

Handling of BP's Deepwater Horizon Oil Spill Damages Credibility of all Involved

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BP's Deepwater Horizon oil spill in the Gulf of Mexico caused the worst environmental damage in U.S. history. The massive oil spill damaged thousands of acres of beaches, damaged fragile wet lands, killed large numbers of marine life and devastated the lives and businesses of thousands of Gulf Coast residents.

It also damaged the credibility of those responsible for the spill and its cleanup.

Early mistakes

The Obama administration failed to grasp the magnitude of the Deepwater Horizon oil spill. President Obama relied too long on BP to fix the problem.

After calls for help from Gulf state governors and pressure from politicians the president declared his administration would take control of the problem. To his credit he tough-talked BP into setting up a \$20 billion fund to pay for damages and appointed Ken Feinberg the fund's czar.

But the president then harmed the Gulf coast states with inexplicable decisions. The administration refused the offer of cleanup help from other nations. Hundreds of foreign cleanup vessels remained anchored uselessly nearby as the spill spread.

The administration's biggest blunder was its moratorium on deepwater drilling off the Gulf coast. Against the wishes of Gulf States' governors the president insisted on the moratorium and put thousands of Gulf coast workers out of work.

The administration justified its moratorium on a report prepared by scientists. It said the scientists recommended the moratorium. The scientists involved quickly denied that they made any such recommendation. After getting the report the administration amended it and added the false recommendation.

With the onset of mid-term elections the president seemingly lost interest in the Gulf disaster.

Feinberg's role

Ken Feinberg seemed a good choice to handle Gulf coast damage claims. He gained a reputation for fairness by successfully managing the 9/11 disaster and Virginia Tech shooting victims' funds.

Feinberg's credibility with Gulf coast residents and officials took a beating almost immediately. Feinberg seemed unprepared to handle the 336,000 claims filed with his office. It took months after filing a claim before Feinberg's office

approved or disapproved it. Claimants said they often received only a pittance of what they claimed.

The slowness in handling claims and the small amounts awarded forced many Gulf Coast businesses to close

Feinberg set up a two-tiered system. Claimants could get six months of emergency payments for lost income without losing their right to sue BP for damages or take a one-time lump sum payment and give up their right to sue.

Claimants felt pressured to take lump-sum payments, but found it impossible to determine their losses so quickly.

Feinberg says he is now inclined to continue some interim emergency payments, but is vague on which ones.

Gulf state government officials urged Feinberg to hire more adjusters, accountants and customer representatives to speed up the process. Feinberg failed to do so.

Feinberg now must decide what to do about the thousands of claims filed by businesses hurt by bad publicity. For example, the oil spill never reached Florida beaches. Florida business owners claim, however, that negative publicity about the spill kept tourists away and cost them billions in profits.

Feinberg sends out mixed signals about the claims. In June he told a house panel that "if there is no physical damage, and it's all public perception, the claim is not compensable". Feinberg repeated his position in a July interview.

Ten days after the interview, however, Feinberg told a congressional committee "You do not need oil on the beach to have a compensable claim. Perception is enough".

But Feinberg's office then published official guidelines contradicting his statement. The guidelines say the fund only pays for harm or damage proximately caused by the spill.

Feinberg's actions continually anger Gulf coast governors, but the president seems unwilling to hear their complaints.

So far, Feinberg has paid out only \$2.1 billion of the \$20 billion fund. While he makes up his mind about claims his law firm collects \$850, 000 a month in fees for his work.

BP lost credibility with the public almost immediately. BP repeatedly lied about the extent of oil spewing from its well into the Gulf. Questions remain unanswered about whether BP sacrificed safety for profits in drilling the well.

Its greatest deception was its multimillion dollar public relations campaign. BP used its employees with ties to the Gulf coast to promise that BP would cleanup every drop of oil from the spill. BP said its cleanup crews would stay in the Gulf until it finished the job and restored the Gulf's environment.

BP knew it could not keep its promises. Cleaning up all the oil and repairing all the damage to the Gulf coast and its waters is physically impossible.

BP, the U.S. Coast Guard, and various state agencies of Alabama, Mississippi and Florida quietly signed an agreement that BP needed only to clean the tourist beaches, such as Gulf Shores and Orange Beach, until no visible oil

remained. BP left oil beneath the sands untouched. Private beaches and beaches less visited by tourists received scant attention.

On September 19th BP's website announced the end of its Gulf cleanup operations. It closed its hot line for handling complaints. BP ended its Qualified Community Responder Program that provided jobs for unemployed Gulf coast residents affected by the spill. BP's promises meant nothing.

Litigation over damages caused by BP's oil spill is just starting and will last for years. Plaintiff's lawyers advertise on the internet for class action complainants. Judges and jurors will closely examine the credibility of the oil spill's many participants.