

# Bp british petroleum 2010 gulf oil spill essay examples

[Business](#), [Company](#)



## 1. 0 Introduction

The explosion of British Petroleum's (BP's) Macondo well in the deep waters of the Gulf of Mexico on the 20th of April the year 2010 is by far the largest accidental oil spill ever to be experienced in the universe. The fact that the oil spill occurred in a record period of three months demonstrates the magnitude of the spill. In fact, empirical evidence has ascertained that the oil spill as a result of the explosion far exceeds the one that was experienced as result of the combined effects of the Ixtoc blow out of the Mexican coast and that Exxon Valdez spill of Alaska. In addition to this, investigations have determined that a total of 4. 4million barrels of oil were spilt during this accident. According to media reports, the BP oil spill resulted to loss in human life, losses in biodiversity, disruptions in livelihoods of several American states including Louisiana, Mississippi, Alabama, and Florida to mention but a few. As a result of these effects of the BP oil spill, several law suits have been filed against the company some of which have been settled out of court.

Several pertinent issues arise from the Gulf of Mexico oil spill of 2010. The most evident however is BP's recklessness and infamous behaviour of taking shortcuts especially in relation to its international oil exploration. This is not only evident in the Gulf of Mexico spill but also in other cases including oils spills in the Gulf, Azerbaijan, Alaska, and Texas City. As a matter of fact, the two largest oil spills in the history of the world are accredited to BP. In 1989, BP was in the media again for wrong reasons as a result of the firm's involvement in the " Exxon Valdez spill in Prince William Sound in March 1989 that resulted in more than 11 million gallons of crude oil being

discharged into the waters of Alaska's gulf coast." The Oil Pollution Act of 1990 was a direct consequence of the Exxon Valdez oil spill. This thesis shall briefly look at the Gulf of Mexico oil spill of 2010, ethical issue arising from this spill and the various roles played by different players. In addition to this, the thesis shall assert the fact that BP is infamously renowned for not only taking shortcuts but also avoiding liability for international oil spills.

## 2. 0 A Short Summary of the Incident

On the 20th of April, BP's Deepwater Horizon oil rig exploded. By the 22nd of April the same year, the situation had exuberated to the extent that the oil rig had exploded and consequently sunk resulting to the death of 11BP employees affiliated to Deepwater Horizon. In the initial stages of the explosion, BP was not concerned by the explosion because the petroleum company did not own the rig in question. In fact, the Macondo oil rig was owned by Transocean Ltd. However, it must be mentioned that all the oil from this specific rig belonged to BP. Based on the fact the BP owned the oil, media attention shifted from the owner of the rig to the petroleum distributor especially given that the company had been involved in previous similar accidents in the recent past.

It must be mentioned that the damaged oil well was a mile below the sea bed. The consequent result of the damage caused to the oil well is that no sooner had the world got over the shock of the explosion that thousands of gallons were gushing out into the Gulf of Mexico creating one of the largest environmental catastrophes in the history of the world. Media coverage and pressure from Washington forced BP to act. The petroleum firm decided to send robots to the seabed in a bid to activate the switch-off valve of the well.

This attempt by BP to activate the switch-off valve further worsened the situation in the sense that a valve that was activated triggered further damage to the already problematic oil well. This was followed by a brutal public relations game between the media and BP with the latter insisting that the situation was under control while the live footages transmitted by the former across the globe stated otherwise.

After the attempt by BP to activate the switch-off valve, the firm immediately commenced on deliberate drilling exercise to relieve the pressure within the seabed cause by the exploded oil well. This opened the flood gate for BP's failures especially in relation to mitigating the crisis for a period of three months. By the time BP finally sealed the oil well on the 10th of September the year 2010, irreparable damage to the Gulf of Mexico had already been. Specifically, over 4. 4million barrels of oil had been spilt into the waters of the gulf with an average of 60, 000barrels on a daily basis. This oil spill had devastating effects on both marine and terrestrial ecosystems. The effects of the oil spill to the marine ecosystems eventually culminated to massive death of marine plants and animals especially the fish and birds. It is clear that most of the subsequent explosions that occurred in the Gulf of Mexico were to a large extent triggered by BP's damage control efforts.

The oil washed out the beaches of several states in the United States of America henceforth resulting to closure of these beaches and disruption of the recreational activities in these regions. In addition to this, the means of livelihood of most of the people who depended on the Gulf of Mexico were cut short for the period of the oil spill and several months after the oil well had finally been sealed. The most affected coasts by the oil spill include

those of Louisiana, Texas, Alabama, Mississippi, and Florida. The oil spill took such a long time to control because of the vicious blame game that was playing out in the public domain between various players in the whole saga. The major culprits of these blame game were of course BP because the Obama administration squarely held the firm accountable for the disaster. In fact the government likened the Gulf of Mexico oil spill to the September 11th terrorist attacks.

### 3. 0 Who Was Affected?

#### 3. 1 Employees Attached to the Deepwater Horizon Oil Rig

In addition to the workers that lost their lives, we have the Deepwater Horizon employees who worked tirelessly for over 100days in an effort to contain the spill. This group of people must have felt the first hand impacts of what the entire universe felt because it was relayed over the media. The employees who were brought in to try and salvage what was left of the shattered image of BP were affected in the following ways. First and foremost, the blame-game that played out in the media must have been really disorienting for them. As earlier mentioned in this thesis, the Gulf of Mexico oil spill presented a lot of complications in terms of who was liable for the damage caused to lives, livelihoods and the general public at lives. This was the case because the oil rig belonged to Transocean Ltd and this means that by extension the workers attached to it were directly affiliated to the company. On the other hand, the oil being exploited belonged to BP; this meant that most of the liability as a result of the explosion was to be shouldered by the British company. This resulted to a bloody public relations exercise between the two partners and the direct result was that damage

control strategies took forever to bear any fruits as a result of the confusion of the employees attached to the oil rig.

### 3. 2 The General Public

The general public was affected by the spill in the following ways. To begin with, it is clear that the clean-up exercise of the oil spill was a collaborative effort between the people, the American government and BP (this includes its partners). In fact, the Obama administration set aside \$1 billion strictly for ensuring that the Gulf restores its previous environmental status. It goes without mentioning that this was the taxpayers' money. Therefore it is evident that the American played a crucial role in the consequent clean-up exercise that was a follow-up to the Gulf of Mexico oil spill. In addition to this, residents of the various coasts that were directly affected by the spill were involved directly in the clean-up exercise either financially or through the provision of labour.

Another segment of the general public that was affected by the spill refers to those individuals and businesses whose personal and real properties were damaged during the spill, who lost revenue and profits during the spill, who incurred physical injury or even death and finally those who lost their means of sustenance as a result of the environmental impacts of the spill. Basically from the above it is clear that the spill hampered the economic ability of the general public either physically or through their disruption of their flow of capital following the BP Gulf of Mexico oil spill. The other category of the general public that was affected were the individuals and businesses who directly or indirectly felt the first hand impacts of the Gulf of Mexico oil spill. This includes those businesses that were serviced by the Gulf of Mexico

fishermen.

### 3. 3 The Environment

The environment was adversely affected by the oil spill and it is amongst the biggest losers. This is because the damage caused to the environment by the spill especially to the Gulf coast ecosystem is either irreversible or long-term in nature. Most evident is the fact the oil plume as a result of the spill shall have long-term effects on the coasts of Louisiana, Alabama, Mississippi and Florida. This translates to an economic loss especially for business owners on the aforementioned coastlines who relied on ecotourism as a means of attracting customers to their establishments. As far as the ecosystem is concerned, it has been determined that the Gulf is home some of the most cherished wildlife refuges and conservation areas. As a direct consequence of this, it is thus clear that the Gulf is a habitat to hundreds of species of wildy occurring plants and animals. In addition, it has been established that at least 5million migratory birds make their way to the region every year. Finally, most endangered species in America depend on the Gulf waters for sustenance especially the North Atlantic Bluefin tuna, four species of sea turtles, six whale species, sharks, and dolphins are in the spill's impact zone.

### 4. 0 The Company BP: The Financial Implications of Lack of CSR Program

BP is renowned for flouting both environmental, ethical and safety standards especially in its international operations. Even before the Gulf of Mexico oil spill of 2010, the firm was already infamous for its lack of a corporate Social Responsibility program. Below is a brief overview of the company's past infarctions elaborating its violations of the various prescribed regulatory

standards and measures. In the year 2005, an explosion at BP's Texas City Refinery resulted to the death of 15 of its employees in addition to the fact that a further 170 workers were critically injured during the incident.

Preliminary investigations into the accident revealed that the explosion was caused by BP's recklessness. Specifically, it emerged that the firm had consistently ignored making improvements on some of the most critical areas of safety standards. As a direct consequence of their role in the explosion, the Occupational Health and Safety Board imposed a hefty fine on BP. This fine was later to appreciate after the investigations into the accident revealed to what extent the petroleum firm was negligent during the explosion.

Barely one year after the Texas explosion was the petroleum firm again responsible for one of the largest oil spills ever to be experienced in Alaska in in the year 2007. Investigations were to reveal later on the Alaskan oil spill of 2007 was a result of the company's negligence. Specifically, the Alaska North Slope oil spill was caused by rotten pipes. As a result of the company's negligence, BP ended paying up an estimated \$373million in terms of compensatory sanctions for the Alaskan oil spill incident. In a fact detailed summary of the events that led up to the Alaskan oil spill indicates the unwilling of BP's top executives to follow and stick the company's in-house policies and regulations. A direct quote from the report indicates that " most BP officials were unwilling to stop work even when something went wrong." This therefore implies that most of the major accidents and explosions that have rocked the petroleum firm in the recent past can be traced back to management and human errors. Finally, in the year 2008, BP's Atlantis oil rig



located in the Gulf of Mexico ruptured as a result of what was commonly referred to as human error.

In addition to this, it must be mentioned over the past decade or so BP self-branded its operational portfolio as one of the firms that took CSR seriously. Thus as a result, the firm has invested a mind boggling \$200million in advertising its CSR program rather than in implementing it. In fact, empirical evidence purports that cracks within the company's operational practises began to emerge in the period it initiated its CSR program and aggressively advertised the presence of the program in the media. This is because as far of any of BP's international business portfolios is concerned the primary concern is the financial obligations to its shareholders in Canada and in the United Kingdom (UK). This obligation to the shareholders created an ideal breeding ground for a corporate culture that advanced for quick financial gain without making the relevant investments especially in relation to CSR, environmental, safety and ethical standards.

This is the reason why most analysts are of the opinion that the firm recklessly managed its international portfolios. In fact, BP's corporate culture favoured obscene profiteering and bold and risky investment partnerships without necessarily taking into account the firm's liabilities. This culture led to the firm merging with partners with excess baggage such as Amoco without appreciating their acquired assets and henceforth the calamities that have dogged the firm in the recent past especially on the US soil. The financial implication of their reckless business conduct and the lack of a tangible contingency plan have had far reaching economic impacts. To this effect, following pressure from US government, the petroleum firm set aside

a trust amounting to \$20billion specifically for the purpose of mitigating the impacts of the Gulf of Mexico oil spill of 2010. Current statistics indicate that the company has spent over \$22. 1billion as a consequence of the Gulf of Mexico oil spill of 2010. This figure accounts for the “\$8. 1 billion paid to individuals, businesses and governments and about \$14 billion to stop the leak and clean up the spill and finally the \$6. 5 billion in damage claims BP agreed to pay through an out-of-court settlement system.” This however does not include the \$7. 8billion court settlement between BP and its litigants. The figure is also exclusive of the punitive sanctions the US government plans to impose on BP that is approximated to stand at over \$40billion.

## 5. 0 Conclusion

The Gulf of Mexico oil spill is a clear indication that British petroleum consistently failed to address the situation before it got out of hand. With a long history of cutbacks and negligence, BP has demonstrated reluctance to prevent oil spills. This has led to economic losses that would have been prevented had the firm followed stipulated environmental safety and ethical regulations. The CSR program is yet to be effectively implemented; a move that could have debilitating consequences in future.

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