

The economics of a disaster

[Environment](#), [Natural Disaster](#)



The explosion in the gulf was partially blamed on the important pieces of safety equipment that BP was criticized for not having in place in Alaska, according to its own 2001 operational integrity report, were gas and fire detection sensors and the emergency shutoff valves that should have been in place. Gas sensors are critical to preventing an explosion, because they can shut down a rig's engine. Now investigators are learning that similar sensors and the shutoff systems that would have been connected to them - were not operating in the engine room of the Deepwater Horizon rig that exploded in the Gulf of Mexico.

In a sworn testimony before a Deepwater Horizon Joint Investigation panel in New Orleans, Deepwater mechanic Douglas Brown said that the back stop mechanism that should have prevented the engines from running wild apparently failed and so did the air intake valves that were supposed to close if gas enters the engine room. The influx of gas from the well gave the engines a more volatile form of burning mixture and caused the engines to rev out of control. Another system was supposed to kick in and shut the engines down, but that system also failed. Brown said the engine room wasn't equipped with a gas alarm system that could have shut off the power.

A few minutes later, the Deepwater Horizon rig exploded in a ball of fire, killing 11 workers before sinking to the seafloor, where it left a gaping well pipe that started to gush oil and gas into the Gulf. The investigation into the massive spill is still under way, but these revelations - plus evidence that BP skipped key parts of the drilling process intended to prevent a blowout to save roughly \$5 million - echo the problems that BP's auditors, attorneys, and investigators have identified in the past 11 years.

BP is using many different approaches in handling their dilemma. From the beginning of the incident they have tackled the leak at its source in multiple ways; fitting caps on the well, using containment systems that pipe oil to vessels on the surface, and sealing the well through the static kill procedure and drilling relief wells. There were attempts to stem the leak by using a customized containment cap fitted to the well in early June, from which oil was piped to the Discover Enterprise vessel. Another containment system was installed in mid-June, using a manifold and hoses to carry oil and gas to a vessel on the surface. By early July these two systems were collecting around 25, 000 barrels of oil a day. By July 12th, a new sealing cap was installed and on July 15th, a well integrity test began in which the cap's three ram capping stack was closed, effectively shutting in the well and sub-sea containment systems.

BP completed cementing operations at the well on August 5th as part of the static kill procedure. Monitoring of the well had confirmed that the static kill procedure was effective. The relief well drilled by the drilling rig intercepted the annulus of the well on September 15th, followed by pumping cement into the annulus of September 17th. BP, the federal government scientific team and the National Incident Commander have concluded that these operations have also successfully sealed the annulus.

In a more recent report on the " Deepwater Horizon Containment and Response: Capabilities and Lessons Learned," has been prepared by BP for the U. S. Bureau of Ocean Energy Management, Regulation, and Enforcement. In the report it describes how the Deepwater Horizon incident

has driven large capability advances. " These new capabilities should be an integral part of an improved planning and response regime for industry and other responders," it said.

BP has been fighting the oil spill at sea by skimming oil from the surface, carrying out controlled burns and spraying dispersant according to BP's website. They also said that a key component of BP's response to the oil spill has been the use of commercial and charter fishing vessels from communities along the Gulf shoreline under the " Vessels of Opportunity" program. Thousands of independent vessel owners throughout the Gulf Coast have contracted their boats into a variety of oil recovery activities, including towing and deploying booms, and supporting skimming operations.

To address the shoreline cleanup, BP and its partners recruited a series of teams to clean up the shoreline. According to BP the Shoreline Cleanup Assessment Teams patrol the coast daily looking for any oil - whether large volumes or tiny specks. Then, whenever oil is found, task forces are deployed to clean it up. Teams and equipment have been organized at 17 staging areas across the four states of Louisiana, Alabama, Mississippi, and Florida. Workers receive safety training before being dispatched to the beaches or any other coastal areas that need protecting.

BP has also organized a task force of more than 11, 000 workers, company employees, contractors and volunteers to respond to the potential impacts to wildlife and prepare to assist with the clean-up of any oil that reaches shore along the Gulf of Mexico as a result of the spill. The workers that are involved in the clean-up activities receive safety training before they can be

dispatched to the beaches or any other coastal areas that need protecting. BP said that they have received valuable input and assistance from both OSHA and the National Institute of Environmental Health Sciences in the preparation and administration of the training. This training is required under the federal OSHA's Compliance Directive. The volunteers and other workers are key resources in BP's efforts to minimize the damage to the environment and clean up the shoreline of the states, counties, and municipalities that have the potential to be affected by the incident.

Also in response to the shoreline clean-up has been to address the potential wildlife impacts, BP has contracted with Tri-State Bird and Rescue. Tri-State works with trained and certified volunteers to recover and clean affected wildlife. A toll-free number has been established to report injured wildlife. People are urged not to attempt to help the injured animals; instead they need to report any sightings to the toll-free number. BP has also announced a \$500-million commitment over a 10-year period to create a broad independent research program called the Gulf of Mexico Research Initiative. They will investigate the impacts of the oil, dispersed oil, and dispersant on the ecosystem of the Gulf of Mexico and the affected coastal states. In addition the primary objective of rehabilitation is to care for the injured animals and return them to their natural environment. BP has been a longstanding supporter of wildlife rehabilitation and educational programs along the Gulf Coast. Several years ago BP built and donated a mobile recovery trailer to the State of Louisiana which has been used primarily for education and training.

The rehabilitation focuses on the adverse effects of oil on a wide range of species found within the biologically diverse Gulf Coast ecosystem. These effects could be internal and external effects on wildlife. Only trained and certified wildlife specialists have the authority to rescue, transport, and rehabilitate the injured animals. These procedures were put in place by government authorities to protect public safety and the safety of any wildlife requiring professional treatment.

In addition to the shoreline and wildlife clean-up efforts, BP is also focusing on the impacts that the oil spill has had on the environment. In response to the Deepwater Horizon spill, BP has involved over 45, 000 people at its peak, plus thousands of boats, largely crewed by local people, and several aircraft. Now that less oil is being found on the beaches and sea, the focus has shifted to assessing the long-term impacts of the oil spill. BP is investing \$500 million in the Gulf Research Institute, which is an open research program to be conducted by independent experts from institutions on the Gulf Coast and elsewhere. The GRI will study the impact of the incident and its associated response on the environment and the public health in the Gulf of Mexico.

BP is taking action to help the region recover economically and has conducted a marketing campaign stating, " We will be here as long as it takes to make this right". The livelihoods and local business sectors have been affected by the oil spill. They have worked among the Gulf Coast communities for many years and BP says that they understand the economic impact that this event has had and they are making investments to help the

region recover. They have committed to meet all legitimate claims from individuals and businesses that have suffered losses. BP is also providing grants totaling \$170 million to the states of Louisiana, Alabama, Mississippi, and Florida to help alleviate the impacts of the spill and aid their tourism industries. BP has taken full responsibility for the cleanup in the Gulf of Mexico and has 19 outreach centers in four states as part of the comprehensive response effort.

In a recent press release BP announced that it has pledged certain Gulf of Mexico assets as collateral for the \$20 billion Deepwater Horizon Oil Spill Trust, which was set up to pay legitimate claims arising from the April 20th incident. BP said, "The pledging of these assets underscores our commitments to the Trust which was set up to pay all legitimate claims arising from the tragedy," said Lamar McKay, Chairman and President of BP America Inc. and BP's Gulf Coast Restoration Organization.

In conclusion, the way that I think BP should have handled this incident is that they should have repaired and addressed all of the broken safety equipment that was in place. They should have also learned from their history of past experiences of incidents where they were responsible. I also think that the government should have been involved much sooner. Federal officials should have started burning oil off the surface of the Gulf as soon as the spill happened. BP may be responsible for the spill, but it was an accident until there is proof otherwise not a deliberate act, the point is the government had a plan to deal with a major spill but had neither the resources or the necessary equipment detailed in the plan to implement it.

The way the government throws money around there is no excuse for not being prepared and absolutely no excuse for not implementing the plan as written and agreed to. According to some experts if burning was implemented we would not have oily marshes and tar balls all over the coastline. Sure BP gets the blame if they made mistakes in their drilling but the US Government gets the blame for not implementing their plan no matter what BP had planned. In some sense it is worse than Katrina given the government had a detailed plan in place and failed to implement - that is nothing short of incompetence.

Lastly, by involving the government agencies and the help of the vessels to contain the oil spill immediately may have minimized the damages that this incident has caused. BP needs to be held accountable for not following the safety procedures that are put in place to help prevent such a disaster. Even though BP is spending billions of dollars now to clean up the mess that they caused, they need to allocate funds for the future effects that this will continue to have on our environment.

I believe that BP was trying to deceive the public of the actual damages that this oil spill was causing and the government allowed BP to be in charge of the oil spill much longer than they should have. The affected parties in this disaster are the environment, wildlife, business owners, fisherman, and BP's reputation as being an environmentally focused company. In closing this incident could have been prevented or at least minimized had BP followed the basic safety policy and procedures that were already in place.

References

1. Books

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