BRITISH PETROLEUM

DEEPWATER HORIZON SPILL

bp

AVANTIKA VITAL

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EXECUTIVE SUMMARY

Incident & Scale
April 20, 2010 blowout/explosion killed 11 workers; ~4.9 million barrels spilled over 87 days.

Environmental Damage
Impacted ~1,100 miles of coastline; tens of thousands of birds, marine mammals, and critical marsh habitats destroyed.

Economic Impact
Billions lost in fisheries and tourism; BP established a $20 billion compensation fund administered by Kenneth Feinberg.

Crisis Communication Failure
CEO's "I'd like my life back" comment and underreporting of spill volume drove 59 percent of Gulf residents to distrust BP's messaging.

Regulatory Response
May 2010 six-month moratorium on deepwater drilling and restructuring of MMS into BOEM, BSEE, and ONRR.

Lessons Learned
Highlights necessity of preemptive risk audits, empowered safety compliance, transparent stakeholder engagement, and embedding ESG into core operations.

ABOUT BP

Key Facts

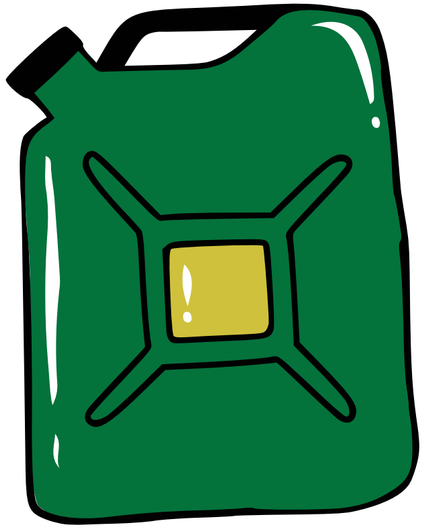
- One of the world’s largest oil and gas companies ("Supermajors").
- Operates in over 70 countries.
- Major brands: BP, Castrol, Ampm, Aral.
- Known for fuel stations, lubricants, and energy projects.

Energy Transition

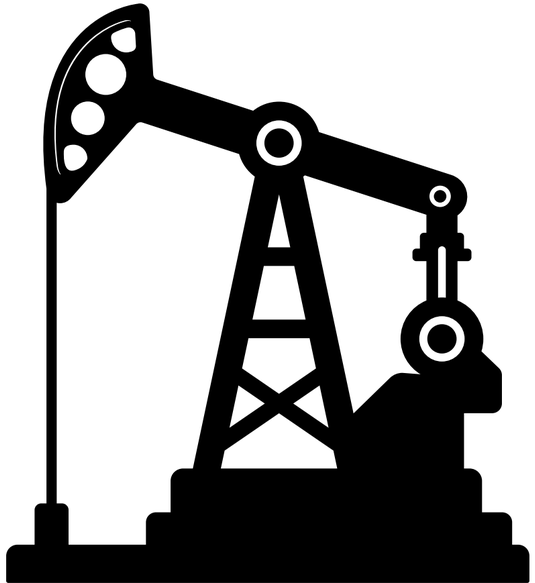
- Shifting toward renewable energy (solar, wind, EV charging).
- Aiming for net-zero emissions by 2050.
- Investing in low-carbon technologies (hydrogen, biofuels).

BACKGROUND

- Founded: 1909 as the Anglo-Persian Oil Company; renamed British Petroleum in 1954 and BP p.l.c. in 2001.
- Headquarters & Scale: London-based supermajor operating in nearly 80 countries with over 70,000 employees.
- Business Segments: Organized into Upstream (exploration & production), Downstream (refining & marketing), and Gas & Low Carbon Energy.
- Production: Approximately 2.2 million barrels of oil equivalent per day (2023 level)
- Market Capitalization: About US $76.9 billion as of May 2025



“We connect the world”
- British Petroleum

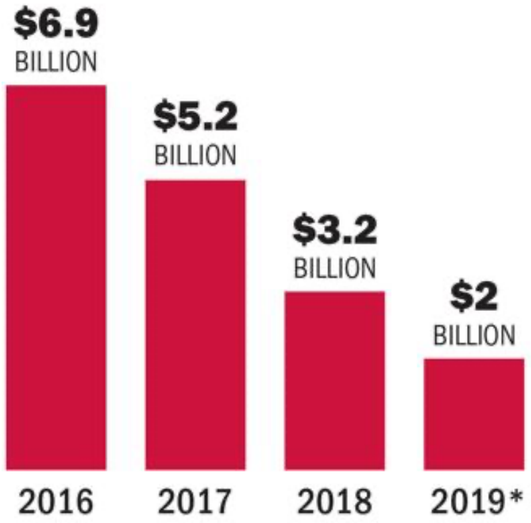


WHATS HAPPENING?

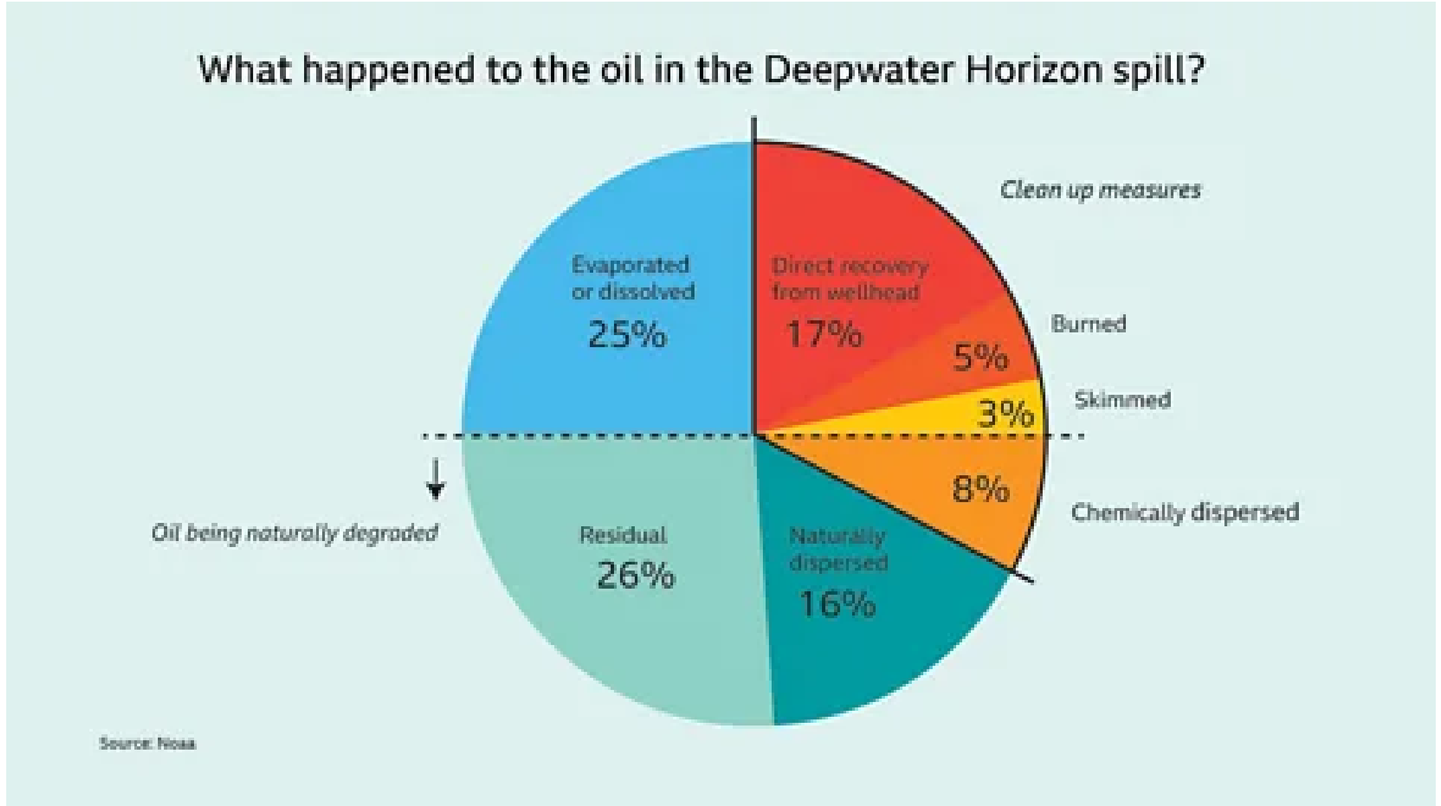
	Case 1
Location	Macondo Prospect (Mississippi Canyon Block 252), Gulf of Mexico
Time	22:00 UTC−6 (10:00 PM CDT), April 20 2010
What's happening	Blowout and explosions aboard Deepwater Horizon, followed by fire and eventual sinking on April 22; uncontrolled release of 4.9 M barrels (~210 M gal) of oil over 87 days, devastating marine and coastal ecosystems

BP OIL SPILL PAYMENTS DECLINE

BP began paying claims in 2010;
in recent years they've started to fall



*Projected Source: BP Staff graphic




R.I.P

BP’s Response to the Lawsuit

- Immediate Rejection of Allegations: Upon the DOJ filing its civil complaint on August 31, 2012, BP stated it “was not grossly negligent and looks forward to presenting evidence on this issue at trial,” framing the spill as an accident rather than misconduct.
- Criminal Plea Agreements: In January 2013, BP Exploration & Production pleaded guilty to 14 federal counts (including environmental and obstruction charges) and the U.S. District Court formally accepted this plea on January 29, 2013.
- Resolution of Criminal and Securities Claims: On November 15, 2012, BP issued a press release announcing the settlement of all criminal and securities claims brought by the U.S. government in relation to Deepwater Horizon.
- Defensive Motions: BP repeatedly moved to limit its liability under the Oil Pollution Act’s $75 million cap for “non-gross negligence” discharges and to restrict punitive penalties during the MDL 2179 proceedings, but key motions (e.g., for restitution and injunctive relief) were denied by the District Court.

Civil Settlement Negotiations: BP engaged in extensive negotiations with the DOJ and five Gulf States, ultimately agreeing on October 5, 2015, to a historic $18.7 billion–$20.8 billion civil settlement to resolve the government’s Clean Water Act and natural resource damage claims

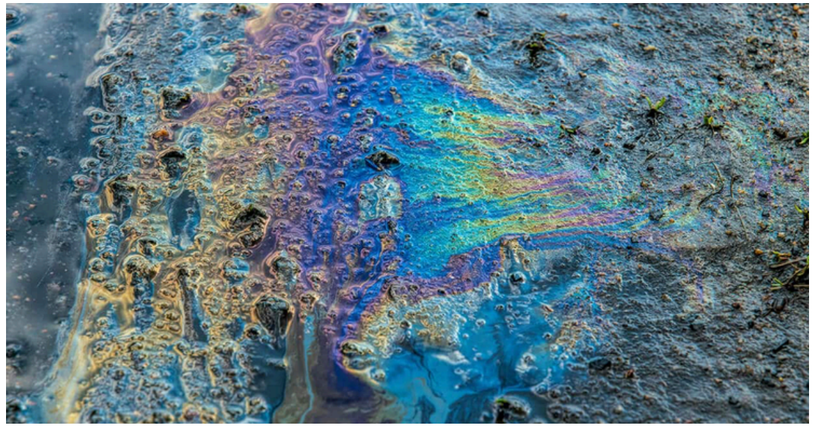
STAKEHOLDERS

Internal & External

Shareholders & Investors

Board of Directors

Customers and Consumers



Customers and Consumers

Governments and Regulators

NGOs and Environmental Interest Groups

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ISSUES

The Deepwater Horizon disaster was precipitated by a convergence of critical technical and procedural failures: an inadequate cement seal that allowed hydrocarbons into the wellbore; a misinterpreted negative pressure test that falsely indicated well integrity; multiple blowout preventer (BOP) malfunctions, including a failed shear ram and power loss; insufficient detection of early hydrocarbon influx due to poor monitoring practices; and the overwhelming failure of the mud–gas separator and gas alarm systems, which allowed gas to ignite on the rig floor.

- **Inadequate cement barrier**
- **Misinterpretation of the negative pressure test**
- **Blowout Preventer (BOP) system failures**
- **Insufficient detection of early leaks**
- **Mud–gas separator and gas alarm failures**

BUSINESS LOSSES

- Share price collapse: BP's stock plunged over 55% after April 20, 2010, wiping out nearly $100 billion in market capitalization.
- Massive liabilities: By September 2010, BP had spent approximately $63.4 billion on cleanup costs and legal fees.
- Dividend and capex cuts: BP suspended three quarters of its dividend, slashed capital expenditures, and sold $10 billion of assets to fund spill-related expenses.

MEDIA & PUBLIC RESPONSE

- Consumer boycotts: The "Boycott BP" Facebook page gained over 688,500 likes by late June 2010, spurring protests at retail sites.
- Retail sales hit: BP-branded stations saw sales drops of 10–40% amid heightened public backlash.
- Negative public sentiment: Polls indicated around 73% of Americans rated BP's spill response as poor or very poor, deepening reputational damage.

MAJOR CRITIQUES

1. Management and Organizational Failures

- Risk underestimation and cost-cutting: BP's decision to skip additional cement centralizers and not rerun cement-bond logs reflected a "rush to completion" culture that prioritized schedule over safety.
- Fragmented accountability: Coordination breakdowns among BP, Transocean, and Halliburton meant no single party took ownership of critical safety checks

2. Regulatory and Oversight Shortcomings

- Insufficient government oversight: Pre-spill risk assessments by the Minerals Management Service (now BSEE) failed to account for deepwater well complexities, relying on outdated spill-volume models.
- Fragmented regulatory regime: Overlapping jurisdictions and limited enforcement authority left gaps in safety inspections and emergency preparedness.

3. Deficient Safety Culture

- Lack of "stop-work" authority: Rig personnel lacked clear power to halt operations upon detecting anomalies, leading to misinterpretation of a failed negative-pressure test.

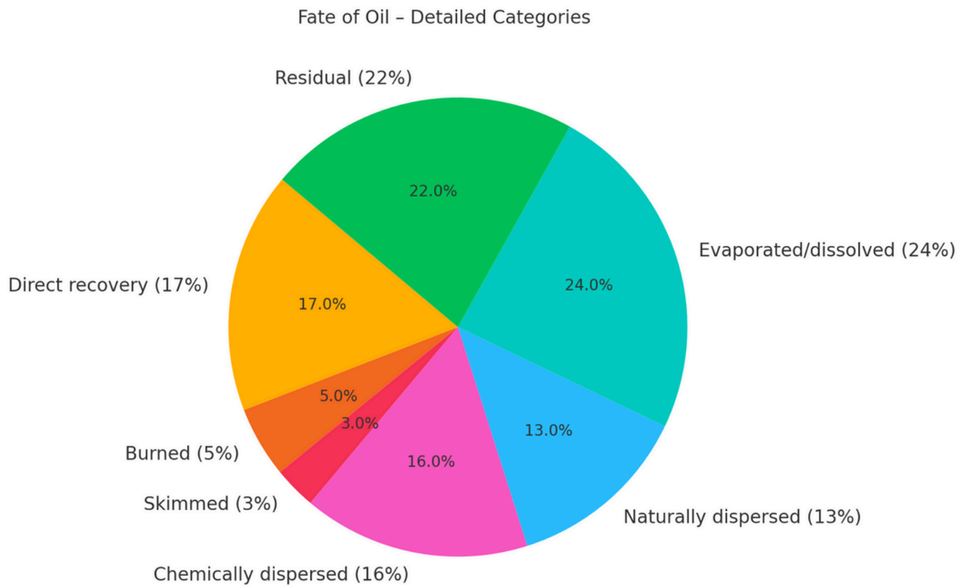
Weak contractor oversight: BP's reliance on third-party contractors diluted its ability to enforce uniform safety standards **4. Technical and Equipment Failures**

- Cement barrier failure: The primary cement sheath did not isolate high-pressure hydrocarbons, allowing gas migration into the wellbore.
- Blowout Preventer (BOP) malfunction: Blind shear rams failed to close due to a dead battery and a defective control switch, rendering the BOP inoperable.

PR STRATEGY

- Rapid Leadership Response: BP's CEO Tony Hayward issued an initial nationwide TV apology spot declaring "We will make this right," but his "I'd like my life back" comment undermined public empathy, leading to his eventual replacement by Bob Dudley to restore credibility.
- Dedicated Digital Engagement: Launched a centralized "BP Response" microsite and bought sponsored search terms ("oil spill") so that the first Google link directed users to official updates; simultaneously amplified timely information via Twitter, Facebook, YouTube, and Flickr.
- Proactive Media Relations: Rolled out a national TV and print ad campaign and held daily press briefings to demonstrate transparency, accountability, and progress on containment—despite initial setbacks when ads were criticized for diverting funds from cleanup.
- Stakeholder Compensation Fund: Established the Gulf Coast Claims Facility within weeks, disbursing over $6.6 billion to affected individuals and businesses to signal responsibility and mitigate litigation risks.
- Community & CSR Initiatives: Launched a "Gulf Commitment" programme funding environmental restoration projects, third-party oversight, and local liaison offices—reinforcing BP's dedication to corporate social responsibility and rebuilding community trust.

PRIMARY RESEARCH



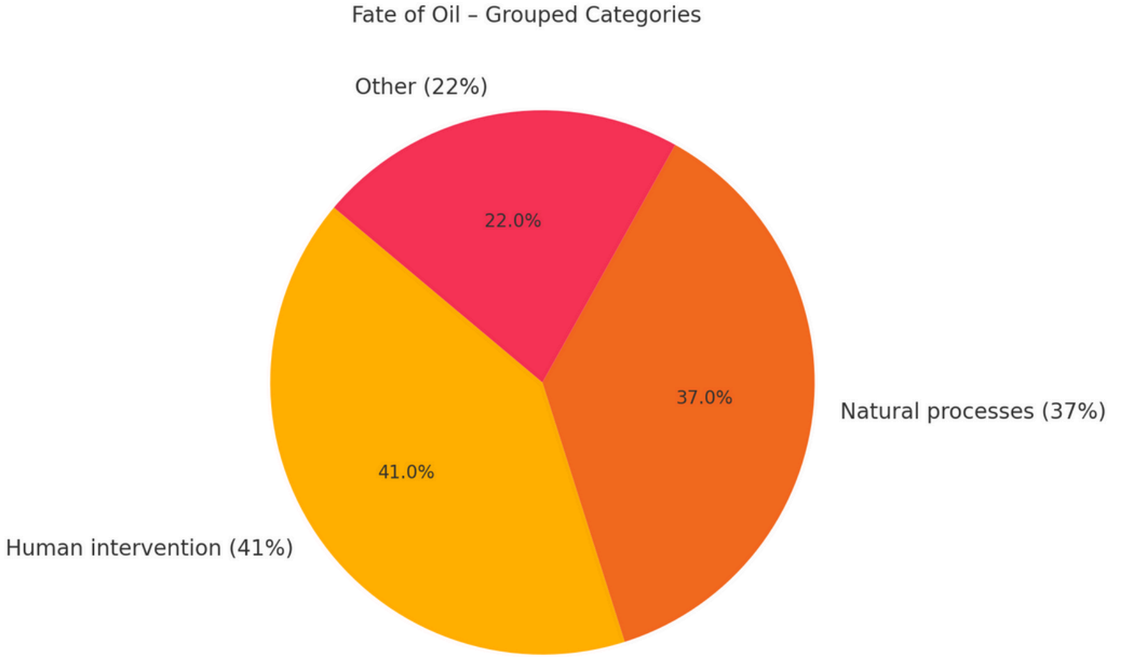


Chart 1 (Detailed Categories) breaks down the oil into seven specific fates: direct recovery (17%), burned (5%), skimmed (3%), chemically dispersed (16%), naturally dispersed (13%), evaporated/dissolved (24%), and residual/other (22%)

Chart 2 (Grouped Categories) aggregates these into human intervention (the sum of direct recovery, burning, skimming, and chemical dispersion = 41%), natural processes (natural dispersion plus evaporation/dissolution = 37%), and other/residual (22%)

EXPERT OPINIONS

Expert 1: Dr. Cynthia Smith (Marine Scientist)

- **Focus: Long-term ecological harm to dolphins (63% reproductive decline, chronic illnesses).**
- **Key Takeaway: Recovery possible for future generations if habitat protection and pollution controls improve.**

Expert 2: James A. Junkin (Safety Responder)

- **Focus: Systemic safety failures (BP's cost-cutting, lax regulations).**
- **Key Takeaway: Offshore drilling requires stricter oversight, licensed engineers, and worker-first safety cultures.**

DISCUSSIONS

Environmental Impact and Restoration
Scholars and agencies debate the extent and persistence of ecological damage—from deep-sea habitats to coastal marshlands—and the effectiveness of restoration efforts guided by the Natural Resource Damage Assessment process.

Regulatory Reform and Oversight
The National Commission's report catalyzed calls for a unified offshore-drilling regulator, stricter well-control standards, and comprehensive safety audits to address gaps in the former Minerals Management Service framework.

Corporate Governance and Accountability
Analyses in legal and business journals critique BP's cost-cutting culture, fragmented contractor relationships, and failures in risk management—arguing these systemic flaws were as decisive as technical malfunctions in causing the blowout.

Socioeconomic and Public Health Effects
Research highlights lasting mental and physical health impacts among cleanup workers and Gulf residents, as well as disruptions to fisheries, tourism, and environmental justice concerns in vulnerable coastal communities.

Legacy and Policy Lessons
Fifteen years on, experts underscore the spill's role in shaping today's offshore safety culture, emergency response innovations, and data-integration tools, while warning that deregulation trends may undermine hard-won gains.

PR STEPS THAT COULD HAVE BEEN TAKEN

1. Immediate Acceptance of Responsibility
   - Rapid public apology from the outset: Issue an unequivocal apology within hours of the blowout to signal accountability—rather than waiting days—showing genuine concern for those affected NPR.
   - “We are accountable” messaging: Clearly state BP’s role and commitment to make things right, avoiding deflecting blame onto contractors or regulators.

2. Transparent, Real-Time Information Sharing
   - Dedicated, continually updated microsite: Launch a “BP Response” hub with live maps, daily spill-volume estimates, and video updates to preempt misinformation.
   - Proactive social-media engagement: Use Twitter, Facebook, and YouTube for hourly status reports and to answer public questions directly—leveraging social media savvy influencers and tech-savvy bloggers for broader reach.

3. Consistent, Credible Spokesperson Strategy
   - Designate a single, trained crisis-communications lead: Ensure every press briefing and public statement comes from the same senior spokesperson to maintain message consistency and reduce confusion Clemson OPEN.
   - Pre-scripted Q&A and media-training: Prepare for likely questions and tone-coach spokespeople to avoid off-putting remarks like “I want my life back”.

PR STEPS THAT COULD HAVE BEEN TAKEN

4. Empathetic Leadership Presence
   - Visible executive engagement: Have BP's CEO and senior leaders appear in Gulf communities, listen at town halls, and participate in clean-up efforts—demonstrating solidarity with affected residents.
   - Human-to-human (H2H) communications: Focus on personal stories of impacted families and workers in messaging to foster empathy, rather than abstract corporate language.
5. Stakeholder-Centered Community Outreach
   - Local liaison offices: Establish on-site Gulf Coast offices staffed with multilingual community managers to provide real-time assistance and gather feedback.
   - Transparent claims-processing updates: Publish clear FAQs and real-time metrics on compensation disbursements through the Gulf Coast Claims Facility.
6. Data-Driven Credibility and Third-Party Validation
   - Open data access: Share raw data on spill volumes, water-quality tests, and wildlife impacts with NOAA and independent researchers to foster trust.
   - Independent expert endorsements: Involve respected environmental scientists and NGOs in communicating response progress and validating BP's cleanup methods.
7. Pre-Crisis Planning and Rapid Mobilization
   - Comprehensive crisis-communication plan: Maintain a living document outlining clear roles, "stop-work" protocols, and pre-approved communications templates for worst-case scenarios.
   - Regular crisis drills: Conduct annual simulations involving executives, PR teams, and emergency responders to ensure readiness and refine messaging under pressure.

RECOMMENDATIONS

Internal

BP’s Post-Spill Internal Recommendations:

1. **Technical Reforms**
   - **Stricter cementing oversight, BOP redesign, and real-time drilling monitoring.**
2. **Safety Culture**
   - **Mandatory third-party audits, whistleblower protections, and risk-based "safety case" frameworks.**
3. **Crisis Management**
   - **AI-driven risk detection, site-specific spill plans, and revamped PR emphasizing transparency.**
4. **Regulatory Compliance**
   - **Closer collaboration with agencies (e.g., BSEE) and a $20B trust fund for claims.**
5. **Ethical Integrity**
   - **Independent peer review of research, real-time data sharing with scientists.**

RECOMMENDATIONS

External

BP External Recommendations Post-Spill :

Regulatory Upgrades: Stricter drilling rules, third-party safety audits, real-time monitoring mandates.

Accountability: Raise liability caps, ban contractors (e.g., Halliburton) from limiting liability.

Environmental Protection: Fund Gulf ecosystem monitoring, phase out toxic dispersants.

Transparency: Share real-time spill data, independent review of BP’s research.

Worker Rights: Protect whistleblowers, enforce health safeguards for responders.

IMPLEMENTATIONS

Key Implementation Steps:

- **Well Sealing Operations: Installed the Lower Marine Riser Package (LMRP) cap/capping stack, performed “top kill” and “static kill” procedures, and drilled two relief wells—achieving permanent shut-in of the Macondo reservoir by September 2010.**
- **Oil Removal Techniques: Deployed skimming vessels, conducted controlled in-situ burns, and applied over 1.8 million gallons of oil-dispersing chemicals (Corexit) to manage surface slicks.**
- **Compensation Mechanisms: Established a $20 billion Gulf Coast Claims Facility (GCCF) on June 16, 2010, and transitioned to a $9.6 billion court-supervised spill trust in 2012 to expedite individual and business claims.**
- **Ecosystem Restoration Funding: Financed over 300 restoration projects—totaling $5.38 billion—including wetland creation, reef rebuilding, and marsh restoration across Gulf Coast states.**
- **Regulatory Reforms: Prompted the restructuring of the Minerals Management Service into BOEM/BSEE/ONRR and codified enhanced blowout-preventer maintenance, real-time well monitoring, and third-party certification under the 2016 Well Control Rule.**
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WHAT DID LAWSUIT ALLEGE?

Allegations in the Lawsuit

- **Gross negligence and willful misconduct: The DOJ claimed BP “was grossly negligent and engaged in willful misconduct” under the Clean Water Act, a finding that—if upheld—would quadruple the per-barrel fines from $1,100 to $4,300.**
- **Failure to rerun a negative-pressure test: The complaint highlighted that BP supervisors observed a pressure anomaly during the negative-pressure test but chose not to retest, foregoing a simple measure that could have prevented the blowout.**
- **Violations of the Clean Water Act: BP was charged with unauthorized discharges of oil into U.S. waters and breaching spill-reporting requirements, exposing it to maximum statutory penalties per barrel spilled.**
- **Culture of corporate recklessness: DOJ attorneys cited internal emails—such as an engineer remarking the crew was “flying by the seat of our pants” under “paranoia” and deeming safety steps expendable—as evidence of systemic disregard for known risks.**
- **Seeking punitive damages: Beyond statutory fines, the government sought punitive damages for private-party claims by arguing BP’s conduct warranted punishment and deterrence, not merely compensation.**

NEXT STEPS

- **Streamline legal claims resolution via court-supervised mediation under MDL 2179 to cap liabilities and provide closure to affected parties**

- **Embed comprehensive safety reforms from BP's internal Bly Report—mandating updated cementing standards, dual shear-ram BOPs, and standardized negative-pressure tests—into its Operating Management System with independent audits to prevent recurrence.**

- **Sustain ecological restoration and transparency by funding NOAA's long-term Gulf restoration plan and maintaining an open public dashboard tracking key metrics like wetland acreage and water-quality indicators.**

- **Enhance stakeholder engagement and trust through the upgraded Gulf Commitment portal, offering real-time claims status, multilingual support, and third-party-verified progress reports.**

- **Invest in next-generation safety technology by supporting R&D in blowout-preventer innovations and forming an industry consortium for shared risk-management data and best practices.**

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THANK YOU