

## **BP in the Gulf: Looking Back, Looking Forward**

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Remarks as Prepared for Delivery

Thank you for that kind introduction and let me also thank the organizers of Clean Gulf for inviting us to present at this 20th anniversary conference. Because of the Gulf of Mexico's unique value as an environmental treasure and an economic resource, this conference offers us all a very good opportunity to strengthen our ability to protect it.

BP has been a long-standing participant in this event because the Gulf is important to us. We've invested more than any other company in developing the region's energy resources. Thousands of our employees make our homes in this region and enjoy the natural beauty and recreation the Gulf provides. Like everyone who does business here, we've always understood that we have a responsibility to do our part to protect it. And we are working to fulfill our responsibilities to the people and communities of the region after the Deepwater Horizon tragedy and the loss of 11 souls.

It has been six months since those men lost their lives. Please join me in pausing to remember them.

BP looks forward to a long future here. We know that it will take time to fully understand the oil spill's environmental impact, to ensure that any remaining oil is appropriately cleaned, to remediate environmental damage and to make sure that all legitimate claims are paid. We'll be here working on those issues, and working to make drilling safer, every day for as long it takes.

I have seen, and felt the spill's impact – human and environmental – first hand. I try every day to help BP deliver its promises to the people of this region

Part of this involves explaining how we responded to the spill, what we're doing to make good on our commitments, and how we are working to make future spills less likely. So today, I want to share with you some of our "lessons learned" from the experience of the last six months. Since I will address the onshore aspects of the response during the panel that follows the keynotes, right now I will review our efforts towards subsea containment. Then I'll outline our new Gulf Coast Restoration Organization. And finally, looking forward, I will detail some of the changes we are making at BP.

The engineers, contractors and scientists who attacked, contained and finally sealed the well spent very long hours behind the scenes. I can tell you that no one working those joysticks on the ROVs, or standing on those platforms and

ships in the Gulf, or supporting them from around the world was just doing it for the paycheck. They were driven by a commitment to do the job well, and they remain committed to doing everything in their power to make things right.

The scope, scale and complexity of our response made it the largest and most extensive ever undertaken by any company following an industrial accident.

This response was both a humbling experience but also an amazing one

There were challenges on every front:

- The well was 5000 feet below the surface and 50 miles from shore.
- At risk were 10,000 miles of coastline with a myriad of environments and habitats.
- Our access to infrastructure and support was as variable as the coastline.
- We faced a monumental effort to engage and enroll a long list of local, state and federal agencies .

What made it work was the single most important resource we had – people. People who displayed incredible ingenuity, commitment and perseverance.

At the peak of the response, “our team” included:

- More than 45,800 people.
- More than 7,000 vessels.
- Some 150 aircraft.
- Collaborated with more than 6,800 companies.
- More than 80 different entities including regulatory, academic, military and private enterprise were involved at the peak of the response.

Not only was the global audience concerned about the situation, they also offered their help in the form of thousands of suggestions on how to stop the leak and respond to the spill. We took those seriously, evaluating each one and taking a number of them forward for study, testing and for application to the response.

It is important to recognize that from the beginning of our response we have continuously learned, adjusted and had to modify our efforts. The lessons we learned have wide applicability across the industry. We are making them available to governments, the industry and the public at large in the hope that our experiences can be employed to improve the response to any marine oil spill, anywhere.

You can read our full reports on the CD that we’ve included in your delegate package. But today, I will provide you with a thumbnail summary of our findings. They fall into four broad categories: collaboration, systemization, information, and innovation.

First, the need for collaboration.

No company – indeed, no industry – however seemingly well-resourced, could have tackled the aftermath of the Deepwater Horizon incident entirely on its own. From the first, the response was a team effort.

The Coast Guard, of course, has been an indispensable partner from the very first night, when it helped rescue the 115 survivors from the rig. We respect and admire the professionalism and dedication of the Coast Guard.

The Unified Command, which was established shortly after the explosion, continues to provide the structure for partnership, not only with the Coast Guard, but the Departments of Interior, Energy, Homeland Security and myriad other federal, state and local agencies and the White House itself.

The leadership of Admirals Allen, Landry, Watson, and Zunkunft was essential to bringing out the best in all of us and bringing order and direction to an effort that could easily have become chaotic. As the work goes forward, Admiral Zunkunft is continuing to provide consistent leadership to our combined efforts. Federal officials from a broad group of US Government agencies like the EPA and NOAA have been outstanding partners, as have the Governors of all five affected states and their respective teams.

The second lesson was the importance of systematization.

The scale of the response meant that there was no alternative but to develop extensive systems, procedures and organizational capabilities that were capable of adapting to fast-changing and unique conditions. There were three areas where systemization was essential:

- Knowing the oil – its characteristics in different situations and what response was best suited in that environment;
- Developing a strong response strategy – and ensuring any modifications were applied systemically to push change through the system quickly; and
- The use of the Incident Command System to ensure rigor in operations.

The third lesson was the critical need for a constant flow of information, both within the team and to the general public.

The Deepwater Horizon responders used many new tools to enable information-sharing inside the Unified Command as well as externally. All of that helped improve decision-making and the coordination of complex activities.

But it wasn't enough to have the members of the team communicating with each other. Everything the team was doing had to be not only communicated to various stakeholders, but often explained to them as well.

Finally, and perhaps most importantly, it was important that we be open to innovation – in technology, in processes and in know-how.

The team came together from across our industry, multiple government agencies, academia at each stage and from every part of BP. We found ourselves having to innovate and in parallel streams in order to cap the well and contain the spill.

As a result of these efforts, we now have a set of assets available for response to any future spills that did not exist on April 20:

- An inventory of immediately deployable open and closed containment systems proven at depth with associated operating procedures;
- Proven systems for processing and transporting contained oil;
- Diagnostic and surveillance techniques;
- Plans and organizational models for immediate stand-up of dedicated source containment;
- Enhanced technologies and procedures to drill relief wells in deep water;
- And above all else, experience in using all of the above.

This is what we bring to the table as part of the Marine Well Containment Company, with the intention of making these learnings the foundation on which our industry can build its capabilities for the future.

With the well capped and sealed, we're now focusing on making sure we keep our promises to the people and environment of the Gulf Coast. To ensure that we do not lose that focus, BP has created a special business unit, the Gulf Coast Restoration Organization, under the leadership of Lamar McKay, President of BP America.

Of course, we are continuing to work with the Coast Guard and other agencies through the Unified Command structure to seek out any oil that still remains in the Gulf and remove it as quickly, cleanly and safely as possible. Crews are removing tar balls from beaches and implementing scientifically-designed plans to carefully clean sensitive marshland.

Working with NOAA, we are sampling and testing water every day, and making the findings available to the public. And we've established a \$500 million Gulf Research Initiative working with the Gulf of Mexico Alliance to fund independent, peer-reviewed scientific study of ongoing research.

We've worked with wildlife groups to clean oiled birds and turtles and return them to clean habitats. The wildlife rescue program was especially successful because of the number of people in the field and the ability to quickly stand up rehabilitation center and mobilize resources. To date, 1,245 birds, 362 sea turtles, just a few mammals and more than 14,000 sea turtle hatchlings have

been cared for and released. And we are donating our share of the proceeds from the sale of captured oil to fund wildlife restoration programs in the region.

At the same time, BP is continuing to focus on addressing the economic impacts of the Macondo spill. BP has established a \$20 billion fund for claims payments, the Gulf Coast Claims Facility, which is being administered independently by Ken Feinberg, the highly-respected attorney who managed a similar process after the 9/11 attacks. We are supporting efforts to inform Gulf residents of how to access this process, and to ensure that all legitimate claims are paid in a timely manner. BP is also working closely with state and local officials across the Gulf region to make sure that their legitimate costs in responding to the crisis are reimbursed.

Additionally, we're doing what we can to foster economic restoration in this region, working with key industries like seafood and tourism. We've provided significant financial support for state tourism promotion efforts, and are working with officials in the region to design programs for seafood testing and outreach so that seafood lovers everywhere know that Gulf products are safe.

We are confident that that the Gulf region will rebound. We know the people and businesses here – you are our neighbors, our friends and family. And we will do our part.

Of course, the biggest lesson of the Deepwater Horizon tragedy is that we must do more to prevent future accidents in any part of our business.

As our new chief executive Bob Dudley has made clear, BP's response to the Deepwater Horizon tragedy needs to go beyond better techniques of deepwater drilling.

The nature of our business means risk cannot be eliminated. But in an effort to reduce it as much as possible, we have created a new safety division – with broad powers to oversee and review the company's operations worldwide.

With staff embedded in BP's operating units, including exploration projects and refineries, our new Safety and Operational Risk group will be responsible for ensuring that all operations are carried out to common standards and meet audited compliance with those standards. This new organization is designed to strengthen safety and risk management across the BP group, and it will report directly to BP's Chief Executive Bob Dudley, a sign of the importance he is placing on this effort

In addition, our existing Exploration and Production unit will work in three functional divisions — Exploration, Development and Production — and will carry out a detailed and wide-ranging review of how safety is managed with third-party contractors.

The new Safety division will also conduct a fundamental review of how the company incentivizes business performance, including reward strategy, with the aim of encouraging excellence in safety and risk management.

If we accomplish this, BP will not be the only beneficiary. Our learnings will help to improve the safety of oil exploration and production operation in energy basins around the world.

And with that, I'd like to thank you for attention and wish you a successful conference. .