scene and began to assemble its oil-spill containment equipment, much of which was in disarray. It loaded containment boom and lightering equipment (emergency pumps to suction oil from the *Exxon Valdez* onto other vessels) onto a damaged barge. The Coast Guard decided the barge was too slow and the need for the lightering equipment more urgent, so Alyeska crews reloaded the lightering equipment onto a tugboat, losing still more time.

The first Alyeska containment equipment did not arrive at the scene until hours after the disaster; the rest of the equipment came the next morning. Neither Alyeska nor Exxon had enough containment booms and chemical dispersants to fight the spill. They were not ready to test the effectiveness of the dispersants until 18 hours after the spill, and they conducted the test by tossing buckets of chemicals out the door of a helicopter. The helicopter's rotor dispersed the chemicals, and they missed their target. Moreover, the skimmer boats used to scoop oil out of the sea kept breaking down. The skimmers filled up rapidly and had to be emptied into nearby barges, taking them out of action for long periods of time. Cleanup efforts were further hampered by communication breakdowns between coordinators on shore and crews at the scene because of technical problems and limited range. In addition, although a fleet of private fishing boats stood by ready to assist with the containment and cleanup, Exxon and Alyeska failed to mobilize them. Because of inclement weather and other problems, by the end of the week the oil slick had spread to cover 2,600 miles of coastline and sea.

Some of the problems could have resulted from cutting safety corners. For instance, Alyeska convinced the Coast Guard that certain additional safety features were not needed on tankers. Its contingency plan underestimated the time needed for containing the spill, and it lacked equipment needed to contain the spill. Overall, Alyeska gave the impression that it was unprepared for a major disaster.

Exxon received blame as well. For instance, it saved $22 million by not building the *Exxon Valdez* with a second hull. At the time of the spill, Chairman Lawrence Rawl did not comment on the spill for nearly six days, and then he did so from New York. Although Rawl personally apologized for the spill, crisis-management experts say it is important for the chief executive to be present at the site of an emergency. Perhaps most damaging was Exxon's insistence that it would stop all cleanup operations on September 15, 1989, regardless of how much shoreline remained to be cleaned. In a memorandum released in July 1989, the September deadline was said to be "not negotiable." After much public and government protest, however, the company's president promised Exxon would return in the spring of 1990 if the Coast Guard determined further cleanup was warranted. Exxon returned that spring and for the next four years for further cleanup efforts.

The Aftermath

During the period of the oil spill, Exxon spent more than $2.2 billion for cleanup and reimbursements to the federal, state, and local governments. The company faced numerous lawsuits, including a lawsuit from the state of Alaska for mismanaging the response to the oil spill. In a civil settlement with the state of Alaska and the federal government, Exxon agreed to make ten annual payments totaling $900 million, for injuries to natural resources and services and the restoration and replacement of natural resources. In addition, $5 billion was awarded in punitive damages, to be divided evenly among the 14,000 commercial fishermen, natives, business owners, landowners, and native corporations that were part of the class-action suit. By 2009, that amount was reduced to $507 million.

In a criminal plea agreement, Exxon was fined $150 million, of which $125 million was remitted in recognition of its cooperation in cleaning up the spill and paying private claims. In addition, Exxon agreed to pay restitution of $50 million to the United States and $50 million to the state of Alaska.

Exxon, now called ExxonMobil, insists the area has completely recovered. However, a study by the National Marine Fisheries Service found toxins leaching from *Exxon Valdez* oil remaining on the beaches continued to harm sea life more than a decade after the disaster. Most of the oil is now subsurface and hardened into a semi-solid layer underwater, which poses less of a threat to plants and animals than liquid oil. Twenty acres of Prince William Sound shoreline are still contaminated, and there are several "pits" of oil and sludge in the area.

The one positive from the *Exxon Valdez* disaster is the industry has better response time to oil spills. However, has the oil industry learned from the mistakes of the *Exxon Valdez*? The 2010 *Deepwater Horizon* oil spill in the Gulf of Mexico suggests oil and gas companies still engage in risky behavior to increase profits.

DEEPWATER HORIZON OIL SPILL

For some years BP tried to change its image. After a series of major scandals, including a Texas refinery explosion that killed 15 employees, the firm expressed a renewed commitment to make safety and sustainability top priorities. For instance, the company changed its name to BP and then tried to rebrand itself as Beyond Petroleum. This rebranding signaled to stakeholders that it was focused on sustainability and the need to move beyond nonrenewable energy sources. It adopted an extensive code of conduct and invested heavily in alternative energy sources. BP was the first oil company to acknowledge global warming. But when a company tries to reposition itself as socially responsible and sustainable, it has an obligation to live up to its promises. BP's failures to do so became tragically clear when the *Deepwater Horizon* oil rig, operated under the oversight of BP, exploded in the Gulf of Mexico.

BP had subcontracted an oil rig from Transocean, Ltd. to tap into a new, highly profitable oil reservoir in the Gulf of Mexico. On April 20, 2010, an explosion rocked the rig, killing 11 employees. The burning rig sank two days later. A damaged oil well was leaking thousands of gallons of crude oil into the Gulf of Mexico, quickly creating an environmental catastrophe.

BP immediately started drilling other holes in the hopes they would relieve pressure on the damaged well, but these and other efforts proved unsuccessful. Soon as much as 2.5 million gallons of oil was pouring into the Gulf of Mexico daily. Oil washed up on the coasts of Louisiana, Texas, Alabama, Mississippi, and Florida, wreaking havoc on the livelihoods of fishermen and others dependent on the Gulf for income.

While the ocean rig had safety systems in place, these systems were not as safe as they could have been. For instance, the rig did not have a remote-control shut-off switch that could have been used as a last resort in a major spill (such a switch was not required by law). Investigations revealed BP's contingency plan in case of disaster was inadequate and contained many inaccuracies. One of the wildlife experts listed as an emergency responder had been dead since 2005. The contingency plan also estimated that should a spill occur, the company could recover about 500,000 barrels of oil per day. In reality, it took BP