

## **For A 'Green' Company, BP Wreaks Environmental Damage**

Chris Kahn, AP Energy Writer

NEW YORK (AP) — Oil giant BP brands itself a friend of the environment, an energy company that goes "beyond petroleum."

That image, worth billions of dollars, is being sullied by the company's inability to contain a massive oil spill in the Gulf of Mexico.

As the expanding oil slick threatens marshlands and wildlife along the coasts of Louisiana and Mississippi, BP faces perhaps the biggest public relations challenge an oil company has experienced in the United States since the Exxon Valdez tanker disaster in Alaska in 1989.

BP's environmentally friendly image — its logo is a green and yellow sunburst — has outlasted past accidents, including a Texas refinery blast and Alaska pipeline spill. But last week's deadly explosion on a BP-operated oil rig and the looming environmental damage are shaping up to be a major problem.

Since the accident, BP's stock market value has declined by roughly \$25 billion.

An estimated 5,000 barrels of oil per day are spewing into the Gulf, and the company is spearheading the cleanup. But on Thursday, the government sent in equipment to support BP's efforts as the spill was reaching the coast. The Obama administration said BP is responsible to pay for the cleanup, which the company says is costing millions of dollars per day.

Marketing experts and environmentalists say BP's response so far has been superior to Exxon's treatment of the Valdez crash. BP devoted most of its home page on its Web site to the disaster, and it's held regular news conferences.

But BP also appeared to initially downplay the extent of the oil spill. It estimated that 1,000 barrels of oil were seeping from the sea bed each day. The government later corrected that figure to five times as much.

In addition, local officials in communities in the path of the spill have expressed frustration with the lack of communication from BP officials, as well as from the government.

"They have to repair the problem. I'm not sure if anything else is going to matter until they do," said Kelly O'Keefe, managing director of the Virginia Commonwealth University Brandcenter. "And they should apologize."

BP says it's not focusing on its public relations effort.

## **For A 'Green' Company, BP Wreaks Environmental Damage**

Published on Industrial Maintenance & Plant Operation (<http://www.impomag.com>)

---

"It's about tackling an oil spill as aggressively as we can," said Robert Wine, a spokesman at BP's headquarters in London.

BP has had its share of recent high-profile accidents:

— An explosion at a BP refinery in Texas City in 2005 killed 15 people and injured 170. Regulators in October hit BP with a record \$87 million fine for failing to correct safety hazards at the plant. BP has formally contested the fine.

— More than 200,000 gallons of oil spilled from a BP pipeline in Alaska in March 2006, the largest-ever spill on Alaska's oil-rich North Slope. BP paid about \$20 million in fines, including \$4 million to the National Fish and Wildlife Foundation for Arctic environmental research.

— Last year, BP paid nearly \$2 million in fines for not operating with the proper equipment at oil fields along the North Slope.

The costs could be much higher this time. Besides cleanup expenses now running at \$6 million a day, BP faces potential fines and costs to ensure better safety on the rigs it operates in the Gulf. And there will be legal costs. Two lawsuits have already been filed related to the blast and potential damage to the commercial shrimping industry.

The immediate concern was the oil slick threatening hundreds of species of fish, birds and other wildlife along the Gulf Coast.

Eileen Campbell, chief executive of market research company Millward Brown, said BP risks becoming associated with photos of oil-soaked wildlife.

That would stand in stark contrast to the green image that BP took years to build. The company has invested in solar and wind energy projects. It devoted \$500 million on biofuels research, and CEO Tony Hayward supports capping carbon emissions. It spent nearly \$76 million in the United States on radio and TV last year, according to Kantar Media.

Altogether, the company's efforts have contributed to a brand name worth about \$17.3 billion, according to the marketing firm Millward Brown.

BP is considered the most environmentally friendly of major oil companies, the firm said. In contrast, Exxon's brand is based more on its reputation for innovation, corporate citizenship and communication with shareholders.

In the grand scheme, BP hasn't gone much beyond its core business of petroleum. Of its \$73 billion in revenue in the first quarter, about \$72.3 billion of that came from the exploration, production, refining and marketing of oil and natural gas. The rest came from "other businesses" such as solar and wind energy.

David Oesting, an Alaska lawyer who represented the plaintiffs in a class-action suit

## **For A 'Green' Company, BP Wreaks Environmental Damage**

Published on Industrial Maintenance & Plant Operation (<http://www.impomag.com>)

---

that followed the Valdez crash, doesn't believe BP will suffer as much as Exxon did.

Exxon eventually spent more than \$4.3 billion on the cleanup and on lawsuits to compensate residents. Two decades later, it continues to pay for the damages. Oesting said he won \$1 billion in the suit, and years later he's still cutting checks to the victims.

BP will benefit from the Oil Spill Liability Trust Fund, which was established after the Valdez crash by collecting 8 cents from the industry for every barrel of oil produced or imported to the U.S. The fund has about \$1.6 billion available to cover damages suffered by coastal residents, fishermen and other affected businesses, according to the Coast Guard.

BP now is at the front lines of what is likely to be a renewed attack on Big Oil.

The Obama administration signed off a few weeks ago on a plan to allow more drilling along the East and Gulf coasts. Edward Markey, the chairman of a House energy committee, has asked the heads of BP and four other oil companies to testify at a hearing about the spill.

Richard Charter, senior policy adviser for Defenders of Wildlife said the rig explosion will reverberate for years in public debates about whether to expand offshore drilling. He said the unfolding environmental damage along Louisiana's coast will linger in memories of the American public.

"It will remind people that there is a risk with this kind of industrialization of the coast," he said.

**Source URL (retrieved on 12/17/2014 - 4:36pm):**

[http://www.impomag.com/news/2010/04/green-company-bp-wreaks-environmental-damage?qt-recent\\_content=0](http://www.impomag.com/news/2010/04/green-company-bp-wreaks-environmental-damage?qt-recent_content=0)