

Not enough 'money in the world' for all BP spill claims
Malaysiakini.com
July 01, 2010

The Obama appointee managing BP's oil spill disaster fund said there's "not enough money in the world" to pay all claims and suggested home owners with plunging property values could lose out.

The warning from prominent US lawyer Kenneth Feinberg came as Hurricane Alex disrupted clean-up operations in the Gulf of Mexico and pushed oil deeper into fragile coastal wetlands and once-pristine beaches.

Some 423 miles (681 kilometers) of American shorelines have now been oiled - nearly double the amount sullied just two days earlier - as oil continues to gush into the sea at an alarming rate 10 weeks into the worst environmental disaster in US history.

Feinberg, tapped by President Barack Obama to administer the 20-billion-dollar claims fund, insisted BP will "pay every eligible claim," but cautioned that many perceived damages may not qualify.

"I use that famous example of a restaurant in Boston that says, 'I can't get shrimp from Louisiana, and my menu suffers and my business is off,'" Feinberg told the House of Representatives Committee on Small Business.

"Well, no law is going to recognize that claim."

Feinberg said he was still sorting out how to deal with indirect claims like hotels that lose bookings because tourists think the beaches are covered in oil, or people who see their property values decline but live several blocks away from an oiled beach.

"There's no question that the property value has diminished as a result of the spill. That doesn't mean that every property is entitled to compensation," he said, adding: "There's not enough money in the world to pay everybody who'd like to have money."

Feinberg, who headed a compensation fund for victims of the September 11 attacks, assured lawmakers the fund would be "totally independent" and said BP had agreed to top up the escrow account as needed to meet proper claims.

The British energy giant has already disbursed over 130 million dollars in emergency payments to fishermen and others affected by the slick. Feinberg said lump sum payments would be offered to claimants once the true extent of the damage is assessed.

"It sure would help if the oil would stop," he told the committee.

Obama on Wednesday ordered the development of a long-term plan to "restore the unique beauty and bounty" of the Gulf Coast.

The Long-Term Gulf Restoration Support Plan aims to "ensure economic recovery, community planning, science-based restoration of the ecosystem and environment, public health and safety efforts, and support of individuals and businesses who suffered losses due to the spill," a White House memo said.

An estimated 35,000 to 60,000 barrels of oil a day has been gushing out of the ruptured

well since the Deepwater Horizon drilling rig sank on April 22 some 50 miles off the coast of Louisiana.

Efforts to permanently plug the leak by drilling relief wells continued despite the rough seas which had forced a halt to skimming operations off the coasts of Louisiana, Mississippi, Alabama and Florida.

Two containment ships are continuing to capture the oil at a rate of about 25,000 barrels per day despite seven-foot (two-meter) swells.

But the rough seas have delayed the deployment of a third ship aimed at doubling the containment capacity.

And officials have warned that drilling and containment will be suspended for about 14 days if the spill zone is threatened by a more direct storm hit.

That could delay the completion of the wells until at least September and would dump an additional 490,000 to 840,000 barrels of extra oil into the Gulf.

Senior government officials were set to meet with Obama Thursday to discuss whether a new containment system should be installed in the interim.

That system would further raise capacity, but would require the current cap to be removed and involve careful manipulation some 5,000 feet (1,500 meters) below the surface.

The storm was set to make landfall late Wednesday south of the US border with Mexico as a Category Two hurricane, with 100-mile-per-hour winds and heavy rains lashing the coast, the Miami-based National Hurricane Center said.

The NHC said at 0130 GMT Thursday that Alex's winds extended outward up to 70 miles from the eye, and tropical storm force winds extended out to 205 miles, well into Texas.

The first major storm of the Atlantic season, Alex earlier dumped heavy rains across the Yucatan peninsula, having killed at least 10 people in Nicaragua, Guatemala and El Salvador.

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