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Exxon CEO defends offshore drilling

By Jack Z. Smith / Fort Worth Star-Telegram

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DALLAS -- In the wake of the massive oil spill in the Gulf of Mexico, government policymakers should not automatically "jump to conclusions" that changes in offshore drilling procedures and regulations are needed, Exxon Mobil Corp. CEO Rex Tillerson said Wednesday.

"There have been very effective procedures in place," he said. "There have been very effective regulations in place."

If proper procedures are followed, equipment is maintained and tested, and workers are well-trained, "these things don't happen," he said in reference to the spill. The April 20 blowout of the BP-operated well killed 11 people and sank the \$560 million Deepwater Horizon drilling rig, and the widening spill is hurting coastal economies, harming wildlife and endangering fragile wetlands.



ExxonMobil chairman and CEO Rex Tillerson

Thousands of offshore wells have been safely drilled under procedures and regulations developed over many years, Tillerson said in a news conference at the Morton H. Meyerson Symphony Center after the company's annual shareholders meeting there.

"I think the most difficult challenge regarding the whole industry at this point is regaining the confidence and trust of the public, the American people, and regaining the confidence and trust of the government regulators," he said.

In other comments, Tillerson said:

Exxon Mobil "does not have any plans" to move its corporate headquarters from the Las Colinas development in Irving, despite rumors that they might be moved to Houston.

The global oil-and-gas giant is working on a potentially "game-changing" hydrogen fuel cell technology for passenger vehicles that, if successful, could boost fuel economy 80 percent and reduce emissions of carbon dioxide 40 percent.

Tillerson cautioned that the company has been working on the technology for more than 10 years, it still has "serious cost issues" and any potential commercial breakthrough is "probably a long way out there." He said the company has developed a "reformer" designed to convert gasoline into hydrogen.

In regard to the oil spill, Tillerson said he hopes that "everyone will kind of hold their fire on coming to conclusions until we know all the details of what happened."

"I think we want to withhold judgment until they have completed a full investigation of all the events that have led up to the loss of well control, the subsequent explosion and the loss of the drilling rig itself," he said. A determination should be made "whether the procedures that were followed in this particular incident were in accordance with industry norms and best practices," he said.

Exxon Mobil does not plan to change its offshore drilling practices because of the BP spill, Tillerson said. The company has "drilled thousands of wells in the OCS [Outer Continental Shelf], and we've drilled over 260 deepwater wells ... and managed to do that safely," Tillerson said.

In response to a shareholder's question, he said the company doesn't plan to move its headquarters from Irving. There have been rumors that Exxon Mobil might establish a corporate campus north of Houston and move its headquarters there.

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The company has about 400 employees in Irving and a smaller Dallas office, spokesman Alan Jeffers said. It has 14,000 employees in the Houston area and 80,700 worldwide.

Exxon Mobil hopes to complete its acquisition of Fort Worth-based XTO Energy after XTO shareholders vote on the deal June 25, with approval widely expected. Jeffers said Exxon Mobil still plans to maintain a Fort Worth office focused on "unconventional" natural gas production, such as that developed by XTO in North Texas' Barnett Shale and other major shale-gas fields.

"We are confident that the combination of our complementary strengths ... will open new opportunities," Tillerson said, citing XTO's expertise in unconventional drilling and its extensive reserves equivalent to about 45 trillion cubic feet of gas.

A shareholder proposal calling for Exxon Mobil to prepare a report regarding the environmental impact of hydraulic fracturing, or "fracking," a technique widely used in completing natural gas wells, received 26.3 percent of shareholder votes. Company management opposed the proposal, saying the practice is safe, despite concerns by environmental groups that it can potentially cause groundwater contamination and that more detailed information is needed about chemicals used in the process.

"Most of what's in those frack fluids are in many household products," Tillerson said. "There's not anything in there that's particularly exotic."