

BP: Oil Spill Costs Hit \$2B, Keep Climbing

Published on Chem.Info (<http://www.chem.info>)

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Manufacturing.net

ON THE GULF OF MEXICO (AP) — BP has spent \$2 billion in two months of fighting its Gulf of Mexico oil spill and compensating victims, with no end in sight to the disaster or the price tag.

The British oil giant released its latest tally of response costs Monday, including \$105 million paid out so far to 32,000 claimants. The figure does not include a \$20 billion fund that BP PLC last week agreed to set up to continue compensating Gulf residents and businesses. There are also scores of lawsuits piling up against BP for the April 20 rig explosion that killed 11 workers and ensuing oil spill that has yet to be capped.

Also Monday, the man President Barack Obama picked to run the \$20 billion damage fund said many people are in "desperate financial straits" and need immediate relief.

"Do not underestimate the emotionalism and the frustration and the anger of people in the Gulf uncertain of their financial future," Kenneth Feinberg told interviewers. "It's very pronounced. I witnessed it firsthand last week."

Feinberg, who ran the victims claim fund set up in the wake of the Sept. 11, 2001, terrorist attacks, said he is determined to speed up payment of claims.

Shares of BP, which have lost about half their value since the rig Deepwater Horizon burned and sank off the Louisiana coast, were down nearly 5 percent Monday in London trading at \$5.06. The rig was owned by Transocean Ltd. but run by BP.

BP also argued that its partners in the oil well project must share responsibility for the disaster costs. BP owned 65 percent of the well, while Anadarko Petroleum Corp. had 25 percent stake and a subsidiary of Mitsui & Co. Ltd. of Japan had a 10 percent stake.

Anadarko said Friday the joint operating agreement made BP responsible for any damage due to gross negligence or willful misconduct. BP shot back Monday that all the partners shared in liability for oil spill damages.

The best hope of ending the disaster rests on teams drilling two relief wells meant to stop the seafloor oil gusher, a daunting task: Their drills have to hit a target roughly the size of a salad plate about three miles below the water's surface.

If the workers aboard Transocean's Development Driller II or its sister rig DDIII miss or move too slowly, oil will keep pouring into the sea. As much as 125 million gallons of oil has gushed into the Gulf.

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No one on the rig has done this before because these deep sea interventions are so rare. But rig workers brushed off worries and the pressure to succeed.

"It's really not a tough thing to do," says Mickey Fruge, the wellsite leader aboard the DDII for BP, which was leasing the rig that blew up and is responsible for stopping the oil.

The relief wells are slowly grinding their drill bits 13,000 feet below the seafloor until they intersect the damaged well left by the Deepwater Horizon. A group of reporters that included The Associated Press had a rare chance to tour the rig Saturday.

Reporters flew by helicopter above the patchy wetlands along the Mississippi River Delta and past the floating boom and skimmers that have failed to protect the Gulf Coast.

About 40 miles from the coast, a fleet of ships becomes visible. They look like toys packed in a two-mile-square patch of dull water. The approaching drill rig is easy to spot with its 200-foot derrick.

After the Sikorsky chopper settles on its landing pad, the thwack of the rotors quiets down, and a rig worker steps into the helicopter cabin.

"OK, welcome to the DDII," he says.

Out in the distance, another drilling rig is siphoning off oil and natural gas from the undersea well and burning it in a multi-nozzled flare. It looks like the flames are radiating from an oversized showerhead. Other ships hose off that rig's deck to keep the heat from building.

Meanwhile, a boom attached to a drill ship called the Discoverer Enterprise flares off natural gas taken from a containment cap that is sucking up oil from the well head. The distant flames are a constant reminder that crude and gas are leaking beneath the feet of those aboard the DDII as they walk across the see-through grating on its floor.

The Enterprise sits where the Deepwater Horizon rig exploded. Some of the DDII crew knew Transocean workers on that rig.

It's "always, always on our mind," said Wendell Guidry, Transocean's drilling superintendent on the rig.

BP has said a relief well should be ready by August, and the DDIII is farther along, having reached a depth of nearly 11,000 feet below the seafloor. Still, Guidry said, it's unclear which rig will hit the target first.

"Never know what will happen," he said. "You never know."

Work goes on around-the-clock on the DDII, which can hold 176 people. Eight

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thrusters on the rig keep it precisely positioned over the well it's drilling. The ship is so large that those aboard cannot feel it move on the water most of the time.

Once one of the two relief wells intersects the damaged line, BP plans to pump heavy drilling mud in to stop the oil flow and plug the blown-out well with cement.

It's a tricky task and not guaranteed to work. A pair of relief wells took months to stop an undersea gusher in Mexico that started in the summer of 1979.

Coast Guard Adm. Thad Allen, the top federal official in the spill response, has said construction on the relief wells remains ahead of schedule. But setbacks are routine on a drilling rig.

"It's business as usual, man," said Eric Jackson, a rig worker. "Everybody tells us to be, 'Hey, don't let the pressure get to you.' This is what we do for a living, man. We drill wells. It's the same as any other day."

Barr contributed from London.

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