



Oil Leak Outrage

The Gulf of Mexico oil leak began on April 20 when an explosion on the oil rig *Deepwater Horizon* tragically claimed the lives of 11 BP America employees. The U.S. Geological Survey (USGS) determined that within a month, the volume of the leak surpassed 1989's Exxon Valdez disaster of 11 million gallons spilled off the coast of Alaska. USGS estimated the leak rate to be as much as five times BP's claim of 5,000 barrels per day.

Each of the three major companies involved in *Deepwater Horizon* blames the others for the accident. Transocean Ltd. built the rig, BP was its leaseholder and operator, and Halliburton supplied the cement used to encase and seal the well. Company representatives testified in May before the U.S. Senate Committee on Energy and Natural Resources and blamed each other for the explosion, citing failure to follow appropriate procedures and safety precautions.

Who's to Blame?

Their testimony was part of a string of federal inquiries into what caused the explosion. On June 1, Attorney General Eric Holder announced ongoing civil and criminal investigations by the U.S. Department of Justice. The same day President Obama named former Senator Bob Graham of Florida and former EPA Administrator Bill Reilly as co-chairs of a new national commission to investigate causes of the accident and "determine what reforms are needed" to avoid similar catastrophes in the future.

Referring to a March 2010 Inspector General report, Obama faulted previous administrations for relaxed safety standards and "corruption" in the Interior Department's Minerals and Management Services (MMS), which exercises oversight of offshore drilling. The report found MMS employees had for years been accepting bribes from oil companies and allowing industry officials to fill in their own inspection reports. Government documents also reveal MMS failed to complete 16 required monthly inspections on *Deepwater Horizon* since January 2005. Obama said Interior Secretary Ken Salazar has taken steps to clean up the corruption, but "this oil spill has made clear that more reforms are needed." Since accepting bribes and falsifying or skipping inspection reports were never acceptable behaviors, it is logical to assume what the President means by "more reforms" is actually an expansion of the bureaucracy at fault.

Aside from this promise of increased federal regulatory power, Obama also vowed, "We will absolutely





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continue to hold BP and any other responsible parties accountable for financial losses borne by the people in the region.” The President’s remark ignores the fact that federal investigations into the cause of the accident are far from complete. It also ignores current U.S. law, which holds companies completely responsible for clean-up costs but caps liability for economic damages at \$75 million. Obama showed further contempt for that law in June when he forced BP to set up a \$20 billion escrow account specifically to cover economic damages.

As quick as he is to lay blame at BP’s door, Obama is apparently less eager to own up to the role that blatantly unconstitutional federal regulations have played in making a bad situation exponentially worse. In a televised address from the Oval Office in June, the President blamed Americans’ dependence on oil for the severity of the situation in the Gulf. That’s right — he blamed you. He made the deceitful claim that oil companies are forced to drill a mile below the ocean’s surface because of the nation’s supposedly depleted reserves. “We’re running out of places to drill on land and in shallow water,” he grumbled. On the contrary, federal regulations established in knee-jerk reaction to the *Valdez* spill force oil companies 40 miles off the coast into dangerously deep water, making it far more difficult to cap leaks and clean up spills, and barring safer areas with ample oil reserves.

According to a June 2008 article in *Kiplinger Magazine*, U.S. oil reserves are “sufficient to meet 300 years of demand — at today’s levels — for auto, aircraft, heating and industrial fuel, without importing a single barrel of oil.” Even the federal government admits reserves are plentiful. An April 2008 USGS report revealed at least three to four billion barrels of previously undiscovered, recoverable oil in North Dakota and Montana alone. The study also found extensive reserves in Texas and Louisiana. This does not include other areas mentioned in the *Kiplinger* report in Utah, Colorado, Wyoming, California, Alabama, Kentucky, and Alaska. In other words, the only thing standing between ending our dependence on foreign oil, thereby putting a dent in nations that finance global terrorism, are federal regulations preventing companies like BP from drilling on land and in shallow water.

Yet Obama’s answer is more government intrusion, not less. Containment and clean-up efforts, dubbed “Deepwater Horizon Response,” are entirely under federal control. “From the moment this disaster began, the federal government has been in charge,” declared the President in a May 27 press release. “We will hold them fully accountable.... But make no mistake: BP is operating at our direction.” He described the project as the largest of its kind in U.S. history, involving 20,000 workers and 1,700 vessels. He authorized more than 17,000 National Guard members to assist in the Gulf States and promised to “triple the manpower” in areas where oil hit shore. Additionally, the Senate passed a supplemental appropriations bill in late May that includes \$94 million toward operations related to the leak.

Despite the leak’s apparent priority status for Obama, the President has refused the help of high-tech oil skimming vessels from several foreign countries, manned with crews experienced in oil clean-up. His reason is an old law called the Jones Act, passed in 1920 under the guise of helping the U.S. shipping business recover after World War I. The law prevents vessels not built in the United States and staffed by U.S. crews from working in U.S. waters. Obama has refused to waive the law as others have done in the past, such as President Bush did during Hurricane Katrina recovery efforts. Columnist Rick Weaver with the *Detroit Business Development Examiner* explained that critics see Obama’s refusal as cowardly pandering to labor unions, while others say “the Obama administration is using the Gulf situation as a way to pass drilling and financial legislation that could not pass absent the crisis.”

Government’s Critics



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Some experts are critical of government involvement in recovery efforts. “Offshore drilling technology is highly complex, and government has no expertise to offer. No one has more incentive to bring the blowout under control than does the industry,” said Dr. Walter Starck, of Townsville, Australia. Starck holds a Ph.D. in biological oceanography and is a marine biologist who specializes in coral reefs and fisheries. He told *The New American*, “The best thing government can do is to stay out of the way, let the companies take the lead and render assistance if requested. Having a bunch of bureaucrats meddling in this is a recipe for another Katrina.”

He isn’t the only one to feel that way. By the end of May, Louisiana Governor Bobby Jindal was so frustrated with government interference in recovery efforts he asked the response team to get out of the way and let his state take care of itself. According to a 1994 federal response plan agreement, the government was supposed to keep clean-up equipment on hand in the region in case of a major Gulf oil spill. In a May 23 press release, more than a month after the accident, Jindal complained that the government still did not have those required materials in place. Ron Gourget, a former federal oil spill response coordinator who helped draft the 1994 plan, told the *Times* of London that had the government held up its end of the bargain, roughly 95 percent of the leak would have been contained immediately. Owing to delays, the slick spread too far for the original plan to be effective. Meanwhile, Jindal and other state officials were still awaiting federal approval of their plans to dredge sand bars to protect the coastline. It finally came, but too late to prevent the crude from hitting shore. To add insult to injury, the Coast Guard shut down barges the Louisiana Governor had ordered to begin vacuuming oil out of the water, which were working with great success. The Coast Guard’s reason? They could not confirm the barges were equipped with appropriate fire extinguishers and life vests.

Jindal is one of many Gulf State officials disgusted with federal incompetence and ready to take matters into their own hands. Reporting for *The New American* online, Michael Tennant told the story of a local volunteer fire chief in Magnolia Springs, Alabama, Jamie Hinton, who faced a jail term when he flouted the federal chain of command and deployed several barges with oil containment boom to protect his county’s waterfront. Tennant also reported that the county commissioners in Okaloosa, Florida, unanimously voted in mid-June to give emergency crews authority to overrule federal teams, despite warnings from the Coast Guard that their decision could land them in jail, too. In both cases, county officials prevailed.

Dr. James J. O’Brien, professor emeritus of meteorology and oceanography at Florida State University, is also critical of federal involvement, comparing it to a giant public relations campaign. “The absorbent booms they’re using are not effective with winds that cause three- to five-foot waves,” he said in an interview with *The New American*, adding, the crews “aren’t burning enough [oil] to make a dent.”

He and his colleagues in the scientific community are frustrated at the lack of real-time data the Deepwater Horizon Response team is making available. “I can understand why agencies like NOAA would ‘play it safe’ with the general public, but scientists in pertinent areas should be more involved.” He said the leak poses unique challenges in 5,000 feet of water and needs the input of specialists. “It’s like trying to unclog a toilet while you’re standing on a ten-foot ladder with a long stick attached to the plunger.”

Starck contends that clean-up efforts from past oil spills have “only increased environmental damage and delayed natural recovery.” The dispersants injected into leaking oil to prevent it from surfacing are “far more damaging to marine life” than crude alone, mixing with it to form a toxic sludge. “Their only real purpose is cosmetic and PR at the expense of the environment.” He also maintains the media



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overplays oil spills' effects on wildlife. He points out that crude oil is an organic substance, and natural leaks are normal. Though spills caused by humans are much more concentrated and cause a temporary mess, they are also more short-lived and do not wreak the amount of environmental damage mainstream media reports claim. "The volatile components largely evaporate within a few days, and much of the heavier residue is broken down by microbial action over a few months. The heaviest residue accumulates sediment particles and sinks to the bottom where it mixes with further sediment and ends up no more harmful than pieces of the bitumen used for roads."

O'Brien criticizes media sensationalism, too. "When the media talks about a lot of dead fish, you have to ask what size fish. Little ones the size of your finger don't have the mobility, and they'll die. Bigger fish will recognize the problem and get out of there." He said the real problem is oil in the wetlands where "a lot of animals and birds will die."

But while O'Brien calls that catastrophic, Starck remains reserved. "The popular image of dead and dying birds and mammals covered in sticky oil is a relatively brief event, and as sad as it may be at the time, their populations soon recover."

Past Oil Spills

There are precedents to support Starck's claim. Robert Nelson with the *Miami Herald* reported that the Coal Oil Point seep field near Santa Barbara, California, leaks 150 to 200 barrels of oil every day with no adverse consequences. He also cited a World War II German U-boat attack on eight tankers in the Gulf of Mexico that spilled more than 18 million gallons. The environment recovered soon afterward, largely on its own. In fact, the greatest environmental damage recorded in Alaska's Exxon *Valdez* accident was inflicted by recovery efforts, not by crude oil. Clean-up crews stripped the Prince William Sound coastline clean, ruining the natural habitat and wiping out flora and fauna in the area.

A huge accident occurred in the Gulf of Mexico in 1979 when a blowout on the Mexican rig *Ixtoc* resulted in a leak that lasted nearly 10 months and dumped roughly 3.3 million barrels of crude into the Gulf. And by far the largest leak in U.S. history is California's Lakeview gusher, which spewed 378 million gallons of oil on dry land over the course of 18 months from 1910 to 1911. (Apparently, Obama is still unaware of Lakeview, since he claims the BP leak "is the worst environmental disaster America has ever faced.") However, in both the *Ixtoc* and Lakeview cases, the environment had largely or completely recovered within a five-year period.

Starck predicts that even in a worst-case scenario, the Gulf States will experience a 95-percent recovery within four years. "Right now it's a big thing. In a year or two it will become a past irritant no longer of concern." He uses a vivid analogy to support this claim, describing an intentional spill of between six and eight million tons of crude in 1991 during the first Persian Gulf War. Nothing was ever done to clean up the shallow reef area, yet "follow-up studies found that within four months, most of the oil had been degraded naturally, and within four years even the most heavily affected areas had largely or completely recovered."

To put the current leak even more into perspective, Ed Hiserodt, engineer and regular contributor to *The New American*, calculated that the Gulf of Mexico, which contains 660 quadrillion gallons of water, is one trillion times larger than an Olympic swimming pool, which holds 660,000 gallons. At the worst-case estimate of 1,680,000 gallons per day, the BP well would dump 610 million gallons into the Gulf in one year. One trillionth of that amount is 0.00061 gallons, which equates to 0.00244 quarts or 0.078 ounces or 1.56 drops. "Therefore the oil spill — if as bad as the worst report and lasting for a full year — would be the equivalent of one-and-one-half drops of oil in an Olympic pool," said Hiserodt.



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These statistics aren't meant to downplay the obvious immediate effects on Gulf States' residents and their property. But they do call into question Obama's motives and indicate he is exploiting the leak to usher in massive new federal controls. Indeed, the more menacing danger posed by the oil leak, according to Starck, is the likelihood of "a significant reduction in offshore production, steep increases in oil prices and a return to recession."

Federal Backlash

Indeed, media hype is making waves in Washington, where officials are busy fulfilling Starck's prediction. Despite claims he wants to help victims, Obama has pulled the plug on offshore drilling in the Gulf, imposing a six-month moratorium on an industry that accounts for 16 percent of Louisiana's economy. "The President's total ban on drilling in the Gulf has created further hardship for communities already reeling from the impact of the BP spill," said Myron Ebell of Freedom Action.

Obama has also ordered a six-month moratorium on new oil and gas wells in the Outer Continental Shelf and new operating standards for current projects. He has canceled or suspended drilling leases and permits in the Gulf and off the coasts of Virginia and Alaska. Jack Gerard, CEO of the American Petroleum Institute, criticized these measures as a "moratorium on economic growth and job creation." He said they "have the potential to significantly erode our energy and economic security."

"Dependence on foreign sources for energy is suicidal," added John McManus, president of The John Birch Society. He pointed out that no one suggested abolishing mining after April's coal mine disaster in West Virginia. "The oil spill off Louisiana must not be allowed to impede domestic energy production."

Lisa Murkowski of Alaska, ranking Republican on the Senate Energy and Natural Resources Committee, also voiced concerns. She said the delay in offshore exploration that Obama imposed could prove fatal to Shell Oil Company's operations in her state. "[If] it means that existing permits are allowed to lapse — effectively killing Shell's participation in Alaska — that's not acceptable," she said. "We need to be able to tell Shell that this one-year delay isn't in reality a life sentence."

U.S. Senator Mary Landrieu (D-La.) agrees. In an April floor speech, she compared halting offshore drilling to "the aftermath of the Three Mile Island nuclear power plant disaster ... that brought all new nuclear power plant applications to a screeching halt. In hindsight that was not the right decision. Today, we are 30 years behind the French in nuclear technology. France gets 80 percent of its electricity from nuclear power" and exports "18 percent of its total production."

Landrieu and Murkowski have reason to be alarmed, as Senator Robert Menendez (D-N.J.) told *Congressional Quarterly* Obama's moratorium "should be the first in a series of steps that take us to a new policy on drilling."

However, a number of drilling companies sued federal regulators to lift the ban, and on June 22, U.S. District Judge Martin Feldman granted the request, prohibiting the government from enforcing the moratorium. "The court is unable to divine or fathom a relationship between the findings and the immense scope of the moratorium," wrote Feldman in his June 22 decision. "[The] blanket moratorium, with no parameters, seems to assume that because one rig failed and although no one yet fully knows why, all companies and rigs drilling new wells over 500 feet also universally present an imminent danger." The judge accused Obama's Interior Department of basing its decision on "asserted fear" and "political or social agendas." Interior Secretary Salazar responded immediately with a statement declaring his intention to issue a new order reestablishing the moratorium.



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Opportunity Knocks...

Equally undaunted by the courts, Obama continues on his quest to expand federal powers by exploiting the disaster. When he announced his “Gulf Coast Restoration Plan” in June, he explained it as more than a clean-up and recovery effort, encompassing restoration from hurricane damage and years of poor economic planning. “We must make a commitment to the Gulf Coast that goes beyond responding to the crisis of the moment,” he said in a televised address from the Oval Office. He said BP will pay for the impact of the leak but was less explicit about who would foot the bill for his long-term plans, which economists quoted in the *Washington Post* estimated would run around \$30 billion over the next decade.

Predictably, the President is also attempting to parlay the Gulf leak into an urgent call for carbon rationing and “renewable energy” subsidies contained in a cap-and-trade bill proposed by Senators John Kerry (D-Mass.) and Joe Lieberman (I-Conn.). “This disaster should serve as a wake-up call that it’s time to move forward on this legislation,” said Obama, blaming “America’s century-long addiction to fossil fuels.” The U.S. Treasury Department released a 2009 analysis of the bill’s forerunner that passed the House last summer. It indicated the cost to American taxpayers would be approximately \$393 billion per year. A Harvard University study estimated the climate bill would raise gasoline prices to \$7 per gallon.

Political pundits claim the Gulf leak is throwing a wrench in the President’s plans for comprehensive climate-change legislation since current proposals include expansion of offshore oil and gas drilling in exchange for strict caps on carbon emissions. Yet the President is unlikely to let such an opportunity as this oil leak affords slip through his fingers. As his Chief of Staff Rahm Emanuel said in a 2008 interview with the *Wall Street Journal*, “You never want a serious crisis to go to waste.”

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