

The New York Times® Reprints

This copy is for your personal, noncommercial use only. You can order presentation-ready copies for distribution to your colleagues, clients or customers [here](#) or use the "Reprints" tool that appears next to any article. Visit www.nytreprints.com for samples and additional information. [Order a reprint of this article now.](#)

PRINTER-FRIENDLY FORMAT
SPONSORED BY

July 12, 2010

New Culture of Caution at Exxon After Valdez

By JAD MOUAWAD

Before the Deepwater Horizon accident, the embodiment of a disastrous [oil spill](#) was the 1989 grounding of the [Exxon Valdez](#) in Prince William Sound off the coast of Alaska.

The [accident](#), for which [Exxon](#) was found responsible, led to a profound rethinking of safety management at the company. Exxon developed a rigid system of rules for all its operations, from gas stations to offshore platforms, and it empowered everyone, even contractors, to speak up about safety problems.

Today, Exxon stands out among its peers for its obsessive attention to safety, according to analysts and industry insiders.

And in a case that bears many similarities to the Deepwater Horizon incident, the system prevented what might have been a very serious accident, according to Exxon officials.

In September 2006, Exxon was drilling a particularly challenging exploration well in the Gulf of Mexico, called Blackbeard. After more than 500 days of drilling, the well had reached a depth of 30,067 feet, a record at the time, and was within striking distance of its target.

Seismic reports suggested that 2,000 feet further down was a giant prize: an “elephant” field of around a billion barrels of oil and gas. But six miles below the sea floor, the conditions were hellish, with high temperatures and pressures reaching 29,000 pounds per square inch, more than twice the force needed to crush a truck.

The drilling team was getting nervous. The well had experienced a “kick” — a sudden gush of natural gas similar to the one [BP](#) experienced in its doomed Macondo well.

Attempts to relieve the pressure by pumping down heavy fluids, known as drilling mud, were unsuccessful. Engineers worried that high-pressure gas might burst out of the well and exceed

what the blowout preventer, a heavy piece of equipment designed to control a well, could handle.

“There was a pretty extensive discussion between the geoscientists, who wanted to keep going — here they were near their objectives — and the drillers, who were saying, ‘We are just really not comfortable,’ ” recalled [Rex W. Tillerson](#), Exxon’s chairman and chief executive, in an interview last month.

Mr. Tillerson eventually sided with the drillers. The well was capped and abandoned, and Exxon wrote off Blackbeard as a \$187 million dry hole. “We were right at the ragged edge and they felt the risk was too great,” Mr. Tillerson said.

At the time, company was criticized for lacking courage. Another oil company, [McMoRan Exploration](#), later bought the rights and drilled down to the target depth, boasting of a giant find, although two years later, it has yet to produce any oil from it.

Now, after the BP blowout, the Exxon decision looks different, said Paul Sankey, a [Deutsche Bank](#) analyst.

“Exxon’s ‘lack of guts’ looks a lot more like justified conservatism and prudence, and a prescient awareness that safety, caution and catastrophic risk avoidance would be key themes as oil companies were forced to push the envelope in the search for new oil,” he wrote in a recent report. “The fact is that Valdez pushed Exxon to the highest safety standards in the industry.”