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BP Aims to Avoid Fresh Restrictions on Drilling

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By ELIZABETH WILLIAMSON

Aiming to blunt a regulatory and political backlash as oil continues to gush into the Gulf of Mexico, BP PLC has revved up its influence machine, relying on heavy hitters with deep Democratic roots.

BP is one of the biggest spenders on lobbying in the oil and gas industry, which as a whole has spent a total of \$625 million since 2004 to represent its interests in Washington. After the Obama administration took office in 2009, BP's annual spending grew by half, to \$16 million.

During the first quarter of 2010, it spent \$3.5 million on lobbying, second to ConocoPhillips, according to figures compiled by the nonpartisan Center for Responsive Politics.

Since the April 20 oil rig explosion that started the Gulf spill, BP's lobbyists and crisis communications experts have helped to shore up congressional opposition to measures punishing oil companies, and moved to position BP as an ally with the government to manage the crisis.

After the spill, the company brought on crisis communicator Hilary Rosen, former Democratic congressional staffer, former chief executive of the Recording Industry Association of America, and a current editor-at-large for HuffingtonPost.com. Ms. Rosen heads the Washington-based office of U.K. communications firm the Brunswick Group. Public records are not yet available on the new Brunswick contract. Ms. Rosen declined to be interviewed on the record.

BP expects a dramatic and expensive tightening of rules governing offshore drilling. But the company wants to avoid curbs on new drilling, say its lobbyists.

So far, most action in Congress has focused on raising the limits on civil liability under federal law from the current \$75 million. Maintaining that focus could in itself prove a victory for BP, say people involved in the debate. A higher liability cap could hobble small independent oil companies, easing competition for their bigger rivals.

Earlier this month, BP assured administration officials it planned to shoulder all costs associated with stopping and cleaning up the spill, expected to run into billions of dollars.

"The first couple of proposals on the floor [related to liability] would not impact the big companies at all," said Matt Dempsey, a spokesman for the Sen. Jim Inhofe (R., Okla.), the ranking Republican on the Environment and Public Works Committee.

Even before the Gulf disaster, BP has faced tough scrutiny from federal regulators, starting in the aftermath of a 2005 explosion that killed 15 workers at a Texas refinery, a 2006 oil spill in

Alaska and allegations of safety lapses at a Toledo, Ohio, refinery.

Despite this history of safety problems, BP has made allies of some Democrats and environmentalists with its support for climate-change legislation, which company lobbyists helped write. It is a key member of the United States Climate Action Partnership, which aims to convince businesses that renewable energy and putting a price on industry emissions of heat-trapping gases can be profitable.

Among BP's lobbyists is Tony Podesta, who heads the Podesta Group, a lobbying powerhouse founded by Mr. Podesta and his brother, former Clinton chief of staff John Podesta, who headed President Barack Obama's transition team. John Podesta now leads the Center for American Progress, the liberal think tank whose scholars have presented the White House with ideas like forcing BP to devote its first-quarter profits, or some \$5 billion, to a fund for Gulf cleanup. It also has criticized potential BP-related conflicts of interest within the government.

Tony Podesta confirmed Podesta Group was working for BP on the Deepwater Horizon issue, but responded by email that "they have asked us not to talk to press." BP paid the Podesta Group \$320,000 a year in 2008 and 2009, and \$60,000 this year through March 31, said the Center for Responsive Politics. "We don't talk business, are often on opposite sides of an issue, and still maintain peace at the dinner table," John Podesta said, referring to he and his brother.

Before the spill, Mr. Obama voiced support for expanded offshore exploration in some geographic areas. But now, he is under pressure from some members of Congress and environmental groups to back away from that stance. Mr. Obama is expected Thursday to announce tough new safety and inspection measures for the industry.

Other major oil companies that have courted Mr. Obama and Democrats, such as Royal Dutch Shell PLC, are fuming at the damage done by BP to the industry's reputation. But they are in lockstep with BP in opposing drilling limits.

On Capitol Hill, "a lot of [BP's lobbyists] come up and try to educate, but they've all been very careful as far as speaking to the specifics of this case," said a congressional aide working on oil industry legislation. BP has circulated links to videos explaining its efforts to stop the well leak, in which its scientists express contrition for the loss of life and the destruction in the Gulf.

"The blame game is not necessarily going to help the White House get this solved," said a Washington-based lobbyist for BP. "But that doesn't mean people aren't angry."

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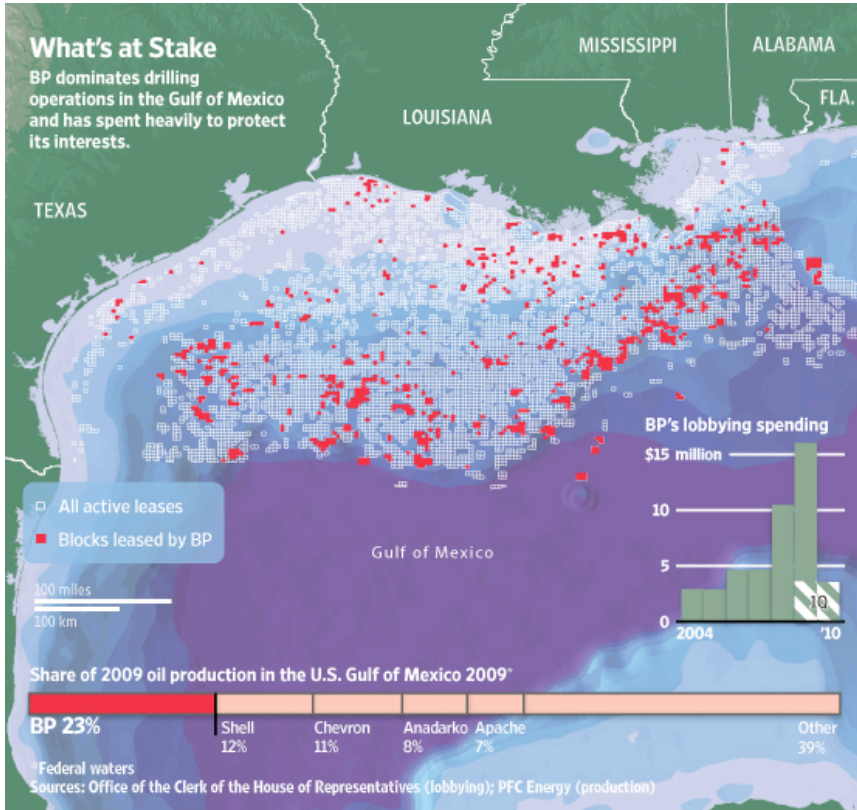
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—Louise Radnofsky contributed to this article.

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