

BP oil spill costs soar above 3 billion dollars

July 5 2010



The Transocean Development Driller III (R) and the Discoverer Enterprise drilling rig continue the effort to recover oil and cap the Deepwater Horizon spill site in the Gulf of Mexico off the coast of Louisiana on July 3. BP's costs arising from the devastating oil spill in the Gulf of Mexico have rocketed to 3.12 billion dollars (2.49 billion euros), the company revealed on Monday.

BP's costs over the Gulf of Mexico oil spill soared Monday above three billion dollars, while a giant Taiwanese ship provided hope of revolutionizing on-sea skimming operations.

"The cost of the response to date amounts to approximately 3.12 billion dollars, including the cost of the spill response, containment, relief well drilling, grants to the Gulf states, claims paid, and federal costs," BP said.

The latest estimate is far higher than the 2.65 billion dollars given by the energy firm one week ago.

BP's share price has collapsed more than 50 percent since the Deepwater Horizon [oil](#) rig it leased sank on April 22, two days after a blast that killed 11 workers.

After intense pressure from President [Barack Obama](#) over the worst ever US environmental disaster, BP agreed last month to suspend its shareholder dividend and create a 20-billion-dollar fund for costs arising from the spill.

BP is also selling non-core assets to raise 10 billion dollars, while international ratings agencies have downgraded the company's credit worthiness.

Nearly a week after Hurricane Alex swept through the region, bad weather continued to hamper the clean-up, keeping smaller skimming vessels tied up in harbors in the affected Gulf states of Mississippi, Alabama and Florida.

Skimming has resumed in calmer seas off the coast of Louisiana as have other operations to fend off the spill, including the laying of protective boom to protect fragile shorelines from the tides of toxic crude, officials said.

Although there was no direct hit from Alex, the first major Atlantic storm system of 2010 provided a reminder of the urgent need to clean up the crude spewing into the sea from the debris of the sunken Deepwater Horizon rig.

A major boon to the clean-up effort could come in the form of "A Whale," a giant ship converted by its Taiwanese owners into potentially

the world's largest oil skimming vessel.

Owners TMT Shipping Offshore say the "A Whale" can suck up to 500,000 barrels (21 million gallons) of oily water a day through its "jaws," a series of vents on the side of the ship.

By comparison, more than 500 smaller vessels have in the past 10 weeks only managed to collect 23.5 million gallons of oil-water mix between them.

Tests on the "A Whale", which traveled more than half-way around the world from Taiwan to the Gulf, were ongoing but approval for it to start skimming operations could come as early as Tuesday.

The fractured pipe that connected the BP-leased platform to the well a mile down on the sea floor has now spewed somewhere between two and four million barrels of oil into the Gulf.

A containment system has captured about 600,000 barrels of oil, but rough seas delayed the deployment of a third vessel that could boost capacity from 25,000 barrels to 53,000 barrels a day.

It is now the worst ever oil spill to afflict US shores and is surpassed only by the deliberate release of crude by Iraqi troops who destroyed tankers and oil terminals and set wells ablaze in Kuwait during the 1991 Gulf War.

It will likely be mid-August at the earliest before the Gulf well is permanently capped by injecting mud and cement with the aid of relief wells.

The current system contains oil by siphoning it up through a "top hat" funnel system to the Discoverer Enterprise processing ship and burning

oil and gas aboard a second vessel called the Q4000.

A third ship -- the Helix Producer I -- capable of sucking up another 25,000 barrels of oil is in the area but high seas have prevented workers from hooking it up to the ruptured well.

BP hopes the Helix Producer I, which will have a flexible connection to a floating pipe so it can disconnect "fairly quickly" in the event of another hurricane, will be up and running on Thursday, spokesman Robert Wine told AFP.

(c) 2010 AFP

Citation: BP oil spill costs soar above 3 billion dollars (2010, July 5) retrieved 4 May 2024 from <https://phys.org/news/2010-07-bp-oil-soar-billion-dollars.html>

<p>This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.</p>
--