

## the BP Deepwater Horizon Oil Spill

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### Case Overview

**the BP Deepwater Horizon Oil Spill**; case number: MDL No. 2179

- a. Description: The Deepwater Horizon oil rig exploded in the Gulf of Mexico, causing the largest marine oil spill in history and killing 11 workers. More than 4 million barrels of oil leaked from the damaged well, throughout 87 days before it was closed. In response, the U.S. government filed a lawsuit against the BP Exploration & Production department, as well as other responsible parties.
- b. Location and Date:
  - o The location of the spill: Gulf of Mexico, offshore Louisiana, USA.
  - o The location of the procedures: Louisiana, USA.
  - o The spill occurred in April 2010 with procedures of investigation starting in the same year.
  - o The settlement finalized in: March 2012.
  - o Agreement to plead guilty to 14 criminal charges: November 2012.

### Reflection questions

- Are you communicating your sustainability efforts with transparency?
- Do you seek regular feedback from stakeholders to ensure that your actions are aligned with integrity?
- Are your decisions transparent and easily explainable to others? Could you justify them if they were publicly scrutinized?
- Could your personal interests influence your business decisions in a way that could compromise the company's integrity?
- Have you communicated the reasons behind your decisions clearly to your team or stakeholders?

### Impact

- Outcome: BP must pay substantial fines and penalties related to the Deepwater Horizon oil spill.
- Judgements/Penalties:
  - o \$5.5 billion in federal Clean Water Act penalties, with 80% of the funds going to Gulf restoration under the RESTORE Act.
  - o \$8.1 billion for natural resource damages, including \$1 billion for early restoration and up to \$700 million for future restoration needs.
  - o \$600 million for other claims, covering federal and state assessment costs, unreimbursed expenses, and resolving a False Claims Act investigation.

### Integrity Issue

#### Specific concern:

- i. Corporations try to avoid or downplay responsibility to handle corporate scandals, portraying an integrity issue of lack of accountability.
- ii. The issue of negligence towards investing in proper safety measures or environmental safeguards to prevent such situations, only increases their likelihood of re-occurrence.

- iii. The integrity issue of lack of transparency arises when companies hide or provide incomplete information about the causes, extent, and impact of their mistakes like in the case of BP. It causes damage to public trust, hinders regulatory oversight, and can lead to stronger legal penalties.

#### Related SDGs:

- **SDG 3: Good Health and Well-Being**  
Various health issues are caused, including respiratory problems, skin irritation, and long-term illnesses due to exposure to toxic substances. Ensuring health and safety for affected populations relates to SDG 3.
- **SDG 8: Decent Work and Economic Growth**  
Another consequence is the disruption of local communities, particularly in regions that depend on fishing, tourism, and clean ecosystems for livelihoods. Economic recovery and ensuring decent work for affected communities are tied to SDG 8.
- **SDG 16: Peace, Justice, and Strong Institutions**  
Failure in regulation or corporate negligence plays an important role in corporate scandals. Addressing governance, accountability, and legal issues aligns with the SDG 16 emphasis on promoting strong institutions and protecting communities from harm

#### Public Response

Following the spill, there was a conspicuous loss of relevant stakeholders. Also, public concern was on the rise due to questions of health implications, followed by the moral outrage regarding environmental damages involved.

#### Learnings:

##### 1. Key takeaways:

- a. BP initially downplayed the scale of the spill, which damaged its credibility and worsened public, as well as governmental trust. This illustrates the importance of being transparent in crisis communication.
- b. Their initial response was slow and poorly coordinated. Responses to any mistakes and problems should take place right away to maintain transparency. The response by BP undermined their overall transparency to the public, making it an integrity issue.

##### 2. Impact on sustainability:

- a. Loss of trust leads to decreased consumer loyalty and shareholder satisfaction.
- b. Relationships with relevant stakeholders have weakened, such as with the government, regulators, and communities. This makes it harder for corporations to build strong, transparent institutions that promote justice and inclusivity.
- c. Issues like poor management of problem situations, as well as environmental violations indicate that the corporation is not genuinely committed to sustainability. This undermines corporate efforts to meet long-term sustainability goals.

### **3. Applying Learnings in Your Organization**

- a. Offer ongoing training sessions on ethics and integrity to remind employees of the importance of acting transparently and responsibly.
- b. Clearly define roles and responsibilities so that everyone knows what they are accountable for. This makes it easier to trace where mistakes or issues may have originated and who is responsible for resolving them.
- c. When mistakes happen, implement a non-blaming root cause analysis approach to find solutions, rather than placing blame. This will help foster a culture of continuous improvement.
- d. Leadership should demonstrate ethical behavior in their actions, being transparent in decision-making and accountable when mistakes happen.
- e. Create feedback loops where employees can receive real-time feedback on their performance, including areas related to accountability and transparency.

## References

### Case and Settlement:

- [Deepwater Horizon oil spill - Legal Action, BP, Gulf | Britannica](#)

### Government articles:

- [Office of Public Affairs | U.S. and Five Gulf States Reach Historic Settlement with BP to Resolve Civil Lawsuit Over Deepwater Horizon Oil Spill | United States Department of Justice](#)

### News:

- [What do we know about the Deepwater Horizon disaster? - BBC News](#)
- [Revisit the BP oil spill, 5 years later \(youtube.com\)](#)

### Documentaries:

- [Deepwater Horizon In Their Own Words \(Full Episode\) | In Their Own Words \(youtube.com\)](#)