

BP reaches \$7.8bn part settlement over US oil spill

March 3 2012, by Mira Oberman



File picture shows a worker using a vacuum hose to capture some of the oil washing on to Fourchon Beach from the Deepwater Horizon oil spill in the Gulf of Mexico in June, 2010. BP said it reached a \$7.8 billion deal to settle claims from fishermen and other private claimants affected by the Gulf of Mexico oil spill ahead of the start of a major US trial.

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The settlement does not affect what is anticipated to be tens of billions in fines and claims from the US government and the coastal states and [local governments](#) impacted by the spill.

"From the beginning, BP stepped up to meet our obligations to the communities in the Gulf Coast region, and we've worked hard to deliver on that commitment for nearly two years," Bob Dudley, BP's [chief executive officer](#) said in a statement.

"The proposed settlement represents significant progress toward resolving issues from the Deepwater Horizon accident and contributing further to economic and environmental [restoration efforts](#) along the Gulf Coast."

The last-minute deal means the highly anticipated trial will be delayed once again after a week-long postponement was ordered Sunday in order to allow the talks to continue.

Judge Carl Barbier issued an order late Friday adjourning the case indefinitely "because such a settlement would likely result in a realignment of the parties in this litigation and require substantial changes to the current Phase I trial plan, and in order to allow the parties to reassess their respective positions."

The case will likely still go to court even if a deal is reached with the federal government.

That's because the British energy giant is hoping to shift some of the cost to its subcontractors, a complex legal question which will likely end up taking years and multiple appeals to resolve.



File picture shows oil covered brown pelicans found off the Louisiana coast after the BP Deepwater Horizon oil spill in the Gulf of Mexico in June, 2010. BP said it reached a \$7.8 billion deal to settle claims from fishermen and other private claimants affected by the Gulf of Mexico oil spill ahead of the start of a major US trial.

Barbier -- an expert in maritime law charged with consolidated hundreds of spill-related lawsuits into the single blockbuster trial -- has left the door open to some shared liability in key pre-trial rulings.

Several government probes have also already castigated BP, rig operator [Transocean](#) and Halliburton -- which was responsible for the runaway well's faulty cement job -- for cutting corners and missing warning signs that could have prevented the disaster.

The April 20, 2010 explosion on the BP-leased Deepwater Horizon

drilling rig killed 11 workers, blackened beaches in five US states and devastated the Gulf Coast's tourism and fishing industries.

It took 87 days to cap BP's runaway well 5,000 feet (1,500 meters) below the surface which spewed some 4.9 million barrels (206 million gallons) of oil into the [Gulf of Mexico](#).



File picture shows oil cleanup workers trying to keep a beach in Grand Isle, Louisiana clear of oil after the Deepwater Horizon spill in the Gulf of Mexico July, 2010. BP said it reached a \$7.8 billion deal to settle claims from fishermen and other private claimants affected by the Gulf of Mexico oil spill ahead of the start of a major US trial.

Barbier is tasked with determining whether the deadly mistakes constitute gross negligence, how much of the blame rests with each party and whether punitive damages should be imposed.

Just one set of federal fines could reach \$18 billion if gross negligence is found.

BP is also on the hook for all economic damages caused by the spill, including the cost of [environmental restoration](#) and rehabilitation, and could also be hit with costly criminal charges.

BP said the \$7.8 settlement -- which must still be approved by Barbier -- will be paid from a \$20 billion trust fund it set up in response to the spill.

"This proposed settlement is not expected to result in any increase in the \$37.2 billion charge (which included the \$20 billion charge taken in respect of the Trust) previously recorded in BP's financial statements," BP said.

BP has paid more than \$6 billion to over 220,000 claimants who chose to settle with a special fund set up to provide emergency payments and a faster route to reimbursement.

The massive cleanup and containment effort cost BP \$13.6 billion and it has pledged \$1 billion towards economic rehabilitation.

BP has been able to recover more than \$5 billion from its well partners and subcontractors but warned in its quarterly report that the final tally for the spill is "subject to significant uncertainty."

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