The Oil Spill of a Lifetime

Formally known as British Petroleum, BP is an international oil and gas company headquartered in London. In 1909, a year after William D’ Arc discovered oil in Persia, the Anglo-Persian Oil company was created which would grow and develop into the BP brand we currently know today. BP employees 74,500 workers and operates in 72 countries. The company’s total revenue, including sales and operating, for fiscal year of 2016 was $183 billion dollars. On average, BP produces about 3.3 million barrels of oil a day (BP, 2017). They provide their customers quality gasoline, transport fuels, chemicals and alternative energy sources and is considered a leader in the oil and gas industry because of their innovative research in production, refining, and distribution. BP is “committed to making a real difference in providing better energy that is needed today and in the changing world of tomorrow” (BP, 2017).

**Ethical Issue**

In April 2010, the nation suffered from the biggest oil spill in the history of the United States. BP’s multiple careless decisions to cut cost and time in hope of maximizing profits subsequently caused the worst oil spill to date. The company neglected their duty to protect their employees from workplace hazards that can cause injury, illness, and even death (Boatright, 2012). They failed their employees, the environment, and the nation. Specific individuals can be attributed to the overall cause of the oil spill, however, the company’s principles and values are also to blame for the incident. The company placed a high importance on profit gain which put high ranked employees in an uncomfortable situation of choosing between safety and their jobs. Many high ranked employees feared being dismissed from the company if they spoke up against the unethical decisions while building the rig. The spill was not a freak accident, rather a buildup of careless decisions.

BP purchased the rights to drill in the Macondo well, located in the Golf of Mexico, in March of 2008. The following year the Transocean Marianas rig began drilling in the well. Approximately one month later Hurricane Ida damaged the rig significantly, causing it to be replaced (BOEM, 2017). With this set back, BP felt the pressure to save time and money during future development. Deepwater Horizon began drilling in Macondo in February of 2010. One month later, BP experienced another setback when an accident damaged a gasket on the blowout preventer. From this point, BP continuously failed to take active steps to ensure the safety of their employees. While BP was drilling 18,360 feet below sea level, the last 1,193 feet need casing because of the intense pressure from the sea water (Urbina, 2010). Halliburton, an oil field service company, recommended four redundant barriers to help control the flow of oil. BP choose to only install one barrier. They rejected the safety recommendation from Halliburton to save approximately 3 million dollars along with the time to install three additional barriers (Urbina, 2010). Brian Morel, a BP engineer, emailed a colleague admitting that the development of the oil rig was “a nightmare well which has everyone all over the place,” However, the nightmare didn’t stop as BP again did not listen to suggestions made by Jesse Gagliano, an executive of Halliburton. Gagliano suggested to Morel that BP should use 21 centralizers to ensure the lining is centered and to prevent a leak and gas buildup (Urbina, 2010). BP used only 6 centralizers and Morel replied that it was too late to get more product on the rig. The companies pressure to cut time and cost caused Morel to settle for a less than safe plan despite reservation from Gagliano. Although the employees were aware of the risks while working on an oil rig, they were not aware that the company was taking shortcuts which jeopardized their safety. BP took away their employees right to know about and refuse hazardous work by not informing the lower level employees of their compromised plans. BP took away the freedom to choose if working on the oil rig was worth the reward for the risk. Low level employees were unaware that BP was not following safety recommendations.

The negligence continued during the actual day of the oil spill starting with the cancelation of recommended cement bond test. The test would have taken between nine and twelve hours and costed the company $128,000. At approximately 9:49 am on April 20, 2010 a jolt was felt followed by the rig shaking violently. Immediately a magenta, highest level of danger, warming was implemented. Ten minutes later the rig exploded and caught on fire, immediately killing 11 workers (Welch, 2010). Two days later the rig sank leaving the company, workers, and environment in a state of panic. Over the timespan of 87 days, more than 200 million gallons of crude oil was spilt into the Gulf of Mexico, affecting more than 16,000 miles of coastline (NIOSH, 2017). The oil spill had detrimental impacts on all stakeholders who are still recovering to this day.

**Stakeholders**

Many individuals were impacted by the oil spill, however, the 11 individuals who lost their lives when the oil rig exploded were impacted the most. Those individuals were not aware of the excessive risk they were taking while working on the rig. BP did not inform their employees that they were not following recommended safety procedures. Failure to provide a safe work environment is not only unethical but illegal. The families of the 11 who lost their lives must live on knowing that BP could have stopped this incident from occurring. Many other individuals were severely injured by the explosion. Thirty individuals were hospitalized and were unable to return to work for a significant amount of time. They were also faced with extreme physical pain and heavy hospital bills. BP is responsible for the death and pain their employees faced because of explosion.

BP is also responsible for the cleanup efforts and those effected by exposure to crude oil. They hired 52,000 workers to assist with clean-up efforts. These workers experienced both health and mental problems because of exposure to chemicals while cleaning up the spilt oil. Reports claim that many workers experienced upper respiratory track illness, throat irritation, headaches, dizziness, and nausea (Goldstein, 2011). BP failed to provide adequate equipment to workers who were physically cleaning up spilt crude oil. Although mental health problems cannot directly be attributed to the physical exposure of chemicals, many individuals experienced psychological distress and depression while seeing firsthand the damage of the oil spill (The Gold Oil Spill, 2011).

The surrounding environment was impacted heavily by the oil spill. Wildlife was obviously impacted and could be seen by pelicans covered in oil, fish belly up, dead turtles and dolphins washed on shore, and coral reefs growing extremely slow because of tissue damage from the crude oil. However, not only was wildlife effected, the local economy and company’s dependent on seafood were negatively impacted as well. While the oil killed the wildlife, it also killed business for local restaurants who were dependent on seafood for revenue. Many small local businesses had to shut down because they could not afford to import seafood from other places and all the local seafood was either dead or inconsumable because of the toxins from the oil. On a bigger economy scale, the oil spill impacted every business surrounding the spill. The oil disaster discouraged tourists from visiting the Gulf of Mexico which caused all businesses to suffer. If people are not coming to visit, they are not spending money on hotels, food, and attractions which hurt the local economy.

BP faced multiple charges including: “11 counts of felony manslaughter, one count of felony obstruction of Congress and violations of the Clean Water and Migratory Bird Treaty Acts” (EPA, 2013). The companies value and reputation dropped significantly after the spill and many investors sold their share in the company. The backlash that BP received caused consumers to purchase gas and oil from other companies, however, prices sky rocketed during the actual spill impacting everyday consumers. Although other companies took advantage of new customers, the entire oil and gas market was negatively impacted as people lost trust in oil companies and were shy from supporting them with the fear of another oil spill.

**Ethical Perspectives**

By analyzing the BP oil spill and the events leading to the disaster through ethical perspectives we can further our understanding of why employees made the choices they did. A Utilitarian perspective strives to achieve the greatest pleasure over pain for everyone. The high rank employees tried to create the most pleasure for their employees, company and economy as a whole by cutting cost and time. They made the executive decision to take a high risk high reward approach which in hopes would return produce the most pleasure for everyone. However, the shortcuts that were taken had extreme consequences that subsequently hurt BP in ways they could not have anticipated. The money spent in clean-up efforts, court fees, and criminal charges greatly outweighed the money it would have cost to implement all safety recommendations. The pain that the oil spilled caused for the employees, environment, company, and all stakeholders was far more extreme than the benefit of cutting time and costs while building the oil rig.

Another important ethical perspective to discuss while analyzing this event is the Kantian perspective which states no exceptions or exceptions at all as well as treating everyone with respect. This perspective would have fired the individuals who decided to skip the safety precautions. No exceptions, including cutting time and costs, would have been accepted and the people trying to break that rule would have been fired as a consequence. This perspective would have also never put lower-level employees at risk because of the principle of respect for all. The company would strive to protect all employers equally and give the people physically working on the rig the same respect as those in the corporate office.

**Course of Action**

With more than 200 million gallons of crude oil spilt into the Gulf of Mexico, BP was faced with the daunting task of cleaning up their mess. They had three main clean up departments: containment, removal and human labor. BP first tried to contain the spilt oil from spreading with the use of domes and booms (Caudra, 2010). A dome is a 40-feet tall rubber statue that was lowered over the leaking section of the pipe. There were three main domes put over the pipes during the 87 days that oil continuously leaked into the ocean. Booms were long floating rubber tubes that were used to prevent the spread of oil from the ocean to the marsh lands. Although containment efforts were put in place to stop the spread of oil, over 16,000 miles of coastline were affected by oil. The removal of oil from the water was extremely challenging because the oil spread at an alarming rate. BP used three techniques efforts to remove the oil from the ocean. The first technique was to burn the oil which removed 13 million gallons of oil from the water (Caudra, 2010) . However, when the oil burned caner casing toxins were released into the air jeopardizing the safety of the clean-up crew. The next technique used to collect oil was a mop like fabric, called skimmers, which absorbed the oil from the surface layer of the ocean. The last technique used was a chemical that broke down the oil into smaller particles which mixed better with water. Over 1.4 million gallons of dispersants were dumped into the ocean which had negative impacts on wildlife in the ocean. The last course of action to clean the oil was BP hiring human labor to physically clean oil. The workers were paid about $12 an hour to wipe up marsh grasses with a cloth like pad that attracts oil and remove tar from closed beaches (Caudra, 2010). As mentioned before, these workers experienced both physical and mental health problems due to exposure of chemicals and hardship while cleaning up the spilt oil.

Although the environment benefitted from the clean-up efforts, many other stakeholders did not benefit from this course of action. The clean-up workers experienced health problems, local businesses were still struggling because the seafood was destroyed, and the families of those injured and killed during the explosion were still suffering. Overall, I feel that BP did not meet expectations while trying to fix their mess. The company lied to congress during their hearing about how many gallons of oil was leaking into the ocean which makes me wonder, what else did they lie about? I would have gone public with this case and worked diligently to gain the trust back of the nation. I feel that BP did bare bone minimum to clean up the oil when they have a duty to the nation to fix the consequences of the oil spill. Overall, I think BP was still acting on the principle of revenue gain rather than taking a stand to act ethical and do what was right.

**Other Solutions**

My first proposed alternative solution would to follow company policies and safety recommendations from Halliburton. It is the duty of a company to take extra measures to ensure the safety and wellbeing of employees. I would propose to fire the BP employees who directly refused the recommendations from Halliburton. Next, I would take a public stand and explain exactly why that employee was fired to clear and confusion or backlash about the situation. Finally, I would change company principles and morals. I would emphasize ethical behaviors and reward those who showed excellent decision making. New ways to anonymously share any concerns such as a companywide report box would eliminate any fear employees have to speak out. In the short run, this approach may not make the most initial revenue and take more time and effort to find good management. However, in the long run, this approach would save lives, protect the environment, and allow BP to continue being a leader in the gas and oil market by saving their reputation and brand.

My next alternative solution would be implemented after the oil spill occurred. I would immediately call in reinforcements to help with clean-up efforts. These contacts would include environmental groups and scientists in hopes of finding the most effective and efficient way to reverse the damage caused by the crude oil. Next, I would own up to the company’s mistakes and publically apologize for the negligence and lack of good judgement that was used while building the oil rig. Additionally, I would offer all individuals impacted by the spill some type of compensation because of the inconvenience they are facing. Lastly, I would use this opportunity to showcase growth and development in the company by making a promise to the nation stating that an incidence like this will never happen again and currently all measures are being taken to fix this disaster. The most important part of this solution is to follow through on promises. Hopefully these actions would help BP’s reputation, the environment, and surrounding communities that were impacted by the spill. The obvious short-term effect would be extreme revenue loss because the extreme efforts to compensate all individuals who were impacted. However, the long-term benefits from rebranding and earning trust back from customers would be worth the short-term revenue loss.

**Conclusion**

The better course of action after the oil spill would have been to take extreme measures to rectify the situation which in return would have helped BP gain back trust from their customers and stakeholders. BP had the mindset of scarcity rather than abundance which ultimately lead to their failure on April 20, 2010. The oil spill could have been prevented if the company took measures to ensure that the best procedures and plans were being followed. In the short-run BP was saving time and money but the oil spill had a long term effect on the company and everyone involved. Overall BP failed as a company and are currently still suffering from the immense backlash they faced because of the great oil spill in 2010.

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