

Huntington Beach oil spill: \$50 million settlement agreed to for locals hurt financially

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Amplify Energy will pay \$50 million to individuals and businesses that lost money last year when nearly 25,000 gallons of oil flowed into the

ocean from of a ruptured pipeline about 4 miles off the coast of Huntington Beach, California, according to terms of a preliminary class action settlement filed late Monday, Oct. 17.

The deal calls for Amplify, which owns the pipeline, to compensate three specific groups—\$34 million to people connected to the [fishing industry](#), \$9 million to homeowners and \$7 million to area tour operators and others. In all, an estimated 10,000 people could be eligible for compensation, and it's not yet known how much any individual or company will receive.

Though Amplify and attorneys for the plaintiffs have agreed to terms, the deal filed Monday is not final. An approval hearing is slated for Nov. 16 in [federal court](#) in Santa Ana.

After a deal is finalized, attorneys will reach out to people who were harmed by the incident, contacting some directly and setting up websites and other outlets for others who believe they lost home value or income.

"This might be a good day for the lawyers, but it's a much better day for the people of Orange County, particularly those who were harmed by the spill," said Wylie Aitken, a Santa Ana lawyer who represents the class of people who lost money.

Aitken noted that some individuals, notably the fishermen and lobstermen who were about to start their peak season when the spill hit, on Oct. 1, 2021, probably will be compensated more than others.

"It turned out, fortunately, that the spill wasn't as big as predicted. And that's lucky. But some people were severely harmed," Aitken said.

"We've had experts calculating the damages for each of these groups and we'll get into the details when that's appropriate."

At least some people who lost money because of the spill say it's too soon to know how to respond to the deal filed Monday.

"We don't know exactly what our settlement is, so I can't say if I'm happy or not," said Rachel Vernes, owner of Bongos Sportfishing, based in Davey's Locker in Newport Beach.

Bongos runs two, six-person fishing boats, and Vernes said both were filled with customers when the spill hit and forced to dock in Alamitos Bay. That meant customer refunds and short-term logistical headaches.

It was also just the start of the financial impact. Through the rest of October, typically one of the busiest months of the fishing season, the spill prevented Bongos from returning its boats to their home docks, meaning they weren't licensed to operate. And while fishing operations resumed in early spring—March is the start of the rockfish season—Vernes said a lot of potential customers were wary of fishing in local waters until at least early summer.

"Basically, it impacted our business quite a bit."

The class action involving economic victims is just one of several legal entanglements involving Amplify and the spill.

Earlier this year, Amplify agreed to pay about \$13 million to settle [criminal charges](#) related to its response to the pipeline rupture, and \$1 million to the county to cover clean-up expenses. And other civil cases, including one with the operator of the Pacific Air Show, which had to cancel the third day of its three-day event, and another related to long-term [environmental harm](#) the spill brought to local wetlands, are still being negotiated.

In recent weeks, Amplify said it has received permission from the U.S.

Army Corps. of Engineers to retrieve and replace the section of pipeline that ruptured. After that, if the new pipeline passes inspection, the company hopes to win approval to resume offshore drilling in the area, possibly as soon as the first half of next year.

Amplify has argued that the spill would not have happened if two tankers hadn't dragged anchors over the pipeline during a storm in January 2021. The company said it was never notified about those incidents and is seeking compensation from the tankers' owners, something Aitken said his clients also are pursuing.

But in their [criminal case](#) against the company, federal prosecutors said Amplify could have responded much sooner after the pipe started spewing oil into the ocean. Though an alarm indicating a rupture went off on the afternoon of Oct. 1, 2021, workers initially shut down and restarted the pipeline several times during the night, and didn't notify authorities about the [spill](#) for 13 hours.

On Monday, a spokesman for Amplify released a statement attributed to Martyn Willsher, the company's CEO, indicating the company is happy with the current terms of the class action: "We negotiated in good faith and believe we have come to a reasonable and fair resolution."

Not all of the proposed terms in the [class action](#) are financial. As part of the deal, Houston-based Amplify has agreed to several conditions aimed at improving the environmental safety of its Southern California operations if drilling resumes. Specifically, Amplify has agreed to:

- Hire more people and train its employees on how to respond if a pipe is damaged or leaking. Last year, workers failed to notify the state, as required by law, after alarms sounded indicating the pipeline was ruptured.
- Spend at least \$250,000 to upgrade its [pipeline](#) response

procedures.

- Work with a contracted company or other entity that can detect oil in the ocean at night or in low-light conditions.

"Those terms are aimed at making sure this never happens again," Aitken said.

"Of course, the best way to do that is to not have offshore drilling at all. But that's beyond our purview; that's up to legislators and others," he added. "So, we've put in every type of potential safety measure that we can into this settlement."

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