BP, Nigeria And CSR

Forbes.

An outstanding front-page story in today's New York Times about the devastation wrought by 50 years of oil spills in the Niger Delta raises the question of how long oil companies will be able to hide environmental ruin from public scrutiny, and what that scrutiny will mean for those companies' bottom lines.Most Americans have a vague sense that large corporations may cause environmental damage in messy, corrupt places like Nigeria. Seeing animage in the Times' slide show of an innocent little boy in a filthy T-shirt sitting next to an oil-glazed pond makes the vague picture real.The Times describes how 546 million gallons of oil have gushed into the delta over the last five decades (the BP spill is currently estimated at 2.5 million gallons a day), leaving lifeless, crude-blackened swamps in an area that once teemed with shrimp and crabs. Small children swim in polluted streams while fishermen curse their ruined nets.The long-ignored environmental nightmare in Nigeria also recently made the British press. The Observer published an excellent story on May

30, and this Tuesday, the BBC ran both text and video reports on the subject.A Royal Dutch Shell spokeswoman in Lagos tells the Times that only 2% of the company's Nigeria spills are due to equipment failure or human error, claiming the rest are the fault of sabotage or theft. Wendel Broere, a Shell spokesman in the Netherlands, repeats that claim, adding that its Nigerian operations are just 30% owned by Shell, and 55% owned by the Nigerian government (two other European companies have stakes). That may be, but the scrutiny is falling on Shell.Likewise, BP is not solely responsible for the Gulf disaster, given the roles played by the Swiss rig owner, Transocean, and by Halliburton, which had cemented the ruined well. But BP has already lost $87 billion in market capitalization as a result of the spill.Hindsight is always easy, yet there's no question that had it stepped up and acted responsibly before the blast occurred, BP would have saved huge amounts of capital and its brand's integrity--not to mention the ecosystem of the Gulf of Mexico.

Gulf disaster should trigger clean-energy drive

BY DEIRDRE MACNAB

Like a teenager who gets a tattoo without thinking through the long-term consequences, Florida's legislative leaders over the last two sessions were eager to lift the ban on drilling in Florida's near shore waters.However, with the recent oil spill catastrophe in the Gulf of Mexico, the thrill of opening our shores to drilling has suddenly become muted. Unfortunately, fixing this horrible disaster will be more difficult and far more painful than getting rid of an unwanted tattoo on an impulsive teenager.After a year's worth of discussion on whether or not to open our state coastal waters to drilling, Florida has had a crude awakening these last few months. If you're like me, it's hard to even listen or watch television news as we see the murky black spill now beginning to invade our shores, spreading fear and economic hardship like a terrifying Viking marauder.Government scientists are now estimating as many as 40,000 barrels of oil are flowing daily from the well, greatly expanding the scope of what is already the largest spill in U.S. history from 42 to 84 millions gallons. Keep in mind, the Exxon Valdez spill was only 11 million gallons.But maybe, just maybe, we can use this environmental and economic catastrophe and turn it into something positive. Maybe this disaster will force the federal government and the state of Florida to take some long overdue action. The problem is simple: Nationally, America continues to be the energy hog of the world, and Florida citizens have one of the highest per capita energy uses of all.

Americans use 25 percent of the world's oil when we only have 3 percent of the oil reserves.

There are a host of reasons to want to end our reliance on oil. Most important, our oil dependence has put America's security at stake as our young men and women are stationed overseas at war; our economy dependent on OPEC and a host of politically unstable countries, many hostile to the United States.Why then has the U.S. Senate not yet passed a bill to limit carbon pollution?

Why then has the Florida Legislature not yet passed a target for renewable energy?

Observers note partisanship and the influence of special-interest money from the oil companies and other industries that pollute at the public's expense seem to win out over common sense year after year.The catastrophic spill in the Gulf now lapping at our shores should be a very loud message to our policymakers at the state and federal level. Put the policies in place to allow us to transition from oil to clean energy.

At the federal level, we need to build on the national clean vehicle standards for fuel efficiency with a limit on carbon emissions. Pricing carbon is a necessity.At the state level, Florida should join 30 other states that have passed targets for renewable energy. States that have taken action have helped their economies weather the storm of the recession. Their state targets have helped attract investment in the clean-tech sector bringing them thousands of jobs.

And where are we? Our renewable energy policy has been stonewalled for the past two years, held hostage by efforts to open our coastal waters to drilling.

With our sun and biomass resources, Florida should be on the cutting edge of renewable energy. With one of the highest per capita electricity uses in the country we need it. With one of the highest unemployment rates in the country, we are missing a key opportunity for higher tech jobs.A target for renewables will:o create new jobs (in the tens of thousands for other states);

o reduce emissions in our air;

o provide real national security as we reduce our dependence on hostile oil-producing countries.

The Governor's Climate Team made a number of good recommendations in 2008. Now it is time to begin to set goals, measure compliance and incentivize progress.If you agree, please let your elected officials know. (Visit www.TheFloridaVoter.org to find your representatives' contact information.)Isn't it time we stood up and demanded progress towards energy independence? We've been crudely awakened, let's not allow the stain of the oil spill to become a permanent, ugly tattoo upon our state.

Partner puts blame on BP as spill costs grow

* BP partner Anadarko says BP solely to blame, must pay

* Anadarko shares rise but Moody's cuts debt to junk

* Gulf residents skeptical $20 billion fund enough

* New Obama oil spill claims chief gets to work

By Jeffrey Jones

GRAND ISLE, (Reuters) - BP Plc's (BP.L)(BP.N) costs for the worst spill in U.S. history appeared set to rise as a partner in the out-of-control well laid the blame at BP's feet and the new federal czar overseeing damage claims said BP would pay more if $20 billion was not enough.

The British oil company said it would not be distracted by a dispute with Anadarko Petroleum Corp. The owner of a quarter of the well gushing into the Gulf broke its near-silence on the spill to squarely pin blame -- and financial responsibility -- on BP. [ID:nN18176715]

"There appears to be gross negligence or willful misconduct," Houston-based Anadarko Chairman and CEO Jim Hackett said in an interview that helped to drive his company's shares up 2.2 percent in after-hours trading on the hopes it could avoid multi-billion-dollar liabilities.

BP said it "strongly disagrees" with the assessment of gross neg-

ligence but would keep its focus squarely on the Gulf, cleaning up the spill and plugging the well.

The new federal administrator of a fund to pay for damages told CBS News it would be a "horror" if BP went bankrupt but the $20 billion fund agreed upon by BP and the White House could rise if it proved insufficient.

President Barack Obama has seen his popularity slip over his handling of the spill and lawmakers in both major parties used hearings with BP and other oil industry officials this week to gather ammunition ahead of November elections.

Gulf residents, from state officials to citizens on the blighted beaches, see costs skyrocketing with the collapse of the fishing industry, a deep water oil drilling moratorium and growing environmental destruction along the coast.

"I think it's going to go over $100 billion," said Brian Miguez, a food service salesman from New Orleans, at his vacation property in Grand Isle, Louisiana, where the spill has forced the closure and cleanup of six miles of sandy beach.

"They haven't even felt the wrath of the lawsuits that are going to come in," he said.

The Center for Biological Diversity on Friday filed what it said was the largest citizen enforcement act ever under the Clean Water Act, suing BP and rig operator Transocean Ltd RIGN.S for up to $19 billion, if the spill flows until August.

Lawsuit seeks billions for Virginia gas drilling

By STEVE SZKOTAK

RICHMOND, Va. -- Landowners in southwest Virginia have been cheated out of billions of dollars by two energy companies that drilled for natural gas on their land without compensating them, attorneys for the property owners allege.

Legal claims have been filed in U.S. District Court in Abingdon on behalf of two landowners by attorneys seeking class action status to represent thousands of property holders in six southwest counties.The defendants are EQT Corp. and Consol Energy (CNX - news - people) Inc., Pittsburgh-area energy companies. They have thousands of natural gas wells in Appalachia and spokesmen said they would fight the allegations.

The lawsuits allege the companies drilled thousands of wells in southwest Virginia's coalbed to remove methane gas without obtaining legal claim to the resource from the landowners, contending the mineral rights were held by the coal companies.

The Virginia Gas and Oil Board ultimately granted conditional leases and placed royalties in an escrow account because of conflicting claims. The royalties placed in the account amounted to one-eighth of net proceeds of the drilling.

Attorneys for the landowners said the state panel subjected the landowners to "an involuntary lease" and established a below-market royalty rate.The Virginia Supreme Court, in a 2004 ruling, found that the methane gas is a "distinct mineral estate" from coal, concluding the landowners owned the rights to natural gas removed from their properties.

Attorneys for the landowners are asking the federal court to recognize that right; get a full accounting of the royalties; and find unconstitutional the 1990 law that established the royalty formula and allowed the energy companies to drill.The lawsuit is seeking royalties of seven-eighths of all the revenue generated by the drilling on the plaintiffs' land.An attorney for the landowners estimated the companies realized billions of dollars from southwest Virginia drilling while the escrow account totals about $26 million from 800 individual accounts."They've taken somebody's else's gas, they've sold it and kept most of the money for themselves and put a tiny sliver into escrow," said Don Barrett, a Lexington, Miss., attorney who was involved in successful class actions against U.S. tobacco companies. Since Virginia's highest court clarified the ownership issue, he added, "The gas companies have known that they don't own the gas. The Virginia Supreme Court ruled against it. It's over. It's done."

Another attorney, Peter Glubiak, said, "We're asking the court to put those billions of dollars back in the hands of the people."

He said in Buchanan County alone one year, Consol's gas subsidiary, CNX Gas (CXG - news - people) Co., realized $1 billion in revenues from natural gas drilling.

Consol spokesman Joe Cerenzia declined to comment Thursday on the specifics of the lawsuit but said the company intended to "vigorously" defend itself.Kevin West, spokesman for EPQ, said the attorneys for the landowners were attempting to skirt the 1990 provision approved by the General Assembly that allowed for the pooling of royalties and the one-eighth payment standard. "The lawsuit just seems to be an end-around attempt to circumvent the statute," he said, adding the company will file a motion to dismiss.

The two lawsuits filed Tuesday were on behalf of Robert Adair, a Tazewell County resident who owns mineral rights to at least 132 acres in Dickenson County; and Walter Short, a Russell County man who owns 55 acres in Buchanan County.

Adair and Short never agreed to lease their mineral rights and never received royalties from coalbed methane, according to the Bristol Herald Courier.

The newspaper won a Pulitzer Prize this year for the reporting of Daniel Gilbert on the mismanagement of natural gas royalties owed to landowners in Virginia.

The other counties named in the lawsuits are Wise, Scott and Lee.

A hearing date has not been scheduled for the request for class action status

APEC Ministers Discuss Oil Spill Impact, Renewable Energy Use

Energy ministers from the 21-country Asia-Pacific Economic Cooperation forum were meeting in Fukui, Japan, June 18-20 against a backdrop of growing concern over the impact of the Gulf of Mexico oil spill and of global efforts to promote the use of clean energy sources to combat climate change.

Many of the closed door speeches and public comments from the participants dealt with the possible impact of the spill on future investment and regulation of the oil industry, and on the impact the leak might have on future oil output.

Participants agreed that while fossil fuel will continue to play an important part in the APEC region, more preparations were needed to cope with possible future oil supply disruptions.

They also stressed that increased efforts were needed to promote renewable energy and the nuclear power sector.

Participants discussed national energy uses and held a series of bilateral meetings on local energy issues.Dow Jones' coverage of the event can be found by a full-text search of the word "APEC". These are the main stories from the meeting: APEC To Pursue Low-Carbon Technologies, Promote Nuclear Power

Energy ministers and government officials of the Asia Pacific Economic Cooperation forum agreed Saturday to promote renewable energy and nuclear power as well as boost energy efficiency in order to enhance energy security while maintaining economic growth and cutting greenhouse gas emissions.

US To Use All Means, Long As It Takes, To Plug Oil Leak

The U.S. is determined to use all its resources to stop the oil leak in the Gulf of Mexico, as long as it takes, U.S. Deputy Energy Secretary Daniel Poneman said Saturday.Oil Output Threatened If Drilling Moratoriums Spread

Global oil output could fall up to 900,000 barrels a day from projected levels for 2015 if oil producing countries follow the U.S. lead and impose moratoriums on development of new offshore oil reserves, International Energy Agency Executive Director Nobuo Tanaka said Friday.

Chile's Raineri: To Introduce Private Capital At ENAP Within 18 Months

Chilean energy minister Ricardo Raineri said Friday that the country aims to introduce private capital in state oil-and-gas company Empresa Nacional del Petroleo SA, or ENAP, within the next 18 months, suggesting the conservative government's plans for partial privatization of the public company are on track.

U.S. DOE Official: Oil Spill Shows Need For Clean Energy

The massive oil spill in the Gulf of Mexico is a wake-up call for energy policy, a U.S. Department of Energy official said Friday.