

# Report cites BP responsibility in Gulf blowout

**Tom Eley****24 September 2011**

A report issued last week by a federal joint task force on the causes of the Macondo well blowout of April 20, 2010, which dumped hundreds of millions of gallons of crude oil into the Gulf of Mexico over three months, has found BP primarily responsible for the disaster.

The report concerns itself primarily with the most immediate factors. A “central cause” of the blowout that led to the deaths of 11 workers aboard the Deepwater Horizon oil rig, according to the report, was the failure of the cement casing around the well nearly one mile below the water’s surface. From that problem there followed a series of breakdowns and “mistakes” ultimately giving rise to one of the greatest environmental catastrophes in US history, asserts the Joint Investigation Team, a combination of investigators from the Bureau of Ocean Energy Management, Regulation, and Enforcement and the US Coast Guard.

The report cites seven violations of federal regulations, including failure to operate in a safe manner, to inform federal authorities of changes in operating plans, to take necessary precautions against oil and gas leakage, and to carry out satisfactory tests of well pressure.

“The loss of life at the Macondo site on April 20, 2010, and the subsequent pollution of the Gulf of Mexico through the summer of 2010 were the result of poor risk management, last-minute changes to plans, failure to observe and respond to critical indicators, inadequate well control response and insufficient emergency bridge response training by companies and individuals responsible for drilling at the Macondo well and for the operation of the Deepwater Horizon,” the 500-page, two-part report concludes.

The study also apportions some blame to rig owner Transocean and cementing contractor Halliburton. However, BP was determined to be “ultimately responsible.”

The report is to date the largest official study of the disaster. It follows the January 2011 report from the Obama administration’s blue ribbon panel, the National Commission on the Deepwater Horizon Oil Spill and Offshore Drilling, which outlined similar “mistakes” and “failures.” The Justice Department is reportedly also carrying on a criminal investigation into the disaster.

Whatever criticisms these and other official inquiries make of BP and its corporate collaborators, however, their investigations are from the start toothless. Even while the catastrophe in the Gulf was unfolding the Obama administration made clear that its overriding concern, to the virtual exclusion of all others, was to ensure BP’s viability as one of the world’s largest oil concerns and to protect the oil industry as a whole.

If BP is found to have been criminally negligent—and an overwhelming amount of evidence demonstrates just this fact—then it would in theory be subject to an additional \$17.5 billion in fines under the Clean Water Act over the \$3.5 billion in fines it already faces.

There are, in addition, potentially massive liabilities BP could face for the destruction of the economy and environment of the Gulf Coast. BP so far claims to have paid out \$7 billion from the escrow fund established by the Obama administration and overseen by “claims czar” Kenneth Feinberg, whose express purpose is to shelter the corporation from a tidal wave of lawsuits from fishermen, small businesses, workers and owners who have lost their livelihoods or who have been made sick as a result of the disaster.

Whatever the ultimate outcome of BP liabilities and Clean Water Act fines, a substantial share of these and other costs associated with the spill will be deducted in tax write-offs in both the US and the UK, where BP is based.

According to media accounts citing sources close to BP, the oil firm is digging in its heels to reduce its

liabilities for the Deepwater Horizon blowout. “BP insiders say the company is not willing to offer any amount to win legal peace,” according to Tom Bergin of Reuters. “A third source familiar with the company’s thinking said...that if claimants were not ‘reasonable,’ the company could take the Exxon route and litigate for 10 or 20 years.” Exxon, through aggressive legal tactics, emerged unscathed from the 1989 Valdez oil spill—prior to the Deepwater Horizon disaster the worst maritime oil spill in US history. It remains the largest oil firm in the world.

BP has a current market capitalization of \$114 billion. Its price per share has doubled since the lows of 2010, and it has resumed rewarding its executives with multimillion-dollar salaries and its top shareholders with hefty returns. Not a single BP executive has faced criminal charges or even been fired for the disaster.

As for the deeper roots of the Macondo catastrophe in the three-decades-long gutting of environmental and worker safety regulation, the Joint Investigation Team report had nothing to say. It surmised only that “stronger and more comprehensive federal regulations” from the Minerals Management Service (MMS), the former unit of the Department of the Interior then responsible for governing oil and gas development, “might” have prevented the disaster.

The report includes a series of modest policy recommendations, including suggestions for better well integrity tests, better “well kick” detection devices, better well design, and better training. It should come as no surprise that the investigators, tasked from the start with ensuring that drilling on the Outer Continental Shelf should be declared safe, made no suggestions that would slow production or exploration in the slightest or otherwise compromise the profit drive of the big oil firms.

Alisa Zomer of the World Resources Institute commented, “Although the report closely analyzes the technical failures associated with the blowout, it fails to assign fair responsibility to the laws, regulations and systems set in place by the government to prevent such disasters.

“While the report asserts that it found ‘no evidence that MMS regulations in effect on April 20, 2010 were a cause of the blowout,’ it goes on to acknowledge that ‘MMS regulations in place at the time of the blowout could be enhanced in a number of areas.’ ”



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