

BP vows to 'vigorously defend' itself at US oil spill trial

February 19 2013, by Mira Oberman



Image provided by the US Coast Guard shows fire boat response crews fighting the blaze on the off-shore oil rig Deepwater Horizon in the Gulf of Mexico on April 21, 2010 near New Orleans, Louisiana. British energy giant BP vowed Tuesday to "vigorously defend" itself in court next week against US government claims for "excessive" fines in the 2010 Gulf of Mexico oil spill disaster.

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court next week against US government claims for "excessive" fines in the 2010 Gulf of Mexico oil spill disaster.

Prosecutors shot back with a warning that they will be fighting for the stiffest penalties possible at a blockbuster trial which opens Monday with tens of billions of dollars at stake.

"The United States is fully prepared for trial," Wyn Hornbuckle, a spokesman for the US Department of Justice, told AFP.

"We intend to prove that BP was grossly negligent and engaged in willful misconduct in causing the oil spill."

The mammoth trial in a New Orleans, Louisiana federal courthouse consolidates scores of remaining lawsuits stemming from the worst environmental disaster to strike the United States.

The first phase of the trial will focus on liability for the April 20, 2010 explosion that sank the BP-leased Deepwater Horizon drilling rig off the coast of Louisiana.

The blast killed 11 people and unleashed millions of barrels of oil into the Gulf, blackening beaches in five states and crippling tourism and fishing industries.

It took 87 days to cap BP's runaway well in a tragedy that riveted the nation.

BP is fighting civil penalties which could amount to as much as \$21 billion if gross negligence is found.

"Gross negligence is a very high bar that BP believes cannot be met in this case," Rupert Bondy, group general counsel at BP, said in a

statement.

"This was a tragic accident, resulting from multiple causes and involving multiple parties."

In addition to fighting the federal government over environmental fines, BP is also seeking to shift some of the liability to its subcontractors, drilling rig operator Transocean and Halliburton, which was responsible for the well's faulty cement job.

BP pleaded guilty in November to criminal charges—including felony manslaughter—and agreed to pay a record \$4.5 billion in criminal fines.

It reached a \$7.8 billion settlement early last year that will cover the bulk of the outstanding private claims for economic loss, property damage and medical problems.

It has paid out \$10 billion to businesses, individuals and local governments impacted by the spill and spent more than \$14 billion on the response and cleanup.

BP also remains on the hook for billions in additional damages, including the cost of environmental rehabilitation.

But while it was willing to settle the civil charges on "reasonable terms" BP said it will not accept the US government's assertion of gross negligence, or its estimation of how much oil was spilled.

"Faced with demands that are excessive and not based on reality or the merits of the case, we are going to trial," Bondy said in the statement.

"We have confidence in our case and in the legal team representing the company and defending our interests."

In a preview of an argument that will not reach trial until the second phase begins later this year, BP said the official US government estimate that 4.9 million barrels of oil was unleashed from the runaway well was "overstated" by at least 20 percent.

"BP believes that a figure of 3.1 million barrels should be the uppermost limit of the number of barrels spilled that should be used in calculating a Clean Water Act penalty," it said.

Meanwhile, the judge overseeing the consolidated trial on Tuesday approved a \$1 billion settlement for civil penalties against rig operator Transocean.

The decision came after a \$400 million settlement of criminal penalties against the Swiss drilling giant was approved last week.

Transocean pleaded guilty to one criminal count of violating the Clean Water Act and agreed to pay the \$400 million fine for negligence that led to the explosion of the Deepwater Horizon rig.

The \$1 billion civil penalty is for fines related to the oil spilled into the Gulf.

It is also responsible for implementing measures to improve operational safety and emergency response capabilities at all their drilling rigs working in waters of the United States.

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Citation: BP vows to 'vigorously defend' itself at US oil spill trial (2013, February 19) retrieved 2 May 2024 from <https://phys.org/news/2013-02-bp-vows-vigorously-defend-oil.html>

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