

HALLIBURTON: WE WORKED TO SPEC

As oil continues to gush into the Gulf, I've been haunted by the statement Halliburton put out about the Deepwater Horizon spill.

Here's the statement, dated April 30, in its entirety.

Halliburton (NYSE: HAL) **confirmed today its continued support of, and cooperation with, the ongoing investigations** into the Deepwater Horizon drilling rig incident in the Gulf of Mexico earlier this month. Halliburton extends its heartfelt sympathy to the families, friends and our industry colleagues of the 11 people lost and those injured in the tragedy.

As **one of several service providers on the rig**, Halliburton can confirm the following:

- *Halliburton performed a variety of services on the rig, including cementing, and had four employees stationed on the rig at the time of the accident. Halliburton's employees returned to shore safely, due, in part, to the brave rescue efforts by the U.S. Coast Guard and other organizations.*
- *Halliburton had completed the cementing*

of the final production casing string in accordance with the well design approximately 20 hours prior to the incident. The cement slurry design was consistent with that utilized in other similar applications.

- In accordance with accepted industry practice approved by our customers, tests demonstrating the integrity of the production casing string were completed.
- At the time of the incident, well operations had not yet reached the point requiring the placement of the final cement plug which would enable the planned temporary abandonment of the well, consistent with normal oilfield practice.
- We are assisting with planning and engineering support for a wide range of options designed to secure the well, including a

potential relief well.

Halliburton continues to assist in efforts to identify the factors that may have lead up to the disaster, but **it is premature and irresponsible to speculate on any specific causal issues.**

Halliburton originated oilfield cementing and leads the world in effective, efficient delivery of zonal isolation and engineering for the life of the well, conducting thousands of successful well cementing jobs each year. The company views safety as critical to its success and is committed to continuously improve performance. [my emphasis]

HAL's first concern, in its statement, was to invoke "its cooperation" in the investigation. Only after that did it mention the casualties from the explosion. Then, it described (sort of) its role on the rig, stating that their work was:

- Consistent with that utilized in other similar applications
- In accordance with accepted industry practice approved by our customers
- Consistent with normal oilfield practice

You get the feeling that HAL wants to cement (heh) the impression that everything it was doing on the rig was all standard practice? You get the feeling that HAL wants you to know that everything they were doing on the rig had been approved by BP?

And it took them a full week to come up with that statement.

All of which leads me to wonder whether—though

mind you, I'm just wondering—HAL (which did, after all, originate oilfield cementing) did something that may well have met BP's specifications, but which HAL, with its expert knowledge of what it should do in conditions like those at the Deepwater Horizon site, might be rethinking. That is, the tone and content of their statement suggests HAL is preparing a defense that it met spec, regardless of whether that spec was appropriate to the conditions involved.