

Introduction by a  
company that  
supplies a



## **Introduction**

BP oil spill is an environment catastrophe that has affected the United States of America and the world at large (Wheat par 1). The oil spill affected the Gulf region's environment and its inhabitants and consequently affected the overall US region and the impacts are likely to persist for a long time. The United States has to deal with the catastrophic consequences of a disaster caused by a company that supplies a commodity of vital importance in the running of the country's economy and the global economy at large (Szabo par 1). The oil spill's detrimental consequences have extended further beyond the Gulf of Mexico into the heart of the Western part of Africa affecting countries like Ghana among others (Wheat par 2). The oil explosion occurred on April 2010 on the deep water horizon oil drilling rig in the Gulf of Mexico with 126 people on board.

The oil explosion caused instant death to eleven people and fifteen were severely injured (Hailes 619). The oil spill further caused death to aquatic life. Bp was under contract with the owners of Deepwater Horizon to drill an exploratory well and during the period when the massive explosion occurred, the companies were contemplating on closing the well in order to redirect it to commercial production (Hailes 619). A second explosion occurred few days after which caused the sinking of Deep water horizon into the Gulf of Mexico. When authorities inspected the capsized rig with remotely operated vehicles, they established that there were two oil leaks from the well pipe that were leaking at a rate of 1000 barrels per day (Hailes 619). However, it was later established that 5000 barrels of oil had been leaking per day (Hailes 619). This led to declaration of the BP oil spill as an issue of national

significance by the secretary of homeland defense leading to appointment of national incident commander to coordinate response resources at national level while President Obama stopped all drilling activities in the areas he had previously proposed pending the establishment of BP oil spill (Hailes 620).

In response to the catastrophe, the US set up a regional response team including; national oceanic and atmospheric administration, department of homeland security, the department of commerce as well as environmental agencies which set out to develop strategic plans, provide technical advice to the response team as well as overseeing the response by BP company (Hailes 619). The oil spill cost the BP caused devastating losses that would amount to \$ 1 billion. In addition, the cleaning up process will consume a considerable amount of time and resources which was approximated at about 5 years or more at a cost of \$ 5 billion a year (Hailes 623). In addition, various bodies and entities directly affected by the oil spill moved to courts and filed legal action against the BP Company seeking compensation.

The overall process may take 10 years or more further increasing the final cost of the bill inclusive of liabilities totaling up to approximately 20 billion. In addition, BP received numerous insurance claims totaling to 30000 claims and had already made 15000 payouts which totaled to \$ 45 million (Hailes 623).

## **Environment and Economic Impacts on the Economy**

Oil spills often result to significant harm to aquatic life as well as severe costs to businesses and the entire public at large. Oil coating, ingestion and absorption of oil may cause detrimental effects to living organisms resulting

to direct mortality and adverse sub lethal effects (Hagerty 28). Presence of oil in the water masses adversely affects aquatic life and prohibits the animal's accessibility to the shoreline areas consequently suffocating them (Hagerty 28). Further, uptake of dissolved components of oil may be toxic to aquatic life while birds and fur bearing animals lose protection and body heat maintained by their feathers and fur on exposure to oil (Hagerty 28).

The Gulf region inhabitants may take a considerably long time to recover from the adverse negative implications of oil exposure that resulted from the BP oil spill. Natural resources dependent sectors of the gulf coastal economy that have been affected by the oil spill include commercial and recreational fisheries as well as the tourist industry (Hagerty 30). The environmental effects of the BP oil spill adversely affected the gulf region and the efforts to remedy the situation are likely to impact on the overall US economy (Szabo par 3) Tons of species of creatures were adversely affected by the gulf oil spill. Some of the species that were mostly affected included the North Atlantic Blue fin tuna and whales, among other aquatic creatures which heavily rely on water surfaces for survival (Szabo par 4). Marine animals, which are fully dependent on water for survival, were also adversely affected as the spill posed danger to their lives (Szabo par 5).

Further, the brown pelican whose breeding season was in spring and during the time of the spill the eggs were incubating further posed danger to the species which had recently been plucked off from the endangered species list (Szabo par 6). The Oil spill heavily impacted on the sea food industry. Oil and toxic hydro carbons which were present in the water were toxic to oysters and remain a persistent problem as hydro carbon can be retained in

the coastal sediment for a considerably long time (Szabo par 6). A significant part of the overall American GDP can be attributed to the revenue derived from fishing along the gulf region, oil industry as well as the tourism industry (Szabo par 7).

In addition the gulf region significantly contributes to the sea food industry. The occurrence of the oil spill significantly reduced the output of these industries hence affecting the overall GDP. Cleaning up the spill is a time and resource consuming endeavor and some of the environmental and economic impacts of the spill remains irreversible despite the clean up efforts.

The BP spill led to closure of a considerably large area of the Gulf of Mexico fishery. Consequently, fishermen filed economic injury against the BP Company and the claims are being paid to individuals on daily basis. The oil has also reached the Gulf of Mexico beaches significantly decreasing tourists turn out in the area. The report of the oil spill negatively impacted on tourism perception in the region leading to decline in tourists turn affecting the areas where the spill had not affected (Hagerty 32). To counter these perceptions, BP funded tourism promotion programs in various affected regions.

## **Existing Provisions for Oil Spill Response**

The United States oil pollution act of 1990 as well as the clean water act is the primary federal statutes designed to regulate the federal response to oil spills (Hagerty 7). The clean water act as amended by OPA creates a provision authorizing the president to establish the national oil and

hazardous substances pollution contingency plan to specify the federal response actions and the authorities related to the oil spill (Hagerty 7).

OPA addresses natural resources damages and the restoration of resources that are injured and the services that are lost resulting from an oil spill.

There exist other designated agencies that are charged with the responsibility of representing the interests of the public on such occurrences.

OPA directs these trustees to act on behalf and return injured resources to their original condition and recover compensation for interim losses (Hagerty 29).

The NCP was the major responsive framework for oil response; other authorities played a major role in the gulf spill response. The department of home land security through the secretary was involved in the oil spill response through his lead role in the department in which the coast guard operates or as the principal federal official for domestic incidence management (Hagerty 9). The secretary of homeland security played a significant role in coordination of the federal responses activities. The secretary spearheaded the activities of national response team and further classified the event as a spill of national significance hence facilitating the appointment of the national incident commander who coordinated strategic communication, national policy and resource support as well as facilitating collaboration with key parts of the federal state ad local governments (Hagerty 10). OPA further established a compensation and claims process covering the removal costs as well as the costs of damages. (Hagerty 12).

Claims for removal were presented to BP which agreed to take responsibility for the unfortunate occurrence and set aside \$20 billion to pay economic damages to people and businesses that were affected by the oil spill (Hagerty 13). An independent claims facility had been established by authorities to foresee process, develop and publish the guidelines of the claims. The national response framework is the federal government broader administrative mechanism charged with the responsibility of coordinating the federal responses plans consequently the body provides the administrative policies aimed at achieving a unified system of response through out all levels of the government (Hagerty 9). OPA creates a provision of oil spill liability that governs any oil discharge by a company's vessels and facilities that are situated navigable waters or the designated economic zones of United States of America (Hagerty 10). This provision consequently rendered BP liable for the Gulf oil spill and the company was therefore expected to take responsibility by covering the oil removal costs as well as rectifying any negative implications associated with the oil spill (Hagerty 10). However, liabilities limits differ based on the source of the spill. In the Gulf oil spill, the lessee of the area in which the offshore facility is located, BP is clearly a responsible party for the oil leak below the surface from the well while Transocean was a tank vessel responsible party for any oil discharge on or above the surface of the water hence the companies should take responsibility for their actions (Hagerty 11).

### **Actual Responses by BP**

Bp Company utilized dispersants such as COREXIT which is a chemical agent that is composed of surfactants solvents and other compounds which reduce

the interfacial tension between oil and water facilitating the break up of an oil slick into small oil droplets that mix with the water column (Hagerty 18). The question regarding the fate of the dispersed oil particles and the toxicity of the dispersants remains an issue of great controversy. Some people have criticized dispersants claiming that they do not form a permanent solution to oil spill but rather reduces the effects of the same on the environment hence failing to offer a permanent remedy to the situation (Hagerty 18). In addition, the company established relief wells which were drilled to intersect the blown out well.

The company drilled two relief well with the aim of intersecting deep water horizon well near the bottom and plugging it with heavy mud and cement (Hagerty 22). However, this process took a long time to complete and therefore did not form an efficient response mechanism to the oil spill.

## **Conclusion and Recommendation**

The BP oil spill is a clear evidence of negative implications of corporate actions on society. The government should set up strict guidelines to regulate the activities of oil companies to avoid such occurrences in the future. In addition, the government should establish advanced response mechanisms to deal with such occurrences in the future.

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