



BP America, Inc.: *The Prudhoe Bay Oil Spill and a Commitment to "Being Green"*

On March 2, 2006, as work crews shoveled through the heavy snow blanketing the Prudhoe Bay oil fields of northern Alaska, a small hole of no more than $\frac{1}{4}$ of an inch in diameter was spotted along the oil pipeline. Unbeknownst to British Petroleum (BP), the oil company in charge of the Prudhoe Bay oil fields, this tiny hole would prove to be the source of what is being considered the worst oil spillage ever on the North Slope of Alaska. During the incident, somewhere between 200,000 and 270,000 gallons of crude oil spilled out into the frozen tundra over a five-day period.¹ The March 2nd spill along BP's pipelines is second in severity within the United States only to the highly publicized 1989 Exxon Valdez disaster, which dumped upwards of 11 million gallons of crude oil into the Prince William Sound in the southern part of Alaska.²

BP, the United Kingdom's leading energy superpower, has long been known for its commitment to environmental protection, eco-friendly practices, and innovative solutions in the field of alternative energy. However, BP now finds itself under investigation by the Environmental Protection Agency (EPA) and the United States Congress as a result of the recent Prudhoe Bay spill. Concerns regarding the cause of the spill, as well as BP's pipeline maintenance and overall employment practices, have put the oil company's previously untarnished reputation under the media's magnifying glass.

The History of British Petroleum

British Petroleum took its first steps toward becoming a crude oil superpower in 1901, when a wealthy Englishman named William Knox D'Arcy obtained a concession for the Shah of Persia to explore and exploit Persia's oil resources. While several years passed without much success, commercial quantities of crude oil were discovered in 1908 after D'Arcy's resources were supplemented by outside financial assistance. The Anglo-Persian Oil Company, as BP was first known, was formed in 1909.³ In 1914, shortly before the outbreak of World War I, Anglo-Persian Oil entered an agreement with the British government in an effort to avoid falling under

This case was prepared by Research Assistant Jessica Hermo under the direction of James S. O'Rourke, Concurrent Professor of Management, as the basis for class discussion rather than to illustrate either effective or ineffective handling of an administrative situation. Information was gathered from corporate as well as public sources.

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