental Shelf. Secondly, that
4338 we will embrace a Gulf Coast restoration program which
4339 Secretary Mabus and the Administration are leading in a way

4340 that finally restores the Gulf Coast after a century of
4341 degradation. Third, that we can embrace a conservation
4342 agenda for the 21st Century across America. And, finally,
4343 that it will open up the great possibility to a new energy
4344 future that broadens the portfolio of energy which this
4345 country had been so dependent on with respect to fossil fuels
4346 to now include the power of the sun, the power of the sun,
4347 the power of geothermal, and the other parts of the energy
4348 portfolio, which the President has as part of his
4349 comprehensive energy plan.

4350 [The prepared statement of Mr. Salazar follows:]

4351 ***** INSERT 3 *****

|
4352 Mr. {Markey.} Thank you, Mr. Secretary, very much. The
4353 chair will recognize the chairman of the Oversight and
4354 Investigations Subcommittee, the gentleman from Michigan, Mr.
4355 Stupak.

4356 Mr. {Stupak.} Thank you, Mr. Markey. Thank the
4357 chairman. Mr. Secretary, thank you for being here and thank
4358 you for all your work. This has not been an easy issue for
4359 any of us and especially your position as Secretary of
4360 Interior. You have been putting in a lot of hours and long
4361 days in working this, and we thank you for your efforts. Let
4362 me ask you this question. I asked both Secretary Norton and
4363 Secretary Kempthorne this question. The modeling we have for
4364 if an oil spill would work our only models deal with surface
4365 spills, not deep water spills. In 2005 MMS modeling team
4366 asked the secretary that the spill response plans need to be
4367 updated to deal with deep water releases. It has never been
4368 done. Were you aware when you took over that there was never
4369 a modeling program to show what would happen with a deep
4370 water spill in the Gulf of Mexico? Were you aware that
4371 nothing has been done?

4372 Secretary {Salazar.} The answer to that is no, I was
4373 not aware of that.

4374 Mr. {Stupak.} And my follow-up question then, should we

4375 update the model before we go back to drilling? I know we
4376 have this moratorium on right now but shouldn't we have some
4377 idea--maybe we can learn something from Deep Water Horizon
4378 how catastrophic spills would go in the Gulf. Is that enough
4379 reliance or should we do modeling before we resume
4380 exploration and drilling in the Gulf of Mexico?

4381 Secretary {Salazar.} Chairman Stupak, I think what we
4382 need to do is make sure that we have adequate plans to
4383 response to the 3 key issues that I just spoke about, and at
4384 the end of the day if you think about the containment program
4385 that has been underway since the Macondo well blew out, I
4386 think there is ample evidence that you have seen which I have
4387 reviewed every single day since April 20 and the efforts to
4388 close down the well that tells us that the containment
4389 efforts are simply not enough, and so it is an opportunity to
4390 really address all of the multitude of shortcomings that have
4391 become evident since April 20.

4392 Mr. {Stupak.} Since our investigation, I have been
4393 focusing a lot on the blowout preventer requirements, and as
4394 far back as 1997 MMS cut back on testing requirements for the
4395 BOPs by reducing required testing frequency from every 7 days
4396 to every 14 days because testing caused down time on the
4397 rigs. But a series of reports conducted between 2001 and
4398 2004 pointed to even bigger problems. Over and over again

4399 these reports indicated that in many cases blowout preventers
4400 would not be able to shed drill pipe in an emergency. If the
4401 BOP cannot shed a pipe then it cannot seal the well to
4402 control a blowout. A 2001 report concluded that sub-sea
4403 blowout preventers should be equipped with redundant shear
4404 rams to increase the chances of success in an emergency. A
4405 2002 report cited, and I quote, ``a grim picture of the
4406 success when using BOPs in an emergency.'' A 2003 report
4407 identified problems with emergency activation systems and the
4408 need for remote undersea vehicles to operate all BOP
4409 functions in an emergency. The warnings from 2001 through
4410 2004 seem to have anticipated the very problems that have
4411 come to pass in the Deep Water Horizon blowout.

4412 Mr. Secretary, my understanding is that MMS established
4413 new rules for blowout preventers with rulemaking in 2003, but
4414 they did not require dual shear rams or other key
4415 improvements that the studies indicated were necessary. Is
4416 that correct?

4417 Secretary {Salazar.} That is correct. Those
4418 requirements were not required.

4419 Mr. {Stupak.} On the rule that was made by Secretary
4420 Norton, I asked her about that, and I realize it was not your
4421 decision, but in retrospect do you think that the 2003
4422 federal rule based on these studies should have had the dual

4423 rams shearing capabilities in case of a blowout prevention--
4424 in case of a blowout of a well?

4425 Secretary {Salazar.} My own view, Chairman Stupak, is
4426 that there has been a lot learned with respect to these
4427 blowout preventers including the need to make sure that you
4428 have the shearing capability, and indeed some of the blowout
4429 preventers that are now being manufactured will require the
4430 dual capacity with the shear rams in case they end up closing
4431 in on a place where you have a pipe that they cannot get
4432 through.

4433 Mr. {Stupak.} Well, let me ask you because your 30-day
4434 report on the Deep Water Horizon contained a number of new
4435 recommendations for BOPs including the dual rams shearing as
4436 you indicated. Can you tell me some of the other
4437 recommendations and actions that the Department of Interior
4438 will be taking to implement safer BOPs?

4439 Secretary {Salazar.} The recommendations are many, and
4440 they are outlined extensively in that 30-day report as well
4441 as in the notice to lessees that we have issued additional
4442 rules that we will be making. Some of the blowout prevention
4443 enhancements that you will be seeing will deal with the
4444 shearing capability of rams but other improvements that have
4445 to be in my mind put into place as well include assurance
4446 that the backup actuation programs do, in fact, work. And we

4447 will be making those requirements and have made some of those
4448 requirements with respect to the 30-day report.

4449 Mr. {Stupak.} Well, you talked about the need to hire
4450 445 more inspectors. Will this enhance the certification and
4451 testing of these blowout preventers and other aspects that
4452 you have recommended in your 30-day report?

4453 Secretary {Salazar.} Absolutely, Chairman Stupak. And
4454 let me say that as much criticism as may be laid in terms of
4455 what has happened in the last 90 or 91 days since April 20,
4456 it also has been a great laboratory of learning. There was a
4457 conclusion that essentially was a conclusion that most people
4458 had that you could not test the blowout prevents sub-sea. We
4459 now know that that is not the case and so there will be
4460 additional testing requirements that will also be imposed
4461 with respect to blowout preventers.

4462 Mr. {Stupak.} Thank you, Mr. Secretary. Thank you, Mr.
4463 Chairman.

4464 Mr. {Markey.} The gentleman's time has expired. The
4465 chair recognizes the ranking member of the Energy and
4466 Environment Subcommittee, the gentleman from Michigan, Mr.
4467 Upton.

4468 Mr. {Upton.} Thank you. Welcome, Mr. Salazar. Go
4469 blue, right?

4470 Secretary {Salazar.} Go blue.

4471 Mr. {Upton.} Michigan Law School, you didn't say that.
4472 I don't know if you have had a chance to look at the bill
4473 that the Full Committee reported out last week, 48 to
4474 nothing, H.R. 5626, the Blowout Prevention Act. I know that
4475 as a number of us were trying to seek comments from the
4476 Department, I don't know if there was a clearance problem at
4477 OMB, but we really didn't get any comments from the
4478 Administration as it related to the progress of this bill.

4479 I don't know if you had a chance to look at it, and now
4480 that it has been reported out, I wondered if you might want
4481 to comment on certain provisions that still may be
4482 constructive as we look at this bill before it gets to the
4483 House Floor.

4484 Secretary {Salazar.} Congressman Upton, I first of all
4485 agree that this committee put its focus on one of the very
4486 key issues that needs to be addressed and that is blowout
4487 preventers. And so I appreciate the work from this
4488 committee, and the fact that you had that kind of a
4489 bipartisan support for that legislation shows that it was a
4490 well thought-out piece of legislation. We are currently in
4491 the process of reviewing that legislation along with a host
4492 of other pieces of legislation that are making their way
4493 through Congress, and I look forward to working with all of
4494 you because I do think that it is a bill that we can work

4495 with. And so there may be some modifications or changes that
4496 we will request, but we have not yet had the opportunity to
4497 dig into it in detail but we will.

4498 Mr. {Upton.} You indicated in your testimony that you
4499 are doing in essence a 24-hour license every single day with
4500 BP. What would happen if you actually denied them a 24-hour
4501 bill? Would you all take over? What would happen?

4502 Secretary {Salazar.} Essentially what would happen is
4503 they would have to go back into a containment mode and that
4504 is to essentially minimize the amount of oil that ultimately
4505 gets spilled out into the Gulf. And so prior to the time
4506 that the shut-in occurred, they were capturing on the average
4507 of about 24,000 to 25,000 barrels of oil a day so that there
4508 would be a resumption of some of that oil containment
4509 capacity as well as a program which we required. We ordered
4510 BP to develop a program that put in different scenarios with
4511 different oil containment capacity, leading up to as much as
4512 80,000 barrels a day of containment capacity.

4513 What would happen as you would transition though from a
4514 shut-in of the well over to a leak containment program is
4515 that during that interim period, there would be some flow of
4516 oil out into the Gulf.

4517 Mr. {Upton.} Former Secretary Kempthorne who was here
4518 earlier this morning in his testimony voiced the frustration

4519 to the degree that they had sought more money for inspectors,
4520 in essence about \$2 million more than what Congress provided.
4521 You indicated just now that you are looking for about 445
4522 more inspectors. I am just wondering if the ideas fostered
4523 within the Administration to perhaps go about like a user fee
4524 on the industry itself, like we have an escrow account now to
4525 pay, I hope, every dime of--or an escrow account for every
4526 dime for the losses--et cetera, for folks along the Gulf.
4527 Should you not be able to get money from the Appropriations
4528 Committee, do you have the authority, would you seek
4529 authority to in fact impose a user fee to then provide for
4530 these additional inspectors that you are calling for?

4531 Secretary {Salazar.} We are working closely with OMB
4532 and work closely with the Appropriations Committee relative
4533 to the additional resources that are needed and how we fund
4534 them. And I know everybody here agrees that we need to find
4535 ways for paying for some of these things, and so that is part
4536 of the conversation that is taking place.

4537 The number that I gave to you in terms of 445 inspectors
4538 is what we believe we would need over about a 3-year
4539 timeframe to be able to do an adequate job of inspecting the
4540 oil and gas activities in the outer Continental Shelf. As I
4541 think I heard some of you say this morning, it would be
4542 almost impossible, frankly, for 60 inspectors to be expected

4543 to go out and do the job when we are talking about 4,000 very
4544 complicated facilities that they have to inspect in the Gulf
4545 of Mexico.

4546 Mr. {Upton.} What role do you expect that the
4547 President's Oil Spill Commission will play in the decisions
4548 about the moratorium? Do you expect that commission to offer
4549 advice as it relates to the moratorium and how would you use
4550 it?

4551 Secretary {Salazar.} You know, we will consult with
4552 them relative to whether or not it is time for us to remove
4553 our hand from the pause button, but right now, given the
4554 dynamic situation in the Gulf of Mexico and the issues that I
4555 outlined earlier, from our point of view, it would be
4556 irresponsible to take off, to take our hand off the pause
4557 button, as many have suggested.

4558 And so we will be developing information in the weeks
4559 and months ahead, including information that is developed by
4560 the President's Deep Water Commission. If we are to make an
4561 adjustment with respect to the moratorium, it will be
4562 dependent on, be answering to the three fundamental questions
4563 which relate to drilling safety, oil containment and adequacy
4564 of oil spill response. And if we were to find a way of doing
4565 that before 6 months, then there would be a possibility of
4566 doing something different with the moratorium. But for right

4567 now, our view is that it will take until about November 30
4568 for us to get that done.

4569 Mr. {Markey.} The gentleman's time has expired. The
4570 Chair will recognize himself for a round of questions.

4571 Mr. Secretary, in recent days, BP's Kent Wells said that
4572 the company is considering an additional technique known as a
4573 static kill, a bull-heading, now that the well has been
4574 capped. This procedure has been described as similar to the
4575 top-kill in which mud is introduced at the blowout preventer
4576 but may benefit from the current stop-flow and lower than
4577 expected pressure at the well. What can you tell us about
4578 this bull-head kill? What are the risks and the challenges
4579 of the procedure that is now being considered?

4580 Secretary {Salazar.} The static kill would be a
4581 decision essentially to try to kill the well from the top.
4582 Some have described it in layman's terms as a sandwich kill
4583 because ultimately, everyone has known that ultimately
4584 killing this well is going to require the relief well to kill
4585 it from the bottom. But in the interim, what BP has been
4586 talking about is a possibility of coming in from the top and
4587 essentially putting in mud and then cementing the well from
4588 the top. Their view is that it can be done easier now that
4589 you basically have a shut-in pressure and you don't have a
4590 flowing well.

4591 But I think Chairman Markey exemplifies a key role that
4592 we in the United States have been playing with respect to
4593 these kinds of issues. We will not allow BP to move forward
4594 with the static kill option if we think that it is going to
4595 create greater jeopardy and compromise the integrity of the
4596 well.

4597 And so there is a science team which is headed by
4598 Secretary Chu and includes the directors of all the national
4599 labs as well as Director Marcia McNutt from the U.S.
4600 Geological Survey, and they are reviewing these plans and
4601 assessing the benefits and risks. And it is on their advice-
4602 -we will allow the science to lead us to the appropriate
4603 conclusion before we stop BP or we green light BP on
4604 anything.

4605 Mr. {Markey.} Thank you, Mr. Secretary. If the well is
4606 permanently shut in or killed through a static kill, then a
4607 definitive determination of flow rates may be precluded, and
4608 that would be a success for BP in its continued attempt to
4609 obscure the true flow rate of the well. If, however, we do
4610 move to a collection strategy, then it would be possible at
4611 some point to collect 100 percent of the hydrocarbons from
4612 the well for a period of time. Why is that important?
4613 Because BP will be fined \$4,300 per barrel for gross
4614 negligence. Each 10,000 barrels that spill out per day for

4615 80 days or so would be the equivalent of a \$3.5 billion fine,
4616 20,000 barrels per day, \$7 billion, et cetera. If it was
4617 60,000 barrels per day, then the fine would be about \$18
4618 billion.

4619 So Mr. Secretary, can you tell us what is the likelihood
4620 that we can get as precise a number attached to how much oil
4621 has been spilled out in the Gulf of Mexico because of the
4622 negligence of BP? We know that BP is trying to lower their
4623 liability. They want the maximum amount of ambiguity in
4624 terms of what that number is so that the ultimate settlement
4625 will be lower in terms of what BP has to pay to the American
4626 taxpayers and to the people in the Gulf of Mexico. So can
4627 you just give us some sense of how precise ultimately the
4628 goal is for the Obama Administration to establish how much
4629 oil did go into the Gulf of Mexico?

4630 Secretary {Salazar.} Chairman Markey, I agree with your
4631 conclusion that it is absolutely imperative that we have the
4632 flow rate determined in a way that is absolute, and we have
4633 the best of scientists in the world that have been involved
4634 in terms of looking at these flow rates.

4635 The current flow rate of the U.S. Government which came
4636 about as a result of very extensive scientific work is
4637 between 35,000 and 60,000. There is additional data that has
4638 come in relative to pressure as the well was shut in, and

4639 that will provide an additional opportunity in the days ahead
4640 to try to come up with a definitive number that will give us
4641 the rate of flow at the time of the shut-in. But there are
4642 other complicated questions, Chairman Markey, that our
4643 scientists will have to look at, including whether or not the
4644 amount of flow has changed over time from April 20 until the
4645 time of shut-in. But I can assure you that the premise here
4646 that BP be held accountable for everything that it owes to
4647 the United States of America relative to penalties and other
4648 kinds of assessments against BP is essentially imperative for
4649 us, requires us to make sure that we have accurate flow
4650 numbers.

4651 Mr. {Markey.} Well, again, I would just say that we
4652 know that BP will litigate this issue in terms of how large
4653 their fine is, as Exxon did after the Valdez incident. If it
4654 takes 10 years, they will take 10 years. They will take as
4655 much time as they want. I think it is critical for us to
4656 establish the most precise number right now because
4657 ultimately the American taxpayers should be fully compensated
4658 for what BP did to America's ocean.

4659 We thank you, Mr. Secretary, for being here and for your
4660 service to our country.

4661 Let me turn now and recognize the gentleman from Texas,
4662 the Ranking Member of the Full Committee, Mr. Barton.

4663 Mr. {Barton.} Thank you. I thought you were going to
4664 go to Burgess, but I am ready to go.

4665 Mr. {Markey.} Mr. Burgess pointed toward you.

4666 Mr. {Barton.} Oh, he did?

4667 Mr. {Markey.} Approvingly.

4668 Mr. {Barton.} All right. He has passed the buck.

4669 Mr. {Markey.} With recognition.

4670 Mr. {Barton.} All right. Well, thank you, Dr. Burgess,
4671 and welcome Mr. Secretary.

4672 The blowout preventer that failed on April the 20th was
4673 supposed to be inspected every 2 weeks, and we have been told
4674 that this particular blowout preventer was inspected
4675 approximately I believe 10 days before the accident and
4676 passed the test. Is that correct? And can you share with
4677 the committee any of the results of that particular test?

4678 Secretary {Salazar.} My recollection, Representative
4679 Barton, is there was an inspection that did occur in early
4680 April of the blowout preventer and that there were multiple
4681 tests that were conducted after that. The inspection would
4682 have occurred, and then following that, there were I think
4683 tests on the blowout preventer April 10th, perhaps April
4684 17th, but other days during that time of April.

4685 Mr. {Barton.} So is it correct that this particular
4686 blowout preventer that failed on April the 20th when you had

4687 the accident did pass the inspection earlier?

4688 Secretary {Salazar.} It did pass the last inspection
4689 that was conducted.

4690 Mr. {Barton.} When that inspection or any inspection of
4691 these ultra deep oil rigs are conducted, is there an MMS
4692 inspector onsite while the test is being conducted?

4693 Secretary {Salazar.} The answer to that is no. The
4694 answer to that is that the tests are conducted by the
4695 companies when they are testing the blowout preventer. When
4696 the inspections occur, you don't have the capacity frankly
4697 when the inspector is out there to get down and see and
4698 conduct the test itself while you are on there.

4699 And so you take the information that is provided, and
4700 you review that information as an inspector, and that is what
4701 you base your findings on. And that is part of the change
4702 that I believe needs to be made. It ought not to be a
4703 circumstance where essentially an inspector is taking the
4704 word of the company relative to the adequacy of the blowout
4705 preventer.

4706 Mr. {Barton.} So current practice has been a self-
4707 administered test using approved protocol, and then the
4708 results of that test are forwarded to the appropriate
4709 official at MMS, is that correct?

4710 Secretary {Salazar.} As I understand it, Chairman

4711 Barton, or Ranking Member Barton--

4712 Mr. {Barton.} I like Chairman. That is okay.

4713 Secretary {Salazar.} Ranking Member Barton. My
4714 understanding is that is how the process works.

4715 Mr. {Barton.} Has your department had a chance to
4716 compare the test results of this particular blowout preventer
4717 to what happened on the accident day and the inspections that
4718 have occurred electronically and visually through the remote
4719 monitors of this blowout preventer? In other words, can you
4720 indicate what the anomaly was in the accident that caused the
4721 blowout preventer not to operate when apparently very soon
4722 before that, it had operated correctly? We have had 90 days
4723 as has been pointed out rightfully so by my friends on the
4724 majority. The failsafe plan was that the blowout preventers
4725 would never fail. Well, the blowout preventer did fail. So
4726 I would think a key component of the investigation would be
4727 compare the test results most recently tested with what
4728 actually happened and see what the anomaly is. Has that been
4729 done and if it has, can you share that information with the
4730 committee?

4731 Secretary {Salazar.} Congressman Barton, there are many
4732 pieces of evidence that need to be collected, including the
4733 blowout preventer. The blowout preventer is essentially the
4734 black box that has to be taken up from the floor of the sea,

4735 and none of these investigations will be able to be fully
4736 completed until that happens.

4737 The blowout preventer is now necessary in order to keep
4738 the integrity of the well and the well shut-in--

4739 Mr. {Barton.} I understand that.

4740 Secretary {Salazar.} So when that blowout preventer
4741 comes out, there will be a very extensive forensics protocol
4742 that will examine all of those issues and determine what went
4743 wrong. But it is a critical aspect of the Marine Board
4744 investigation. It is a critical aspect that everybody
4745 involved in any of the investigations is focused on, and I am
4746 sure your committee will be very interested in those findings
4747 as well.

4748 Mr. {Barton.} My last question, and I know I have just
4749 expired my time, why was the Jones Act not waived so that
4750 some of these international partners could send their
4751 equipment to assist in the skimming and the clean up
4752 immediately? Because I know there was a petition to do that.
4753 Why was that not granted?

4754 Secretary {Salazar.} Congressman Barton, I can only say
4755 that I have worked with the National Incident Commander Thad
4756 Allen and our entire group from day one, and the Jones Act
4757 has never been in the way of getting any vessel on board to
4758 deal with the oil spill response.

4759 Mr. {Barton.} So the international community that
4760 wanted to send their equipment, the fact that they wanted to
4761 send it and couldn't because of the Jones Act, that is just
4762 not true, they just didn't send it?

4763 Secretary {Salazar.} It is not true that the Jones Act
4764 was any barrier to bring in any of those vessels--

4765 Mr. {Barton.} Then why were they not allowed in? I was
4766 told it was because the Jones Act prevented it. If that is
4767 not true, why were they not allowed in?

4768 Secretary {Salazar.} My understanding, and I can get
4769 the National Incident Commander's verification on this for
4770 you, but the Jones Act has not been at all a reason for any
4771 of these vessels from coming in.

4772 Mr. {Barton.} Okay. You didn't answer my last--you
4773 have answered the first question. You said the Jones Act was
4774 not the reason. What was the reason?

4775 Secretary {Salazar.} Again, it is the National Incident
4776 Commander Thad Allen that can respond to that. My
4777 understanding is that there are multiple reasons, including
4778 some of them are the distance that they were and a host of
4779 other reasons. But we can get that for you.

4780 Mr. {Barton.} Will you state that the reason is not
4781 because somebody in the Obama Administration said they
4782 couldn't, they were turn down?

4783 Secretary {Salazar.} I will--

4784 Mr. {Barton.} Can you declaratively state that they
4785 were turned down?

4786 Secretary {Salazar.} Congressman Barton what I will say
4787 this, is that no stone has been left unturned in terms of any
4788 offer of help that could be used, okay? And that certainly
4789 has been the direction that the President has given to us and
4790 that the National Incident Commander have been working on
4791 from day one.

4792 Mr. {Barton.} I thank the Chair's discretion.

4793 Mr. {Stupak.} Chairman Waxman for questions, please.

4794 The {Chairman.} Thank you, Mr. Chairman. Secretary
4795 Salazar, good to see you. Our committee investigation
4796 revealed that BP made a series of risky decisions. When they
4797 were drilling the Macondo well, they used a single string of
4798 casing that provided only one cement barrier preventing flow
4799 of dangerous gases to the well head. They did not use enough
4800 centralizers during the cementing process. They failed to
4801 fully circulate drilling fluids. They failed to install a
4802 key casing lock-down sleeve. And they failed to conduct a
4803 cement bond log test to determine if the cement job had
4804 failed. Many of these decisions did not conform to industry
4805 best practices, but BP went ahead with them anyway.

4806 Secretary Salazar, why was BP able to design such a

4807 risky well? Can you describe for us the regulations on well
4808 design and cementing and why they failed here?

4809 Secretary {Salazar.} Chairman Waxman, the issues you
4810 have raised with respect to cementing, centralizing, drilling
4811 fluid, and the rest of the issues that you raised are I know
4812 very much a subject of what this committee has looked at.
4813 They are very much the subject of which the Marine Board is
4814 looking at right now. And we will have some answers with
4815 respect to what happened on each of those apparent
4816 deficiencies.

4817 In terms of the regulations of the Department, there are
4818 regulations of the Department with respect to each of those
4819 issues that you raise. Part of the investigation will
4820 determine whether or not those regulations were followed or
4821 whether they were simply broken. But that is part of what
4822 the investigation will look at, and with respect to MMS
4823 employees that were involved in the oversight of the
4824 regulations and the inspections, I have also asked the
4825 Inspector General to take a look at what exactly it was that
4826 the MMS employees were involved in the Deepwater Horizon knew
4827 or didn't know.

4828 So we are looking at all those issues, and they are all
4829 part of the ongoing investigation.

4830 The {Chairman.} As I understand it, current regulations

4831 are performance-based. They essentially tell operators to
4832 make sure the design is safe but require no specifics on how
4833 to do so. In the wake of the BP disaster, you called at
4834 least for new regulations regarding the well design and
4835 cementing. Can you describe your recommendations and how you
4836 intend to implement them?

4837 Secretary {Salazar.} The regulations are first in terms
4838 of drilling safety and cementing and casing. Chairman
4839 Waxman, many of them are spelled out in the 30-day report
4840 that we submitted to the President, and those regulations in
4841 many ways are then reflected in the legislation which this
4842 committee acted on.

4843 We are implementing those recommendations through notice
4844 to lessees, two of them that have already gone out to cover a
4845 number of those recommendations and are in the process of
4846 moving forward with additional regulations, including a new
4847 set of rule-making. In addition to that, the new Director of
4848 the Bureau of Ocean Energy is hosting a number of public
4849 outreach meetings to make determinations as to whether or not
4850 additional changes are needed.

4851 So it is a dynamic situation, but we are not waiting
4852 around until November 30 or January 1 in terms of making
4853 changes that need to be made. There are many changes that
4854 are being made as we speak.

4855 The {Chairman.} A number of the recommendations that I
4856 believe was the commission that you set up proposed were
4857 embodied in legislation that was passed by this committee
4858 called the Blowout Prevention Act of 2010. The legislation
4859 would not let BP or any other company take the same shortcuts
4860 that were taken on the Macondo well. This legislation
4861 requires multiple barriers to prevent gas flows in the well.
4862 It requires circulation of the fluids and adequate
4863 centralization of the casing. It would mandate the use of a
4864 lockdown sleeve. It would require cement bond log testing of
4865 key cement jobs. It would also require third-party
4866 certification that the well design is safe, making the
4867 regulator's job easier. I believe this proposal that came
4868 out of our committee will help you in your effort to improve
4869 safety of deep water drilling. The requirements in this
4870 legislation will go a long way toward preventing blowouts and
4871 making sure that regulators have the tools they need to keep
4872 well operators from taking dangerous shortcuts.

4873 That was the intent of our legislation. It was based on
4874 some of the recommendations your people had proposed, and it
4875 would not prevent you from revising those regulations and
4876 updating them as you saw necessary. But the emphasis, the
4877 shift in emphasis, would be that there would be things that
4878 would be required to be done before the drilling permit would

4879 be agreed to, not just simply that that company is going to
4880 say that they will live up to a performance standard and then
4881 when they failed, then we are looking after the fact as we
4882 now are dealing in the BP case.

4883 We want to work with you. We want to make sure this
4884 never happens again. And we hope when we pass this
4885 legislation and you are finished with your job, we can assure
4886 the American people of safety in the drilling of these wells.

4887 I yield back my time.

4888 Secretary {Salazar.} I agree with you very much,
4889 Chairman Waxman. And let me say, I appreciate the leadership
4890 of this committee and focusing in on what was supposed to be
4891 the failsafe. That failsafe essentially was what lulled the
4892 American public, this Congress, multiple executive branches
4893 and secretaries and presidents to say that this was safe.
4894 And so your focus on that particular issue is one that I very
4895 much appreciate, and we are reviewing your bill and I expect
4896 that we will work things out with your staff relative maybe
4897 to some technical issues. But the thrust of it is absolutely
4898 correct.

4899 The {Chairman.} Thank you very much.

4900 Mr. {Stupak.} Mr. Burgess for questions.

4901 Dr. {Burgess.} Thank you, Mr. Chairman. Mr. Secretary,
4902 welcome to our committee. Who is going to be responsible

4903 for--fast forward when the well is shut in, the blowout
4904 protector will be removed by someone and examined by someone.
4905 Can you tell us the process you intend to follow? Who will
4906 be charged with removal and who will be charged with the
4907 forensics on the blowout protector? And this is essentially
4908 a crime scene, as I understand it. Is that not correct?

4909 Secretary {Salazar.} Yeah, interestingly, Congressman
4910 Burgess, we have put together an effort which I have asked
4911 Deputy Secretary Dave Hayes to work with the Department of
4912 Justice and the National Incident Commander Thad Allen to
4913 assure that the appropriate protocols are followed because
4914 this is Exhibit A, if you will, in a whole host of matters
4915 that will unfold before the country in the year ahead. It is
4916 the black box, and so we need to make sure that the right
4917 protocols are followed, and those are being developed.

4918 Dr. {Burgess.} Well, there is a lot of course to
4919 determine who is at fault and was there negligence. But then
4920 of course, from our perspective, we wrote a law that you just
4921 referenced dealing with preventing the problem from ever
4922 happening again. But we don't know what happened that caused
4923 the problem that we are dealing with now.

4924 So obviously it needs to proceed on two tracks, but they
4925 are both extremely important. One is important from settling
4926 criminal issues and liability issues in regards to this

4927 accident and one is important to settling the issues as to
4928 how we do proceed in the future with this type of activity.
4929 Now you--

4930 Secretary {Salazar.} I agree with you, and if we could
4931 we would be doing the forensics on it right now. The problem
4932 and reality is that--

4933 Dr. {Burgess.} You can't move it.

4934 Secretary {Salazar.} --it is needed to keep the well in
4935 control for right now.

4936 Dr. {Burgess.} Sure.

4937 Secretary {Salazar.} But as soon as it is over, I
4938 guarantee you, the protocol will take over. The United
4939 States is in charge. The United States will be in charge of
4940 the blowout preventer and will be in charge of the forensics
4941 and the evidence.

4942 Dr. {Burgess.} Will BP be the one that removes it from
4943 the ocean floor?

4944 Secretary {Salazar.} That will be part of the protocol,
4945 and it will probably be with oversight from the United States
4946 Government. But that will be part of the protocol that we
4947 are working on.

4948 Dr. {Burgess.} Let me just ask you this very briefly.
4949 You referenced to an answer to a question I think of Mr.
4950 Stupak, or maybe it was Mr. Markey's, that Secretary Chu was

4951 having some input into monitoring the condition of the well
4952 as it currently exists as to whether or not the pressures are
4953 acceptable, neither too high nor too low. I know Dr. Chu is
4954 a brilliant man, but does he have experience with well
4955 design?

4956 Secretary {Salazar.} What I will say is he is a Nobel
4957 laureate and my extensive work with him in the last 90 days,
4958 he is probably the most brilliant man on the planet. And
4959 having him in a position--

4960 Dr. {Burgess.} With all respect, the President is a
4961 Nobel laureate, but I don't know that he would be the best
4962 person for that job.

4963 Secretary {Salazar.} But if I may, what Secretary Chu
4964 has done with my assistance and my working with him is we
4965 have assembled the best team. You would be proud of them,
4966 Congressman, of scientists from around the country, from the
4967 Federal Department of Energy labs, Sandia Labs, Tom Hunter,
4968 Marcia McNutt from the United States Geological Survey. And
4969 they have collective petroleum--

4970 Dr. {Burgess.} But they don't design wells, with all
4971 due respect. All I am concerned about here is you referenced
4972 the fact that BP may want to do something different from what
4973 the Department of Interior wants. At some point, if there is
4974 a divergence of opinion, does BP lose any of their liability

4975 if the Department wants them to go in a direction that they
4976 are uncomfortable in going or if they said, we really just
4977 want to go ahead and shut this thing in with whatever you
4978 called it, the bull hammer approach now. Who ultimately gets
4979 to make those decisions and then what release of liability is
4980 there for the party of the first part, BP, if the wrong
4981 decision is made?

4982 Secretary {Salazar.} The United States is in charge.
4983 The United States working through the National Incident
4984 Commander will give the approvals and authority on the way
4985 forward. Those decisions, Representative Burgess, will be
4986 guided by the best of what the science community tells us,
4987 and we have the best of the science world involved in this
4988 issue.

4989 Dr. {Burgess.} I wish we could all be so sure. We
4990 don't even know about the presence of--down there or the
4991 ultimate of the potential for collapse of the well head. I
4992 mean, that has been a concern since it was raised in this
4993 committee some six weeks ago. So I wish I could share your
4994 certitude about that.

4995 I have got a number of questions related to the
4996 moratorium. I hope we will have the opportunity to submit
4997 questions in writing because I think this is important. But
4998 have you done a risk analysis on the likelihood of other

4999 wells failing in the Gulf?

5000 Secretary {Salazar.} The moratorium decision which we
5001 issued in a 20-plus page document laid out the factors
5002 related to my decision. My decision essentially was based
5003 around three key factors which there is tremendous evidence
5004 in the record to support and tremendous evidence which I know
5005 this committee has seen uphold before its very eyes. And
5006 those issues relate to drilling safety, oil containment and
5007 oil spill response. Today, if there was another oil spill
5008 response requirement in the Gulf of Mexico or somewhere else,
5009 we would not have the capacity to respond to it because all
5010 of the resources essentially are focused in on dealing with
5011 the blowout at the Macondo well.

5012 Dr. {Burgess.} Before I am gaveled down, would you
5013 supply that risk analysis for the committee for the record?

5014 Secretary {Salazar.} We will supply you a copy of my
5015 decision which essentially includes reference to a very
5016 extensive record.

5017 Dr. {Burgess.} Actually, the paper supporting the
5018 decision would be what the committee would benefit from.

5019 Secretary {Salazar.} We will work with your staff to
5020 figure out exactly what it is that you want, but we do--the
5021 decision that was made last week and communicated last week
5022 was a very well-thought-out decision which--

5023 Dr. {Burgess.} But based upon some set of facts, and if
5024 the set of facts could be--

5025 Mr. {Stupak.} The gentleman's time--

5026 Dr. {Burgess.} --provided to the committee, that is
5027 what we would appreciate.

5028 Mr. {Stupak.} Mr. Dingell for questions, please.

5029 Mr. {Dingell.} Mr. Chairman, thank you. Mr. Secretary,
5030 a pleasure to see you before the committee. Thank you for
5031 being here.

5032 Mr. Secretary, I am troubled. Where in the statute does
5033 NEPA allow for categorical exclusions? What is the citation
5034 in the statute which permits that?

5035 Secretary {Salazar.} Congressman Dingell, I think you
5036 get to the broader question with respect to the environmental
5037 review of oil and gas leasing in the outer Continental Shelf.

5038 Mr. {Dingell.} No, Mr. Secretary, this is a very
5039 specific question. I say this with the great affection and
5040 respect. But NEPA says that every single action which has a
5041 significant impact upon the human environment shall be
5042 accompanied by an environment impact statement. Nowhere in
5043 that statute--and by the way, Scoop Jackson and I wrote this
5044 in the late '60s and early '70s. Nowhere in the statute is
5045 there authority given for a categorical exclusion. Is it the
5046 interpretation of your agency that there is a categorical

5047 exclusion in this or is it the interpretation of the Council
5048 on Environmental Quality that such be so?

5049 Secretary {Salazar.} It is founded in law and it has to
5050 do with this. Chairman Dingell, if you, with all due
5051 respect, there was an environmental impact statement that was
5052 conducted with respect to the 2007 to 2012 plan. There was
5053 another environmental impact statement with respect to this
5054 particular--

5055 Mr. {Dingell.} Here is the way it worked, Mr.
5056 Secretary, and let us refresh our collective recollections.
5057 There was essentially a generic environmental impact
5058 statement issued for the entire block in which the lease
5059 existed as opposed to a specific lease, and I am trying to
5060 figure out what transpired here. I hear talk that there is
5061 some kind of a device for a categorical exclusion. I want to
5062 make sure that your department is not misinterpreting the
5063 statute or that the statute has not been improperly amended
5064 at any time since Scoop Jackson and I got it into law.

5065 Secretary {Salazar.} Let me say that the fix here is
5066 what the President and I have proposed to the Congress and
5067 that is there is a requirement in the law under--an
5068 expiration plan to be approved within 30- days of its
5069 submission. And so what we have asked is that that timeframe
5070 be extended from 30 days to 90 days in order to be able to do

5071 the appropriate environmental review. So that is one of the
5072 areas that we hope to work with the Congress on to make sure
5073 that the way in which categorical exclusions have been used
5074 in the past is not the way they are used in the future.

5075 Mr. {Dingell.} I think, Mr. Secretary, in the interest
5076 of time, I would like to submit this and ask that you respond
5077 for the purpose of the record. Have there been any
5078 categorical exclusions, and if so how many granted where oil
5079 and gas companies got licenses to drill? If so, how many? I
5080 will permit that to be inserted into the record. So would
5081 you submit that for us, please?

5082 Now, Mr. Secretary, tell us about this cement bond log.
5083 No such test was performed on the Macondo well, is that
5084 correct?

5085 Secretary {Salazar.} Chairman Dingell, the answers to
5086 those questions are still a part of the investigation.

5087 Mr. {Dingell.} Okay.

5088 Secretary {Salazar.} Your committee has found that--

5089 Mr. {Dingell.} Would you submit that, please, Mr.
5090 Secretary, for the record?

5091 Secretary {Salazar.} But Chairman Dingell--

5092 Mr. {Dingell.} But I would like you to tell me if
5093 Interior does not insist that such a test is performed, then
5094 how is the department to know that that is, rather than the

5095 law has been complied with and that in fact the lease is
5096 being safely and properly executed by the oil company?

5097 Secretary {Salazar.} Chairman Dingell, we have
5098 conducted and are conducting a comprehensive review of the
5099 whole regulatory regime relative to the drilling--

5100 Mr. {Dingell.} Mr. Secretary--

5101 Secretary {Salazar.} --on the Continental Shelf.

5102 Mr. {Dingell.} --with respect and affection again, I
5103 will submit this for the record and ask you to respond.

5104 Now, Mr. Secretary, it is my understanding the lessees
5105 are required to submit a blowout scenario. In 2003, all
5106 leases in the Gulf were exempted from this requirement unless
5107 they fell into four specific categories. In 2006, this was
5108 expanded to five. Is this correct?

5109 Secretary {Salazar.} It is correct that that is the way
5110 it was, as I understand it--

5111 Mr. {Dingell.} Okay.

5112 Secretary {Salazar.} --Chairman Dingell, but it is also
5113 correct that those are some of the changes that we have
5114 already made as we have moved forward with the 30-day--

5115 Mr. {Dingell.} I don't want to you to feel
5116 uncomfortable--

5117 Secretary {Salazar.} --report to the President of the
5118 implementation--

5119 Mr. {Dingell.} --about this, Mr. Secretary.

5120 Secretary {Salazar.} --of the regulations.

5121 Mr. {Dingell.} I just want to gather the facts. Now,
5122 did the Macondo well require a blowout scenario or was it
5123 exempted from the blowout scenario?

5124 Secretary {Salazar.} The Macondo well had a requirement
5125 with respect to a blowout preventer under the regulations.

5126 Mr. {Dingell.} Again, I would like to submit that in a
5127 written inquiry. I thank you, Mr. Secretary.

5128 I ask, Mr. Chairman, that the record remain open for
5129 both my letter and the response of the Secretary, if you
5130 please.

5131 Mr. {Stupak.} As Chairman Dingell knows and other
5132 members know, the record would stay open for 10 days for
5133 additional questions. So we will make sure that is done.

5134 Mr. {Dingell.} Thank you, Mr. Chairman, and thank you,
5135 Mr. Secretary. It is a pleasure to have you before the
5136 committee.

5137 Mr. {Stupak.} Thank you, Mr. Dingell. Mr. Shimkus for
5138 questions, please.

5139 Mr. {Shimkus.} Thank you, Mr. Chairman, and I, too,
5140 would like to submit for the record for you, Mr. Secretary,
5141 if you would supply the committee's staff with all risk
5142 analysis of another blowout that was used in determining the

5143 first moratorium and then obviously the second. There has
5144 got to be some risk analysis that was conducted, and we would
5145 like for you to submit that for the record.

5146 First of all, I want to thank you for being here, and I
5147 appreciate your candor to say, hey, there is enough blame to
5148 go around for all of us. I think the deep-sea modeling issue
5149 is just another one that a lot of us let slip by, things that
5150 we could have done. And so I think that is important that we
5151 look at the problem, try to resolve the problem, make BP pay
5152 and move forward.

5153 This is historical in my 14 years having a sitting
5154 Secretary and two previous Secretaries in one day, and as I
5155 noted earlier, I have not seen that ever done. I have not
5156 seen a Secretary of Energy brought before and then the
5157 previous Secretaries of Energy brought on the same day. So
5158 it is what it is. So we welcome you here.

5159 First of all, for electricity generation in this
5160 country, are we independent? Are we as a Nation for the most
5161 part independent on our energy needs for electricity
5162 generation? I can help you. I know you are not in the
5163 energy--the answer is yes. So when we talk about energy
5164 needs of this country, I like to break it up into electricity
5165 generation and liquid fuels for transportation needs and the
5166 like.

5167 You made a comment in your opening statement about the
5168 huge amounts of energy that will be able to be recovered by
5169 wind in the Atlantic coast. Can you define huge for me?
5170 This has got to be electricity generation because we don't
5171 make transportation fuel out of wind. I am just trying to
5172 figure out what huge is.

5173 Secretary {Salazar.} The formal evaluation as I recall
5174 from the National Renewable Energy Lab is that there is about
5175 1,000 megawatts of power available. Now, there is a--

5176 Mr. {Shimkus.} But that is intermittent, right? You
5177 can't totally rely on that for base-load generation.

5178 Secretary {Salazar.} Let me, Congressman, answer your
5179 question. There is a connect between how we use electricity
5180 and how we consume oil, and this President has been working
5181 for a long time--

5182 Mr. {Shimkus.} Okay, reclaiming my time. I really am
5183 short, and I want to stay true to the 5 minutes.

5184 Secretary {Salazar.} Let me make my point. I want to
5185 make my point.

5186 Mr. {Shimkus.} Let me just say that--

5187 Secretary {Salazar.} Chairman, I would just like to
5188 make my point, to answer my--

5189 Mr. {Stupak.} Would you let him answer and then we
5190 will--

5191 Mr. {Shimkus.} No, I have like three more questions I
5192 need to go to, so I get the point. My point is there is
5193 electricity and liquid fuel. It is my time--

5194 Secretary {Salazar.} I can answer my question in two
5195 words, electricity and transportation are tied together.

5196 Mr. {Shimkus.} Maybe in the new world, but it isn't
5197 today. I will tell you what real power is, 1600 megawatts by
5198 a coal-fired power plant being built. That is the equivalent
5199 of 624 wind generators. The 624 wind generators would take
5200 30,000 acres of land to place. We just got to keep this--
5201 there is not huge. Huge is nuclear. Huge is coal.
5202 Renewable is helpful, but to sell the story that it is the
5203 salvation of our energy need is really doing a great
5204 disservice to this country.

5205 Let me move onto the moratorium. There are 33 rigs idle
5206 right now. If I said that that is 45,000 jobs and equivalent
5207 jobs, would that be close?

5208 Secretary {Salazar.} There have been different numbers
5209 that I have seen from experts.

5210 Mr. {Shimkus.} 30,000?

5211 Secretary {Salazar.} There are thousands of jobs.

5212 Mr. {Shimkus.} If I said a loss of \$330 million in
5213 payroll, would that be close?

5214 Secretary {Salazar.} I haven't seen the number in

5215 dollars.

5216 Mr. {Shimkus.} Two billion dollars in royalties to the
5217 Federal Treasury is lost. Would that be close?

5218 Secretary {Salazar.} There is no doubt the moratorium
5219 has an economic impact.

5220 Mr. {Shimkus.} Okay, the last question. I do--but this
5221 moratorium is killing me and it is killing jobs in a place
5222 that needs jobs. When you put your hand on the pause button,
5223 is business planning and decision making pausing? I will
5224 give you an example. In my opening statement, I talked about
5225 a release yesterday. First rig sails away over drilling ban.
5226 Diamond Offshore announced Friday that its Ocean Endeavor
5227 drilling rig will leave the Gulf of Mexico and move to
5228 Egyptian waters immediately, making it the first to abandon
5229 the United States in the wake of BP oil spill and a ban on
5230 deep-water drilling. That is in the time when we need jobs
5231 and the economy and energy is important, we pray that you
5232 have some concern about the jobs of this country and of
5233 Louisiana.

5234 Thank you, Mr. Chairman. I yield back.

5235 Secretary {Salazar.} Congressman, if I may? Mr.
5236 Chairman, I would like to just respond very briefly--

5237 Mr. {Stupak.} Yes.

5238 Secretary {Salazar.} --in this sense. First, we are

5239 aware of the economic impacts of the moratorium. We also
5240 believe that it would be irresponsible to take our hand off
5241 the pause button given the current circumstances. Second of
5242 all, with respect to electricity, we do believe that the
5243 future of it is huge and it is going to be part of the future
5244 energy portfolio of the United States. So I respectfully
5245 disagree with you, Congressman.

5246 Mr. {Stupak.} Mr. Green for questions.

5247 Mr. {Green.} Thank you, Mr. Chairman. Thank you, Mr.
5248 Secretary for being here, and I am going to ask my staff--I
5249 talked with you earlier about a letter the Congressman Kevin
5250 Brady and I sent in on June 24 that a number of our
5251 colleagues signed onto outlining hopefully an interim
5252 solution to lift the deep-water drilling ban on a small
5253 scale, and like my colleagues, I represent a very urban
5254 district in Houston. It has refineries, chemical plants. We
5255 do everything energy including--I have constituents who work
5256 offshore and historically families who have worked offshore.
5257 So the moratorium is a very big issue.

5258 The letter we are asking about that several of my
5259 colleagues propose lying low-risk development and appraisal
5260 wells to be drilled while the Department of Interior
5261 continues the assessment on deep-water exploratory wells.
5262 These type of wells offer the reassurance of smaller, minimal

5263 risk because of delineation and sidetrack drilling that
5264 accompanies these wells merely just serves to define the
5265 parameters of then-known reservoir. If your department
5266 agreed to this modification--hopefully it is under
5267 consideration for almost the last month. If it addressed the
5268 Administration's call for safe and secure drilling and
5269 protect estimated about 75 percent of those jobs you heard
5270 earlier that would be lost under the moratorium if we go
5271 forward with the full 6 months. And it would also help
5272 prevent future energy supply shortages in 2011 and 2012
5273 because these wells don't come in immediately, particular
5274 deep water. It takes a long effort to get there.

5275 Now, the new moratorium focuses on drilling
5276 configurations and technology rather than drilling depth, and
5277 since the whole basis of my proposal stems from the specific
5278 drilling configurations and assuming we quickly get the
5279 blowout preventer and rig equipment inspected by Interior and
5280 third-party certifier, would that prevent you from exempting
5281 these wells from the moratorium? And again, these are not
5282 actually production wells, these are actually just
5283 delineating the reservoir and are much less riskier than the
5284 Horizon. So I know you have a copy of the letter now, and we
5285 sent it like I said on June the 24th, but I appreciate you
5286 seriously and the Interior seeing if we can moderate that 6

5287 months where we can get 75 percent of these folks actually
5288 back working. That way we wouldn't have these rigs sailing
5289 off to somewhere else.

5290 And I would just appreciate it if you would just say you
5291 will consider it. That is fine with me, and we will be back
5292 in touch because you have been real great with your time with
5293 a lot of us over the last 2 months trying to work with you
5294 and Interior.

5295 Secretary {Salazar.} If I may, Congressman, the key
5296 issues that we are looking at that we need to have some
5297 satisfaction with are drilling safety, blowout containment
5298 and oil spill response. And Michael Bromwich, the Director
5299 of the Bureau of Ocean Energy, has already publicized the
5300 schedule of meetings that he is going to have, especially in
5301 the Gulf Coast states, developing additional information.
5302 And then maybe the moratorium could be adjusted based on
5303 zones of risk. We already have said that it is okay to move
5304 forward with drilling in the shallow waters, okay? We have
5305 said that there may be a possibility of doing something that
5306 distinguishes between wells that are being built off
5307 production platforms versus wells that are being drilled as
5308 exploration wells. We don't know anything at all about those
5309 formations or insufficient information.

5310 So that is part of the analysis that we currently have

5311 under way, and we would be and will keep you informed as we
5312 move forward with that analysis.

5313 Mr. {Green.} And that is what our letter asks for,
5314 those less riskier wells where we could get those folks back
5315 to work and delineate the reservoirs. Again, the taxpayers
5316 would benefit, obviously my constituents and people who work
5317 there.

5318 My second question is, and you mentioned shallow well
5319 drilling, I appreciated the first production well was
5320 actually, a permit was given last week. And you know, my
5321 concern, there has been a de facto moratorium on shallow well
5322 drilling. There have been reworking and things like that,
5323 permits given on shallow well drilling, but like I said, the
5324 first actual production well was issued last week. And from
5325 what I understand from today's Wall Street Journal, that
5326 company actually started drilling Sunday because there was
5327 such a demand in shallow water.

5328 We have also sent an earlier letter to you at the end of
5329 May from Congressman Boustany and I that we appreciate the
5330 lifting of the shallow water but like I said, the first new
5331 well permit was issued last week. In fact, I was told
5332 yesterday, several of our shallow water producers met with
5333 Mr. Bromwich's staff yesterday, and they are close in
5334 agreement on some of the guidance in NTL06 because that is

5335 some of the concern. We are having--field offices don't know
5336 what NTL06 and they are not issuing those permits, and as
5337 soon as possible if we could get the rules there because
5338 these are shallow water wells. All the equipment is up on
5339 top. If you have a question about the blowout preventer, it
5340 is not 5,000 feet below sea level. And there are a great
5341 deal of natural gas that is produced and jobs created from
5342 those shallow water wells.

5343 So I appreciate. Hopefully that one permit that was
5344 issued last week for production will see more issued in the
5345 next few days. So that will show that there is not a de
5346 facto moratorium on shallow well-drilling.

5347 Mr. Chairman, I appreciate your patience.

5348 Mr. {Stupak.} Thank you, Mr. Green. Mr. Griffith for
5349 questions.

5350 Mr. {Griffith.} Thank you, Mr. Chairman. I am
5351 listening intently to the testimony, and it is obvious that
5352 we all crave certainty in our lives, and therefore we want to
5353 measure and measure everything.

5354 I think that in my particular case, I am not so much
5355 interested in the technical aspects of the well head of what
5356 have you, but I do know that the capping of the well was low
5357 tech. I do know that this was not a difficult concept of
5358 putting a cap on top of where the oil was coming out of, but

5359 I do know that it took a good long while. And I do know that
5360 we will fool ourselves into some degree of confidence that we
5361 are doing the job when we measure and continue to measure.
5362 And I know we will generate a huge booklet of regulations,
5363 but I will remind all of us that if I step on the bathroom
5364 scales and it looks at 200 pounds, I get off of that bathroom
5365 scale and I put a cotton ball on, the needle doesn't move.
5366 Whatever we are measuring has a finite amount of confidence
5367 to it. So what I am concerned about is that we are going to
5368 have a blowout again, as diligent as we are today and as many
5369 of the things that we would like to measure, but we do know
5370 that the thermal dynamics and the external variables, the
5371 internal variables almost make deep-water drilling a biologic
5372 system. And we know that a human can die with a normal blood
5373 work and a normal EKG and a normal MRI and a normal CT scan,
5374 so we are going to have this event once again in front of us,
5375 regardless of our intentions.

5376 And so my concern is from the time that well blew out to
5377 the time we put a cork in the bottle, so to speak, what
5378 happened? And my other question is this. Should that have
5379 happened when your position was empty, should that have
5380 happened in between administrations or in between Secretary
5381 of the Interior, who takes charge? It reminds me of the
5382 story of the nurse that goes down to the nurse's station and

5383 says, Mr. Jones is blue. The nurse takes the chart out and
5384 says, what room is he in, and she duly charts it and then
5385 says what do you think we should do? Let us call his doctor.
5386 It looks like he might need some oxygen. We can't give it to
5387 him without an order. His doctor is not on call. Do you
5388 think it is his heart or is this a lung doctor we should
5389 call? Well, by the time we get there, well, he is not blue
5390 anymore, he has got a tag on his toe, and he is on the way
5391 downstairs.

5392 So what we saw here was a cost guard, an EPA,
5393 Environmental Protection Agency. We saw the mayors and
5394 governors all weighing in, and it appeared that there was no
5395 central control immediately of the situation. So after we
5396 create the documents, and this happens again. Who can you
5397 point to, and not you but generic who says this is the guy
5398 that takes care of the oil well problem? This is the guy
5399 that takes care of the earthquake problem. This is the guy
5400 that takes care of the tsunami problem. This is the guy that
5401 takes care of the hurricane problem, because we have done
5402 this before in America, whether it be Katrina, the Colombia
5403 accident or what have you. We are having trouble going from
5404 a tremendous amount of knowledge to executing it in the
5405 field, and I think that should be part of our response and
5406 solution. I would like to hear your thought on that.

5407 Secretary {Salazar.} Well, Congressman Griffith,
5408 Admiral Thad Allen was appointed as the National Incident
5409 Commander. All of the United States Government goes through
5410 him as he coordinates the overall response. Secretary Chu
5411 and I have been focused in two areas, one is on the source
5412 control on the kill of the well, and I have been focused as
5413 well in terms of protecting the 44 wildlife refuges and
5414 national parks and the ecological resources of the Gulf
5415 Coast.

5416 Secretary Napolitano obviously overseeing the Coast
5417 Guard and being under the Presidential directives, the
5418 personal role and charge of the oil spill response.

5419 So the Federal Government from day one has been very--

5420 Mr. {Griffith.} Well, my question is simply this, can
5421 we make that more efficient? Could we say this is a
5422 catastrophe and we are on it from day one or two or three?
5423 In other words, can we reduce that timeline because capping
5424 that well was probably not a novel light bulb going on in
5425 some engineer's brain. It probably, had they put their--

5426 Mr. {Stupak.} The gentleman's time is--

5427 Mr. {Griffith.} --they may have been able to not have
5428 done it quicker.

5429 Mr. {Stupak.} If you can answer, Mr. Secretary?

5430 Secretary {Salazar.} I will say that I think from day

5431 one--I sent my deputy without overnight clothes on April 21st
5432 to New Orleans along with Kendra Barkhoff who was here who
5433 began to monitor the situation, and quickly we were in
5434 communication with Secretary Napolitano and the White House
5435 and everybody else. We have been on it since day one.

5436 I do believe, Congressman Griffith, that when one looks
5437 back as one should in any post-mortem, there will be an
5438 opportunity to see how things might have been improved. That
5439 is just the nature of how these things go. We are dealing
5440 with what is an unprecedented and largest oil spill response
5441 in the history of this country, and the resources that have
5442 been spent have been enormous, and the mobilization of the
5443 United States Government has been at the direction of the
5444 President relentless and with his specific direction that we
5445 will not rest until we get this problem solved.

5446 Mr. {Griffith.} I appreciate you and your staff--I
5447 don't like the moratorium a bit, but I am sure if I could--

5448 Mr. {Stupak.} Okay, Mr. Griffith, your time is up,
5449 please.

5450 Mr. {Griffith.} Thank you.

5451 Mr. {Stupak.} Let us go to the next questioner, Ms.
5452 Capps, for questions, please.

5453 Mrs. {Capps.} Thank you, Mr. Secretary, for being here
5454 with us.

5455 During the previous testimony today by your
5456 predecessors, strong comparisons were made between the
5457 Deepwater Horizon oil spill and Hurricane Katrina. It was
5458 striking to me that what was not mentioned was one very
5459 striking difference. The hurricane which occurred 5 years
5460 ago was watched by the entire country as it approached land
5461 and wreaked havoc, you know, for 2 full days and then it was
5462 gone. But with the exception of the initial deadly
5463 explosion, the extent of the oil spill was unknown. It
5464 occurred a mile below the surface of this gulf, and the
5465 perpetrator of the blowout, BP, withheld so much information,
5466 videos, and reports for days and weeks.

5467 We in the government, and more importantly, the American
5468 people, were lied to. Precious response time was wasted, let
5469 alone any requirement to have response equipment already in
5470 place and ready to go on day 1. Now it is day 90, and you
5471 and your team have been in full response mode, but you also
5472 have been learning a great deal. I want to let you talk or
5473 ask you to talk, please, and respond for a minute or so,
5474 fairly briefly. I want to follow it up with another similar
5475 kind of question to look where we have come from, but also on
5476 your watch, where we should go from here.

5477 Secretary {Salazar.} Well, it seems to me and I
5478 appreciate the question, Congresswoman Capps, I think when

5479 you look at it back from a global perspective that we are
5480 looking at what the President has been pushing, and many of
5481 you have been supportive, which is a comprehensive energy
5482 program for this Nation, and in that comprehensive energy
5483 many of you are supportive of the renewable part of the
5484 portfolio. Some of you are more supportive of the oil and
5485 gas part of the portfolio, but we all recognize and the
5486 President recognizes that oil and gas will be part of that
5487 portfolio during this transition time.

5488 The question then for all of us as the United States
5489 becomes how can we make sure that oil and gas as it is
5490 produced is being produced in a way that is safe and protects
5491 the environment. And to me, Congresswoman Capps, the central
5492 questions come down to these three.

5493 First, can we assure the American public that drilling
5494 can continue in a safe way? Your prevention bill that you
5495 passed is part of that answer.

5496 Secondly, if you do have a blowout, what are the oil
5497 containment programs in place to be able to deal with a
5498 blowout. They obviously were not in place to deal with this
5499 issue that now is in its 90th day.

5500 And then thirdly, what are the adequate oil spill
5501 response capacities that are needed to be able to deal with
5502 an oil spill response if one should ever occur again. When

5503 we have answers to those questions, it seems to me then we
5504 are able to move forward.

5505 Mrs. {Capps.} Thank you. I have to say in your
5506 position as Secretary from my perspective as a coastal
5507 representative I very much appreciate your decision to shelve
5508 the Bush Plan to open up much of the California coast to oil
5509 and gas leaking--leasing.

5510 It was referenced, though, today already that the
5511 development of the previous Administration's offshore energy
5512 program plan appeared to be driven more by energy companies
5513 than by public input or the best available science. In
5514 contrast to this kind of closed-door process employed by the
5515 previous Administration, it appears to me that your decisions
5516 are being informed by public input and incorporating the best
5517 available science.

5518 I salute the listening sessions that you held right as
5519 soon as you were sworn into office, long before this event
5520 ever occurred, and I was fortunate to be part of one of them,
5521 and I noticed that Director Bromwich announced yesterday that
5522 there will be additional public hearings coming up in the
5523 next few months to inform the leasing decisions that you will
5524 then be making. This accompanied with some of the science.

5525 So this is what I would like you to spend the rest of
5526 the time on if you would, how do you intend to use this

5527 decision, this gathering of information in your decision-
5528 making process?

5529 Secretary {Salazar.} Congresswoman Capps, the--we will
5530 use the information that we collect from the Bromwich set of
5531 hearings to move forward in consideration of the three
5532 central questions that I outlined previously, all of which
5533 related to the moratorium and to the ultimate goal here,
5534 which is to develop a safe and protective oil and gas
5535 production program.

5536 You are correct that when I took office on January the
5537 21st I had in front of me a new 5-year plan that was to go
5538 into effect in 60 days that essentially opened up all of the
5539 waters of the United States. I decided 60 days was
5540 insufficient for public comment and extended it to 180 days
5541 and had the hearings which you participated in in California,
5542 Alaska, and other places.

5543 And it is our view, it is the President's strong view
5544 that the decisions are best made when they are transparent
5545 and when we are maximizing public input.

5546 Mrs. {Capps.} Thank you, Mr. Chairman.

5547 Mr. {Stupak.} Thank you. Mr. Latta for questions,
5548 please. Five minutes.

5549 Mr. {Latta.} Well, thank you very much, Mr. Chairman,
5550 and Mr. Secretary, thank you for joining us today. Really

5551 appreciate your time here.

5552 I read with interest in your conclusion that you have
5553 talked about a little bit already, but I would like to also
5554 just read. It says, ``Much of my time as Secretary of the
5555 Interior has been spent working to reform old practices of
5556 the MMS and advance the President's vision of a new energy
5557 future that will help us to move away from spending hundreds
5558 of billions of dollars each year on imported oil. A balanced
5559 program of safe and environmentally-responsible offshore
5560 energy development is a necessary part of the future. Our
5561 efforts to develop a robust OCS renewable energy program are
5562 a major part of the effort to find that balance and help us
5563 move our Nation toward a clean energy future.''

5564 Then you also go on to state that, you know, for now we
5565 have to look at convention oil and gas.

5566 You know, it is interesting that we are here today
5567 because I am not sure, you probably did see the front page of
5568 the ``Wall Street Journal'' today. ``China Tops U.S. in
5569 Energy,''' and I would just like to read just a little bit
5570 from this.

5571 ``China has passed the U.S. to become the world's
5572 biggest energy consumer according to the new data from the
5573 International Energy Agency, a milestone that reflects both
5574 China's decades-long burst of economic growth and its

5575 rapidly-expanding clout as an investorial giant. China's
5576 descent marks a new age,' it says here, ``in the history of
5577 energy.''

5578 Then it goes on--I think it is also interesting a little
5579 bit farther in the article it says, ``China overtook it,''
5580 meaning the United States, it says here a little earlier that
5581 the Untied States was the largest energy user since the early
5582 1900s in the world. ``China overtook it at break-neck pace.
5583 China's total of the energy consumption was just half that of
5584 the U.S. 10 years ago, but in many of those years since China
5585 has--China saw annual double-digit growth rates. It has been
5586 expected to pass the U.S. about 5 years from now but took
5587 that to position today.''

5588 The reason I read that is because I represent the
5589 largest manufacturing district in the State of Ohio, and I
5590 also represent the largest ag district in the State of Ohio.
5591 My district, if we are going to survive and according to the
5592 National Manufacturers, I 2 years ago represented the ninth
5593 largest manufacturing district in the Nation, and because of
5594 where we are with the economy, we are 20th now.

5595 But, you know, my main concern is what Mr. Shimkus
5596 brought up. We have to have base-load capacity in this
5597 country, and I am all for all an all-invoked strategy, and
5598 that all-invoked strategy has always been we need nuclear

5599 gas, oil, clean coal, wind, solar, ethanol, biodiesel,
5600 hydrogen, and right down the line.

5601 But for the factories in my district to operate, we have
5602 got to have power that turns on immediately, or we are not
5603 going to have people working, and the biggest problem in our
5604 area, we are just talking about one thing, jobs, jobs, jobs,
5605 and when folks look around and they ask me, how come the jobs
5606 are leaving the United States, well, and then I am looking at
5607 this article and I can point to one more thing that is
5608 killing is that, you know, the energy needs in this country
5609 might be--are being shipped someplace else means they are
5610 going to be--their manufacturing is topping ours. The
5611 Chinese want to be, you know, atop us in manufacturing. In
5612 10 years if they are able to do in energy, they might do to
5613 us in manufacturing. This is getting scary.

5614 And it is also, it is kind of odd right on top of this
5615 there is another story in the ``Journal'' today. It says,
5616 ``Personal Journal, How to Tame your Nightmares.'' Well,
5617 this is my nightmare right here, and you know, I am really
5618 concerned that as we--as the Administration goes forward and
5619 that we get--30 percent of our U.S. oil comes from the Gulf,
5620 that as you said in your statement on page 10 here that, you
5621 know, you--that you will continue to look at this
5622 conventional oil and gas playing a significant role in our

5623 economy and not selling it short because we have got to have
5624 it to survive as a manufacturing country.

5625 And I will leave the rest of my time for an answer.

5626 Thank you.

5627 Secretary {Salazar.} Thank you, Congressman Latta. As
5628 I have said in previous testimony, we--the President from day
5629 1 has said we need to have a comprehensive energy plan, and
5630 our view is part of the reason the United States will fall
5631 into second place is if we are not able to get a
5632 comprehensive energy plan adopted for the United States of
5633 America, and hopefully there is still time in this Congress
5634 to be able to do that because once the right signals are sent
5635 to the market, essentially what you are going to have is a
5636 different kind of headline than the one that you were showing
5637 me from the ``Wall Street Journal.''

5638 And that is that we as a United States are not playing
5639 for second place. We are playing for first place as the
5640 President has said, but in order to do that we need to have
5641 the long-range policies in place to bring up as many of you
5642 support nuclear, as many of you support clean coal, as many
5643 of you support wind and solar and geothermal, but we need to
5644 have a framework that isn't the start and stop of energy
5645 policy which we in this country have now had for the last 30
5646 years.

5647 Mr. {Latta.} Well, thank you very much, Mr. Chairman.
5648 I yield back.

5649 Mr. {Stupak.} Thanks, Mr. Latta.

5650 Mr. Melancon, questions, please.

5651 Mr. {Melancon.} Thank you, Mr. Chairman. I appreciate
5652 it.

5653 Secretary Salazar, I would like to kind of follow up on
5654 something that Mr. Dingell was inquiring about. It is my
5655 understanding that there is a requirement of a 30-day EIS
5656 completion for these deepwater well, and if it can't be
5657 completed in 30 days, then, in fact, they can waive--the
5658 department, MMS, can waive that requirement. Is that--

5659 Secretary {Salazar.} The issue on the categorical
5660 exclusions is that you cannot do, frankly, an environmental
5661 impact statement in the 30 days, and so what has happened is
5662 that categorical exclusions have been given in the past under
5663 Republican and Democratic Administrations with respect to
5664 exploration plans as happened here in the--

5665 Mr. {Melancon.} Do you have or does your staff know
5666 when that categorical exemption was put into effect either by
5667 law, or was it put in effect by rule within the Department?

5668 Secretary {Salazar.} I can get that information for
5669 you, Congressman Melancon. I don't have that at the top of
5670 my head right now.

5671 Mr. {Melancon.} Is this same waiver applicable in all
5672 of the Gulf Coast States, or is it only applicable in certain
5673 States?

5674 Secretary {Salazar.} My understanding, Congressman, is
5675 that there have been several hundred of them that actually
5676 had been given and probably it would not be done on a
5677 jurisdictional basis off any one of the States. And so the
5678 reality is that the categorical exclusions are driven in
5679 large part because under the current law relating to OXA
5680 there is a 30-day requirement to approve an expiration plan
5681 once it is filed with the Department. And so that is not
5682 sufficient time to do the right kind of environmental review
5683 and is--it is the reason why in the President's admission of
5684 a legislative package to Congress he said that requirement of
5685 the law should be changed to 90 days.

5686 Mr. {Melancon.} If you would and if you would just--
5687 this could be responded to, the reason I asked that question
5688 is I have been told, and I don't know that this is valid or
5689 not, that Louisiana, Texas--I mean, Louisiana, Mississippi,
5690 and Alabama, the 30-day requirement with the waiver, if it
5691 can't be done in 30 days, was applicable, but the other two
5692 Gulf States they had to do the IS regardless. Don't know
5693 that for a fact, but if your Department can verify.

5694 Secretary {Salazar.} We will check on that and get back

5695 to you on that.

5696 Mr. {Melancon.} We have had as you know and you and I
5697 have gone back and forth, and I appreciate your efforts to
5698 stay in contact with me. You have been better than me at
5699 returning calls back to you, but the moratorium is more
5700 concern and I guess the concern I have got is, one, is the
5701 Commission that was set up, they have any charge whatsoever
5702 about making recommendations as to whether the Administration
5703 stay with the moratorium, or if they have some findings, or
5704 are they charged with looking for findings to bring back to
5705 the Administration and to you to say this moratorium maybe
5706 isn't good, the economic hardship or impact would be worse
5707 than trying to find some method or way of doing the rolling
5708 inspections as we have talked about in the past.

5709 Secretary {Salazar.} Congressman, the President's
5710 Deepwater Horizon Commission has as its mission to get to the
5711 bottom of the story as to what happened with respect to the
5712 blot at the Macondo Well and the Deepwater Horizon, and they
5713 will undertake that effort as they have already started. We
5714 will be informed by their proceedings and information as they
5715 develop and recommendations that they make. So we will be in
5716 contact with them as we develop our own information and move
5717 forward with our process on addressing the issue of the
5718 moratorium.

5719 Mr. {Melancon.} Can you give me, if it is possible,
5720 what was the thought processing, I mean, was it just strictly
5721 the concern with another blowout as opposed to a moratorium,
5722 or was there any discussions about finding something as I
5723 have described that would work for inspections and safety
5724 that was somewhere between drill, baby, drill and shutting it
5725 completely down?

5726 Was there any discussions there, or did it just go
5727 straight to we have got to shut this down and try and find
5728 out--make sure that we don't have another blowout and let us
5729 not worry about the economy? What transpired in those
5730 conversations? Do you recall?

5731 Secretary {Salazar.} Congressman, those issues were, in
5732 fact, looked at and considered, and they are part of the
5733 record and part of our decision on the moratorium. I will
5734 say this, that as I am here in front of this committee today,
5735 we are still in a very dynamic and a very dangerous
5736 situation. We are not out of the woods even though this well
5737 has been temporarily shut in because until we get to the
5738 ultimate kill of the well, the situation is still a very
5739 dangerous one. And it is our view and I have worked on this
5740 from April 20 forward, that until we have the answers to the
5741 fundamental questions that I outlined to the committee
5742 earlier on, that it would be imprudent for us and

5743 irresponsible to move forward and lift the moratorium.

5744 Now, as information develops and as we move forward with
5745 our review and as Director Bromwich holds his hearings, too,
5746 which I think are scheduled for Louisiana, that we will have
5747 an additional set of information that might allow us to
5748 adjust the moratorium at some point, but right now looking at
5749 the timeframe, our view is that November 30 is a reasonable
5750 timeframe when we can expect to be able to make some
5751 decisions on the moratorium.

5752 Mr. {Melancon.} Thank you, Mr. Secretary.

5753 Thank you, Mr. Chairman.

5754 Mr. {Stupak.} Thank you, Mr. Melancon.

5755 Mr. Shadegg for questions, please.

5756 Mr. {Shadegg.} Thank you, Mr. Chairman, and Mr.
5757 Secretary, I want to commend you as did my colleague, Mr.
5758 Shimkus. I listened very carefully to your opening
5759 statement, and it is not often that in this town anybody
5760 comes forward and acknowledges, look, we could have done
5761 things better. In your opening statement you said that past
5762 Administrations and this Administration had not done as much
5763 as they could have done to ensure the safety of this industry
5764 or to ensure the safety and ecological protection necessary
5765 for this kind of activity, and I appreciate the candor of
5766 that statement.

5767 You also went on to say, and I appreciated it, that with
5768 40 years of drilling history and there being no incidents, I
5769 believe your words were, this Administration and prior
5770 Administrations had been lulled into a sense of complacency,
5771 and I think that is a fair assessment. I don't know how much
5772 of this hearing you have been able to watch, but in the
5773 appearance of your two predecessors during the early hours of
5774 this hearing, that was not the kind of testimony that was
5775 going on. Rather there was a blame game being played very
5776 aggressively by some members of the committee trying to
5777 assign blame and trying to point fingers. I don't really
5778 think that solves the problem. I think it is more important
5779 to look at what went wrong but more important to live our
5780 lives looking forward at what we can do correctly in the
5781 future.

5782 In that regard, I believe the report that you received
5783 on May 27 contained language to the effect that the industry
5784 had had over 50,000 wells in the U.S. outer-continental
5785 shelf, of which more than 2,000 were in waters 1,000 feet
5786 deep or more, 700 were in waters 5,000 deep, that we had been
5787 using sub-sea below preventers since the mid 1960s and that
5788 the only major prior event from offshore drilling had been 41
5789 years ago, and that, in fact, had been from the--in the Santa
5790 Barbara Channel, and it had been from a shallow water

5791 platform where the blowout preventer was on the surface.

5792 I assume that is what you were referring to when you
5793 were talking about the history of this industry led us to
5794 using the procedures we were using prior to this incident.
5795 Is that correct?

5796 Secretary {Salazar.} Congressman, what I would say is
5797 that 41 years of a relatively good record essentially led the
5798 United States Congress and many Administrations to
5799 essentially assume that there was safety with respect to this
5800 kind of drilling.

5801 Mr. {Shadegg.} Mr. Kempthorne said just about, and he
5802 also noted that we would never do it again because we have
5803 learned from this incident.

5804 Secretary {Salazar.} But the fact is that that
5805 assumption was made, and we do have an ongoing disaster in
5806 the Gulf of Mexico, and I think from our point of view would
5807 be imprudent for us to simply move on as if nothing had
5808 happened.

5809 Mr. {Shadegg.} I couldn't agree--

5810 Secretary {Salazar.} At the end of the day where you
5811 were is where the President and I have been from day 1 on
5812 this. We have a problem, and we have to fix it, and we have
5813 to fix it right.

5814 Mr. {Shadegg.} I couldn't agree more. My time is

5815 short, so I want to get to all these questions.

5816 Mr. Waxman in his questioning talked about several
5817 issues. He mentioned that there are regulations on--you
5818 mentioned in response to his question that there are
5819 regulations on casing and cementing and mud and all of those
5820 issues and that a part of your study now is to find out were
5821 those regulations filed, followed, or were they broken, and
5822 that is a part of the forensic activity.

5823 Wouldn't you agree that it would be prudent before this
5824 Congress enacts permanent legislation, at least legislation
5825 specifying details in that nature as opposed to granting new
5826 regulatory authority, that we get the answers to those
5827 questions before we enact legislation?

5828 Secretary {Salazar.} I think we have already learned a
5829 great deal from this ongoing disaster in the Gulf that
5830 provides a basis for which to act. Now, that does not mean
5831 that as we go forward and the President's Deepwater Horizon--

5832 Mr. {Shadegg.} We don't--by your own testimony we don't
5833 know the answer to those details. Correct? We don't know
5834 exactly what went wrong here. You said earlier we can't get
5835 to those things because we are too busy trying to cap the
5836 well, stop the flow. We haven't been able to do the
5837 forensics yet. Correct?

5838 Secretary {Salazar.} We know a lot. We don't know

5839 everything yet.

5840 Mr. {Shadegg.} Great. You said in response to Mr.
5841 Shimkus's question that huge was 1,000 megawatts. Then he
5842 cut you off. Did you really mean huge means 1,000 megawatts,
5843 or is that huge compared to what we thought wind could do
5844 prior to this?

5845 Secretary {Salazar.} It was 1,000 gigawatts.

5846 Mr. {Shadegg.} Oh. You said megawatts, and that is
5847 quite a bit of difference. Okay.

5848 Secretary {Salazar.} If I said that, I apologize. I
5849 meant to say the National Renewable Energy Labs calculation
5850 of the potential for offshore wind is at about 1,000
5851 megawatts, but the states along the Atlantic--

5852 Mr. {Shadegg.} I don't want to be rude. I want to get
5853 into this last question, and my time is extremely short.
5854 Gigawatts is very different than megawatts. You may have--
5855 you just misspoke, and it just stunned some of us back here.

5856 You are aware of the e-mail that was sent by the eight
5857 scientists who disagreed with your characterization of their
5858 report and were quite angry that it had been changed after
5859 they signed off on it and before they submitted it. The
5860 original report said that the moratorium should last for a
5861 sufficient--and I am quoting here. ``For a sufficient length
5862 of time to perform additional,' ' and then they talk about

5863 blowout preventer testing, pressure testing, and water
5864 barrier testing. It then is changed by your Department to
5865 say a 6-month period.

5866 Is it routine for the Department to change reports after
5867 the fact, and I note that today, and I am going to run out of
5868 time here, I note that today you said--

5869 Mr. {Stupak.} You are out of time.

5870 Mr. {Shadegg.} I am out of time? I note that today
5871 that you said that the recurrent moratorium will remain in
5872 effect until November 30 or until those three questions you
5873 posed are answered. I am a little confused as to what the
5874 line of the--the length of the current moratorium is, and I
5875 would concur with some of the members here who hope that you
5876 will release that moratorium as soon as it is safe to do and
5877 that you would focus on bad actors as opposed to punishing
5878 anybody that is out there doing a good job.

5879 Secretary {Salazar.} If I may, Mr. Chairman.

5880 Mr. {Stupak.} Yes.

5881 Secretary {Salazar.} Just responding to the two
5882 questions.

5883 In terms of the engineering reports, the fact is that
5884 the report to the President was my report, and I appreciated
5885 the input from the engineers and any others who were involved
5886 in helping us write the report, but the decision on the

5887 moratorium essentially was my decision as Secretary of the
5888 Interior. It wasn't the decision of engineers or anybody
5889 else.

5890 I think I have covered it.

5891 Mr. {Shadegg.} Thank you.

5892 Mr. {Stupak.} Mr. Gonzalez for questions, please.

5893 Mr. {Gonzalez.} Thank you, Mr. Chairman. Welcome, Mr.
5894 Secretary.

5895 On the moratorium, I share some of the same concerns as
5896 others, and when we have the other witnesses, Mr. Secretary,
5897 I also expressed that I wasn't in total agreement with what--
5898 the policies that have instituted this place, and I think Mr.
5899 Green probably articulated many of my own concerns.

5900 Until we find out, and I think Mr. Shadegg has a good
5901 point, until we find out what went wrong at Deepwater
5902 Horizon, how are you going to proceed with remedying that
5903 situation if we really don't know? Now, some people say it
5904 may have just been a deviation from what is accepted industry
5905 standards, and I don't know all of the terms, all--we are not
5906 going to be experts in this, but the casings and the cement
5907 and so on, in capping the well.

5908 And let us just for the sake of argument say that is
5909 what we find out. We find out whoever was responsible for
5910 that didn't do that particular process correctly, and

5911 according to everybody else in the industry they would have
5912 never done it in the manner in which it was done. That is
5913 the assumption that they are making when we have had them
5914 here as witnesses.

5915 How does that play into what you are going to do with
5916 the moratorium, because this could be an open-ended question
5917 for 4 months, 5 months, 6 months. I mean, I am not sure when
5918 we finally arrive at answers.

5919 Secretary {Salazar.} Let me say there are many
5920 questions, and one of them has to do with drilling safety,
5921 but there are many others that are obvious such as the oil
5922 spill response plans and the capability.

5923 I think it is fair to say that the oil spill response
5924 plans that have been in place are inadequate, and so how we
5925 deal with that issue is something that we can start working
5926 right away, and waiting until we have the reports from the
5927 Commissions and the other investigations isn't the way that
5928 we want to do business.

5929 We want to move forward as quickly as we can for
5930 respective blowout containment measures, which is another set
5931 of issues, what you probably have here at the Macondo Well is
5932 the greatest laboratory in the history of the world relative
5933 to what you do on containment, because it has been a learning
5934 process. Many failures but many lessons that have been

5935 learned, and so creating this kind of containment capacity in
5936 the Gulf of Mexico may be one of those outcomes that we want
5937 to latch onto and not wait around for another 6 months before
5938 we start developing that kind of an effort.

5939 So I think for those of you who are concerned about the
5940 moratorium and its length, you should be supportive of the
5941 kind of effort that we are undertaking to try to move forward
5942 to create the goal of safety and protection for the
5943 environment with respect to oil and gas drilling.

5944 Mr. {Gonzalez.} And I think we all share the same
5945 goals. We just believe one on expediency, of course, being
5946 thorough, and the fact that you can treat different wells
5947 that are in different phases or stages of development
5948 differently so that there is not so much catch up when you
5949 finally lift it in part or in whole.

5950 Now, you had a Federal District Court basically join
5951 you. Is that correct?

5952 Secretary {Salazar.} That is correct.

5953 Mr. {Gonzalez.} And then you issued a new moratorium
5954 that would be--obviously have something different for the
5955 Court to consider the next go round. Is that correct?

5956 Secretary {Salazar.} It is a new decision with
5957 significant additional information and we believe a very good
5958 record. We believe the first one was a very good decision as

5959 well and is legally defensible. Much happened between the
5960 first decision and the second decision in terms of additional
5961 information.

5962 Mr. {Gonzalez.} So you were responsive to some of the
5963 Judge's concerns?

5964 Secretary {Salazar.} Yes.

5965 Mr. {Gonzalez.} Thank you. I have got about a minute,
5966 but I want to give you a chance to respond to what was stated
5967 earlier by former Secretary Kempthorne. He made a general
5968 statement that in his opinion and what he read, even though
5969 he has not been privy to any meetings by any of the
5970 stakeholders or participants, that he sensed, one, this
5971 Administration didn't make use of all assets that were
5972 available. Number two, that he did not see that the
5973 Administration was truly engaged and maybe there was non-
5974 engagement, and thirdly, that he didn't see the
5975 Administration creating an environment which was conducive to
5976 cooperation among all of the different individuals at the
5977 local and state level.

5978 Twenty-seven seconds if you can give me the
5979 Administration's response.

5980 Secretary {Salazar.} Thank you, Congressman Gonzalez.
5981 Let me--I have great respect for Secretary Kempthorne, but
5982 let me say that I very much disagree with those conclusions.

5983 Within days after this disaster started unfolding, I was
5984 actually in a meeting in Louisiana with Secretary Napolitano,
5985 Director Browner, and others with Secretary Gates on the
5986 phone, authorizing these States to move forward with the
5987 National Guard and yet very few of the States has really
5988 brought up the National Guard to the level that they could
5989 have brought it up.

5990 But that was done within days of the onset of this
5991 disaster. I will tell you knowing and working with my
5992 colleagues on this Cabinet and the White House every day,
5993 including sometimes at eleven o'clock at night like we were
5994 last night and sometimes at 2:00 in the morning, that we have
5995 not rested, and we have been relentless in terms of our
5996 effort to deal with this problem, and we are confident that
5997 we are going to deal with this problem, and we are going to
5998 have some fixes here that are good for the United States of
5999 America.

6000 Mr. {Gonzalez.} Thank you very much, Mr. Secretary.

6001 Mr. {Markey.} [Presiding] The gentleman's time has
6002 expired.

6003 The Chair recognizes the gentleman from Louisiana, Mr.
6004 Scalise.

6005 Mr. {Scalise.} Thank you, Mr. Chairman.

6006 Mr. Secretary, on the Commission that the President put

6007 together that is currently conducting hearings, I know I
6008 testified before them last Monday along with Senator
6009 Landrieu, and one of the points we were bringing up was about
6010 the moratorium, and pretty quickly into that conversation,
6011 this was our first day meeting, they said that they were not
6012 tasked with addressing the moratorium, and Senator Landrieu
6013 had presented some letter that you had written where you had
6014 indicated that their recommendations on the moratorium were
6015 going to be one of the factors that you did consider.

6016 So I am trying to find out what is the--is there a gap?
6017 Were they not aware that this was a role they were supposed
6018 to play? Is that a role that they are supposed to play?

6019 Secretary {Salazar.} Our position--the moratorium is my
6020 decision as Secretary of Interior. We will be informed
6021 relative to the central issues of that moratorium based on
6022 the findings from multiple investigations, including--

6023 Mr. {Scalise.} Will that Commission be part of that
6024 decision-making process when you--

6025 Secretary {Salazar.} We will consult with them.

6026 Mr. {Scalise.} So--

6027 Secretary {Salazar.} We will consult with them.

6028 Mr. {Scalise.} --they will in essence be tasked as part
6029 of their task with addressing the moratorium or at least
6030 making recommendations to you?

6031 Secretary {Salazar.} Congressman Scalise, their mission
6032 is to get to the bottom of what happened with the Macondo
6033 Well in the Deepwater Horizon and make sure that there is no
6034 stone left unturned.

6035 Mr. {Scalise.} Right, but would the moratorium be part
6036 of that--

6037 Secretary {Salazar.} No.

6038 Mr. {Scalise.} --broad issue?

6039 Secretary {Salazar.} No, it won't. My decision and my
6040 authority as Secretary of Interior is to move forward with
6041 the OCS plan and production in the outer-continental shelf
6042 and the--

6043 Mr. {Scalise.} So they will not be making any
6044 recommendations to you on the moratorium, or you will not be
6045 seeking recommendations from them on the moratorium?

6046 Secretary {Salazar.} We will be working with the
6047 Commission and certainly with Chairman Reilly and Graham. We
6048 have the greatest respect for them and certainly we will seek
6049 out their thoughts and their ideas and whatever information
6050 the Commission--

6051 Mr. {Scalise.} Okay. The reason I am asking is this is
6052 important back home to people that are trying to figure out
6053 which way to proceed in trying to put the facts on the table
6054 and get people that are making decisions to incorporate all

6055 of the facts. And so many people went and testified before
6056 that Commission with the understanding they would be
6057 addressing or at least in some way be working with you or
6058 talking with you about moratorium decisions, and if they are
6059 not, then please say so so that people aren't wasting their
6060 time back home, but if they are, then that is important to
6061 know, too, but I don't see why--

6062 Secretary {Salazar.} Congressman Scalise, let me just
6063 give you where I think the best thing for your constituents
6064 and for you as well to communicate with, and that is Director
6065 Bromwich is holding hearings on these very issues, the three
6066 issues that I have outlined before in my testimony, and it
6067 will be very useful to hear the points of view of people with
6068 expertise on drilling safety, on oil blowout containment
6069 strategies, as well as--

6070 Mr. {Scalise.} So will Director Bromwich be advising
6071 you in any way on the moratorium as well?

6072 Secretary {Salazar.} Yes indeed.

6073 Mr. {Scalise.} Okay. Now, getting specifically to some
6074 of the details of the moratorium, the 30-day commission that
6075 you had put together right after the explosion of the
6076 Deepwater Horizon, they did come back with some safety
6077 recommendations, and then this confusion about the moratorium
6078 came about when I think initially you had said that they

6079 recommended the moratorium, they came back and said that is
6080 not what they said. In fact, the members of the Safety
6081 Commission, a majority of them opposed to moratorium and laid
6082 out some I think important specific points about why the
6083 moratorium that you issued would decrease safety in the Gulf,
6084 and I want to ask you if you have seen their recommendations
6085 about that and what your thoughts are because when I spoke to
6086 some of those--and these are people that you picked,
6087 scientists, engineers, experts in the field.

6088 They said four basic things. One is a 6-month pause, as
6089 it has been described, by the end of the 6 months your most
6090 experienced, your most newest and most technologically
6091 advanced rigs will go. They will be the first to leave and
6092 the last to return, and in some cases it would be years
6093 because they operate on 3 to 5-year contracts.

6094 Also, the crew base, the most experienced crew members,
6095 people who have worked 10, 15, 20 years in the industry, they
6096 are not going to sit idle for 6 months while their families
6097 still have needs. They are going to go on and do something
6098 else, so you lose them, and then in the interim if you are
6099 going to be stopping operations, there is a higher level of
6100 risk with stopping a production so that you are bringing in a
6101 fact of risk there, and the country's demand for oil hasn't
6102 reduced, so you would then--we will be importing more oil and

6103 70 percent of the spills come from importing oil in tankers.

6104 And so with those factors laid out first, do you--have
6105 you seen those safety concerns that they expressed about your
6106 moratorium, and do you disagree with them?

6107 Secretary {Salazar.} Congressman Scalise, let me say
6108 that I very much appreciate the work of the engineers that
6109 gave us input on the safety recommendations that went into
6110 the 30-day report. At the end of the day that was my report,
6111 but I understood as well that the engineers disagreed with my
6112 policy decision, not theirs, on the 30-day moratorium.

6113 I specifically asked them to come into my office, and
6114 they did come into the Secretary of Interior's office and
6115 gave me a complete briefing on their point of view before I
6116 issued my new decision. And so their point of view was
6117 thoughtfully considered, and I look forward to working with
6118 them and with others as we move forward on the issue.

6119 I would say this for you, Congressman Scalise, because I
6120 know how you care so much about the Gulf and the oil industry
6121 there, and that is that if you look at the President's
6122 position and my position with respect to the Gulf of Mexico
6123 and drilling there, we have said that oil and gas is part of
6124 our energy portfolio.

6125 So we would ask this Congress to join with us as we move
6126 forward to address this issues relating to drilling safety,

6127 oil spill response, and blowout containment because the
6128 sooner that we can address those issues the easier it is
6129 going to be for us to move our hand off the pause button.

6130 Mr. {Engel.} [Presiding] The gentleman's time has
6131 expired.

6132 Mr. {Scalise.} Thank you. I yield back.

6133 Mr. {Engel.} I yield myself 5 minutes.

6134 Mr. Secretary, welcome back to the Hill. I want you to
6135 know that we are taking good care of your brother, so you
6136 have nothing to worry about.

6137 Secretary {Salazar.} Thank you.

6138 Mr. {Engel.} You have a very difficult job obviously,
6139 but I believe you are the right man for the job, and I think
6140 that we are all with you on every move you make, because this
6141 is something that nobody could have expected.

6142 I have sat through all the hearings that we have had in
6143 this committee, and one of the hearings we had the chief
6144 executives from all the other major oil companies, not BP but
6145 Chevron, ExxonMobil, ConocoPhillips, and Shell, and it seems
6146 that we have made great progress in the methods of drilling,
6147 you know, getting the oil out but very little progress in a
6148 response plan and preventing a disaster.

6149 The other oil executives were all quick to say that what
6150 happened with BP wouldn't have happened with them, with their

6151 company because they built things differently, the plans were
6152 different. But yet it seemed to me that everyone else had
6153 exactly the same plan for a response, so I am wondering if
6154 you could tell us your thoughts on this. I mean, it
6155 certainly seemed that BP cut corners in order to save money.

6156 Could this happen again, and what would happen if a
6157 second major blowout occurred while unified command and oil
6158 spill response equipment and personnel were busy battling the
6159 Deepwater Horizon spill?

6160 Secretary {Salazar.} Mr. Chairman, I very much
6161 appreciate your statement, and let me just say we very much
6162 agree with you. In fact, if you take a look at the three
6163 central questions, perhaps the two that are most obvious for
6164 me today right now is the oil spill response capacity
6165 representations that were made with respect to skimming, for
6166 example, that really has not borne out to be true. The issue
6167 of oil blowout containment programs. We have now every day
6168 from almost the very beginning I have a U.S. lead call with
6169 BP every morning. We go through the strategy that they are
6170 unfolding relative to the next containment program. I
6171 watched the effort fail, some partially succeed, and now
6172 hopefully moving to ultimate success.

6173 So in the context of that dynamic it has seemed to us
6174 that it would be imprudent to move forward with a lifting of

6175 the moratorium until we get some answers to those basic
6176 questions.

6177 Mr. {Engel.} I couldn't agree with you more.

6178 Let me ask you this. The Associated Press recently
6179 reported that there are 27,000 abandoned wells in the Gulf of
6180 Mexico on federal lease lands. Now, I believe and correct me
6181 if I am wrong, that abandoned wells sometimes leak.

6182 So what tools do we have and what additional tools would
6183 you need to keep these abandoned wells safe?

6184 Secretary {Salazar.} I have asked Michael Bromwich to
6185 development some recommendations on how you deal with these
6186 abandoned wells, and in some ways it is very reminiscent of a
6187 problem that some members of the committee are familiar with
6188 with respect to abandoned mines. Once they are abandoned, no
6189 one owns them, and there is not a lot that sometimes can be
6190 done for a very long time.

6191 So I would hope that as part of our overall Gulf Coast
6192 Restoration Plan and dealing with oil and gas production that
6193 that is an issue that can be addressed perhaps both
6194 legislatively as well as dealing with the resource issues
6195 that would be required in order to deal with the abandoned
6196 wells.

6197 Mr. {Engel.} Thank you. I am going to yield back the
6198 balance of my time because I know the time is late, and you

6199 have to go, and we have a couple of members who still need
6200 to--yes.

6201 Mr. Sullivan, 5 minutes.

6202 Mr. {Sullivan.} Well, thank you, Mr. Chairman.

6203 Mr. Secretary, thank you for being here today, and I
6204 just wanted to ask as Secretary did you prior to the
6205 Deepwater Horizon incident consider improving rules and
6206 regulations regarding MMS, inspections of offshore
6207 exploration and production operations, prior to the Deepwell
6208 Horizon--Deepwater Horizon blowout?

6209 Secretary {Salazar.} Yes, Congressman Sullivan, the
6210 answer to that is yes, there were several efforts, including
6211 notice to leasees to increase the safety of drilling in the
6212 outer-continental shelf. Their efforts included in our
6213 budgets increase the number of inspectors, and so it is an
6214 effort that was ongoing in September of last year. We asked
6215 the National Academy of Engineering, an arm of the National
6216 Academy of Science, to provide recommendations to us on
6217 safety issues. We had proposed a rule I believe in June of
6218 2009, that would have dealt with other issues out in the
6219 outer-continental shelf. So it was an ongoing effort that we
6220 had in terms of our reform program.

6221 Mr. {Sullivan.} And, you know, you have probably heard
6222 this analogy a lot, but when we have a commercial airline

6223 tragedy, we do not stop all airline travel for like 6 months.
6224 We work to find out the root cause in making air travel
6225 safer rather than grinding the airline industry to a halt.
6226 Why are we shutting down an industry for 6 months here,
6227 particularly given companies have drilled tens of thousands
6228 of offshore wells in the Gulf over the past 60 years without
6229 a prior accident of this nature?

6230 Secretary {Salazar.} The answer, Congressman Sullivan,
6231 is that if we were to have another tragedy like the one that
6232 we see on the well, there is frankly insufficient resources
6233 to be able to respond to that kind of an oil spill response.

6234 In addition, we frankly yet do not know how exactly it
6235 is that we are finally going to get the killing of the
6236 Macondo Well, and we will not rest until we have that well
6237 killed. And so in this kind of a dynamic circumstances, I
6238 have explained to the committee it seems to us to have the
6239 pause button in place until we can get the answers to some
6240 very fundamental, important questions relating to safety and
6241 relating to protection of the environment.

6242 Mr. {Sullivan.} And, Mr. Secretary, on the Commission
6243 that has been set up by the President to investigate the
6244 situation, it has some former governors and Administrator of
6245 EPA. I guess former governor, Bob Graham, U.S. Senator
6246 Graham, former Administrator of the Environmental Protection

6247 Agency, William Reilly, Francis, and I may get his name
6248 wrong, Beinecke. Is that how you say it? President of the
6249 Natural Resource Defense Council. It is a non-profit
6250 corporation. Donald Boesch, President of the University of
6251 Maryland, Center for Environmental Science, Terry Garcia is
6252 Vice-President for Mission Programs for the National
6253 Geographic Society, Cherry Murray is Dean of Harvard School
6254 of Engineering, and Francis, I think it is Ulmer, Chancellor
6255 of the University of Alaska.

6256 When the President put this together, why do you think--
6257 or does anyone here have experience in drilling wells and
6258 work in the oil and gas industry at all?

6259 Secretary {Salazar.} I do not know the members of the
6260 Commission, Congressman Sullivan, other than the two chairs,
6261 and I think maybe two or three other members of the
6262 Commission, but I do know that in selecting the members they
6263 were selected because they were the kinds of elder statesmen
6264 that would do a great job in reporting out the cause of what
6265 happened here and making recommendations.

6266 They also have understood they are in their staff that
6267 they are putting in the subject matter expertise that will
6268 ultimately be needed for them to do their job. So I am
6269 confident that at the end of the day the mission that has
6270 been given to the Commission, which is to leave no stone

6271 unturned as we find out what exactly happened with this
6272 particular blowout, that they will be able to achieve that
6273 mission.

6274 Mr. {Sullivan.} And I think you are right. They are
6275 elder statesmen. I think they are going to do a good job in
6276 that regard. I believe there is a lot of intelligence on
6277 this committee, too, but I just--I would like to see, and it
6278 is too late now, but I don't know why they didn't include
6279 someone that is from the industry that could actually, you
6280 know, use real-life experiences to help with this is all I am
6281 trying to get at I guess.

6282 Secretary {Salazar.} Well, I think former EPA
6283 Administrator Bill Reilly is also on the--was on the Board,
6284 maybe he still is on the Board of ConocoPhillips. I also
6285 understand that they have hired and are hiring additional
6286 people with subject matter expertise as staff members to the
6287 Commission.

6288 Mr. {Sullivan.} Thank you, sir. Thank you for being
6289 here.

6290 Mr. {Engel.} Mr. Gingrey.

6291 Dr. {Gingrey.} Mr. Chairman, thank you, and Mr.
6292 Secretary, I apologize for coming in late, and I may indeed
6293 ask you a question that has already been asked, so forgive me
6294 if I do that.

6295 In my opening statement I commented a little bit about
6296 the changing of management services to--and I am not going to
6297 try to remember what the new name is, but my concern was that
6298 at a time when we needed to have all our resources, all hands
6299 on deck, if you will, to try to stop the leak and to effect
6300 the cleanup ASAP that here we were, you were, indeed, charged
6301 maybe, maybe it was the Secretary, responsibility to do that
6302 as soon as possible, but if you can tell us what exactly,
6303 what was the emergency in regard to reorganization of MMS,
6304 and what exactly have we done? You know, I don't want to sit
6305 here and suggest to you that it is rearranging the deck
6306 chairs on the Titanic, but, you know, naturally people are a
6307 little bit concerned.

6308 So my question is simply this. What did you do, and
6309 what does this do, and how does it make it more effective and
6310 more fail-safe and correct some of the existing problems that
6311 you recognized after this disaster occurred?

6312 Secretary {Salazar.} Thank you very much, Congressman
6313 Gingrey. Let me answer in a number of--with a number of
6314 different points.

6315 First, my view has been as I testified in September of
6316 last year before Representative Rahall's committee that it is
6317 important that an organization like MMS have an organic
6318 statute because it has existed by executive order since 1981,

6319 and it has some critical functions including the safe
6320 production of our oil and gas for our Nation as well as
6321 generating on average about \$13 billion a year. An agency
6322 that has that kind of importance for the American people
6323 should have a legislative construct.

6324 Number two, with respect to my reorganization of the
6325 agency, what we have done is we have taken the people who are
6326 involved in the revenue collection and moved them to another
6327 unit of the department. They essentially are about 700
6328 people who are mostly located in the Lakewood Office where we
6329 had terminated the Royalty-in-Kind Program earlier this year
6330 because of the sex and drug scandals. We think there needs
6331 to be distance from the revenue collector from those who are
6332 actually leasing out the resource of the American taxpayer.
6333 So that is one unit that, if you will, the revenue collector.

6334 Then there are two other units. One unit will actually
6335 be the bureau that will actually decide how and where to
6336 lease so they will go through the creation of the 5-year plan
6337 for the OSC, the leasing plans, the lease sales, the
6338 exploratory plans, and the issuance of the APDs.

6339 And then a third unit that essentially will be the
6340 inspection and enforcement unit, making sure that the laws,
6341 the regulations both with respect to the environment and
6342 safety are being complied to.

6343 Dr. {Gingrey.} Mr. Secretary, that particular unit,
6344 will that be beefed up manpower wise?

6345 Secretary {Salazar.} Our proposal is to beef it up
6346 significantly. There is a--it is part of the supplemental
6347 legislation that is pending before Congress to begin the
6348 first chapter of beefing that up, and we hope to have a
6349 budget amendment that could increase the number of inspectors
6350 and others that are needed to work within the new agency by
6351 as many as 450 personnel.

6352 It seems, Congressman Gingrey, as I said earlier on that
6353 it is a fool's errand, if you will, to have 4,000 production
6354 facilities in the Gulf of Mexico alone and to only have 60
6355 people that are assigned to go out and do the inspections.
6356 So the robustness of this agency I think is a necessity for
6357 us as a country to move forward with safe oil and gas
6358 production in the outer-continental shelf.

6359 Dr. {Gingrey.} Mr. Secretary, I hope that we will need
6360 those 400 more and not--even more if we continue the
6361 moratorium. So I got to get that plug into you as well. As
6362 soon as we can stop this, I think, ill-advised moratorium and
6363 hire those 450 additional people and get that drilling going
6364 again in a safe and effective manner, I think that is what we
6365 would like to see, at least from this side of the aisle, and
6366 I hope you would agree with us, and thank you so much for

6367 being here and testifying and responding to my questions.

6368 Mr. Chairman, I yield back.

6369 Mr. {Engel.} Thank you. Ms. Bono Mack.

6370 Ms. {Bono Mack.} Thank you, Mr. Chairman.

6371 Mr. Secretary, great to see you again. I think last
6372 time I saw you we were working together on a trails issue.
6373 It is good to see you. Welcome back to the Hill.

6374 As you probably know, my district is very abundant in
6375 renewable fuels, and as you probably know I support renewable
6376 fuels, but I also support being very honest with my
6377 constituents that in order to transition our economy towards
6378 future fuels, we have to do it in a realistic way. In your
6379 words to my colleague, Congressman Latta, you said it is a
6380 mistake to start and stop energy policy, but you are doing
6381 that very thing with this moratorium in my opinion.

6382 I think it is a mistake to do what you said we shouldn't
6383 be doing, and I understand what you are talking about, but I
6384 just want to weigh in and echo my colleague's sentiment about
6385 the moratorium being a mistake. Even though I believe in
6386 future fuels and moving us forward, we have to give certainty
6387 to people who are drilling today in the Gulf, so I want it to
6388 be on the record my displeasure with the moratorium.

6389 With that being said, I think what is really missing
6390 from the debate so far is the absolute lack of coordination

6391 between all the agencies. I live in a district as you know
6392 also that sits on top of the San Andreas Fault, and every day
6393 we worry about the big one hitting us, and I think that my
6394 constituents have gotten to the point where they don't
6395 believe government is going to be there for them, and I don't
6396 believe that they think they are going to be well coordinated
6397 and provide a good response to a disaster, and I think this
6398 is a perfect example of that.

6399 Can you tell me as we go forward with habitat
6400 restoration and all that has to be done what you are doing to
6401 make sure the agencies under your purview, whether it is
6402 National Park Service, whether it is Fish and Wildlife, BLM,
6403 whomever it is, how are they going to be better coordinated,
6404 and more importantly I think to bring the state in. In the
6405 emergency response plans the state is a huge leader in all of
6406 those decisions that would be in response to a disaster, but
6407 in this case they are being ignored, and we are hearing
6408 constantly from the governors that their ideas and their
6409 suggestions are being completely ignored.

6410 Can you respond a little bit to what you would do
6411 differently, how we are going to do this going forward, and
6412 reassure my constituents that we do have our act together
6413 because I don't think that they are going to believe that for
6414 a minute.

6415 Secretary {Salazar.} I appreciate your questions very
6416 much. Let me just say first on the stop and start comment
6417 that I made, I made it with respect to National Energy
6418 Policy, which I think everybody would agree has not worked
6419 through the '70s, the '80s, the '90s, and even until today.

6420 Ms. {Bono Mack.} And it doesn't work today, and that is
6421 the point that I am trying to--

6422 Secretary {Salazar.} That is why we need to have a
6423 comprehensive energy program moving forward, and that is why
6424 the President has been spending so much time on it.

6425 With respect to habitat restoration, just very quickly,
6426 we do believe that the Gulf Coast will be restored to a
6427 better place than it was before April 20, and Secretary Mabus
6428 at the direction of the President is leading the effort. We
6429 are working very closely with him, including multiple
6430 meetings that my staff and I had with Secretary Mabus
6431 yesterday.

6432 And then thirdly, with respect to your question on
6433 coordination, what I would say is this is the most Herculean
6434 response effort to an unprecedented disaster that the United
6435 States has ever seen, and I am on the front lines of it
6436 working with the President, working with my colleagues in the
6437 White House, and working with all of the agencies of the
6438 United States Government. And when you look at the resource

6439 that has been amassed to respond to this ongoing problem
6440 which is now in its 90th day, it is something that when you
6441 actually realize what the numbers are and the effort are, it
6442 makes me proud of the fact that the United States Government
6443 is operating in the way that it is.

6444 Ms. {Bono Mack.} Mr. Secretary, I think this is where
6445 we disagree, and I think my constituents are going to react
6446 to what you just said.

6447 You are very proud of the fact that we have a huge,
6448 bureaucratic, large government response to a disaster, and we
6449 are ignoring people on the local level and the local voices
6450 and people who have ideas. You are saying you are very proud
6451 of a huge bureaucracy and a bureaucratic response to it, and
6452 I think that is the problem.

6453 We have so many bureaucrats and people out there who
6454 don't know what they are doing, and to get to my colleague
6455 Sullivan's question about the panel, the President's panel
6456 has nobody who even knows anything about drilling a well, you
6457 know, and I--hey, I consider myself a warm and fuzzy
6458 Republican, and I like a lot of people who are on that panel,
6459 but I think it is short-sided in the fact that it doesn't
6460 have people who have serious expertise in how to drill a
6461 well. It just seems that bringing expertise in the oil and
6462 gas field to that panel would have been a good thing.

6463 And just since I have 13 seconds left, you still
6464 contradicted yourself. I understand what you are saying
6465 about a national energy policy, but you cannot say that it is
6466 okay to start and stop right now, because that is what you
6467 are doing. It is the exact same thing that you are
6468 advocating against.

6469 So I am right on the money at zero, zero, and I
6470 appreciate the opportunity to question the Secretary. Thank
6471 you.

6472 Secretary {Salazar.} If I may, Chairman Markey, just--
6473 Mr. {Markey.} [Presiding] Please.

6474 Secretary {Salazar.} --respond to the Congresswoman.
6475 First, with respect to this effort and reaching out to the
6476 local communities and to the governors, every day my
6477 colleague, Valerie Geradin and a number of other people from
6478 the White House are on a telephone call where the governors
6479 participate. Some days, some days they don't. The President
6480 himself has made a personal outreach to them. I have done
6481 the same thing. I have been to the Gulf Coast, the Houston,
6482 I think the last count was ten or 11 times. My Assistant
6483 Secretary Tom Strickland, 17 times.

6484 Ms. {Bono Mack.} But then how does that explain that
6485 there are still booms sitting unused in warehouses, and there
6486 are boats sitting unused, and skimmers sitting unused? You

6487 can say you can reach out to somebody, but it is not being
6488 deployed.

6489 Secretary {Salazar.} I would be happy to get you a copy
6490 of the daily report which we receive, but this is a huge
6491 mobilization of an effort to deal with a very tragic and a
6492 very unprecedented disaster, and the President has said,
6493 leave no stone unturned, do not rest, and get the job done,
6494 and that is what we are committed to do.

6495 Mr. {Markey.} We thank the gentlelady.

6496 I will tell you what we can do. I was intending on
6497 concluding the hearing right now, but I can recognize the
6498 gentleman from Texas for 2 minutes.

6499 Dr. {Burgess.} I thank the Chairman for the
6500 recognition.

6501 Secretary Salazar, when President Obama came and spoke
6502 to the country about the problems of the Gulf, he said that
6503 he had expanded offshore drilling, ``under the assurance that
6504 it would be absolutely safe.''

6505 Now, the concept of being absolutely safe, apparently
6506 there was a team that advised the president, Carol Browner,
6507 yourself, and Secretary Chu, so is that factual? Is there a
6508 team that advised the President on the fact that offshore
6509 drilling was--could be assured was absolutely safe, and were
6510 you part of that group?

6511 Secretary {Salazar.} Our view, Congressman Burgess, is
6512 that we had and still have a thoughtful plan in terms of
6513 moving forward. The Gulf of Mexico was a place where
6514 thousands of wells had been drilled. We felt that there was
6515 a place in the eastern part of the--that would still keep you
6516 125 miles from Florida, for these was 67 percent of the
6517 resource that could be recovered.

6518 Dr. {Burgess.} So you and Carol Browner and Dr. Chu did
6519 advise the President that this was absolutely safe?

6520 Secretary {Salazar.} Let me just say what we--what I
6521 did as Secretary of the Interior is I developed this plan,
6522 and I developed the plan over a very long period of time that
6523 included multiple hearings from New Jersey to Louisiana to
6524 California to Alaska and hundreds of thousands of comments,
6525 so it was my plan and my recommendation that I made to the
6526 President.

6527 Dr. {Burgess.} So in retrospect now would you say that
6528 you made a mistake, that that was wrong?

6529 Secretary {Salazar.} I would--no. I would say that the
6530 plan that we put forward was, in fact, a very thoughtful
6531 plan. We counseled five leases of huge sales in Alaska, for
6532 example, because we felt that the oil spill response
6533 capability was insufficient.

6534 Dr. {Burgess.} But in light of what has happened were

6535 you, in fact, wrong at that assessment?

6536 Secretary {Salazar.} I think the plan that we put
6537 forward at the end of March was a plan which took a year to
6538 develop with huge input from all of the stakeholders and
6539 which I believe is still a good plan.

6540 Dr. {Burgess.} Okay.

6541 Mr. {Markey.} The gentleman's time has expired again.

6542 Mr. Chairman, you--Mr. Secretary, we know that you went
6543 above and beyond to be here this afternoon. It is greatly
6544 appreciated by this committee. We have jurisdiction over
6545 energy production generally in the United States of America,
6546 and so our title is the Energy and Commerce Committee. Your
6547 service to our country is greatly appreciated, and we thank
6548 you for being here today.

6549 This hearing is adjourned. Thank you.

6550 [Whereupon, at 4:30 p.m., the Subcommittee was
6551 adjourned.]