



BP is in the Gulf to stay

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Thank you, Governor Riley, for that introduction. I also wish to thank the leaders and members of the Southern Governors Association for their kind invitation to address this distinguished forum.

We meet today on a sad anniversary. Five years ago, Hurricane Katrina struck, leaving death and devastation in her wake. The damage in Mississippi and Alabama was horrific and widespread, and, of course, the people of New Orleans and the rest of Louisiana were particularly hard hit. While there has been much rebuilding, the scars she left run deep.

The images of Katrina – still unforgettable after five years – underscore dramatically the enormous power of Mother Nature. They also serve as a vivid reminder of the grave responsibility humanity bears not to add to the sum of human sorrow.

So the images we have seen over the last four months, of oil spreading through the Gulf of Mexico and invading the marshes of Louisiana, were all the more painful because they were not the result of a once-in-a-lifetime natural disaster. The damage and the difficulties endured across the Gulf region this summer resulted from a terrible accident, one that took eleven lives – an accident that should never have happened.

I have witnessed the consequences of the oil spill first hand – and it is saddening and frustrating to see the wildlife that had been harmed, but most importantly meeting people who have relied on the water for their livelihoods, in some cases for generations.

All of this is very personal for me. I grew up in Hattiesburg, Mississippi, and spent summers with my family swimming and fishing in the Gulf. Some of my best childhood memories are when my father took the family out to Ship Island and a big treat was to go all the way out to the Chandeleurs.

I've been to Biloxi, Gulf Shores, Grand Isle and to many places all along the Gulf Coast, meeting with people who have shared similar stories from their childhood, and who continue to live here and cherish their surroundings.

These events have reconnected me to friends of my family from many years ago who are working here in the region and on the coast.

I know how important the fishing industry is to the people of the Gulf Coast states. And as someone who has worked in the oil and gas industry my whole career, I know very well how important this business is to the economic prosperity of the region.

The capping of the Macondo well on July 15 is, of course, welcome news, as no new oil has flowed into the Gulf now for six weeks. In the coming days, we expect the relief well to be completed, which will permanently kill this well.

The engineers, contractors and scientists who achieved this result – working long hours and often far from home – haven't gotten much public recognition for their efforts. They ought to. After working closely with them for months, I can tell you that no one working those joysticks on the ROVs or standing on those platforms and ships in the Gulf was just working for the paycheck. They were



driven by professional pride and perseverance. They are deeply committed to doing everything in their power to make things right. Thanks to them, we have taken a giant step in that direction.

And from the beginning, this has been a team effort. Indeed, the last four months have very much been about an extraordinary team effort.

The Coast Guard, of course, has been an indispensable partner from the very first night of the disaster, when it helped rescue the 115 survivors from the rig. The list of casualties could easily have been longer without 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 federal, state and local agencies and the White House itself. Adm. Allen's calm sense of command has brought out the best in all of us, bringing order and direction to an effort that could easily have become chaotic.

The scientists from NOAA, the EPA, the Fish and Wildlife Service, as well as the state and local scientific agencies, have also been of boundless assistance.

Also I want to recognize the governors and the local officials, many of them here in this room. The question that I and other BP people hear most often from state and local officials in the region is "How can I help?" I can't tell you how much that means.

Much, of course, remains to be done. The capping of the well has led to speculation that BP is now preparing to pack up and go home. That's not on my agenda. We have said that we will make this right, and we will. That has been my priority for the past two months, and it will continue to be BP's priority after taking on the chief executive's role of BP on October 1st.

No doubt some of you are skeptical. I understand that.

You have seen stories in the press about checks that haven't arrived, oil that got past the booms, and other snafus. I'd just like to point out that our efforts to cap the well, contain the spill and make people whole are both massive and unprecedented. When you're in uncharted territory, things don't always go right the first time. I share the frustration of many local residents, as do thousands of BP people and their families, many of them right here in the southern states. The important thing is listening to people across the Gulf so we can understand what's working and what isn't, making changes and fixing problems, so we can make things right. That's been my approach, and will continue to be.

So in the limited time I have today, I want to do three things.

First, I want to summarize what we have done up until this point;

Second, I will outline how we are planning to move forward;

And finally, why you can rely on us.

From the moment the Transocean Deepwater Horizon exploded on April 20, BP has stepped up to its obligation to mitigate the environmental and economic impact of the resulting oil spill.

Our efforts in this regard are the largest and most extensive ever undertaken by any company in response to any industrial accident. Within two days of the explosion, BP mobilized a fleet of 30 vessels and over a million feet of protective boom. The Unified Command was established almost immediately. With time the scale of activity grew rapidly, ultimately exceeding 6,000 vessels.

We have trained thousands of volunteers how to cope with oil and injured wildlife. Rapid response teams have scoured the beaches for oil that has come ashore. Where oil is found, we clean up.



We committed very early on to pay all legitimate claims for damages resulting from the oil spill and necessary response costs. To date, we have paid over \$400 million. We are meeting claims for losses that include property damage; net loss of profits and earning capacity; subsistence loss and natural resource damage; removal and cleanup costs; cost of increased public services and net loss of government revenue.

The BP board has established a \$20 billion claims fund, setting aside assets to assure Gulf Coast residents that the funds will be there to make good on our commitments. Earlier this month, we underlined our commitment to the Gulf Coast and its citizens by depositing \$3 billion into that account ahead of schedule.

BP is an energy company, not a claims adjuster. To make sure we satisfy individual and business claims as efficiently and effectively as possible, we brought in Ken Feinberg, a renowned expert at this type of work. The papers have dubbed him “Mr. Fairness” for his work on compensating the victims of 9/11 and many other disasters. He maintains offices across the region, and has been very visible in recent weeks, explaining his process. I know I speak for everyone at BP when I encourage you – if you or anyone you know has been damaged by this oil spill, please make use of this process so we can redress your losses.

In addition to paying claims to individuals and businesses, we are also directly engaging with state and local governments to make them whole on their losses. And we’ve made significant investments toward rebuilding the local economies. We provided \$70 million to help the Gulf Coast states promote tourism, \$175 million in block grants to those same states. We also have made payments toward our \$360 million commitment for the construction of six berms in the Louisiana barrier islands project.

And we have been doing a lot more than just writing checks. BP people have been on the ground in the Gulf, doing everything from training volunteers to answering telephones to heading out on the water with our partners to look for oil slicks and injured wildlife.

I could go on, but I think you get the idea. We have not, and will not, stint on doing whatever is necessary to meet our commitment to restore the Gulf.

Looking to the future, we know that environmental and economic restoration means more than just cleaning up the oil and paying for losses experienced this summer. People across the region want to know the long-term impact of the oil spill, and want to know that we will address that impact.

BP has committed \$500 million to create a broad, independent research program to be known as the Gulf of Mexico Research Initiative (GRI). Working with the Gulf of Mexico Alliance, the GRI will fund independent research to investigate the impacts of the oil, dispersed oil, and dispersant on the ecosystems of the Gulf of Mexico and affected coastal states. The initiative will also develop improved oil detection, characterization and remediation technologies.

Four research institutions in the Gulf region have already received a total of \$30 million in fast-track funding for high-priority studies of the distribution, composition and ecological interactions of oil and dispersant.

Long-term research is vital, but so is immediate testing. Right now, boats with personnel from BP, NOAA, the EPA, and many other government agencies are plying the waters of Gulf, sampling the waters looking for residual oil, or injured sea life. The EPA is posting its findings regularly on its website, and substantial portions of the Gulf of Mexico that were closed to fishing because of the spill have been re-opened.

And BP has pledged to donate net revenue from oil recovered from the spill to the US National Fish and Wildlife Foundation, whose mission is to preserve and restore America's native wildlife species and habitats. We have already made \$13 million of these funds available and the foundation is now using it to rehabilitate birds and sea turtles.



In addition, we have created a \$100 million fund to support rig workers that have been displaced by the drilling moratorium, and we have committed more than \$50 million to support behavioral health programs in the region.

All of this costs money. And I want you to know that aside from the disaster in the Gulf, the rest of BP is financially healthy, and up to the task of meeting its future commitments. We have also announced the sale of as much as \$30 billion in assets over the next 18 months, selected on the basis that they are worth more to other companies than to BP. That will make us a smaller, but higher quality, company.

I am sure you all agree that a financially healthy BP is in everyone's interest, and that is one of the major reasons you can trust BP to follow through.

With all of the criticism that has understandably been directed at my company in the last four months, it's easy to lose sight of one very important fact: no one at BP wanted this to happen.

Like most large companies, BP can often seem like a big, impersonal logo. But also like any other company, it is made up of people, there are 23,000 of them in the US, along with more than 75,000 retirees of which many came out of retirement to offer help. They get up every morning and believe they are making a positive difference by providing the energy people need to drive to work, get their kids to school, cook the family meals and live a decent life.

They are deeply saddened by what has happened, but they aren't paralyzed by it. They are determined to meet our commitments and to restore trust in our company, because this is their home too, and because they believe their company should live up to its responsibilities.

We know the eyes of the world are upon us. President Obama, members of Congress, as well as governors, local officials and the general public, have made very clear their expectations of BP. We have no intention of disappointing them.

We are in the Gulf to stay. We and our heritage companies have been part of the life and culture here for many decades. And we plan on being here for many more.

We have learned – and will continue to learn – many lessons from this oil spill. The many investigations of the accident will bring changes to our industry – changes that will improve the safety of deepwater drilling going forward. And the lessons we have learned in responding to this oil spill will be lessons we share with the industry and the government, to improve spill responsiveness here in the Gulf and in deepwater drilling locations around the globe.

We all share an interest in strengthening the safety and preparedness of this industry. The Gulf of Mexico is one of the world's premier energy basins. It's hard to believe that less than two decades ago, some of the best minds in our industry thought the Gulf was played out. Many of our competitors packed up and left for what they thought would be greener pastures elsewhere. BP stayed, and invested in the area and its people. Our persistence was rewarded with some of the largest oil and gas discoveries of recent years. And we believe there is more to come.

BP absolutely plans to be a part of America's energy future.

But we can't do that without the trust of the people of the region.

We know that we will be judged by our response to this crisis. I can assure you that we and the entire industry will learn from this terrible event, and emerge from it stronger, smarter and safer than ever before.

Thank you.

