

Millions of BP settlement funds go to tourism industry

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A recent decision by the Alabama state legislature to allocate funds from an early settlement with British Petroleum (BP) to build a convention center has aroused anger from Gulf Coast environmental groups. The project is part of a \$594 million plan announced last week by BP and the five Gulf Coast states affected by the 2010 Deepwater Horizon disaster.

The announcement of the plan directly follows the wrap-up of the first phase of the oil spill trial, in which BP, Transocean and Halliburton may face charges of gross negligence and willful misconduct. During the trial, BP made every effort to shift blame onto the other two companies. In a recent press release following the announcement of its first quarter 2013 financial results, BP stated: “While the final decision rests with the court, BP believes the evidence and testimony presented at trial confirms that it was not grossly negligent and that the accident was the result of multiple causes, involving multiple parties.”

It is clear that BP is using the early settlement with Gulf coastal states as an attempt to improve its public image at the expense of Halliburton and Transocean.

The plan consists of 28 projects supposedly aimed at environmental restoration in the Gulf, although \$197 million of this fund has been set aside for specifically “human (recreational) use” projects. BP has acknowledged in a recent statement that while these costs are not directly related to cleanup or health concerns, they will “address loss of use by providing residents and visitors with new recreational options, better access to existing natural resources and a greater opportunity to enjoy them.”

Out of the \$94 million granted to the state of Alabama, \$85.5 million will go toward refurbishing the Gulf Shores State Park and the planned convention center, which will be built on the shore of the state

park. The convention center, which will replace a lodge destroyed by Hurricane Ivan in 2004, will consist of a 300 to 350-room hotel with a conference area able to seat 1,000-1,500 for dinner.

Alabama Governor Robert Bentley hailed the center as a job-creation and tourist boosting program. The legislation, consisting of a public-private partnership, exempts the hotel project from bid requirements and the approval of construction by the State Building Commission. Of the remaining funds, \$8.2 million is intended for much needed Alabama shoreline and oyster reef restoration projects.

Various environmental groups have issued statements highly critical of the proposed project. David White of the National Wildlife Foundation told the *Financial Times*, “The American public expects to see BP’s oil spill money spent on projects that will restore the health of the Gulf Coast, not on pork-barrel projects like a convention center.” The majority of criticism centers around the fact that the early settlement was meant for environmental restoration, and not “economic development.”

Similar “human (recreational) use” projects are planned for other Gulf Coast states. In Texas, more than \$10.7 million is being spent to restore the Galveston Island State Park, which was damaged during Hurricane Ike in 2008. In Florida, \$10.8 million is being spent to remove asphalt from beaches, and \$4 million for the establishment of two passenger ferries.

The state of Louisiana will receive \$340 million, which will go toward the restoration of four damaged barrier islands and the establishment of two fish stock research and enhancement facilities. Laura Folse, BP’s executive vice president for response and environmental restoration, has claimed the projects will allow the Gulf Coast region to return to its “baseline

condition, which is the condition it would be in if the accident had not occurred.”

This language concerning an environmental “baseline condition,” uncritically parroted in local media outlets, flies in the face of emerging reports of hundreds of millions of barrels of oil which still remain in the Gulf as a result of the widespread use of dispersants. Corexit, the main dispersant used in the cleanup immediately following the spill, has also recently been linked to serious health problems.

A report recently published by the Government Accountability Project (GAP) and the Louisiana Environmental Action Network (LEAN) details accounts of bloody urine, heart palpitations, kidney and liver damage, migraines, skin rashes, respiratory problems, memory loss and reduced IQ amongst fishermen, cleanup workers, divers and Plaquemines Parish local residents.

The recent announcement of these early restoration projects should be seen within the context of the ongoing Deepwater Horizon trial. After eight weeks of testimony from current and former executives, rig workers, and offshore oil specialists, the first phase of the trial wrapped up on April 17. Legal experts speculate that it may take up to a year before the presiding judge, Carl Barbier, will issue a ruling on whether or not BP, Halliburton and Transocean were guilty of gross negligence or willful misconduct.

All three companies were involved in the events leading up to the disaster. BP held the lease on the rig and oversaw operations, Transocean owned the rig and supplied the crew, and Halliburton was hired to pour the cement necessary to temporarily plug the Macondo well before it was ready for production.

BP America Chairman and President Lamar McKay testified that it was the responsibility of the rig’s owner (Transocean) to make safety decisions, and not BP management. Co-lead counsel for the plaintiffs Jim Roy was quoted in the New Orleans *Times Picayune*, saying, “As a plaintiff’s lawyer, that’s a really interesting thing to watch, when the defendants start fighting among each other.”

BP’s defense dealt a particularly hard blow to Transocean during the last days of the trial. As its last witness, BP called Andrew Mitchell, a 40-year veteran in offshore drilling who now is a consultant for the International Safety Management Code. Mitchell

claimed during his testimony that the rig captain’s response was “totally inadequate.”

Reuters described the trial as a massive “legal gamble” on the part of BP, which, by shifting blame onto Halliburton and Transocean, “may have shaved a slice off a liability that could stretch into the tens of billions of dollars.”

Despite the best efforts of BP to distance itself from direct blame, the trial was marked by evidence of criminality. BP’s safety chief admitted in testimony that its internal investigation into the Macondo blowout did not take into consideration the fact that the well was both “over-budget” and “behind schedule,” nor that a former company executive had resigned over safety concerns in the company’s offshore operations just before the disaster.

Witnesses invoked their Fifth Amendment rights against self-incrimination numerous times throughout the trial, including two BP employees currently facing criminal charges for providing bogus estimates to federal officials and obstructing evidence.

The second phase of the trial, scheduled to begin September 16, will focus on determining what steps the defendants took to stop what became an uncontrollable release of oil and gas, whether or not BP and Transocean were prepared to deal with a blowout, and exactly how much oil spilled into the Gulf.



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