

British Petroleum (BP) Oil Spill in Gulf of Mexico

Company Background

- British petroleum (BP) founded in 1909 as the Anglo-Persian oil and gas company headquartered in London England, United Kingdom.
- It's a sixth largest O&G company by production and fifth largest company by annual revenue.
- Its major field of operations are exploration, production, refining, distribution and marketing of the hydrocarbon products.
- BP operating in over 80 countries of the world having over 80,000 employees.
- Its largest division is operating in America under the name of BP America and it's the second largest oil and gas production company in the United States.
- It has 22400 service stations selling about 5.9 million barrel per day.
- It is one of those oil and gas companies who have invested heavily for the invention and adoption of new exploration technology to find petro chemical under the earth surface.

Project

- British Petroleum (BP) Oil Spill in Gulf of Mexico situated in United States of America.
- Critical and new for any oil company in the world
- Deep oil spill accident was one of the worst disasters ever cost in the history of modern era.

Problem

- April 2010, in the region of Gulf of Mexico situated 52 miles southeast of the Louisiana port of Venice an explosion occurred in the Deep-Water Horizon project.
- This explosion cause the oil spill which was one of the worst ever oil disaster in the history of the modern world.
- This incident results the loss of 11 worker's lives.
- The fire caused the clouds of smoke covered 30 miles area while the 5 miles radius around the rig was contaminated by the spill oil.
- The situation changed so rapidly that the well head remains open resulting in substantial amount of oil spill eliminating the aquatic life of the region with estimated death tool of 8000 animals.
- After many unsuccessful attempts BP was able to cap the well on 15 July stopping the oil flow.
- The Deep-Water Horizon was 9 years old unit specially designed for the offshore drilling.

Exercise-05: Failure Case Study Project

- It was a massive floating structure with the capability to operate up to the 2400 meter deep and its drilling capability was 9100 meter.
- The structure was manufactured by the heavy industry department of Hyundai.
- BP was using this semi-submersible drilling unit by leasing it from Transocean from March 2008 to September 2010.
- BP took the period of three months to completely cease the oil flow into the ocean on 15th July.
- But up to this time 4.9 million barrels (780 million litres) of oil has been spilled into the ocean.
- During the span of three month almost 210,000 gallons of hydro chemical leaked on daily basis in Gulf Ocean.
- This oil spilled caused the adverse effect on the eco system which disturbed the 40% sea food supply in United States.
- The US Government was quick to response and Obama announced \$20 billion fund as a response to cater the environmental disaster.
- BP also acknowledged the situation admitting that it will pay for the cleanup cost.
- Over 30,000 people worked across the coast to collect the oil, took primitive measures to save the lives of animals but unfortunately disaster was so critical that the effect of spill still effecting the environment

SWOT Analysis

STRENGTHS

- Strong market appearance
- Financially strong Company
- Technological Advantage
- Largest producer
- Product quality
- Brand loyalty
- Diverse geographic experience

WEAKNESSES

- Negative Consumer opinion
- Poor Management

OPPORTUNITIES

- Territories expansion
- Energy alternatives
- High quality and competitive pricing

Exercise-05: Failure Case Study Project

THREATS

- Legal threats
- Arab spring
- In appropriate measures
- Limited resources

Reasons for Project Failure

- Extreme geographic location
- Weak risk management
- Lack of timely decisions
- Sluggish response in critical situation
- Undermining the situation
- Lack of planning

Recommendations for British Petroleum

- Before starting any project the employees must be trained according to their job responsibilities so that they can perform their duties correctly.
- Line manager and upper level manager must work ensure that all the quality standards must be fulfilled.
- A company must place adequate number of expert on every project who can work with skilled workers and can guide them in order for successful implementation of project.
- For any project there must be clear hierarchy so that in any critical situation the decisions must be taken as quickly as possible.
- The accuracy of all electronic equipments used in the project must be verified after periodic intervals.
- For the projects located in remote areas there must be some fast transport resources that can be used in case of emergency so minimize the loss of life of employees.
- Organization must develop a culture where employees can understand their responsibilities and the potential risk of making wrong decision.
- Main causes of project failure are mostly due to difficulty in performing the critical task so proper standard operating procedure (SOP) must be defined for such tasks.