

BP reneges on claims as environmental devastation persists in Gulf of Mexico

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Energy giant BP is continuing its fight in court against billions of dollars worth of claims related to the 2010 oil spill in the Gulf of Mexico. In its latest action, the company has filed a suit in federal court accusing the federal Environmental Protection Agency (EPA) of improperly halting contracts with the company last year.

The environmental and social impact of the 2010 explosion and spill, which resulted in 11 deaths and the release of 4.9 million barrels of oil into the Gulf of Mexico, has been for the most part dropped, even by local media. But the environmental damage persists as cleanup efforts have been largely called off. In June, BP announced it would cease clean up efforts outside of Louisiana.

Occasionally media reports appear which confirm what everyone living along the coastline already knows. One such report on CNN's website, for example, paints a picture of environmental devastation.

"Guys running five or six hundred traps are coming in with two to three boxes [of crabs], if that," Darren Stander, a fisherman based out of Yscloskey, Louisiana, told the news outlet. More generally, the statewide oyster haul is down by more than a quarter from the average levels between 2002 and 2009.

In 2012, Hurricane Isaac dumped enormous quantities of oil from the gulf onto the Louisiana coastline. Louisiana State University entomologist Linda Hooper-Bui told CNN that after the storm, "About three-quarters of the perimeter of northern Bay Batiste was covered in this oil."

CNN continued, "Other scientists confirmed that Isaac kicked up tar balls from the spill as far east as the Alabama-Florida state line, more than 100 miles from where the storm made its initial landfall."

According the US Minerals Management Service, the number of oil spills since the year 2000 has surged, from 4 per year in the 1990s to 22 per year on average since

2005.

Disasters on oil rigs and in the petroleum industry more generally are a regular occurrence in the region. Last year an oil rig owned by Black Elk Energy exploded, killing three men. In June, a petrochemical plant in Geismar, Louisiana burst into flames, injuring dozens and killing one.

In late July, a Hercules Offshore well exploded, releasing natural gas into the surrounding environment. In 2011, the state's refineries experienced over 300 accidents, releasing 1 million pounds of pollutants into the air and 1.3 million gallons into the soil and water. This is according to statistics that are self-reported by the refineries and almost assuredly underestimate the actual levels.

Meanwhile, BP is attempting to avoid even the relatively paltry sums agreed to in a settlement with the government reached last year. While initial estimates put the value of the settlement at \$7.8 billion, BP has recently revised it upward to \$9.6 billion, while warning investors that the actual cost would likely be "significantly higher." The company is claiming that frivolous claims have been encouraged by the "misinterpretations" of the settlement's administrators.

CEO Robert Dudley told the press, "The original intent of class action seems to have been morphed into something that I think is very unhealthy for business in the United States." However, even the federal courts overseeing the settlement have thus far been unsympathetic to BP's claims. District judge Carl Barbier refused on three separate occasions to adopt BP's interpretation of the settlement, a ruling which the company is currently appealing.

A recent editorial in the *New York Times* by Stephen Teague of the Mississippi Center for Justice, which helped people navigate the claims process, pointed out that the claims process itself is discriminatory against the

working poor by virtue of the fact that it requires legal aid in order to navigate.

BP's legal team, according to Teague, “made a motion in court to freeze payments on tens of thousands of legitimate claims, arguing that a staff attorney from the Deepwater Horizon Court-Supervised Settlement Program ... had improperly profited from claims filed by a New Orleans law firm.” In addition, current BP CEO Robert Dudley has declared his company's intent to claw back claims already processed if they deemed that they were made “unfairly.”

No doubt the decision by BP to play hardball with the claims process is due in part to the poor performance of the company in recent months. Second quarter profits were down by one quarter compared to last year, with the company “only” bringing in \$2.7 billion compared to \$3.6 billion last year. This is lower than analysts anticipated and is due in large part to the poor performance of the company's investments in Russia.

BP's aggressiveness is also due to the fact that, from the beginning of the spill, it has been defended by the Obama administration, which did everything it could to ensure that the company, responsible for the worst environmental disaster in US history, would remain viable and profitable for Wall Street investors.

Significantly, the company also sold off tens of billions of dollars in assets since 2010 to help pay for its legal troubles. The *New York Times* noted that “These divestments have left BP a considerably smaller company but one that [CEO Robert Dudley] said would be more focused, safer and, eventually, more profitable.”

The company's dividends have increased to 9 cents a share compared to 8 cents last year, due in large in part to the company's buyback of \$2.4 billion worth of stock, a figure that is expected to rise to \$8 billion in the near future.

Meanwhile, the \$20 billion dollar fund set up to handle the costs of the spill has almost run out of money. The company has publicly stated that there is just \$300 million left in the fund.



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