

BP OIL SLICK THE RESULT OF REPUBLICAN DOJ AND REGULATORY POLICY

The one constant theme underlying all the elements that could have and/or did lead to the BP Gulf oil spill is the mendacious corporate servitude of the Republican party, their leaders and policies. The arrogance and recklessness of BP and its oily partners gestated wildly under the Bush/Cheney administration and little is changing significantly under Obama.

ERIK PRINCE PROPOSES BLACKWATER BECOME BIG OIL'S ENFORCER

Jeremy Scahill reports on a recording that was liberated from a recent Erik Prince talk in which Prince talks about all the great roles he thinks Blackwater should play in protecting Big Oil. Mind you, he didn't call it Big Oil. But he proposed sending Blackwater to a number of countries to (seemingly) counteract Iran's challenge of Saudi hegemony in the Middle East.

Prince painted a global picture in which Iran is "at the absolute dead center... of badness." The Iranians, he said, "want that nuke so that it is again a Persian Gulf and they very much have an attitude of when Darius ran most of the Middle East back in 1000 BC. That's very much what the Iranians are after." [NOTE: *Darius of Persia actually ruled from 522 BC–486 BC*]. Iran, Prince charged, has a "master plan to stir up and organize a

Shia revolt through the whole region.” Prince proposed that armed private soldiers from companies like Blackwater be deployed in countries throughout the region to target Iranian influence, specifically in Yemen, Somalia and Saudi Arabia. “The Iranians have a very sinister hand in these places,” Prince said. “You’re not going to solve it by putting a lot of uniformed soldiers in all these countries. It’s way too politically sensitive. The private sector can operate there with a very, very small, very light footprint.” In addition to concerns of political expediency, Prince suggested that using private contractors to conduct such operations would be cost-effective. “The overall defense budget is going to have to be cut and they’re going to look for ways, they’re going to have to have ways to become more efficient,” he said. “And there’s a lot of ways that the private sector can operate with a much smaller, much lighter footprint.”

In addition to his plot to use Blackwater to counter Iranian power, Prince also called to send Blackwater to Nigeria, in what would amount to propping up a corrupt (but US-friendly) government to beat back the indigenous opposition to the abuse, environmental degradation, and corruption related with the oil industry in that country.

Prince also proposed using private armed contractors in the oil-rich African nation of Nigeria. Prince said that guerilla groups in the country are dramatically slowing oil production and extraction and stealing oil. “There’s more than a half million barrels a day stolen there, which is stolen and organized by very large criminal syndicates. There’s even some evidence it’s going to fund terrorist

organizations,” Prince alleged. “These guerilla groups attack the pipeline, attack the pump house to knock it offline, which makes the pressure of the pipeline go soft. they cut that pipeline and they weld in their own patch with their own valves and they back a barge up into it. Ten thousand barrels at a time, take that oil, drive that 10,000 barrels out to sea and at \$80 a barrel, that’s \$800,000. That’s not a bad take for organized crime.” Prince made no mention of the nonviolent indigenous opposition to oil extraction and pollution, nor did he mention the notorious human rights abuses connected to multinational oil corporations in Nigeria that have sparked much of the resistance.

Scahill doesn’t say it explicitly (nor did Prince), but this amounts to a plan to use mercenaries to shore up the hegemonic system the US build on big oil.

Scahill describes a lot more of Prince’s braggadocio in his post. But I, for one, am particularly intrigued by Prince’s naked aspirations to become Big Oil’s privatized enforcer.

\$75 MILLION BUYS BP SIX YEARS OF LOBBYING OR ONE GIANT OIL SPILL

As you’ve no doubt heard, BP’s own liability for the damages the Deepwater Horizon spill will cause may be limited to \$75 million (though it will have to pay for cleanup).

The federal government has a large rainy day fund on hand to help mitigate the expanding damage on the Gulf Coast, generated by a tax on oil for use in cases like the Deepwater Horizon spill.

Up to \$1 billion of the \$1.6 billion reserve could be used to compensate for losses from the accident, as much as half of it for what is sometimes a major category of costs: damage to natural resources like fisheries and other wildlife habitats.

Under the law that established the reserve, called the Oil Spill Liability Trust Fund, the operators of the offshore rig face no more than \$75 million in liability for the damages that might be claimed by individuals, companies or the government, although they are responsible for the cost of containing and cleaning up the spill.

That's obviously puny. But to give you a sense of just **how puny** it is, consider that, at its current levels of spending on lobbying, BP will spend as much every six years on politicians in DC.

BP is one of the most powerful corporations operating in the United States. Its 2009 revenues of \$327bn are enough to rank BP as the third-largest corporation in the country. It spends aggressively to influence US policy and regulatory oversight.

In 2009, the company spent nearly \$16m on lobbying the federal government, ranking it among the 20 highest spenders that year, and shattering its own previous record of \$10.4m set in 2008. In 2008, it also spent more than \$530,000 on federal elections, placing it among the oil industry's top 10 political spenders.

But the puny amount for which BP will be liable for damages didn't stop them from potentially trying to make their liability even punier. The early contracts it drew up to pay Alabama fishermen to help contain the spill included a \$5000 damage limit, which presumably wouldn't even cover the cost of a fishing boat.

Alabama Attorney General Troy King said tonight that he has told representatives of BP Plc. that they should stop circulating settlement agreements among coastal Alabamians.

The agreements, King said, essentially require that people give up the right to sue in exchange for payment of up to \$5,000.

[snip]

By the end of Sunday, BP aimed to sign up 500 fishing boats in Alabama, Mississippi and Florida to deploy boom.

BP had distributed a contract to fishermen it was hiring that waived their right to sue BP and required confidentiality and other items, sparking protests in Louisiana and elsewhere.

Darren Beaudou, a spokesman for BP, said the waiver requirement had been stripped out, and that ones already signed would not be enforced.

Next time some DC politico gets \$5000 from BP, I hope they reflect on the fact that that's all BP wants to pay for putting a family's entire livelihood on the line.

BP'S PROCEDURAL SPILLS

✖ Another thing that happened while I was tromping around one of the most beautiful places on earth (Yosemite) is that the BP drilling rig that had an explosion and fire last week sunk and oil has started to spill into the Gulf (as this dramatic NASA picture makes clear). In the last day, the Minerals Management Service (one of the federal agencies that regulate offshore drilling) has released documents showing that BP was cited in 2007 for training problems related to a similar problem in 2002.

BP Exploration & Production, which owns the deep water rig that exploded last week in the Gulf of Mexico, was cited in 2007 for inadequately training employees in well control, according to the US Minerals Management Service.

The conditions of the training are the same as those suspected in the possible blowout aboard the TransOcean Deepwater Horizon, which left 11 workers missing and presumed dead.

MMS slapped BP with \$41,000 in fines in October 2007 after a series of violations related to a near-blowout five years earlier. In November 2002, the Ocean King rig, operated by Diamond Offshore Drilling, in the Gulf had to evacuate all 65 of its workers for nearly two days after operators detected a dangerous rise in gas pressure. The rig, which had been drilling at a depth of more than 5,000 feet, didn't resume work for nearly a week, according to the MMS report.

Unlike last week's disaster, workers were able to keep the well from leaking by using cement and mud to plug the

well. The same subcontractor, Diamond Offshore, was also used when BP was fined \$25,000 in 2004 for bypassing a gas detection system while drilling. A BP spokesman in London says the company still uses Diamond Offshore as a contractor.

KEY SAFETY PROCEDURES

In the 2002 incident, the MMS said that BP and Diamond Offshore were unaware that some of the key safety procedures they used to initially stop the dangerous rise in pressure could have contributed to a blowout. The MMS cited BP for what it called “no formal procedures” and “no written guidelines” to follow in case of an emergency. MMS also cited BP and contract workers in the incident for what they said was a “lack of knowledge of the system, and lack of pre-event planning and procedures.”

Let me give some background on this. In the 1990s, I worked for a company that consulted on safety procedures for the oil industry (a writer who reported to me did some procedures for one Amoco refinery, which was subsequently purchased by BP; we bid on, but did not get, a job that included BP; and we did some procedures for a drilling entity that has since been purchased by Halliburton, which is involved here as well). The way in which the government forces oil companies to operate in ways which minimize the safety and environmental danger of inherently dangerous processes is to ask (either nicely or by mandating) a set of procedures to cover both normal and emergency procedures. It's a way of setting up documented procedures which can be trained and audited; the procedures allow the government to check whether the operators are operating as safely as possible. Just as importantly, it's a way of proactively making sure that in case something does go badly wrong, the operator in question—and more importantly,

the workers actually doing the work—will have a way of figuring out what to do quickly enough so as to minimize the safety and environmental damage.

MMS is saying that in 2002, BP not only had none of these procedures, but it hadn't trained the workers and contractors on the rig, and as a result, the workers did the wrong thing to contain the damage. BP got lucky in 2002, because doing the wrong thing did not exacerbate the problems.

As a reminder, subsequent to that 2002 drilling rig problem, BP had a huge disaster in its Texas City refinery in March 2005 in which 15 people were killed and 170 were injured. BP's own assessment of the accident found training and procedures to be one of four key factors in the accident. While it had appropriate procedures for the unit in question, it didn't make sure the guys on the line were trained on or used them.

Despite the startup procedure not being fully updated, the procedure is generally of high quality, addressing all the safety warnings and key process control steps in detail. Many steps in the procedure were not followed, and the fact that the procedures were not updated indicates that they were not seen as important documents. Supervisors and Superintendents did not verify that the procedures were available and correct or being followed. Poor handover procedures meant that risks were not discussed and the correct procedures were not available to the board operator. In general, employees were unaware of the risks of operating without the procedures, considering this to be a routine operation needing little evaluation or thought. As a result of this, the Control of Work process broke down.

[snip]

There was a lack of rigor and follow through in the area of training. Records showed incomplete training and there was little verification that all required training was occurring. The lack of gun drills to reinforce practical knowledge meant that operators' theoretical knowledge was not complete and rarely witnessed. The heavy reliance on computer based training (typically done by individuals on their own) appears to limit the overall effectiveness of the training program.

In other words, BP has a recent history of blowing off the procedures and training that are one key to emergency management in this industry (though FWIW, I believed BP was better than most of the industry when I was working in it in the early 1990s). And, as the HuffPo reports, some the same companies involved in last week's accident opposed MMS mandating this kind of procedure and training process just last year.

BP and TransOcean have also aggressively opposed new safety regulations proposed last year by a federal agency that oversees offshore drilling – which were prompted by a study that found many accidents in the industry.

There were 41 deaths and 302 injuries out of 1,443 incidents from 2001 to 2007, according to the study conducted by the Minerals and Management Service of the Interior Department. In addition, the agency issued 150 reports over incidents of non-compliant production and drilling operations and determined there was “no discernible improvement by industry over the past 7 years.”

As a result, the agency proposed taking a more proactive stance by requiring operators to have their safety program audited at least once every three years – previously, the industry's self-

managed safety program was voluntary for operators. The agency estimated that the proposed rule, which has yet to take effect, would cost operators about \$4.59 million in startup costs and \$8 million in annual recurring costs.

The industry has launched a coordinated campaign to attack those regulations, with over 100 letters objecting to the regulations – in a September 14, 2009 letter to MMS, BP vice president for Gulf of Mexico production, Richard Morrison, wrote that “we are not supportive of the extensive, prescriptive regulations as proposed in this rule,” arguing that the voluntary programs “have been and continue to be very successful,” along with a list of very specific objections to the wording of the proposed regulations.

While some of the specific complaints in BP’s letter make good sense (for example, making electronic documentation sufficient for procedures may lead to such documentation be better accessible in case of an emergency), it appears BP specifically wanted to limit its own responsibility for the procedures and hazard analysis of its contractors. In addition, BP resisted sharing audit information with MMS.

Now, we don’t yet know what caused this explosion and—just as importantly—what has led to the failure to limit the damage from the explosion. But BP’s recent history shows that it hasn’t made sure that the operators on its facilities are prepared to deal with emergencies like last week’s explosion.

BIDEN TO ANNOUNCE FISKER AUTO PLANT IN WILMINGTON DELAWARE

Vice President Joe Biden is set to make an appearance in his home state of Delaware today to make an announcement that Fisker Automotive will be purchasing, retooling and opening up operations in a shuttered former General Motors facility in Wilmington.

DON'T DRILL BABY, DON'T DRILL

Ken Salazar just reversed Bush's plan to drill offshore.

SALAZAR'S SUCCESSES

Kudos to Ken Salazar for his efforts to roll back Bush era abuses in the Department of Interior.

OH NOES! LOBBYISTS STANDING IN LINE WITH LABOR LEADERS!!

The business lobbyists who used to run the White House are complaining about the treatment

they're now getting. I know that will make you sob for them.

A GAS TAX INSTEAD OF CAFE

CAFE standards don't work. Sure, they force manufacturers to build cheap, efficient cars. But they don't expand the market for energy efficiency. I think a gas tax could do that.

T. BOONE OR NOT T. BOONE

We have had quite the go lately here at the FDL Borg Hive over the automaker bailout and, more specifically, the most pressing of which is GM. For the moment though, I want to touch on a corollary to the future of the American auto industry, and that is the transition to clean and green that needs to occur for long term sustainability of Deetroit wheels.