

**Testimony**  
**Before The Subcommittee on Federal Financial Management, Government**  
**Information, Federal Services, and International Security**  
**of The Committee on Homeland Security and Governmental Affairs**  
**United States Senate**  
**June 16, 2010**

*Response Efforts to the Gulf Coast Oil Spill*

**Steven Newman, Chief Executive Officer, Transocean, Ltd.**

Chairman Carper, Ranking Member McCain, [Chairman Lieberman, Ranking Member Collins] and other members of the Subcommittee, I want to thank you for the opportunity to speak with you today.

My name is Steven Newman, and I am the Chief Executive Officer of Transocean, Ltd. Transocean is a leading offshore drilling contractor, with more than 18,000 employees worldwide and more than 4,500 employees in the U.S. I am a petroleum engineer by training. I have spent considerable time working on drilling rigs, and I have worked at Transocean for more than 15 years.

Since April 20, the heartache I and my Company feel for the 11 crew members who died – including 9 Transocean employees – and their families is with us constantly. The safety of our employees and crew members is of the utmost importance, and the loss of lives on the *Deepwater Horizon* rig is devastating to us and to their families. As I will discuss further, we remain committed to providing support and comfort to the families of the lost men.

I also salute the courage of the 115 crew members who were rescued from the *Deepwater Horizon* and who deeply feel the loss of their colleagues, and the extensive response team who has worked tirelessly since this tragedy occurred. This includes the brave men and women of the U.S. Coast Guard, as well as other federal and state officials, non-governmental organizations, and volunteers. Transocean also has been actively involved in the activities since April 20<sup>th</sup>, and I would like to provide the Subcommittee with more information about these efforts.

Transocean is a people focused company. After the events of April 20<sup>th</sup>, our HR teams at both the North America and Corporate level focused on providing

grief counseling and a range of benefits and employee services to those directly and indirectly affected. We are currently taking a number of steps, including:

- providing the families of the nine Transocean fatalities continued full pay and benefits;
- providing injured crew and those receiving ongoing counseling (45 in total) continued full pay and benefits, in addition to any statutory benefits that may be owed under Workers Compensation, the Jones Act, or the Longshore and Harbor Workers Compensation Act; and
- providing uninjured crew not currently receiving counseling (25 in total) continued full pay and benefits.

Compensation for personal possessions lost in the incident was offered to all crew and families and accepted by most.

On May 25<sup>th</sup>, we held a Memorial Service in honor of the men lost in the Horizon tragedy. It was attended by all 11 families, many Transocean personnel, and people from across the industry, and I believe was a moving event for those families and an opportunity for all of us to celebrate the lives of these exceptional men.

Our goal is to continue our support of these families and our employees as we all move forward. As I have said many times in the past, we believe that we have the most advanced equipment in the offshore drilling industry, but our people are the real reason for the success of Transocean. This belief has been articulated through the guiding principles for our company, which go by the acronym “FIRST.” FIRST stands for:

- Financial Discipline
- Integrity and Honesty
- Respect for Employees, Customers and Suppliers
- Safety
- Technical Leadership

Our respect for our employees and our goal to be a responsible employer guided our actions before April 20<sup>th</sup> and will continue to do so in the future. Transocean provides our employees intensive training for all off-shore and shore-based activities. This comprehensive training program reflects our focus on safety,

with induction courses, safety leadership training, health, safety, and environment masters' classes, and regular periodic refresher courses. We work with employees who seek supervisory and management positions, provide flexible work hours and monetary assistance for education to maintain or improve job skills or to increase competencies and qualifications for future opportunities.

Our Company's culture of safety has long guided our actions. Transocean was a key partner with the UK Health and Safety Executive in developing the Safety Case methodology following the Piper Alpha disaster in the North Sea, although our Company was not involved in the incident. We subsequently applied what we learned in the North Sea to our operations around the world, even where no Safety Case is required. We played a lead role with the IADC in developing IADC's Safety Case guidelines, and we have implemented a Major Accident Hazard Risk Assessment across all Transocean operations.

Transocean's serious commitment to environmental and social stewardship arises directly from FIRST, the Company's guiding principles, through active participation in a range of scientific, social and conservation research programs around the world, including the Gulf of Mexico. We have invested millions of dollars over the past few years in projects aimed at better understanding the environment in which we work and the communities that support our operations.

One such example that is likely to play a significant role in understanding the potential effects of this event in deepwater is our support of a global scientific partnership program addressing scientific and environmental issues associated with ROVs, of which Transocean was a founding member. For over seven years, we have been using our rigs as places of research to allow scientists to explore the deepwater environments with cutting edge technology to better understand the largely under-explored deepwater area of the ocean, and our rigs working in the Gulf of Mexico have been responsible for several important discoveries. As a member of the Gulf of Mexico Foundation, Transocean supports a range of coastal restoration projects and educational efforts across all five Gulf States, Mexico and the U.S Virgin Islands. Many of these projects are in collaboration with NOAA's coastal restoration program along with other federally funded programs.

Our environmental efforts are not limited only to the Gulf of Mexico, and neither is our respect for the people and communities around us. Accordingly, we support a range of community programs around the world. We believe our

commitment today is an extension of how we have operated our business in the past and intend to continue into the future.

With respect to the events of April 20, immediately after the explosion, Transocean began working with BP (in BP's role as operator/leaseholder of the well) and the "Unified Command" (which includes officials from the U.S. Coast Guard, the Department of the Interior's Minerals Management Service (MMS), and the National Oceanic and Atmospheric Administration (NOAA)) in the effort to stop the flow of hydrocarbons. Our operations and engineering teams have been working around the clock under BP to identify and pursue options for stopping or containing the flow as soon as possible. Our drilling rigs, the *Development Driller III* and the *Development Driller II*, are actively engaged drilling the relief wells at the site, and our drillship, the *Discoverer Enterprise*, is involved in the unique oil recovery operations in the Gulf.

We will continue to support BP and the Unified Command in all of these efforts.

Throughout this time, we have also been working hard to get to the bottom of what happened the night of April 20<sup>th</sup>. There are critical questions that need to be answered in the coming weeks and months, but that we simply do not have all of the data to know the answers at this point. As the investigations continue, including our own internal investigation, it is important to keep in mind that the well construction process involves various entities and many personnel – the well operator, government officials, the drilling contractor, the mud contractor, the casing contractor, the cement contractor and others. Therefore, to understand what led to the April 20 explosion, we must work together to collect information and to recommend any corrective measures.

As the Subcommittee members are likely aware, the Oil Pollution Act of 1990 (OPA) makes clear that we are responsible for fluids originating from the rig above or below the water line, but not for fluids emanating from the well. Once the extent of these liabilities for any materials or substances allocated to the rig are understood, Transocean will continue our cooperation with the National Pollution Funds Center to fulfill any OPA obligations applicable to our operations and process any relevant claims. To support this effort we have conducted sampling to determine the potential presence and any potential impacts that may have been caused by diesel released from the rig. At this time, the presence of any such diesel fuel released from the rig has not been detected; however, we will continue

to work to verify this as well as determine whether or not there is any diesel fuel still contained in the rig's tanks at the bottom of the ocean.

Additionally, as the National Resource Damage Assessment (NRDA) has barely begun, it is too early to ascertain the Company's responsibilities in that context. As that process advances, we will cooperate with the NRDA Trustees and will stand ready to fulfill any potential obligations that may be found to originate from our duties under the OPA.

Regardless, Transocean will continue to lend our expertise to the spill containment and relief well drilling efforts currently underway. The foundation of our company's strength has always been the people who work at Transocean and the communities where we live and operate. Our commitment to both has been regularly demonstrated over the years, and I believe our continued commitment throughout this incident is evident. We remain ready and willing to assist the Subcommittee and all involved as the work continues.