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[Bankruptcy Unlikely to Save BP](#)

By now, almost everyone realizes that the oil spill by the BP Deepwater Horizon oil rig in the Gulf of Mexico is the worst in history. Already, the British oil company has spent \$1.43 billion to stop the flow of oil and clean up the environment since the accident on April 20. This does not include the potential payouts on over 200 lawsuits that have been filed against the oil company thus far.

According to a Credit Suisse report, BP's liability might come up to \$37 billion in damages and clean up costs on the 5 states (Florida, Louisiana, Texas, Alabama and Mississippi) affected by the oil spill that has threatened wildlife, wetlands, fishing and tourism. The potential liability for BP has been so high that analysts have predicted bankruptcy as one of the ways out. But while filing for bankruptcy would cancel some debts, it will not enable BP to evade having to pay for most damages and cleanup costs. Bankruptcy lawyers feel that it is unlikely that any claim would be too large of itself for BP to pay.

The oil giant itself has categorically denied it would seek bankruptcy protection. At the same time, BP shares fell today to its lowest price in 13 years, down by 48% from the day the Deepwater Horizon oil rig blew up, where 11 employees perished. The cost to protect \$10 million of BP debt for a year reached \$695,000. This rose from only \$29,000 on April 30. The shares fell 13.45 pence to 342 pence in London trading, the lowest price since April 1997.

In the meantime, the US government has stepped in to dictate certain matters. President Obama has gotten an assurance in writing from BP CEO Tony Hayward that they will bear the full cost of restoration and cleanup of the environment. White House advisor David Axelrod has called upon BP to set up an escrow account to pay for the legal claims pertaining to the spill.

U.S. Senate Majority Leader Harry Reid asked the oil company set up a \$20 billion fund to be administered by an independent trustee. There are also suggestions that the government insists that BP be put under receivership bearing in mind that bankruptcy is a possibility.

While bankruptcy would not absolve BP from paying for the cleanup, it may provide the company with a single venue from which to pay claims quickly. The alternative to bankruptcy protection would be a nightmare 5 to 10 years as BP deals with each lawsuit.

If you are struggling with insurmountable debts, consider filing for bankruptcy as a means to solve your debt problems. Bankruptcy protects you from your creditors and enables you to repay your debts by either liquidation of assets or a payment plan over a period of time. Call (813) 200 4133 for a free consultation or visit <http://tampabankruptcy.pro>.

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