

The CHRISTIAN SCIENCE MONITOR

- WORLD
- USA
- COMMENTARY
- MONEY
- ENVIRONMENT
- INNOVATION
- SCIENCE
- THE CULTURE
- BOOKS

USA All USA Topics

Subscribe | E-mail newsletters | RSS

As oil firms grow, response may slow to crises like Gulf oil spill

Shortly before the Deepwater Horizon blowout, Halliburton bought an oil spill prevention firm. The oil-services industry is consolidating, which is not necessarily good news for quality, experts say.

More USA



Are Americans schools returning to segregation?



Tim Probert (r.) of Halliburton is sworn in along with officials from BP and Transocean before May 11 Senate hearings on the Gulf oil spill. Tim Sloan/AFP/Newscom

Enlarge

About these ads

-
-
-
-
-
-
-

Subscribe to the weekly *Monitor* and save 71%!

Like You like this Be the first of your friends to like this. · Admin Page · Error Unlike

By [Matt Rocheleau](#), Contributor / June 18, 2010

Eleven days prior to the April 20 Deepwater Horizon blowout, Halliburton Co., the contractor in charge of cementing the rig's well, agreed to purchase a little-known company.



Photo Gallery Sticky mess: The Gulf oil spill's impact on nature

The firm, Boots and Coots, focuses on oil spill prevention and blowout response. Now, it is assisting with the relief well work – under contract to BP – to help stop the Gulf oil spill.

What appears to conspiracy theorists as more than a coincidence is nothing out of the ordinary, say oil-industry experts. Increasingly, oil-industry titans are buying up smaller companies that provide all manner of services.

IN PICTURES: [The Gulf oil spill's impact on](#)

Related Stories

- What BP's partners are doing in Gulf oil spill cleanup
- BP oil spill: Obama administration opens criminal investigations
- Blog: Gulf Oil spill: What to do about BP? Would a boycott be productive?

Most viewed

- Lakers riots: Lakers fans get ugly after LA beats Boston in NBA finals
- Bigfoot discovered? Virginia man says he's on verge of Bigfoot discovery
- As oil firms grow, response may slow to crises like Gulf oil spill
- Tiger Woods battles bad putts, heckler en route to posting 74
- NBA Finals Game 7: Lakers beat Celtics, win 16th title
- Blog: Lakers parade 2010 after NBA Finals with the biggest global audience ever
- NBA Finals Game 7: LA Lakers win NBA title beating Celtics 83 - 79
- Royal wedding has world dignitaries coming to Sweden
- Ronnie Lee Gardner: Is Utah firing squad a more humane execution?
- Marisa Tomei and John C. Reilly star in 'Cyrus': movie review

nature

But this trend is worrying in itself, the experts say. As companies grow and work both to drill wells and potentially clean up their own mistakes, the result can be unintentional but riskier decisionmaking over time due to a lack of focus – particularly in an industry that is [poorly regulated](#).

Moreover, there is concern that – as the Gulf oil spill shows – big bureaucracies are not nimble enough in an emergency.

“Working on both sides of the fence” is not uncommon in the oil industry, says Robert Gramling, author of “Oil on the Edge: Offshore Development, Conflict, Gridlock.”

But “it makes for a very complex decisionmaking environment that can become problematic,” he adds.

Creeping complacency

The concern is not so much about intentional negligence but creeping complacency.

“Nobody’s going to say, ‘Oh, don’t worry, we have a cleanup service, we’ll be all right if there’s a spill,’ ” says Hugh Gorman, author of “Redefining Efficiency: Pollution Control, Regulatory Mechanisms, and Technological Change in the US Petroleum Industry.”

But reassurance about how diversified the business’ services are can lead to relaxed decisionmaking over time, some suggest.

This can be exacerbated by the fact that the oil industry is “very politically powerful” and oil companies do not face the same strict regulatory and safety standards that, for example, airline companies do, says Mr. Gramling, a professor at the University of Louisiana, Lafayette. This can allow for big businesses within the industry and the industry as a whole to “become too cozy,” he adds.

Halliburton is among the most diversified oil-industry firms. In its \$240 million purchase of Boots and Coots – which is still pending regulatory and shareholder approval – it sought to buy a company whose services are “designed to reduce the number and severity of critical events such as oil and gas well fires, blowouts, or other incidences due to loss of control at the well” through both preventive and emergency response services.

In recent years, “there’s a trend toward getting a broader set of offerings from larger companies,” says Douglas Sheridan, managing director of EnergyPoint Research, a market research firm in Houston that serves the oil and gas industry.

But his company’s own customer-satisfaction surveys suggest that bigger is not necessarily better. “There is a potential problem with companies becoming so large that they can’t provide the focus needed on specific services and on the execution of those services,” says Mr. Sheridan.

Smaller, more-focused service providers generally rate higher in satisfaction surveys, and a spill of this magnitude – which involved “major players” like BP, Transocean, and Halliburton – could lead customers to invest more in companies that have a narrower business approach, Sheridan adds.

Halliburton's reputation

For its part, Halliburton is known within the industry for maintaining its quality despite its growth. “Does Halliburton’s satisfaction suffer from it being a large and unwieldy company? Yes. But

In Pictures



Space Photos of the Day 06/18

Photos of the day

06.17.10 >



Does Israel suffer from 'Iranophobia'?

Some Israelis argue that an 'Iranophobia' holds unnecessary sway over Israeli thinking about a wide range of problems, from rearming of Hezbollah to the 'terrorist' activists aboard the Gaza flotilla. Should Israel see less of a threat in Iran?

Terrorism & Security

Pakistani Taliban paid \$12,000 to Times Square bomber Faisal Shahzad

Alvin Greene: Will South Carolina Dems yank him from their ranks?

Supreme Court rules against homeowners in Florida beach dispute

Supreme Court backs police department that read employee's texts

About these ads

FREE Daily Digest E-mail

CSMonitor.com top stories, cartoons and photos

Sign up!

they're doing a better job of providing quality service than some of their competitors," Mr. Sheridan said.

Other experts worry more about the impact of size on a company's ability to respond quickly and effectively to disaster.

"A company of [BP's] size has to become a bureaucracy, and bureaucracies need stable environments. They're like cement," says Cathie Currie, a cognitive social psychologist at Adelphi University in Long Island, N.Y.

Though bureaucratically managed companies can work well in some industries where there is little chance of a major unexpected event, they can struggle in high-risk industries such as drilling for oil.

Says Ms. Currie: "[The business model] doesn't work when you need to be innovative."

IN PICTURES: The Gulf oil spill's impact on nature

[Editor's note: *The headline was changed to better reflect the content of the story.*]

Related:

- What BP's partners are doing in Gulf oil spill cleanup
- BP oil spill: Obama administration opens criminal investigations
- Asking readers: Gulf Oil spill: What to do about BP? Would a boycott be productive?

Follow us on Twitter and Facebook.



Like You like this Be the first of your friends to like this. · Admin Page · Error Unlike

Subscribe to the new weekly Monitor and save 71%!

Innovation »



Horizons: Sony Dash review roundup, just in time for Father's Day

Money »



Lakers' NBA title caps a lucrative month for sports business

World »



World Cup 2010: Is the Jabulani ball bad for the World Cup?

The Culture »



Marisa Tomei and John C. Reilly star in 'Cyrus': movie review

The Culture »



'A Prophet': France faces its forgotten prisons

The Culture »



Josh Brolin and John Malkovich star in 'Jonah Hex': movie review

Ads by Google

(About these)

SEMP/SEMS Support

Safety & Environmental Management Systems for Offshore Production
www.RMPCorp.com

Sponsored Links

Booking Agency
Grabow Entertainment Agency
Business Resources
Business Cards
Checks
Computers

Graphic Design
Logo Design - LogoBee
Real Estate
International Shipping
Mortgage Calculator
Moving

Speakers Bureau
Christian Speakers
Motivational Speakers
Sports Speakers Bureaus
Web Services
Dedicated Servers

Local Guides

Alabama
Alaska
Arizona
Arkansas
California



See sample | Privacy Policy

What happens when ordinary people decide to pay it forward? Extraordinary change. See how *individuals are making a difference...*



Babar Ali stands in front of students who have gathered at the afternoon school he began in his parents' backyard in Bhabta, a village in eastern India.

A passion for learning results in a school for India's poorest children

Babar Ali, just a teenager himself, has started a free school in his parents' backyard for the poorest children in his village in India's West Bengal region.

Become part of the Monitor Community

14,600 Fans | 5,580 on Twitter | 700K RSS subscribers



Get 4 FREE issues ►►



THE CHRISTIAN SCIENCE MONITOR

[Invest in Oil & Gas Wells](#)

High Return Potential. Small Investment Required.

www.breitlingoil.com

[They Don't Understand](#)

Bachmann: BP is Getting "Fleeced."
Whose Side is She On? Fight Back!

BarackObama.com

PowerEdge Memory
Charitable Donations
Car Donations
Boat Donations

Moving Companies
Real Estate

Web Hosting

Colorado
Connecticut
DC
Delaware
Florida
Georgia
Hawaii
Idaho
Illinois



Ads by Google

[About these ads](#)

[Home](#) | [About](#) | [Site Map](#) | [Monitor Topics](#) | [Contact Us](#) | [Subscribe](#) | [Text](#) | [Specials](#) | [Multimedia](#) | [Make Us Your Home Page](#)
[Careers](#) | [Corrections](#) | [Find us online](#) | [Advertise With Us](#) | [Monitor Mall](#) | [Today's Article on Christian Science](#)

© The Christian Science Monitor. All Rights Reserved. [Terms](#) under which this service is provided to you. [Privacy Policy](#).