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BP Shares Plunge Amid Bankruptcy Talk

Shares of British Petroleum (BP) have fallen substantially since the oil spill disaster as investors deserted the British company in droves. It has lost about 50% of its value since the incident on April 20 as talk of bankruptcy gathers pace. The company is also facing increasing pressure from the US government to use the money it originally allotted for dividends for compensation and even for unemployment payments for thousands of US workers whose livelihood has been affected by the oil spill.

Recently yet another sell-out of BP shares in New York that wiped out more than \$82 billion in value from its stocks as it hit a 13 year low. BP trades in the US as depositary shares. President Obama got BP CEO Tony Hayward to put in writing BP's commitment to pay for the cost of the entire cleanup of the Gulf of Mexico. Industry observers believe that the company would not be able to sustain paying for the lawsuits, cleanup and other expenses and would eventually file for Chapter 11 bankruptcy protection.

However, BP itself states that it is unaware of the reasons for the loss of value in its shares. The company insists that it is able to weather the storm adding that it has assets of more than 18 billion barrels of proved reserves and 63 billion barrels of resources as at the end of 2009. Despite BP's confidence, it is widely believed that the company is teetering. Many believe that BP will emerge out of this with a new minority equity partner and a changed ownership structure. However, there are various parties that believe otherwise. These include most analysts including those at respected global banking giant, Barclays Capital.

BP's total financial liability could very likely exceed \$20 billion due to a slew of lawsuits and the Justice Department's criminal probe which could result in hefty fines. Some estimates of the payout go as high as \$40 billion assuming the leak continues till the end of summer and gets worse due to hurricanes.

It is likely that BP would end up having part of its equity bought over by a Chinese oil company like PetroChina or Sinopec, which are state-run oil giants because a similar takeover by another Western oil company like Shell or Exxon Mobil seems out of the question. This is due to anti-trust laws and the amount of liability in question.

The BP CEO was scheduled to hold an emergency meeting of shareholders last Friday to reassure them of the company's balance sheet said to be worth \$100 billion.

Whether large corporations or small companies, everyone is affected by the economic crisis. If you are faced with huge debts, consider bankruptcy as a means of discharging your debts. Call us at (813) 200 4133 for a free consultation or visit <http://tampabankruptcy.pro>.